

Healthy Generations
Incorporated as Canadian
Paediatric Foundation

Financial Statements

YEAR ENDED DECEMBER 31, 2006

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Auditors' Report

To the Members of **Healthy Generations**

We have audited the statement of financial position of **Healthy Generations**, incorporated as Canadian Paediatric Foundation, as at **December 31, 2006** and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the organization'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 similar organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations revenue, net revenue, assets and net asset balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of **Healthy Generations**, incorporated as Canadian Paediatric Foundation as at **December 31, 2006** and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Ottawa, Canada
March 29, 2007

Chartered Accountants
Licensed Public Accountants

Healthy Generations
Statement of Financial Position
December 31

2006

2005

Assets

Current Assets

Cash

\$ 87,147 \$ 66,885

Accounts receivable

19,151 68,108

Due from Canadian Paediatric Society (note 2)

36,143 117,231

\$ 142,441 \$ 252,224

Liabilities

Current Liabilities

Deferred contributions (note 3)

\$ 66,471 \$ 186,947

Net Assets

Unrestricted

66,741 60,552

Endowment Fund

9,229 4,725

75,970 65,277

\$ 142,441 \$ 252,224

Healthy Generations
Statement of Operations
Year Ended December 31

	2006	2005
Revenue		
Donations - general	\$ 26,695	\$ 42,353
Donations - specified	392,910	167,060
Miscellaneous	<u>5,128</u>	<u>3,360</u>
	<u>424,733</u>	<u>212,773</u>
Expenditures		
General administration	21,304	17,676
Printing	4,330	8,282
Uganda Fund	17,910	-
Grant to Canadian Paediatric Society (note 4)	<u>375,000</u>	<u>167,060</u>
	<u>418,544</u>	<u>193,018</u>
Excess of Revenue over Expenditures	<u>\$ 6,189</u>	<u>\$ 19,755</u>

Healthy Generations
Statement of Changes in Net Assets
Year Ended December 31

2006

2005

Unrestricted Net Assets

Balance at beginning of year	\$ 60,552	\$ 40,797
Excess of revenue over expenditures	<u>6,189</u>	<u>19,755</u>
Balance at end of year	<u>\$ 66,741</u>	<u>\$ 60,552</u>

Endowment Fund

Balance at beginning of year	\$ 4,725	\$ -
Contributions received during the year	<u>4,504</u>	<u>4,725</u>
Balance at end of year	<u>\$ 9,229</u>	<u>\$ 4,725</u>

Healthy Generations
Notes to the Financial Statements
Year Ended December 31, 2006

1. Significant Accounting Policies

Organization

The purpose of Healthy Generations is to promote, facilitate and contribute to scientific programs relating to infants, children and adolescents. Healthy Generations is incorporated as Canadian Paediatric Foundation as a not for profit organization under the Canadian Corporations Act and is a registered charity under paragraph 149(1)(f) for the Canadian Income Tax Act.

Contributed Services

Volunteers contribute many hours each year to assist the organization 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.

Deferred Contributions

Healthy Generations 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 if receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment Fund

The 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.

2. Due from Canadian Paediatric Society

The Society incurs expenses on behalf of Healthy Generations and invoices it on the basis of cost. The total of these administrative expenses amounted to \$2,239 (2005 - \$NIL). Healthy Generations transferred \$375,000 (2005 - \$167,060) to fund projects of the Society.

During the year amounts were received from and paid to the Society resulting in a balance due from the Society of \$36,143 (2005 - \$117,231).

Healthy Generations
Notes to the Financial Statements
Year Ended December 31, 2006

3. Deferred Contributions

Deferred contributions represent unspent funding externally restricted for various initiatives to be undertaken by Healthy Generations. Changes in the deferred contribution balance is as follows:

	<u>2006</u>	<u>2005</u>
Balance at beginning of year	\$ 186,947	\$ 95,561
Amounts recognized as revenue relating to initiatives undertaken in the year	(133,271)	(95,561)
Amounts received relating to initiatives to be undertaken in future years	<u>12,795</u>	<u>186,947</u>
Balance at end of year	<u>\$ 66,471</u>	<u>\$ 186,947</u>

The balance relating to initiatives to be undertaken in future years consists primarily of private contributions toward work for the health of children in Uganda and corporate contributions for the Early Literacy Program.

4. Transfer to Canadian Paediatric Society

During the year, Healthy Generations transferred funds to Canadian Paediatric Society to assist the Society in operating the following projects:

	<u>2006</u>	<u>2005</u>
Sections fund	\$ -	\$ 8,395
Advocacy fund	30,000	-
General fund	330,000	65,644
Uganda fund	-	26,875
Aboriginal Summit fund	15,000	61,456
Mbarara Outreach fund	<u>-</u>	<u>4,700</u>
	<u>\$ 375,000</u>	<u>\$ 167,070</u>

5. Statement of Cash Flows

A statement of cash flows has not been prepared as it would not provide additional useful information.

Healthy Generations
Notes to the Financial Statements
Year Ended December 31, 2006

6. Financial Instruments

The carrying amount of accounts receivable, due from Canadian Paediatric Society and deferred contributions approximates their fair value because of the short-term maturities of these items.
