

**TORONTO KIWANIS BOYS
AND GIRLS CLUBS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009**

Auditors' Report	Page 1
Balance Sheet	2
Statement of Revenues and Expenses	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 to 12

Clarke
Henning
LLP

Chartered Accountants

10 Bay Street, Suite 801
Toronto, Ontario
Canada M5J 2R8
Tel: (416) 364-4421
Fax: (416) 367-8032
Email: ch@clarkehenning.co



AUDITORS' REPORT

TO THE DIRECTORS AND MEMBERS OF
TORONTO KIWANIS BOYS AND GIRLS CLUBS

We have audited the balance sheet of Toronto Kiwanis Boys and Girls Clubs as at December 31, 2009 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Clubs' 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 charitable organizations, the Clubs derive revenue from fund-raising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounts of the Clubs and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues 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 the revenue from fund raising events and donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Clubs as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with the Corporations Act (Ontario), we report that these principles have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
March 25, 2010, except note 17, which is as of May 10, 2010

TORONTO KIWANIS BOYS AND GIRLS CLUBS

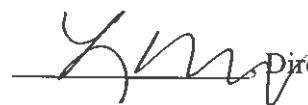
BALANCE SHEET

AS AT DECEMBER 31, 2009

	2009	2008
ASSETS		
Current assets		
Cash	\$ 476,328	\$ 431,720
Investments (note 4)	296,531	211,652
Grants receivable	18,310	34,048
Other receivables	62,994	35,403
Prepaid expenses	18,885	28,940
	<u>873,048</u>	<u>741,763</u>
Property and equipment (note 5)	-	8,763
	<u>873,048</u>	<u>750,526</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	92,749	67,779
Deferred revenues (note 6)	43,746	74,358
	<u>136,495</u>	<u>142,137</u>
Deferred contributions (note 7)	105,000	120,000
Deferred capital contributions (note 8)	-	6,372
Deferred capital contributions - Spruce St. Redevelopment Project (note 16)	92,758	-
	<u>334,253</u>	<u>268,509</u>
NET ASSETS		
Invested in property and equipment	-	2,391
Internally restricted contingency fund	337,500	337,500
Unrestricted net assets	201,295	142,126
	<u>538,795</u>	<u>482,017</u>
	<u>\$ 873,048</u>	<u>\$ 750,526</u>

Approved on behalf of the Board:

 Director

 Director

TORONTO KIWANIS BOYS AND GIRLS CLUBS

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED DECEMBER 31, 2009

	2009	2008
Revenues		
Funding from The Kiwanis Club of Toronto sources <i>(note 2)</i>		
The Toronto Kiwanis T.P. Loblaw Charitable Trust	\$ 327,600	\$ 327,600
The Kiwanis Club of Toronto Foundation	25,434	40,524
	353,034	368,124
Government and other grants <i>(note 9)</i>	470,577	458,144
United Way of Greater Toronto grant	283,792	283,792
Donations and fundraising	281,110	266,891
User fees	128,382	100,272
Other	33,438	40,946
Investment income (loss) <i>(note 12)</i>	34,458	(24,355)
	1,584,791	1,493,814
Expenses		
Salaries and benefits	787,810	748,239
Occupancy <i>(note 13)</i>	153,155	150,213
Fundraising	76,188	77,354
Program	415,624	366,110
Depreciation	8,764	12,447
General and administrative	86,472	80,034
	1,528,013	1,434,397
Excess of revenues over expenses for the year	\$ 56,778	\$ 59,417

TORONTO KIWANIS BOYS AND GIRLS CLUBS

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2009

	<i>Invested in Property and Equipment</i>	<i>Internally Restricted Contingency Fund</i>	<i>Unrestricted</i>	<i>Total</i>	
				<i>2009</i>	<i>2008</i>
Balance - at beginning of year	\$ 2,391	\$ 337,500	\$ 142,126	\$ 482,017	\$ 422,600
Excess of revenues over expenses for the year	-	-	56,778	56,778	59,417
Inter-fund transfers representing Depreciation	(8,764)	-	8,764	-	-
Amortization of deferred capital contributions (<i>note 8</i>)	6,373	-	(6,373)	-	-
Balance - at end of year	\$ -	\$ 337,500	\$ 201,295	\$ 538,795	\$ 482,017

TORONTO KIWANIS BOYS AND GIRLS CLUBS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

