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

FINANCIAL STATEMENTS

JULY 31, 2008

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, 2008 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 paragraphs, 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. The organization accounts for beverage sales on a cash basis. Accordingly, verification of beverage sales 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 beverage sales, 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 revenue, fundraising revenue and beverage sales referred to in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

October 7, 2008
Toronto, Ontario

PRIDE TORONTO

STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 294,764	\$ 412,074
Accounts receivable	346,319	159,740
Prepaid insurance	<u>20,774</u>	<u>7,870</u>
	661,857	579,684
Capital assets (note 4)	<u>28,492</u>	<u>10,219</u>
	<u>\$ 690,349</u>	<u>\$ 589,903</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 229,337</u>	<u>\$ 170,863</u>
Net assets		
Invested in capital assets	28,492	10,219
Insurance reserve (note 5)	50,000	50,000
Stabilization fund (note 5)	250,000	250,000
Unrestricted	<u>132,520</u>	<u>108,821</u>
	<u>461,012</u>	<u>419,040</u>
	<u>\$ 690,349</u>	<u>\$ 589,903</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, 2008

	2008	2007
REVENUE		
Sponsorship	\$ 647,675	\$ 461,545
Grants (note 6)	638,914	384,419
Beverage sales	334,661	326,760
Donations and fundraising	193,186	173,346
Permits and fees	182,480	160,606
Media and guide advertising sales	73,014	51,059
Interest and other	<u>6,867</u>	<u>3,881</u>
	<u>2,076,797</u>	<u>1,561,616</u>
EXPENSES		
Festival infrastructure	406,909	291,599
Media and promotion	364,361	147,227
Entertainment and events	300,586	160,710
Salaries and benefits	281,427	245,535
Beverage cost of sales	208,963	196,454
Community outreach, fundraising and bursaries	119,646	111,398
Office and administration	119,343	140,818
Communications and security	78,401	40,965
Occupancy	53,162	40,522
Volunteer costs	49,340	44,114
Insurance	49,008	58,177
Amortization	<u>3,679</u>	<u>3,515</u>
	<u>2,034,825</u>	<u>1,481,034</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	41,972	80,582
Net assets, beginning of year	<u>419,040</u>	<u>338,458</u>
NET ASSETS, END OF YEAR	<u>\$ 461,012</u>	<u>\$ 419,040</u>

see accompanying notes

PRIDE TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2008

	2008	2007
CASH GENERATED FROM OPERATIONS		
Excess of revenue over expenses for the year	\$ 41,972	\$ 80,582
Add back non-cash items - amortization	3,679	3,515
Net change in non-cash working capital items (see below)	<u>(141,008)</u>	<u>(23,086)</u>
Net cash generated from (used for) operations	(95,357)	61,011
INVESTMENTS		
Capital assets purchased	<u>(21,953)</u>	<u>(4,280)</u>
NET CASH GENERATED IN THE YEAR	(117,310)	56,731
Cash, beginning of year	<u>412,074</u>	<u>355,343</u>
CASH, END OF YEAR	<u>\$ 294,764</u>	<u>\$ 412,074</u>

Net change in non-cash working capital items:

Decrease (increase) in accounts receivable	\$ (186,579)	\$ 76,105
Increase in prepaid insurance	(12,904)	(568)
Increase (decrease) in accounts payable and accrued liabilities	<u>58,475</u>	<u>(98,623)</u>
	<u>\$ (141,008)</u>	<u>\$ (23,086)</u>

see accompanying notes

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008

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	2008 Net	2007 Net
Office equipment	<u>\$ 39,187</u>	<u>\$ (10,695)</u>	<u>\$ 28,492</u>	<u>\$ 10,219</u>

PRIDE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2008

5. 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 of 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 on either reserve in the year ended July 31, 2008.

6. GRANTS

Grants recognized in the year were as follows:

	2008	2007
The Government of Canada		
Canadian Heritage	\$ 35,000	\$
Canada Council for the Arts	16,900	
Service Canada	4,776	15,339
Canada Council for the Arts		35,000
The Province of Ontario		
Ontario Ministry of Tourism - Celebrate Ontario	291,838	93,750
Ontario Tourism Marketing Partnership Corporation	50,000	50,000
The Ontario Trillium Foundation	51,400	75,000
The City of Toronto		
Economic Development / Major Cultural Organization Grant	119,000	110,250
Tourism Toronto	70,000	
Arts Council		5,080
	<u>\$ 638,914</u>	<u>\$ 384,419</u>

7. 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:

2009	\$ 45,629
2010	46,107
2011	46,584
2012	27,335

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).