

**THE KIWANIS FOUNDATION OF CANADA INCORPORATED**

**Financial Statements**

**Year Ended September 30, 2024**

**Kapadia LLP**

Chartered Professional Accountants  
Licensed Public Accountants



THE KIWANIS FOUNDATION OF CANADA INCORPORATED  
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Year Ended September 30, 2024

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Financial Drivers

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Kiwanis Foundation of Canada Incorporated

### *Qualified Opinion*

We have audited the financial statements of The Kiwanis Foundation of Canada Incorporated (the "Foundation"), which comprise the statement of financial position as at September 30, 2024, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at September 30, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising events, 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 Foundation and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. The predecessor auditor's opinion on the financial statements for the year ended September 30, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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

### *Other Matter*

The financial statements for the year ended September 30, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on April 2, 2024 for the reasons described in the *Basis for Qualified Opinion* section.

### *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 ASNPO, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of The Kiwanis Foundation of Canada Incorporated  
(continued)

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation 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.

We 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 we identify during our audit.

North York, Ontario  
March 29, 2025

*Kapadia LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants



THE KIWANIS FOUNDATION OF CANADA INCORPORATED  
Statement of Financial Position  
September 30, 2024

	2024	2023
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 29,084	\$ 52,773
Marketable securities (Note 3)	3,587,422	2,994,678
Due from government agencies	13,164	11,290
Inventory	7,654	4,031
	<u>\$ 3,637,324</u>	<u>\$ 3,062,772</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 115,660	\$ 77,209
Deferred contributions	74,407	74,407
	<u>190,067</u>	<u>151,616</u>
<b>NET ASSETS</b>	<u>3,447,257</u>	<u>2,911,156</u>
	<u>\$ 3,637,324</u>	<u>\$ 3,062,772</u>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See notes to financial statements



# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## Statement of Changes in Net Assets

Year Ended September 30, 2024

	2023 Balance	Excess of revenues over expenses	Unrealised investment gains (losses)	2024 Balance
Scholarship Fund	\$ 322,414	\$ (47,869)	\$ -	\$ 274,545
Natural Disaster Relief Fund	51,409	6,199	-	57,608
Youth Fund	22,806	862	-	23,668
Summerland Fund	8,188	(3,000)	-	5,188
Osborne Scholarship Fund	47,728	(1,500)	-	46,228
Caribbean Relief Fund	46,058	-	-	46,058
Dr. John Button Fund	25,329	15,900	-	41,229
Unrestricted Net Assets	2,387,224	28,629	537,080	2,952,933
	\$ 2,911,156	\$ (979)	\$ 537,080	\$ 3,447,257

	2022 Balance	Excess of revenues over expenses	Unrealised investment gains (losses)	2023 Balance
Scholarship Fund	\$ 360,336	\$ (37,922)	\$ -	\$ 322,414
Natural Disaster Relief Fund	100,000	(48,591)	-	51,409
Youth Fund	22,806	-	-	22,806
Summerland Fund	9,188	(1,000)	-	8,188
Osborne Scholarship Fund	47,728	-	-	47,728
Caribbean Relief Fund	46,058	-	-	46,058
Dr. John Button Fund	25,329	-	-	25,329
Unrestricted Net Assets	2,474,549	30,710	(118,035)	2,387,224
	\$ 3,085,994	\$ (56,803)	\$ (118,035)	\$ 2,911,156

