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

**FINANCIAL STATEMENTS**

**JULY 31, 2007**

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**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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Comperthwaite Mehta*

Chartered Accountants  
Licensed Public Accountants

September 17, 2007  
Toronto, Ontario

**PRIDE TORONTO**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JULY 31, 2007**

|  | <b>2007</b>                 | <b>2006</b>       |
|--|-----------------------------|-------------------|
| <b>ASSETS</b>                            |                             |                   |
| Current assets                           |                             |                   |
| Cash                                     | \$ 412,074                  | \$ 355,343        |
| Accounts receivable                      | 159,740                     | 235,845           |
| Prepaid insurance                        | <u>7,870</u>                | <u>7,302</u>      |
|  | 579,684                     | 598,490           |
| Capital assets (note 4)                  | <u>10,219</u>               | <u>9,454</u>      |
|  | <u>\$ 589,903</u>           | <u>\$ 607,944</u> |
| <b>LIABILITIES AND NET ASSETS</b>        |                             |                   |
| Current liabilities                      |                             |                   |
| Accounts payable and accrued liabilities | \$ 170,863                  | \$ 235,206        |
| Deferred revenue (note 5)                | <u>                    </u> | <u>34,280</u>     |
|  | <u>170,863</u>              | <u>269,486</u>    |
| Net assets                               |                             |                   |
| Invested in capital assets               | 10,219                      | 9,454             |
| Insurance reserve (note 6)               | 50,000                      | 50,000            |
| Stabilization fund (note 6)              | 250,000                     | 250,000           |
| Unrestricted                             | <u>108,821</u>              | <u>29,004</u>     |
|  | <u>419,040</u>              | <u>338,458</u>    |
|  | <u>\$ 589,903</u>           | <u>\$ 607,944</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, 2007

|   | 2007              | 2006              |
|---|-------------------|-------------------|
| <b>REVENUE</b>                                      |                   |                   |
| Sponsorship   | \$ 461,545        | \$ 404,297        |
| Grants (note 7)                                     | 384,419           | 261,400           |
| Beverage sales                                      | 326,760           | 272,949           |
| Donations and fundraising                           | 173,346           | 134,083           |
| Permits and fees                                    | 160,606           | 133,911           |
| Media and guide advertising sales                   | 51,059            | 46,033            |
| Licensing and merchandise                           |                   | 2,581             |
| Interest and other                                  | <u>4,712</u>      | <u>21,127</u>     |
|   | <u>1,562,447</u>  | <u>1,276,381</u>  |
| <b>EXPENSES</b>                                     |                   |                   |
| Festival infrastructure                             | 291,599           | 268,137           |
| Salaries and benefits                               | 245,535           | 205,028           |
| Beverage cost of sales                              | 196,454           | 157,653           |
| Entertainment and events                            | 160,710           | 119,763           |
| Media and promotion                                 | 147,227           | 190,346           |
| Office and administration                           | 145,164           | 101,092           |
| Community outreach, fundraising and bursaries       | 111,398           | 104,855           |
| Insurance   | 58,177            | 70,180            |
| Volunteer costs                                     | 44,114            | 43,005            |
| Communications and security                         | 40,965            | 36,483            |
| Occupancy   | <u>40,522</u>     | <u>25,142</u>     |
|   | <u>1,481,865</u>  | <u>1,321,684</u>  |
| <b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b> | 80,582            | (45,303)          |
| Net assets, beginning of year                       | <u>338,458</u>    | <u>383,761</u>    |
| <b>NET ASSETS, END OF YEAR</b>                      | <u>\$ 419,040</u> | <u>\$ 338,458</u> |

