

# **Centre for Addiction and Mental Health Foundation**

Financial Statements  
**March 31, 2023**



## Independent auditor's report

To the Board of Directors of Centre for Addiction and Mental Health Foundation

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Centre for Addiction and Mental Health Foundation (the Foundation) as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2023;
- the statement of income, expenses and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

#### Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### 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 accounting standards for not-for-profit organizations, 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.

PricewaterhouseCoopers LLP  
465 Richmond Street, Suite 400, London, Ontario, Canada N6A 5P4  
T: +1 519 640 8000, F: +1 519 640 8015



In preparing the financial statements, management is responsible for assessing the Foundation'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 the Foundation or to cease operations, or has no realistic alternative but to do so.

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

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### **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 the Foundation'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 the Foundation'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 the Foundation 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario  
July 6, 2023

# Centre for Addiction and Mental Health Foundation

## Statement of Financial Position

As at March 31, 2023

	2023 \$	2022 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	17,852,199	7,618,748
Accounts receivable	452,822	309,744
Prepaid expenses	165,344	90,436
	<u>18,470,365</u>	<u>8,018,928</u>
<b>Investments</b> (note 3)	258,858,450	261,724,669
<b>Capital assets</b> (note 4)	<u>252,633</u>	<u>340,896</u>
	<u>277,581,448</u>	<u>270,084,493</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,428,603	2,285,219
Due to the Centre for Addiction and Mental Health (note 9(b))	7,815,106	7,148,160
Deferred revenue	162,453	168,453
	<u>9,406,162</u>	<u>9,601,832</u>
<b>Fund Balances</b>		
<b>Unrestricted fund</b>	37,967,567	41,411,158
<b>Restricted fund</b> (note 5)	191,900,394	180,434,544
<b>Endowed fund</b> (note 6)	<u>38,307,325</u>	<u>38,636,959</u>
	<u>268,175,286</u>	<u>260,482,661</u>
	<u>277,581,448</u>	<u>270,084,493</u>

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

# Centre for Addiction and Mental Health Foundation

## Statement of Income, Expenses and Changes in Fund Balances

For the year ended March 31, 2023

	Unrestricted fund		Restricted fund		Endowed fund		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<b>Income</b>								
Donations	11,720,086	12,694,395	47,775,193	20,978,132	1,375,000	1,196,871	60,870,279	34,869,398
Bequests	86,656	30,397	113,185	100,000	-	-	199,841	130,397
Special events	1,884,482	2,825,903	7,441	150,355	-	-	1,891,923	2,976,258
	13,691,224	15,550,695	47,895,819	21,228,487	1,375,000	1,196,871	62,962,043	37,976,053
Investment income – net (note 3)	671,398	10,714,831	889,675	929,420	(1,100,358)	26,548	460,715	11,670,799
	14,362,622	26,265,526	48,785,494	22,157,907	274,642	1,223,419	63,422,758	49,646,852
<b>Expenses</b>								
Fundraising and administration	19,334,284	17,359,532	-	-	-	-	19,334,284	17,359,532
Special events	759,953	466,267	-	-	-	-	759,953	466,267
	20,094,237	17,825,799	-	-	-	-	20,094,237	17,825,799
<b>Excess (deficiency) of income over expenses before grants</b>	(5,731,615)	8,439,727	48,785,494	22,157,907	274,642	1,223,419	43,328,521	31,821,053
<b>Grants to the Centre for Addiction and Mental Health (note 7(a))</b>	12,081	219,102	34,902,338	30,289,373	-	-	34,914,419	30,508,475
<b>Grants to other qualified donees (note 7(b))</b>	-	-	721,477	15,000	-	-	721,477	15,000
<b>Excess (deficiency) of income over expenses for the year</b>	(5,743,696)	8,220,625	13,161,679	(8,146,466)	274,642	1,223,419	7,692,625	1,297,578
<b>Fund balances – Beginning of year</b>	41,411,158	31,797,184	180,434,544	189,978,624	38,636,959	37,409,275	260,482,661	259,185,083
<b>Interfund transfers (note 8)</b>	2,300,105	1,393,349	(1,695,829)	(1,397,614)	(604,276)	4,265	-	-
<b>Fund balances – End of year</b>	37,967,567	41,411,158	191,900,394	180,434,544	38,307,325	38,636,959	268,175,286	260,482,661

The accompanying notes are an integral part of these financial statements.

