

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

SEPTEMBER 30, 2020

CONTENTS

	<u><i>Page</i></u>
<i>INDEPENDENT AUDITOR'S REPORT</i>	<i>1 - 2</i>
<i>FINANCIAL STATEMENTS</i>	
<i>Statement of Financial Position</i>	<i>3</i>
<i>Statement of General Operations</i>	<i>4</i>
<i>Statement of Changes in Net Assets</i>	<i>5</i>
<i>Statement of Cash Flows</i>	<i>6</i>
<i>Notes to the Financial Statements</i>	<i>7 - 10</i>

INDEPENDENT AUDITOR'S REPORT

To the Members of:
The Kiwanis Foundation Of Canada Incorporated

Qualified Opinion

I have audited the financial statements of The Kiwanis Foundation Of Canada Incorporated, which comprise the statement of financial position as at September 30, 2020 and the statements of general operations, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies.

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 **The Kiwanis Foundation of Canada Incorporated** as at September 30, 2020 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, 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 and special purpose funds.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



May 14, 2021
Brantford, Ontario

D.M. Austin, CPA, Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current		
Cash	\$ 69,589	\$ 97,103
Cash, internally restricted	43,150	20,104
Accounts receivable	-	75,504
HST recoverable	12,788	8,646
Inventory	<u>8,073</u>	<u>7,574</u>
	<u>133,600</u>	<u>208,931</u>
Long-Term		
Investments (Note 2)	<u>2,199,966</u>	<u>2,327,207</u>
Total Assets	<u>\$ 2,333,566</u>	<u>\$ 2,536,138</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 21,612	\$ 9,659
Payable for Caribbean (Hurricane Irma) Relief	-	66,165
Payable for Bahamian Family (Dorian) Relief	<u>-</u>	<u>211,805</u>
Total Liabilities	<u>21,612</u>	<u>287,629</u>
NET ASSETS		
Scholarship fund	620,000	620,000
Natural disaster relief fund	100,000	100,000
Youth fund	22,806	20,277
Summerland fund	11,188	25,420
Osborne scholarship fund	47,728	44,023
Caribbean relief fund	66,165	-
Dr. John Button fund	9,248	-
Unrestricted general fund	<u>1,434,819</u>	<u>1,438,789</u>
Total Net Assets	<u>2,311,954</u>	<u>2,248,509</u>
Total Liabilities and Net Assets	<u>2,333,566</u>	<u>2,536,138</u>

Approved on Behalf of the Board

_____ Director
 _____ Director

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF GENERAL OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
RECEIPTS		
Contributions		
General donations	\$ 25,170	\$ 35,128
Youth program	9,162	10,716
Scholarship donations	9,412	11,016
Natural disaster funds	5,690	6,912
Key club scholarships	500	500
Osborne scholarship	11,705	15,525
Eliminate program	27,259	24,093
Matching scholarships	64,950	73,550
Memorial	725	1,475
Mel Osborne fellowship	9,500	13,650
Caribbean Relief	2,924	29,200
Dr John Button scholarship	4,624	-
	<u>171,621</u>	<u>221,765</u>
Investment Income		
Investment income	126,805	126,664
Impairment of investments	(8,497)	-
Loss on disposal of investments	(38,512)	(10,068)
	<u>79,796</u>	<u>116,596</u>
Total Receipts	<u>251,417</u>	<u>338,361</u>
EXPENDITURES		
Projects		
Caribbean relief - matched	-	29,100
Scholarships	103,100	123,905
Eliminate	-	27,000
Scholarships - Osborne	8,000	11,500
Scholarship - Summerland	-	2,000
Key leader grant	15,050	16,800
Youth miscellaneous	-	1,500
Miscellaneous projects	3,350	500
Youth grant	6,633	10,418
New club grant	9,650	6,590
Discretionary funds	4,200	20,000
Bahamian family relief - matched	30,233	69,767
Covid-19 Children	10,776	-
Dr John Button scholarship	4,624	-
Total expenditures for projects	<u>195,616</u>	<u>319,080</u>
Administrative		
Bank service charges	2,115	2,475
Investment counselling fees	32,489	27,492
Postage and shipping	2,750	3,020
Professional fees	5,891	4,366
Promotions and awards	2,389	9,711
Stationary and supplies	3,189	4,196
Telephone	684	632
Travel and board expenses	-	7,199
General administration	9,013	14,810
	<u>58,520</u>	<u>73,901</u>
Total Expenditures	<u>254,136</u>	<u>392,981</u>
Excess (Shortfall) of Receipts over Expenditures for the year	<u>\$ (2,719)</u>	<u>\$ (54,620)</u>

