

Centre for Addiction and Mental Health

**Financial statements
March 31, 2025**



**Shape the future
with confidence**

Independent auditor's report

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

Opinion

We have audited the financial statements of the **Centre for Addiction and Mental Health** ["CAMH"], which comprise the statement of financial position as at March 31, 2025, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CAMH as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of CAMH in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing CAMH's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CAMH or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CAMH's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 CAMH's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CAMH's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CAMH to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Toronto, Canada
May 29, 2025

Chartered Professional Accountants
Licensed Public Accountants



Centre for Addiction and Mental Health

Statement of financial position

[Expressed in thousands of dollars]

As at March 31

	2025	2024
	\$	\$
Assets		
Current		
Cash	24,898	71,143
Accounts receivable <i>[note 13]</i>	60,697	90,430
Due from Ministry of Health – redevelopment project <i>[note 3]</i>	10,648	14,098
Inventories	4,475	5,865
Prepaid expenses	15,150	1,279
Total current assets	115,868	182,815
Restricted cash and investments <i>[note 3]</i>	143,717	19,096
Long-term investments <i>[note 4]</i>	215,827	132,618
Due from Ministry of Health – redevelopment project <i>[note 3]</i>	211,248	216,803
Other long-term receivables	2,993	2,333
Capital assets, net <i>[note 5]</i>	877,944	816,989
	1,567,597	1,370,654
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	146,740	157,895
Current portion of long-term payable <i>[note 3]</i>	5,609	5,308
	152,349	163,203
Deferred contributions related to research funds <i>[note 8[a]]</i>	71,678	67,354
Other deferred contributions <i>[note 8[b]]</i>	36,113	38,603
Long-term payable <i>[note 3]</i>	212,960	218,569
Long-term debt <i>[note 7]</i>	120,000	—
Deferred capital contributions <i>[note 9]</i>	847,546	787,087
Asset retirement obligation <i>[note 10]</i>	3,788	3,692
Employee future benefits liability <i>[note 11[b]]</i>	2,450	2,295
Total liabilities	1,446,884	1,280,803
Net assets		
Unrestricted	—	—
Investment in capital assets	45,900	40,738
Internally restricted <i>[note 14]</i>	74,813	49,113
Total net assets	120,713	89,851
	1,567,597	1,370,654

See accompanying notes

Approved by the Board of Directors:



Chair, Board of Trustees



Chair, Audit, Finance
and Resource Committee

Centre for Addiction and Mental Health

Statement of operations

[Expressed in thousands of dollars]

Year ended March 31

	2025	2024
	\$	\$
Revenue		
Ministry of Health and federal government <i>[notes 8[b] and 12]</i>	558,755	486,290
COVID-19 funding	—	1,836
Research and other grants <i>[note 8[a]]</i>	85,135	81,601
Ancillary and other	49,987	36,503
Patient revenue	3,092	2,587
Amortization of deferred capital contributions <i>[note 9]</i>	31,617	30,552
Investment income	12,063	9,617
	740,649	648,986
Expenses		
Compensation <i>[notes 11 and 12]</i>	443,030	420,427
Supplies and other <i>[notes 3, 4, 5 and 12]</i>	201,056	161,102
Amortization of capital assets	38,851	40,625
Drugs and medical supplies	10,789	10,637
Rent	3,307	3,020
Interest <i>[notes 3[a] and [b]]</i>	12,754	13,039
	709,787	648,850
Excess of revenue over expenses for the year	30,862	136

See accompanying notes

Centre for Addiction and Mental Health

Statement of changes in net assets

[Expressed in thousands of dollars]

Year ended March 31

	2025			2024
	Investment in capital assets	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$
Net assets, beginning of year	40,738	49,113	—	89,851
Excess of revenue over expenses for the year	—	—	30,862	30,862
Acquisition of capital assets	105,718	—	(105,718)	—
Loss on disposal of capital assets [note 5]	(5,912)	—	5,912	—
Deferred capital contributions received [note 9]	(87,410)	—	87,410	—
Amortization of capital assets	(38,851)	—	38,851	—
Amortization of deferred capital contributions [note 9]	31,617	—	(31,617)	—
Interfund transfer [note 14]	—	25,700	(25,700)	—
Net assets, end of year	45,900	74,813	—	120,713
				89,851

See accompanying notes

Centre for Addiction and Mental Health

Statement of cash flows

[Expressed in thousands of dollars]