# Centre for Addiction and Mental Health Foundation

## Statement of Cash Flows

For the year ended March 31, 2023

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	2023 \$	2022 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of income over expenses for the year	7,692,625	1,297,578
Items not involving cash		
Amortization of capital assets	94,271	81,929
Revenue recognized for donated securities	(14,804,467)	(3,433,325)
Change in fair value of investments	6,006,592	5,055,837
Reinvested investment income	(10,202,998)	(14,378,118)
Foreign exchange gain on investments	(6,490)	(3,710)
Changes in non-cash working capital balances relating to operations		
Accounts receivable	(143,078)	(38,312)
Prepaid expenses	(74,907)	(3,706)
Accounts payable and accrued liabilities	(856,617)	15,087
Due to the Centre for Addiction and Mental Health	666,946	3,428,591
Deferred revenue	(6000)	(7,033)
	<u>(11,634,123)</u>	<u>(7,985,182)</u>
<b>Investing activities</b>		
Purchase of investments	(32,839,488)	(38,870,336)
Proceeds from sale of securities	54,713,071	40,983,467
Purchase of capital assets	(6,009)	(197,430)
	<u>21,867,574</u>	<u>1,915,701</u>
<b>Change in cash during the year</b>	10,233,451	(6,069,481)
<b>Cash – Beginning of year</b>	<u>7,618,748</u>	<u>13,688,229</u>
<b>Cash – End of year</b>	<u>17,852,199</u>	<u>7,618,748</u>

The accompanying notes are an integral part of these financial statements.

# Centre for Addiction and Mental Health Foundation

## Notes to Financial Statements

March 31, 2023

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### 1 Purpose of the organization

The Centre for Addiction and Mental Health Foundation (the Foundation) was incorporated under the laws of Ontario in 1986 to raise funds in support of the Centre for Addiction and Mental Health (CAMH), either alone or in cooperation or conjunction with others.

The Foundation is a charitable foundation registered under the Income Tax Act (Canada) 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.

### 2 Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting, which sets out accounting standards for not-for-profit organizations (ASNPO) in Canada and includes the significant accounting policies summarized below.

#### Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, which include grants, bequests and other donations. The Foundation ensures, as part of its fiduciary responsibility, that all funds received with a restricted purpose are expended in accordance with the purpose intended.

For the purpose of financial reporting, the accounts have been classified into one of three funds.

- Unrestricted fund

The unrestricted fund accounts for the Foundation's general fundraising, granting and administrative activities and represents unrestricted resources available for immediate use. The unrestricted fund allows for a transfer from the restricted fund that is a reinvestment in Foundation support. The unrestricted fund is used to support the Foundation's operations and make grants to CAMH for the highest priority needs of CAMH.

- Restricted fund

The restricted fund includes those funds that are to be used for purposes as specified by the donor or as stipulated in the fundraising appeal. The board of directors may also internally restrict funds, a restriction that may be reversed by the board of directors.

- Endowed fund

The endowed fund includes those funds for which either the donor or the board of directors require the endowment principal be maintained.



# Centre for Addiction and Mental Health Foundation

## Notes to Financial Statements

March 31, 2023

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### **Revenue recognition**

Grants and bequests are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received. Unrestricted contributions are recognized as revenue in the unrestricted fund in the year received. Donor restricted contributions for specific purposes 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.

The Foundation recognizes revenue for special events, other than donations, when earned.

Investment income (loss) consists of income distributions from mutual and pooled funds and fair value changes in investments. Investment income earned on the endowed fund or restricted fund resources that must be spent on donor restricted activities is recognized as revenue of the restricted fund. Investment income subject to donor restrictions stipulating that it be added to the endowment is recognized as revenue of the endowed fund. Unrestricted investment income earned on the endowed fund, restricted fund and unrestricted fund resources is recognized as revenue of the unrestricted fund. Investment losses are allocated in a manner consistent with investment income.

