

**THE KIWANIS FOUNDATION OF  
CANADA INCORPORATED**

**FINANCIAL STATEMENTS  
For the year ended September 30, 2006**

**THE KIWANIS FOUNDATION OF  
CANADA INCORPORATED**

**For the year ended September 30, 2006**

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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, 2006 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, 2006 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 17, 2007

**CHARTERED ACCOUNTANTS**  
Licensed Public Accountants

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## STATEMENT OF FINANCIAL POSITION

As at September 30	2006	2005
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	100,127	66,655
G.S.T. recoverable	2,159	1,040
Inventory	6,490	6,490
	108,776	74,185
<b>LONG-TERM INVESTMENTS (Note 3)</b>	820,988	772,290
	929,764	846,475
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Iodine Deficiency Disorders	20,500	11,619
Books For Kids grant payable	11,501	-
	32,001	11,619
<b>NET ASSETS</b>		
Net assets restricted for scholarships (Note 4)	632,825	618,012
Net assets restricted for Bagnell Award	5,372	5,260
Net assets restricted for Natural Disaster Relief	122,595	110,101
Net assets restricted for Youth	37,846	28,017
Unrestricted net assets	99,125	73,466
	897,763	834,856
	929,764	846,475

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## STATEMENT OF OPERATIONS

For the year ended September 30	2006	2005
<b>Donations Received</b>		
General	24,950	15,847
Fellowships	41,562	35,530
Memorials	2,065	3,719
Matching scholarship contributions	21,050	25,050
Scholarship fund	8,515	9,113
Iodine Deficiency Disorders	9,297	10,850
S.C.A.W. and other projects	6,900	71,436
Natural Disaster fund	9,546	18,446
Relief projects	-	1,700
Youth projects	9,079	9,109
Osborne scholarship contributions	12,920	5,350
Books For Kids	80,450	-
	226,334	206,150
<b>Other Income</b>		
Pins and miscellaneous	583	1,012
Interest earned	23,894	34,181
<b>Total Revenues</b>	<b>250,811</b>	<b>241,343</b>
<b>Expenses</b>		
Administration services	8,742	13,049
Bulletin	11,771	7,294
Postage and telephone	2,679	1,661
Professional fees	1,656	1,656
Stationery and supplies	1,016	1,613
Travel and board expense	8,266	3,415
Iodine Deficiency Disorders administration	-	406
	34,130	29,094
<b>Projects</b>		
Scholarships	32,800	37,000
Sponsored youth	-	3,865
Iodine Deficiency Disorders	8,881	10,443
S.C.A.W. and other projects	6,900	1,850
Relief projects	-	96,433
Sponsored youth scholarships	-	4,000
Books For Kids	100,950	-
New club grant	4,243	-
	153,774	153,591
<b>Total Expenses</b>	<b>187,904</b>	<b>182,685</b>
<b>Excess of Revenue over Expenses for the year</b>	<b>62,907</b>	<b>58,658</b>

See accompanying notes

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended September 30, 2006

NET ASSETS	Natural Disaster Relief	Bagnell Award	Scholarship Fund	Youth Fund	Unrestricted	Total 2006	Total 2005
Balance, beginning of the year	110,101	5,260	618,012	28,017	73,466	834,856	776,198
Excess of revenue over expenses for the year	12,494	112	5,168	9,829	35,304	62,907	58,658
Internally restricted transfers	-	-	9,645	-	(9,645)	-	-
Balance, end of year	122,595	5,372	632,825	37,846	99,125	897,763	834,856

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2006

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### 1. STATUS AND NATURE OF ACTIVITIES

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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

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#### (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, 2006

### 3. LONG-TERM INVESTMENTS

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#### SCOTIABANK GIC

2.10% interest compounded annually, due June 7, 2008	31,897
3.00% interest compounded annually, due October 31, 2007	29,496
2.90% interest receivable at maturity, due August 30, 2006	5,246
2.65% interest compounded annually, due November 30, 2006	100,000

#### GOVERNMENT BONDS

Province of Alberta, 2.50% interest receivable semi-annually, due October 2, 2006	17,793
Province of Newfoundland, 8.25% interest receivable semi-annually, due January 10, 2009	56,252
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, 6.25% interest receivable semi-annually, due April 12, 2012	4,970
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#### SCOTIA MORTGAGE CORPORATION

2.20% interest paid annually, due July 28, 2008	40,000
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#### NATIONAL TRUST COMPANY

3.10% interest compounded annually, due January 15, 2007	75,000
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#### MONTREAL TRUST COMPANY OF CANADA

3.10% interest compounded annually, due January 15, 2007	75,000
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#### EQUITY

Investors Group Canadian Balanced Fund	99,579
ACE Aviation Holdings - B	8,500
AreoPlan Income Fund	38
Investors Group Canadian Equity	19,001
Investors Group Global Balanced Equity	2,000

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796,085

Cash	8,615
Accrued interest	16,288

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820,988

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At September 30, 2006, the market value of the long-term investments was \$805,674 (2005 book value was \$722,290 and market was \$764,414).

# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2006

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### 4. RESTRICTION ON NET ASSETS

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In 2006, the Board of Directors internally restricted \$9,645 (2005 - \$3,500) of unrestricted net assets to be held for scholarship purposes. The total amount restricted is \$632,825 (2005 - \$618,012). These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

### 5. FINANCIAL INSTRUMENTS

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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

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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.