

Financial Statements

**Centre for Addiction and Mental Health**

March 31, 2011

## INDEPENDENT AUDITORS' REPORT

To the Trustees of the  
**Centre for Addiction and Mental Health**

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the **Centre for Addiction and Mental Health**, which comprise the balance sheet as at March 31, 2011 and the statements of operations and changes in unrestricted net assets, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Centre for Addiction and Mental Health** as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Corporations Act (Ontario), we report that, in our opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
May 26, 2011.

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

Centre for Addiction and Mental Health

**BALANCE SHEET**

As at March 31

	2011 \$	2010 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents <i>[note 3]</i>	24,353,472	29,858,070
Cash held in trust <i>[note 4]</i>	72,568	73,742
Accounts receivable <i>[note 5]</i>	29,427,033	20,178,853
Inventories	1,349,604	1,459,767
Prepaid expenses	6,227,309	1,467,066
<b>Total current assets</b>	<b>61,429,986</b>	<b>53,037,498</b>
Restricted cash <i>[note 6]</i>	4,600,000	4,600,000
Long-term receivable <i>[notes 5 and 6]</i>	136,867,654	27,270,960
Investments <i>[note 3]</i>	69,290,707	55,894,812
Capital assets, net <i>[note 6]</i>	259,074,701	135,640,742
	<b>531,263,048</b>	<b>276,444,012</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	61,357,418	52,963,756
Patients' trust accounts <i>[note 4]</i>	72,568	73,742
<b>Total current liabilities</b>	<b>61,429,986</b>	<b>53,037,498</b>
Deferred contributions related to research funds <i>[note 8[a]]</i>	21,945,244	16,931,926
Other deferred contributions <i>[note 8[b]]</i>	4,551,093	1,633,715
Long-term payable <i>[note 6]</i>	136,867,654	27,270,960
Deferred capital contributions <i>[note 7]</i>	250,589,892	128,542,721
<b>Total liabilities</b>	<b>475,383,869</b>	<b>227,416,820</b>
Contingencies and commitments <i>[notes 11 and 12]</i>		
<b>Net assets</b>		
Internally restricted <i>[note 13]</i>	55,852,552	49,000,565
Unrestricted	—	—
Endowment	26,627	26,627
<b>Total net assets</b>	<b>55,879,179</b>	<b>49,027,192</b>
	<b>531,263,048</b>	<b>276,444,012</b>

*See accompanying notes*

Approved by the Board:

Gordon Bell, Trustee

T. Daniel Burns, Trustee

Centre for Addiction and Mental Health

**STATEMENT OF OPERATIONS  
AND CHANGES IN UNRESTRICTED NET ASSETS**

Year ended March 31

	2011	2010
	\$	\$
<b>REVENUE</b>		
Ministry of Health and Long-Term Care/Toronto Central		
Local Health Integration Network grants	255,506,423	252,264,727
Patient revenue	1,280,726	1,143,561
Donations and other grants	25,372,203	25,035,464
Ancillary and other	21,128,233	19,176,545
Amortization of deferred capital contributions	5,636,258	4,729,580
Investment income <i>[note 3]</i>	1,079,411	572,393
	<b>310,003,254</b>	<b>302,922,270</b>
<b>EXPENSES</b>		
Salaries, wages and employee benefits <i>[notes 8[a] and 9]</i>	232,351,148	231,517,826
Supplies and other <i>[notes 6 and 8[a]]</i>	53,910,933	53,517,317
Depreciation	9,228,831	7,941,243
Rent	4,166,035	4,128,788
Drugs and medical supplies	3,051,388	3,498,102
Medical and surgical <i>[note 8[a]]</i>	484,415	975,192
	<b>303,192,750</b>	<b>301,578,468</b>
<b>Excess of revenue over expenses for the year</b>	<b>6,810,504</b>	<b>1,343,802</b>
Unrestricted net assets, beginning of year	—	—
Transfer to internally restricted net assets <i>[note 13]</i>	(6,851,987)	(960,753)
Net change in unrealized gain (loss) on available for sale investments	41,483	(383,049)
<b>Unrestricted net assets, end of year</b>	<b>—</b>	<b>—</b>

