

Vancouver Pride Society
Financial Statements
For the year ended August 31, 2017

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Vancouver Pride Society
Financial Statements
For the year ended August 31, 2017

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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis of qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Vancouver Pride Society as at August 31, 2017, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied, on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
November 21, 2017



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Independent Auditor's Report

To the Members of Vancouver Pride Society

We have audited the accompanying financial statements of Vancouver Pride Society, which comprise the Statement of Financial Position as at August 31, 2017 the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Vancouver Pride Society derives revenue from donations and fundraising events the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations and fundraising events revenue, excess (deficiency) of revenue over expenses, assets and net assets for the years ended August 31, 2017 and 2016, current assets as at August 31, 2017 and 2016, and net assets as at September 1 and August 31, for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended August 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Vancouver Pride Society
Statement of Financial Position

As at August 31	2017	2016
Assets		
Current		
Cash	\$ 53,228	\$ 73,865
Term deposit (Note 2)	10,901	10,750
Accounts receivable (Note 3)	104,474	81,933
Deposits	15,545	22,321
	<u>184,148</u>	<u>188,869</u>
Property and equipment (Note 4)	12,742	10,308
	<u>\$ 196,890</u>	<u>\$ 199,177</u>

Liabilities and Net Assets

Liabilities

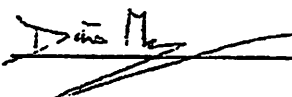
Current

Accounts payable and accrued liabilities (Note 5)	\$ 290,622	\$ 88,836
Government remittances payable	12,636	8,083
Deferred revenue	30,000	-
	<u>333,258</u>	<u>96,919</u>

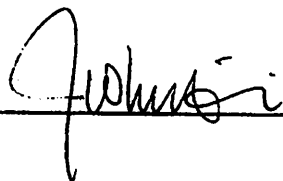
Net Assets

Invested in property and equipment	12,742	10,308
Unrestricted	(149,110)	91,950
	<u>(136,368)</u>	<u>102,258</u>
	<u>\$ 196,890</u>	<u>\$ 199,177</u>

Approved on behalf of the Board:


_____ Director

Director


_____ Director

Director

Vancouver Pride Society
Statement of Operations

For the year ended August 31

2017

2016

Revenue

Contributed materials and services (Note 6)	\$ 517,823		\$ 517,740
Event revenues and grants (Schedule 1 and Note 7)	886,858		816,836
Partnerships	143,108		97,100
RFID wristband sales	19,415		-
Direct contributions	9,051		21,431
Membership dues	4,874		4,862
Interest and other	151		100
Operating grant (Note 7)	-		2,700
Other income	-		2,494

	1,581,280		1,463,263
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Direct Expenses

Contributed services (Note 6)	503,920		484,640
Events (Schedule 1)	659,168		418,544
Transactions	36,639		19,241
Permit costs	19,046		14,000
Volunteers	15,977		8,261
Contributed materials (Note 6)	13,903		33,100
Printing costs	13,736		17,256

	1,262,389		995,042
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Operating Surplus

	318,891		468,221
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General and Administrative Expenses

Staff and contractors, wages and benefits	332,562		260,941
Office and miscellaneous	67,735		48,602
Travel	47,010		23,240
Advertising	37,197		7,267
Rent	35,646		38,370
Legal, accounting and other professional	31,826		33,625
Amortization	4,623		5,822
Loss on disposal of assets	918		-

	557,517		417,867
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(Deficiency) excess of revenue over expenses

	\$ (238,626)		\$ 50,354
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**Vancouver Pride Society
 Statement of Cash Flows**

