

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Financial Statements

December 31, 2024

THE ARQUIVES: CANADA'S QUEER ARCHIVES

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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of The ArQuives: Canada's Queer Archives

Opinion

We have audited the financial statements of The ArQuives: Canada's Queer Archives (the "Organization"), which comprise the statement of financial position as at December 31, 2024, the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the 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 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 Canadian accounting standards for not-for-profit organizations, 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.

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.

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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 this financial information.

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.

Hogg, Shain & Scheck PC

Toronto, Ontario
May 7, 2025

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Statement of Financial Position

As at December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 273,250	\$ 75,551
Accounts receivable	153,774	12,330
Prepaid expenses	12,098	6,712
Harmonized Sales Tax recoverable	11,048	9,550
	450,170	104,143
INVESTMENTS (Note 4)	3,437,111	3,501,959
CAPITAL ASSETS (Note 5)	1,383,443	1,431,571
	\$ 5,270,724	\$ 5,037,673
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 43,141	\$ 36,111
Deferred revenues (Note 6)	268,231	390,583
	311,372	426,694
DEFERRED CAPITAL CONTRIBUTIONS (Notes 5 and 7)	533,496	564,822
	844,868	991,516
NET ASSETS		
UNRESTRICTED	674,711	651,882
INTERNALLY RESTRICTED (Note 8)	3,251,145	2,894,275
CONTRIBUTION OF LAND (Note 5)	500,000	500,000
	4,425,856	4,046,157
	\$ 5,270,724	\$ 5,037,673

COMMITMENTS (Note 11)

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See the accompanying notes to these financial statements

THE ARQUIVES: CANADA'S QUEER ARCHIVES**Statement of Changes in Net Assets****Year Ended December 31, 2024**

	Unrestricted	Internally restricted	Contribution of land	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 651,882	\$ 2,894,275	\$ 500,000	\$ 4,046,157	\$ 4,014,993
Excess of revenues over expenses	22,829	356,870	-	379,699	31,164
NET ASSETS - END OF YEAR	\$ 674,711	\$ 3,251,145	\$ 500,000	\$ 4,425,856	\$ 4,046,157

See the accompanying notes to these financial statements

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Statement of Operations

Year Ended December 31, 2024

	2024	2023
REVENUES		
Donations	\$ 529,484	\$ 533,819
Programs, publications and exhibitions	217,369	47,158
Grants (Note 9)	162,064	90,324
Archives and collections	63,690	26,408
	<u>972,607</u>	<u>697,709</u>
EXPENSES		
Salaries and wages	616,441	544,761
Office and general administrative (Note 11)	115,610	140,631
Programs, publications and exhibitions	100,709	79,112
Occupancy costs (Note 11)	96,973	89,663
Advertising and promotional	13,371	13,984
Archives and collections management	8,182	16,614
	<u>951,286</u>	<u>884,765</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>21,321</u>	<u>(187,056)</u>
OTHER REVENUES (EXPENSES)		
Investment income (Note 10)	415,581	272,497
Amortization of deferred capital contributions (Note 7)	31,326	31,326
Investment management fees	(35,343)	(31,312)
Amortization of capital assets	(53,186)	(54,291)
	<u>358,378</u>	<u>218,220</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 379,699</u>	<u>\$ 31,164</u>

See the accompanying notes to these financial statements

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 379,699	\$ 31,164
Items not affecting cash:		
Amortization of capital assets	53,186	54,291
Amortization of deferred capital contributions	(31,326)	(31,326)
Realized capital gains	(123,961)	(363)
Change in fair market value of investments	(211,922)	(199,700)
	<u>65,676</u>	<u>(145,934)</u>
Changes in non-cash working capital:		
Accounts receivable	(141,444)	12,528
Prepaid expenses	(5,386)	6,923
Harmonized Sales Tax recoverable	(1,498)	(3,209)
Accounts payable and accrued liabilities	7,030	(5,948)
Deferred revenues	(122,352)	(210,012)
	<u>(263,650)</u>	<u>(199,718)</u>
Cash flows used by operating activities	<u>(197,974)</u>	<u>(345,652)</u>
INVESTING ACTIVITIES		
Change in investments (net)	400,731	33,878
Purchase of capital assets	(5,058)	-
Cash flows from investing activities	<u>395,673</u>	<u>33,878</u>
INCREASE (DECREASE) IN CASH	197,699	(311,774)
CASH - BEGINNING OF YEAR	75,551	387,325
CASH - END OF YEAR	\$ 273,250	\$ 75,551

See the accompanying notes to these financial statements

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Notes to Financial Statements

Year Ended December 31, 2024

1. ORGANIZATION AND OPERATIONS

The ArQuives: Canada's Queer Archives (the "Organization") was incorporated without share capital as a not-for-profit organization in Ontario in 1981. During fiscal 2024, the Organization began the process of transitioning to the Ontario Not-for-Profit Corporations Act, which is expected to be completed in fiscal 2025. On August 13, 2020 the Organization filed an application for supplementary letters patent, successfully changing its name.