Year ended March 31

	2025 \$	2024 \$
Operating activities		
Excess of revenue over expenses for the year	30,862	136
Add (deduct) items not affecting cash		
Amortization of capital assets	38,851	40,625
Amortization of deferred capital contributions	(31,617)	(30,552)
Employee future benefits expense	281	272
Investment income reinvested	(5,670)	(1,052)
Loss on disposal of investment	835	—
Loss on disposal of capital assets	5,912	151
	39,454	9,580
Changes in non-cash working capital balances related to operations		
Accounts receivable	29,733	(46,239)
Inventories	1,390	1,784
Prepaid expenses	(13,871)	(141)
Accounts payable and accrued liabilities	(11,155)	21,711
Net change in deferred contributions related to research funds	4,866	5,296
Net change in other deferred contributions	(2,490)	5,013
Accretion expense on asset retirement obligation	96	131
Contributions to employee future benefits	(126)	(132)
Cash provided by (used in) operating activities	47,897	(2,997)
Investing activities		
Change in restricted cash and investments	(124,621)	(1,259)
Proceeds from long-term investments	127,097	125,227
Purchase of long-term investments	(205,471)	(127,198)
Cash used in investing activities	(202,995)	(3,230)
Financing activities		
Change in due from Ministry of Health – redevelopment project	9,005	(5,521)
Change in from long-term receivable	(660)	367
Contributions received restricted for capital purposes	91,534	78,977
Principal repayment of long-term payable	(5,308)	(5,025)
Proceeds on long-term debt	120,000	—
Cash provided by financing activities	214,571	68,798
Capital activities		
Purchase of capital assets	(105,718)	(66,111)
Net decrease in cash during the year	(46,245)	(3,540)
Cash, beginning of year	71,143	74,683
Cash, end of year	24,898	71,143
Non-cash transactions		
Amounts due from Ministry of Health and other receivables included in deferred contributions	(1,445)	(2,769)
Purchases of capital assets included in accounts payable accrued liabilities	(26,282)	(27,379)

See accompanying notes

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

1. Operations

The Centre for Addiction and Mental Health ["CAMH" or the "Hospital"] is a specialty psychiatric hospital located on two primary sites in Toronto. CAMH is dedicated to providing clinical care and recovery, research and education in connection with addiction and mental health. CAMH also plays a significant role in policy development and support in Ontario's mental health and addictions system.

CAMH was incorporated by Letters Patent of Amalgamation under the *Corporations Act* (Ontario) without share capital on January 23, 1998. CAMH is a registered charity, as defined in 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 Hospitals Act* (Ontario).

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards, including Sections PS4200 to PS4270, which apply to government not-for-profit organizations. A summary of the significant accounting policies is outlined below.

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 ["CAMH Foundation" or the "Foundation"], a non-controlled affiliated entity in which CAMH has an economic interest [note 13].

Revenue recognition

CAMH follows the deferral method of accounting for contributions, which includes donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are incurred.

Under the *Health Insurance Act* (Ontario) and the regulations thereunder, CAMH is funded primarily by the Province of Ontario in accordance with funding arrangements established by the Ministry of Health ["MOH"]. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized when earned in the subsequent period. These financial statements reflect management's best estimates of funding arrangements with the MOH.

Contributions received in the form of donations and grants for specific capital expenditures are initially deferred and recorded as deferred capital contributions. These deferred contributions are recognized as revenue on the same basis as the amortization of the cost of the related capital assets. Funding for capital expenditures is recorded when there is an agreement with the ultimate donor and there is reasonable assurance the funding will be received in the near future.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

Revenue from ancillary and other services and patient care is recognized when services have been provided and collectability is reasonably assured.

Interest and realized gains (losses) are recorded as investment income in the statement of operations, except to the extent that the amount is externally restricted, in which case it is added to or deducted from other restricted balances.

Cash

Cash represents cash on hand and cash at the bank.

Inventories

Inventories consist primarily of supplies held for patient care and are recorded at the lower of cost and current replacement value. Cost is determined using the weighted average cost method.

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. When fair value is not practical, nominal value is used. Costs incurred for new facilities, or that substantially increase the useful lives of existing property and equipment, are capitalized. Costs to maintain normal operating efficiency are expensed as incurred.

Construction-in-progress comprises direct construction and development costs. Interest costs incurred on borrowing to finance construction, net of interest earned on the investment of unspent borrowed funds, is capitalized to construction-in-progress during the construction period. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20–40 years
Equipment and furniture	5–10 years

When capital assets no longer contribute to CAMH's ability to provide services, the excess of the carrying value over any residual value is recognized as an expense in the statement of operations.