*See accompanying notes*

Centre for Addiction and Mental Health

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2011			2010	
	Internally restricted \$	Unrestricted \$	Endowment \$	Total \$	Total \$
<b>Net assets, beginning of year</b>	<b>49,000,565</b>	—	<b>26,627</b>	<b>49,027,192</b>	48,066,439
Excess of revenue over expenses for the year	—	<b>6,810,504</b>	—	<b>6,810,504</b>	1,343,802
Net change in unrealized gain (loss) on available for sale investments	—	<b>41,483</b>	—	<b>41,483</b>	(383,049)
Interfund transfer <i>[note 13]</i>	<b>6,851,987</b>	<b>(6,851,987)</b>	—	—	—
<b>Net assets, end of year</b>	<b>55,852,552</b>	—	<b>26,627</b>	<b>55,879,179</b>	49,027,192

*See accompanying notes*

**Centre for Addiction and Mental Health**

**STATEMENT OF CASH FLOWS**

Year ended March 31

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	<b>6,810,504</b>	1,343,802
Add (deduct) items not affecting cash		
Depreciation	<b>9,228,831</b>	7,941,243
Amortization of deferred capital contributions	<b>(5,636,258)</b>	(4,729,580)
Amortization of premium on investment in bonds	<b>1,089,245</b>	—
	<b>11,492,322</b>	4,555,465
Net change in non-cash working capital balances	<b>(5,504,598)</b>	2,200,914
Net change in deferred contributions related to research funds	<b>5,013,318</b>	(1,335,122)
Net change in other deferred contributions	<b>2,917,378</b>	(22,087)
<b>Cash provided by operating activities</b>	<b>13,918,420</b>	5,399,170
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(23,096,606)</b>	(24,506,119)
Increase in restricted cash	—	(4,600,000)
Proceeds from sale of capital assets	<b>30,510</b>	13,361
Withdrawals from (purchases of) investments, net	<b>(14,443,657)</b>	5,779,081
<b>Cash used in investing activities</b>	<b>(37,509,753)</b>	(23,313,677)
<b>FINANCING ACTIVITIES</b>		
Contributions restricted for capital purposes	<b>18,086,735</b>	5,996,749
<b>Cash provided by financing activities</b>	<b>18,086,735</b>	5,996,749
<b>Net decrease in cash during the year</b>	<b>(5,504,598)</b>	(11,917,758)
Cash, beginning of year	<b>29,858,070</b>	41,775,828
<b>Cash, end of year</b>	<b>24,353,472</b>	29,858,070

*See accompanying notes*

## Centre for Addiction and Mental Health

# NOTES TO FINANCIAL STATEMENTS

March 31, 2011

## 1. INCORPORATION

The Centre for Addiction and Mental Health ["CAMH"] is a hospital located on four primary sites in Toronto, with regional programs throughout the Province of Ontario. CAMH is dedicated to providing clinical care, research, education and policy and health promotion in connection with addiction and mental health. CAMH was incorporated by Letters Patent of Amalgamation under the Corporations Act (Ontario) without share capital on January 23, 1998. CAMH is also a charitable organization registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes. The operations of CAMH are subject to the provisions of the Public Hospital Act (Ontario).

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

These financial statements include the assets, liabilities and activities of CAMH. These financial statements do not include the activities of the Centre for Addiction and Mental Health Foundation [the "Foundation"], a non-controlled affiliated entity [note 10]. Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles.

### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In particular, the amount of revenue recognized from the Ministry of Health and Long-Term Care [the "MOH-LTC"] and the Toronto Central Local Health Integration Network [the "TC-LHIN"] is a significant estimate. CAMH entered into a Hospital Service Accountability Agreement [the "H-SAA"] between CAMH and the TC-LHIN that sets out the rights and obligations of the parties in respect of funding provided to CAMH by the TC-LHIN and the MOH-LTC covering fiscal 2010 and 2011.

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

The H-SAA sets out certain performance standards and obligations that establish acceptable results for CAMH's performance in a number of areas. If CAMH does not meet its performance standards or obligations, the TC-LHIN and/or the MOH-LTC have the right to adjust funding received by CAMH. The TC-LHIN and the MOH-LTC are not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of funding received during the year from the TC-LHIN and the MOH-LTC may be increased or decreased subsequent to year end. The amount of revenue recognized in these financial statements represents management's best estimate of amounts that have been earned during the year.

#### Revenue recognition

CAMH follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions, for purposes other than endowment, are deferred and recognized in the year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in net assets.

Contributions externally restricted for capital assets are recorded as deferred capital contributions and are amortized to operations on the same basis as the related asset is depreciated, except for restricted contributions for the purchase of land, which are recorded as increases in net assets.

