

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of  
Allied Rainbow Communities International

We have audited the accompanying financial statements of Allied Rainbow Communities International, which comprise the balance sheet as at June 30, 2016 and the statements of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Allied Rainbow Communities International as at June 30, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS

September 27, 2016  
Dartmouth, Nova Scotia

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

BALANCE SHEET AS AT JUNE 30, 2016

	2016	2015
ASSETS	\$	\$
<b>CURRENT ASSETS</b>		
Cash	189,177	57,806
Accounts receivable	31,631	94,265
Loan receivable - without interest or fixed terms of repayment	<u>-</u>	<u>92,183</u>
	220,808	244,254
<b>COMPUTERS - at cost, net of accumulated amortization of \$9,164 (2015 - \$8,720)</b>	<u>364</u>	<u>808</u>
	<u><u>221,172</u></u>	<u><u>245,062</u></u>
 <b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	7,364	16,477
Receiver General source deductions payable	5,875	4,449
Deferred revenue	<u>162,556</u>	<u>154,425</u>
	<u>175,795</u>	<u>175,351</u>
 <b>NET ASSETS</b>		
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>	364	808
<b>UNRESTRICTED NET ASSETS</b>	<u>45,013</u>	<u>68,903</u>
	<u>45,377</u>	<u>69,711</u>
	<u><u>221,172</u></u>	<u><u>245,062</u></u>

SIGNED ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2016

	2016 \$	2015 \$
<b>REVENUES</b>		
Foundations	275,837	228,310
Membership and donations	407,061	328,908
NGO - LLH (schedule)	<u>71,226</u>	<u>64,023</u>
	<u>754,124</u>	<u>621,241</u>
<b>OPERATING EXPENSES</b>		
Administration and organizational development	124,712	131,708
Amortization	444	988
Bank and payroll processing charges	3,635	1,545
Civil Society briefing and HRC participation (schedule)	101,957	73,512
International dialogue	207,002	18,026
LGBT network	47,678	88,868
Professional fees	8,050	8,658
Resource and capacity building	118,274	92,956
Ten year evaluation	-	54,933
UN engagement	124,109	134,187
Yogukarta principles and activist guide	<u>42,597</u>	<u>14,538</u>
	<u>778,458</u>	<u>619,919</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(24,334)</b>	<b>1,322</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u><b>69,711</b></u>	<u><b>68,389</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><u><b>45,377</b></u></u>	<u><u><b>69,711</b></u></u>

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (Deficiency) of revenues over expenditures	(24,334)	1,322
Adjustments to earnings not involving cash -		
Amortization	<u>444</u>	<u>988</u>
	(23,890)	2,310
Changes in non-cash working capital -		
Decrease (Increase) in accounts receivable	62,634	(94,265)
Decrease in accounts payable and accrued liabilities	(7,687)	(17,918)
Increase (Decrease) in deferred revenue	<u>8,131</u>	<u>(181,611)</u>
	<u>39,188</u>	<u>(291,484)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan received (advanced)	<u>92,183</u>	<u>(92,183)</u>
INCREASE (DECREASE) IN CASH	131,371	(383,667)
CASH - BEGINNING OF YEAR	<u>57,806</u>	<u>441,473</u>
CASH - END OF YEAR	<u><u>189,177</u></u>	<u><u>57,806</u></u>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

Allied Rainbow Communities International (the "organization") is incorporated under The Canada Corporations Act since July 8, 2003. The organization is exempt from income taxes. Its main objective is to conduct research, educate, and disseminate information in connection with human rights for lesbian, gay, bisexual and transgendered people and their families internationally.

## I. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Cash

The organization defines cash as the amount of cash on hand and cash on deposit net of cheques that are issued and outstanding at the end of the year.

Foreign Currency Transactions

The organization uses the specific identification method to translate its foreign currency transactions into Canadian dollars. Assets, liabilities, revenues, and expenses are translated at their historical rates. Exchange gains and losses are included in the statement of operations.

Computers

Computers, which comprise the only capital assets of the organization, are carried at cost. Amortization is calculated using the declining balance method at the annual rate of 55% for computers. In the year of acquisition, amortization is calculated at half the normal rate.

Deferral Accounting

The organization follows the deferral method of accounting. Under the deferral method, revenue is recognized when expenses related to the revenue are incurred.

Revenue Recognition

The organization records revenue on the accrual basis and recognizes revenue as the terms of its grants agreements and contracts are completed and the related expenses are incurred.

Financial Instruments

The organization measures its financial assets and financial liabilities at cost which approximates fair value.

Statement of Cash Flows

The organization prepares the statement of cash flows on a net cash basis and reports cash flows from operating and financing activities using the indirect method.

Use Of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as at June 30, 2016 and the reported amount of revenues and expenses for the year then ended. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

... (continued) ...

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1. SIGNIFICANT ACCOUNTING POLICIES . . . (continued)

Impairment of Long-lived Assets

Property, plant and equipment and intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the projected future net cash flows resulting from its use and eventual disposition. The impairment loss, if any is measured as the amount by which the carrying amount of the asset exceeds its fair value.

2. FINANCIAL INSTRUMENTS

The significant financial risks to which the organization is exposed are credit risk, interest rate risk and liquidity risk.

Credit Risk

Financial instruments that potentially subject the company to credit risk consist of cash and accounts receivable. The company uses reputable institutions for cash and believes risk of loss to be remote. The company estimates an allowance for doubtful accounts for accounts receivable. As at June 30, 2016 an allowance for doubtful accounts of \$nil (June 30, 2015 - \$nil) for accounts receivable was recorded. Any credit losses are provided for in the financial statements and consistently have been within management's expectations.

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its obligations as they become due. The organization's approach to managing liquidity risk is to ensure that it always has sufficient cash flows, cash on hand, and credit facilities to meet its operating obligations.

Currency Risk

The organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the organization makes purchases and receives funding in U.S dollars. The organization recognizes approximately 96% (2015 - 99%) of it's revenues in foreign currency.

ALLIED RAINBOW COMMUNITIES INTERNATIONAL  
SCHEDULE - CIVIL SOCIETY BRIEFING AND HRC PARTICIPATION  
FOR THE YEAR ENDED JUNE 30, 2016

	\$
REVENUE	
LLH / Foreign Ministry of Norway (400 000 NOK)	<u>71,226</u>
PROJECT EXPENSES	
Project support	85,337
Operational and personnel costs	<u>16,620</u>
TOTAL PROJECT EXPENSES	<u>101,957</u>
EXCESS OF EXPENSES OVER REVENUE	<u><u>(30,731)</u></u>