Public private partnerships

Public private partnerships ["P3s"] are recognized in CAMH's financial statements over the construction period for P3s:

- Between CAMH and a private sector partner for infrastructure-project delivery;
- With risk allocation that provides for CAMH's control of the asset at any point during the arrangement; and
- In which the private sector partner [1] designs, builds, acquires, or better new or existing infrastructure, [2] finances the transaction past the point where the infrastructure is ready for use, and [3] operates and/or maintains the infrastructure.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

For such P3s, CAMH initially recognizes the constructed or acquired infrastructure asset at cost, which represents fair value at the date of recognition, and a corresponding liability at the same amount as the related infrastructure asset, reduced for any consideration previously provided to the private sector partner. The asset is subsequently measured in accordance with the policies for capital assets. Depending on the arrangement, consideration may be transferred from CAMH to the private sector partner to settle the associated liability through a combination of the financial liability and the user-pay models.

Lifecycle payments under such P3s are determined to either be betterments or operating and maintenance expenses. Betterments are added to the carrying amount of the related infrastructure when the future economic benefits of the betterment are controlled by CAMH. Operating and maintenance expenses are expensed in a rational and systematic manner that best corresponds to the benefit received from the services being provided over the term of the service contract.

Asset retirement obligation

The Hospital has legal obligations associated with the retirement of buildings and equipment from service. The Hospital recognizes obligations in relation to retiring tangible capital assets from service in the period in which the obligation arises, which is typically on acquisition or development of the asset if a reasonable estimate of the obligation can be made.

Asset retirement obligations are measured as the best estimate of directly attributable expenditures required to settle the obligation. These costs include post-retirement operation, maintenance and monitoring costs that are required after the asset has been removed from service. The Hospital has not used a present value technique to measure the obligation as it will be settled in the near term. The amount of the obligation is added to the carrying amount of the associated asset and amortized on a straight-line basis over the estimated remaining life of that asset, including when these obligations arise in connection with fully amortized capital assets. Asset retirement obligations are reviewed at each statement of financial position date and adjusted based on the facts and circumstances available at the time. Changes to the estimated timing or amount of future costs are recognized in the statement of financial position by adjusting the asset and asset retirement provision. Once the related capital asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations and any new obligation that arises in respect of the asset's disposal are recognized as an expense in the period in which those changes occur.

Employee benefit plans

Multi-employer plan

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 and contributory pension plan. As a result, HOOPP is accounted for as a defined contribution plan, whereby contributions are expensed on an accrual basis.

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 and contributory pension plan. The OPSEU Pension Plan is also accounted for as a defined contribution plan as it is a multi-employer plan, whereby contributions are expensed on an accrual basis.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

Other employee future benefits

Certain employees of CAMH are entitled to receive post-employment benefits. The costs of these benefits are determined using the accrued benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and health-care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the rate of return on provincial government bonds with an additional risk premium specific to CAMH for varying durations based on the cash flows expected from the post-employment benefit obligations.

Past service costs from plan amendments are expensed when the amendment takes effect.

The net actuarial gain (loss) is amortized over the average remaining service period of active employees, which is 17 years [2024 – 17 years].

Financial instruments

CAMH's financial assets consist of cash, restricted cash and investments, accounts receivable, due from MOH – redevelopment project, long-term investments and long-term receivable. Financial liabilities consist of accounts payable and accrued liabilities, long-term payable and long-term debt.

Financial instruments, except for long-term payable, are initially recorded at fair value. Long-term payable is initially recorded at cost, which represents fair value. CAMH's financial instruments are subsequently measured as follows:

Assets/liabilities	Measurement category
Cash	Fair value
Restricted cash and investments	Fair value
Accounts receivable	Amortized cost
Due from Ministry of Health – redevelopment project	Amortized cost
Long-term investments	Fair value/amortized cost
Long-term receivable	Amortized cost
Accounts payable and accrued liabilities	Fair value/amortized cost
Long-term payable	Amortized cost
Long-term debt	Amortized cost

For financial instruments measured at amortized cost, the effective interest rate method is used to determine interest income or expense.

All financial assets are assessed for impairment on an annual basis. When a decline in value is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

All investments, except for bonds, are reported at fair value. All investment transactions are recorded on a trade date basis. Transaction costs are recognized in the statement of operations in the period during which they are incurred. Investments at fair value are remeasured at the end of each reporting period. Investments not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest rate method, less any provision for impairment.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

A write down is recognized in the statement of operations for a portfolio investment in either category when there has been a loss in the value of the investment that is considered to be other than temporary. Subsequent changes to remeasurement of a portfolio investment in the fair value category, if any, are reported in remeasurement gains and losses. If the loss in value of the portfolio investment subsequently reverses, the write down to the statement of operations is not reversed until the investment is sold.