Ancillary and patient care revenue is recognized when services are provided.

#### Cash and cash equivalents

Cash and cash equivalents include cash on deposit, money market funds and short-term securities with original terms of maturity of less than 90 days.

#### Investments and investment income

All investments are classified as available for sale. Publicly-traded securities are valued based on the latest bid prices. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a trade-date basis and transaction costs are expensed as incurred.

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

Unrestricted interest and realized gains (losses) are recorded as investment income in the statement of operations. Restricted interest and realized gains (losses) are recognized as revenue in the year in which the related expenses are recognized. The change in unrealized gains and losses is recorded in the statement of changes in net assets.

#### **Inventories**

Inventories are valued at the lower of average cost and replacement cost.

#### **Financial instruments**

CAMH has chosen to apply The Canadian Institute of Chartered Accountants' ["CICA"] Handbook Section 3861: *Financial Instruments – Disclosure and Presentation* in place of Section 3862: *Financial Instruments – Disclosures* and Section 3863: *Financial Instruments – Presentation*.

#### **Capital assets**

Purchased capital assets are recorded at cost less accumulated depreciation. Contributed capital assets are recorded at fair value at the date of contribution and are depreciated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 - 40 years
Equipment and furniture	5 - 15 years

#### **Contributed materials and services**

Because of the difficulty in determining the fair value of volunteers' services, contributed services are not recognized in the financial statements. Contributed materials are also not recognized in these financial statements.

#### **Employee benefit plans**

Contributions to multi-employer defined benefit pension plans are expensed when due.

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

#### Future changes in accounting policies

In September 2010, the Public Sector Accounting Board ["PSAB"] approved the inclusion of the 4400 series from the CICA Handbook – Accounting into the Public Sector Accounting ["PSA"] Handbook for use by government organizations applying the standards for not-for-profit organizations. The standards were renumbered Sections PS4200 to PS4270. PSAB also approved changes to the Introduction to the Standards giving these organizations a choice to apply either the PSA Handbook with the PS4200 series of standards or the PSA Handbook without the PS4200 series of standards. These standards are effective for fiscal years beginning on or after January 1, 2012, with an option to early-adopt. CAMH is currently evaluating the impact of these standards.

#### 3. INVESTMENTS

Investments consist of the following:

	2011	2010
	\$	\$
Cash and cash equivalents	32,552,174	5,979,101
Short-term notes	—	12,499,413
Bonds	36,738,533	37,416,298
	<b>69,290,707</b>	<b>55,894,812</b>

An amount of cash and cash equivalents is recorded as investments so that the total is equal to deferred contributions related to research funds [note 8[a]], other deferred contributions [note 8[b]], unspent deferred capital contributions [note 7], endowment net assets and internally restricted net assets, excluding the amount related to internally funded capital assets.

Investment income includes \$807,350 [2010 - \$282,310] of interest income related to short-term notes and bonds. The net change in the unrealized gain related to these investments of \$41,483 [2010 – unrealized loss of \$383,049] is recorded in the statement of changes in net assets.

As at March 31, 2011, bonds have an average term to maturity of 1.16 years [2010 - 2.37 years] and an average yield of 1.51% [2010 – 1.88%] based on market values and short-term notes have an average term to maturity of 0.01 years [2010 – 0.31 years] and an average yield of 1.04% [2010 – 0.46%].

Investments are exposed to credit and interest rate price risks. To manage credit risk, CAMH has established an investment policy with limits related to the credit rating of issuers.

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

#### 4. CASH HELD IN TRUST

CAMH manages the monies of its patients and former patients received from the Ministry of the Attorney General pursuant to a custodial and trust arrangement. The cash held in trust is offset by a corresponding liability.

#### 5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2011	2010
	\$	\$
MOH-LTC/TC-LHIN		
Redevelopment <i>[note 6]</i>	137,813,441	31,069,484
Other	4,145,087	761,474
Patients	146,934	232,876
Research related	1,791,938	1,741,046
Centre for Addiction and Mental Health Foundation <i>[note 10]</i>		
Redevelopment <i>[note 6]</i>	15,504,070	8,961,785
Other	1,481,547	1,436,838
Other	5,411,670	3,246,310
	<b>166,294,687</b>	<b>47,449,813</b>
Less long-term portion <i>[note 6]</i>	<b>136,867,654</b>	<b>27,270,960</b>
	<b>29,427,033</b>	<b>20,178,853</b>

