

PRIDE TORONTO
Financial Statements
July 31, 2021

PRIDE TORONTO
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Year Ended July 31, 2021

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HOGG
SHAIN &
SCHECK

Professional Corporation, CPAs
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INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021, 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.

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.

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.

(continues)

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

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
December 6, 2021

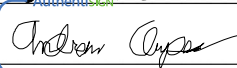
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PRIDE TORONTO
Statement of Financial Position
As at July 31, 2021

	2021	2020
ASSETS		
<i>(Note 5)</i>		
CURRENT		
Cash	\$ 809,916	\$ 548,494
Accounts receivable <i>(Note 10)</i>	600,757	312,113
Grants receivable	169,777	290,747
Prepaid expenses	49,629	55,726
	1,630,079	1,207,080
CAPITAL ASSETS <i>(Note 4)</i>	4,874	4,093
	\$ 1,634,953	\$ 1,211,173
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 3)</i>	\$ 135,908	\$ 295,606
Harmonized Sales Tax payable	123,146	164,107
	259,054	459,713
LOAN PAYABLE <i>(Note 7)</i>	40,000	40,000
	299,054	499,713
NET ASSETS		
UNRESTRICTED	1,335,899	711,460
	\$ 1,634,953	\$ 1,211,173
COMMITMENTS <i>(Note 11)</i>		
SIGNIFICANT EVENT <i>(Note 12)</i>		

APPROVED ON BEHALF OF THE BOARD

 *Grant Gonzales* Director

 *Andrew Oprea* Director

See the accompanying notes to these financial statements

PRIDE TORONTO
Statement of Revenues and Expenses and Changes in Net Assets
Year Ended July 31, 2021

	2021	2020
REVENUES		
Sponsorships <i>(Note 8)</i>	\$ 1,656,835	\$ 1,268,460
Grants <i>(Note 9)</i>	590,897	1,070,148
Government assistance <i>(Note 10)</i>	376,370	131,763
Permits and fees	188,693	285,916
Donations and fundraising	27,375	83,209
	<u>2,840,170</u>	<u>2,839,496</u>
EXPENSES		
Salaries and benefits	773,696	718,291
Media and promotion <i>(Note 8)</i>	311,829	140,293
Office and administration <i>(Note 8)</i>	252,606	260,354
Contractors	249,664	394,344
Entertainment and events	183,321	210,778
Occupancy	160,443	123,696
Special projects <i>(Note 8)</i>	108,644	32,982
Professional fees	83,424	112,218
Festival infrastructure	62,613	53,467
Accessibility	11,999	21,365
Volunteer costs <i>(Note 8)</i>	11,360	16,399
Amortization of capital assets	6,132	4,792
Community outreach and fundraising	-	15,300
	<u>2,215,731</u>	<u>2,104,279</u>
EXCESS OF REVENUES OVER EXPENSES	624,439	735,217
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>711,460</u>	<u>(23,757)</u>
NET ASSETS - END OF YEAR	<u>\$ 1,335,899</u>	<u>\$ 711,460</u>

See the accompanying notes to these financial statements

PRIDE TORONTO
Statement of Cash Flows
Year Ended July 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 624,439	\$ 735,217
Items not affecting cash:		
Amortization of capital assets	6,132	4,792
CEBA loan forgiveness	(20,000)	-
	<u>610,571</u>	<u>740,009</u>
Changes in non-cash working capital:		
Accounts receivable	(288,644)	(120,589)
Grants receivable	120,970	558,274
Prepaid expenses	6,097	(10,146)
Accounts payable and accrued liabilities	(159,698)	(696,881)
Harmonized Sales Tax payable	(40,961)	16,899
Deferred revenues	-	(15,000)
	<u>(362,236)</u>	<u>(267,443)</u>
Cash provided by operating activities	<u>248,335</u>	<u>472,566</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(6,913)</u>	<u>-</u>
FINANCING ACTIVITY		
Proceeds from loan payable	<u>20,000</u>	<u>40,000</u>
INCREASE IN CASH FLOWS	<u>261,422</u>	<u>512,566</u>
CASH - BEGINNING OF YEAR	<u>548,494</u>	<u>35,928</u>
CASH - END OF YEAR	<u>\$ 809,916</u>	<u>\$ 548,494</u>

See the accompanying notes to these financial statements

PRIDE TORONTO
Notes to Financial Statements
Year Ended July 31, 2021

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. 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 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, 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 and collection is reasonably assured.

