
**LESBIAN, GAY, BISEXUAL,
TRANSSEXUAL AND TRANSGENDER
PRIDE TORONTO**
(operating as Pride Toronto)

FINANCIAL STATEMENTS

JULY 31, 2005

AUDITORS' REPORT

To the Members,
Pride Toronto

We have audited the statement of financial position of Lesbian, Gay, Bisexual, Transsexual and Transgender Pride Toronto (operating as Pride Toronto) as at July 31, 2005 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue 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 donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Cowperthwaite Mehta

August 29, 2005
Toronto, Ontario

PRIDE TORONTO

STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 2005

	2005	2004
ASSETS		
Current assets		
Cash	\$ 288,982	\$ 132,803
Accounts receivable	140,939	282,280
Prepaid insurance	<u>5,752</u>	<u>5,387</u>
	<u>\$ 435,673</u>	<u>\$ 420,470</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,612	\$ 53,166
Deferred revenue (note 4)	<u>32,300</u>	<u>25,000</u>
	<u>51,912</u>	<u>78,166</u>
Net assets		
Insurance reserve (note 5)	50,000	50,000
Stabilization fund (note 5)	250,000	250,000
Unrestricted	<u>83,761</u>	<u>42,304</u>
	<u>383,761</u>	<u>342,304</u>
	<u>\$ 435,673</u>	<u>\$ 420,470</u>

Approved on behalf of the Board of Directors:

_____, Director

_____, Director

see accompanying notes

PRIDE TORONTO

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED JULY 31, 2005

	2005	2004
REVENUE		
Sponsorship	\$ 301,011	\$ 169,896
Beverage sales	267,450	226,742
Grants (note 6)	245,610	262,858
Permits and fees	137,428	100,867
Donations and fundraising	120,175	60,824
Media and guide advertising sales	56,821	72,388
Licensing and merchandise	4,458	3,192
Other	<u>3,564</u>	<u>11,352</u>
	<u>1,136,517</u>	<u>908,119</u>
EXPENSES		
Festival infrastructure	243,153	203,771
Salaries and benefits	189,368	148,988
Media and promotion	174,310	148,342
Beverage cost of sales	114,297	118,853
Entertainment and events	87,742	48,829
Insurance	69,625	67,198
Office and administration	68,246	82,412
Community fundraising and bursaries	43,129	21,983
Volunteer costs	42,714	17,163
Communications and security	32,837	18,070
Occupancy	<u>29,639</u>	<u>27,386</u>
	<u>1,095,060</u>	<u>902,995</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	41,457	5,124
Net assets, beginning of year	<u>342,304</u>	<u>337,180</u>
NET ASSETS, END OF YEAR	<u>\$ 383,761</u>	<u>\$ 342,304</u>

see accompanying notes

PRIDE TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2005

	2005	2004
CASH GENERATED FROM OPERATIONS		
Excess of revenue over expenses for the year	\$ 41,457	\$ 5,124
Net change in non-cash working capital items (see below)	<u>114,722</u>	<u>(33,931)</u>
NET CASH GENERATED IN THE YEAR	156,179	(28,807)
Cash, beginning of year	<u>132,803</u>	<u>161,610</u>
CASH, END OF YEAR	<u>\$ 288,982</u>	<u>\$ 132,803</u>

Net change in non-cash working capital items:

Decrease (increase) in accounts receivable	\$ 141,341	\$ (66,513)
Decrease (increase) in prepaid expenses	(365)	3
Increase (decrease) in accounts payable and accrued liabilities	(33,554)	23,579
Decrease in deferred revenue	<u>7,300</u>	<u>9,000</u>
	<u>\$ 114,722</u>	<u>\$ (33,931)</u>

see accompanying notes

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2005

1. THE ORGANIZATION

Lesbian, Gay, Bisexual, Transsexual and Transgender Pride Toronto (operating as Pride Toronto) is a not-for-profit organization incorporated in the Province of Ontario without share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant:

Revenue and Expenses

The accrual basis of accounting is used for reporting revenue and expenses except for proceeds from donations which are accounted for as received.

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization follows the deferral method of revenue recognition. Under the deferral method, grants received in the year for expenses to be incurred in the following year are recorded as deferred revenue.

Donated materials and services which are normally purchased by the organization are not recorded in the accounts.

Property and Equipment

Property and equipment individually in excess of \$5,000 is capitalized in the statements and amortized over the expected useful lives of the assets.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

3. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2005

4. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2005	2004
The Ontario Trillium Foundation	<u>\$ 32,300</u>	<u>\$ 25,000</u>

Continuity of deferred revenue for the year is as follows:

Deferred grant revenue, beginning of year	\$ 25,000	\$ nil
Add cash received from government funding in year	202,910	247,858
Add receivable from government funding in year	50,000	40,000
Less government funding recognized in year (note 6)	<u>(245,610)</u>	<u>(262,858)</u>
Deferred revenue, end of year	<u>\$ 32,300</u>	<u>\$ 25,000</u>

5. DESIGNATED RESERVES

The Board of Directors of the organization established an insurance reserve of \$50,000 at July 31, 2004 to self-insure claims up to the amount of the deductible on the organization's insurance policy. The Board of Directors also established a stabilization reserve of \$250,000 at July 31, 2004 to be used in case of financial demands that arise as a result of funding volatility. No reserve amounts were drawn down in either reserve in the year ended July 31, 2005.

6. GRANTS

Grants recognized in the year were as follows:

	2005	2004
The Government of Canada		
Canadian Heritage - APC Program	\$ 50,000	\$ 97,400
Canadian Heritage - Celebrate Canada Program	1,200	900
Department of Foreign Affairs and International Trade		16,358
Communication Canada (repayment)		(2,600)
The Province of Ontario		
Ministry of Tourism and Recreation	66,200	28,500
Ontario Cultural Attractions Fund		37,800
The Ontario Trillium Foundation	25,000	66,000
The City of Toronto		
Economic Development, Culture and Tourism	100,000	
Access and Equity	3,210	8,500
Arts Council		<u>10,000</u>
	<u>\$ 245,610</u>	<u>\$ 262,858</u>

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2005

7. LEASE COMMITMENTS

The organization has entered into a lease agreement to rent its office space until November 30, 2008. Minimum lease payments under the terms of the lease are as follows:

2006	\$	5,585
2007		5,804
2008		6,132
2009		<u>2,081</u>
	\$	<u>19,602</u>

8. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).