

***THE KIWANIS FOUNDATION OF
CANADA INCORPORATED
FINANCIAL STATEMENTS
SEPTEMBER 30, 2015***

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

September 30, 2015

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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, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 risks 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 purpose 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 organization as at September 30, 2015 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other 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.

Brantford, Ontario
March 15, 2016



CPA, Chartered Accountant, LPA

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at September 30, 2015

	<u>2015</u>	<u>2014</u>
Assets		
Current		
Cash and bank	\$ 37,061	\$ 112,378
Segregated cash, ELIMINATE Program	80,503	243,780
G.S. T. recoverable	7,030	7,534
Inventory	<u>5,364</u>	<u>5,045</u>
	<u>129,958</u>	<u>368,737</u>
Long Term		
Long term investments - (see Note 2)	<u>2,028,922</u>	<u>2,121,280</u>
	<u>\$ 2,158,880</u>	<u>\$ 2,490,017</u>
<hr/>		
Liabilities		
Current		
Accounts payable and accrued liabilities	<u>\$ 90,568</u>	<u>\$ 258,875</u>
<hr/>		
NET ASSETS represented by:		
Net assets restricted for Scholarships (see Note 3)	620,000	620,000
Net assets restricted for Bagnell Award	-	5,790
Net assets restricted for Natural Disaster Relief	100,000	100,000
Net assets restricted for Youth	2,527	18,387
Net assets restricted for Summerland	28,142	29,665
Net assets restricted for Osborne	24,825	15,455
Unrestricted net assets - (see Note 6)	<u>1,292,818</u>	<u>1,441,845</u>
NET FUNDS ASSETS	<u>2,068,312</u>	<u>2,231,142</u>
Total Liabilities and Net Assets	<u>\$ 2,158,880</u>	<u>\$ 2,490,017</u>

Approved on Behalf of the Board

Director

Director

See accompanying notes
D.M. Austin, CPA, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Statement of OPERATIONS

For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
RECEIPTS		
Donations		
General club donations- (see Note 2)	\$ 16,249	\$ 33,987
Youth program	8,675	225
Scholarship donations	8,675	-
Natural Disaster funds	5,205	-
Key Club Members	500	500
Osborne Scholarship contributions	13,130	4,505
ELIMINATE program (see Note 1)	644,349	763,569
Matching scholarships	53,085	58,348
Memorial	805	1,262
Mel Osborne Fellowship	17,600	29,899
Miscellaneous projects	500	61,511
KCCBCY (PNW Project)	<u>100</u>	<u>64,230</u>
	<u>768,873</u>	<u>1,018,036</u>
Other Income		
Gain (Loss) on Investments	8,935	(29,457)
Interest and dividends earned	111,099	85,825
Other investment income	<u>5,902</u>	<u>7,143</u>
	<u>125,936</u>	<u>63,511</u>
Total Receipts	<u>894,809</u>	<u>1,081,547</u>
Expenses		
Administration services	20,411	8,961
Investment counselling fees	22,608	22,631
Printing/newsletters/brochures	5,529	6,817
Insurance	-	864
Postage and shipping	3,019	2,379
Professional fees	7,820	4,748
Marketing and promotions	569	15,086
Stationery and supplies	1,552	1,977
Telephone	750	640
Travel and board expenses	<u>18,850</u>	<u>3,903</u>
	<u>81,108</u>	<u>68,006</u>
Projects		
Scholarships	91,780	90,343
Eliminate	820,301	881,681
Scholarships - KCCBCY	-	84,679
Scholarships - Osborne	9,000	14,700
Scholarship - Summerland	3,000	3,000
Key club matching scholarships	1,000	1,000
Youth miscellaneous	26,950	34,000
Miscellaneous projects (see Note 8)	10,000	103,120
Boys & Girls Club grant	6,500	8,000
New club grant	<u>8,000</u>	<u>4,868</u>
	<u>976,531</u>	<u>1,225,391</u>
Total Expenses	<u>1,057,639</u>	<u>1,293,397</u>
Shortfall of Revenue over Expenses for the year	<u>\$ (162,830)</u>	<u>\$ (211,850)</u>

See accompanying notes
D.M. Austin, CPA, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Statement of CHANGES IN NET ASSETS

