

Financial Statements of

HEALTHY GENERATIONS

December 31, 2008

Auditors' Report

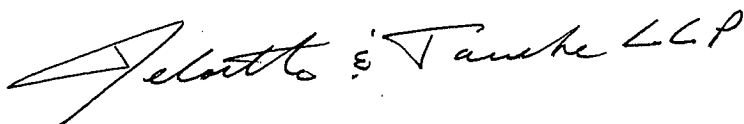
To the Members of
Healthy Generations

We have audited the balance sheet of the Healthy Generations (the "Foundation") as at December 31, 2008 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The financial statements as at December 31, 2007 and for the year then ended were audited by Scott, Rankin & Gardiner LLP who expressed an opinion without reservation on those statements in their report dated March 14, 2008.



Chartered Accountants
Licensed Public Accountants

April 21, 2009

HEALTHY GENERATIONS
Financial Statements
December 31, 2008

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HEALTHY GENERATIONS
Statement of Revenue and Expenses
year ended December 31, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Donations - general	\$ 32,002	\$ 18,517
Donations - specified	273,453	188,085
Miscellaneous	16,399	4,756
	<u>321,854</u>	<u>211,358</u>
Expenses		
General administration (Note 4)	28,733	57,944
Health Child Uganda	25,000	27,910
Printing	3,314	4,977
Transfer to Canadian Paediatric Society (Note 4)	229,450	105,434
	<u>286,497</u>	<u>196,265</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 35,357	\$ 15,093

HEALTHY GENERATIONS
Statement of Changes in Net Assets
year ended December 31, 2008

	<u>2008</u>	<u>2007</u>
UNRESTRICTED NET ASSETS		
BALANCE, BEGINNING OF YEAR	\$ 81,834	\$ 66,741
Excess of revenue over expenses	35,357	15,093
BALANCE, END OF YEAR	\$ 117,191	\$ 81,834
BUILDING BLOCKS ENDOWMENT FUND		
BALANCE, BEGINNING OF YEAR	\$ 12,599	\$ 9,229
Contributions received during the year	3,709	3,370
BALANCE, END OF YEAR	\$ 16,308	\$ 12,599

HEALTHY GENERATIONS

Balance Sheet

as at December 31, 2008

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 67,879	\$ 214,791
Accounts receivable	360	2,489
Due from Canadian Paediatric Society (Note 4)	165,530	53,681
	<u>\$ 233,769</u>	<u>\$ 270,961</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,100	\$ 5,100
Deferred contributions (Note 5)	11,778	10,203
Deferred Advocacy contributions (Note 5)	2,693	25,460
Deferred Public Education contributions (Note 5)	44,147	107,108
Deferred Healthy Child Uganda contributions (Note 5)	36,552	28,657
	<u>100,270</u>	<u>176,528</u>
NET ASSETS		
Unrestricted net assets	117,191	81,834
Building Block Endowment Fund	16,308	12,599
	<u>133,499</u>	<u>94,433</u>
	<u>\$ 233,769</u>	<u>\$ 270,961</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CANADIAN PAEDIATRIC FOUNDATION

Statement of Cash Flows

year ended December 31, 2008

	<u>2008</u>	<u>2007</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 35,357	\$ 15,093
Changes in non-cash operating working capital items:		
Accounts receivable	2,129	16,662
Accounts payable and accrued liabilities	-	5,100
Deferred contributions	(76,258)	104,957
	<u>(38,772)</u>	<u>141,812</u>
FINANCING		
Transfer (to) from Canadian Paediatric Society	(111,849)	(17,538)
INVESTING		
Endowment donation	3,709	3,370
NET CASH (OUTFLOW) INFLOW	(146,912)	127,644
CASH, BEGINNING OF YEAR	214,791	87,147
CASH, END OF YEAR	\$ 67,879	\$ 214,791

HEALTHY GENERATIONS

Notes to the Financial Statements

year ended December 31, 2008

1. DESCRIPTION OF OPERATIONS

Healthy Generations is incorporated as Canadian Paediatric Foundation and is a federally incorporated not-for-profit professional organization as defined in the Income Tax Act and as such is exempt from income taxes. The purpose of Healthy Generations is to promote, facilitate and contribute to scientific programs relating to infants, children and adolescents.

2. CHANGES IN ACCOUNTING POLICIES

Future accounting changes

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation*. Section 3862 on financial instruments disclosures requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance; and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861.

The Foundation did not adopt CICA Sections 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* this year as the adoption of these sections became optional in late 2008 for not-for-profit organizations.

In September 2008, the CICA issued amendments to several existing sections in the 4400 series - *Financial Statements by Not-For-Profit Organizations*. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Foundation will have to adopt the amended standards for its fiscal year beginning January 1, 2009. The amendments include: a) additional guidance in the applicability section 1100, *Generally Accepted Accounting Principles*; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenditures in accordance with EIC 123, *Reporting Revenue Gross as a Principal Versus Net as an Agent*, d) requirement to include a statement of cash flows in accordance with Section 1540, *Cash Flow Statement*; e) requirement to apply Section 1751, *Interim Financial Statements*, when preparing interim financial statements in accordance with GAAP; f) requirement for not-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840, *Related Party Transactions*; and h) new disclosure requirements regarding the allocation of fundraising and general support costs.

