



*Northern Magic Fund for  
International Development*

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**ANNUAL FINANCIAL STATEMENTS**

Unaudited - See Notice to Reader

**SEPTEMBER 30, 2009**



**SEPTEMBER 30, 2009**

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# Pat Donohue

CHARTERED ACCOUNTANT  
1086 ST. EMMANUEL TERRACE  
ORLEANS, ON K1C 2J7  
(613) 859-4277

## NOTICE TO READER

I have compiled the statement of financial position of Northern Magic Fund For International Development as at September 30, 2009 and the statements of operations, net assets and cash flows for the year then ended from information provided by management. I have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

I am not independent as I am director and treasurer of the organization.

A handwritten signature in cursive script that reads "Donohue".

Orléans, Ontario  
March 15, 2010  
Licenced Public Accountant  
Chartered Accountant



**STATEMENT OF FINANCIAL POSITION**  
Unaudited - See Notice to Reader  
**AS AT SEPTEMBER 30, 2009**

	2009	2008
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 12,675	\$ 12,505
Short term investments	131,309	163,049
Amounts receivable (Note 4)	863	12,260
	144,847	187,814
<b>LONG TERM</b>		
Capital assets	-	96
	\$ 144,847	\$ 187,910
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ -	\$ 559
<b>NET ASSETS</b>		
<b>Unrestricted Net Assets</b>	144,847	187,351
	\$ 144,847	\$ 187,910

Approved on Behalf of the Board

Herbert Stuemer, Director

March 26, 2010  
Date

Karen Hooper, Director

March 26, 2010  
Date



**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
Unaudited - See Notice to Reader  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>REVENUE</b>		
Unreceipted donations	\$ 8,079	\$ 10,888
Receipted donations	32,802	24,326
Investment income	1,259	(7,777)
	<u>42,140</u>	<u>27,437</u>
<b>PROJECT EXPENSES</b>		
Scholarships	42,156	54,804
Renovations	18,099	18,692
	<u>60,255</u>	<u>73,496</u>
<b>NET DIRECT REVENUES AND EXPENDITURES</b>	<u>(18,115)</u>	<u>(46,059)</u>
<b>OVERHEAD EXPENSES</b>		
<b>KENYA</b>		
Program administrator	8,414	7,398
Travel expenses	47	3,835
Vehicle	460	2,365
Occupancy cost	2,251	1,933
Telecommunications	657	875
Bank charges	547	831
Amortization	96	409
Office supplies	61	94
Bad debt expense	9,122	-
Foreign exchange gains and losses	2,056	4,528
	<u>23,711</u>	<u>22,268</u>
<b>DOMESTIC</b>		
Advertising and promotion	415	799
Office expenses	263	30
	<u>678</u>	<u>829</u>
<b>TOTAL OVERHEAD EXPENSES</b>	<u>24,389</u>	<u>23,097</u>
<b>DEFICIENCY OF REVENUES</b>	<u>(42,504)</u>	<u>(69,156)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>187,351</u>	<u>256,507</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 144,847</u>	<u>\$ 187,351</u>



**Statement of Cash Flows**  
Unaudited - See Notice to Reader  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ (42,504)	\$ (69,156)
<b>Items not requiring an outlay of cash:</b>		
Amortization	96	409
Bad debt expense	9,122	-
	<b>(33,286)</b>	<b>(68,747)</b>
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Account receivable	2,275	4,221
Accounts payable and accrued charges	(559)	(9,990)
	<b>1,716</b>	<b>(5,769)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(31,570)</b>	<b>(74,516)</b>
<b>NET CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>175,554</b>	<b>250,070</b>
<b>NET CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 143,984</b>	<b>\$ 175,554</b>

Cash and equivalents consists of cash and short-term investments.



**Notes to the Financial Statements**

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**SEPTEMBER 30, 2009**

**1. GENERAL**

Northern Magic Fund For International Development is a charitable organization whose primary mission is to promote economic development of third world countries by raising the general education level through scholarships and school renovations, as well as providing entrepreneurial loans to graduates of the education program.

The Fund was incorporated without share capital under the Canada Corporations Act on April 30, 2002. The organization obtained registered charity status under the Income Tax Act (Canada) effective January 1, 2004.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and reporting practices considered to be significant by the fund are:

**(a) Accounting Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, 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.

**(b) Short-term investments**

Short-term investments are considered to be held for trade and are valued at market value.

**(c) Revenue recognition**

Donations are recognized when received or receivable

**(d) Donated Services**

Volunteers assist the Fund in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

**(e) Capital Assets**

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture & Fixtures	Straight-line over 5 years
Motor Vehicles	Straight-line over 5 years



**Notes to the Financial Statements**

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(f) **Financial Instruments**

The Fund's financial instruments consist of cash and short-term investments, amounts receivable, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion that the Fund is not exposed to significant interest rate or credit risk arising from these financial instruments.

The short term investments are subject to market risk through the fluctuation in the fair values of the underlying mutual fund investments.

**3. CAPITAL ASSETS**

	<b>Cost</b>	<b>Amortization</b>	<b>Net 2009</b>	<b>Net 2008</b>
Motor vehicles	\$ -	\$ -	\$ -	\$ 96

**4. AMOUNTS RECEIVABLE**

This Fund has a loan receivable from the Fund's Kenyan agent. In March 2010 the contract with this agent was terminated. It is management's opinion that collection of the remaining balance of 635,850 Kenyan shillings (\$9,122) at the date of termination is in doubt; accordingly a bad debt allowance of this amount is reflected in these financial statements. The balance as at September 30, 2009 is 695,850 Kenyan shillings (2008- 847,498 Kenyan shillings.)