Fair value measurement

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 – valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Internally restricted net assets

The Board of Trustees internally restricts net assets, from unrestricted funds, to be used for specific purposes including capital projects.

Contributed materials and services

Certain services of CAMH are voluntarily provided by the community. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements.

Donated materials and services are recorded at fair value when goods and services are received and fair value can be reasonably estimated.

Measurement uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

A portion of the revenue recognized from the MOH requires estimation. The Hospital has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided to the Hospital by the MOH for the year ended March 31, 2025. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations as set out in the agreements or in specific funding letters, the MOH has the right to adjust funding received by the Hospital. The MOH is not required to communicate certain funding adjustments until after the submission of year-end data. Since these are not

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

submitted until after the completion of the financial statements, the amount of the MOH funding received during a year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts relating to funding that are reasonably assured of being received.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as 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. Accounts requiring significant estimates include the collectability of accounts receivable, useful lives of capital assets, accrued and contingent liabilities, deferred contributions, employee future benefits [note 11] and asset retirement obligation [note 10].

The provisions against accounts receivable balances are primarily assessed against the historical collectability of the accounts with specific provisions for larger outstanding balances deemed potentially uncollectible. Employee future benefits liabilities [note 11] are subject to measurement uncertainty because actual results may differ significantly from the Hospital's best long-term estimate of expected results. For example, the difference between actual results and actuarial assumptions regarding health-care cost trend rates for retiree benefits may be significant.

3. Redevelopment project

CAMH is undertaking a multi-phase project to transform its 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 "redevelopment project"]. CAMH intends to consolidate a substantial part of its operations from its two main sites into a newly redeveloped site, which will serve as the central hub for CAMH's programs, services and resources. This multi-phase project is being funded by the MOH, CAMH Foundation and by CAMH through internally generated funds and debt [note 7].

The breakdown of long-term payable by phases of the redevelopment project is as follows:

	2025 \$	2024 \$
Phase 1B	81,078	83,178
Phase 1C	137,491	140,699
	218,569	223,877
Less current portion of long-term payable	5,609	5,308
Long-term payable	212,960	218,569

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

The breakdown of MOH accounts receivable by phases of the redevelopment project is as follows:

	2025 \$	2024 \$
Phase 1B	80,420	82,471
Phase 1C	137,491	140,699
Phase 1D	3,985	7,731
	221,896	230,901
Less current portion due from MOH – redevelopment project	10,648	14,098
Long term receivable due from MOH – redevelopment project	211,248	216,803

CAMH received funds from the MOH and other sources to cover various phases of the redevelopment project. The portion of these funds received in advance is classified as restricted cash and investments and is shown by each phase of the redevelopment project as follows:

	2025 \$	2024 \$
Phase 1B	5,296	5,482
Phase 1C	5,207	4,986
Phase 1D	12,838	8,252
Phase 1D [notes 4 and 7]	120,000	—
Redevelopment – other	376	376
Long-term restricted cash and investments	143,717	19,096

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

[a] Phase 1B

In December 2009, CAMH entered into a project agreement with a third-party construction company, CHS [CAMH] Partnership, to design, build, finance and maintain [for a 30-year term] the buildings constructed as part of Phase 1B. The balance of the principal amount due to CHS [CAMH] Partnership of \$81.1 million [2024 – \$83.2 million] is related to the construction of the buildings and bears interest at 7.8%, is repayable in blended monthly instalments of \$0.73 million, and matures on May 31, 2042. In addition, the balance of operating and lifecycle maintenance services costs of \$102.1 million [2024 – \$106.3 million] is payable for the duration of the agreement. The payments over the next five years and thereafter are as follows:

	Debt \$	Interest \$	Operating costs \$	Lifecycle \$
2026	2,277	6,472	3,139	857
2027	2,468	6,281	3,199	764
2028	2,675	6,074	3,260	1,721
2029	2,900	5,849	3,322	2,109
2030	3,143	5,606	3,385	2,264
Thereafter	67,615	38,830	46,780	31,304
	81,078	69,112	63,085	39,019

During the year ended March 31, 2025, interest expense of \$6.7 million [2024 – \$6.9 million] was included in the statement of operations.

During the year ended March 31, 2025, operating and lifecycle maintenance costs of \$4.5 million [2024 – \$4.5 million] were included in supplies and other expenses in the statement of operations. These costs are substantially funded by the MOH, and are recorded in MOH revenue in the statement of operations.

