



*Northern Magic Fund for  
International Development*

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**ANNUAL FINANCIAL STATEMENTS**

Unaudited - See Notice to Reader

**SEPTEMBER 30, 2010**



**SEPTEMBER 30, 2010**

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# Pat Donohue

CHARTERED ACCOUNTANT  
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## NOTICE TO READER

I have compiled the statement of financial position of Northern Magic Fund For International Development as at September 30, 2010 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 of the organization.

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

Orléans, Ontario  
February 19, 2011  
Chartered Accountant



**STATEMENT OF FINANCIAL POSITION**  
Unaudited - See Notice to Reader  
**AS AT SEPTEMBER 30, 2010**

	2010	2009
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 9,367	\$ 12,675
Short term investments	118,500	131,309
Amounts receivable (Note 3)	31	863
	127,898	144,847
	\$ 127,898	\$ 144,847
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 207	\$ -
<b>NET ASSETS</b>		
<b>Unrestricted Net Assets</b>	127,691	144,847
	\$ 127,898	\$ 144,847

**Approved on Behalf of the Board**

Herbert Stuemer, Director

March 15, 2011  
Date

Karen Hooper, Director

March 15, 2011  
Date



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

Unaudited - See Notice to Reader

**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>2010</b>	<b>2009</b>
<b>REVENUE</b>		
Unreceipted donations	\$ 7,859	\$ 8,079
Receipted donations	25,553	32,802
Investment income	7,192	1,259
	<u>40,604</u>	<u>42,140</u>
<b>PROJECT EXPENSES</b>		
Scholarships	46,677	42,156
Renovations	579	18,099
	<u>47,256</u>	<u>60,255</u>
<b>NET DIRECT REVENUES AND EXPENDITURES</b>	<u>(6,652)</u>	<u>(18,115)</u>
<b>OVERHEAD EXPENSES</b>		
<b>KENYA</b>		
Program administrator	3,667	8,414
Travel expenses	4,377	507
Occupancy cost	844	2,251
Telecommunications	70	657
Bank charges	455	547
Amortization	-	96
Office supplies	23	61
Bad debt expense	861	9,122
Foreign exchange gains and losses	(518)	2,056
	<u>9,779</u>	<u>23,711</u>
<b>DOMESTIC</b>		
Advertising and promotion	386	415
Office expenses	339	263
	<u>725</u>	<u>678</u>
<b>TOTAL OVERHEAD EXPENSES</b>	<u>10,504</u>	<u>24,389</u>
<b>DEFICIENCY OF REVENUES</b>	<u>(17,156)</u>	<u>(42,504)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>144,847</u>	<u>187,351</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 127,691</u>	<u>\$ 144,847</u>



**Statement of Cash Flows**  
Unaudited - See Notice to Reader  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>2010</b>	<b>2009</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ (17,156)	\$ (42,505)
<b>Items not requiring an outlay of cash:</b>		
Amortization	-	96
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Account receivable	832	11,397
Accounts payable and accrued charges	207	(558)
	1,039	10,839
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(16,117)	(31,570)
<b>NET CASH AND CASH EQUIVALENTS, beginning of year</b>	143,984	175,554
<b>NET CASH AND CASH EQUIVALENTS, end of year</b>	\$ 127,867	\$ 143,984

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



**Notes to the Financial Statements**  
Unaudited - See Notice to Reader

**SEPTEMBER 30, 2010**

**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



**Notes to the Financial Statements**

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**SEPTEMBER 30, 2010**

**(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 from the Fund's former Kenyan agent. In March 2010 the contract with this agent was terminated. In the prior year it was determined that collection of 635,850 Kenyan shillings (\$9,122) at the date of termination was in doubt; accordingly a bad debt allowance of this amount was taken. The remaining 60,000 Kenyan shillings (\$861) was expected to be recovered but was not, and an additional bad debt allowance of this amount has been taken in the current year.