See notes to financial statements





**THE KIWANIS FOUNDATION OF CANADA INCORPORATED**  
**Statement of Operations**  
**Year Ended September 30, 2024**

	2024	2023
<b>REVENUES</b>		
General donations (Notes 4, 5)	\$ 56,085	\$ 42,880
Youth program	10,275	11,500
Scholarship donations	10,331	11,527
Natural disaster fund	6,199	6,909
Osborne scholarship	6,040	10,500
Matching Scholarship	80,500	88,251
Memorial	1,050	1,415
Dr. John Button scholarship	25,900	5,376
Miscellaneous projects	-	4,890
	<u>196,380</u>	<u>183,238</u>
<b>EXPENSES</b>		
Program expenses (Schedule 1)	250,683	264,982
Administrative expenses (Schedule 2)	80,477	84,689
	<u>331,160</u>	<u>349,671</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>(134,780)</u>	<u>(166,433)</u>
<b>OTHER INCOME (EXPENSES)</b>		
Interest income	9,545	30,102
Dividend income	118,871	120,693
Gains (losses) on disposal of investments	5,385	(41,165)
Unrealized gains (losses)	537,080	(118,036)
	<u>670,881</u>	<u>(8,406)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 536,101</u>	<u>\$ (174,839)</u>

See notes to financial statements



**THE KIWANIS FOUNDATION OF CANADA INCORPORATED**  
**Statement of Cash Flows**  
**Year Ended September 30, 2024**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 536,101	\$ (174,839)
Items not affecting cash:		
Gains (losses) on disposal of investments	(5,385)	41,165
Contributed investment shares	(3,081)	(3,364)
Unrealized gains (losses)	(537,080)	118,036
	<u>(9,445)</u>	<u>(19,002)</u>
Changes in non-cash working capital:		
Accounts receivable	-	1,063
Due from government agencies	(1,874)	(4,462)
Inventory	(3,623)	1,987
Deferred contributions	-	11,535
Accounts payable and accrued liabilities	38,448	(35,819)
	<u>32,951</u>	<u>(25,696)</u>
Cash flow from (used by) operating activities	<u>23,506</u>	<u>(44,698)</u>
<b>INVESTING ACTIVITY</b>		
(Purchase) sale of marketable securities	(47,195)	(192,562)
<b>DECREASE IN CASH FLOW</b>	<u>(23,689)</u>	<u>(237,260)</u>
Cash - beginning of year	52,773	290,033
<b>CASH - END OF YEAR</b>	<u>\$ 29,084</u>	<u>\$ 52,773</u>
<b>CASH CONSISTS OF:</b>		
Cash	<u>\$ 29,084</u>	<u>\$ 52,773</u>

See notes to financial statements





# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## Notes to Financial Statements

Year Ended September 30, 2024

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### 1. BASIS OF PRESENTATION

The Kiwanis Foundation of Canada Incorporated ("The Foundation") was incorporated on September 28, 1973 under the Business Corporations Act in Ontario without share capital as a not-for-profit organization. It was a registered charity under the Income Tax Act, and as a result, the organization was exempt from income taxation under Section 149 of the Income Tax Act.

The Foundation provides the following:

1. Financial support and promotion for sponsored youth programs;
2. District level training and education;
3. Bursary program for high school graduates pursuing post-secondary studies;
4. Assistance to the handicapped and the disadvantaged;
5. Funds for disaster relief and special causes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

#### Use of estimates

The preparation of financial statements in accordance with ASNPO 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 period. Key areas where management has made subjective judgments include accrued liabilities and allocation of expenditures. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Revenue recognition

The Foundation follows the deferral method of accounting for contributions, recognizing the amounts as revenue in the year in which the related expenses are incurred for current expenditures.

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 relate. 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

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# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## Notes to Financial Statements

Year Ended September 30, 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted investment income is recognized as revenue when earned.

#### 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 Foundation, a reasonable estimate of their amount and fair value cannot be made. Accordingly, these contributed services are not recognized in these financial statements.

#### General club donations

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

1. 25% Scholarships
2. 25% Youth Projects
3. 15% National Disaster
4. 35% General Fund

#### Marketable securities

Marketable securities are reported at fair value with unrealized gains and losses reported in income.

#### Inventory

Inventory is recorded at the lower of cost and net realizable value and is measured on a first-in, first-out basis. It consists 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 inventory is recognized, the reversal is recognized in income.