**Centre for Addiction and Mental Health**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2011

**6. CAPITAL ASSETS**

Capital assets consist of the following:

	<b>2011</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
	\$	\$	\$
Land	9,485,465	—	9,485,465
Buildings	37,134,763	14,766,710	22,368,053
Equipment and furniture	61,976,028	50,791,861	11,184,167
Site redevelopment			
Buildings	51,468,236	7,571,452	43,896,784
Equipment and furniture	5,134,866	972,557	4,162,309
Construction in progress	167,977,923	—	167,977,923
	<b>333,177,281</b>	<b>74,102,580</b>	<b>259,074,701</b>
	<b>2010</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
	\$	\$	\$
Land	9,485,465	—	9,485,465
Buildings	36,266,592	13,272,956	22,993,636
Equipment and furniture	58,269,430	47,247,587	11,021,843
Site redevelopment			
Buildings	50,302,547	3,708,503	46,594,044
Equipment and furniture	2,032,410	614,187	1,418,223
Construction in progress	44,127,531	—	44,127,531
	<b>200,483,975</b>	<b>64,843,233</b>	<b>135,640,742</b>

CAMH is undertaking a multi-phase project to transform the Queen Street site from a traditional psychiatric hospital into a world-class centre for mental health and addiction care, research, education and health promotion and prevention, centered on the concept of an urban village [the "Project"]. CAMH intends to consolidate a substantial part of its operations from its four main sites into a new redeveloped site which will serve as the central hub for CAMH's programs, services and resources.

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

Phase 1A of the Project, which involved the construction of four buildings, alternate milieu and day treatment facilities for clients, had an approved budget of approximately \$35.2 million and was completed slightly below budget with a total cost of \$34.8 million. The buildings were substantially completed on March 14, 2008 and occupied on April 7, 2008. This phase of the Project was funded by the MOH-LTC and the Foundation. As at March 31, 2011, all funding for this phase of the Project had been received except for \$1.3 million receivable from the MOH-LTC [2010 – nil].

Phase 1B of the Project involves the preparation for and construction of three additional buildings, the decommissioning and demolition of the Administration Building, and construction of service tunnels, roads and municipal infrastructure. The total budget for Phase 1B of the Project is \$330.5 million. The MOH-LTC has approved a maximum grant of \$290.9 million. Additional funding of \$34.9 million will be received from the Foundation; the balance is to be funded by CAMH through internally generated funds.

The projects related to the preparation for Phase 1B, including the leasing of offsite space to relocate staff and site work, are substantially complete. Costs of \$22.3 million have been incurred to date, of which \$18.2 million has been capitalized in site redevelopment and \$4.1 million has been expensed. Costs of \$1.4 million incurred in fiscal 2011 [2010 - \$1.4 million] are included in the statement of operations, together with grant revenue of \$1.3 million [2010 - \$1.3 million] from the MOH-LTC related to their commitment to fund these costs. As at March 31, 2011, \$19.8 million [2010 - \$18.0 million] of the costs have been funded by the MOH-LTC with the balance funded internally. Of the external funding, \$6.5 million [2010 - \$5.1 million] is recorded as receivable from the MOH-LTC. Costs of \$2.1 million are to be incurred over the remaining one and a half years related primarily to the leasing of space during the construction period.

In December 2009, CAMH entered into a project agreement with a third party construction company, CHS Partnership ["Project Co"], to design, build, finance and maintain [for a 30-year term] the buildings constructed as part of Phase 1B of the Project. An amount of \$241.3 million before taxes, which is equal to the total costs related to the construction of the buildings, will be paid to Project Co. Additional estimated costs of \$60.2 million will be incurred for planning and design, furniture and equipment and Infrastructure Ontario consulting expenses.

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

During construction, CAMH retains title to the capital assets being constructed by Project Co. As a result, CAMH records the value of the construction in progress based on the percentage of completion as certified periodically by the architect. As at March 31, 2011, the buildings are approximately 51% [2010 - 9%] complete with costs totalling \$131.2 million [2010 - \$24.1 million] being recorded as construction in progress. CAMH has recorded a long-term obligation to Project Co equal to this amount. CAMH has incurred a further \$21.1 million [2010 - \$16.6 million] of other project costs to date which are also included in construction in progress. Of these costs, \$5.7 million [2010 - \$3.2 million] is payable upon substantial completion of the buildings and has also been included in long-term payables. A long-term receivable in connection with the funding of these costs has been recorded equal to the long-term payable of \$136.9 million [2010 - \$27.3 million] offset by an equal amount of deferred capital contributions. The long-term receivable consists of \$130.0 million [2010 - \$26.0 million] from the MOH-LTC and \$6.9 million [2010 - \$1.3 million] from the Foundation. As at March 31, 2011, CAMH has recorded a current receivable from the Foundation in relation to the other project costs of \$1.1 million [2010 - \$4.4 million].

