

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 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, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

... (continued) ...

... (continued) ...

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Allied Rainbow Communities International adopted Canadian Accounting Standards for not-for-profit organizations on June 1, 2012 with a transition date of July 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheet as at June 30, 2012 and July 1, 2011 and the statements of operations and net assets and cash flows for the year ended June 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information and, as such, it is unaudited.



CHARTERED ACCOUNTANTS

March 27, 2014
Dartmouth, Nova Scotia

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

BALANCE SHEET AS AT JUNE 30, 2013

ASSETS	June 30, 2013 \$	June 30, 2012 \$	July 1, 2011 \$
CURRENT ASSETS			
Cash	193,550	284,985	71,100
Accounts receivable	<u>186,710</u>	<u>-</u>	<u>60,000</u>
	380,260	284,985	131,100
COMPUTERS - at cost, net of accumulated amortization of \$5,957 (2012 - \$2,431, 2011 - \$nil)	<u>2,884</u>	<u>6,410</u>	<u>-</u>
	<u><u>383,144</u></u>	<u><u>291,395</u></u>	<u><u>131,100</u></u>
 LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	201,398	74,701	4,014
Deferred revenue	<u>45,832</u>	<u>121,953</u>	<u>-</u>
	<u>247,230</u>	<u>196,654</u>	<u>4,014</u>
 NET ASSETS			
UNRESTRICTED NET ASSETS	<u>135,914</u>	<u>94,741</u>	<u>127,086</u>
	<u><u>383,144</u></u>	<u><u>291,395</u></u>	<u><u>131,100</u></u>

SIGNED ON BEHALF OF THE BOARD

Kim Vance

John W. Fisher

Director

Director

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013

	2013 \$	2012 \$
REVENUE		
Government grants	120,898	100,674
Foundations	327,703	141,594
Membership and donations	356,600	376,314
NGO	26,964	-
Other income	-	233
	<u>832,165</u>	<u>618,815</u>
TOTAL REVENUES		
OPERATING EXPENSES		
Activists guide and Yogukarta principles	24,179	45,078
Administration and fundraising	97,233	86,799
Amortization	3,526	2,431
Bank charges	1,084	892
Communications	5,340	-
International dialogue	26,321	224,507
Network development	55,275	102,972
Professional fees	5,336	6,325
Resource and capacity building	30,588	66,858
SOGI Regional Meetings (schedule)	409,329	-
UN engagement	132,781	115,298
	<u>790,992</u>	<u>651,160</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	41,173	(32,345)
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>94,741</u>	<u>127,086</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u><u>135,914</u></u>	<u><u>94,741</u></u>

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenditures	41,173	(32,345)
Adjustments to earnings not involving cash - Amortization	<u>3,526</u>	<u>2,431</u>
	44,699	(29,914)
Changes in non-cash working capital -		
Decrease (Increase) in accounts receivable	(186,712)	60,000
Increase in accounts payable and accrued liabilities	126,699	70,687
Increase (Decrease) in deferred revenue	<u>(76,121)</u>	<u>121,953</u>
	(91,435)	222,726
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>-</u>	<u>(8,841)</u>
INCREASE (DECREASE) IN CASH	(91,435)	213,885
CASH - BEGINNING OF YEAR	<u>284,985</u>	<u>71,100</u>
CASH - END OF YEAR	<u><u>193,550</u></u>	<u><u>284,985</u></u>

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 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.

2. IMPACT OF CHANGE IN THE BASIS OF ACCOUNTING

The organization has elected to apply the standards in Part III of the CICA Handbook - Canadian accounting standards for not-for-profit organizations. The financial statements for the year ended June 30, 2013 were prepared in accordance with the accounting principles described and the provisions set out in Section 1501, First-time Adoption by not-for-profit organizations. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended June 30, 2013, the comparative information presented in these financial statements for the year ended June 30, 2012 and in the preparation of an opening balance sheet at July 1, 2011. There was no impact to net assets at July 1, 2011 from adopting these standards.

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

SCHEDULE - SOGI REGIONAL MEETING EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

	\$
EXPENSES	
NGO fora / Civil society convenings	204,521
Videography project	62,009
HRC and UN Resolution	39,329
Communications	1,202
Translation and interpretation	12,610
Office supplies	10,071
Project management	<u>79,587</u>
	<u>409,329</u>