

**THE CHAMPLAIN SOCIETY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2011**

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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, 2011, 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 judgment, 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 in my audit is sufficient and appropriate to provide a basis for my qualified audit opinion.

### *Basis for Qualified Opinion*

The Champlain Society derives a material amount of revenue from donations and fundraising activities. I was not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

### *Qualified Opinion*

Except as noted in the above paragraph, in my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**Richmond Hill, Canada**  
September 25, 2012

**CHARTERED ACCOUNTANT  
LICENSED PUBLIC ACCOUNTANT**

# THE CHAMPLAIN SOCIETY

## Statement of Financial Position

December 31, 2011

	2011	2010
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 95,251	\$ 6,665
Marketable securities	1,234	130,848
Accounts receivable	-	8,322
Champlain Society Volumes	3,486	5,988
Prepaid expenses	4,633	-
HST recoverable	7,562	3,738
	<u>\$ 112,166</u>	<u>\$ 155,561</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 6,471	\$ 32,546
Deferred revenue	7,910	5,520
	<u>14,381</u>	<u>38,066</u>
<b>FUND BALANCES</b>		
Unrestricted	34,654	63,628
Chalmers Award Fund (note 3)	53,131	53,867
John Warkentin Challenge Fund	10,000	-
	<u>97,785</u>	<u>117,495</u>
	<u>\$ 112,166</u>	<u>\$ 155,561</u>

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**THE CHAMPLAIN SOCIETY**  
Statement of Changes in Net Assets  
Year ended December 31, 2011

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	Unrestricted	Chalmers Award Fund (note 3)	John Warkentin Challenge Fund	<b>Total 2011</b>	Total 2010
<b>Balance - beginning of year</b>	\$ 63,628	\$ 53,867	\$ -	<b>\$ 117,495</b>	\$ 140,381
Excess (deficiency) of revenues over expenditures	(28,974)	(736)	10,000	<b>(19,710)</b>	(22,886)
<b>Balance - end of year</b>	<b>\$ 34,654</b>	<b>\$ 53,131</b>	<b>\$ 10,000</b>	<b>\$ 97,785</b>	\$ 117,495

# THE CHAMPLAIN SOCIETY

## Statement of Operations

Year ended December 31, 2011

	2011	2010
<b>Revenues</b>		
Membership fees	\$ 48,256	\$ 48,789
Other donations	22,317	13,297
Book sales	2,143	7,000
Interest and other income	4,420	4,801
Royalties	1,336	1,264
	<u>78,472</u>	<u>75,151</u>
<b>Expenditures</b>		
Volume costs	36,915	41,997
General and administrative	29,509	23,292
Secretariat	20,580	20,438
Honoraria for general editor	6,000	6,000
Audit	2,667	2,693
Chalmers Book Award	1,424	1,985
	<u>97,095</u>	<u>96,405</u>
<b>Deficiency of revenues over expenditures before the undernoted item</b>	<b>(18,623)</b>	<b>(21,254)</b>
Decrease (increase) in investment value	<u>1,087</u>	<u>1,632</u>
<b>Deficiency of revenues over expenditures</b>	<b>\$ (19,710)</b>	<b>\$ (22,886)</b>

# THE CHAMPLAIN SOCIETY

## Statement of Cash Flows

Year ended December 31, 2011

	2011	2010
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenditures	\$ (19,710)	\$ (22,886)
Changes in non-cash working capital		
Marketable securities	129,614	1,118
Accounts receivable	8,322	(7,682)
Champlain Society Volumes	2,502	2,761
Prepaid expenses	(4,633)	-
HST recoverable	(3,824)	(782)
Accounts payable and accrued liabilities	(26,075)	29,946
Deferred revenue	2,390	(24,082)
	<hr/>	<hr/>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>88,586</b>	<b>(21,607)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>6,665</b>	<b>28,272</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 95,251</b>	<b>\$ 6,665</b>

# THE CHAMPLAIN SOCIETY

Notes to Financial Statements

December 31, 2011

## 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 and 80% of the HST 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, 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### (e) Marketable securities and investment income

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 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 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 restricted to offsetting 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, 2011

### 4. MARKETABLE SECURITIES

	2011 Face Value	2011 Market Value	2010. Face Value	2010 Market Value
Mutual fund - Renaissance High Interest Savings	\$ 1,234	\$ 1,234	\$ 60,000	\$ 60,222
3.75% Government of Canada Bond due September 1, 2011	-	-	69,000	70,626
	<u>\$ 1,234</u>	<u>\$ 1,234</u>	<u>\$ 129,000</u>	<u>\$ 130,848</u>

### 5. JOHN WARKENTIN CHALLENGE FUND

During the year, a donation was received in the amount of \$10,000 for which the donor requested a reserve fund be set up to be used for future operations of the organization. Subsequent to the receipt of the funds, the organization's Board of Directors imposed an internal restriction on the donation that only the income earned on the donated amount could be used for current operations of the organization. This internal restriction may be removed at any time by the Board at its discretion.

No specific assets of the organization have been set aside to represent the fund.

### 6. MANAGEMENT OF NET ASSETS

The objective of organization in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate as stated in note 1 to the financial statements. It achieves its objective by management of its cash flows and by regularly monitoring revenues and expenditures against its annual operating plans. When necessary, the organization takes action to raise additional revenues when actual revenues do not meet its plans and to reduce expenditures or curtail programs when alternate sources of revenue can not be found.

### 7. FINANCIAL INSTRUMENTS

The organization's financial instruments 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.