



*Northern Magic Fund for
International Development*

ANNUAL FINANCIAL STATEMENTS

Unaudited - See Notice to Reader

SEPTEMBER 30, 2011



SEPTEMBER 30, 2011

CONTENTS

	Page
NOTICE TO READER	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Changes in Cash Flows	4
Notes to Financial Statements	5 - 6

Pat Donohue

CHARTERED ACCOUNTANT
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NOTICE TO READER

On the basis of information provided by management, I have compiled the statement of financial position of Northern Magic Fund For International Development as at September 30, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended. I have not performed an audit or a review engagement in respect of these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

I am not independent of the organization.

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

Orléans, Ontario
February 24, 2012
Chartered Accountant



STATEMENT OF FINANCIAL POSITION
Unaudited - See Notice to Reader
AS AT SEPTEMBER 30, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 16,687	\$ 9,367
Short term investments	100,314	118,500
Amounts receivable (Note 3)	-	31
	117,001	127,898
	\$ 117,001	\$ 127,898
LIABILITIES & NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 207	\$ 207
NET ASSETS		
Unrestricted Net Assets	116,794	127,691
	\$ 117,001	\$ 127,898

Approved on Behalf of the Board

Herbert Stuemmer, Director

March 26, 2012
Date

Karen Hooper, Director

March 26, 2012
Date



STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Unaudited - See Notice to Reader
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	2011	2010
REVENUE		
Unreceipted donations	\$ 11,637	\$ 7,860
Receipted donations	22,008	25,553
Investment income	(186)	7,192
	<u>33,459</u>	<u>40,605</u>
PROJECT EXPENSES		
Scholarships	44,644	46,677
Renovations	-	579
Foreign exchange (gain) loss	(1,362)	(518)
	<u>43,282</u>	<u>46,738</u>
NET DIRECT REVENUES AND EXPENDITURES	<u>(9,823)</u>	<u>(6,133)</u>
OVERHEAD EXPENSES		
KENYA		
Program administrator	-	3,667
Travel expenses	-	4,377
Occupancy cost	-	844
Telecommunications	-	70
Bank charges	355	456
Office supplies	-	23
Bad debt expense	-	861
	<u>355</u>	<u>10,298</u>
DOMESTIC		
Advertising and promotion	614	386
Office expenses	105	339
	<u>719</u>	<u>725</u>
TOTAL OVERHEAD EXPENSES	<u>1,074</u>	<u>11,023</u>
DEFICIENCY OF REVENUES	<u>(10,897)</u>	<u>(17,156)</u>
NET ASSETS, BEGINNING OF YEAR	<u>127,691</u>	<u>144,847</u>
NET ASSETS, END OF YEAR	<u>\$ 116,794</u>	<u>\$ 127,691</u>



Statement of Cash Flows
Unaudited - See Notice to Reader
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	2011	2010
CASH PROVIDED BY OPERATING ACTIVITIES		
Deficiency of revenues for the year	\$ (10,899)	\$ (17,156)
CHANGES IN NON-CASH WORKING CAPITAL		
Account receivable	33	832
Accounts payable and accrued charges	-	207
	33	1,039
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,866)	(16,117)
NET CASH AND CASH EQUIVALENTS, beginning of year	127,867	143,984
NET CASH AND CASH EQUIVALENTS, end of year	\$ 117,001	\$ 127,867

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



Notes to the Financial Statements
Unaudited - See Notice to Reader

SEPTEMBER 30, 2011

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. Due to limited resources, as at the date of these financial statements the Fund's activities are limited to scholarships only.

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



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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. AMOUNTS RECEIVABLE

This Fund has a loan receivable of 635,850 Kenyan shillings (from the Fund's former Kenyan agent. In March 2010 the contract with this agent was terminated. It was determined then that collection of 635,850 Kenyan shillings (\$6,612 at Sep 30, 2011) was in doubt; accordingly a bad debt allowance of this amount has been taken.