	2009	2008
Cash flows from operating activities		
Cash receipts from The Kiwanis Club of Toronto sources	\$ 338,434	\$ 358,488
Cash receipts from government and other grants	744,233	691,631
Cash receipts from fundraising and donations	274,738	241,636
Cash receipts from other revenues	155,666	157,592
Interest and distributions from mutual fund received	7,884	8,500
Cash paid to employees and suppliers	(1,484,226)	(1,384,043)
	36,729	73,804
Cash flows from investing activities		
Redevelopment capital contributions received	92,758	-
Purchase of investments	(233,860)	(104,381)
Proceeds from sale of investments	148,981	-
	7,879	(104,381)
Change in cash during the year	44,608	(30,577)
Cash - at beginning of year	431,720	462,297
Cash - at end of year	\$ 476,328	\$ 431,720

TORONTO KIWANIS BOYS AND GIRLS CLUBS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. PURPOSE AND ORGANIZATION

Toronto Kiwanis Boys and Girls Clubs (the "Clubs") is a voluntary organization providing a wide range of programs and services for children and youth aged 6 to 18 years, through professional staff, part time program staff and volunteers. The Clubs provide a safe and positive environment where children and youth can learn, grow and develop the skills they will need as contributing members of society.

Toronto Kiwanis Boys and Girls Clubs is a registered charitable organization incorporated without share capital under the laws of the Province of Ontario and, as such, is exempt from income tax.

2. ECONOMIC DEPENDENCE

The Toronto Kiwanis T.P. Loblaw Charitable Trust ("The Loblaw Trust") was created by The Kiwanis Club of Toronto to receive and administer funds it receives in perpetuity from a trust created by Theodore Pringle Loblaw, a former member of The Kiwanis Club of Toronto. Such funds are to be used for the benefit of underprivileged boys and girls and for other charitable purposes.

The Kiwanis Club of Toronto Foundation ("KCT Foundation") was created by The Kiwanis Club of Toronto to support Kiwanis Club of Toronto sponsored activities, particularly the Toronto Kiwanis Boys and Girls Clubs and other worthy projects.

The Clubs receive a significant part of its funding from these sources and is economically dependent on this continued support. Such funding amounted to \$353,034 in 2009 (\$368,124 in 2008).

3. SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments are classified as held for trading and are recorded at fair value. Unrealized holding gains and losses related to held for trading investments are included in the statement of revenues and expenses. The quoted market price of investments is used to estimate fair value.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives on a straight line basis over the following periods:

Computer equipment	- 3 years
Vehicle	- 4 years
Leasehold improvements	- 4 years

Deferred Contributions

Deferred contributions are amortized over a ten year period on the straight line method.

Deferred Capital Contributions

Funds received for the acquisition of property and equipment are deferred in the accounts and amortized to revenue on the same basis as the depreciation on the related property and equipment.

TORONTO KIWANIS BOYS AND GIRLS CLUBS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Clubs use the deferral method in accounting for grants. Accordingly, grants subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred.

Contributions from governments, foundations and other funding agencies that are not for a specific purpose are recognized as revenue when received.

Donations are recognized as revenue when received.

Revenues from fundraising events are recognized as revenue in the period in which the event takes place.

User fees and other revenues are recognized as revenue when the service has been performed or revenue has been earned.

Investment income is recognized as revenue as earned. Investment income is comprised of interest, distributions from mutual funds, realized and unrealized gains and losses related to the investments.

Financial Assets and Liabilities

Cash and investments are classified as held for trading and are stated at fair value.

Grants and other receivables are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

Contributed Goods and Services

Contributed goods and services are not recorded in the accounts of the Clubs, except when fair value of such goods and services can reasonably be established and when the goods and services are normally purchased by the Clubs and would be paid for if not donated.

Contributed goods and services consisted of food contributed to the Clubs and are valued to be approximately the same as in the prior year. Contributed goods and services are recorded in the financial statements at their estimated fair value of \$25,255 (\$25,255 - 2008).

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. These financial statements contain no significant estimates.

