

*Financial Statements of*

**HEALTH SCIENCES CENTRE FOUNDATION  
INC.**

*March 31, 2008*



Deloitte & Touche LLP  
360 Main Street  
Suite 2300  
Winnipeg MB R3C 3Z3  
Canada

Tel: 204-942-0051  
Fax: 204-947-9390  
www.deloitte.ca

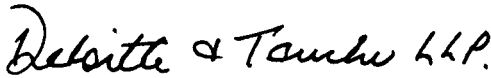
## AUDITORS' REPORT

To the Board of Directors  
Health Sciences Centre Foundation Inc.

We have audited the statement of financial position of Health Sciences Centre Foundation Inc. as at March 31, 2008 and the statement of operations and changes in fund balances 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 March 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.

  
Chartered Accountants

Winnipeg, Manitoba  
June 4, 2008

## TABLE OF CONTENTS

	<u>Page</u>
Statement of Financial Position	1
Statement of Operations and Changes in Fund Balances	2
Notes to the Financial Statements	3 - 12

**HEALTH SCIENCES CENTRE FOUNDATION INC.**  
**Statement of Financial Position**  
**March 31, 2008**

	Unrestricted Fund	Restricted Funds	SIAM Capital Campaign Fund	2008 Total	2007 Total
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and short-term investments	\$ 2,851,874	\$ (185,441)	\$ 3,317,657	\$ 5,984,090	\$ 2,211,505
Accounts receivable	248,450	27,802	-	276,252	93,032
Due from/(to) other funds	192,603	(192,603)	-	-	-
Current portion of pledges receivable (Note 5)	-	987,667	3,091,689	4,079,356	2,547,334
Prepays (Note 7c)	1,184,191	-	-	1,184,191	31,205
	<b>4,477,118</b>	<b>637,425</b>	<b>6,409,346</b>	<b>11,523,889</b>	<b>4,883,076</b>
INVESTMENTS (Note 4)	-	8,979,993	-	8,979,993	9,176,211
PLEDGES RECEIVABLE (Note 5)	-	1,930,219	5,937,065	7,867,284	6,556,326
CAPITAL ASSETS (Note 6)	75,766	9,555,908	-	9,631,674	9,978,165
	<b>\$ 4,552,884</b>	<b>\$ 21,103,545</b>	<b>\$ 12,346,411</b>	<b>\$ 38,002,840</b>	<b>\$ 30,593,778</b>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 73,480	\$ 151,278	\$ -	\$ 224,758	\$ 250,657
Funding commitments	-	-	-	-	89,600
DEFERRED REVENUE (Note 7c)	4,479,404	-	-	4,479,404	142,118
	<b>4,552,884</b>	<b>151,278</b>	<b>-</b>	<b>4,704,162</b>	<b>482,375</b>
<b>FUND BALANCES</b>					
UNRESTRICTED	-	-	-	-	1,727,576
ENDOWMENT	-	4,759,202	-	4,759,202	4,748,031
HSC RESEARCH	-	370,514	-	370,514	523,069
RESTRICTED	-	4,304,521	-	4,304,521	203,444
JBRC CAPITAL	-	11,518,030	-	11,518,030	11,959,171
SIAM CAPITAL CAMPAIGN	-	-	12,346,411	12,346,411	10,950,112
	<b>-</b>	<b>20,952,267</b>	<b>12,346,411</b>	<b>33,298,678</b>	<b>30,111,403</b>
	<b>\$ 4,552,884</b>	<b>\$ 21,103,545</b>	<b>\$ 12,346,411</b>	<b>\$ 38,002,840</b>	<b>\$ 30,593,778</b>

APPROVED BY THE BOARD

..... Director

..... Director

**HEALTH SCIENCES CENTRE FOUNDATION INC.**  
**Statement of Operations and Changes in Fund Balances**  
**Year Ended March 31, 2008**