See accompanying notes to the financial statements
D.M. Austin, CPA, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

SEPTEMBER 30, 2020

NET ASSETS	Natural Disaster Relief Fund	Scholarship Fund	Youth Fund	Summerland Fund	Osborne Scholarship Fund	Caribbean Relief Fund	Dr. John Button Fund	Unrestricted Fund	Total Net Assets <u>2020</u>	Total Net Assets <u>2019</u>
Balance, beginning of year	\$ 100,000	\$ 620,000	\$ 20,277	\$ 25,420	\$ 44,023	\$ -	\$ -	\$ 1,438,789	\$ 2,248,509	\$ 2,303,129
Receipts	5,690	89,094	9,162	-	11,705	-	4,624	131,142	251,417	(54,620)
Expenses	-	(118,150)	(6,633)	-	(8,000)	-	-	(121,354)	(254,137)	(54,620)
Increase (decrease) in fund	5,690	(29,056)	2,529	-	3,705	-	4,624	9,788	(2,720)	(109,240)
Direct increase to restricted fund	-	-	-	-	-	66,165	-	-	66,165	-
Internally restricted transfers	(5,690)	29,056	-	(14,232)	-	-	4,624	(13,758)	-	-
<u>Balance, end of year</u>	<u>\$ 100,000</u>	<u>\$ 620,000</u>	<u>\$ 22,806</u>	<u>\$ 11,188</u>	<u>\$ 47,728</u>	<u>\$ 66,165</u>	<u>\$ 9,248</u>	<u>\$ 1,434,819</u>	<u>\$ 2,311,954</u>	<u>\$ 2,193,889</u>

See accompanying notes to the financial statements
D.M. Austin, CPA, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF CASH FLOWS

SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Excess of Revenue over Expenses for the year	\$ (2,719)	\$ (54,620)
Impairment of investments	8,497	-
Loss on investments	<u>38,512</u>	<u>-</u>
	<u>44,290</u>	<u>(54,620)</u>
Items not requiring an outlay of cash:		
Investment counselling fees	<u>32,489</u>	<u>27,492</u>
	<u>76,779</u>	<u>(27,128)</u>
Changes in non-cash working capital:		
Accounts receivable	75,504	(75,504)
HST recoverable	(4,142)	5,393
Accrued interest on GIC	(6,181)	11,826
Inventory	(499)	(1,168)
Prepaid expenses	-	1,000
Accounts payable and accrued liabilities	11,953	3,595
Payable for Caribbean (Hurricane Irma) Relief	(66,165)	(29,200)
Payable for Bahamian Family Relief	<u>(208,881)</u>	<u>211,805</u>
(Received cash interest: \$98,384, dividends: \$11,467)		
	<u>(198,411)</u>	<u>127,747</u>
Net Cash (Used in) Provided by Operating Activities	<u>(121,632)</u>	<u>100,619</u>
INVESTING ACTIVITIES		
Withdrawals	180,000	50,000
Direct transfer to Reserve	66,165	-
Contributed shares	(2,152)	-
Invested income	<u>(126,849)</u>	<u>(126,025)</u>
Cash Flows Provided by (Used in) Investing Activities	<u>117,164</u>	<u>(76,025)</u>
Net Increase in Cash	(4,468)	24,594
Net Cash, beginning of year	<u>117,207</u>	<u>92,613</u>
Net Cash, end of year	\$ <u>112,739</u>	\$ <u>117,207</u>

Net Cash consist of:

	<u>2020</u>	<u>2019</u>
Cash	\$ 69,589	\$ 97,103
Cash, internally restricted	<u>43,150</u>	<u>20,104</u>
	<u>\$ 112,739</u>	<u>\$ 117,207</u>

See accompanying notes to the financial statements
D.M. Austin, CPA, Chartered Accountant

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

PURPOSE

The Kiwanis Foundation of Canada Incorporated was incorporated without share capital on September 28, 1973 under the Canada Corporations Act. The Foundation is a not-for-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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accrual basis of accounting

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

(b) Investments

The guaranteed investment certificates (GIC) are recorded at cost with interest accrued to the financial statement date. All other investments such as marketable securities and mutual funds are recorded at cost and valued at the lower of cost and market value.

