

Financial Statements of

THE CHAMPLAIN SOCIETY

December 31, 2003

Auditors' Report

To the Members of
The Champlain Society

We have audited the statement of financial position of The Champlain Society (the "Society") as at December 31, 2003 and the statements of revenues and expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves 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, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Deloitte & Touche LLP"

Chartered Accountants

Toronto, Ontario
May 6, 2004

THE CHAMPLAIN SOCIETY

Table of Contents

Year ended December 31, 2003

	<u>Page</u>
Statement of Financial Position	1
Statement of Revenues and Expenses and Changes in Net Assets	2
Statement of Cash Flows	3
Notes to Financial Statements	4-5

THE CHAMPLAIN SOCIETY
Statement of Financial Position
As at December 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Cash	\$ 15,244	\$ 4,697
Accounts receivable	11,544	10,581
GST receivable	2,667	1,613
Marketable securities	125,701	123,527
Champlain Society volumes	16,469	20,920
TOTAL ASSETS	171,625	161,338
LIABILITIES		
CURRENT		
Deferred revenue	5,020	17,390
Accounts payable	5,989	23,361
TOTAL LIABILITIES	11,009	40,751
NET ASSETS, REPRESENTING THE GENERAL FUND	\$ 160,616	\$ 120,587

APPROVED ON BEHALF OF THE BOARD

"Ian Wilson"

..... Director

"Allan Hoyle"

..... Director

THE CHAMPLAIN SOCIETY
Statement of Revenues and Expenses and Changes in Net Assets
Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
REVENUES		
Membership fees	\$ 52,820	\$ 55,832
Corporate donations	14,400	15,000
Interest and other income	8,835	3,110
Book sales	7,144	15,920
Other donations	5,676	8,904
Foreign exchange	5,355	9,666
Royalties	2,843	1,203
	97,073	109,635
EXPENSES		
General and administrative	19,331	25,020
Online project (Note 3)	14,200	17,938
Secretariat	6,840	6,840
Honoraria for general editor	5,000	7,000
Chalmers Book Award (Note 4)	4,652	2,000
Printing	4,452	75,747
Honoraria for volume editor	1,515	2,500
GST	1,054	1,592
Editor expense	-	138
	57,044	138,775
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	40,029	(29,140)
NET ASSETS OF THE GENERAL FUND, BEGINNING OF YEAR	120,587	149,727
NET ASSETS OF THE GENERAL FUND, END OF YEAR	\$ 160,616	\$ 120,587

THE CHAMPLAIN SOCIETY

Statement of Cash Flows

Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITY		
OPERATING		
Excess of revenues over expenses (expenses over revenues)	\$ 40,029	\$ (29,140)
Changes in non-cash working capital balances		
Champlain Society Volumes	4,451	(16,920)
Deferred revenue	(12,370)	14,200
Accounts payable	(17,372)	23,361
Accounts receivable	(963)	(10,141)
GST receivable	(1,054)	(7,012)
	<u>12,721</u>	<u>(25,652)</u>
INVESTING		
Increase in marketable securities	(2,174)	(22,227)
	<u>10,547</u>	<u>(47,879)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	10,547	(47,879)
CASH, BEGINNING OF YEAR	4,697	52,576
CASH, END OF YEAR	\$ 15,244	\$ 4,697

THE CHAMPLAIN SOCIETY
Notes to the Financial Statements
December 31, 2003

1. NATURE OF THE ORGANIZATION

The Champlain Society (the "Society") endeavors 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

(a) Basis of presentation

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

(b) Fund accounting

All revenues and expenses, and net assets of the Society are considered part of the General Fund.

The Society follows the deferral method of fund accounting, whereby restricted contributions for expenses of future periods are deferred and recognized as revenue in the same period as the related expenses. There was no such funding in 2003.

(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. The volumes are recorded at the lower of cost or market. The cost of goods sold related to inventory is recorded with printing expenses.

THE CHAMPLAIN SOCIETY
Notes to the Financial Statements
December 31, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Marketable securities

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

(f) Deferred revenue

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

(g) Contributed services

Volunteers contribute significant amount 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. U.S. denominated monetary assets are translated to Canadian dollars at the exchange rates prevailing at the year-end. Operating results are translated at rates prevailing at the time the transactions occurred. Gains or losses realized on the translation of monetary items are included in the Statement of Revenues and Expenses as foreign exchange revenues and expenses.

3. ONLINE PROJECT

In 2002, Phase II of the Online project began, which relates to the scanning of the Champlain Society books into the University of Toronto library online collection.

4. 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.