	Unrestricted Fund		Other restricted Funds		SIAM Capital Campaign Fund		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>REVENUE</b>								
Donations	\$ 469,564	\$ 386,773	\$ 2,973,181	\$ 239,170	\$ -	\$ -	\$ 3,442,745	\$ 625,943
Special projects, net (Note 7)	227,138	293,645	-	-	-	-	227,138	293,645
Ventures, net (Note 7)	60,104	70,947	-	-	-	-	60,104	70,947
Investment income realized	17,462	78,095	488,252	351,728	-	-	505,714	429,823
Net unrealized gains (losses)	-	56,891	(718,065)	230,479	-	-	(718,065)	287,370
Gift Planning	-	-	496,017	145,138	-	-	496,017	145,138
Funding Commitments	(9,768)	15,738	42,500	114,941	-	-	32,732	130,679
Capital Campaign	-	-	-	-	2,304,304	5,663,451	2,304,304	5,663,451
	<b>764,500</b>	<b>902,089</b>	<b>3,281,885</b>	<b>1,081,456</b>	<b>2,304,304</b>	<b>5,663,451</b>	<b>6,350,689</b>	<b>7,646,996</b>
<b>EXPENSES</b>								
Office administration	389,784	353,077	-	-	-	-	389,784	353,077
Donor development	322,620	273,642	-	3,021	-	-	322,620	276,663
Gift planning	-	-	201,527	92,213	-	-	201,527	92,213
Communications	168,371	83,528	-	-	-	-	168,371	83,528
Capital Campaign	-	-	-	-	9,401	261,488	9,401	261,488
Amortization	16,822	3,929	411,473	411,473	-	-	428,295	415,402
	<b>897,597</b>	<b>714,176</b>	<b>613,000</b>	<b>506,707</b>	<b>9,401</b>	<b>261,488</b>	<b>1,519,998</b>	<b>1,482,371</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE FUNDING AND RESTRICTED COMMITMENTS</b>								
	<b>(133,097)</b>	<b>187,913</b>	<b>2,668,885</b>	<b>574,749</b>	<b>2,294,903</b>	<b>5,401,963</b>	<b>4,830,691</b>	<b>6,164,625</b>
<b>FUNDING AND RESTRICTED COMMITMENTS</b>								
	<b>(207,682)</b>	<b>(165,620)</b>	<b>(537,130)</b>	<b>(576,897)</b>	<b>(500,000)</b>	<b>-</b>	<b>(1,244,812)</b>	<b>(742,517)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>								
	<b>(340,779)</b>	<b>22,293</b>	<b>2,131,755</b>	<b>(2,148)</b>	<b>1,794,903</b>	<b>5,401,963</b>	<b>3,585,879</b>	<b>5,422,108</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>								
	<b>1,727,576</b>	<b>1,705,283</b>	<b>17,433,715</b>	<b>17,435,863</b>	<b>10,950,112</b>	<b>5,548,149</b>	<b>30,111,403</b>	<b>24,689,295</b>
<b>CHANGE IN ACCOUNTING POLICY (Note 2)</b>								
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(398,604)</b>	<b>-</b>	<b>(398,604)</b>	<b>-</b>
<b>FUND BALANCES, BEGINNING OF YEAR (as restated)</b>								
	<b>1,727,576</b>	<b>1,705,283</b>	<b>17,433,715</b>	<b>17,435,863</b>	<b>10,551,508</b>	<b>5,548,149</b>	<b>29,712,799</b>	<b>24,689,295</b>
<b>NET TRANSFER BETWEEN FUND BALANCES</b>								
	<b>(1,386,797)</b>	<b>-</b>	<b>1,386,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>								
	<b>\$ -</b>	<b>\$ 1,727,576</b>	<b>\$ 20,952,267</b>	<b>\$ 17,433,715</b>	<b>\$ 12,346,411</b>	<b>\$ 10,950,112</b>	<b>\$ 33,298,678</b>	<b>\$ 30,111,403</b>

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 1. NATURE AND PURPOSE OF FOUNDATION

Health Sciences Centre Foundation Inc. ("the Foundation") was incorporated in 1976 under the Corporations Act of Manitoba. The Foundation's mandate is to raise, invest and allocate funds in support of medical research and health care excellence. The Foundation is a registered charity for the purpose of the Income Tax Act and accordingly is exempt from income taxes.

