



*Northern Magic Fund for  
International Development*

**ANNUAL FINANCIAL STATEMENTS**

Unaudited - See Notice to Reader

**APRIL 30, 2006**



*Northern Magic Fund for  
International Development*

**APRIL 30, 2006**

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## NOTICE TO READER

I have compiled the statement of financial position of Northern Magic Fund For International Development as at April 30, 2006 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.

Orléans, Ontario  
October 30, 2006

Chartered Accountant



**STATEMENT OF FINANCIAL POSITION**  
Unaudited - See Notice to Reader  
**AS AT APRIL 30, 2006**

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 87,877	\$ 95,805
Short term investments	177,330	175,279
Accounts receivable	152	1,308
	<b>265,359</b>	<b>272,392</b>
<b>LONG TERM</b>		
Capital assets	1,168	1,616
	<b>\$ 266,527</b>	<b>\$ 274,008</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>NET ASSETS</b>		
<b>Unrestricted Net Assets</b>	<b>\$ 266,527</b>	<b>\$ 274,008</b>
	<b>\$ 266,527</b>	<b>\$ 274,008</b>

Approved on Behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Date

\_\_\_\_\_ Director \_\_\_\_\_ Date



**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Unaudited - See Notice to Reader

**FOR THE YEAR ENDED APRIL 30, 2006**

	<b>2006</b>	<b>2005</b>
<b>REVENUE</b>		
Unreceipted donations	\$ 20,088	\$ 49,722
Receipted donations	42,591	43,080
Interest income	2,071	313
	<u>64,750</u>	<u>93,115</u>
<b>PROJECT EXPENSES</b>		
Scholarships	49,129	4,315
Renovations	1,741	33,291
	<u>50,870</u>	<u>37,606</u>
<b>NET DIRECT REVENUES AND EXPENDITURES</b>	<u>13,880</u>	<u>55,509</u>
<b>OVERHEAD EXPENSES</b>		
<b>KENYA</b>		
Program Administrator	5,767	5,298
Occupancy costs	1,633	1,588
Telephone and telecommunications	1,507	1,006
Bank charges	1,154	310
Vehicle	675	983
Amortization of tangible assets	447	520
Travel expenses	358	-
Foreign exchange gains and losses	4,965	1,732
	<u>16,506</u>	<u>11,437</u>
<b>DOMESTIC</b>		
Office expenses	815	303
Consulting fees	3,940	-
Advertising and promotion	99	354
Legal fees	-	30
	<u>4,854</u>	<u>687</u>
<b>TOTAL OVERHEAD EXPENSES</b>	<u>21,360</u>	<u>12,124</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<u>(7,480)</u>	<u>43,385</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>274,008</u>	<u>230,623</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 266,528</u>	<u>\$ 274,008</u>



**Statement of Cash Flows**  
Unaudited - See Notice to Reader

**APRIL 30, 2006**

	<b>2006</b>	<b>2005</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ (7,480)	\$ 43,384
<b>Items not requiring an outlay of cash:</b>		
Amortization	447	520
	(7,033)	43,904
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Account receivable	1,270	(1,270)
Accounts payable and accrued charges	(114)	(18,968)
	1,156	(20,238)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(5,877)	23,666
<b>NET CASH AND CASH EQUIVALENTS, beginning of year</b>	271,084	247,417
<b>NET CASH AND CASH EQUIVALENTS, end of year</b>	\$ 265,207	\$ 271,083

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



**Notes to the Financial Statements**  
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**APRIL 30, 2006**

**1. GENERAL**

Northern Magic Fund For International Development is a non-profit 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 valued at the lower of cost and market value. The market value of the investments on April 30, 2006 was \$209,227 (2005 - \$190,714).

**(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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**3. CAPITAL ASSETS**

	<b>Cost</b>	<b>Amortization</b>	<b>Net 2006</b>	<b>Net 2005</b>
Motor vehicles	\$ 1,463	\$ 629	\$ 834	\$ 1,128
Furniture and fixtures	770	436	334	488
	\$ 2,233	\$ 1,065	\$ 1,168	\$ 1,616

**4. COMMITMENTS**

In March 2006 the Board of Directors committed to paying the tuitions of 145 high school students in Kenya at an estimated cost of \$54,000. A total of \$2,384 of these fees had been disbursed as at April 30, 2006.