

**PRIDE TORONTO**  
**Financial Statements**  
**July 31, 2020**

**PRIDE TORONTO**  
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**Year Ended July 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Pride Toronto

### *Opinion*

We have audited the financial statements of Pride Toronto (the "Organization"), which comprise the statement of financial position as at July 31, 2020, and the statements of revenues and expenses and changes in net assets 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 July 31, 2020, 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter*

We draw attention to Note 2 to the financial statements which explains that certain comparative information presented for the year ended July 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

### *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 relating 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)

Independent Auditor's Report to the Members of Pride Toronto *(continued)*

*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 entity'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 entity'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 entity 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  
January 6, 2021


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

**PRIDE TORONTO**  
**Statement of Financial Position**  
**As at July 31, 2020**

	2020	2019
		<i>(As restated - Note 2)</i>
<b>ASSETS</b>		
<i>(Note 6)</i>		
<b>CURRENT</b>		
Cash	\$ 548,494	\$ 35,928
Accounts receivable <i>(Notes 4 and 12)</i>	312,113	191,524
Grants receivable	290,747	849,021
Prepaid expenses	55,726	45,580
	<u>1,207,080</u>	<u>1,122,053</u>
<b>CAPITAL ASSETS, net</b> <i>(Note 5)</i>	<u>4,093</u>	<u>8,884</u>
	<u>\$ 1,211,173</u>	<u>\$ 1,130,937</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 295,606	\$ 992,486
Harmonized Sales Tax payable	164,107	147,208
Deferred revenues <i>(Note 7)</i>	-	15,000
	<u>459,713</u>	<u>1,154,694</u>
<b>LOAN PAYABLE</b> <i>(Note 8)</i>	<u>40,000</u>	<u>-</u>
	<u>499,713</u>	<u>1,154,694</u>
<b>NET ASSETS (DEFICIT)</b>		
<b>UNRESTRICTED</b>	<u>711,460</u>	<u>(23,757)</u>
	<u>\$ 1,211,173</u>	<u>\$ 1,130,937</u>
<b>COMMITMENTS</b> <i>(Note 11)</i>		

**APPROVED ON BEHALF OF THE BOARD**

Ande Clumpus  Director

Sam Fraser  Director

1/8/2021 3:13:48 PM EST

See the accompanying notes to these financial statements

**PRIDE TORONTO**  
**Statement of Revenues and Expenses and Changes in Net Assets**  
**Year Ended July 31, 2020**

	2020	2019 <i>(As restated - Note 2)</i>
<b>REVENUES</b>		
Sponsorships <i>(Note 9)</i>	\$ 1,268,460	\$ 3,581,865
Grants <i>(Note 10)</i>	1,070,148	2,036,723
Permits and fees	285,916	362,069
Government assistance <i>(Note 12)</i>	131,763	-
Donations and fundraising	83,209	100,183
Beverage sales	-	237,640
	<u>2,839,496</u>	<u>6,318,480</u>
<b>EXPENSES</b>		
Salaries and benefits	718,291	492,401
Contractors	394,344	288,931
Office and administration <i>(Note 4)</i>	260,354	460,385
Entertainment and events	210,778	818,441
Media and promotion <i>(Note 9)</i>	140,293	1,661,045
Occupancy <i>(Note 11)</i>	123,696	108,684
Professional fees	112,218	121,943
Festival infrastructure	53,467	1,111,607
Volunteer costs	37,764	116,411
Special projects	32,982	6,000
Community outreach and fundraising	15,300	61,922
Amortization of capital assets	4,792	6,544
Beverage cost of sales	-	141,766
	<u>2,104,279</u>	<u>5,396,080</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>735,217</b>	<b>922,400</b>
<b>DEFICIT - BEGINNING OF YEAR</b>	<b>(23,757)</b>	<b>(946,157)</b>
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<b>\$ 711,460</b>	<b>\$ (23,757)</b>