For the year ended August 31	2017	2016
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenditures for the year	\$ (238,626)	\$ 50,354
Item not requiring cash:		
Amortization	4,623	5,822
Loss on disposal of assets	918	-
	<u>(233,085)</u>	<u>56,176</u>
Changes in non-cash working capital balances		
Term deposit	(151)	(100)
Accounts receivable	(22,542)	(11,092)
Inventories	-	4,075
Deposits	6,776	(6,000)
Accounts payable and accrued liabilities	201,786	(96,350)
Government remittances payable	4,553	4,273
Deferred revenue	30,000	-
	<u>(12,663)</u>	<u>(49,018)</u>
Investing activity		
Purchase of property and equipment	<u>(7,974)</u>	<u>(1,890)</u>
Decrease in cash	(20,637)	(50,908)
Cash, beginning of year	<u>73,865</u>	<u>124,773</u>
Cash, end of year	<u>\$ 53,228</u>	<u>\$ 73,865</u>

Vancouver Pride Society
Statement of Changes in Net Assets

For the year ended August 31

	Unrestricted	Invested in Capital Assets	2017	2016
Balance, beginning of year	\$ 91,950	\$ 10,308	\$ 102,258	\$ 51,904
Excess (deficiency) of revenue over expenses	(233,085)	(5,541)	(238,626)	50,354
Purchase of property and equipment	(7,975)	7,975	-	-
Balance, end of year	\$ (149,110)	\$ 12,742	\$ (136,368)	\$ 102,258

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2017

1. Significant Accounting Policies (continued)

(d) Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from sales, including ticket sales, partnership arrangements, service fees and advertising, is recognized when the significant risks and rewards of ownership are transferred to the customer, which generally coincides with the time that the goods or services are provided, collectability is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed and determinable. Revenue is recorded net of allowable discounts and rebates.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profits requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty and actual results may differ from these estimates.

2. Term Deposit

The term deposit is held with a Canadian chartered bank, bears interest at 1.0% and matures April 3, 2020.

3. Accounts Receivable

	2017	2016
Accounts receivable	\$ 97,105	\$ 64,871
GST receivable	7,369	17,062
	\$ 104,474	\$ 81,933

4. Property and Equipment

	Cost	Accumulated Amortization	Net 2017	Net 2016
Computer equipment	\$ 21,700	\$ 17,373	\$ 4,327	\$ 1,816
Furniture and equipment	11,432	5,121	6,311	4,666
Website	8,975	6,871	2,104	3,826
	\$ 42,107	\$ 29,365	\$ 12,742	\$ 10,308

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2017

1. Significant Accounting Policies

(a) Nature of Operations

The purpose of the Vancouver Pride Society (the "Society") is:

- i) to celebrate Lesbian, Gay, Bisexual, Transgender, Two Spirited, and Queer communities (LGBTQQ), and other supportive or affiliated groups, in and through culturally appropriate educational activities and festivities throughout the year; and
- ii) to continually promote the self-awareness, celebrate the achievements, the visibility and the diversity of the above communities in partnership with all stakeholders and allies.

The Society is incorporated under the laws of British Columbia and has transitioned under the New Societies Act (BC) effective January 3, 2017. The Society is a non-profit organization pursuant to Section 149 of the Income Tax Act (Canada).

Continued operations of the Society is dependent on the Society's ability to either generate sponsorships or obtain external financing, and the continued support of the City of Vancouver. Should the Society be unsuccessful in achieving the above, there would be a significant doubt about the ability of the Society to continue as a going concern. These financial statements have been prepared on the going concern basis which assumes the Society will continue operations and will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should be the Society be unable to continue as a going concern. Such adjustments could be material.

(b) Amortization

Equipment is stated at cost less accumulated amortization which is recorded over the useful lives of the assets on the declining balance basis method at the following annual rates:

Computer equipment	- 45%
Furniture and equipment	- 20-45%
Websites	- 45%

(c) Contributed Materials and Services

The Society benefits greatly from contributed services in the form of volunteer time. The value of volunteer time is not recognized in these financial statements. Other contributed materials and services are recognized only when their fair value can be reasonably estimated and the materials and services are used in the normal course of operations and would otherwise have been purchased.

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2017

8. Remuneration of Directors, Employees and Contractors

On November 28, 2016 the Society Act (BC) was repealed and replaced with the Societies Act (BC) ("New Act"). The New Act required that all Societies transition to the New Act before November 28, 2018. As briefly outlined in the notes the Society has completed the transitioning process. The New Act requires that the Society disclose the total remuneration paid to the Directors, for either being a director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees/contractors.