Its mandate is to acquire, preserve, organize and give public access to information and material, in any medium, by and about Lesbian, Gay, Bisexual, Transgender and Queer/Questioning (LGBTQ) people, primarily produced in or concerning Canada. Both archival and non-archival collections are made available to the public for education and research purposes through a variety of means.

The Organization is a registered charity and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions, including donations, are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Restricted contributions, including grants, are recognized as revenues in the year in which the related activities are carried out and expenses are incurred. The contribution of the building and other funding received for the purchase of capital assets are initially deferred and then amortized as revenues on the same basis as the related capital assets are amortized. The contribution of land was recorded as a direct increase to net assets.

Programs, publications, exhibitions, archives and collections revenues are recognized when the related activity takes place.

Investment income is recognized as revenues in the year earned, as reported by investment brokers.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost with the exception of the investments which are measured at fair market value.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost includes accounts payable.

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. The impairment loss is measured as the difference between the carrying value and estimated recoverable amount. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

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THE ARQUIVES: CANADA'S QUEER ARCHIVES

Notes to Financial Statements

Year Ended December 31, 2024

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

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Building	25 years	straight-line method
Equipment	15 years	straight-line method
Computer equipment and software	3 years	straight-line method

Impairment of long-lived assets

Long-lived assets, including capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the assets exceeds their fair value. Fair value is determined by the current replacement value.

Use of estimates

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates incorporated into the Organization's financial statements include estimated useful lives of capital assets, year end accrued liabilities, the allocation of salaries relating to grant revenues, and the collectability of accounts receivable. These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known.

Volunteer services

The Organization is dependent on the work of its volunteers. Volunteer services are not recognized in these financial statements as the Organization would not otherwise purchase these services.

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. It is management's opinion that the Organization is not exposed to significant interest rate, currency, liquidity or credit risks or any significant concentrations of risk arising from its financial instruments.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk with respect to its investments. The Organization uses professional, independent advisors to monitor its investment portfolio.

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Notes to Financial Statements

Year Ended December 31, 2024

4. INVESTMENTS

The Toronto Foundation operates a Toronto Fund program in which it holds and invests a pool of contributions made by various organizations. In 2018, the Organization invested \$2.6 million to The ArQuives: Canada's Queer Archives Fund (the "Fund") held with the Toronto Foundation. The Fund's assets are controlled by the Organization but managed by the advisors at the Toronto Foundation. Accordingly, the fair market value of the Organization's assets held in this fund are reflected in these financial statements as investments. At December 31, 2024, the fair market value of the Organization's fund, which is comprised of equities, fixed income and other investments, was \$2,901,145 (2023 - \$2,544,275).

In addition, the Organization held the following with TD Waterhouse:

	2024	2023
Mutual funds	\$ 532,024	\$ 509,909
Cash	3,942	352,775
Guaranteed investment certificates	-	95,000
	<u>\$ 535,966</u>	<u>\$ 957,684</u>

5. CAPITAL ASSETS

On June 28, 2007 the Organization received as a gift from the Children's Aid Society of Toronto (CAST), the land and building located at 34 Isabella Street. The gift was given through an agreement with the City of Toronto under Section 37 of the Planning Act. The property at 34 Isabella is designated under Part IV of the Ontario Heritage Act and the City of Toronto holds a Heritage Easement on the building. Severance of the property from the larger CAST land holding to the north and west also included as air easement at the roofline, thereby further restricting development on the property as a whole. There are no restrictions on use.

The property for financial reporting purposes was recorded at \$1,000,000, allocated \$500,000 for each of the land and building. The value was determined, based at the time of the gift, on recent real estate transactions in the area and the heritage status of the property. The contribution of land is classified in the statement of financial position as a direct increase to net assets. The contribution of the building portion is classified in the statement of financial position as deferred capital contributions and is being amortized to revenues on a straight-line basis over 25 years.

Other building costs incurred subsequently are recorded at cost.

