

**International Society of
Addiction Medicine Inc.
Financial Statements**
For the year ended
December 31, 2008
(Unaudited)

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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, 2008 and the statements of operations, 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
April 20, 2009

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

As at December 31 2008 2007

Assets

Current

Cash	\$ 148,671	\$ 118,276
Accounts receivable (Note 5)	<u>24,576</u>	<u>-</u>
	173,247	118,276

Equipment (Note 4)	<u>246</u>	<u>351</u>
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	\$ 173,493	\$ 118,627
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ <u>3,600</u>	\$ <u>4,553</u>
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Net assets

Net assets invested in equipment	246	351
Unrestricted net assets	114,569	58,645
Internally restricted net assets (Note 3)	<u>55,078</u>	<u>55,078</u>
	169,893	114,074

	\$ 173,493	\$ 118,627
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On behalf of the Board:

_____ Director

_____ Director

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

For the year ended December 31

2008

2007

Revenue

Donations (Note 5)	\$ 71,449	\$ 15,476
Exam fees	9,370	9,531
Interest	301	336
Member dues (Note 5)	<u>7,785</u>	<u>16,231</u>
	<u>88,905</u>	<u>41,574</u>

Expenses

Amortization	105	151
Bank charges	1,113	630
Conference costs	34,143	16,969
Exam costs	9,442	1,065
Office supplies	2,198	2,826
Professional fees	4,482	4,847
Travel	<u>10,608</u>	<u>7,247</u>
	<u>62,091</u>	<u>33,735</u>

**Excess of revenues over
expenditures before other items**

26,814 7,839

Gain (loss) on foreign exchange

29,005 (25,417)

Excess (shortfall) of revenues over expenditures

\$ 55,819 \$ (17,578)

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

For the year ended December 31

2008

2007

	Invested in Equipment	Unrestricted	Internally Restricted	Total	Total
Balance, beginning of year	\$ 351	\$ 58,645	\$ 55,078	\$ 114,074	\$ 131,652
Excess (deficiency) of revenue over expenses	(105) ⁽ⁱ⁾	55,924	-	55,819	(17,578)
Balance, end of year	\$ 246	\$ 114,569	\$ 55,078	\$ 169,893	\$ 114,074

⁽ⁱ⁾ Consists of amortization expense

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

For the year ended December 31	2008	2007
Cash flows from operating activities		
Excess (shortfall) of revenues over expenditures for the year	\$ 55,819	\$ (17,578)
Amortization	<u>105</u>	<u>151</u>
	55,924	(17,427)
Changes in non-cash working capital items		
Accounts receivable	(24,576)	-
Accounts payable and accrued liabilities	<u>(953)</u>	<u>2,053</u>
Increase (decrease) in cash	30,395	(15,374)
Cash, beginning of year	<u>118,276</u>	<u>133,650</u>
Cash, end of year	\$ 148,671	\$ 118,276

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

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

December 31, 2008

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 registered as a Not-for-Profit organization under the Income Tax Act of Canada, and therefore is exempt from income taxes under s149(1).

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 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.

Cash and cash equivalents consist of cash on hand and bank balances.

(b) Equipment

Equipment is recorded at cost and amortized over its estimated useful life. 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% diminishing balance basis

Equipment is assessed for impairment whenever events and circumstances indicate that a carrying value may not be recoverable.

(c) Foreign currency transactions

Foreign currency transactions are translated into Canadian dollars as follows:

At year end, monetary assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the year end and the revenue and expenses are translated into Canadian dollars at the rate of exchange in effect on the transaction date throughout the year. The resulting foreign exchange gains and losses on translation of monetary assets and liabilities are included in operations.

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

December 31, 2008

2. Significant Accounting Policies (continued)

(d) Financial instruments

The Society carries various financial instruments.

Cash is designated as "held-for-trading" and is measured at cost, which approximates fair value due to the short-term nature of these instruments. Accounts receivable are designated as "loans and receivables" and are measured at cost, except to recognize an allowance for doubtful accounts. Accounts payable and accrued liabilities are designated as "other liabilities" and are measured at cost.

(e) New accounting polices adopted

Effective January 1, 2008, the Society adopted CICA Handbook Section 1400 - General Standards of Financial Statement Presentation. The amendments require management to make an assessment regarding the Society's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the Society's ability to continue as a going concern.

The Society also adopted CICA Handbook Section 1535 - Capital Disclosures. This standard requires an entity to disclose information that enables users of its financial statements to evaluate the Society's objectives, policies and procedures for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance.

Adoption of these new standards did not result in any changes to the amounts recorded in the financial statements but did result in additional disclosures in Note 7.

(f) New accounting pronouncements not yet effective

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Society, are as follows:

Financial statement concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for financial statements relating to fiscal years beginning on or after October 1, 2008.

Cash flow statements

Section 1540 was amended to include not-for-profit organizations within its scope. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009.

Financial statement presentation by not for profit organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009.

Disclosure of related party transactions by not for profit organizations

Section 4460 has been amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009.

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

December 31, 2008

2. Significant Accounting Policies (continued)

(f) New accounting pronouncements not yet effective (continued)

Disclosure of allocated expenses by not for profit organizations

This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009.

The Society is currently evaluating the impact of these standards on the disclosure and presentation within its financial statements.

3. Internally Restricted Funds

During 2006 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.

In 2007, an additional \$5,000 USD (\$4,957 CAD) was moved from unrestricted to internally restricted net assets. These funds have been set aside for special projects that may required funding from present until 2010.

4. Equipment

2008

2007

	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers	\$ <u>1,205</u>	\$ <u>959</u>	\$ <u>1,205</u>	\$ <u>854</u>
Net book value	\$ 246		\$ 351	

5. Revenue - Donations and Member Dues

During 2007, the Society was to receive funds in the amount of US \$18,181 representing 10% of the revenue in relation to the 2007 Cairo conference. These funds were not recognized in the 2007 year due to uncertainty as to the timing of receipt. As the actual receipt of these funds occurred prior to the completion of the current year financial statements, this amount has been recorded as receivable in the current year and included in donation revenue.

In addition, US \$4,873 of member dues related to the 2008 fiscal year which were received and deposited in January, 2009 have been included in accounts receivable and member dues revenue.

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

December 31, 2008

6. Financial Instruments

As disclosed in Note 2 (d), the Society holds various forms of financial instruments. The nature of these instruments and the Society's operations expose the Society to various risks. Except as disclosed elsewhere, the Society's financial instruments have the following risks:

(a) Credit risk

The Society has credit risk associated with the fact that all of its cash is held with one banking institution.

(b) Foreign currency rate risk

The majority of the Society's transactions are conducted with foreign entities and accordingly the related financial assets and liabilities are subject to fluctuation in exchange rates. The Society does not transact with any entities in countries that have highly inflationary foreign currencies.

At December 31, 2008, amounts held in foreign currencies of approximately US \$122,061 were included in cash and US \$23,376 were included in accounts receivable.

7. Capital Disclosures

The Society considers its capital to be its net assets, restricted and unrestricted. Its restricted assets consist of amounts invested in capital assets and amounts which have been internally restricted for specified purposes. The Society's objectives when managing its capital are to safeguard its ability to continue as a going concern so that it can provide services to its members. Annual budgets are developed and monitored to ensure the Society's capital is maintained at an appropriate level.
