



Northern Magic Fund for

International Development

ANNUAL FINANCIAL STATEMENTS

Unaudited - See Notice to Reader

SEPTEMBER 30, 2008



*Northern Magic Fund for
International Development*

SEPTEMBER 30, 2008

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
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, 2008 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 7, 2009
Licenced Public Accountant
Chartered Accountant



STATEMENT OF FINANCIAL POSITION
Unaudited - See Notice to Reader

AS AT SEPTEMBER 30, 2008

	2008	2007
ASSETS		
CURRENT		
Cash	\$ 12,505	\$ 14,244
Short term investments	163,049	235,825
Amounts receivable (Note 4)	12,260	16,481
	187,814	266,550
LONG TERM		
Capital assets	96	505
	\$ 187,910	\$ 267,055
LIABILITIES & NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 559	\$ 10,548
NET ASSETS		
Unrestricted Net Assets	187,351	256,507
	\$ 187,910	\$ 267,055

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 YEAR ENDED SEPTEMBER 30, 2008

	Year Ended September 30, 2008	5 Months Ended September 30, 2007
REVENUE		
Unreceipted donations	\$ 10,887	\$ 1,981
Receipted donations	24,326	11,457
Investment income	(7,777)	7,612
	<u>27,436</u>	<u>21,050</u>
PROJECT EXPENSES		
Scholarships	54,804	48,595
Renovations	18,692	5,300
	<u>73,496</u>	<u>53,895</u>
NET DIRECT REVENUES AND EXPENDITURES	(46,060)	(32,845)
OVERHEAD EXPENSES		
KENYA		
Program administrator	7,398	2,386
Travel expenses	3,835	23
Vehicle	2,365	833
Occupancy cost	1,933	773
Telecommunications	875	655
Bank charges	830	1,084
Amortization	409	217
Office supplies	94	21
Foreign exchange gains and losses	4,528	5,762
	<u>22,267</u>	<u>11,754</u>
DOMESTIC		
Advertising and promotion	799	-
Office expenses	30	30
	<u>829</u>	<u>30</u>
TOTAL OVERHEAD EXPENSES	23,096	11,784
DEFICIENCY OF REVENUES	(69,156)	(44,629)
NET ASSETS, BEGINNING OF YEAR	256,507	301,136
NET ASSETS, END OF YEAR	\$ 187,351	\$ 256,507



Statement of Cash Flows
Unaudited - See Notice to Reader

SEPTEMBER 30, 2008

	5 Months Ended September 30, 2008	Year Ended April 30, 2007
CASH PROVIDED BY OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ (69,156)	\$ (44,628)
Items not requiring an outlay of cash:		
Amortization	409	217
	(68,747)	(44,411)
CHANGES IN NON-CASH WORKING CAPITAL		
Account receivable	4,221	-
Accounts payable and accrued charges	(9,989)	10,548
	(5,768)	10,548
NET DECREASE IN CASH AND CASH EQUIVALENTS	(74,515)	(33,863)
NET CASH AND CASH EQUIVALENTS, beginning of year	250,070	283,933
NET CASH AND CASH EQUIVALENTS, end of year	\$ 175,555	\$ 250,070

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



Notes to the Financial Statements
Unaudited - See Notice to Reader

SEPTEMBER 30, 2008

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.



Notes to the Financial Statements
Unaudited - See Notice to Reader

SEPTEMBER 30, 2008

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

	Cost	Amortization	Net September 2008	Net April 2007
Motor vehicles	\$ 1,463	\$ 1,367	\$ 96	\$ 389
Furniture and fixtures	770	770	-	116
	\$ 2,233	\$ 2,137	\$ 96	\$ 505

4. AMOUNTS RECEIVABLE

This is a loan receivable to the Funds Kenyan agent, to be repaid at 10,000 Kenyan shillings per month. The balance as at September 30 is 847,498 Kenyan shillings.

5. COMPARATIVE AMOUNTS

Due to a fiscal year end change as approved by the members at the 2006 annual meeting, and subsequently approved by the Canada Revenue Agency, the comparative amounts reflect results for the five months ended September 30, 2007.