

SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE
Financial Statements
Year Ended July 31, 2024

SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE

Index to Financial Statements

Year Ended July 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Revenues and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

INDEPENDENT AUDITOR'S REPORT

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, 2024, 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, 2024, 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 and fundraising 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 net assets. Our audit opinion on the financial statements for the year ended July 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

In addition, the organization does not record its capital assets as required under accounting standards for not-for-profit organizations for organizations. The effects of this departure on assets, operations and fund balances ended on July 31, 2023 have not been determined.

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.

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
October 22, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE

Statement of Financial Position

July 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 294,844	\$ 186,504
Term deposits (Note 3)	23,440	23,030
Accounts receivable	18,895	21,088
Prepaid expenses	17,977	1,411
	<u>\$ 355,156</u>	<u>\$ 232,033</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 39,635	\$ 9,162
Deferred income (Note 4)	187,224	81,286
Customer deposits	10,000	-
	<u>236,859</u>	<u>90,448</u>
FUND BALANCES		
FUND BALANCES	<u>118,297</u>	141,585
	<u>118,297</u>	141,585
	<u>\$ 355,156</u>	<u>\$ 232,033</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, 2024

	2024	2023
FUND BALANCES - BEGINNING OF YEAR	\$ 141,585	\$ 115,394
Deficiency of revenues over expenses	<u>(23,288)</u>	<u>26,191</u>
FUND BALANCES - END OF YEAR	<u>\$ 118,297</u>	<u>\$ 141,585</u>

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, 2024**

	2024	2023
REVENUES		
Donations	\$ 171,413	\$ 108,676
Other grants	142,321	62,106
Provincial grants	69,300	-
Federal grants	64,179	183,047
Fundraising	51,860	95,486
Training and other income	47,125	47,993
United way grant	37,500	37,500
Municipal grants	13,270	14,752
Sales tax rebate recovery	6,502	7,440
Interest income	3,095	581
	<u>606,565</u>	<u>557,581</u>
EXPENSES		
Grant expenses	303,570	252,450
Program costs	228,679	164,353
Fundraising costs	28,693	65,617
Occupancy costs	17,628	16,272
Professional fees	14,762	7,120
Marketing and promotion	13,991	6,827
Insurance	6,272	4,326
Office	5,584	7,143
Leasehold improvements	3,667	2,981
Interest and bank charges	2,438	1,093
Memberships	2,051	1,084
Board training and development	1,878	1,358
Website	640	766
	<u>629,853</u>	<u>531,390</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	<u>\$ (23,288)</u>	<u>\$ 26,191</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, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (23,288)	\$ 26,191
Changes in non-cash working capital:		
Accounts receivable	2,193	13,074
Prepaid expenses	(16,566)	(334)
Accounts payable and accrued liabilities	30,473	(8,397)
Deferred income	105,938	(26,146)
Customer deposits	10,000	-
	<u>132,038</u>	<u>(21,803)</u>
INCREASE IN CASH FLOW	108,750	4,388
Cash - beginning of year	<u>209,534</u>	<u>205,146</u>
CASH - END OF YEAR	\$ 318,284	\$ 209,534
CASH CONSISTS OF:		
Cash	\$ 294,844	\$ 186,504
Term deposits	<u>23,440</u>	<u>23,030</u>
	\$ 318,284	\$ 209,534

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, 2024

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 (ASNPO) with exception to the following:

- The organization does not follow the treatment under ASNPO for capital assets as the value of tangible capital assets are not recorded.

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, grants, and fundraising revenue 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, advertising, and presentation fees are recognized as revenue when the events are held.

Cash and cash equivalents

Cash includes cash and cash equivalents deposited in a financial institution.

Capital assets

Capital assets are expensed in the year in which they are purchased. In the current year \$3,667 (2023 - \$2,981) 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.

(continues)

SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE

Notes to Financial Statements

Year Ended July 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

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.

3. TERM DEPOSITS

Term deposits are guaranteed investment certificates (GICs) maturing between August 2024 and January 2026. They bear interest at rates between 4.0% and 5.45%.

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>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 81,286	\$ 107,432
Add: Contributions received relating to a future period	392,653	228,581
Less: Contributions recognized as revenue in the year	<u>(286,715)</u>	<u>(254,727)</u>
Balance, end of year	<u>\$ 187,224</u>	<u>\$ 81,286</u>

SPECTRUM WATERLOO REGION'S RAINBOW COMMUNITY SPACE

Notes to Financial Statements

Year Ended July 31, 2024

5. SPECTRUM'S RAINBOW COMMUNITY FUND

In November 2022 the Organization established the SPECTRUM's Rainbow Community Fund with the Waterloo Region Community Foundation (WRCF).

Donations to the Fund become part of the pool of investments of (and are owned by) WRCF, remain there permanently, and are managed in accordance with the investment policy adopted by WRCF's Investment Committee in consultation with its investment managers and advisors, and approved by its Board of Directors. Earnings available to the SPECTRUM depend on investment performance and investment management fees, with the amount being appropriate to preserve the capital of the Fund.

The following is a summary of Fund activity for the 2023 and 2022 calendar years:

	<u>2023</u>	<u>2022</u>
January 1st, Opening balance	\$ 5,289	\$ -
Donations made in the year	96	5,385
WRCF administration fees	(95)	(8)
Investment gain(loss)	<u>602</u>	<u>(88)</u>
December 31st, Closing Balance	<u>\$ 5,892</u>	<u>\$ 5,289</u>

6. 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, 2024.

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.