

***THE KIWANIS FOUNDATION OF
CANADA INCORPORATED
FINANCIAL STATEMENTS
SEPTEMBER 30, 2010***

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

September 30, 2010

Contents

	<u>Page</u>
<i>Auditors' Report</i>	<i>1</i>
<i>Financial Statements</i>	
<i>Statement of Financial Position</i>	<i>2</i>
<i>Statement of Operations</i>	<i>3</i>
<i>Statement of Changes in Net Assets</i>	<i>4</i>
<i>Notes to Financial Statements</i>	<i>5 - 7</i>

Auditors' Report

*To the Members of:
The Kiwanis Foundation Of Canada Incorporated*

I have audited the statement of financial position of The Kiwanis Foundation Of Canada Incorporated as at September 30, 2010 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the organization derives its revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. I was not able to determine whether any adjustments might be necessary to donations received, excess of revenue over expenses, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2010 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

*Brantford, Ontario
January 14, 2011*

*Chartered Accountant
Licenced Public Accountant*

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at September 30, 2010

	<u>2010</u>	<u>Restated 2009</u>
Assets		
Current		
Cash	\$ 500,913	\$ 154,026
G.S. T. recoverable	1,878	1,509
Inventory	<u>9,198</u>	<u>7,597</u>
	<u>511,989</u>	<u>163,132</u>
Long Term		
Long term investments - see Note 8	<u>1,588,108</u>	<u>1,245,062</u>
	<u>\$ 2,100,097</u>	<u>\$ 1,408,194</u>
<hr/>		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ <u>12,860</u>	\$ <u>4,536</u>
Net Assets	<u>2,087,237</u>	<u>1,403,658</u>
<hr/>		
NET ASSETS represented by:		
Net assets restricted for Scholarships (note 4)	620,000	620,000
Net assets restricted for Bagnell Award	5,703	5,930
Net assets restricted for Natural Disaster Relief	100,000	100,000
Net assets restricted for Youth	57,966	57,966
Net assets restricted for Summerland	35,444	35,444
Unrestricted net assets - see Note 8	<u>1,268,124</u>	<u>584,318</u>
NET FUNDS ASSETS	<u>2,087,237</u>	<u>1,403,658</u>

Approved on Behalf of the Board

_____ Director
_____ Director

THE KIWANIS FOUNDATION OF CANADA

INCORPORATED

Statement of OPERATIONS

For the Year Ended September 30, 2010

	<u>2010</u>	<u>Restated 2009</u>
Donations		
General club donations- see Note 8	\$ 489,806	\$ 270,368
Mel Osborne Fellowship	26,650	26,770
Memorial	3,680	630
Matching scholarships	37,850	23,100
Scholarship donations	8,895	7,363
Miscellaneous projects	92,671	2,475
Natural disaster fund	6,537	6,018
Youth projects	8,895	7,488
Osborne scholarship contributions	6,215	3,900
HIV-AIDS/CAP Project	188,018	213,970
Key club members	500	-
	<u>869,717</u>	<u>562,082</u>
Other Income		
Pins and other	683	460
Interest and dividends earned	63,291	41,349
	<u>63,974</u>	<u>41,809</u>
Total Receipts	<u>933,691</u>	<u>603,891</u>
Expenses		
Administration services	10,206	5,890
Printing/newsletters/brochures	7,472	7,490
Insurance	1,350	1,350
Postage and shipping	2,266	1,133
Professional fees	3,916	5,006
Marketing and promotions	1,922	-
Stationery and supplies	2,181	963
Telephone	649	408
Travel and board expenses	7,644	10,657
	<u>37,606</u>	<u>32,897</u>
Projects		
Scholarships	58,549	38,899
Scholarships - Osborne	7,500	9,500
Scholarship -Summerland	3,000	1,000
Key club matching scholarships	1,000	-
Youth miscellaneous	9,175	2,500
Miscellaneous projects	131,109	147,049
Boys & Girls Club grant	1,500	5,000
New club grant	672	1,500
	<u>212,505</u>	<u>205,448</u>
Total Expenses	<u>250,111</u>	<u>238,345</u>
Excess of Revenue over Expenses, before investment loss	<u>683,580</u>	<u>365,546</u>

See accompanying notes
D.M. Austin, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Statement of *CHANGES IN NET ASSETS*

