

PRIDE TORONTO
FINANCIAL STATEMENTS
JULY 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Members of Pride Toronto

Qualified Opinion

We have audited the financial statements of Pride Toronto (Organization), which comprise the statement of financial position as at July 31, 2022, and the statement of operations, statement of changes in net assets and statement of 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 matters 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, 2022, 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended July 31, 2022, current assets as at July 31, 2022, and net assets as at August 1, 2021 and July 31, 2022.

The Organization derives revenue from restricted contributions which are recognized as revenue in the period in which the related eligible expenses are incurred. We were unable to obtain sufficient appropriate audit evidence about the eligibility of expenditures for periods prior to August 1, 2020 because we were unable to obtain access to sufficient appropriate supporting financial information. Consequently, we were unable to determine whether any adjustments to government funding payable and net assets as at August 1, 2021 and July 31, 2022 were necessary.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 qualified opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 7 to the financial statements, which explains that certain comparative information presented for the year ended July 31, 2021 has been restated. The financial statements for the year ended July 31, 2021 (prior to the adjustments that were applied to restate certain comparative information explained in Note 7) were audited by another auditor who expressed an unmodified opinion on those financial statements on December 6, 2021. 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 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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 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 Organization's ability to continue as a going



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concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause 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.

Crowe Soberman LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
January 31, 2023

PRIDE TORONTO
STATEMENT OF FINANCIAL POSITION
At July 31

2022 **2021**

*(Restated,
Note 7)*

ASSETS

Current

Cash	\$ 248,489	\$ 809,916
Accounts receivable	1,433,136	431,007
Government and non-government funding receivable	1,166,035	261,816
Prepaid expenses and sundry	50,166	49,629
	2,897,826	1,552,368

Capital assets (net of accumulated amortization of \$28,182; 2021 - \$20,864) **9,285** 4,874

\$ 2,907,111 **\$ 1,557,242**

LIABILITIES

Current

Accounts payable and accrued charges	\$ 503,853	\$ 135,908
Government remittances payable	83,279	123,146
Government funding payable	336,295	256,202
Bank loan payable <i>(Note 3)</i>	40,000	40,000
Deferred contributions <i>(Note 4)</i>	-	18,260
	963,427	573,516

Commitments *(Note 10)*

NET ASSETS

Unrestricted net assets **1,943,684** 983,726

\$ 2,907,111 **\$ 1,557,242**

The accompanying notes are an integral part of the financial statements

On behalf of the Board



Director



Director

PRIDE TORONTO
STATEMENT OF CHANGES IN NET ASSETS
Year ended July 31

	2022	2021
		<i>(Restated, Note 7)</i>
Balance, beginning of year, as previously stated	\$1,335,899	\$ 711,460
Accounting adjustment <i>(Note 7)</i>	(352,173)	(356,837)
Balance, beginning of year, as restated	983,726	354,623
Excess of revenue over expenses	959,958	629,103
Balance, end of year	\$1,943,684	\$ 983,726

The accompanying notes are an integral part of the financial statements

PRIDE TORONTO
STATEMENT OF OPERATIONS

Year ended July 31	2022	2021
		<i>(Restated, Note 7)</i>
Revenue		
Sponsorships <i>(Note 5)</i>	\$ 4,113,785	\$ 1,656,835
Government and non-government funding <i>(Note 6)</i>	1,872,909	971,930
Permits and fees	938,405	191,667
Donations and fundraising	548,696	24,402
Other revenue	15,799	-
	7,489,594	2,844,834
Expenses		
Advertising and promotion <i>(Note 5)</i>	1,325,519	311,829
Wages and benefits	1,167,615	773,696
Festival infrastructure <i>(Note 5)</i>	1,146,640	48,441
Artists and associated costs <i>(Note 5)</i>	622,373	183,321
Special projects <i>(Note 5)</i>	624,851	108,644
Event food and beverage costs <i>(Note 5)</i>	323,524	-
Office and administration <i>(Note 5)</i>	211,343	185,075
Event staffing and safety	209,936	14,172
Sub-contractors	175,702	249,664
Occupancy costs	175,189	158,923
Professional fees <i>(Note 5)</i>	165,041	83,424
Staff advocacy and community outreach <i>(Note 5)</i>	126,495	-
Governance	78,008	10,810
Insurance	67,255	58,241
Volunteer costs <i>(Note 5)</i>	56,903	11,360
Accessibility	45,925	11,999
Amortization of capital assets	7,317	6,132
	6,529,636	2,215,731
Excess of revenue over expenses	\$ 959,958	\$ 629,103

