

Financial Statements of

THE CHAMPLAIN SOCIETY

December 31, 2004

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, 2004 and the statements of revenues and expenses and changes in the general fund 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, 2004 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
April 22, 2005

THE CHAMPLAIN SOCIETY

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THE CHAMPLAIN SOCIETY
Statement of Financial Position
As at December 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Cash	\$ 46,705	\$ 15,244
Marketable securities	124,890	125,701
Accounts receivable	17,425	11,544
Champlain Society volumes	15,985	16,469
GST receivable	2,363	2,667
TOTAL ASSETS	207,368	171,625
LIABILITIES AND THE GENERAL FUND		
CURRENT		
Deferred revenue	25,445	5,020
Accounts payable	11,380	5,989
TOTAL LIABILITIES	36,825	11,009
THE GENERAL FUND	\$ 170,543	\$ 160,616

APPROVED ON BEHALF OF THE BOARD

..... Director

..... Director

THE CHAMPLAIN SOCIETY
Statement of Revenues and Expenses and Changes in the
General Fund

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUES		
Membership fees	\$ 53,787	\$ 52,820
Other donations	15,185	5,676
Interest and other income	7,093	8,835
Book sales	6,610	7,144
Foreign exchange	4,177	5,355
Royalties	4,143	2,843
Corporate donations	1,000	14,400
	<u>91,995</u>	<u>97,073</u>
EXPENSES		
Printing	42,602	4,452
General and administrative	17,543	19,331
Secretariat	7,524	6,840
Honoraria for general editor	5,000	5,000
Honoraria for volume editor	3,854	1,515
Chalmers Book Award (Note 4)	2,941	4,652
GST	2,364	1,054
Online project (Note 3)	240	14,200
	<u>82,068</u>	<u>57,044</u>
EXCESS OF REVENUES OVER EXPENSES	9,927	40,029
THE GENERAL FUND, BEGINNING OF YEAR	160,616	120,587
THE GENERAL FUND, END OF YEAR	\$ 170,543	\$ 160,616

THE CHAMPLAIN SOCIETY

Statement of Cash Flows

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenues over expenses	\$ 9,927	\$ 40,029
Changes in non-cash working capital balances		
Champlain Society Volumes	484	4,451
Deferred revenue	20,425	(12,370)
Accounts payable	5,391	(17,372)
Accounts receivable	(5,881)	(963)
GST receivable	304	(1,054)
	<u>30,650</u>	<u>12,721</u>
INVESTING		
Increase in marketable securities	811	(2,174)
	<u>31,461</u>	<u>10,547</u>
INCREASE IN CASH DURING THE YEAR	31,461	10,547
CASH, BEGINNING OF YEAR	15,244	4,697
CASH, END OF YEAR	\$ 46,705	\$ 15,244

THE CHAMPLAIN SOCIETY
Notes to the Financial Statements
December 31, 2004

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 2004.

(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, 2004

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. The Online project was completed in 2004.

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.