see accompanying notes

# PRIDE TORONTO

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2007

|  | 2007              | 2006              |
|--|-------------------|-------------------|
| <b>CASH GENERATED FROM OPERATIONS</b>                    |                   |                   |
| Excess of revenue over expenses for the year             | \$ 80,582         | \$ (45,303)       |
| Add back non-cash items - amortization                   | 3,514             | 3,500             |
| Net change in non-cash working capital items (see below) | <u>(23,086)</u>   | <u>121,118</u>    |
| Net cash generated from operations                       | <u>61,010</u>     | <u>79,315</u>     |
| <b>INVESTMENTS</b>                                       |                   |                   |
| Capital asset purchases                                  | <u>(4,280)</u>    | <u>(12,954)</u>   |
| <b>NET CASH GENERATED IN THE YEAR</b>                    | 56,730            | 66,361            |
| Cash, beginning of year                                  | <u>355,343</u>    | <u>288,982</u>    |
| <b>CASH, END OF YEAR</b>                                 | <u>\$ 412,073</u> | <u>\$ 355,343</u> |

Net change in non-cash working capital items:

|   |                    |                   |
|---|--------------------|-------------------|
| Decrease (increase) in accounts receivable                      | \$ 76,105          | \$ (94,906)       |
| Increase in prepaid expenses                                    | (568)              | (1,550)           |
| Increase (decrease) in accounts payable and accrued liabilities | (64,343)           | 215,594           |
| Increase (decrease) in deferred revenue                         | <u>(34,280)</u>    | <u>1,980</u>      |
|   | <u>\$ (23,086)</u> | <u>\$ 121,118</u> |

see accompanying notes

# PRIDE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2007

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### 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<br>Amortization | 2007<br>Net      | 2006<br>Net     |
|------------------|------------------|-----------------------------|------------------|-----------------|
| Office equipment | <u>\$ 17,234</u> | <u>\$ (7,015)</u>           | <u>\$ 10,219</u> | <u>\$ 9,454</u> |

# PRIDE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2007

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### 5. DEFERRED REVENUE

Deferred revenue is composed of the following:

|                                 | 2007          | 2006             |
|---------------------------------|---------------|------------------|
| The Ontario Trillium Foundation | \$ <u>nil</u> | \$ <u>34,280</u> |

Continuity of deferred revenue for the year is as follows:

|   |                  |                  |
|---|------------------|------------------|
| Deferred grant revenue, beginning of year           | \$ 34,280        | \$ 32,300        |
| Add cash received from government funding in year   | 350,139          | 263,380          |
| Less government funding recognized in year (note 7) | <u>(384,419)</u> | <u>(261,400)</u> |
| Deferred revenue, end of year                       | \$ <u>nil</u>    | \$ <u>34,280</u> |

### 6. DESIGNATED RESERVES

The Board of Directors of the organization has established an insurance reserve of \$50,000 to self-insure claims up to the amount of the deductible on the organization's insurance policy. The Board of Directors has also established a stabilization reserve of \$250,000 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, 2007.

### 7. GRANTS

Grants recognized in the year were as follows:

|  | 2007              | 2006              |
|--|-------------------|-------------------|
| The Government of Canada                                 |                   |                   |
| Canadian Heritage - APC Program                          | \$ 35,000         | \$ 50,000         |
| Service Canada   | 15,339            |                   |
| Canadian Heritage - Sustainability Program               |                   | 21,000            |
| The Province of Ontario                                  |                   |                   |
| Ontario Ministry of Tourism - Celebrate Ontario          | 93,750            |                   |
| Ontario Tourism Marketing Partnership Corporation        | 50,000            | 50,000            |
| The Ontario Trillium Foundation                          | 75,000            | 35,400            |
| The City of Toronto                                      |                   |                   |
| Economic Development / Major Cultural Organization Grant | 110,250           | 105,000           |
| Access and Equity  | <u>5,080</u>      |                   |
|  | \$ <u>384,419</u> | \$ <u>261,400</u> |

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# PRIDE TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2007

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### 8. LEASE COMMITMENTS

The organization has entered into a lease agreement to rent its office space until February 28, 2012. Minimum lease payments under the terms of the lease are as follows:

|      |    |        |
|------|----|--------|
| 2008 | \$ | 45,153 |
| 2009 |    | 45,629 |
| 2010 |    | 46,107 |
| 2011 |    | 46,584 |
| 2012 |    | 27,335 |

### 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).