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Buildings	1,321,950	443,257	878,693	931,571
Office equipment	5,059	309	4,750	-
Computer equipment and software	4,239	4,239	-	-
	<u>\$ 1,831,248</u>	<u>\$ 447,805</u>	<u>\$ 1,383,443</u>	<u>\$ 1,431,571</u>

THE ARQUIVES: CANADA'S QUEER ARCHIVES**Notes to Financial Statements****Year Ended December 31, 2024****6. DEFERRED REVENUES**

Deferred revenues at December 31 consist of the following:

	2024	2023
Grants:		
Department of Women and Gender Equality	\$ 70,477	\$ 42,050
Donations:		
Collection Preservation	114,813	287,032
Online Collection Portal	50,000	50,000
Education	22,941	7,555
519 AIDS Memorial Project	10,000	-
Trans Fund	-	3,809
Brian King Fund	-	137
	\$ 268,231	\$ 390,583

The continuity of deferred revenues is as follows:

	2024	2023
Balance - beginning of year	\$ 390,583	\$ 600,595
Add: contributions received during the year	850,255	487,697
Less: contributions recognized as revenues in the year	(972,607)	(697,709)
Balance - end of year	\$ 268,231	\$ 390,583

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions at December 31 consist of the following:

	2024	2023
Funding for building renovations:		
Ontario Trillium Foundation	\$ 111,806	\$ 117,781
Minister of Canadian Heritage	42,560	44,800
City of Toronto	34,770	36,600
Fundraising	24,360	25,641
	213,496	224,822
Contribution of building (see Note 5)	320,000	340,000
	\$ 533,496	\$ 564,822

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THE ARQUIVES: CANADA'S QUEER ARCHIVES

Notes to Financial Statements

Year Ended December 31, 2024

7. DEFERRED CAPITAL CONTRIBUTIONS *(continued)*

The continuity of deferred capital contributions during the year is as follows:

	2024	2023
Balance - beginning of year	\$ 564,822	\$ 596,148
Less: amortization of deferred capital contributions	(31,326)	(31,326)
Balance - end of year	\$ 533,496	\$ 564,822

8. INTERNALLY RESTRICTED NET ASSETS

During fiscal 2022, the Board of Directors ("Board") collapsed the previous internally restricted net assets into two internally restricted net asset reserve funds, the Future Fund and the Emergency Fund.

The Future Fund has been established exclusively as a reserve for obtaining a new operating premise for the Organization, as well as various strategic initiatives that contribute to the long-term health and well being of the Organization. This fund is supported by investments held with the Toronto Foundation, with a fair market value of \$2,901,145 (2023 - \$2,544,275) (see Note 4).

The Emergency Fund has been established as a reserve for unplanned emergency expenses. The fund has a balance of \$350,000 (2023 - \$350,000), supported by investments (see Note 4).

9. GRANTS

Grants revenues consist of the following:

	2024	2023
Department of Women and Gender Equality	\$ 162,064	\$ 28,911
Ontario Trillium Foundation	-	42,556
Librarian and Archivist of Canada	-	10,542
Minister of Canadian Heritage	-	6,628
Canadian Council of Archives	-	1,687
	\$ 162,064	\$ 90,324

10. INVESTMENT INCOME

Investment income consists of the following:

	2024	2023
Dividends and interest	\$ 79,698	\$ 72,434
Realized capital gains	123,961	363
Change in fair market value of investments	211,922	199,700
	\$ 415,581	\$ 272,497

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Notes to Financial Statements

Year Ended December 31, 2024

11. COMMITMENTS

The Organization is committed under operating leases for storage space and a photocopier. These leases expire on March 2026 and September 2027 respectively. Future minimum lease payments are as follows:

2025	\$	53,624
2026		15,009
2027		<u>1,566</u>
	\$	<u>70,199</u>

THE ARQUIVES: CANADA'S QUEER ARCHIVES

Schedule of Deferred Revenues

(Schedule 1)

Year Ended December 31, 2024

	Collections Preservation	Department of Women and Gender Equality	Donations - Online collections	Donations - Education	519 AIDS Memorial Project	Donations - Trans Fund	The Brian King Fund	Total
Balance - beginning of the year	\$ 287,032	\$ 42,050	\$ 50,000	\$ 7,555	\$ -	\$ 3,809	\$ 137	390,583
Add: Contributions received during the year	-	190,491	50,000	25,243	10,000	-	-	
Less: amounts recognized as revenues	(172,219)	(162,064)	(50,000)	(9,857)	-	(3,809)	(137)	
Balance - end of the year	\$ 114,813	\$ 70,477	\$ 50,000	\$ 22,941	\$ 10,000	\$ -	\$ -	268,231

See the accompanying notes to these financial statements