

**THE CHAMPLAIN SOCIETY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2007**

## 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, 2007 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, 2007 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  
April 14, 2008

Chartered Accountant

**THE CHAMPLAIN SOCIETY**  
**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2007**

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 28,916	\$ 121,585
Marketable securities (note 4)	168,847	99,976
Accounts receivable	472	461
Champlain Society volumes	1,859	3,370
GST receivable	1,060	3,028
	\$ 201,154	\$ 228,420
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Deferred revenue	\$ 2,546	\$ 40,300
Accounts payable and accrued liabilities	17,335	4,365
	19,881	44,665
<b>NET ASSETS</b>		
Restricted (as restated - note 3)	59,475	60,817
Unrestricted (as restated - note 3)	121,798	122,938
	181,273	183,755
	\$ 201,154	\$ 228,420

Approved on behalf of the Board

Director \_\_\_\_\_

Director \_\_\_\_\_

**THE CHAMPLAIN SOCIETY**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>%</u>	<u>2006</u>	<u>%</u>
<b>REVENUES</b>				
Membership fees	\$ 46,765	75.3	\$ 49,478	67.5
Other donations	2,620	4.2	10,630	14.5
Interest and other income - general fund	4,248	6.8	3,512	4.8
Interest - Chalmers assets	2,176	3.5	2,158	2.9
Book sales	4,346	7.0	6,672	9.1
Royalties	1,979	3.2	863	1.2
	<u>62,134</u>	<u>100.0</u>	<u>73,313</u>	<u>100.0</u>
<b>EXPENSES</b>				
Printing	22,836	36.7	24,258	33.0
General and administrative	10,376	16.7	10,506	14.3
Secretariat	19,131	30.8	18,920	25.8
Honoraria for general editor	6,000	9.7	5,000	6.8
Chalmers Book Award and expenses (note 3)	3,518	5.7	3,751	5.1
Audit	2,150	3.5	2,500	3.4
GST	1,059	1.7	1,299	1.8
	<u>65,070</u>	<u>104.7</u>	<u>66,234</u>	<u>90.3</u>
Income before the following	(2,936)	(4.7)	7,079	9.7
Change in investment value	454	0.6	4,567	6.2
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ (2,482)</u>	<u>(4.1)</u>	<u>\$ 11,646</u>	<u>15.9</u>

**THE CHAMPLAIN SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2007**

	2007			2006
	Unrestricted	Chalmers Award Fund	Total	Total
As previously reported	\$ 133,755	\$ 50,000	\$ 183,755	\$ 172,109
Refinement of value of Chalmers Award Fund	(10,817)	10,817	-	-
As restated (note 3)	122,938	60,817	183,755	172,109
EXCESS OF REVENUE OVER EXPENSES	(1,140)	(1,342)	(2,482)	11,646
BALANCE AT END OF YEAR	\$ 121,798	\$ 59,475	\$ 181,273	\$ 183,755

**THE CHAMPLAIN SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2007**

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt of revenue	\$ 26,161	\$ 78,380
Payment of expenses	<u>50,413</u>	<u>51,027</u>
(A)	(24,252)	27,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase (cashing) of marketable securities	(B) <u>68,417</u>	<u>(37,922)</u>
INCREASE IN CASH	(A-B) (92,669)	65,275
CASH AT BEGINNING OF YEAR	<u>121,585</u>	<u>56,310</u>
CASH AT END OF YEAR	<u>\$ 28,916</u>	<u>\$ 121,585</u>

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

EXCESS OF REVENUE OVER EXPENSES	\$ (2,482)	\$ 11,646
Add non-cash expenses		
Change in investment value	(454)	(4,567)
Accounts payable and accrued liabilities at end of year	17,335	4,365
Champlain volumes from previous year	3,370	17,575
Add cash receipts not included in revenue		
Accounts receivable from previous year	3,489	2,688
Deferred revenue at end of year	2,546	40,300
Less revenue not yet received or received in previous year		
Deferred revenue from previous year	(40,300)	(34,431)
Accounts receivable at end of year	(1,532)	(3,490)
Less payments not included in expenses		
Champlain volumes at end of year	(1,859)	(13,921)
Accounts payable and accrued liabilities from previous year	<u>(4,365)</u>	<u>(3,363)</u>
CASH FLOWS FROM OPERATING ACTIVITIES	(A) <u>\$ (24,252)</u>	<u>\$ 16,802</u>

**THE CHAMPLAIN SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2007**

**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 an inventory of prior publications which are available for sale to the Members and non-members. The volumes are recorded at the lower of cost or net realizable value as determined on a first-in first-out basis. The Society assigns a net realizable value of \$nil to volumes still on hand that were released for distribution two fiscal years ago or earlier. Historically, sales beyond two years of the release date have been minimal. The cost of volumes sold is recorded in printing expenses.

**THE CHAMPLAIN SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2007**

**2. ACCOUNTING POLICIES (continued)**

(e) Marketable securities

Marketable securities consist of government backed bonds which are recorded at their quoted market value at the year-end date.

(f) Deferred revenue

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

(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 AND REFINEMENT OF ESTIMATE OF BALANCE**

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. This year, the Society, after some investigation, refined the estimated balance of the Chalmers Award Fund from an arbitrarily set amount of \$50,000 to a more accurate amount estimated from historical records.

**4. MARKETABLE SECURITIES**

The marketable securities consist of the following:

	<u>Face Value</u>		<u>Market Value</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
4.1% Canada Housing Trust No. 1 Bond due Dec 15, 2008	\$100,000	\$100,000	\$100,091	\$ 99,976
3.75% Government of Canada Bond due September 1, 2011	<u>69,000</u>	<u>-</u>	<u>68,756</u>	<u>-</u>
	<u>\$169,000</u>	<u>\$100,000</u>	<u>\$168,847</u>	<u>\$ 99,976</u>



THE CHAMPLAIN SOCIETY  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2007**

**5. FINANCIAL INSTRUMENTS**

The organization's financial instruments include cash, accounts receivable, marketable securities, accounts payable and accrued liabilities and deferred revenue. The carrying values of these financial instruments approximate their fair values.

The organization is exposed to interest rate risk on its marketable securities and to normal credit risk on its accounts receivable. The organization's management and Board of Directors monitor these risks on an ongoing basis.