

FANCONI CANADA

Unaudited Financial Statements

December 31st, 2006

Prepared By:

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Treasurer

June 30, 2007

FANCONI CANADA**Statement of Financial Position**
(Unaudited)

As at December 31, 2006

	<u>Dec. 31, 2006</u>	<u>Dec. 31, 2005</u>
CURRENT ASSETS		
Bank accounts	\$77,905	\$44,330
GIC and other current assets	158,429	154,223
TOTAL CURRENT ASSETS	<u>\$236,334</u>	<u>\$198,553</u>
LIABILITIES & NET ASSETS		
Net Assets internally restricted for research (note 3)	\$226,730	\$191,916
Unrestricted net assets	9,604	6,637
TOTAL LIABILITIES & NET ASSETS	<u>\$235,334</u>	<u>\$198,553</u>

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FANCONI CANADA**Statement of Operations**
(Unaudited)

For the year ended December 31, 2006

	Jan. 1, 2006 to <u>Dec. 31, 2006</u>	Jan. 1, 2005 to <u>Dec. 31, 2005</u>
REVENUES		
Research contributions	\$96,676	\$79,555
Unrestricted contributions	2,599	2,262
Interest income	4,070	1,048
Total revenues	<u>\$103,345</u>	<u>\$82,865</u>
GRANTS & EXPENSES		
Research projects funded (notes 4,5,6,7)	\$61,862	\$49,408
Administrative expenses	3,702	3,369
Total grants & expenses	<u>\$65,564</u>	<u>\$52,777</u>
Excess of revenues over grants & expenses	<u>\$37,781</u>	<u>\$30,088</u>

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FANCONI CANADA**Statement of Changes in Net Assets**
(Unaudited)

As at Dec. 31, 2006

	<u>Internally Restricted for Research</u>	<u>Unrestricted</u>	<u>Dec. 31, 2006</u>	<u>Dec. 31, 2005</u>
NET ASSETS				
Balance, beginning of year	\$191,916	\$6,637	\$198,553	\$168,465
Excess of revenues over expenses, research	34,814	-	34,814	30,147
Excess of expenses over revenues, administration	-	2,967	2,967	<59>
BALANCE, END OF YEAR	<u>\$226,730</u>	<u>\$9,604</u>	<u>\$236,334</u>	<u>\$198,553</u>

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FANCONI CANADA**Statement of Cash Flows**
(Unaudited)

For the year ended December 31, 2006

	<u>Jan. 1, 2006 to Dec. 31, 2006</u>	<u>Jan. 1, 2005 to Dec. 31, 2005</u>
Cash flows from operating activities		
Boudreau family fundraising for research	\$1,523	\$180
Fecteau family fundraising for research	350	1,511
Harvey family fundraising for research	-	2,414
Lauzier family fundraising for research	6,207	3,970
Shelson/Waxberg family fundraising for research	87,251	70,910
Other family fundraising for research	1,345	570
Cash received for administrative contributions	2,599	2,262
Cash received for interest	4,070	1,048
Cash paid for Dr. Dror's research project (note 4)	(22,500)	(22,500)
Cash paid for Dr. Carreau's research project (note 6)	-	(26,903)
Cash paid for Dr. Brodeur's research project (note 5)	(36,568)	-
Cash paid for other research projects	(2,794)	-
Cash paid for administrative expenses	(3,702)	(3,369)
Net cash generated through operating activities	<u>\$37,781</u>	<u>\$30,088</u>
Cash flows from financing & investing activities		
Cash transferred from bank account to GIC	-	\$101,028
Cash transferred to bank account from GIC	-	-
Sale (purchase) of GIC	-	(101,028)
Net cash used in financing & investing activities	<u>-</u>	<u>-</u>
Net increase in cash & GIC's	37,781	30,088
Cash & GIC's, beginning of year	198,553	168,465
Cash & GIC's, end of year	<u>\$236,334</u>	<u>\$198,553</u>

FANCONI CANADA**Notes to Financial Statements**
(Unaudited)

As at December 31, 2006

1. Purpose of the Organization

Fanconi Canada (Canadian Fanconi Anemia Research Fund/La Fondation Canadienne de Recherche de L'Anemie de Fanconi) raises money to fund research on finding a cure and/or treatment for Fanconi Anemia (a fatal genetic disease causing bone marrow failure and physical anomalies); to raise awareness among members of the general public and the medical community about Fanconi Anemia, its diagnosis and methods of treatment; to provide support to Canadian families affected by Fanconi Anemia; and the publication of newsletters and educational materials in furtherance of the foregoing objectives. Fanconi Canada is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Significant Accounting Policies**Revenue recognition**

Fanconi Canada 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 recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Investments

Investments are recorded at the lower of cost and market value.