TORONTO KIWANIS BOYS AND GIRLS CLUBS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4. INVESTMENTS

Details of the investments are as follows:

	2009	2008
Bonds		
\$ 21,000 Province of Ontario, maturing May 3, 2012, yielding 4.044%	\$ 20,037	\$ 19,151
21,000 Province of Quebec, maturing June 1, 2013, yielding 4.291%	19,049	18,467
21,000 Province of Ontario, maturing June 2, 2014, yielding 4.248%	18,216	17,451
17,077 Province of Quebec, maturing June 1, 2015, yielding 4.454%	14,081	13,400
36,000 Province of Ontario, maturing March 8, 2018, yielding 4.2%	36,502	-
36,000 Province of Quebec, maturing December 1, 2017, yielding 4.5%	37,313	-
37,000 Province of British Columbia, maturing December 18, 2019, yielding 4.1%	36,433	-
18,000 Scotiabank Cap Tr (Bats) II maturing December 31, 2049, yielding 6.282%	19,654	-
18,000 Citigroup Finance Canada, yielding 6.75%, maturing September 22, 2014	19,259	-
36,000 GE Capital Canada Fndg Co., maturing June 1, 2016, yielding 5.1%	36,921	-
18,000 Manulife Fin Cap Tr (Macs), maturing December 31, 2051, yielding 6.7%	19,544	-
19,000 Toronto Dominion Bank, maturing October 30, 2104, yielding 4.97%	19,522	-
	296,531	68,469
Mutual funds	-	93,528
Equities		
Calloway REIT	-	14,755
E-L Financial CP1	-	15,100
PWR CP5 PFD 1	-	19,800
	-	143,183
Total investments, at fair value	\$ 296,531	\$ 211,652

Market Risk

The Clubs are exposed to market risk. This is the potential loss that the Clubs may incur with respect to the changes in fair value of the investments.

Interest Rate Risk

The Clubs are exposed to interest rate risk from the possibility that changes in interest rates will affect the value of the investments and investment income.

The Clubs manages the above risks via monitoring market conditions and consulting with its financial advisors.

TORONTO KIWANIS BOYS AND GIRLS CLUBS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

5. PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2009	2008
Computer equipment	\$ 16,765	\$ 16,765	\$ -	\$ 4,924
Vehicle	26,829	26,829	-	-
Leasehold improvements	8,137	8,137	-	3,839
	\$ 51,731	\$ 51,731	\$ -	\$ 8,763

The property and equipment have been fully depreciated.

6. DEFERRED REVENUES

The details of deferred revenue are as follows:

	Balance at December 31, 2008	Funds Received in 2009	Transferred to Revenue in 2009	Balance at December 31, 2009
Boys and Girls Clubs	\$ 13,600	\$ 4,000	\$ (13,600)	\$ 4,000
City of Toronto	13,899	-	(13,899)	-
Ministry of Health Promotions	-	119,707	(109,240)	10,467
Miscellaneous	39,417	59,386	(69,524)	29,279
Toronto District School Board	7,442	12,405	(19,847)	-
	\$ 74,358	\$ 195,498	\$ (226,110)	\$ 43,746

7. DEFERRED CONTRIBUTIONS

Deferred contributions consist of funds received in 2006 to be used for the funding of the summer camp program over a ten year period. The changes in the deferred contributions are as follows:

	2009	2008
Balance - at beginning of year	\$ 120,000	\$ 135,000
Amortization of deferred contributions	15,000	15,000
Balance - at end of year	\$ 105,000	\$ 120,000

TORONTO KIWANIS BOYS AND GIRLS CLUBS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of property and equipment. The changes in deferred capital contributions are as follows:

	2009	2008
Balance - at beginning of year	\$ 6,372	\$ 16,009
Amortization of deferred capital contributions	(6,372)	(9,637)
Balance - at end of year	\$ -	\$ 6,372

9. GOVERNMENT GRANTS AND OTHER GRANTS

The details of government and other grants are as follows:

	2009	2008
Human Resources Development Canada, Summer Career Placements	\$ 67,235	\$ 60,870
Toronto District School Board Community Attendance Program	19,848	49,190
RBC Foundation, After School Grant Program	25,000	25,000
City of Toronto		
General and Recreational Grants Program	43,860	46,000
Community Services	41,620	40,800
Children's Services	19,504	19,504
Drug Abuse Prevention Program (DAPP)	13,898	22,154
Boys and Girls Club of Ontario		
Sears After School Program	-	10,000
Equipment Grant	-	20,000
Ministry of Health Promotions, Flag Football Program and Flag Rugby Program	-	6,602
St. Francis Grant	-	5,000
Youth Power Up Grant	3,600	2,400
Ministry of Health Promotions, After School Program	109,240	-
Boys and Girls Club of Canada		
Amortization of deferred contributions	15,000	15,000
Other miscellaneous grants	111,772	135,624
	\$ 470,577	\$ 458,144

10. FINANCIAL INSTRUMENTS

The Clubs' financial instruments consist of cash, grants and other receivables, investments and accounts payable. It is management's opinion that the Clubs are not exposed to significant currency or credit risks. Interest rate risk is disclosed in note 4.