CAMH has entered into agreements with Project Co to provide certain maintenance and management services for 30 years after the completion of the buildings. The cost of these services, together with financing costs related to the cost of the construction, is \$309.4 million before taxes. Most of these costs are expected to be funded by the MOH-LTC, either directly or through CAMH's operating budget.

CAMH is required to pay Project Co a total of \$550.7 million before taxes. An amount of \$153.3 million is due on the estimated substantial completion date of April 30, 2012 with the balance of \$397.4 million payable over a period of 30 years. These payments include the remaining amount related to the construction phase and the amount for the maintenance and management services to be provided by Project Co. CAMH is required to deposit \$153.3 million into a sinking fund at least three months prior to the estimated substantial completion date. This amount represents the portion of the payment to Project Co that is to be funded by the MOH-LTC and by contributions from the Foundation or by internal funds. The sinking fund trustee will be the agent of CAMH with respect to all dealings with the sinking fund.

In accordance with the project agreement with Project Co, CAMH was required to deposit \$4.6 million into a restricted bank account in December 2009 to be used for procurement of furniture, fixtures and equipment. This amount is recorded as restricted cash as at March 31, 2011 and 2010.

In addition to Phase 1A and Phase 1B, CAMH is undertaking a project that will provide state-of-the-art infrastructure and equipment to support research activities. The Canada Foundation for Innovation ["CFI"] and Ministry of Research and Innovation ["MRI"] will provide funding of approximately \$16.7 million towards the total estimated project cost of \$40.1 million. Of the remaining balance, the Foundation has committed to provide \$22.0 million. The remaining \$1.4 million will be funded internally by CAMH. As at March 31, 2011, CAMH had incurred

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

expenditures of \$19.1 million [2010 - \$3.4 million] of which \$3.4 million is included in redevelopment buildings, equipment and furniture and \$15.7 million is included in construction in progress. As at March 31, 2011, CAMH had received grants from CFI and MRI of \$8.3 million and from the Foundation of \$2.2 million and had recorded a receivable from the Foundation of \$7.5 million, representing the Foundation's outstanding share of the costs incurred to date. The amounts received and receivable are included in deferred capital contributions [note 7]. CAMH also recorded in-kind contributions of capital assets from various vendors totalling \$0.9 million as at March 31, 2011.

CAMH has entered into a 50-year lease agreement related to a property on Queen Street. CAMH has received \$2.0 million as advance lease payments which is recorded in accounts payable and accrued liabilities. This payment is being amortized over the lease term.

#### 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2011	2010
	\$	\$
<b>Balance, beginning of year</b>	<b>128,542,721</b>	86,764,277
Less amortization of deferred capital contributions	<b>(5,636,258)</b>	(4,729,580)
Add contributions restricted for capital purposes [note 6]	<b>127,683,429</b>	46,508,024
<b>Balance, end of year</b>	<b>250,589,892</b>	128,542,721

Included in the above balance are contributions of \$17,817,641 [2010 - \$16,762,539] received but not yet used to purchase capital assets [note 3].

Centre for Addiction and Mental Health

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

8. DEFERRED CONTRIBUTIONS

[a] Deferred contributions related to research funds represent unspent externally restricted grants and donations for research. The changes in the deferred contributions balance related to research funds are as follows:

	2011	2010
	\$	\$
<b>Balance, beginning of year</b>	<b>16,931,926</b>	18,267,048
Amount received during the year	<b>30,180,147</b>	23,369,473
Amount recognized as revenue during the year	<b>(25,166,829)</b>	(24,704,595)
<b>Balance, end of year</b>	<b>21,945,244</b>	16,931,926

The funds were spent in the following areas for research activities:

	2011	2010
	\$	\$
Salaries, wages and employee benefits	<b>14,205,894</b>	13,894,614
Supplies and other	<b>10,860,211</b>	10,286,892
Medical and surgical	<b>100,724</b>	523,089
<b>Amount recognized as revenue during the year</b>	<b>25,166,829</b>	24,704,595