### 2. CHANGES IN ACCOUNTING POLICIES

During the year, the Foundation adopted the following recommendations of the CICA Handbook:

- a) Section 3855, *Financial Instruments – Recognition and Measurement*. This Section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.
- b) Section 3861, *Financial instruments – Disclosure and Presentation*. This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.
- c) Section 3251, *Equity*. This Section establishes standards for the presentation of equity and changes in equity during the reporting period.

These new standards were applied retroactively as of April 1, 2007 without restatement of prior years' figures. The adoption of these new standards resulted in a \$398,604 decrease in the April 1, 2007 balances of both pledges receivable and the SIAM Capital Campaign fund balance.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) *Fund accounting*

The Foundation follows the restricted fund method of accounting for contributions.

The Unrestricted Fund reports revenue from the general fundraising activities of the Foundation together with all administrative expenses. Investment income earned in this fund is unrestricted.

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) *Fund accounting (continued)*

Included in Restricted Funds are amounts relating to the following specific funds:

- i. the Endowment Fund which includes endowment, bequest and gift planning contributions together with attributable expenses for planned giving development. Unless specified by the donor, investment income earned on the Endowment Fund is reinvested in the Endowment Fund.
- ii. the Restricted Fund which represents funds donated to the Foundation which are directed for a specific use together with funds internally restricted by the Board of Directors.
- iii. the HSC Research Trust Fund which includes donations from the Health Sciences Centre Research Department and investment income less attributable funding commitments.
- iv. the JBRC Capital Fund which represents funds donated to the Foundation that are directed and restricted for the John Buhler Research Centre for capital purchases and research expenses.

The SIAM Capital Campaign Fund represents funds donated to the Foundation which are directed to and restricted for capital purchases related to the Siemens Institute of Advanced Medicine and expenses related to the capital campaign.

#### b) *Revenue recognition*

Restricted contributions are recognized as revenue of the appropriate restricted fund.

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

#### c) *Capital assets*

Capital assets are recorded at cost less accumulated amortization. Amortization expense is provided on a straight-line basis as follows:

Computer equipment	4 years
Furniture and fixtures	10 years
Buildings	50 years
Tenant improvements	10 years
Leasehold improvements	5 years

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Investments*

Portfolio Investments, which are comprised of mutual funds, are recorded at fair value which is determined using quoted market values. Interest, dividends, gains and losses from underlying investments are recorded as earned or realized. Net changes in unrealized gains and losses are reflected in the statement of operations. Investments are written down when the impairment in value is determined to be other than temporary. The State of Israel bonds are recorded at their amortized cost. The investment in Health Sciences Centre Foundation Trust is recorded in accordance with the equity method of accounting.

e) *Grants*

Grants to qualified recipients are reflected as an expense in the fiscal year in which the grants are approved and committed.

f) *Pledges*

A pledge for which the amount to be received can be reasonably estimated and the ultimate collection is reasonably assured is recognized as revenue in the fiscal year in which the pledge is committed. The related receivable is classified as current or long term depending on the expected timing of the cash collection.

g) *Deferred revenue*

Deferred revenue represents rental revenue that has been received for future periods as well as the proceeds that have been received as at March 31, 2008 related to the HOME lottery that will occur in May 2008.

h) *Financial instruments*

*Fair values*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments.

Classification

Cash	Held for trading
Short-term investments	Held for trading
Accounts receivable	Loans and receivables
Pledges receivables	Loans and receivables
Investments in mutual funds	Held for trading
State of Israel Bonds	Held to maturity
Accounts payable and accrued liabilities	Other liabilities
Funding commitments	Other liabilities

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *h) Financial instruments (continued)*

##### Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They 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 investment income.

##### Loans and receivables

Financial assets designated as loans and receivables are recorded at amortized cost using the effective interest method. Given the nature of these assets the carrying value approximates fair value.

##### Held to maturity

Held to maturity assets are acquired with the intention to hold the instrument until it matures. They are measured at amortized cost at the balance sheet date. Gains and losses are recognized in the Statement of Operations in the period that the asset is derecognized, or the period in which impairment occurs.

##### Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities. Given the nature of these liabilities the carrying value approximates fair value.