### **Deferred revenue**

Deferred revenue represents amounts received for special events that have not yet occurred, as well as restricted donations received for which the specific restriction has not been finalized with the donor(s).

### **Grants**

Grants are recorded when approved and the grantee has met all terms and conditions.

### **Gifts of securities**

Gifts of securities are recognized at estimated fair value based on the published closing price on the date of receipt. Any gains or losses arising from timing differences from the receipt and subsequent sale of securities are immediately recognized by the Foundation in the statement of income, expenses and changes in fund balances.

### **Financial instruments**

Investments are recorded at fair value. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

# Centre for Addiction and Mental Health Foundation

## Notes to Financial Statements

March 31, 2023

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### Foreign currency translation

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the transaction date. Investments and other monetary items denominated in foreign currencies are translated at the year-end rate. Translation gains and losses are included in the statement of income, expenses and changes in fund balances.

### Contributed goods and services

Contributions of capital assets, goods and services that can be reliably valued and are for the use of CAMH are recognized in the financial statements.

### Pension funds

The employees of the Foundation are eligible to be members of the Healthcare of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. The Foundation expenses contributions to the plan in the year they are due.

### Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Equipment and furniture	5 years
Software	4 years

The Foundation reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. When a capital asset no longer contributes to the Foundation's ability to provide services, or the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, the net carrying amount of the capital asset shall be written down to the capital asset's fair value or replacement value.

### Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 amounts could differ from those estimates.

# Centre for Addiction and Mental Health Foundation

## Notes to Financial Statements

March 31, 2023

### 3 Investments

Investments consist of the following:

	2023 \$	2022 \$
Cash	1,747,538	104,604
Canadian Money Market Fund	17,000,874	17,589,815
Canadian Fixed Income Fund	90,877,388	95,388,014
International Fixed Income Fund	19,640,994	17,211,763
Canadian Equity Fund	39,427,486	39,390,980
International Equity Fund	90,164,170	92,039,493
	<u>258,858,450</u>	<u>261,724,669</u>

The investments held for the endowed fund consist of the following: equities 68% (2022 – 68%) and bonds 32% (2022 – 32%).

The investment income consists of:

	2023 \$	2022 \$
Interest and dividend income	7,583,997	17,868,489
Change in fair value of investments	<u>(6,006,592)</u>	<u>(5,055,837)</u>
Investment income before fees	1,577,405	12,812,652
Investment management fees	<u>(1,116,690)</u>	<u>(1,141,853)</u>
Investment income – net	<u>460,715</u>	<u>11,670,799</u>

### 4 Capital assets

Capital assets consist of the following:

	<u>2023</u>		<u>2022</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Equipment and furniture	584,155	331,522	252,633	340,896
Software	87,535	87,535	-	-
	<u>671,690</u>	<u>419,057</u>	<u>252,633</u>	<u>340,896</u>

# Centre for Addiction and Mental Health Foundation

## Notes to Financial Statements

March 31, 2023

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### 5 Restricted fund

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

	2023 \$	2022 \$
Externally restricted		
Redevelopment and related properties	78,572,441	58,723,047
Research	87,617,429	98,763,789
Programs	25,697,232	22,934,416
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	191,887,102	180,421,252
Board designated	13,292	13,292
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	191,900,394	180,434,544

### 6 Endowed fund

a) The major categories of the endowed fund balance are as follows:

	2023 \$	2022 \$
Funds externally restricted for endowment purposes, income from which must be used for a restricted purpose	25,184,705	24,910,062
Externally restricted funds limited for endowment purposes by the board of directors	2,351,233	2,459,438
Unrestricted funds restricted for endowment purposes by the board of directors	10,771,387	11,267,459
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	38,307,325	38,636,959

b) The Foundation has a policy designed to protect the real value of endowments by limiting the amount of net investment income made available for spending and requiring the reinvestment of income not made available. The amount currently made available for spending is 3.5% (2022 – 3.5%).

