

***THE KIWANIS FOUNDATION OF CANADA INCORPORATED***

***FINANCIAL STATEMENTS***

***SEPTEMBER 30, 2016***

# ***THE KIWANIS FOUNDATION OF CANADA INCORPORATED***

***SEPTEMBER 30, 2016***

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**INDEPENDENT AUDITOR'S 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, 2016 and the statement of general 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.

**Basis for Qualified Opinion**

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.

**Qualified Opinion**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2016 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.

January 21, 2017  
Brantford, Ontario

  
CPA, Chartered Accountant, LPA

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current</b>		
Bank, general funds	\$ 111,015	\$ 37,061
Segregated cash, ELIMINATE Program	32,102	80,503
Accounts receivable	10,816	-
G.S. T. recoverable	11,371	7,030
Due From General operations to Eliminate Fund	20,000	-
Inventories	<u>5,100</u>	<u>5,364</u>
	<u>190,404</u>	<u>129,958</u>
<b>Long Term</b>		
Long term investments - (see Note 2)	<u>2,000,192</u>	<u>2,028,922</u>
	<u>\$ 2,190,596</u>	<u>\$ 2,158,880</u>
<hr/>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued charges	\$ 68,316	\$ 90,568
Due to ELIMINATE from General operations	<u>20,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u><b>88,316</b></u>	<u><b>90,568</b></u>
<hr/>		
<b>NET ASSETS represented by:</b>		
Net assets restricted for Scholarships (see Note 3)	620,000	620,000
Net assets restricted for Natural Disaster Relief	100,000	100,000
Net assets restricted for Youth	9,001	2,527
Net assets restricted for Summerland	29,420	28,142
Net assets restricted for Osborne	30,133	24,825
Unrestricted net assets - (see Note 6)	<u>1,313,726</u>	<u>1,292,818</u>
<b>NET FUNDS ASSETS</b>	<u><b>2,102,280</b></u>	<u><b>2,068,312</b></u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 2,190,596</b></u>	<u><b>\$ 2,158,880</b></u>

**Approved on Behalf of the Board**

\_\_\_\_\_ Director  
 \_\_\_\_\_ Director

Audited - See Independent Auditor's Report  
 D.M. Austin, CPA, Chartered Accountant

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## STATEMENT OF GENERAL OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>
<b>RECEIPTS</b>		
<b>Contributions</b>		
General club donations- (see Note 1 (1 (d)))	\$ 17,171	\$ 16,249
Youth program	9,560	8,675
Scholarship donations	9,560	8,675
Natural Disaster funds	6,336	5,205
Key Club Members	500	500
Osborne Scholarship contributions	16,180	13,130
ELIMINATE program (see Note 1)	291,966	644,349
Matching scholarships	57,300	53,085
Memorial	2,808	805
Mel Osborne Fellowship	18,346	17,600
Miscellaneous projects	5,100	500
KCCBCY (PNW Project)	-	100
	<u>434,827</u>	<u>768,873</u>
<b>Other Income</b>		
Gain (Loss) on sale of investments	8,869	8,935
Pins and other	15,127	-
Interest and dividends earned	93,947	111,099
Other investment income	7,257	5,902
	<u>125,200</u>	<u>125,936</u>
	<u>560,027</u>	<u>894,809</u>
<b>EXPENSES</b>		
Administration services	16,322	20,411
Investment counselling fees	21,894	22,608
Printing/newsletters/brochures	7,278	5,529
Postage and shipping	2,888	3,019
Professional fees	3,775	7,820
Marketing and promotions	1,712	569
Stationery and supplies	1,112	1,552
Telephone	655	750
Travel and board expenses	5,983	18,850
	<u>61,619</u>	<u>81,108</u>
<b>Projects</b>		
Scholarships	96,330	91,780
Eliminate	291,500	820,301
Scholarships - Osborne	12,000	9,000
Scholarship - Summerland	-	3,000
Key club matching scholarships	23,050	1,000
Youth miscellaneous	3,200	26,950
Miscellaneous projects	26,795	10,000
Boys & Girls Club grant	3,000	6,500
New club grant	8,564	8,000
	<u>464,439</u>	<u>976,531</u>
<b>Total Expenses</b>	<u>526,058</u>	<u>1,057,639</u>
<b>Excess (Shortfall) of Revenue over Expenses for the year</b>	<u>\$ 33,969</u>	<u>\$ (162,830)</u>

Audited - See Independent Auditor's Report  
D.M. Austin, CPA, Chartered Accountant