##### *Interest rate risk*

Interest rate risk refers to the adverse consequences of interest rate changes on the Foundation's cash flows, financial position and income. Certain of the Foundation's investments are subject to interest rate risk based on their fixed interest rates. Accordingly, the value of the Foundation's assets is affected by changes in interest rates.

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) *Future accounting changes*

In December 2006, the CICA issued section 3862, Financial Instruments – Disclosures; Section 3863, Financial Instruments – Presentation; and Section 1535, Capital Disclosures. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Foundation will adopt the new standards for its fiscal year beginning April 1, 2008. 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 date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments provides for slight enhancements from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital. The Foundation is currently assessing the impact of these new standards on its financial statements.

j) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ materially from those estimates.

### 4. INVESTMENTS

The following is a summary of the Foundation's investments:

	<u>2008</u>	<u>2007</u>
Investment in mutual funds	\$ 7,874,151	\$ 7,977,888
Investment in State of Israel Bonds	560,000	695,000
Investment in Health Sciences Centre Foundation Trust	545,842	503,323
	<u>\$ 8,979,993</u>	<u>\$ 9,176,211</u>

**HEALTH SCIENCES CENTRE FOUNDATION INC.**  
**Notes to the Financial Statements**  
**March 31, 2008**

---

**4. INVESTMENTS (continued)**

*a) Investments in mutual funds*

The following is a summary of the Foundation's investments in mutual funds:

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Unrestricted fund	\$ -	\$ -	\$ 1,430,934	\$ 1,579,400
Restricted funds	7,241,507	7,874,151	5,797,026	6,398,488
	<b>\$ 7,241,507</b>	<b>\$ 7,874,151</b>	<b>\$ 7,227,960</b>	<b>\$ 7,977,888</b>

*b) Investment in State of Israel Bonds*

The interest earned from the State of Israel Bonds has been designated to fund Liver Research. The bonds earn a rate of return ranging from 4.05% to 4.90% and will mature in 2009 and 2010. The fair value of assets designated as held to maturity is approximately \$573,000.

*c) Investment in Health Sciences Centre Foundation Trust*

The Foundation created the Health Sciences Centre Foundation Trust pursuant to a Trust Indenture dated September 12, 2000. The Foundation, as Settlor of the Trust, made an initial contribution of \$325,000 to the Trust and has made an additional contribution to the Trust as a loan payable of \$28,385 with aggregate contributions to March 31, 2008 of \$353,385.

The Foundation is the Income and Capital Beneficiary of the Trust. The Trust has purchased a real estate property and a land lease. All net income from these assets is allocated to the Foundation as Income Beneficiary on or before December 31 in each fiscal year. The Trustees of the Trust are to distribute the Trust property to the Foundation as Capital Beneficiary on the termination date of the Trust.

The balance sheet of the Health Sciences Centre Foundation Trust as at December 31, 2007 is as follows:

Current Assets	\$	46,689
Investment in Land		1,247,918
	<b>\$</b>	<b>1,294,607</b>
Current Liabilities	\$	6,163
Due to Foundation		149,938
Mortgage Payable		740,801
Loan Payable to Foundation		28,385
Trust Capital		369,320
	<b>\$</b>	<b>1,294,607</b>

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 5. PLEDGES RECEIVABLE

At March 31, 2008 the Foundation recorded pledges receivable with a gross pledge balance of \$12,360,107 and an amortized cost of \$11,946,640, of which \$4,079,356 and \$7,867,284 have been classified as current and long term respectively. The amortized cost has been determined based on the expected payment terms of the respective pledges, which range from one to seven years, and an appropriate discount rate. These pledges have been committed as at March 31, 2008 and met the criteria for recognition as described in Note 3f).

