

THE CHAMPLAIN SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Champlain Society

I have audited the accompanying financial statements of **The Champlain Society**, which comprise the statement of financial position as at December 31, 2010, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT, continued

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Champlain Society as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "J. Michael Mulholland". The signature is written in a cursive style with a large initial "J" and "M".

Richmond Hill, Canada
July 4, 2011

**CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT**

THE CHAMPLAIN SOCIETY

Statement of Financial Position

December 31, 2010

	2010	2009
ASSETS		
Current		
Cash	\$ 6,665	\$ 28,272
Marketable securities	130,848	131,966
Accounts receivable	8,322	640
Champlain Society Volumes	5,988	8,749
GST receivable	3,738	2,956
	<u>\$ 155,561</u>	<u>\$ 172,583</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 32,546	\$ 2,600
Deferred revenue	5,520	29,602
	<u>38,066</u>	<u>32,202</u>
FUND BALANCES		
Unrestricted	63,628	85,107
Chalmers Award Fund	53,867	55,274
	<u>117,495</u>	<u>140,381</u>
	<u>\$ 155,561</u>	<u>\$ 172,583</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE CHAMPLAIN SOCIETY
Statement of Changes in Net Assets
Year ended December 31, 2010

	Unrestricted	Chalmers Award Fund	Total 2010	Total 2009
Balance - beginning of year	\$ 85,107	\$ 55,274	\$ 140,381	\$ 149,975
Deficiency of revenues over expenditures	(21,479)	(1,407)	(22,886)	(9,594)
Balance - end of year	\$ 63,628	\$ 53,867	\$ 117,495	\$ 140,381

THE CHAMPLAIN SOCIETY

Statement of Operations Year ended December 31, 2010

	2010	2009
Revenues		
Membership fees	\$ 48,789	\$ 53,029
Other donations	13,297	19,005
Book sales	7,000	25,552
Interest and other income	4,801	4,999
Royalties	1,264	2,740
	<u>75,151</u>	<u>105,325</u>
Expenditures		
Printing	41,997	58,592
General and administrative	23,292	23,456
Secretariat	20,438	19,345
Honoraria for general editor	6,000	6,000
Chalmers Book Award	1,985	2,889
Audit	2,693	2,765
	<u>96,405</u>	<u>113,047</u>
Deficiency of revenues over expenditures before the undernoted item	(21,254)	(7,722)
Other expense		
Change in investment value	1,632	1,872
Deficiency of revenues over expenditures	\$ (22,886)	\$ (9,594)

THE CHAMPLAIN SOCIETY

Statement of Cash Flows

Year ended December 31, 2010

	2010	2009
Cash flows from operating activities		
Deficiency of revenues over expenditures	\$ (22,886)	\$ (9,594)
Changes in non-cash working capital		
Marketable securities	1,118	41,216
Accounts receivable	(7,682)	(490)
Champlain Society Volumes	2,761	(6,224)
GST receivable	(782)	(2,134)
Accounts payable and accrued liabilities	29,946	(24,496)
Deferred revenue	(24,082)	(4,624)
Net decrease in cash and cash equivalents	(21,607)	(6,346)
Cash and cash equivalents - beginning of year	28,272	34,618
Cash and cash equivalents - end of year	\$ 6,665	\$ 28,272

THE CHAMPLAIN SOCIETY

Notes to Financial Statements

December 31, 2010

1. NATURE OF OPERATIONS

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) Basis of presentation

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

(b) Fund accounting restricted

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 at the time of receipt of the payments. 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.

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 invoices are issued.

(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

December 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Marketable securities and investment income

Marketable securities have been designated as held-for-trading and consist of a government bond and a mutual fund which invests in interest bearing securities. These investments are recorded at their quoted market value at the year-end date.

Investment income consists of interest income from the government bond, reinvested distributions from the mutual fund and realized gains and losses on the sale of investments. Unrealized gains and losses on marketable securities are disclosed separately on the statement of operations.

(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 organization's foreign operations are translated using the current rate method. Under this method foreign denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses (other than amortization which is translated at rates pertaining to the related assets) are translated at the yearly average exchange rates. Non-monetary assets and liabilities are translated at the exchange rate at the date of acquisition. Exchange gains or losses arising on the translation are included in the statement of earnings and retained earnings.

(i) Measurement uncertainty

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported 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.

THE CHAMPLAIN SOCIETY

Notes to Financial Statements

December 31, 2010

4. MARKETABLE SECURITIES

	2010 Face Value	2010 Market Value	2009 Face Value	2009 Market Value
Mutual fund - Renaissance High Interest Savings	\$ 60,000	\$ 60,736	\$ 60,000	\$ 60,222
3.75% Government of Canada Bond due September 1, 2011	69,000	70,112	69,000	71,744
	<u>\$ 129,000</u>	<u>\$ 130,848</u>	<u>\$ 129,000</u>	<u>\$ 131,966</u>

5. FINANCIAL INSTRUMENTS

The organization's financial instruments are held-for-trading and include cash, accounts receivable, marketable securities and accounts payable. The carrying values of these financial instruments approximate their fair values.

The organization is exposed to interest rate and market 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.