The accompanying notes are an integral part of the financial statements

PRIDE TORONTO
STATEMENT OF CASH FLOWS
Year ended July 31

	2022	2021
		<i>(Restated, Note 7)</i>
SOURCES (USES) OF CASH		
Operating activities		
Excess of revenue over expenses	\$ 959,958	\$ 629,103
<i>Items not involving cash</i>		
Amortization of capital assets	7,317	6,132
Forgiven portion of bank loan payable	-	(20,000)
	967,275	615,235
Changes in non-cash working capital items		
Accounts receivable	(1,002,129)	(118,894)
Government and non-government funding receivable	(904,219)	(98,906)
Prepaid expenses and sundry	(537)	6,097
Accounts payable and accrued charges	367,945	(159,699)
Government remittances payable	(39,867)	(40,961)
Government funding payable	80,093	27,203
Deferred contributions	(18,260)	18,260
Cash provided by (used in) operating activities	(549,699)	248,335
Investing activity		
Acquisition of capital assets	(11,728)	(6,913)
Cash used in investing activity	(11,728)	(6,913)
Financing activity		
Bank loan advanced	-	20,000
Cash provided by financing activity	-	20,000
Net increase (decrease) in cash	(561,427)	261,422
Cash, beginning of year	809,916	548,494
Cash, end of year	\$ 248,489	\$ 809,916

The accompanying notes are an integral part of the financial statements

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2022

1. Purpose of the organization and income tax status

Pride Toronto (the "Organization") is incorporated under the Ontario Corporations Act as a not-for-profit organization whose objectives are to educate and increase the public's understanding and appreciation of 2SLGBTQI+ persons, including by holding an annual cultural festival in the City of Toronto or elsewhere in Canada that celebrates and provides education regarding their sexual and gender orientations and identities, histories, cultures, communities, organizations, relationships, achievements, and lives; and receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to charitable organizations that are qualified donees under the Income Tax Act whose objectives support the charitable purposes of the Organization.

The Organization is exempt from income tax under Section 149(1)(1) of the Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and contingent liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Pride Toronto follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred and collection is reasonably assured.

Restricted contributions received for the purchase of capital assets are initially deferred, then amortized as revenue on the same basis as the related capital assets are amortized.

Sponsorship revenue is recognized when received or receivable, if the amount to be received can be reasonably estimated, collection is reasonably assured and, if applicable, any related goods or services have been delivered.

Revenue from permits and fees are recognized when goods have been delivered or services have been rendered and collection is reasonably assured.

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2022

2. Significant accounting policies (continued)

Contributed materials and services

Contributed materials and services are recognized as revenue in the year the product or service is received when the fair value can be reasonably estimated, the product or service is used in the normal course of business, and would otherwise have been purchased by the Organization.

The Organization would not be able to carry out its activities without the services of numerous volunteers who donate a considerable amount of time. Because of the difficulty of determining their fair value, contributed volunteer services are not recognized in the financial statements.

Financial instruments

The Organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and financial liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument originated or exchanged in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or financial liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

The Organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost.

Transaction costs related to financial instruments subsequently measured at fair value or to those originated or exchanged in a related party transaction are recognized in excess of revenue over expenses in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, the transaction costs are then recognized in excess of revenue over expenses over the life of the instrument using the straight-line method.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Contributed capital assets for which fair value could not be reasonably determined have been recorded at a nominal value of \$1. Amortization is provided annually on bases designed to amortize the assets over their estimated useful lives, as follows:

Furniture and fixtures	-	straight line over 8 years
Computer equipment	-	straight line over 3 years

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2022

2. Significant accounting policies (continued)

Leases

Leases are classified as either capital or operating leases. Rental payments under operating leases are included in the determination of excess of revenue over expenses over the lease term on a straight-line basis.

3. Bank loan payable

During the year ended July 31, 2022, the Organization received \$Nil (2021 and 2020 - \$20,000 and \$40,000 respectively) from the Government of Canada under its Canada Emergency Business Account ("CEBA") loan program, which is designed to provide financial support to small businesses and organizations during the COVID-19 pandemic. The loan is interest-free, unsecured, repayable on December 31, 2023 and, if the loan is repaid on or before December 31, 2023, up to \$20,000 of the loan will be forgiven. The \$20,000 forgiven portion of the loan was recognized in government funding on the statement of operations during the year ended July 31, 2021. Subsequent to the year ended July 31, 2022, the Organization repaid the outstanding balance in full.

