

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 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, 2014 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 30, 2014
Dartmouth, Nova Scotia

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

BALANCE SHEET AS AT JUNE 30, 2014

	ASSETS	2014 \$	2013 \$
CURRENT ASSETS			
Cash		441,473	193,550
Accounts receivable		<u>-</u>	<u>186,710</u>
		441,473	380,260
COMPUTERS - at cost, net of accumulated amortization of \$7,732 (2013 - \$5,957)		<u>1,796</u>	<u>2,884</u>
		<u><u>443,269</u></u>	<u><u>383,144</u></u>
 LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		38,844	201,398
Deferred revenue		<u>336,036</u>	<u>45,832</u>
		<u>374,880</u>	<u>247,230</u>
 NET ASSETS			
UNRESTRICTED NET ASSETS		<u>68,389</u>	<u>135,914</u>
		<u><u>443,269</u></u>	<u><u>383,144</u></u>

SIGNED ON BEHALF OF THE BOARD

Kim Vance
Director

John W Fisher
Director

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	\$	\$
REVENUES		
Government grants	22,649	120,898
Foundations	215,066	327,703
Membership and donations	325,314	356,600
NGO - LLH (schedule)	71,767	-
- Other NGO	<u>45,777</u>	<u>26,964</u>
	<u>680,573</u>	<u>832,165</u>
OPERATING EXPENSES		
Activists guide and Yogukarta principles	31,123	24,179
Administration and organizational development	123,079	97,233
Amortization	1,775	3,526
Bank charges	1,534	1,084
Civil Society briefing and HRC participation (schedule)	73,508	-
Communications	29,370	5,340
International dialogue	9,734	26,321
Network development	111,970	55,275
Professional fees	8,175	5,336
Resource and capacity building	46,503	30,588
SOGI Regional Meetings	36,845	409,329
UN engagement	210,620	132,781
UN strategic consultation (Istanbul)	<u>63,862</u>	<u>-</u>
	<u>748,098</u>	<u>790,992</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,525)	41,173
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>135,914</u>	<u>94,741</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u><u>68,389</u></u>	<u><u>135,914</u></u>

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenditures	(67,525)	41,173
Adjustments to earnings not involving cash - Amortization	<u>1,775</u>	<u>3,526</u>
	(65,750)	44,699
Changes in non-cash working capital -		
Decrease (Increase) in accounts receivable	186,710	(186,712)
Increase (Decrease) in accounts payable and accrued liabilities	(162,556)	126,699
Increase (Decrease) in deferred revenue	<u>290,204</u>	<u>(76,121)</u>
	248,608	(91,435)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computers	<u>(685)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	247,923	(91,435)
CASH - BEGINNING OF YEAR	<u>193,550</u>	<u>284,985</u>
CASH - END OF YEAR	<u><u>441,473</u></u>	<u><u>193,550</u></u>

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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

1. 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, 2014 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.

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 organization to credit risk consist of cash, and accounts receivable. The organization uses reputable institutions for cash, and believes the risk of loss to be remote. The organization has accounts receivable from corporate members, none of which the organization believes represent a significant credit risk.

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 86% (2013 - 80%) of it's revenues in foreign currency.

ALLIED RAINBOW COMMUNITIES INTERNATIONAL
SCHEDULE - CIVIL SOCIETY BRIEFING AND HRC PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2014

	\$
REVENUE	
LLH / Foreign Ministry of Norway (50,000 Euros)	71,767
PROJECT EXPENSES	
<u>Geneva Briefing / Regional and Identity-based Outreach</u>	
Travel and accommodations	12,100
Per diems	2,200
Venue and refreshments	267
Logistics and coordination	<u>2,894</u>
	<u>17,461</u>
<u>HRC / UN Resolution</u>	
Travel and accommodations	25,005
Per diems	3,883
Communications	1,500
Side event at HRC in Geneva	1,180
NGO training and mentoring	<u>6,200</u>
	<u>37,768</u>
<u>Coordination, Communications and Project Management</u>	
Communications (conference calls, translation and web development)	8,462
Project management	<u>9,817</u>
	<u>18,279</u>
TOTAL PROJECT EXPENSES	<u>73,508</u>
EXCESS OF EXPENSES OVER REVENUE	<u><u>(1,741)</u></u>