



*Northern Magic Fund for  
International Development*

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**ANNUAL FINANCIAL STATEMENTS**

Unaudited - See Notice to Reader

**SEPTEMBER 30, 2007**



*Northern Magic Fund for  
International Development*

**SEPTEMBER 30, 2007**

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# Pat Donohue

Chartered Accountant  
1086 St. Emmanuel Terrace  
Orléans, 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, 2007 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 black ink that reads "Donohue". The signature is written in a cursive style with a large, looped initial "D".

Orléans, Ontario  
March 29, 2008  
Licenced Public Accountant  
Chartered Accountant



**STATEMENT OF FINANCIAL POSITION**  
Unaudited - See Notice to Reader

**AS AT SEPTEMBER 30, 2007**

	<b>September 30 2007</b>	<b>April 30 2007</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 14,244	\$ 55,719
Short term investments	235,826	228,215
Amounts receivable (Note 4)	16,481	16,481
	<u>266,551</u>	<u>300,415</u>
<b>LONG TERM</b>		
Capital assets	505	721
	<u>\$ 267,056</u>	<u>\$ 301,136</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 10,548	\$ -
<b>NET ASSETS</b>		
<b>Unrestricted Net Assets</b>	<u>256,508</u>	<u>301,136</u>
	<u>\$ 267,056</u>	<u>\$ 301,136</u>

**Approved on Behalf of the Board**

Herbert Stuemmer, Director

March 17, 2009  
Date

Karen Hooper, Director

March 17, 2009  
Date



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

Unaudited - See Notice to Reader

**FOR THE FIVE MONTHS ENDED SEPTEMBER 30, 2007**

	<b>5 Months Ended September 30, 2007</b>	<b>Year Ended April 30, 2007</b>
<b>REVENUE</b>		
Unreceipted donations	\$ 1,980	\$ 9,791
Receipted donations	11,457	55,903
Investment income	7,612	18,987
	<u>21,049</u>	<u>84,681</u>
<b>PROJECT EXPENSES</b>		
Scholarships	48,595	33,929
Renovations	5,300	29,038
	<u>53,895</u>	<u>62,967</u>
<b>NET DIRECT REVENUES AND EXPENDITURES</b>	<u>(32,846)</u>	<u>21,714</u>
<b>OVERHEAD EXPENSES</b>		
<b>KENYA</b>		
Program Administrator	2,386	5,755
Occupancy costs	773	1,672
Office supplies	21	-
Telephone and telecommunications	655	1,259
Bank charges	1,082	711
Vehicle	833	1,088
Amortization of tangible assets	217	447
Travel expenses	23	363
Foreign exchange gains and losses	5,762	4,674
	<u>11,752</u>	<u>15,969</u>
<b>DOMESTIC</b>		
Office expenses	30	86
Consulting fees	-	2,089
Advertising and promotion	-	860
	<u>30</u>	<u>3,035</u>
<b>TOTAL OVERHEAD EXPENSES</b>	<u>11,782</u>	<u>19,004</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<u>(44,628)</u>	<u>2,710</u>
<b>ACCUMULATED GAINS AT THE BEGINNING OF THE YEAR (Note 2f)</b>	-	31,898
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>301,136</u>	<u>266,528</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 256,508</u>	<u>\$ 301,136</u>



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

**SEPTEMBER 30, 2007**

	<b>5 Months Ended September 30, 2007</b>	<b>Year Ended April 30, 2007</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ (44,628)	\$ 2,710
<b>Items not requiring an outlay of cash:</b>		
Amortization	217	447
	<b>(44,411)</b>	<b>3,157</b>
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Account receivable	-	(16,329)
Accounts payable and accrued charges	10,548	-
	<b>10,548</b>	<b>(16,329)</b>
Accumulated gains at the beginning of the year (Note 2f)	-	31,898
<b>NET CASH PROVIDED BY (CONSUMED IN) OPERATING ACTIVITIES</b>	<b>(33,863)</b>	<b>18,726</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(33,863)</b>	<b>18,726</b>
<b>NET CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>283,933</b>	<b>265,207</b>
<b>NET CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 250,070</b>	<b>\$ 283,933</b>

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



**Notes to the Financial Statements**  
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**SEPTEMBER 30, 2007**

**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 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

**(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.



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The amount receivable is due from our Kenyan agent, and is subject to currency risk as it is denominated in Kenyan shillings.

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 September 2007</b>	<b>Net April 2007</b>
Motor vehicles	\$ 1,463	\$ 1,074	\$ 389	\$ 541
Furniture and fixtures	770	654	116	180
	\$ 2,233	\$ 1,728	\$ 505	\$ 721

**4. AMOUNTS RECEIVABLE**

During the preceding fiscal period the Kenyan agent of the Fund invested, without the knowledge or permission of the Board of Directors, 1,000,000 Kenyan shillings in a pyramid scheme. This investment was lost. This amount is reflected as a loan to the agent, who has committed to repaying the loan at 10,000 Kenyan shillings per month commencing November 2007.

**5. COMPARATIVE AMOUNTS**

This financial statement reflects a fiscal year end change as approved by the members at the 2006 annual meeting, and subsequently approved by the Canada Revenue Agency. Consequently, the current fiscal period is only five months in length. The comparative amounts reflect results for the year ended April 30, 2007.