

**International Society of  
Addiction Medicine Inc.  
Financial Statements**  
For the year ended  
December 31, 2004

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## Auditors' Report

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**To The Directors of  
International Society of Additional Medicine Inc.**

We have audited the statement of financial position of the International Society of Addiction Medicine Inc. as at December 31, 2004 and the statements of operations, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In common with many not for profit organizations, the Society derives revenue in the form of donations and fund raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, assets and fund balances.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2004 and the results of its operations and net assets, cash flows and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

**Chartered Accountants**

Calgary, Alberta  
April 4, 2005

**International Society of Addiction Medicine Inc.  
Statement of Financial Position**

As at December 31 2004 2003

**Assets**

**Current**

Cash \$ 105,834 \$ 88,476

Office equipment (Note 4) 1,024 -

**\$ 106,858** **\$ 88,476**

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities \$ 2,500 \$ 3,000

**Net assets**

Net assets invested in equipment 1,024 -

Unrestricted net assets 51,474 33,616

Internally restricted net assets (Note 3) 51,860 51,860

**104,358** **85,476**

**\$ 106,858** **\$ 88,476**

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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**International Society of Addiction Medicine Inc.**  
**Statement of Operations and Net Assets**

For the year ended December 31

2004

2003

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**Revenue**

Donations	\$ 49,714	\$ 9,486
Interest	480	368
Member dues	<u>5,439</u>	<u>6,983</u>
	<u>55,633</u>	<u>16,837</u>

**Expenses**

Amortization	181	-
Bank charges	78	20
Conference costs and 10th anniversary	16,272	757
Office supplies	4,484	1,882
Professional fees	1,792	3,000
Travel	<u>6,102</u>	<u>7,750</u>
	<u>28,909</u>	<u>13,409</u>

<b>Excess of revenues over expenditures before other items</b>	<b>26,724</b>	<b>3,428</b>
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<b>Loss on foreign exchange</b>	<u><b>(7,842)</b></u>	<u><b>(18,375)</b></u>
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<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 18,882</b>	<b>\$ (14,947)</b>
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**International Society of Addiction Medicine Inc.**  
**Statement of Cash Flows**

For the year ended December 31	2004	2003
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<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenditures for the year	\$ 18,882	\$ (14,947)
Amortization	<u>181</u>	<u>-</u>
	19,063	(14,947)
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	<u>(500)</u>	<u>3,000</u>
	18,563	(11,947)
<b>Cash flows from investing activity</b>		
Purchase of equipment	<u>(1,205)</u>	<u>-</u>
<b>Increase (decrease) in cash</b>	17,358	(11,947)
Cash, beginning of year	<u>88,476</u>	<u>100,423</u>
<b>Cash, end of year</b>	\$ 105,834	\$ 88,476

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**International Society of Addiction Medicine Inc.  
Statement of Changes in Net Assets**

For the year ended December 31

2004

2003

	Invested in Equipment	Unrestricted	Internally Restricted	Total	Total
<b>Balance, beginning of year</b>	\$ -	\$ 33,616	\$ 51,860	\$ 85,476	\$ 100,423
Investment in equipment	1,205	(1,205)	-	-	-
Excess (deficiency) of revenue over expenses (i)	<u>(181)</u>	<u>19,063</u>	<u>-</u>	<u>18,882</u>	<u>(14,947)</u>
<b>Balance, end of year</b>	<b>\$ 1,024</b>	<b>\$ 51,474</b>	<b>\$ 51,860</b>	<b>\$ 104,358</b>	<b>\$ 85,476</b>

(i) Consists of amortization expense



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**International Society of Addiction Medicine Inc.**  
**Notes to Financial Statements**

December 31, 2004

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**1. Purpose of the Society**

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International Society of Addiction Medicine Inc. is a not for profit organization. The Society serves to promote education and an exchange of information with international communities working in the field of addiction medicine. The Society was incorporated under the Canada Corporations Act on November 9, 2000. The Society is a Not-for-Profit organization, and therefore is exempt from income taxes.

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**2. Significant Accounting Policies**

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The financial statements of the Society have been prepared by management in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of significant accounting policies summarized below.

(a) Revenue recognition

The Society recognizes revenue for donations and member dues on a cash basis in the period that they been received. Interest income is recognized as revenue when earned.

(b) Equipment

Equipment is recorded at the lower of cost less accumulated amortization or net realizable value. Amortization is recorded using rates and methods designed to amortize the cost of the capital assets over their estimated useful lives, as follows:

Computer equipment      30% per annum

(c) Foreign currency transactions

Foreign currency balances are translated into Canadian dollars as follows:

At year end, the revenue and expenses are translated into Canadian dollars by the use of the average rate throughout the year. Balance sheet items are translated using the rate as at year end. The resulting foreign exchange gains and losses that arise from the difference between the average exchange rate and the rate as at year end are included in income for the year.

(d) Financial instruments

At December 31, 2004, all of the Society's cash was held at a recognized Canadian National financial institution. As a result, the Society is exposed to all of the risks associated with that institution.

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**International Society of Addiction Medicine Inc.**  
**Notes to Financial Statements**

December 31, 2004

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**3. Internally Restricted Funds**

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The Society has determined a budgeted amount of \$40,000 USD, which it is intended to be approved by the Board of Directors, to cover the costs for the Society to host a meeting to develop an international certification program. In the current year certain donations were received, which are to be targeted for this purpose.

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4. Equipment	2004		2003	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers	\$ 1,205	\$ 181	\$ -	\$ -
Net book value	\$ 1,024		\$ -	

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