Contributed services

Volunteers contribute many hours per year to assist Fanconi Canada in carrying out its service delivery activities, fundraising and day-to-day operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Restrictions on net assets

Fanconi Canada has no net assets with externally imposed restrictions; however, donations from the public are internally restricted to be used for research. Some donations from families afflicted with Fanconi Anemia are directed to cover Fanconi Canada services and administrative expenses as well as interest revenue.

4. Contractual Obligations – Dr. Dror

On August 7, 2002, Fanconi Canada agreed to partially fund the Canadian Inherited Marrow Failure Registry for Dr. Dror at the Hospital for Sick Children. Fanconi Canada's obligation is \$22,500 per year for two years. In the fall of 2004, Fanconi Canada agreed to continue partial funding for the Registry for 2005 to 2007 at \$22,500 per year.

5. Contractual Obligations – CIHR Partnership Dr. Brodeur

On March 31, 2004, Fanconi Canada and CIHR in a 50/50 partnership awarded Dr. Isabelle Brodeur of the Centre Hospitalier Universitaire de Quebec (CHUQ) a 3 year Postdoctoral Fellowship for Fanconi anemia research, based on the August 15, 2003 competition. Fanconi Canada's portion of the Fellowship Award is \$20,750 per year for 3 years (for a potential total of \$62,250). The project and its funding was to commence February 1, 2005, but the start date had been delayed until August 1, 2005 as a result of the maternity leave of the Postdoctoral Fellow. On August 1, 2005, Dr. Brodeur transferred her research to the Centre de Cancérologie de l'Université Laval. Fanconi Canada began funding this research in March 2006 and will continue the three-year commitment.

6. Contractual Obligations – FARF Partnership Dr. Carreau

In the fall of 2004, Fanconi Canada agreed to partner 50/50 with the Fanconi Anemia Research Fund, Inc. of Oregon to finance the project of Dr. Madeleine Carreau of the Centre Hospitalier Universitaire de Quebec (CHUQ) titled *Characterization of FANCC Proteolytic Fragments*. Fanconi Canada's obligation was US \$21,750 and Cdn. \$26,908 was paid in 2005.

7. Contractual Obligations – CIHR Partnerships 2006 and 2007

On March 24, 2006, Fanconi Canada and CIHR agreed to co-fund one Fellowship and one Doctoral Research award for each competition in 2006 and 2007 under the Small Health Organizations Partnership Program. For the 2006 competition, one Doctoral Research award has been given for the project titled *Rôle du corépresseur de la transcription ctBPI(C-terminal binding protein) dans l'anémie de Fanconi*. Fanconi Canada's obligation is one half of \$21,000 per annum plus a \$1,000 research allowance to commence in 2007. There were no suitable proposals for the Fellowship award for 2006. On April 11, 2007, Fanconi Canada signed an amended agreement for the 2007 competition wherein it agreed to co-fund two Masters awards at \$17,500 per year for one year; two Doctoral awards at \$22,000 per year for up to 3 years; and one Fellowship for up to 5 years at a maximum of \$55,000 per year.

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8. Toronto Fundraiser

Research contributions are shown net of fundraising expenses on the Statement of Operations for all the family fundraising. The following is a breakdown of the Toronto Fundraiser.

Toronto Fundraiser Amount Raised for Research (Unaudited)

For the year ended December 31, 2006

	<u>2006 Fundraiser</u>	<u>2005 Fundraiser</u>
REVENUES		
Table sponsorships	\$44,600	\$36,500
Auction items	25,347	21,641
Donations	10,650	14,631
Ticket sales	9,380	6,690
Event novelties	2,380	2,472
Total revenues	<u>\$92,357</u>	<u>\$81,934</u>
DIRECT FUNDRAISING EXPENSES	<u>22,825</u>	<u>24,284</u>
Amount raised for research	<u>\$69,532</u>	<u>\$57,650</u>