Part of the agreement with CHS [CAMH] Partnership requires that it provides certain operating and maintenance services to May 31, 2042. The remaining total cost of these services is estimated to be \$63.0 million. In addition, CAMH is committed to making total payments of approximately \$39.0 million related to lifecycle maintenance over the remaining period of the agreement to May 31, 2042. These payments will also be substantially funded by the MOH.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

[b] Phase 1C

In March 2017, CAMH entered into a project agreement with a third-party construction company, Plenary Health Phase 1C LP, to design, build, finance and maintain [for a 30-year term] the buildings constructed as part of Phase 1C. The balance of the principal amount due to Plenary Health Phase 1C LP of \$137.5 million [2024 – \$140.7 million] is related to the construction of the buildings, bears interest at 4.025%, is repayable in blended monthly instalments of \$0.8 million, and matures on August 31, 2050. In addition, the balance of operating and lifecycle maintenance services costs of \$212.0 million is payable for the duration of the agreement. The payments [including taxes] over the next five years and thereafter are as follows:

	Debt \$	Interest \$	Operating costs \$	Lifecycle \$
2026	3,332	5,747	4,306	622
2027	3,462	5,620	4,386	996
2028	3,597	5,487	4,468	3,005
2029	3,738	5,349	4,552	3,363
2030	3,888	5,205	4,637	3,398
Thereafter	119,475	66,100	114,011	64,249
	137,492	93,508	136,360	75,633

During the year ended March 31, 2025, interest expense of \$6.0 million [2024 – \$6.1 million] was included in the statement of operations.

During the year ended March 31, 2025, operating and maintenance costs of \$5.4 million [2024 – \$4.9 million] were included in supplies and other expenses in the statement of operations. These costs are substantially funded by the MOH, and are recorded in MOH revenue in the statement of operations.

Part of the agreement with Plenary Health Phase 1C LP requires that it provides certain operating and maintenance services to May 31, 2051. The remaining total cost of these services is estimated to be \$136.4 million. In addition, CAMH is committed to making total payments of approximately \$75.6 million related to lifecycle maintenance over the remaining period of the agreement to May 31, 2051. These payments will be substantially funded by the MOH.

[c] Phase 1D

On March 25, 2021, CAMH received confirmation from the MOH of a total Phase 1D Planning and Design Grant in the amount of \$37.2 million, which includes a previous approval of \$2.5 million in August 2017. These funds covered the MOH's share of costs for planning and design associated with Phase 1D – Forensic Project, Early Works [decant of the current occupants of the Community Centre] up to \$34.1 million, and the Research Project up to \$3.1 million.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

CAMH has incurred \$195.2 million [2024 – \$100.4 million] in capital costs to date, of which \$14.4 million has been capitalized for Phase 1D – Forensic Project, Early Works. The remaining \$180.8 million of capital costs incurred relate to the Phase 1D Forensic Project and Phase 1D Research Project and are included in construction-in-progress under site development in capital assets.

Phase 1D Forensic Project – In February 2024, CAMH and Infrastructure Ontario entered into a fixed price contract with a third-party construction company, PCL Partnerships, to design, build and finance the buildings constructed as part of Phase 1D with a total commitment of \$1.33 billion, excluding taxes. As at March 31, 2025, CAMH has incurred \$34.6 million [2024 – \$27.3 million] [MOH's share] in capital costs, which are included in construction-in-progress under site redevelopment in capital assets [note 5].

Phase 1D Research Project – In February 2024, CAMH and the MOH signed a construction management agreement for the construction of the research building. Total project cost is estimated to be \$637.0 million as per the Final Estimate of Cost ["FEC"] 1 subject to change at FEC 2. The MOH is funding \$104.0 million of this project, CAMH Foundation is funding \$289.0 million [note 13], and \$120.0 million is being funded by debt [note 7]. The remainder is being funded through internally generated funds.

In January 2024, CAMH entered into a project agreement with PCL Constructors Canada Inc. for building construction as part of Phase 1D with a total commitment of \$499.0 million, excluding taxes, of which, \$138.0 million relates to ancillary and other project costs. Of the approved funding to the Hospital, \$23.2 million [2024 – \$3.1 million] has been received from the MOH and \$100.0 million [2024 – \$19.0 million] has been received from CAMH Foundation to March 31, 2025, with \$3.9 million and \$9.0 million recorded as receivable from the MOH and CAMH Foundation [note 13], respectively, as at March 31, 2025 [2024 – nil].

