

THE CHAMPLAIN SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

AUDITOR'S REPORT

To the Members of The Champlain Society

I have audited the statement of financial position of The Champlain Society as at December 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

As is common with many charitable organizations, the Society derives a portion of its revenue from donations, the completeness of which is not susceptible to complete verification. Accordingly, my verification of donation revenue was limited to the amounts recorded by the Society and I was unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and fund balances.

In my opinion, except for the effect of any adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donation revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Uxbridge, Canada
July 27, 2006

Chartered Accountant

THE CHAMPLAIN SOCIETY
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2005

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash	\$ 56,310	\$ 46,705
Marketable securities (note 4)	133,331	124,890
Accounts receivable	959	17,425
Champlain Society volumes	17,575	15,985
GST receivable	1,728	2,363
	\$ 209,903	\$ 207,368
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deferred revenue	\$ 34,431	\$ 25,445
Accounts payable and accrued liabilities	3,363	11,380
	37,794	36,825
NET ASSETS		
Restricted	50,000	50,000
Unrestricted	122,109	120,543
	172,109	170,543
	\$ 209,903	\$ 207,368

Approved on behalf of the Board

Director _____

Director _____

THE CHAMPLAIN SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>%</u>	<u>2004</u>	<u>%</u>
REVENUES				
Membership fees	\$ 52,686	70.3	\$ 57,964	63.0
Other donations	6,890	9.2	15,185	16.5
Interest and other income	6,729	9.0	7,093	7.7
Book sales	6,781	9.1	6,610	7.2
Royalties	1,818	2.4	4,143	4.5
Corporate donations	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1.1</u>
	<u>74,904</u>	<u>100.0</u>	<u>91,995</u>	<u>100.0</u>
EXPENSES				
Printing	27,365	36.5	46,456	50.5
General and administrative	20,535	27.4	18,594	20.2
Secretariat	7,524	10.0	7,524	8.2
Honoraria for general editor	5,000	6.7	5,000	5.4
Chalmers Book Award (note 3)	2,881	3.8	2,941	3.2
Audit	2,500	3.3	-	-
GST	<u>1,728</u>	<u>2.3</u>	<u>2,364</u>	<u>2.6</u>
	<u>67,533</u>	<u>90.2</u>	<u>82,879</u>	<u>90.1</u>
Income before the following	7,371	9.8	9,116	9.9
Change in investment value (note 4)	<u>(5,805)</u>	<u>(7.7)</u>	<u>811</u>	<u>0.9</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,566</u>	<u>2.1</u>	<u>\$ 9,927</u>	<u>10.8</u>

THE CHAMPLAIN SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2006

	2006			2005
	<u>Unrestricted</u>	<u>Chalmers Award Fund</u>	<u>Total</u>	<u>Total</u>
BALANCE AT BEGINNING OF YEAR	\$ 120,543	\$ 50,000	\$ 170,543	\$ 160,616
EXCESS OF REVENUE OVER EXPENSES	<u>1,566</u>	<u>-</u>	<u>1,566</u>	<u>9,927</u>
BALANCE AT END OF YEAR	<u>\$ 122,109</u>	<u>\$ 50,000</u>	<u>\$ 172,109</u>	<u>\$ 170,543</u>

THE CHAMPLAIN SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt of revenue	\$ 100,991	\$ 106,843
Payment of expenses	<u>77,141</u>	<u>75,382</u>
	(A) 23,850	31,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities	(B) <u>14,245</u>	<u>-</u>
INCREASE IN CASH	(A-B) 9,605	31,461
CASH AT BEGINNING OF YEAR	<u>46,705</u>	<u>15,244</u>
CASH AT END OF YEAR	<u>\$ 56,310</u>	<u>\$ 46,705</u>

RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES
WITH CASH FLOWS FROM OPERATING ACTIVITIES

EXCESS OF REVENUE OVER EXPENSES	\$ 1,566	\$ 9,927
Add non-cash expenses		
Change in investment value	5,805	811
Accounts payable and accrued liabilities at end of year	3,363	11,380
Champlain volumes from previous year	15,985	16,469
Add cash receipts not included in revenue		
Accounts receivable from previous year	19,788	14,211
Deferred revenue at end of year	34,431	25,445
Less revenue not yet received or received in previous year		
Deferred revenue from previous year	(25,445)	(5,020)
Accounts receivable at end of year	(2,688)	(19,788)
Less payments not included in expenses		
Champlain volumes at end of year	(17,575)	(15,985)
Accounts payable and accrued liabilities from previous year	<u>(11,380)</u>	<u>(5,989)</u>
CASH FLOWS FROM OPERATING ACTIVITIES	(A) <u>\$ 23,850</u>	<u>\$ 31,461</u>

THE CHAMPLAIN SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

1. NATURE AND PURPOSE OF ORGANIZATION

The Champlain Society (the "Society") endeavours to increase public awareness of, and access to, Canada's rich historical records by publishing books and volumes which deal with subjects of a historical significance to Canada. The Society was incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered Charity under the Income Tax Act, and accordingly is tax exempt provided the Society meets certain disbursement requirements. As a registered Charity, the Society is entitled to recover 50% of the GST paid on expenses incurred.

2. ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance the Canadian generally accepted accounting principles.

(b) Fund accounting

The net assets of the Chalmers Award Fund are restricted to earning revenues which are used to fund all expenses for the Chalmers Book Award.

The Society follows the deferral method of fund accounting, whereby restricted contributions for expenses of future periods are deferred and recognized in the same period as the related expenses.

(c) Revenue Recognition

Membership fees are recognized as revenue when received or receivable. Donations are received from both corporations and individuals. Since the amounts of donations vary and cannot be predicted in advance, donations are recognized as revenue when received.

Government grants may represent restricted contributions and are recognized in the year in which the related expenses are incurred.

Royalties are earned from the use of quotes or volumes belonging to the Society. They are recorded as revenue when received.

Book sales of the Society volumes are recorded as revenue when received.

(d) Champlain Society Volumes

The Champlain Society Volumes represent as inventory of prior publications which are available for sale to the Members. The volumes are recorded at the lower of cost or market. The cost of goods sold related to inventory is recorded with printing expenses.

(e) Marketable securities

Marketable securities consist of government and corporate bonds which are recorded at quoted market values.

THE CHAMPLAIN SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

2. ACCOUNTING POLICIES (continued)

(f) Deferred revenue

Deferred revenue consists of prepaid membership fees applicable to the following fiscal period.

(g) Contributed services

Volunteers contribute significant amounts of time to assist the Society in carrying out its activities. Due to the difficulty of determining the fair value of these services, they have not been recognized in the financial statements.

(h) Foreign exchange

The Society earns certain membership fees in U.S. dollars. These fees are translated at rates prevailing at the time the funds for the fees are received. The Society does not maintain any assets or liabilities in foreign currency.

(i) Measurement of uncertainties

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. CHALMERS ASSETS

The interest income generated on the Chalmers assets, which are part of the marketable securities, is used to offset the expenses of the annual Chalmers Book Award, an award granted to authors and publishers of Canadian historical books and publications.

4. CHANGE IN INVESTMENT VALUE AND SUBSEQUENT EVENT

The marketable securities consist of the following:

	<u>Face Value</u>		<u>Market Value</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
3% Government of Canada Bond due June 1, 2006	\$ 77,000	\$ 63,000	\$ 76,815	\$ 63,189
5.8 % General Motors Acceptance Corporation Note due May 10, 2007	<u>60,000</u>	<u>60,000</u>	<u>56,516</u>	<u>61,701</u>
	<u>\$137,000</u>	<u>\$123,000</u>	<u>\$133,331</u>	<u>\$124,890</u>

THE CHAMPLAIN SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

4. CHANGE IN INVESTMENT VALUE AND SUBSEQUENT EVENT (continued)

The decrease in the current year's value of the marketable securities has occurred partially as a result of rising interest rates during 2005. The General Motors Acceptance Corporation of Canada note has dropped significantly in market value in 2005. This drop is widely believed to be due to the company's main business activity which is the financing of vehicle purchases for General Motors Corporation of Canada Dealers and their customers. General Motors Corporation of Canada and its parent company General Motors Corporation of Detroit Michigan have received negative publicity due to poor financial results over the last few years.

Subsequent to the end of the year, the General Motors Acceptance Corporation of Canada note was sold for \$58,595.