HEALTHY GENERATIONS
Notes to the Financial Statements
year ended December 31, 2008

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Future accounting changes (Continued)

Healthy Generations is currently evaluating the impact of the adoption of these new standards on its financial statements. Healthy Generations does not expect that the adoption of these new sections will have a material impact on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and reflect the following significant accounting policies:

Contributed services

Volunteers contribute many hours each year to assist Healthy Generations in carrying out its service delivery activities. Due to the difficulty in determining the fair market value, contributed services by volunteers are not recognized in the financial statements.

Financial instruments

All financial assets are classified as held-for-trading, held-to-maturity, loans and receivables, or available-for-sale. All financial liabilities are classified as held-for trading or other liabilities.

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of said instruments and is determined at the time of initial recognition. Settlement date accounting is used and transaction costs related to investments are expensed as incurred. Interest is calculated using the effective interest rate method.

Classification

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivable
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in revenue.

HEALTHY GENERATIONS

Notes to the Financial Statements

year ended December 31, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest rate method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest rate method and include all financial liabilities, other than derivative instruments.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions

Deferred contributions represent unspent funding externally restricted for various initiatives to be undertaken by Healthy Generations.

Building Blocks Endowment Fund

The Building Blocks Endowment Fund has been established to provide grants to support community-based initiatives aimed at increasing the access to quality care and addressing health disparities in children and youth.

HEALTHY GENERATIONS
Notes to the Financial Statements
year ended December 31, 2008

4. CANADIAN PAEDIATRIC SOCIETY

The Canadian Paediatric Society incurs expenses on behalf of Healthy Generations and invoices it on the basis of cost. The total of these administrative expenses amounted to \$11,368 (2007 - \$7,075).

Healthy Generations transferred funds to the Society to assist in operating the following projects:

	<u>2008</u>	<u>2007</u>
Section Funds	\$ 1,645	\$ 234
Advocacy	87,450	22,500
General Fund	15,000	15,000
Public Education	125,355	67,700
	<u>\$ 229,450</u>	<u>\$ 105,434</u>

During the year amounts were received from and paid to the Society resulting in a balance due from the Society of \$165,530 (2007 - \$53,681).

5. DEFERRED CONTRIBUTIONS

Deferred contributions

Changes in the deferred contribution balance are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 10,203	\$ 7,923
Amounts recognized as revenue relating to initiatives undertaken during the year	(10,203)	(3,469)
Amounts received relating to initiatives to be undertaken in future years	11,778	5,749
Balance, end of year	<u>\$ 11,778</u>	<u>\$ 10,203</u>

HEALTHY GENERATIONS
Notes to the Financial Statements
year ended December 31, 2008

5. DEFERRED CONTRIBUTIONS (Continued)

Deferred advocacy contributions

Changes in the deferred contribution balance are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 25,460	\$ 7,842
Amounts recognized as revenue relating to initiatives undertaken during the year	(25,460)	(22,500)
Amounts received relating to initiatives to be undertaken in future years	2,693	40,118
Balance, end of year	<u>\$ 2,693</u>	<u>\$ 25,460</u>

Deferred public education contributions

Changes in the deferred contribution balance are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 107,108	\$ 7,401
Amounts recognized as revenue relating to initiatives undertaken during the year	(107,108)	(67,700)
Amounts received relating to initiatives to be undertaken in future years	44,147	167,407
Balance, end of year	<u>\$ 44,147</u>	<u>\$ 107,108</u>

Deferred Healthy Child Uganda contributions

Changes in the deferred contribution balance are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 28,657	\$ 43,305
Amounts recognized as revenue relating to initiatives undertaken during the year	(27,159)	(68,305)
Amounts received relating to initiatives to be undertaken in future years	35,054	53,657
Balance, end of year	<u>\$ 36,552</u>	<u>\$ 28,657</u>

HEALTHY GENERATIONS

Notes to the Financial Statements

year ended December 31, 2008

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Healthy Generations is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, Healthy Generations has adopted credit policies which include the advance receipt of donations for projects to be undertaken in the subsequent year.

Fair value

The fair value of cash, accounts receivable, due from Canadian Paediatric Society and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

7. CAPITAL MANAGEMENT

The Foundation's objective when managing capital is to safeguard its ability to continue as a not-for-profit and charity organization in an effort to carry out its mission and goals. Capital consists of fund balances. The Foundation manages endowment donations with external restrictions that specify the conditions for using these financial resources. The Foundation has complied with the requirements respecting these restricted contributions.

There have been no changes to the Healthy Generations capital requirements and its overall strategy with respect to capital has remained unchanged from the prior year.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for 2008.