THE KIWANIS FOUNDATION OF CANADA INCORPORATED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

September 30, 2011

Contents

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Independent Auditors' Report

To the Members of:
The Kiwanis Foundation Of Canada Incorporated

I have audited the accompanying financial statements of The Kiwanis Foundation Of Canada Incorporated, which comprise the statement of financial position as at September 30, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian Generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2011 and the results of its operations and changes in it's net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

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.

D M Austin

Brantford, Ontario
March 8, 2012

Chartered Accountant
Licensed Public Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at September 30, 2011

	2011	2010
Assets		
Current		
Cash	$ 405,421	$ 500,913
Segregated cash, ELIMINATE Program	66,812	-
G.S. T. recoverable	4,952	3,003
Inventory	5,027	9,198
	482,212	513,114
Long Term		
Long term investments - see Note 3	2,647,113	1,588,108
	$ 3,129,325	$ 2,101,222
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 7,778	$ 13,984
Net Assets	**3,121,547**	**2,087,238**
NET ASSETS represented by:		
Net assets restricted for Scholarships (note 4)	620,000	620,000
Net assets restricted for Bagnell Award	6,054	5,703
Net assets restricted for Natural Disaster Relief	100,000	100,000
Net assets restricted for Youth	56,679	57,966
Net assets restricted for Summerland	35,444	35,444
Unrestricted net assets - see Note 7	2,303,370	1,268,125
NET FUNDS ASSETS	**3,121,547**	**2,087,238**

Approved on Behalf of the Board

________________________________ *Director*

________________________________ *Director*

THE KIWANIS FOUNDATION OF CANADA

INCORPORATED

Statement of OPERATIONS

For the Year Ended September 30, 2011

		2011		2010
RECEIPTS				
Donations				
General club donations- see Note 8	$	1,002,904	$	489,806
Mel Osborne Fellowship		29,275		26,650
Memorial		525		3,680
Scholarship Donations		-		8,895
Matching scholarships		41,500		37,850
KCCBCY (PNW Project)		33,230		-
ELIMINATE program - see Note 1		66,812		-
Miscellaneous projects		8,014		92,671
Natural disaster fund		1,500		6,537
Youth projects		2,520		8,895
Osborne scholarship contributions		6,660		6,215
HIV-AIDS/CAP Project		309,244		188,018
Key club members		-		500
		1,502,184		869,717
Other Income				
Pins and other		-		683
Interest and dividends earned		73,716		63,291
Other investment income		12,255		-
		85,971		63,974
Total Receipts		***1,588,155***		***933,691***
Expenses				
Administration services		14,947		10,206
Printing/newsletters/brochures		7,404		7,472
Insurance		864		1,350
Postage and shipping		2,534		2,266
Professional fees		2,968		3,916
Marketing and promotions		17,587		1,922
Stationery and supplies		1,603		2,181
Telephone		657		649
Travel and board expenses		7,523		7,644
		56,087		37,606
Projects				
Scholarships		59,075		58,549
HIV/AIDS		412,519		-
Scholarships - Osborne		11,600		7,500
Scholarship -Summerland		1,000		3,000
Key club matching scholarships		2,000		1,000
Youth miscellaneous		10,995		9,175
Miscellaneous projects		16,288		131,109
Boys & Girls Club grant		4,000		1,500
New club grant		3,250		672
		520,727		212,505
Total Expenses		***576,814***		***250,111***
Excess of Revenue over Expenses, before investment loss		1,011,341		683,580
Gains (Loss) on Investments		22,968		-
Excess of Revenue over Expenses for the year	***$***	***1,034,309***	***$***	***683,580***

See accompanying notes

D.M. Austin, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA

INCORPORATED

Statement of CHANGES IN NET ASSETS

September 30, 2011

NET ASSETS	***Natural Disaster Relief***	***Bagnell Award***	***Scholarship Fund***	***Youth Fund***	***Summerland***	***Unrestricted See Note 7***	***Total 2011***
Balance, beginning of year	*$ 100,000*	*$ 5,703*	*$ 620,000*	*$ 57,966*	*$ 35,444*	*$ 1,268,125*	*$ 2,087,238*
Excess of Revenue over Expenditures	*15,083*	*351*	*75,145*	*(1,287)*	*128*	*944,889*	*1,034,309*
Internally restricted transfers	*(15,083)*	*-*	*(75,145)*	*-*	*(128)*	*90,356*	*-*
Balance, end of year	***100,000***	***6,054***	***620,000***	***56,679***	***35,444***	***2,303,370***	***3,121,547***

