

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 and the statement of operations, 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. Those 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, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS

February 21, 2014
Dartmouth, Nova Scotia

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

BALANCE SHEET AS AT JUNE 30, 2012

	ASSETS	2012 \$	2011 \$
CURRENT ASSETS			
Cash		284,985	71,100
Accounts receivable		<u>-</u>	<u>60,000</u>
		284,985	131,100
COMPUTERS - at cost, net of accumulated amortization of \$2,431		<u>6,410</u>	<u>-</u>
		<u><u>291,395</u></u>	<u><u>131,100</u></u>
 LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		74,701	4,014
Deferred revenue		<u>121,953</u>	<u>-</u>
		<u>196,654</u>	<u>4,014</u>
 NET ASSETS			
UNRESTRICTED NET ASSETS		<u>94,741</u>	<u>127,086</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, 2012

	2012	2011
	\$	\$
REVENUE		
Government grants	100,674	8,711
Foundations	141,594	182,318
Membership and donations	376,314	258,860
Other income	<u>233</u>	<u>-</u>
TOTAL REVENUES	<u>618,815</u>	<u>449,889</u>
OPERATING EXPENSES		
Activists guide	45,078	152,260
Amortization	2,431	-
Administration	60,297	28,893
Bank charges	892	897
Fundraising	26,502	14,068
International dialogue	224,507	6,341
Network development	102,972	99,091
Professional fees	6,325	1,365
Resource and capacity building	66,858	44,213
UN engagement	<u>115,298</u>	<u>99,450</u>
	<u>651,160</u>	<u>446,578</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(32,345)	3,311
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>127,086</u>	<u>123,775</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u><u>94,741</u></u>	<u><u>127,086</u></u>

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenditures	(32,345)	3,311
Adjustments to earnings not involving cash - Amortization	<u>2,431</u>	<u>-</u>
	(29,914)	3,311
Changes in non-cash working capital -		
Decrease (Increase) in accounts receivable	60,000	(56,332)
Increase (Decrease) in accounts payable and accruals	70,687	(9,377)
Increase (Decrease) in deferred revenue	<u>121,953</u>	<u>(90,000)</u>
	222,726	(152,398)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(8,841)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	213,885	(152,398)
CASH - BEGINNING OF YEAR	<u>71,100</u>	<u>223,498</u>
CASH - END OF YEAR	<u><u>284,985</u></u>	<u><u>71,100</u></u>

ALLIED RAINBOW COMMUNITIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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. 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.

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 cashflows 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, 2012 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, 2012

2. FUTURE ACCOUNTING CHANGES

In December 2010, the Accounting Standards Board issued Part III of the CICA Handbook - Accounting to provide Canadian private sector not-for-profit organizations with a new financial reporting framework for fiscal years beginning on or after January 1, 2012. Allied Rainbow Communities International will adopt Handbook Part III - Accounting Standards for Not-for-Profit Organizations for the year ending June 30, 2013. Until Part III of the Handbook is adopted Allied Rainbow Communities International will continue to follow the existing accounting standards used by not-for-profit organizations located in Part V of the Handbook.