

Financial Statements

**Centre for Addiction and Mental Health
Foundation**

March 31, 2007

AUDITORS' REPORT

To the Directors of
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, 2007 and the statement of revenue, expenses and fund balances 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, 2007 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.

Toronto, Canada,
May 16, 2007.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Centre for Addiction and Mental Health Foundation

BALANCE SHEET

As at March 31

	2007	2006
	\$	\$
ASSETS		
Cash <i>[note 3]</i>	4,291,553	1,564,038
Investments, at cost <i>[note 3]</i>	21,199,259	16,793,319
Accounts receivable	55,588	85,836
Deferred expenses	82,531	96,275
	25,628,931	18,539,468
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	55,217	155,262
Due to the Centre for Addiction and Mental Health <i>[note 5]</i>	1,207,503	993,755
Deferred revenue	408,904	363,300
Total liabilities	1,671,624	1,512,317
Fund balances		
Unrestricted	4,137,621	3,043,341
Restricted <i>[note 4]</i>	15,973,289	10,140,413
Endowed	3,846,397	3,843,397
Total fund balances	23,957,307	17,027,151
	25,628,931	18,539,468

See accompanying notes

On behalf of the Board:

Director

Director



Centre for Addiction and Mental Health Foundation

**STATEMENT OF REVENUE, EXPENSES
AND FUND BALANCES**

Year ended March 31

	<u>Unrestricted Fund</u>		<u>Restricted Fund</u>		<u>Endowed Fund</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Donations	538,476	549,992	7,971,276	5,111,554	3,000	—	8,512,752	5,661,546
Bequests	10,000	671	804,208	27,250	—	—	814,208	27,921
Special events	846,517	718,522	86,902	71,913	—	—	933,419	790,435
	1,394,993	1,269,185	8,862,386	5,210,717	3,000	—	10,260,379	6,479,902
Investment income	693,035	598,349	356,435	298,451	—	—	1,049,470	896,800
	2,088,028	1,867,534	9,218,821	5,509,168	3,000	—	11,309,849	7,376,702
EXPENSES								
Fundraising	446,931	383,910	1,234,820	1,079,274	—	—	1,681,751	1,463,184
Special events	546,817	512,790	26,513	22,894	—	—	573,330	535,684
	993,748	896,700	1,261,333	1,102,168	—	—	2,255,081	1,998,868
Excess of revenue over expenses before grants	1,094,280	970,834	7,957,488	4,407,000	3,000	—	9,054,768	5,377,834
Grants to CAMH	—	—	2,124,612	3,266,554	—	—	2,124,612	3,266,554
Excess of revenue over expenses for the year	1,094,280	970,834	5,832,876	1,140,446	3,000	—	6,930,156	2,111,280
Fund balances, beginning of year	3,043,341	2,072,507	10,140,413	8,999,967	3,843,397	3,843,397	17,027,151	14,915,871
Fund balances, end of year	4,137,621	3,043,341	15,973,289	10,140,413	3,846,397	3,843,397	23,957,307	17,027,151

See accompanying notes



Centre for Addiction and Mental Health Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

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.



Centre for Addiction and Mental Health Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

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 cost. 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.

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.



Centre for Addiction and Mental Health Foundation

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

3. CASH AND INVESTMENTS

Cash of \$4,192,301 [2006 - \$1,564,038] is held in a Canadian chartered bank earning interest at the bank's prime rate less 1.75%. Cash of \$99,252 is held in a cash account at CIBC Wood Gundy.

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:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
	\$	\$	\$	\$
Canadian Money Market Fund	2,979,345	2,979,345	2,752,926	2,752,926
Canadian Fixed Income Funds	13,988,139	13,933,566	10,177,354	10,098,972
Canadian Equity Fund	1,634,185	2,280,947	1,569,979	2,115,306
International Equity Fund	963,149	1,355,984	1,061,329	1,258,572
SP500 Index Fund	1,634,441	1,748,666	1,231,731	1,226,557
	21,199,259	22,298,508	16,793,319	17,452,333

4. RESTRICTED FUND BALANCE

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

	<u>2007</u>	<u>2006</u>
	\$	\$
Externally restricted		
Research	5,618,717	4,405,928
Redevelopment	4,338,396	2,321,960
Clinical programs	3,034,564	1,589,752
Policy, Education and Health Promotion	2,523,266	1,371,525
	15,514,943	9,689,165
Board designated for programs	458,346	451,248
	15,973,289	10,140,413

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

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. STATEMENT OF CASH FLOWS

A separate statement of cash flows has not been presented as cash flows from operating, investing and financing activities can be determined from the other financial statements.

ERNST & YOUNG LLP

ey.com/ca