See the accompanying notes to these financial statements

**PRIDE TORONTO**  
**Statement of Cash Flows**  
**Year Ended July 31, 2020**

	2020	2019
		<i>(As restated - Note 2)</i>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 735,217	\$ 922,400
Items not affecting cash:		
Amortization of capital assets	4,792	6,544
Amortization of deferred contributions for capital asset purchases	-	-
	<u>740,009</u>	<u>928,944</u>
Changes in non-cash working capital:		
Accounts receivable	(120,589)	46,627
Grants receivable	558,274	(762,479)
Prepaid expenses	(10,146)	20,292
Accounts payable and accrued liabilities	(696,881)	66,872
Harmonized Sales Tax payable	16,899	81,268
Deferred revenues	(15,000)	15,000
	<u>(267,443)</u>	<u>(532,420)</u>
Cash provided by operating activities	<u>472,566</u>	<u>396,524</u>
<b>FINANCING ACTIVITY</b>		
Proceeds from loan payable	<u>40,000</u>	-
Cash flow from financing activity	<u>40,000</u>	-
<b>INCREASE IN CASH</b>	<b>512,566</b>	<b>396,524</b>
<b>CASH (BANK INDEBTEDNESS) - BEGINNING OF YEAR</b>	<b><u>35,928</u></b>	<b><u>(360,596)</u></b>
<b>CASH - END OF YEAR</b>	<b><u>\$ 548,494</u></b>	<b><u>\$ 35,928</u></b>

*See the accompanying notes to these financial statements*

**PRIDE TORONTO**  
**Notes to Financial Statements**  
**Year Ended July 31, 2020**

**1. ORGANIZATION AND OPERATIONS**

Pride Toronto (the "Organization") is a not-for-profit organization incorporated without share capital on March 19, 1999 under the laws of Ontario to bring people together to celebrate the history, courage and diversity of its community.

As a not-for-profit organization, the Organization is exempt from income taxes under Subsection 149(1) of the Income Tax Act (Canada).

**2. RESTATEMENT OF COMPARATIVE FIGURES**

During the year, management identified fiscal 2019 transactions that were incorrectly recorded and included in accounts receivable, prepaid expenses, bank indebtedness and accounts payable at July 31, 2019. Accordingly, these errors were corrected by management in the 2019 comparative figures, which have been restated as follows.

**Statement of Financial Position as at July 31, 2019**

	As previously stated	Adjustment	As restated
Cash	\$ -	\$ 35,928	\$ <b>35,928</b>
Accounts receivable	320,966	(129,442)	<b>191,524</b>
Prepaid expenses	593,649	(548,069)	<b>45,580</b>
Bank indebtedness	71,593	(71,593)	-
Accounts payable and accrued liabilities	1,395,043	(402,557)	<b>992,486</b>
Net assets, end of year	\$ 143,676	\$ (167,433)	\$ <b>(23,757)</b>

**Statement of Operations for the year ended July 31, 2019**

	As previously stated	Adjustment	As restated
Revenue			
Sponsorships	\$ 3,714,005	\$ (132,140)	\$ <b>3,581,865</b>
Permits and fees	359,371	2,698	<b>362,069</b>
Expenses			
Media and promotion	1,721,377	(60,332)	<b>1,661,045</b>
Festival infrastructure	990,576	121,031	<b>1,111,607</b>
Entertainment and events	926,232	(107,791)	<b>818,441</b>
Office and administration	324,841	135,544	<b>460,385</b>
Contractors	331,544	(42,613)	<b>288,931</b>
Volunteer costs	124,607	(8,196)	<b>116,411</b>
Community outreach and fundraising	67,574	(5,652)	<b>61,922</b>
Special projects	\$ -	\$ 6,000	\$ <b>6,000</b>



**PRIDE TORONTO**  
**Notes to Financial Statements**  
**Year Ended July 31, 2020**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 and include the following significant accounting policies.

Revenue recognition

The Organization follows the deferral method of accounting for revenues. Unrestricted contributions from grants, donations and fundraising are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions explicitly and implicitly restricted by the donor are deferred when received and recognized as revenue in the year in which the related activity takes place and expenses incurred.

Contributions 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.

Sponsorship revenues for a fiscal year event are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from beverage sales, permits and fees are recognized when goods have been delivered or services have been rendered.

Sponsorships in-kind

Sponsorship contributions of materials and services, which would normally be purchased by the Organization and for which a fair value can be reasonably determined, are recorded in the financial statements and classified as sponsorships revenues and the corresponding expenses in the statement of revenues and expenses and changes in net assets.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Capital assets

Capital assets are initially recorded at cost and amortized on a straight-line basis over their estimated useful lives of 5 years.

Contributed services

Volunteers contribute many hours annually to assist the Organization in carrying out its activities. Contributed services are not recognized in the 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known. Key areas of estimation include the useful lives of capital assets and collectability of accounts receivable.

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**PRIDE TORONTO**  
**Notes to Financial Statements**  
**Year Ended July 31, 2020**

**4. FINANCIAL INSTRUMENTS**

Accounts payable and accrued liabilities includes government remittances payable of \$8,014 (2019 - \$152,704).

The Organization is exposed to various risks through its financial instruments.

Credit risk on amounts receivable is mitigated by closely monitoring outstanding balances and making an assessment of estimated realizable value and recording provisions for doubtful accounts.