Sponsorships in-kind

Sponsorship contributions of materials and services, which would normally be purchased by the Organization for which a fair value can be reasonably determined, are recorded in the financial statements. They are classified as sponsorships revenues with 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 loan payable.

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PRIDE TORONTO
Notes to Financial Statements
Year Ended July 31, 2021

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

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. 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.

Capital assets

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

Impairment of Long Lived Assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

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. 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.

3. FINANCIAL INSTRUMENTS

Accounts payable and accrued liabilities includes government remittances payable of \$nil (2020 - \$8,104).

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

Credit risk on amounts receivable is mitigated by closely monitoring outstanding balances, 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, market, or other price risk.

PRIDE TORONTO
Notes to Financial Statements
Year Ended July 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture and fixtures	\$ 879	\$ 879	\$ -	\$ 176
Computer equipment	24,859	19,985	4,874	3,917
	<u>\$ 25,738</u>	<u>\$ 20,864</u>	<u>\$ 4,874</u>	<u>\$ 4,093</u>

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

5. 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.

6. DEFERRED REVENUES

The continuity of deferred revenue is:

	2021	2020
Balance, beginning of year	\$ -	\$ 15,000
Add: Amounts received during the year	244,700	-
Less: Amounts recognized as revenue in the year	<u>(244,700)</u>	<u>(15,000)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

7. LOAN PAYABLE

During the year, the Organization received the Canada Emergency Business Account ("CEBA") loan of \$60,000. 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 \$40,000 of the loan amount is repaid on or before December 31, 2022, the remaining balance will be forgiven.

PRIDE TORONTO
Notes to Financial Statements
Year Ended July 31, 2021

8. 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 \$356,771 (2020 - \$101,592), with the corresponding expense amounts classified as follows.

	2021	2020
Media and promotion	\$ 251,500	\$ 101,592
Special projects	61,360	-
Office and administration	35,911	-
Volunteer costs	8,000	-
	<u>\$ 356,771</u>	<u>\$ 101,592</u>

9. GRANTS REVENUES

	2021	2020
Government of Canada		
Department of Canadian Heritage	\$ 191,200	\$ 128,100
Ministry of Public Safety	81,197	82,048
Canadian Experiences Fund	-	500,000
Province of Ontario		
Ministry of Tourism, Culture and Sport		
Celebrate Ontario grant	-	100,000
City of Toronto		
Economic Development Major Cultural Organization	265,000	260,000
	<u>\$ 537,397</u>	<u>\$ 1,070,148</u>

10. GOVERNMENT ASSISTANCE

During the year, management successfully applied for the following government assistance:

\$279,756 (2020 - \$118,778) from the Canada Emergency Wage Subsidy (CEWS) which provides up to 75% of applicable gross wages to qualifying organizations;

\$76,613 (2020 - \$nil) from the Canada Emergency Rent Subsidy (CERS) which provides up to 65% of occupancy costs to qualifying organizations;

\$20,000 (2020 - \$nil) from the Canada Emergency Business Account (CEBA) which is the forgivable portion of the loan, if repaid before December 31, 2022; and

\$nil (2020 - \$12,985) from the Temporary Wage subsidy which provides 10% of remuneration paid between March 18 and June 19, 2020, up to a maximum of \$1,375 for each eligible employee, to a maximum of \$25,000 for each eligible employee.

Accounts receivable includes government assistance receivable of \$169,750 (2020 - \$93,904).

PRIDE TORONTO
Notes to Financial Statements
Year Ended July 31, 2021

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:

2022	\$ 134,376
2023	135,055
2024	142,520
2025	130,643
	<hr/>
	<u>\$ 542,594</u>

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.

13. COMPARATIVE FIGURES

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