The carrying amounts of these financial instruments approximate their fair value.

TORONTO KIWANIS BOYS AND GIRLS CLUBS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

11. CAPITAL MANAGEMENT

The Clubs considers its capital to be its net assets. The Club's objective when managing capital is to safeguard its ability to continue as a going concern and ensure that it has sufficient resources to adequately serve the interests of the community. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. The Clubs manages its capital taking into account changes in economic conditions and risk characteristics of the underlying assets and working capital requirements.

12. INVESTMENT INCOME (LOSS)

Details of investment income (loss) are as follows:

	2009	2008
Interest earned and distribution from mutual funds	\$ 7,884	\$ 8,500
Unrealized (loss) gain on investment	(3,218)	(32,855)
Realized gain on investment	29,792	-
	<u>\$ 34,458</u>	<u>\$ (24,355)</u>

13. RELATED PARTY INFORMATION

The by-laws of the organization call for the Board of Directors to consist of fifteen members, five of whom are nominated by The Kiwanis Club of Toronto. At December 31, 2009 the Board of Directors consisted of fourteen members, five of whom were nominated by The Kiwanis Club of Toronto. The Clubs lease the facilities for the Gerrard Club (101 Spruce Street), from The Kiwanis Club of Toronto. Rent paid was \$50,004 (\$50,004 in 2008).

14. LEASE COMMITMENTS

Effective January 1, 2010, the Clubs has entered into a lease renewal, which expires on December 31, 2019 for the office premises located at 101 Spruce Street. Effective March 1, 2010, the Clubs has entered into a new premises lease on 595-601 Parliament Street which expires on February 28, 2012.

The aggregate annual lease payments are as follows:

	601 Parliament Street	101 Spruce Street
2010	\$ 16,995	\$ 50,004
2011	22,660	51,252
2012	5,665	52,536
2013	-	54,636
2014	-	56,820
2015 and after	-	254,676
	<u>\$ 45,320</u>	<u>\$ 519,924</u>

TORONTO KIWANIS BOYS AND GIRLS CLUBS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

14. LEASE COMMITMENTS (continued)

Currently the clubs runs the programs in two Catholic schools, two local schools and one local agency and pays a fee based on the usage of their facilities. There is no long term commitment with the schools or agency. The total fees paid to the schools and agency in the current year were nominal.

In addition to basic rent, the Clubs are required to pay the operating costs which amounted to \$101,783 in 2009 and \$97,266 in 2008.

15. GUARANTEES AND INDEMNITIES

The Clubs have indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Clubs have purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Clubs have entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Clubs agree to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Clubs. The maximum amount of any potential liability cannot be reasonably estimated.

16. SPRUCE ST. REDEVELOPMENT PROJECT

In January 2010, the Clubs entered into an agreement with the Kiwanis Club of Toronto to proceed with the 101 Spruce Street redevelopment project. The project consists of the renovation and reconstruction of the Clubs' leased premise at 101 Spruce Street. As of the date of these financial statements, construction has not started and the Clubs is in the process of hiring a project manager and architect. The Clubs estimate that the project will be completed by March 2011. The total estimated cost of the project is approximately \$4,000,000. The cost of the redevelopment will be funded by the approved financial assistance from the Ontario Minister of Health Promotions and the Federal Minister of Energy and Infrastructure up to \$2,000,000 and up to \$1,000,000 from the Kiwanis Club of Toronto. \$1,000,000 funding that the Clubs is committed to will be raised through the Club's capital campaign.

At December 31, 2009, the Clubs have received through its capital campaign, contributions of \$92,758. These contributions have been accounted for as deferred capital contributions without amortization as project is not completed. Amortization of cost of the project and deferred capital contribution will begin upon completion. Amortization will be over the remaining term of the lease.

17. SUBSEQUENT EVENT

Subsequent to the date of these financial statements, the Clubs hired a project manager and an architect and began construction of the Spruce St. redevelopment project.