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## STATEMENT OF CHANGES IN NET ASSETS SEPTEMBER 30, 2016

NET ASSETS	Natural Disaster Relief	Scholarship Fund	Youth Fund	Summerland	Osborne	Unrestricted See Note 7	Total 2016	Total 2015
Balance, beginning of year	\$ 100,000	\$ 620,000	\$ 2,527	\$ 28,142	\$ 24,825	\$ 1,292,818	\$ 2,068,312	\$ 2,231,142
Excess of Revenue over Expenditures	10,578	37,721	6,474	1,278	5,308	(27,391)	33,968	(162,830)
Internally restricted transfers	(10,578)	(37,721)	-	-	-	48,299	-	-
<b>Balance, end of year</b>	<b>\$ 100,000</b>	<b>\$ 620,000</b>	<b>\$ 9,001</b>	<b>\$ 29,420</b>	<b>\$ 30,133</b>	<b>\$ 1,313,726</b>	<b>\$ 2,102,280</b>	<b>\$ 2,068,312</b>

Audited - See Independent Auditor's Report  
D.M. Austin, CPA, Chartered Accountant

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## Statement of Cash Flows

SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>
<b>Cash Provided by Operating Activities</b>		
<i>Excess of Revenue over Expenses for the year</i>	\$ <u>33,969</u>	\$ <u>(162,830)</u>
	<b>33,969</b>	<b>(162,830)</b>
<b>Changes in non-cash working capital:</b>		
<i>Account receivable</i>	(35,157)	503
<i>Inventories</i>	264	(319)
<i>Accounts Payable</i>	<u>(2,252)</u>	<u>(168,306)</u>
	<u>(37,145)</u>	<u>(168,122)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>(3,176)</u>	<u>(330,952)</u>
<i>Decrease in investments</i>	<u>28,730</u>	<u>92,358</u>
<b>Cash Flows used in Investing Activities</b>	<u>28,730</u>	<u>92,358</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>25,554</b>	<b>(238,594)</b>
<b>Net Cash and Cash Equivalents, beginning of year</b>	<u>117,564</u>	<u>356,158</u>
<b>Net Cash and Cash Equivalents, end of year</b>	<u>\$ 143,118</u>	<u>\$ 117,564</u>

Cash includes cash and segregated cash.

*Audited - See Independent Auditor's Report  
D.M. Austin, CPA, Chartered Accountant*

# THE KIWANIS FOUNDATION OF CANADA

## INCORPORATED

### Notes to the Financial Statements

SEPTEMBER 30, 2016

#### **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 committed \$500,000 to the Eliminate Program on a matching basis with Kiwanis Clubs.*

#### **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 as follows:*

<i>Scholarships</i>	<i>- 25%</i>
<i>Youth Projects</i>	<i>- 15%</i>
<i>National Disaster</i>	<i>- 35%</i>
<i>General fund</i>	<i>-25%</i>

*If no fund is stated by the donor, in accordance with Board policy.*

**(e) Measurement Uncertainty**



# THE KIWANIS FOUNDATION OF CANADA

## INCORPORATED

### Notes to the Financial Statements

SEPTEMBER 30, 2016

*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 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

<i>(See note 5)</i>	<u>2016</u>	<u>2015</u>
<i>Cash</i>	\$ 25,648	\$ 186,280
<i>GIC/Bonds</i>	231,937	330,044
<i>Mutual Funds</i>	549,099	385,823
<i>Common shares</i>	1,173,122	1,114,660
<i>Accrued interest</i>	<u>20,386</u>	<u>12,115</u>
	<u>\$ 2,000,192</u>	<u>\$ 2,028,922</u>

*Market value as at September 30, 2016 was \$2,562,225. (2015 - 2,411,143)*

## 3. RESTRICTION ON NET ASSETS,

*During the year, the Board of Directors internally restricted \$(48,299), (2015 6,420 )of unrestricted net assets to be held for scholarship and other special purposes.*

*The total amount restricted net assets are \$788,554, (2015 - \$775,494).*

*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.*

**THE KIWANIS FOUNDATION OF CANADA**  
**INCORPORATED**

**Notes to the Financial Statements**

**SEPTEMBER 30, 2016**

*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.*

# THE KIWANIS FOUNDATION OF CANADA

## INCORPORATED

### Notes to the Financial Statements

SEPTEMBER 30, 2016

#### 5. RISK MANAGEMENT

##### **General Objective, Policies and Processes:**

*The Foundation may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives.*

*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.*

# THE KIWANIS FOUNDATION OF CANADA

## INCORPORATED

### Notes to the Financial Statements

SEPTEMBER 30, 2016

#### 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 \$16,000 was received from Board members. (prior year - \$(15,450)). Net Board expenses, after donations from Board member were \$ 5,983 (prior year - \$18,850). 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.*

#### 8. MISCELLANEOUS PROJECTS

*In 2016, miscellaneous projects include a one time payments of \$10,000 each to McMaster University-Epilepsy Research and Special PNW-Special Middle School .*