

**SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE**

**Financial Statements**

**Year Ended July 31, 2021**

**SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE**

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**Year Ended July 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of SPECTRUM Waterloo Region's Rainbow Community Space

### *Qualified Opinion*

We have audited the financial statements of SPECTRUM Waterloo Region's Rainbow Community Space (the organization), which comprise the statement of financial position as at July 31, 2021, and the statements of changes in fund balances, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

### *Basis for Qualified Opinion*

In common with many charitable organizations, the organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Other Matter*

The financial statements for the year ended July 31, 2020 are unaudited.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

(continues)

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Waterloo, Ontario  
September 18, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

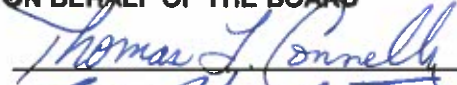
**SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE**


**Statement of Financial Position**

**July 31, 2021**

	2021	2020 <i>(unaudited)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 223,052	\$ 75,509
Term deposits (Note 3)	17,419	12,249
Accounts receivable	5,091	500
Prepaid expenses	930	-
	<u>\$ 246,492</u>	<u>\$ 88,258</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 15,041	\$ 1,557
Deferred income (Note 4)	129,495	42,447
	<u>144,536</u>	<u>44,004</u>
<b>FUND BALANCES</b>		
FUND BALANCES	<u>101,956</u>	<u>44,254</u>
	<u>101,956</u>	<u>44,254</u>
	<u>\$ 246,492</u>	<u>\$ 88,258</u>

**ON BEHALF OF THE BOARD**

 Director

 Director

**SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE**  
**Statement of Changes in Fund Balances**  
**Year Ended July 31, 2021**

	2021	2020 <i>(unaudited)</i>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>\$ 44,254</b>	<b>\$ 28,041</b>
Excess of revenues over expenses	<u>57,701</u>	<u>16,213</u>
<b>FUND BALANCES - END OF YEAR</b>	<b><u>\$ 101,955</u></b>	<b><u>\$ 44,254</u></b>

The accompanying notes form an integral part of these financial statements

**SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE**

**Statement of Revenues and Expenditures**

**Year Ended July 31, 2021**

	<b>2021</b>	2020 <i>(unaudited)</i>
<b>REVENUES</b>		
Donations	\$ 40,009	\$ 33,363
Federal grants	180,821	-
Provincial grants	-	6,430
Municipal grants	6,650	6,891
United Way grant	75,000	-
Other grants	37,500	-
Interest income	197	186
Training and other income	2,461	2,096
Sales tax rebate recovery	3,898	-
	<u>346,536</u>	<u>48,966</u>
<b>EXPENSES</b>		
Grant expenses	237,986	13,408
Program costs	36,599	1,964
Rental	5,236	6,989
Professional fees	5,000	-
Insurance	1,393	1,542
Interest and bank charges	744	646
Website	522	1,180
Leasehold improvements	465	-
Office	359	3,064
Miscellaneous	246	391
Memberships	200	-
Marketing and promotion	85	2,470
Events	-	1,099
	<u>288,835</u>	<u>32,753</u>
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<u>\$ 57,701</u>	<u>\$ 16,213</u>

The accompanying notes form an integral part of these financial statements

**SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE**

**Statement of Cash Flows**

**Year Ended July 31, 2021**

	<b>2021</b>	2020 <i>(unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	<b>\$ 57,701</b>	\$ 16,213
Changes in non-cash working capital:		
Accounts receivable	<b>(4,591)</b>	(500)
Prepaid expenses	<b>(930)</b>	-
Accounts payable and accrued liabilities	<b>13,485</b>	776
Deferred income	<b>87,048</b>	42,447
	<b>95,012</b>	42,723
<b>INCREASE IN CASH FLOW</b>	<b>152,713</b>	58,936
Cash - beginning of year	<b>87,758</b>	28,822
<b>CASH - END OF YEAR</b>	<b>\$ 240,471</b>	\$ 87,758
<b>CASH CONSISTS OF:</b>		
Cash	<b>\$ 223,052</b>	\$ 75,509
Term deposits	<b>17,419</b>	12,249
	<b>\$ 240,471</b>	\$ 87,758

The accompanying notes form an integral part of these financial statements



# SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE

## Notes to Financial Statements

Year Ended July 31, 2021

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### 1. PURPOSE OF THE ORGANIZATION

SPECTRUM Waterloo Region's Rainbow Community Space (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization serves, affirms, and supports the well-being of 2SLGBTQ+ individuals in Waterloo Region and the broader community through peer support, community partnerships, education and training, resources, and events.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Revenue recognition

SPECTRUM Waterloo Region's Rainbow Community Space follows the deferral method of accounting for contributions.

Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when it is earned.

Training and presentation fees are recognized as revenue when the events are held.

#### Capital assets

Capital assets are expensed in the year in which they are purchased. In the current year \$465 (2020 - nil) of capital assets were included in leasehold improvements.

#### Deferred revenue

Funding and program fees received before July 31 that relate to services and programs for the time periods after July 31, are deferred to future periods and presented as deferred revenue on the statement of financial position.

#### Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

# SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE

## Notes to Financial Statements

Year Ended July 31, 2021

### 3. TERM DEPOSITS

Term deposits are guaranteed investment certificates (GICs) maturing between August 2022 and January 2024. They bear interest at rates between 1.0% and 0.7%. The fair value of these investments is \$17,419.

### 4. DEFERRED INCOME

Deferred revenue represents revenue and contributions collected for services and programs occurring in a future period. The changes in deferred revenue during the year are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 42,447	\$ -
Add: Contributions received relating to a future period	325,034	58,292
Less: Contributions recognized as revenue in the year	<u>(237,986)</u>	<u>(15,845)</u>
Balance, end of year	<u>\$ 129,495</u>	<u>\$ 42,447</u>

### 5. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of July 31, 2021.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization meets its liquidity requirements by monitoring the cash flow from operations.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is mainly exposed to interest risk through its term deposits as outlined in Note 3.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other risks arising from these financial instruments.

### 6. UNCERTAINTY REGARDING COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.