The preservation of capital (i.e., any excess net investment income earned above the amount made available for spending) is recorded as revenue of the endowed fund for externally endowed funds. For board endowed unrestricted funds, the preservation of capital is recorded as income of the unrestricted fund and transferred to the endowed fund in the statement of income, expenses and changes in fund balances. For board endowed restricted funds, the preservation of capital is recorded as income of the restricted fund and transferred to the endowed fund in the statement of income, expenses and changes in fund balances. In any year, should net investment income be not sufficient to fund the spending amount calculated in accordance with the Foundation's policy, an amount is transferred to the restricted and unrestricted funds.

# Centre for Addiction and Mental Health Foundation

## Notes to Financial Statements

March 31, 2023

- c) The preservation of capital and spending allocation, calculated in accordance with the Foundation's endowed fund policy, is as follows:
- For the year ended March 31, 2023, the spending allocation of \$1,352,294 was transferred from the endowed fund, with \$957,933 being transferred to the restricted fund and \$394,361 transferred to the unrestricted fund. In addition, the net investment loss of \$108,204 in the restricted fund and \$496,072 in the unrestricted fund were transferred to the endowed fund.
  - As there was an investment gain for the year ended March 31, 2022, the spending allocation of \$1,309,325 was transferred to the restricted fund, with \$915,078 being transferred to the restricted fund and \$394,247 to the unrestricted fund. In addition, the net investment gain of \$992 in the restricted fund and \$3,273 in the unrestricted fund were transferred to the endowed fund.

## 7 Grants

- a) During the year, the Foundation funded projects at CAMH in the following categories:

	Unrestricted fund		Restricted fund	
	2023 \$	2022 \$	2023 \$	2022 \$
Education	-	-	261,608	297,978
Programs	-	164,671	1,600,191	2,556,806
Public awareness	12,081	-	381,042	80,893
Research	-	54,431	22,584,497	20,749,982
Capital and redevelopment	-	-	10,075,000	6,603,714
	12,081	219,102	34,902,338	30,289,373

- b) Grants to other qualified donees amounted to \$721,477 (2022 – \$15,000). Grants to other qualified donees included grants to The Hospital for Sick Children Foundation, University of Toronto and Workman Arts.

## 8 Interfund transfers

Transfers between funds consist of the following:

	Unrestricted fund		Restricted fund		Endowed fund	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Reinvestment in Foundation support in accordance with board policy (note 2)	1,804,033	1,396,622	(1,804,033)	(1,396,622)	-	-
Allocation of investment income in accordance with board policy (note 6(c))	496,072	(3,273)	108,204	(992)	(604,276)	4,265
	2,300,105	1,393,349	(1,695,829)	(1,397,614)	(604,276)	4,265

# Centre for Addiction and Mental Health Foundation

## Notes to Financial Statements

March 31, 2023

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### 9 Related party transactions

- a) CAMH is an independent corporation without share capital and has an independent board of directors. CAMH is affiliated with the Foundation as a result of common board members between the two organizations. CAMH provides certain services to the Foundation and pays some expenses on behalf of the Foundation. CAMH also provides payroll processing and charged the Foundation for employee costs in the amount of \$8,768,769 (2022 – \$7,812,720).
- b) The amount due to CAMH is payable on demand, is non-interest bearing and consists of two components: grants that have not been disbursed to CAMH and operating expenses incurred by the Foundation that have not been repaid to CAMH.

### 10 Financial instruments

The Foundation is subject to market, currency, interest rate and credit risks with respect to its financial instruments.

#### Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss. To manage this risk, the Foundation has an investment policy and invests in a diverse portfolio, including pooled funds representing a mix of local and international securities.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates.

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The short-term interest bearing investments held by the Foundation have a limited exposure to interest rate risk due to their short-term maturities.

#### Credit risk

The Foundation is exposed to credit risk in connection with its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. To manage this risk, the Foundation has an investment policy, which includes a target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances. In addition, the amounts receivable consist solely of Canadian harmonized sales tax, which is recoverable from the Canada Revenue Agency, and the risk is considered to be minimal given that the amount is due from the Canadian government.