

**THE KIWANIS FOUNDATION OF
CANADA INCORPORATED**

**FINANCIAL STATEMENTS
For the year ended September 30, 2004**

**THE KIWANIS FOUNDATION OF
CANADA INCORPORATED**

For the year ended September 30, 2004

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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, 2004 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 revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues 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, 2004 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.

June 22, 2005

CHARTERED ACCOUNTANTS

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at September 30	2004	2003
ASSETS		
Current Assets		
Cash	134,061	197,159
G.S.T. recoverable	2,967	1,859
I.D.D. investments	241,150	236,640
Inventory	7,850	3,317
	386,028	438,975
LONG-TERM INVESTMENTS (Note 3)	718,420	603,950
	1,104,448	1,042,925
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	17,680	-
Iodine Deficiency Disorders	301,175	262,728
Relief projects	9,395	77,236
	328,250	339,964
NET ASSETS		
Net assets restricted for scholarships (Note 4)	592,404	542,694
Net assets restricted for Bagnell Award	5,185	5,115
Net assets restricted for Natural Disaster Relief	87,786	69,110
Net assets restricted for Youth	21,725	16,142
Unrestricted net assets	69,098	69,900
	776,198	702,961
	1,104,448	1,042,925

APPROVED ON BEHALF OF THE BOARD

Director

Director

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF OPERATIONS

For the year ended September 30	2004	2003
Donations Received		
General	14,603	15,960
Fellowships	41,930	31,205
Memorials	5,963	4,894
Matching scholarship contributions	32,100	30,613
Scholarship fund	7,529	7,360
Iodine Deficiency Disorders	40,127	19,073
S.C.A.W. and other projects	11,925	9,348
Natural Disaster fund	16,412	11,924
Relief projects	26,680	20,225
Youth projects	7,526	8,682
Osborne scholarship contributions	10,705	-
	215,500	159,284
Other Income		
Pins and miscellaneous	1,781	833
Interest earned	22,928	38,795
Loss on investments	(7,000)	(44,716)
Total Revenues	233,209	154,196
Expenses		
Administration services	6,125	3,839
Bulletin	7,954	5,143
Postage and telephone	3,195	1,802
Professional fees	1,035	1,035
Stationery and supplies	3,979	1,645
Travel and board expense	4,106	3,627
Iodine Deficiency Disorders administration	1,679	4
	28,073	17,095
Projects		
Scholarships	49,600	38,467
Sponsored youth	2,472	2,692
Iodine Deficiency Disorders	38,449	19,069
S.C.A.W. and other projects	10,753	19,348
Relief projects	26,825	20,225
Sponsored youth scholarships	3,800	-
	131,899	99,801
Total Expenses	159,972	116,896
Excess of Revenue over Expenses for the year	73,237	37,300

See accompanying notes

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

For the year ended September 30, 2004

NET ASSETS	Natural Disaster Relief	Bagnell Award	Scholarship Fund	Youth Fund	Unrestricted	2004	2003
Balance, beginning of the year	69,110	5,115	542,694	16,142	69,900	702,961	665,661
Excess of revenue over expense for the year	18,676	70	14,710	5,583	34,198	73,237	37,300
Internally restricted transfers	-	-	35,000	-	(35,000)	-	-
Balance, end of year	87,786	5,185	592,404	21,725	69,098	776,198	702,961

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2004

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investments

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

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, 2004

3. LONG-TERM INVESTMENTS

SCOTIABANK GIC

2.20% interest compounded annually, due July 26, 2006	40,000
2.10% interest compounded annually, due June 7, 2006	30,599
1.70% interest compounded annually, due July 26, 2005	52,474
2.40% interest compounded semi-annually, due July 26, 2005	5,163
2.60% interest compounded annually, due October 18, 2004	28,016

GOVERNMENT BONDS

Province of Alberta, 2.50% interest receivable semi-annually, due October 2, 2006	17,793
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	89,103
Government of Canada, 7.00% interest receivable semi-annually, due December 1, 2006	45,461
Government of Canada, 5.50% interest receivable semi-annually, due June 1, 2009	10,509

CORPORATE BONDS

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	9,500
Bell Canada, 6.25% interest receivable semi-annually, due April 12, 2012	4,970

LAURENTIAN BANK

7% interest semi-annually, due December 15, 2009	15,329
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TD CANADA TRUST

2.00% interest quarterly, due October 12, 2004	100,486
1.25% interest receivable at maturity, due December 8, 2004	51,000

650,837

Cash	61,491
Accrued interest	6,092

718,420

At September 30, 2004, the market value of the long-term investments was \$955,388 (2003 - \$837,602).

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2004

4. RESTRICTION ON NET ASSETS

In 2004, the Board of Directors internally restricted \$35,000 (2003 - \$15,000) of unrestricted net assets to be held for scholarship purposes. The total amount restricted is \$592,404 (2003 - \$542,694). These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

5. FINANCIAL INSTRUMENTS

Certain of the foundation'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.