(c) Revenue Recognition

The Foundation follows the deferral method of accounting for contributions.

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.

Restricted contributions and related expenses are recognized directly in the Restricted Fund to which they relates. Internally restricted net assets are not available for any other purposes without expressed approval of the Board of Directors, subject to the conditions of the individual fund.

Unrestricted investment income is recognized as revenue when earned.

(d) General Club Donations

If no fund is stated by the donor, donations are designated allocated in accordance with Board policy as follows:

Scholarships	- 25%
Youth Projects	- 25%
National Disaster	- 15%

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

General fund - 35%

(e) **Measurement Uncertainty**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 not expected to be material.

(f) **Inventory**

Inventory is recorded at the lower of cost and net realizable value and is measured on a first-in, first-out basis. It consist of rewards supplies, medallions, ribbons, and shadow boxes. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in income.

(g) **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 organization, a reasonable estimate of their amount and fair value cannot be made. Accordingly, these contributed services are not recognized in the financial statements.

(h) **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.

Transaction costs related to financial instruments that will be subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in income over the life of the instrument using the amortized cost method.

Impairment - For financial assets measured at cost or amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flow, a write-down is recognized in revenue. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in revenue.

(i) **Income tax**

The organization is a not-for-profit charitable foundation and is exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

(j) **Capital Management**

The Foundation considers its capital to be its fund balance. The Foundation is not required to

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

comply with any externally imposed capital requirements.

Net assets consist of internally restricted funds held for special projects and unrestricted net assets.

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 70 % (2019 - 60%).

2. INVESTMENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 26,514	\$ 37,587
GICs, with interest rates between 2.42% and 3.2%, maturing between October 2020 and June 2022	525,250	606,250
Accrued interest on GICs	19,329	13,148
Mutual funds and equity	<u>1,628,873</u>	<u>1,670,222</u>
Long-term investments	<u>2,199,966</u>	<u>2,327,207</u>

Total market value of the investments is \$2,650,840 (2019 - \$3,033,181). During the year, impaired common shares were written down to their fair market value, resulting in recorded loss of \$8,497 (2019 - \$-).

3. RELATED PARTIES

Related parties are members of the board of directors and their immediate family members. During the year, the following transactions were recognized in the statement of operations: contributions received from Board members were \$1,420 (2019 - \$1,615), reimbursements for incurred expenses: \$29, net of tax (2019 - \$6,699) and paid office administration fees: \$7,733 (2019 - \$7,381) These transactions are in the normal course of business and are measured at the exchange amount.

4. ECONOMIC DEPENDENCY

Economic dependence exists for an organization when a customer, supplier or other group with which it conducts business is more than 10% of the balance of that related account. There is one vendor that comprises 14% (2019 - 7%) of total expenses in the year.

5. NON-MONETARY TRANSACTIONS

During the year, contributed investment shares were recorded at cost, totaling \$2,152 (2019 - \$Nil).

6. 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

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

risk through the preparation and review of monthly reports by management. The main objectives of the Foundation'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 Foundation 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 Foundation is exposed to are described below.

Credit Risk

Credit risk is the risk that a donor or vendor will be unable to pay or receive any amounts owed or owing by the Foundation. Financial instruments potentially exposed to credit risk include bank, accounts receivable, and HST recoverable. 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.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's exposure to interest rate risk is related to its cash and various investments. The Foundation'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. Management has assessed their liquidity risk as not material and is unchanged from the prior year.

7. COVID-19

The Organization has been negatively impacted by the effects of the world-wide corona virus pandemic. The Organization is closely monitoring its operations, liquidity, resources and is actively working to minimize the current and future impact of the unprecedented situation. As of the date of these financial statements, the full impact to the organization's financial position is not known.

8. PRIOR YEAR'S FIGURES

Certain of the prior year's figures have been reclassified to conform with current year's presentation.