4. Deferred contributions

Changes in the deferred contributions balance reported are as follows:

	2022	2021
		<i>(Restated, Note 7)</i>
Balance, beginning of year	\$ 18,260	\$ -
Add: amounts received in the year	777,604	706,367
Less: amounts recognized as revenue in the year	(795,864)	(688,107)
Balance, end of year	\$ -	\$ 18,260

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2022

5. Contributed sponsorship materials and services

Sponsorship revenues include contributions of materials and services totaling \$1,999,157 (2021 - \$356,771), with the corresponding expense amounts classified as follows:

	2022	2021
Advertising and promotion	\$ 1,103,297	\$ 251,500
Special projects	255,000	61,360
Event food and beverage costs	180,625	-
Artists and associated costs	129,016	-
Staff advocacy and community outreach	126,495	-
Volunteer costs	55,000	8,000
Festival infrastructure	54,128	-
Professional fees	49,812	-
Office and administration	45,784	35,911
	\$ 1,999,157	\$ 356,771

6. Government and non-government funding

	2022	2021
		<i>(Restated, Note 7)</i>
Government of Canada		
Tourism Relief Fund	\$ 719,526	\$ -
Community Support, Multiculturalism, and Anti-Racism Initiatives	130,250	123,797
Building Communities Through Arts and Heritage	87,628	88,200
Crime Prevention Action Fund	34,779	118,564
Canada Summer Jobs	74,045	-
Canada Emergency Wage Subsidy	70,503	279,756
Canada Emergency Rent Subsidy	12,665	76,613
Forgiven portion of bank loan payable	-	20,000
Province of Ontario		
Reconnect Ontario	388,011	-
City of Toronto		
Cultural Festivals Funding Program	260,000	265,000
Non-government funding		
Youth Break Barriers to Employment Programme	95,502	-
	\$ 1,872,909	\$ 971,930

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2022

7. Accounting adjustments

During the year ended July 31, 2022, management of the Organization determined that restricted contributions related to government and non-government funding were inappropriately recognized as revenue in prior years. This has been corrected by retrospectively restating the prior year financial statements. The effects of this adjustment are as follows:

- As at August 1, 2020, net assets decreased by \$356,837;
- As at July 31, 2021, government and non-government funding receivable decreased by \$77,711, government funding payable increased by \$256,202, deferred contributions increased by \$18,260 and net assets decreased by \$352,173; and
- For the year ended July 31, 2021, government and non-government funding and the excess of revenue over expenses increased by \$4,664.

8. Financial instruments

The Organization regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include liquidity risk, credit risk, market risk, interest rate risk, and foreign currency risk. The following analysis provides a measure of the Organization's risk exposure and concentrations. There are no significant changes in the risk exposures from the prior period.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities as they come due. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued charges, government remittances payable, government funding payable, and bank loan payable. The Organization considers that it has sufficient funds available to meet its obligations as they come due.

The Organization's ability to meet its obligations depends on the continuous receipt of government funding.

Credit risk

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable and government and non-government funding receivable. The Organization does not obtain collateral or other security to support the accounts receivable and government funding receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The Organization is not exposed to any significant foreign currency risk, interest rate risk and market risk at the statement of financial position date.

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2022

9. Credit facility

The Organization has a credit facility for a maximum amount of \$500,000 (2021 - \$500,000), revolving demand loan, bearing interest at the prime rate of the Organization's banker plus 0.5%. Amounts drawn on the credit facility as at July 31, 2022 amount to \$Nil (2021 - \$Nil). The Organization's credit facility is secured by a general security agreement representing a first charge on all present and future property of the Organization.

10. Commitments

The Organization is committed under a long-term lease for premises which expires in September 2025. Minimum annual rentals (exclusive of requirement to pay taxes, insurance and maintenance costs) for each of the next four years are approximately as follows:

Year ending July 31, 2023	\$ 134,000
2024	142,000
2025	143,000
2026	18,000
	<hr/>
	\$ 437,000

11. Comparative figures

Certain reclassifications for the year ended July 31, 2021 have been made for the purpose of comparability.