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

FINANCIAL STATEMENTS

JULY 31, 2006

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, 2006 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cooperthwaite Mehta

Chartered Accountants

September 24, 2006
Toronto, Ontario

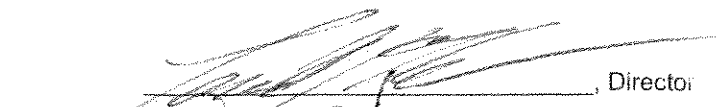
PRIDE TORONTO


STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 2006

	<u>2006</u>	<u>2005</u>
ASSETS		
Current assets		
Cash	\$ 355,343	\$ 288,982
Accounts receivable	235,845	140,939
Prepaid insurance	<u>7,302</u>	<u>5,752</u>
	598,490	435,673
Capital assets (note 4)	<u>9,454</u>	<u> </u>
	<u>\$ 607,944</u>	<u>\$ 435,673</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 235,206	\$ 19,612
Deferred revenue (note 5)	<u>34,280</u>	<u>32,300</u>
	<u>269,486</u>	<u>51,912</u>
Net assets		
Invested in capital assets	9,454	
Insurance reserve (note 6)	50,000	50,000
Stabilization fund (note 6)	250,000	250,000
Unrestricted	<u>29,004</u>	<u>83,761</u>
	<u>338,458</u>	<u>383,761</u>
	<u>\$ 607,944</u>	<u>\$ 435,673</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, 2006

	2006	2005
REVENUE		
Sponsorship	\$ 404,297	\$ 301,011
Beverage sales	272,949	267,450
Grants (note 7)	261,400	245,610
Permits and fees	133,911	137,428
Donations and fundraising	134,083	120,175
Media and guide advertising sales	46,033	56,821
Licensing and merchandise	2,581	4,458
Interest and other	<u>21,127</u>	<u>3,564</u>
	<u>1,276,381</u>	<u>1,136,517</u>
EXPENSES		
Festival infrastructure	269,433	243,153
Salaries and benefits	205,028	189,368
Media and promotion	190,346	174,310
Beverage cost of sales	157,653	114,297
Entertainment and events	120,600	87,742
Community fundraising and bursaries	102,721	43,129
Office and administration	101,300	68,246
Insurance	69,973	69,625
Volunteer costs	43,005	42,714
Communications and security	36,483	32,837
Occupancy	<u>25,142</u>	<u>29,639</u>
	<u>1,321,684</u>	<u>1,095,060</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(45,303)	41,457
Net assets, beginning of year	<u>383,761</u>	<u>342,304</u>
NET ASSETS, END OF YEAR	<u>\$ 338,458</u>	<u>\$ 383,761</u>

see accompanying notes

PRIDE TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2006

	2006	2005
CASH GENERATED FROM OPERATIONS		
Excess of revenue over expenses for the year	\$ (45,303)	\$ 41,457
Add back non-cash items - amortization	3,500	
Net change in non-cash working capital items (see below)	<u>121,118</u>	<u>114,722</u>
Net cash generated from operations	<u>79,315</u>	<u>156,179</u>
INVESTMENTS		
Capital asset purchases	<u>(12,954)</u>	
NET CASH GENERATED IN THE YEAR	66,361	156,179
Cash, beginning of year	<u>288,982</u>	<u>132,803</u>
CASH, END OF YEAR	<u>\$ 355,343</u>	<u>\$ 288,982</u>

Net change in non-cash working capital items:

Decrease (increase) in accounts receivable	\$ (94,906)	\$ 141,341
Increase in prepaid expenses	(1,550)	(365)
Increase (decrease) in accounts payable and accrued liabilities	215,594	(33,554)
Increase in deferred revenue	<u>1,980</u>	<u>7,300</u>
	<u>\$ 121,118</u>	<u>\$ 114,722</u>

see accompanying notes

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2006

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 \$1,000 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.

4. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	Cost	Accumulated Amortization	2006 Net	2005 Net
Office equipment	<u>\$ 12,954</u>	<u>\$ (3,500)</u>	<u>\$ 9,454</u>	<u>\$ nil</u>

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2006

5. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2006	2005
The Ontario Trillium Foundation	<u>\$ 34,280</u>	<u>\$ 32,300</u>

Continuity of deferred revenue for the year is as follows:

Deferred grant revenue, beginning of year	\$ 32,300	\$ 25,000
Add cash received from government funding in year	263,380	202,910
Add receivable from government funding in year	nil	50,000
Less government funding recognized in year (note 7)	<u>(261,400)</u>	<u>(245,610)</u>
Deferred revenue, end of year	<u>\$ 34,280</u>	<u>\$ 32,300</u>

6. 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, 2006.

7. GRANTS

Grants recognized in the year were as follows:

	2006	2005
The Government of Canada		
Canadian Heritage - APC Program	\$ 50,000	\$ 50,000
Canadian Heritage - Sustainability Program	21,000	
Canadian Heritage - Celebrate Canada Program		1,200
The Province of Ontario		
Ministry of Tourism and Recreation	50,000	66,200
The Ontario Trillium Foundation	35,400	25,000
The City of Toronto		
Economic Development, Culture and Tourism	105,000	100,000
Arts Council		<u>3,210</u>
	<u>\$ 261,400</u>	<u>\$ 245,610</u>

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2006

8. 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:

2007	\$	5,804
2008		6,132
2009		<u>2,081</u>
	\$	<u>14,017</u>

9. 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).

September 28, 2006

Pride Toronto
501-65 Wellesley Street East
Toronto, Ontario
M4Y 1G7

Dear Treasurer:

Re: Pride Toronto

We enclose one stapled and one unstapled copy of the financial statements of the organization for the year ended July 31, 2006 together with our audit report thereon.

We also enclose our final fee billing which we trust you will find satisfactory.

Yours very truly,

Brendan Penneylegion

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