CAMH has incurred \$146.0 million [2024 – \$58.7 million] [\$121.2 million CAMH Foundation share and \$24.8 million MOH's share] in capital costs, which are included in construction-in-progress under site development in capital assets [note 5].

4. Long-term investments

	2025 \$	2024 \$
Guaranteed investment certificates ["GICs"]	333,759	130,412
Other	1,842	2,206
	335,601	132,618
GICs recorded in restricted cash and investments [notes 3 and 7]	(119,774)	—
Long-term investments	215,827	132,618

As at March 31, 2025, GICs have an average term of maturity of 1.2 years [2024 – 0.5 years], with an average yield of 4.6% [2024 – 5.7%].

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

GICs that have a term to maturity of less than one year are included in long-term investments to the extent required for investments to equal the total of deferred contributions related to research funds and other deferred contributions [note 8], unspent deferred capital contributions [note 9] and internally restricted net assets.

GICs and other investments are measured as Level 1 and Level 3 financial instruments, respectively. During the years ended March 31, 2025 and 2024, there were no transfers of assets between Level 1, Level 2 and Level 3.

5. Capital assets

	2025		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	9,101	—	9,101
Buildings	74,212	59,807	14,405
Equipment and furniture	157,101	141,804	15,297
Site redevelopment [note 3]			
Buildings	807,774	160,346	647,428
Equipment and furniture	43,322	34,638	8,684
Construction-in-progress	183,029	—	183,029
	1,274,539	396,595	877,944
	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	9,101	—	9,101
Buildings	75,831	57,455	18,376
Equipment and furniture	163,723	141,466	22,257
Site redevelopment [note 3]			
Buildings	810,769	142,309	668,460
Equipment and furniture	45,081	32,577	12,504
Construction-in-progress	86,291	—	86,291
	1,190,796	373,807	816,989

Construction-in-progress consists primarily of Phase 1D of the redevelopment project [note 3[c]].

During the year, CAMH wrote off various building-related components with a cost of \$21.97 million [2024 – \$12.5 million] and accumulated amortization of \$16.1 million [2024 – \$12.3 million] for a net loss on disposal of \$5.9 million [2024 – \$0.2 million] reported in supplies and other expenses in the statement of operations.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

6. Credit facilities

In addition to third-party debt related to the redevelopment project [note 3], CAMH has entered into a \$15 million revolving demand facility, available by the way of prime based loans, overdrafts, daily CORRA loans, term CORRA loans, letters of credit ["LCs"] or letters of guarantee ["LGs"] to finance general operating requirements. Prime based loans and overdrafts bear interest at the prime rate minus 0.75% per annum. Daily CORRA loans bear interest of daily simple CORRA plus 0.80% and term CORRA loans bear interest rate of term CORRA rate plus 0.80%. LCs and LGs bear interest at a rate determined at the time of their acceptance. No amounts were drawn on this facility as at March 31, 2025 or 2024. A further credit facility exists for corporate credit cards up to a maximum of \$0.25 million.

During the year, CAMH also secured a revolving bank loan facility for \$50 million at the bank's prime lending rate less 0.25% to provide additional financing for the redevelopment project [note 3[c]]. No amounts were drawn on this facility as at March 31, 2025.

7. Long-term debt

On May 1, 2024, CAMH issued \$120 million aggregate principal amount of 5.246% Senior Unsecured Series A Debentures to finance the construction of the Phase 1D Research Project [note 3[c]]. The debentures have a maturity term of 40 years with the principal to be fully repaid on May 1, 2064.

CAMH invested the proceeds of the debentures of \$120 million, less related fees, in a 23-month non-redeemable GIC [note 4] at an interest rate of 5.48% to earn interest income until the funds will be needed for the redevelopment project in 2027 [note 3]. For the year ended March 31, 2025, borrowing costs eligible for capitalization of \$5.8 million were reduced by interest income earned on the investment of unspent debt proceeds. As a result, no borrowing costs were capitalized to construction-in-progress under site development in capital assets.

