

**THE KIWANIS FOUNDATION OF
CANADA INCORPORATED**

**FINANCIAL STATEMENTS
For the year ended September 30, 2005**

**THE KIWANIS FOUNDATION OF
CANADA INCORPORATED**

For the year ended September 30, 2005

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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, 2005 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, 2005 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.

March 24, 2006

CHARTERED ACCOUNTANTS

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at September 30	2005	2004
ASSETS		
Current Assets		
Cash	66,655	134,061
G.S.T. recoverable	1,040	2,967
I.D.D. investments	-	241,150
Inventory	6,490	7,850
	74,185	386,028
LONG-TERM INVESTMENTS (Note 3)	772,290	718,420
	846,475	1,104,448
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	-	17,680
Iodine Deficiency Disorders	11,618	301,176
Relief projects	1	9,394
	11,619	328,250
NET ASSETS		
Net assets restricted for scholarships (Note 4)	618,012	592,404
Net assets restricted for Bagnell Award	5,260	5,185
Net assets restricted for Natural Disaster Relief	110,101	87,786
Net assets restricted for Youth	28,017	21,725
Unrestricted net assets	73,466	69,098
	834,856	776,198
	846,475	1,104,448

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF OPERATIONS

For the year ended September 30	2005	2004
Donations Received		
General	15,847	14,603
Fellowships	35,530	41,930
Memorials	3,720	5,963
Matching scholarship contributions	25,050	32,100
Scholarship fund	9,113	7,529
Iodine Deficiency Disorders	10,850	40,127
S.C.A.W. and other projects	71,435	11,925
Natural Disaster fund	18,446	16,412
Relief projects	1,700	26,680
Youth projects	9,109	7,526
Osborne scholarship contributions	5,350	10,705
	206,150	215,500
Other Income		
Pins and miscellaneous	1,012	1,781
Interest earned	34,181	22,928
Loss on investments	-	(7,000)
Total Revenues	241,343	233,209
Expenses		
Administration services	13,049	6,125
Bulletin	7,294	7,954
Postage and telephone	1,661	3,195
Professional fees	1,656	1,035
Stationery and supplies	1,613	3,979
Travel and board expense	3,415	4,106
Iodine Deficiency Disorders administration	406	1,679
	29,094	28,073
Projects		
Scholarships	37,000	49,600
Sponsored youth	3,865	2,472
Iodine Deficiency Disorders	10,443	38,449
S.C.A.W. and other projects	1,850	10,753
Relief projects	96,433	26,825
Sponsored youth scholarships	4,000	3,800
	153,591	131,899
Total Expenses	182,685	159,972
Excess of Revenue over Expenses for the year	58,658	73,237

See accompanying notes

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

For the year ended September 30, 2005

NET ASSETS	Natural Disaster Relief	Bagnell Award	Scholarship Fund	Youth Fund	Unrestricted	Total 2005	Total 2004
Balance, beginning of the year	87,786	5,185	592,404	21,725	69,098	776,198	702,961
Excess of revenue over expense for the year	22,315	75	22,108	6,292	7,868	58,658	73,237
Internally restricted transfers	-	-	3,500	-	(3,500)	-	-
Balance, end of year	110,101	5,260	618,012	28,017	73,466	834,856	776,198

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2005

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, 2005

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
2.65% interest compounded annually, due November 30, 2005	71,507
2.90% interest receivable at maturity, due August 30, 2006	5,246
3.00% interest compounded annually, due October 18, 2006	29,496

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

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, 1007	75,000
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Canadian Balanced Fund	99,579
ACE Aviation Holdings	8,500

753,197

Cash	9,504
Accrued interest	9,589

772,290

At September 30, 2005, the market value of the long-term investments was \$764,414 (2004 book value was \$718,420 and market was \$714,239).

THE KIWANIS FOUNDATION OF CANADA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2005

4. RESTRICTION ON NET ASSETS

In 2005, the Board of Directors internally restricted \$3,500 (2004 - \$35,000) of unrestricted net assets to be held for scholarship purposes. The total amount restricted is \$618,012 (2004 - \$592,404). 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.