#### Net assets

Net assets consist of internally restricted funds held for special projects and unrestricted net assets. Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Foundation each year, net of transfers, and are available for general purposes.

#### Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

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# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## Notes to Financial Statements

Year Ended September 30, 2024

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of such. The amount of write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of a recovery in value, directly or by adjusting the allowance account. The amount of reversal is recognized in operations.

#### Goods and services tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

### 3. MARKETABLE SECURITIES

	Cost	Unrealised Gain	Fair Value
Common shares	\$ 1,385,447	\$ 1,109,059	\$ 2,494,506
Mutual Funds	269,250	6,677	275,927
Fixed income instruments	875,000	35,182	710,182
Foreign securities	40,562	68,245	106,807
	\$ 2,370,259	\$ 1,217,163	\$ 3,587,422

### 4. NON-MONETARY TRANSACTIONS

During the year, the Foundation received contributed investment shares in an amount of \$3,081 (2023 - \$5,292); which was the fair market value on the date of contribution.

### 5. RELATED PARTY TRANSACTIONS

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:

	2024	2023
Contributions received from Board members	\$ 177	\$ 6,335
Reimbursements for incurred expenses; net of tax	14,052	24,428
Office administration fees	8,842	6,389

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 6. SIGNIFICANT EVENT

On September 30, 2023, the Foundation was notified of the revocation of its registered charity status by the Canada Revenue Agency (CRA) due to late filing of T3010, effective November 25, 2023.

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# THE KIWANIS FOUNDATION OF CANADA INCORPORATED

## Notes to Financial Statements

Year Ended September 30, 2024

### 6. SIGNIFICANT EVENT *(continued)*

In response to the revocation, the Foundation has undertaken several corrective actions aimed at addressing the compliance issues identified by the CRA. The Foundation submitted a comprehensive reapplication to CRA in February 2024 and did not provide charity tax receipts until the issue was resolved.

On November 29, 2024, CRA reinstated the Foundation's charity status effective November 25, 2023.

### 7. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of September 30, 2024.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk arising from its cash balances, contributions receivable from donors, and HST recoverable. In order to reduce its credit risk, the Foundation recognizes contributions receivable only when there is reasonable expectation of collection. The Foundation has historically not had any significant issues with collection. The Foundation manages its credit risk from cash balances by maintaining its accounts with creditworthy financial institutions.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. The Foundation believes that its recurring financial resources are adequate to cover all its expenditures.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation's exposure to interest rate risk is on its investments in marketable securities. The Foundation does not use derivative financial instruments to alter the effects of this risk.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.

### 8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.





THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Program expenses

(Schedule 1)

Year Ended September 30, 2024

	2024	2023
<b>PROGRAM EXPENSES</b>		
Discretionary funds	\$ 21,500	\$ 10,000
Dr. John Button award	10,000	5,376
Flight for freedom	-	2,300
Key leader	4,500	1,500
Miscellaneous projects	1,083	2,606
Natural disaster relief	-	55,500
New club grant	5,317	7,700
Scholarship - KCCBCY	-	19,300
Scholarships	138,700	137,700
Community grants	49,450	-
Scholarships - osborne	7,540	10,500
Scholarships - summerland	3,000	1,000
Youth grant	9,613	11,500
	<u>\$ 250,683</u>	<u>\$ 264,982</u>

See notes to financial statements



THE KIWANIS FOUNDATION OF CANADA INCORPORATED

Administrative expenses

(Schedule 2)

Year Ended September 30, 2024

	2024	2023
<b>ADMINISTRATIVE EXPENSES</b>		
Accounting fees	\$ 8,835	\$ 6,436
Advertising and promotion	8,263	9,583
Bank charges	795	789
Investment counsel fees	34,152	31,159
Delivery, freight and postage	2,327	2,339
General and administrative	10,342	7,344
Office stationery and supplies	1,711	2,611
Travel expenses	14,052	24,428
	<u>\$ 80,477</u>	<u>\$ 84,689</u>

See notes to financial statements

