

Centre for Addiction and Mental Health Foundation

Financial Statements

MARCH 31, 2006



Auditors' Report

TO THE DIRECTORS OF THE CENTRE FOR ADDICTION AND MENTAL HEALTH FOUNDATION

We have audited the balance sheet of Centre for Addiction and Mental Health Foundation as at March 31, 2006 and the statements of revenue, expenses and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Corporations Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

CHARTERED ACCOUNTANTS

TORONTO, CANADA

MAY 26, 2006

Balance Sheet

AS AT MARCH 31

ASSETS	2006 \$	2005 \$
Cash <i>[note 3]</i>	1,564,038	1,367,806
Investments, at cost <i>[note 3]</i>	16,793,319	14,716,199
Accounts receivable	85,836	19,522
Deferred expenses	96,275	106,954
	18,539,468	16,210,481

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued liabilities	155,262	36,382
Due to the Centre for Addiction and Mental Health <i>[note 5]</i>	993,755	995,228
Deferred revenue	363,300	263,000
Total liabilities	1,512,317	1,294,610

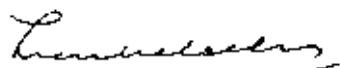
FUND BALANCES

Unrestricted	3,043,341	2,072,507
Restricted <i>[note 4]</i>	10,140,413	8,999,967
Endowed	3,843,397	3,843,397
Total fund balances	17,027,151	14,915,871
	18,539,468	16,210,481

See accompanying notes

On behalf of the Board:


DIRECTOR


DIRECTOR

Statement of Revenue, Expenses and Fund Balances

YEAR ENDED MARCH 31

				2006	2005
	UNRESTRICTED FUND	RESTRICTED FUND	ENDOWED FUND	TOTAL	TOTAL
REVENUE	\$	\$	\$	\$	\$
Donations	549,992	5,111,554	—	5,661,546	3,198,637
Bequests	671	27,250	—	27,921	49,691
Special events	718,522	71,913	—	790,435	751,582
	1,269,185	5,210,717	—	6,479,902	3,999,910
Investment income	598,349	298,451	—	896,800	471,860
	1,867,534	5,509,168	—	7,376,702	4,471,770
EXPENSES					
Fundraising	383,910	1,079,274	—	1,463,184	1,335,489
Special events	512,790	22,894	—	535,684	385,028
	896,700	1,102,168	—	1,998,868	1,720,517
Excess of revenue over expenses before grants	970,834	4,407,000	—	5,377,834	2,751,253
Grants to CAMH	—	3,266,554	—	3,266,554	3,178,029
Excess (deficiency) of revenue over expenses for the year	970,834	1,140,446	—	2,111,280	(426,776)
Fund balances, beginning of year	2,072,507	8,999,967	3,843,397	14,915,871	15,342,647
Fund balances, end of year	3,043,341	10,140,413	3,843,397	17,027,151	14,915,871

See accompanying notes

Statement of Cash Flows

YEAR ENDED MARCH 31

	2006 \$	2005 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	2,111,280	(426,776)
Net change in non-cash working capital balances related to operations	162,072	(620,747)
Cash provided by (used in) operating activities	2,273,352	(1,047,523)
FINANCING ACTIVITIES		
Decrease (increase) in investments	(2,077,120)	557,447
Cash provided by (used in) financing activities	(2,077,120)	557,447
Net increase (decrease) in cash during the year	196,232	(490,076)
Cash, beginning of year	1,367,806	1,857,882
Cash, end of year	1,564,038	1,367,806
<i>See accompanying notes</i>		

1. PURPOSE OF THE ORGANIZATION

The Centre for Addiction and Mental Health Foundation [the "Foundation"] was incorporated in 1986 to raise funds to support the patient care, rehabilitation, research and education activities of the Centre for Addiction and Mental Health ["CAMH"].