September 30, 2010

<i>NET ASSETS</i>	<i>Natural Disaster Relief</i>	<i>Bagnell Award</i>	<i>Scholarship Fund</i>	<i>Youth Fund</i>	<i>Summerland</i>	<i>Unrestricted (Restated) See Note 8</i>	<i>Total 2010</i>
<i>Balance, beginning of year</i>	\$ 100,000	\$ 5,930	\$ 620,000	\$ 57,966	\$ 35,444	\$ 584,318	\$ 1,403,658
<i>Excess of Revenue over Expenditures</i>	11,046	17	32,127	4,509	(1,872)	637,752	683,579
<i>Internally restricted transfers</i>	<u>(11,046)</u>	<u>(244)</u>	<u>(32,127)</u>	<u>(4,509)</u>	<u>1,872</u>	<u>46,054</u>	<u>-</u>
<u><i>Balance, end of year</i></u>	<u>100,000</u>	<u>5,703</u>	<u>620,000</u>	<u>57,966</u>	<u>35,444</u>	<u>1,268,124</u>	<u>2,087,237</u>

See accompanying notes
D.M. Austin, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA

INCORPORATED

Notes to the Financial Statements

September 30, 2010

1. STATUS AND NATURE OF ACTIVITIES

The Kiwanis Foundation of Canada Incorporated is a non-profit charitable foundation organized to provide:

- financial support and promotion for sponsored youth programs.*
- district level training and education,*
- bursary program for high school graduates pursuing post-secondary studies,*
- assistance to the handicapped and the disadvantaged, and*
- funds for disaster relief and special causes*

2. Summary of Significant Accounting Policies

(a) Investments

The investments are recorded at cost with interest accrued to the financial statement date.

(b) Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted income is recognized as revenue when earned.

(c) Measurement

Financial statements are based on representation that may require estimates to be made in anticipation of future transactions and events and include measurements that may, by their nature, be approximations.

3. LONG-TERM INVESTMENTS

	<u>2010</u>	<u>2009</u>
		<i>Restated</i>
Long-term investments (See note 8)	\$ <u>1,588,108</u>	\$ <u>1,245,062</u>

Market value as at September 30, 2010 was \$1,789,371. (2009 - \$ 1,366,466.

THE KIWANIS FOUNDATION OF CANADA

INCORPORATED

Notes to the Financial Statements

September 30, 2010

4. RESTRICTION ON NET ASSETS

In 2009, the Board of Directors internally restricted \$(227), (2008 - \$40,042) of unrestricted net assets to be held for scholarship and other special purposes. The total amount restricted is \$819,113, (2008 - \$776,734). These internally restricted amounts are not available for other purposes without approval of the Board of Directors, subject to the conditions of the individual fund.

5. FINANCIAL INSTRUMENTS

Certain of the foundation's financial assets, including cash and investments are exposed to credit risk. The organization may, from time to time, invest in debt obligations and commercial paper of governments and corporations. Such investments are limited to those issuers carrying an investment grade credit rating. In addition, the organization limits an amount which is invested in issuers of any one government or corporation.

The Organization had no comprehensive income or loss transactions during the periods that have been presented. Accordingly a statement of comprehensive income has not been presented.

6. RISK MANAGEMENT

The Organization may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Organization's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Organization is exposed to are described below.

Credit Risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Organization. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks, Goods and Services Tax recoverable from the Federal Government of Canada and Value Added Tax recoverable from the Government of Mexico. which taxes are included in amounts receivable.

Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Organization is exposed to these risks as the ability of the Organization to fund its programs is related to the market price of certain minerals.

Interest rate risk

The Organization has cash balances and various investments. The Organization's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

7. FINANCIAL STATEMENT PRESENTATION

A statement cash flows has not been included as the information is readily available elsewhere in these financial statements. A statement of cash flows provides no additional useful information.

8. PRIOR PERIOD ADJUSTMENTS

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Notes to the Financial Statements

September 30, 2010

A donation was incorrectly omitted from the 2009 fiscal year end, in the amount of \$254,126. The following is a summary of the restated figures:

	<i>Reported 2009</i>	<i>Re-stated 2009</i>
<i>Investments</i>	\$990,936	\$1,155,588
<i>Excess of Revenue over Expenses, for the year</i>	111,420	365,546
<i>Unrestricted net assets</i>	330,192	1,265,243
<i>General Donations</i>	16,242	270,368