

THE CHAMPLAIN SOCIETY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

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, 2006 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, 2006 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
May 3, 2007

Chartered Accountant

THE CHAMPLAIN SOCIETY
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2006

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 121,585	\$ 56,310
Marketable securities (note 4)	99,976	133,331
Accounts receivable	461	959
Champlain Society volumes	3,370	17,575
GST receivable	3,028	1,728
	\$ 228,420	\$ 209,903
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deferred revenue	\$ 40,300	\$ 34,431
Accounts payable and accrued liabilities	4,365	3,363
	44,665	37,794
NET ASSETS		
Restricted	50,000	50,000
Unrestricted	133,755	122,109
	183,755	172,109
	\$ 228,420	\$ 209,903

Approved on behalf of the Board

Director _____

Director _____

THE CHAMPLAIN SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>%</u>	<u>2005</u>	<u>%</u>
REVENUES				
Membership fees	\$ 49,478	67.5	\$ 52,686	70.3
Other donations	10,630	14.5	6,890	9.2
Interest and other income	5,670	7.7	6,729	9.0
Book sales	6,672	9.1	6,781	9.1
Royalties	863	1.2	1,818	2.4
	<u>73,313</u>	<u>100.0</u>	<u>74,904</u>	<u>100.0</u>
EXPENSES				
Printing	24,258	33.1	27,365	36.5
General and administrative	11,339	15.5	20,535	27.4
Secretariat	18,920	25.8	7,524	10.0
Honoraria for general editor	5,000	6.8	5,000	6.7
Chalmers Book Award (note 3)	2,918	4.0	2,881	3.8
Audit	2,500	3.4	2,500	3.3
GST	1,299	1.8	1,728	2.3
	<u>66,234</u>	<u>90.3</u>	<u>67,533</u>	<u>90.2</u>
Income before the following	7,079	9.7	7,371	9.8
Change in investment value	<u>4,567</u>	<u>6.2</u>	<u>(5,805)</u>	<u>(7.7)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 11,646</u>	<u>15.8</u>	<u>\$ 1,566</u>	<u>2.1</u>

THE CHAMPLAIN SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2006

	2006			2005
	Unrestricted	Chalmers Award Fund	Total	Total
BALANCE AT BEGINNING OF YEAR	\$ 122,109	\$ 50,000	\$ 172,109	\$ 170,543
EXCESS OF REVENUE OVER EXPENSES	11,646	-	11,646	1,566
BALANCE AT END OF YEAR	\$ 133,755	\$ 50,000	\$ 183,755	\$ 172,109

THE CHAMPLAIN SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

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. During the year, the Board of Directors adapted a policy of assigning 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, 2006

2. ACCOUNTING POLICIES (continued)

(e) Marketable securities

Marketable securities consist of a government backed bond which is recorded at its 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

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
YEAR ENDED DECEMBER 31, 2006

4. MARKETABLE SECURITIES

The marketable securities consist of the following:

	<u>Face Value</u>		<u>Market Value</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
4.1% Canada Housing Trust No. 1 Bond due Dec 15, 2008	\$100,000	\$ -	\$ 99,976	\$ -
3% Government of Canada Bond due June 1, 2006	-	77,000	-	76,815
5.8 % General Motors Acceptance Corporation Note due May 10, 2007	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>56,516</u>
	<u>\$100,000</u>	<u>\$137,000</u>	<u>\$ 99,976</u>	<u>\$133,331</u>

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.