See accompanying notes
D.M. Austin, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Statement of Cash Flows

September 30, 2011

	2011	2010
Cash Provided by Operating Activities		
Excess of Revenue over Expenses for the year	$ 1,034,309	$ 683,580
	1,034,309	***683,580***
Changes in non-cash working capital:		
Account receivable	(2,127)	(1,862)
Inventories	4,171	(1,601)
Accounts payable and accrued charges	(6,028)	9,816
	(3,984)	6,353
Net Cash Provided by Operating Activities	***1,030,325***	***689,933***
Decrease in investments	(1,059,005)	(343,046)
Cash Flows used in Investing Activities	***(1,059,005)***	***(343,046)***
Net Increase in Cash and Cash Equivalents	***(28,680)***	***346,887***
Net Cash and Cash Equivalents, beginning of year	500,913	154,026
Net Cash and Cash Equivalents, end of year	$ 472,233	$ 500,913

Cash includes cash and segregated cash.

See accompanying notes
D.M. Austin, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Notes to the Financial Statements

September 30, 2011

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

The Foundation has committed $250,000 to the Eliminate Program on a matching basis with Kiwanis Clubs. The Kiwanis Foundation of Canada will donate $1 (one) for every $3 (three) donated by Kiwanis Clubs or their members.

2. Summary of Significant Accounting Policies

(a) Investments

The long term 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 Uncertainty

Financial statements are based on representation by management that may require estimates and assumptions to be made in anticipation of future transactions and events. Actual results may differ from management's best estimates as additional information becomes available. Any differences are expected to be not material.

(d) Contributed Services

The work of the Foundation is dependent on the voluntary service of many members. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

(e) Income tax

The corporation is a not-for-profit charitable foundation and is exempt from income taxes.

3. LONG-TERM INVESTMENTS

	2011	2010
Long-term investments (See note 8)	*$ 2,647,113*	*$ 1,588,108*

Market value as at September 30, 2011 was $2,681,019. (2010 - $ 1,789,371)

4.RESTRICTION ON NET ASSETS

In 2009, the Board of Directors internally restricted $89,420, (2010 $46,054 of unrestricted net assets to be held for scholarship and other special purposes. The total amount restricted is $818,177, (2010 - $ 819,113 776,734). 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

The organization utilizes various financial instruments which consist of cash, accounts receivable, investments, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising form these financial instruments and the carrying amounts approximate fair values due to their short maturity.

The Foundation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Foundation's accounting policy for each category is as follows:

Held-for-trading

Financial instruments classified as assets or liabilities held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in excess of revenue over expenses in the period during which the change occurs. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Bank has been classified as held-for-trading.

Loans, Receivables and other financial liabilities

Financial instruments classified as loans, receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in excess of revenues over expenses over the expected life of the instrument. Transaction costs are expensed when incurred.

Accounts receivable, investments and accounts payable and accrued liabilities have been classified as loans and receivables and other financial liabilities.

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 Foundation 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 Foundation's risk *management processes is to minimize any adverse effects on financial performance. The principal risks to which the Foundation is exposed to are described below.*

General Objective, Policies and Processes:

The Board and management are responsible for determination of the Foundation's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Foundation measures and monitors risk through the preparation and review of monthly reports by management. 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 Organization may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The principal risks to which the Organization is exposed to are described below.

Credit Risk

Financial instruments potentially exposed to credit risk include cash, accounts receivable and investments. Management considers its exposure to credit risk over cash and cash equivalents to be remote as the Foundation holds cash deposits at major Canadian Chartered banks and investment brokers. Accounts receivable are not concentrated and the carrying amount of accounts receivable represents the maximum credit risk exposure.

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.

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. Management has assessed it's market risk as not material.

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. Management has assessed its exposure to significant interest rate risk arising from fractionations in interest rate as not material

Liquidity Risk

Liquidity risk is the risk the Foundation will not be able to meet its financial obligations as they come due. The Foundation has taken steps to ensure that it will have sufficient working capital available to meet its obligations. They have assessed their liquidity risk as not material.

7. CAPITAL MANAGEMENT

The Foundation considers its capital to be its fund balance. The Foundation is not required to comply with any externally imposed capital requirements.

The Foundation manages capital to safeguard the organization's ability to operate and to meet its financial obligations as they become due. The Board has established a policy an investment policy that requires an investment ratio of sixty percent equity vehicles and forty percent bonds.