The Foundation is a charitable foundation registered under the Income Tax Act (Canada) [the "Act"] and, as such, is exempt from income taxes and able to issue receipts for income tax purposes that are eligible for a non-refundable tax credit by an individual donor and a tax deduction by a corporate donor. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, those requirements have been met.

The Foundation is currently conducting a multi-million dollar redevelopment campaign to raise funds for the capital and related program priorities of CAMH.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles. The following significant accounting policies are set forth to facilitate the understanding of these financial statements:

Fund accounting

Unrestricted Fund

The Unrestricted Fund accounts for the Foundation's general fundraising, granting and administrative activities.

Restricted Fund

The Restricted Fund reports resources that are to be used for specific purposes as specified by the donor or the Board of Directors.

Endowed Fund

The Endowed Fund consists of externally restricted donations received by the Foundation where the endowment principal is required to be maintained intact. Investment income generated is used for the purposes established by the donors.

Revenue recognition

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received. Donor-restricted contributions are recognized as revenue of the Restricted Fund, unless the capital is to be maintained permanently, in which case the contributions are recognized as revenue of the Endowed Fund.

Donation revenue is recorded when cash is received. Pledges are not recorded in these financial statements as they are not legally enforceable claims.

The Foundation recognizes revenue and expenses for special events in the year in which the event occurs.

Investments and investment income

Investments are recorded at the lower of cost and market value. When the market value is below cost and this difference is other than temporary in nature, investments are written down to market.

Investment income earned on restricted contributions that must be spent on donor designated activities is recognized as revenue in the Restricted Fund. Unrestricted investment income is recognized as revenue in the Unrestricted Fund.

Notes to Financial Statements [continued]

Contributed goods and services

Volunteers contribute many hours of their time and provide goods at discounted prices or at no cost to the Foundation. Because of the difficulty of determining fair value, contributed goods and services are not recognized in the financial statements.

Expense allocations

Expenses have been allocated between the Unrestricted and Restricted Funds primarily based on the time spent by staff or the purpose of the expense.

Financial instruments

The carrying values of the Foundation's financial instruments approximate their fair values unless otherwise noted. The Foundation is subject to market, interest rate and foreign currency risks with respect to its investments.

3. CASH AND INVESTMENTS

Cash of \$1,564,038 [2005—\$1,367,806] is held in a Canadian chartered bank earning interest at the bank's prime rate less 1.75%.

The objective of the investment management of the Foundation is to protect and enhance the fund capital and to generate a reliable source of income in keeping with the cash requirements of the Foundation and CAMH. The investments are comprised as follows:

	2006		2005	
	COST \$	MARKET \$	COST \$	MARKET \$
Canadian Money Market Fund	2,752,926	2,752,926	1,574,315	1,574,315
Canadian Fixed Income Funds	10,177,354	10,098,972	10,449,606	10,579,101
Canadian Equity Fund	1,569,979	2,115,306	1,071,990	1,383,625
International Equity Fund	1,061,329	1,258,572	746,550	811,219
SP500 Index Fund	1,231,731	1,226,557	873,738	803,129
	16,793,319	17,452,333	14,716,199	15,151,389

4. RESTRICTED FUND BALANCE

The major categories of the Restricted Fund balance, identifying the purpose for which they will be used, are as follows:

	2006 \$	2005 \$
Externally restricted		
Research	4,405,928	5,051,060
Redevelopment	2,321,960	875,810
Clinical programs	1,589,752	1,385,117
Policy, Education and Health Promotion	1,371,525	1,247,926
	9,689,165	8,559,913
Board designated for programs	451,248	440,054
	10,140,413	8,999,967

Notes to Financial Statements [continued]

5. RELATED PARTY TRANSACTIONS

[a] CAMH provides certain services to the Foundation and pays some expenses on behalf of the Foundation. The Foundation reimburses CAMH for all direct costs associated with services provided and expenses paid. CAMH provides some administrative support and space to the Foundation at no cost.

[b] The amount due to CAMH is payable on demand and is non-interest bearing.

6. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 financial statements.