### 6. CAPITAL ASSETS

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
<b>Unrestricted Fund</b>				
Computer equipment	\$ 45,975	\$ 31,594	\$ 29,976	\$ 20,505
Furniture and fixtures	79,637	18,252	15,632	14,320
	<u>125,612</u>	<u>49,846</u>	<u>45,608</u>	<u>34,825</u>
		<u>75,766</u>		<u>10,783</u>
<b>Restricted Funds</b>				
Assets relating to JBRC:				
Buildings	8,573,661	514,420	8,573,661	342,946
Tenant improvements	2,000,000	600,000	2,000,000	400,000
Leasehold improvements	200,000	103,333	200,000	63,333
	<u>10,773,661</u>	<u>1,217,753</u>	<u>10,773,661</u>	<u>806,279</u>
		<u>9,555,908</u>		<u>9,967,382</u>
Cost less accumulated amortization		<u>\$ 9,631,674</u>		<u>\$ 9,978,165</u>

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 6. CAPITAL ASSETS (continued)

The Foundation has a beneficial interest in certain capital assets.

- a) Pursuant to an agreement dated March 19, 1985, the Foundation contributed \$4.9 million towards the construction of the seventh level of the MS Building of Health Sciences Centre which is commonly referred to as MS7. As at March 31, 2008, the Foundation's costs relating to MS7 have been fully depreciated and are not included in the Foundation's capital asset balance.

In the event Health Sciences Centre exercises its option to obtain occupancy of MS7, in accordance with the terms of this agreement, the consideration to be paid by Health Sciences Centre to the Foundation shall be the aggregate of:

- i) The original capital costs funded by the Foundation,
  - ii) All furniture, fixtures, equipment and improvements relating to MS7 that cannot be usefully relocated, and
  - iii) Reasonable moving expenses.
- b) The Foundation has a beneficial interest in two floors of the John Buhler Research Centre (JBRC) located at 715 McDermot Avenue. The Foundations for Health Inc. (FFHI) was a venture formed by the Foundation and the Children's Hospital Foundation to conduct a joint fundraising effort. The FFHI has been dissolved and in 2006 the beneficial interest received by the Foundation amounting to \$9,794,372 was recorded as a capital contribution to the JBRC Capital Fund and the related assets were included in the capital assets of the JBRC Capital Fund.

Since the establishment of the FFHI, the Foundation has also received a total of \$2.4 million in cash resources from FFHI, which is to be used for future development of the Foundation's two floors in the John Buhler Research Centre.

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 7. SPECIAL PROJECTS AND VENTURES

Special projects and ventures represents fundraising events held and revenue earned by the Foundation.

a) Special projects

	<u>2008</u>	<u>2007</u>
Revenue	\$ 333,761	\$ 640,918
Expenses	106,623	347,273
	<u>\$ 227,138</u>	<u>\$ 293,645</u>

b) Ventures

	<u>2008</u>	<u>2007</u>
Revenue	\$ 60,957	\$ 72,049
Expenses	853	1,102
	<u>\$ 60,104</u>	<u>\$ 70,947</u>

c) HOME Lottery

Included in the deferred revenue and prepaid balances are the proceeds and costs respectively related to the HSC Foundation HOME lottery which were received/incurred prior to March 31, 2008. Additional proceeds and costs will be received/incurred after March 31, 2008. The Foundation anticipates that the net proceeds of the lottery will be between approximately \$1.3 million and \$1.6 million. The final draw will occur on May 27th, 2008.

### 8. RELATED PARTY TRANSACTIONS

During the year, \$468,278 (2007 - \$423,061) in funds were distributed through Health Sciences Centre and the University of Manitoba to finance research projects. The Foundation also administers payments to medical researchers that work at Health Sciences Centre on a fee for service basis. The fees paid to the Foundation during the year by Health Sciences Centre for this service amounted to \$20,352 (2007 - \$31,444).

At March 31, 2008 the Foundation had a receivable from the Health Sciences Centre of \$55,966 (2007 - \$46,121). The Foundation had no payables to the Health Sciences Centre (2007 - nil). \$101,513 of the deferred revenue balance at March 31, 2008 represents prepaid rent received from the Health Science Centre (2007 - \$142,118).

### 9. COMMITMENTS

The Foundation is committed to purchase consulting services from Ketchum Canada Inc (KCI) of \$25,000 over the next 12 months.

# HEALTH SCIENCES CENTRE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2008

---

### 10. STATEMENT OF CASH FLOWS

As the changes in cash are evident from the financial statements presented, a Statement of Cash Flows has not been prepared.