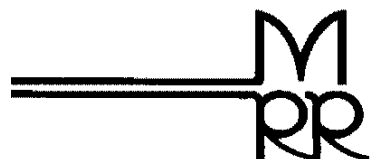

**THE KIWANIS FOUNDATION OF
CANADA INCORPORATED**

**FINANCIAL STATEMENTS
For the year ended September 30, 2003**



Millard, Rouse & Rosebrugh LLP
Chartered Accountants

**THE KIWANIS FOUNDATION OF
CANADA INCORPORATED**

For the year ended September 30, 2003

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AUDITORS' REPORT

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

We have audited the statement of financial position of The Kiwanis Foundation of Canada Incorporated as at September 30, 2003 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. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 income from donations which are not susceptible of complete audit verification. Accordingly, our verification of income from such sources was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations received, excess of revenue over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves 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 Foundation as at September 30, 2003 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

January 30, 2004

CHARTERED ACCOUNTANTS

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at September 30	2003	2002
ASSETS		
Current Assets		
Cash	197,159	167,377
G.S.T. recoverable	1,859	1,144
I.D.D. investments	236,640	231,904
Inventory	3,317	4,785
	438,975	405,210
LONG-TERM INVESTMENTS (Note 3)	603,950	560,604
	1,042,925	965,814
LIABILITIES		
Current Liabilities		
Iodine Deficiency Disorders	262,728	243,661
Relief projects	77,236	56,492
	339,964	300,153
NET ASSETS		
Net assets restricted for scholarships (Note 4)	542,694	524,589
Net assets restricted for Bagnell Award	5,115	5,573
Net assets restricted for Natural Disaster Relief	69,110	57,699
Net assets restricted for Youth	16,142	7,553
Unrestricted net assets	69,900	70,247
	702,961	665,661
	1,042,925	965,814

APPROVED ON BEHALF OF THE BOARD

Director

Director

See accompanying notes

Millard, Rouse & Rosebrugh LLP
Chartered Accountants

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF OPERATIONS

For the year ended September 30	2003	2002
Donations Received		
General	15,960	15,625
Fellowships	31,205	43,517
Memorials	4,894	6,392
Scholarship contributions	30,613	20,150
Scholarship fund	7,360	7,211
Bagnell Award Contributors	-	137
Iodine Deficiency Disorders	19,073	41,025
S.C.A.W. and other projects	9,348	6,169
Natural Disaster fund	11,924	5,071
Relief projects	20,225	153,313
Youth projects	8,682	7,333
	159,284	305,943
Other Income		
Pins and miscellaneous	833	306
Interest earned	38,795	44,052
Loss on investments	(44,716)	573
Total Revenues	154,196	350,874
Expenses		
Administration services	3,839	9,961
Bulletin	5,143	7,827
Postage and telephone	1,802	1,825
Professional fees	1,035	1,035
Stationery and supplies	1,645	2,058
Travel and board expense	3,627	3,789
Iodine Deficiency Disorders administration	4	6,429
	17,095	32,924
Projects		
Scholarships	38,467	32,300
Sponsored youth	2,692	500
Iodine Deficiency Disorders	19,069	34,596
S.C.A.W. and other projects	19,348	4,701
Relief projects	20,225	158,313
	99,801	230,410
Total Expenses	116,896	263,334
Excess of Revenue over Expenses for the year	37,300	87,540

See accompanying notes

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

For the year ended September 30, 2003

NET ASSETS	Natural Disaster Relief	Bagnell Award	Scholarship Fund	Youth Fund	Unrestricted	2003	2002
Balance, beginning of the year	57,699	5,573	524,589	7,553	70,247	665,661	578,121
Excess of revenue over expense for the year	1,411	(458)	3,105	8,589	24,653	37,300	87,540
Internally restricted transfers	10,000	-	15,000	-	(25,000)	-	-
Balance, end of year	69,110	5,115	542,694	16,142	69,900	702,961	665,661

See accompanying notes

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2003

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. SIGNIFICANT ACCOUNTING POLICIES

(a) Investments

Investments are recorded at cost with interest accrued to the balance sheet 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 representations that may require estimates to be made in anticipation of future transactions and events and include measurement that may, by their nature, be approximations.

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2003

3. LONG-TERM INVESTMENTS

SCOTIABANK GIC	
3.50% interest compounded annually, due July 26, 2004	40,000
3.25% interest compounded annually, due June 7, 2004	28,698
2.10% interest compounded annually, due July 26, 2004	51,392
2.10% interest compounded annually, due July 26, 2004	5,095
2.60% interest compounded annually, due October 18, 2004	28,016
GOVERNMENT BONDS	
Province of Ontario, 7.50% interest receivable semi-annually, due January 19, 2006	53,829
Province of Ontario, 6.125% interest receivable semi-annually, due September 12, 2007	86,240
Government of Canada, 4.50% interest receivable semi-annually, due September 1, 2007	70,329
Government of Canada, 7.50% interest receivable semi-annually, due December 1, 2003	10,525
Government of Canada, 5.50% interest receivable semi-annually, due June 1, 2009	10,509
CORPORATE BONDS	
Bell Canada Intl., 11% interest receivable semi-annually, due September 29, 2004	55,945
Bell Canada, 6.65% interest receivable semi-annually, due March 1, 2006	10,365
Air Canada, 9% interest receivable semi-annually, due June 1, 2006	16,500
Bell Canada, 6.25% interest receivable semi-annually, due April 12, 2012	4,970
ROYAL BANK	
5.4% interest semi-annually, due April 12, 2009	9,576
LAURENTIAN BANK	
7% interest semi-annually, due December 15, 2009	15,329
TD CANADA TRUST	
2% interest semi-annually, due December 5, 2003	50,000
	<hr/>
	547,318
Cash	50,982
Accrued interest	5,650
	<hr/>
	603,950

At September 30, 2003, the market value of the long-term investments was \$837,602 (2002 - \$505,664).

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2003

4. RESTRICTION ON NET ASSETS

In 2003, the Board of Directors internally restricted \$15,000 (2002 - \$65,000) of unrestricted net assets to be held for scholarship purposes. The total amount restricted is \$542,694 (2002 - \$524,589). These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

5. FINANCIAL INSTRUMENTS

Certain of the organization'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.

6. FINANCIAL STATEMENT PRESENTATION

A statement of cash flows has not been included as all the information required for fair presentation has been presented elsewhere in the financial statements.