In addition to interest, principal payments will commence November 1, 2027, semi-annually on May 1 and November 1. The future payments related to long-term debt consist of the following:

	Principal \$	Interest \$
2026	—	6,295
2027	—	6,295
2028	543	6,295
2029	1,130	6,295
2030	1,190	6,295
Thereafter	117,137	137,533
	120,000	168,862

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

8. Deferred contributions

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

	2025 \$	2024 \$
Balance, beginning of year	67,354	62,058
Amounts received during the year	88,914	86,380
Amounts recognized as revenue during the year	(84,048)	(80,581)
Amounts transferred to deferred capital contributions [note 9]	(542)	(503)
Balance, end of year	71,678	67,354

- [b] Other deferred contributions represent unspent restricted funding received for various programs. The changes in the other deferred contributions balance are as follows:

	2025 \$	2024 \$
Balance, beginning of year	38,603	33,590
Amounts received during the year	135,359	135,838
Amounts recognized as revenue during the year	(127,018)	(119,828)
Amounts transferred to MOH payable during the year	(10,831)	(10,997)
Balance, end of year	36,113	38,603

9. Deferred capital contributions

The changes in the deferred capital contributions balance are as follows:

	2025 \$	2024 \$
Balance, beginning of year	787,087	741,431
Contributions received or receivable for capital purposes	91,534	75,705
Amounts transferred from deferred contributions [note 8]	542	503
Amortization of deferred capital contributions	(31,617)	(30,552)
Balance, end of year	847,546	787,087

Included in the above balances are contributions of \$15.5 million [2024 – \$10.8 million] received but not yet used to purchase capital assets [note 5].

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

10. Asset retirement obligation

An asset retirement obligation of \$3.8 million [2024 – \$3.7 million] is included in the statement of financial position, representing the estimated asbestos costs for two specific buildings and site restoration costs related to a Cyclotron machine.

	2025 \$	2024 \$
Balance, beginning of year	3,692	3,561
Accretion expense	96	131
Balance, end of year	3,788	3,692

11. Employee benefit plans

[a] Multi-employer pension plans

CAMH's contributions to HOOPP during the year amounted to \$25.0 million [2024 – \$23.0 million] and are included in compensation expense in the statement of operations. The most recent actuarial valuation for financial reporting purposes was completed by HOOPP as at December 31, 2024 and disclosed net assets available for benefits of \$123,017 million with pension obligations of \$112,579 million, resulting in a surplus of \$10,438 million.

CAMH's contributions to the OPSEU Pension Plan during the year amounted to \$0.8 million [2024 – \$1.1 million] and are included in compensation expense in the statement of operations. The most recent actuarial valuation for financial reporting purposes was completed by the OPSEU Pension Plan as at December 31, 2024 and disclosed net assets available for benefits of \$26,853 million with pension obligations of \$22,474 million, resulting in a surplus of \$4,379 million.

[b] Non-pension, post-employment benefit plans

CAMH offers healthcare and dental benefit plans to certain retired employees. CAMH measures its accrued benefit obligation for accounting purposes as at March 31 of each year. Information about CAMH's non-pension, post-employment defined benefit plans is calculated based on the latest actuarial valuation performed on March 31, 2023. The current year's amounts are based on an extrapolation of this valuation.

The employee future benefits liability as at March 31 includes the following components:

	2025 \$	2024 \$
Accrued benefit obligation	2,332	2,141
Unamortized actuarial gain	118	154
Accrued benefit liability	2,450	2,295

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

The expense related to CAMH's non-pension, post-employment defined benefit plans consists of the following:

	2025	2024
	\$	\$
Current period benefit cost	171	168
Amortization of actuarial loss	4	7
Interest expense	106	97
	281	272

The significant actuarial assumptions adopted in measuring CAMH's accrued benefit obligation and benefits expense are as follows:

	2025	2024
	%	%
Accrued benefit obligation		
Discount rate	4.50	4.70
Health-care cost trend rate	5.60	5.60
Ultimate health-care cost trend rate	3.57	3.57
Dental cost trend rate	5.00	5.00
Benefits expense		
Discount rate	4.70	4.50
Health-care cost trend rate	5.60	5.60
Ultimate health-care cost trend rate	3.57	3.57

Other information about the non-pension, post-employment defined benefit plans is as follows:

	2025	2024
	\$	\$
Employer contributions	126	132
Benefits paid	126	132

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

12. Public Health Agency of Canada ["PHAC"] – Suicide prevention program

Canadian Suicide Prevention Service

On June 29, 2020, CAMH entered into a five-year contribution agreement with PHAC for funding of up to \$21 million. This is to fund the implementation of a suicide prevention program [A Multi-Sectoral Community-Based Implementation of a Canadian Suicide Prevention Service: a Partnership with the Centre for Addiction and Mental Health [CAMH], the Canadian Mental Health Association – National and Crisis Services Canada under the Health Promotion Program – Suicide Prevention]. During the year, CAMH received \$45.4 million [2024 – \$38.9 million] from PHAC in relation to this project and recognized revenue of \$52.7 million [2024 – \$34.5 million] for incurred expenses of \$52.7 million [2024 – \$34.5 million]. Included in accounts receivable as at December 31, 2025 is \$0.7 million related to this funding. Deferred contributions of \$6.6 million were recorded as as at December 31, 2024, representing cash received in advance of expenses incurred.

