

**International Society of
Addiction Medicine Inc.
Financial Statements
For the year ended
December 31, 2006
(Unaudited)**

Contents

Review Engagement Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Net Assets	4
Statement of Cash Flows	5
Statement of Changes in Net Assets	6
Notes to Financial Statements	7-8



BDO Dunwoody LLP
Chartered Accountants
and Advisors

1900, 801 - 6 Avenue S.W.
Calgary Alberta Canada T2P 3W2
Telephone: (403) 266-5608
Fax: (403) 233-7833
www.bdo.ca

Review Engagement Report

**To the Directors of
International Society of Addiction Medicine Inc.**

We have reviewed the statement of financial position of International Society of Addiction Medicine Inc. as at December 31, 2006 and the statements of operations and net assets, cash flows and statement of changes in net assets for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Calgary, Alberta
March 29, 2007

International Society of Addiction Medicine Inc.
Statement of Financial Position
(Unaudited)

As at December 31 2006 2005

Assets

Current

Cash \$ 133,650 \$ 135,108

Office equipment (Note 4) 502 717

\$ 134,152 \$ 135,825

Liabilities and Net Assets

Current

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

Net assets

Net assets invested in equipment 502 717

Unrestricted net assets 81,029 80,748

Internally restricted net assets (Note 3) 50,121 51,860

131,652 133,325

\$ 134,152 \$ 135,825

On behalf of the Board:

_____ Director

_____ Director

International Society of Addiction Medicine Inc.
Statement of Operations and Net Assets
(Unaudited)

For the year ended December 31	2006	2005
Revenue		
Donations	\$ 9,697	\$ 23,822
Exam fees	4,440	6,967
Interest	444	515
Member dues	<u>17,827</u>	<u>20,061</u>
	<u>32,408</u>	<u>51,365</u>
Expenses		
Amortization	215	307
Bank charges	495	54
Conference costs	15,857	12,419
Exam costs	1,474	-
Office supplies	4,104	5,072
Professional fees	2,203	1,873
Travel	<u>10,489</u>	<u>12,752</u>
	<u>34,837</u>	<u>32,477</u>
Excess (shortfall) of revenues over expenditures before other items	(2,429)	18,888
Gain on foreign exchange	<u>756</u>	<u>10,079</u>
Excess (shortfall) of revenues over expenditures	\$ (1,673)	\$ 28,967

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

International Society of Addiction Medicine Inc.
Statement of Cash Flows
(Unaudited)

For the year ended December 31	2006	2005
<hr/>		
Cash flows from operating activities		
Excess of revenues over expenditures for the year	\$ (1,673)	\$ 28,967
Amortization	<u>215</u>	<u>307</u>
	<u>(1,458)</u>	<u>29,274</u>
Increase (decrease) in cash	(1,458)	29,274
Cash, beginning of year	<u>135,108</u>	<u>105,834</u>
Cash, end of year	\$ 133,650	\$ 135,108

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

International Society of Addiction Medicine Inc.
Statement of Changes in Net Assets
(Unaudited)

For the year ended December 31					2006	2005
	Invested in Equipment	Unrestricted	Internally Restricted	Total		
Balance, beginning of year	\$ 717	\$ 80,748	\$ 51,860	\$ 133,325	\$ 104,358	
Net transfer between funds	-	1,739	(1,739)	-	-	
Excess (deficiency) of revenue over expenses	<u>(215) ⁽ⁱ⁾</u>	<u>(1,458)</u>	<u>-</u>	<u>(1,673)</u>	<u>28,967</u>	
Balance, end of year	\$ 502	\$ 81,029	\$ 50,121	\$ 131,652	\$ 133,325	

(i) Consists of amortization expense

International Society of Addiction Medicine Inc.
Notes to Financial Statements
(Unaudited)

December 31, 2006

1. Purpose of the Society

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.

2. Significant Accounting Policies

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 follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are deferred and recognized in the period in which the related expenses are incurred. Other sources of revenue include donated services and are recorded on an accrual basis. Amounts pledged as future contributions are not recognized in the accounts.

(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, 2006, 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.

International Society of Addiction Medicine Inc.
Notes to Financial Statements
(Unaudited)

December 31, 2006

3. Internally Restricted Funds

During the year the Society determined that the restricted net assets that had previously been set aside to cover the costs for the development of the international certification program, were no longer necessary as the exam set up costs were covered by other fund-raising. As such, the \$40,000 USD (\$51,860 CAD) was transferred back into the unrestricted net assets.

During the year the Society determined that a budgeted amount of \$45,000 USD (\$50,121 CAD), be moved from unrestricted to internally restricted net assets. The purpose of these funds is to be used in the eventuality of moving the Society's head office outside of Canada.

4. Equipment	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers	\$ <u>1,205</u>	\$ <u>703</u>	\$ <u>1,205</u>	\$ <u>488</u>
Net book value	\$ 502		\$ 717	

5. Comparative Figures

Some prior year comparatives have been restated to conform to current year presentation.