The Organization is exposed to liquidity risk in respect to its ability to have sufficient funding to meet its current obligations. Liquidity risk is managed by monitoring its operating requirements, preparing budget and cash forecasts and obtaining access to credit facilities to ensure it has sufficient funds to fulfill its obligations.

It is management's opinion that the Organization is not exposed to significant currency, interest rate or market risk.

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2020 Net book value</b>	2019 Net book value
Leasehold improvements	\$ -	\$ -	\$ -	\$ 1,027
Furniture and fixtures	879	703	176	351
Computer equipment	17,946	14,029	3,917	7,506
	<u>\$ 18,825</u>	<u>\$ 14,732</u>	<u>\$ 4,093</u>	<u>\$ 8,884</u>

Management reviews capital assets on a regular basis to remove assets that are obsolete or no longer in use.

**6. CREDIT FACILITY**

The Organization has a revolving operating line of credit of \$500,000, which bears interest at the bank prime rate plus 0.5%. It is secured by a general security agreement representing a first charge on all the Organizations acquired personal property. At the year end, the operating line of credit was not utilized.

**7. DEFERRED REVENUES**

The balance consists of:

	<u>2020</u>	<u>2019</u>
Permits and fees	<u>\$ -</u>	<u>\$ 15,000</u>

The continuity of deferred revenue is:

Balance, beginning of year	\$ 15,000	\$ -
Add: Amounts received during the year	-	15,000
Less: Amounts recognized as revenue in the year	<u>(15,000)</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 15,000</u>

**PRIDE TORONTO**  
**Notes to Financial Statements**  
**Year Ended July 31, 2020**

**8. LOAN PAYABLE**

During the year, the Organization received the Canada Emergency Business Account ("CEBA") loan of \$40,000. The CEBA loan is non-interest bearing up to the initial term date of December 31, 2022. From the period commencing December 31, 2022 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

Based on the CEBA Term Loan Agreement, if at least 75% of the loan amount is repaid on or before December 31, 2022, the remaining balance will be forgiven.

**9. SPONSORSHIPS IN-KIND**

Materials and services are recorded in the accounts at the fair value of the materials and services supplied by vendors. Sponsorship revenues include in-kind contributions of goods and services totaling \$101,592 (2019 - \$1,628,070), with the corresponding expense amounts classified as follows.

	<u>2020</u>	<u>2019</u>
Media and promotion	\$ 101,592	\$ 1,383,237
Office and administration	-	104,658
Beverage cost of sales	-	80,175
Volunteer costs	-	30,000
Entertainment and events	-	30,000
	<u>\$ 101,592</u>	<u>\$ 1,628,070</u>

**10. GRANTS REVENUES**

	<u>2020</u>	<u>2019</u>
Government of Canada		
Department of Canadian Heritage	\$ 128,100	\$ 595,371
Canadian Experiences Fund	500,000	500,000
Ministry of Public Safety	82,048	324,500
Province of Ontario		
Ministry of Tourism, Culture and Sport		
Celebrate Ontario grant	100,000	250,000
Ontario Cultural Attractions Fund	-	75,000
City of Toronto		
Economic Development Major Cultural Organization	260,000	260,000
Public Sector		
Employment grant	-	31,852
	<u>\$ 1,070,148</u>	<u>\$ 2,036,723</u>

**PRIDE TORONTO**  
**Notes to Financial Statements**  
**Year Ended July 31, 2020**

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**11. COMMITMENTS**

The Organization rents office space under terms of a 62-month lease agreements ending June 30, 2025. The future minimum payments under these contract commitments are as follows:

2021	\$	123,178
2022		134,376
2023		135,055
2024		142,520
2025		130,643
		665,772
	\$	665,772

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**12. SIGNIFICANT EVENT**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures, that have been put in place to combat the spread of the virus. The duration and impact of the pandemic are unknown at this time, and it is not possible to reliably estimate its impact on the financial results of the Organization in future periods. Management continues to closely monitor and assess the impact on operations.

During the year, the Organization successfully applied for and received \$131,763 in government assistance from the following programs, established to assist businesses affected by the COVID-19 pandemic:

Temporary Wage Subsidy (TWS) provides 10% of remuneration paid between March 18 to June 19, 2020, up to a maximum of \$1,375 for each eligible employee, to a maximum of \$25,000 for each eligible employer; and

Canada Emergency Wage Subsidy (CEWS) provides up to 75% of applicable gross wages to qualifying organizations.

Accounts receivable includes government assistance receivable of \$93,904 (2019 - \$Nil).

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**13. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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