September 30, 2015

NET ASSETS	Natural Disaster Relief	Bagnell Award	Scholarship Fund	Youth Fund	Summerland	Osborne	Unrestricted See Note 7	Total 2014	Total 2013
Balance, beginning of year	\$ 100,000	\$ 5,790	\$ 620,000	\$ 18,387	\$ 29,665	\$ 15,455	\$ 1,441,845	\$ 2,231,142	\$ 2,417,991
Excess of Revenue over Expenditures	4,979	288	30,873	(15,860)	(1,523)	9,370	(190,957)	(162,830)	(211,850)
Internally restricted transfers	(4,979)	(6,078)	(30,873)	-	-	-	41,930	-	-
Balance, end of year	<u>100,000</u>	<u>-</u>	<u>620,000</u>	<u>2,527</u>	<u>28,142</u>	<u>24,825</u>	<u>1,292,818</u>	<u>2,068,312</u>	<u>2,206,141</u>

See accompanying notes
D.M. Austin, CPA, Chartered Accountant

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Notes to the Financial Statements

September 30, 2015

6. 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 an investment policy that requires an investment ratio of sixty percent equity vehicles and forty percent bonds.

7. RELATED PARTIES

During the year, approximately \$17,555 was received from Board members. (prior year - \$(13,895)). Net Board expenses, after donations from Board member were \$ 18,850 (prior year - \$3,903). These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Included above for current fiscal year, there was a one-time donation from a Board member for \$16,000 and \$15,450 additional travel expenses related to the Eliminate Project.

8. MISCELLANEOUS PROJECTS

In 2014, miscellaneous projects include a one time payment of \$82,218 for Philippine Disaster Relief.

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Notes to the Financial Statements

September 30, 2015

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 \$500,000 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.

1. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant that are in addition to that note:

(a) Marketable Securities

Marketable securities are valued at the lower of cost and market value.

(b) Investments

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

(c) 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.

(d) General Club Donation

The Club receives donations and allocates them to general club donations, youth program, scholarship donations and Natural Disaster if not fund is stated by the donor, in accordance with Board policy.

(e) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could

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Statement of Cash Flows

September 30, 2015

	<u>2015</u>	<u>2014</u>
Cash Provided by Operating Activities		
<i>Excess of Revenue over Expenses for the year</i>	\$ <u>(162,830)</u>	\$ <u>(211,850)</u>
	(162,830)	(211,850)
Changes in non-cash working capital:		
<i>Account receivable</i>	503	(721)
<i>Inventories</i>	(319)	320
<i>Accounts Payable</i>	<u>(168,311)</u>	<u>84,734</u>
	<u>(168,127)</u>	<u>84,333</u>
Net Cash Provided by Operating Activities	<u>(330,957)</u>	<u>(127,517)</u>
<i>Decrease in investments</i>	<u>92,358</u>	<u>271,104</u>
Cash Flows used in Investing Activities	<u>92,358</u>	<u>271,104</u>
Net Increase in Cash and Cash Equivalents	(238,599)	143,587
Net Cash and Cash Equivalents, beginning of year	<u>356,158</u>	<u>212,571</u>
Net Cash and Cash Equivalents, end of year	<u>\$ 117,559</u>	<u>\$ 356,158</u>

Cash includes cash and segregated cash.

See accompanying notes
D.M. Austin, CPA, Chartered Accountant

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September 30, 2015

5. 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 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. Management has assessed it's credit risk as not material and is unchanged from the prior year.

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 and is unchanged from the prior year.

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 fluctuations in interest rates as not material and is unchanged from the prior year.

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 and is unchanged from the prior year.

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differ from management's best estimates as additional information becomes available. Differences are expected to be not material.

(f) *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 while these services benefit the corporation, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(g) *Financial Instruments*

All assets and liabilities, with the exception of prepaid expenses, are financial instruments and are initially recorded at fair market value and are subsequently recorded at amortized cost.

(h) *Income tax*

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

2. LONG-TERM INVESTMENTS

(See note 5

	<u>2015</u>	<u>2014</u>
Cash	\$ 186,280	\$ 24,740
GIC/Bonds	330,044	564,495
Mutual Funds	385,823	334,493
Common shares	1,114,660	1,197,091
Accrued interest	<u>12,115</u>	<u>461</u>
	<u>\$ 2,028,922</u>	<u>\$ 2,121,280</u>

Market value as at September 30, 2015 was \$2,411,143. (2014 - 2,841,709)

3. RESTRICTION ON NET ASSETS,

During the year, the Board of Directors internally restricted \$(41,930), (2014 6,420)of unrestricted net assets to be held for scholarship and other special purposes. For the 2013 fiscal year, the Board of Directors internally restricted \$25,000 for the Osborne Scholarship.

The total amount restricted net assets are \$775,494, (2014 - \$789,297).

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.

4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities, are measured at fair value through the statement of general operations or fund operations, and transaction costs expensed when incurred. Subsequently, the entity measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include bank, investments, accounts receivable and interest receivable. Financial liabilities include accounts payable and accrued charges.

The entity has not designated any financial asset or liability to be measured at fair value.