[b] Other deferred contributions represent unspent externally restricted grants and donations for various programs. The changes in the other deferred contributions balance are as follows:

	2011	2010
	\$	\$
<b>Balance, beginning of year</b>	<b>1,633,717</b>	1,655,802
Amount received during the year	<b>3,557,923</b>	1,109,452
Amount recognized as revenue during the year	<b>(640,547)</b>	(1,131,537)
<b>Balance, end of year</b>	<b>4,551,093</b>	1,633,717

## Centre for Addiction and Mental Health

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

#### 9. PENSION PLANS

Certain employees of CAMH as at March 9, 1998 and all employees joining CAMH since that date are eligible to be members of the Healthcare of Ontario Pension Plan ["HOOPP"], which is a multi-employer, defined benefit, highest consecutive average earnings, contributory pension plan. The Plan is accounted for as a defined contribution plan. CAMH's contributions to HOOPP during the year amounted to \$11,044,008 [2010 - \$10,291,900] and are included in salaries, wages and employee benefits expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2010 disclosed an actuarial value of net assets of \$35,073 million with accrued pension benefits of \$34,897 million, resulting in a surplus of \$176 million.

Certain employees of CAMH are members of the Ontario Public Service Employees Union ["OPSEU"] Pension Plan, which is a multi-employer, defined benefit, highest consecutive average earnings, contributory pension plan. The OPSEU Pension Plan is also accounted for as a defined contribution plan. CAMH's contributions to the OPSEU Pension Plan during the year amounted to \$2,495,871 [2010 - \$2,343,718] and are included in salaries, wages and employee benefits expense in the statement of operations.

#### 10. AFFILIATED ENTITY

The Foundation is an independent corporation without share capital that has its own Board of Directors. The Foundation is responsible for all fundraising activities carried out on behalf of CAMH and provides donations to CAMH for capital, research and other operating activities. The accounts of the Foundation are not included in these financial statements.

As at March 31, 2011, the Foundation had net assets of \$34,400,906 [2010 - \$41,982,147]. Grants from the Foundation recognized during the year as revenue, deferred contributions related to research funds, other deferred contributions or deferred capital contributions totalled \$16,155,993 [2010 - \$11,022,840]. These amounts were used to fund capital projects, research projects and other operating activities. At March 31, 2011, there was \$16,985,617 [2010 - \$10,398,623] receivable from the Foundation included in accounts receivable related to the above-noted contributions, and amounts paid by CAMH on behalf of the Foundation [note 5].

#### 11. CONTINGENCIES

[a] CAMH participates in the Health Care Insurance Reciprocal of Canada ["HIROC"]. HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums that are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2011.

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[b] CAMH is subject to various claims and potential claims related to its operations. Where the potential liability is likely and able to be estimated, management has recorded its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

#### 12. LEASE COMMITMENTS

Future minimum annual lease payments for the downtown properties and the community offices are as follows:

	\$
2012	3,853,629
2013	2,738,104
2014	1,674,848
2015	1,300,380
2016	1,267,930
Thereafter	2,535,860
	<u>13,370,751</u>

In addition to minimum rentals, property leases generally provide for the payment of various operating costs.

#### 13. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of the following:

	2011 \$	2010 \$
Internally funded capital assets	<b>26,302,450</b>	28,460,560
Amounts set aside by the Board of Trustees for site redevelopment, information technology and other capital projects	<b>29,550,102</b>	20,540,005
<b>Total internally restricted net assets</b>	<b>55,852,552</b>	49,000,565

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During the year, the Board of Trustees approved a net transfer of \$6,851,987 [2010 - \$960,753] from unrestricted to internally restricted net assets.

#### 14. CAPITAL MANAGEMENT

In managing capital, CAMH focuses on liquid resources available for operations and to finance the Project. CAMH's objective is to have sufficient liquid resources to continue operating and fund capital projects despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. In addition, CAMH is required to achieve certain performance measures related to working capital set out in the H-SAA. The need for sufficient liquid resources and achieving the performance measures is considered in the preparation of an annual budget and projections for capital costs, and in the monitoring of cash flows and actual results compared to the budget and projections. As at March 31, 2011, CAMH met its objective of having sufficient liquid resources to meet its current obligations and the performance measures related to working capital set out in the H-SAA.

#### 15. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2011 financial statements.