13. Affiliated entity

CAMH Foundation is an independent corporation incorporated without share capital under the laws of the Province of Ontario and is a charitable organization registered under the *Income Tax Act* (Canada). The Foundation has its own Board of Directors and is responsible for all fundraising activities carried out on behalf of CAMH and provides grants in support of CAMH priorities. Therefore, CAMH has an economic interest in the Foundation, but does not have control, and the accounts of the Foundation are not included in these financial statements. As at March 31, 2025, the Foundation holds \$296.5 million [2024 – \$295.9 million] in unrestricted, restricted and endowment funds.

CAMH has entered into two funding agreements with the Foundation. The CAMH Phase 1C Redevelopment Project grant is for \$47 million to support Phase 1C of the redevelopment project and expires March 31, 2033. No grants were received by CAMH during 2025 [2024 – \$2.8 million]. Cumulatively, CAMH has received \$43.5 million to March 31, 2025. The CAMH Phase 1D Research Building grant is for \$289 million to support Phase 1D of the redevelopment project and expires March 31, 2030. During the year, CAMH received grants of \$81 million [2024 – \$11.0 million] for a cumulative receipt of \$100.0 million to date. The receipt of funding under these grant agreements is contingent upon receipt of the pledged funds by the Foundation and funding may be limited or restructured at any time as a result of changes in the schedule or amount of donations from principal funders.

Including the above, for the year ended March 31, 2025, the Foundation granted CAMH \$126.0 million [2024 – \$69.1 million] to fund capital projects, research projects and other operating activities, which are recorded in research and other grants, deferred contributions related to research funds, other deferred contributions or deferred capital contributions.

As at March 31, 2025, CAMH has an amount due from the Foundation of \$15.3 million [2024 – \$37.2 million] recorded in accounts receivable, which consists of grants receivable and reimbursement of operating expenses paid by CAMH on behalf of the Foundation. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

Centre for Addiction and Mental Health

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

14. Internally restricted net assets

Amounts restricted by the Board of Trustees are to fund strategic initiatives. During the year, the Board of Trustees approved a transfer of \$25.7 million [2024 – \$18.5 million] from unrestricted to internally restricted net assets for this purpose.

15. Contingencies

- [a] From time to time, CAMH is named in lawsuits related to its activities. Where the potential liability can be estimated, management believes the ultimate resolution will not have a material effect on the financial statements. In other cases, due to the stage of the claim, it is not possible to estimate the possible financial liability. Accordingly, no material provisions for any losses have been provided for in these financial statements.
- [b] CAMH is a member in the Healthcare 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, which 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, 2025.

HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income, less the obligation for claims reserves and expenses and operating expenses. Each subscriber may be entitled to receive distributions of its share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There was no distribution receivable from HIROC as at March 31, 2025 or 2024.

16. Commitments

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

	\$
2026	4,471
2027	3,864
2028	3,856
2029	3,864
2030	3,225
	<u>19,280</u>

In addition to minimum rental amounts, property leases generally provide for the payment of various operating costs. For commitments related to the redevelopment project, refer to note 3.

Notes to financial statements

[In thousands of dollars, except where otherwise noted]

March 31, 2025

17. Risk management

CAMH is exposed to a variety of financial risks, including market risk, interest rate risk, credit risk and liquidity risk. CAMH's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on CAMH's financial performance.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income investments and the long-term payable and long-term debt held by CAMH. A change in the interest rate would have no significant impact on the financial statements since the fixed income investments are largely short-term in nature and the long-term payable and long-term debt have a fixed rate.

Credit risk

CAMH is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals such as CAMH as they are required to provide care for patients regardless of the patient's ability to pay for services provided. Patient receivables were \$1.0 million [2024 – \$0.9 million] as at March 31, 2025.

The credit risk on cash and investments is limited because the counterparties are largely governments, chartered banks and other corporations with good credit ratings assigned by national credit rating agencies.

Liquidity risk

Liquidity risk is the risk that CAMH will not be able to meet its financial obligations when they come due. CAMH derives a significant portion of its operating revenue from the MOH with no firm commitment of funding in future years. CAMH manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. CAMH will enter into debt agreements to assist with the financing of capital assets when other sources are not available.

18. Subsequent events

CAMH completed the sale of a property on April 7, 2025. The transaction generated sales proceeds of \$10.0 million and resulted in a gain on sale of \$9.0 million.