During the years ended August 31, 2017 and April 31, 2016 there were 2 (2016 - 2) ex-officio directors that were paid a total of \$130,000 (2016 - \$57,500) in remuneration in capacity as employees. There were no directors that received remuneration in capacity as directors (2016 - none). There were no employees/contractors who received remuneration in excess of \$75,000 during the year ended August 31, 2017 (2016 - none).

9. Financial Instrument Risks

The Society through its financial assets and liabilities is exposed to various risks. The following analysis provides a measurement of those risks at August 31, 2017.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is not exposed to any significant interest rate risk. There has been no change to this risk from the prior year.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash and accounts receivable. The Society limits its exposure to credit risk by placing its cash and term deposits in accounts with Canadian chartered banks and by enforcing credit policies on receivables. There has been no change to this risk from the prior year.

The maximum amount of credit risk exposure is limited to the carrying amount of the balances in the financial statements.

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2017

5. Accounts payable and accrued liabilities

	2017	2016
Accounts payable	\$ 182,770	\$ 80,358
City of Vancouver payables	107,854	8,480
	\$ 290,624	\$ 88,838

6. Contributed Materials and Services

During the year services consisting of event supplies, promotional materials, advertising and media coverage were contributed to the organization. Management has determined the value of contributed services for the year to be \$503,920 (2016 - \$484,640). During the year volunteer expenses consisting of training, food and volunteer appreciation gifts were contributed to the organization. Management has determined the fair value of these contributed materials to be \$13,903 (2016 - \$33,100). These amounts have been recorded as revenues and expenditures in these financial statements.

7. Grants

	2017	2016
City of Vancouver Civic Parade Grants (a)	\$ 78,500	\$ 37,500
City of Vancouver Community Arts Grants	23,923	10,000
Province of British Columbia	30,000	30,000
Government of Canada Grants	60,706	79,100
British Columbia Innovation Council Operating Grant	-	2,700
	\$ 193,129	\$ 159,300

(a) On May 29, 2013 the Standing Committee of Council on Planning, Transportation and Environment of the City of Vancouver passed a resolution to grant Civic Parade status to the Vancouver Pride Parade. This status provides an offset grant for 75% of the first \$50,000 plus 50% of the remainder of civic services costs.

Vancouver Pride Society
Schedule 1 - Revenues and Expenses by Event

For the year ended August 31

	Parade	Festival	Davie Street	Other Events	2017
Revenues					
Corporate partnerships	\$ 52,500	\$ 87,500	\$ 120,400	\$ 45,000	\$ 305,400
Exhibitors	178,969	54,499	5,305	10,993	249,766
Grants	78,282	25,290	43,241	49,510	196,323
Liquor	-	56,478	48,309	4,875	109,662
Tickets	-	13,750	250	11,707	25,707
	309,751	237,517	217,505	122,085	886,858
Direct Expenses					
Site setup	38,834	52,959	79,162	41,373	212,328
City services	118,498	2,590	39,129	1,388	161,605
Services	12,426	26,197	34,124	68,738	141,485
Supplies	465	16,742	31,690	34,624	83,521
Labour	1,280	8,810	25,166	24,973	60,229
	171,503	107,298	209,271	171,096	659,168
Surplus (deficit) before indirect expenses	\$ 138,248	\$ 130,219	\$ 8,234	\$ (49,011)	\$ 227,690

These expenses do not include the allocation of overhead from the General and Administrative Accounts.

For the year ended August 31, 2017

9. Financial Instrument Risks (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. The Society is carefully monitoring its working capital and is working with existing and potential sponsors as well as the City of Vancouver to generate additional cash inflows and the timing thereof, while delaying the settlement of obligations. Through this process the Society plans to meet all its obligations when they fall due.

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society holds an investment in a term deposit, which is not subject to significant market risk (Note 2). There has been no change to this risk from the prior year.

10. Comparative Figures

Certain balances of the preceding period have been reclassified to confirm with the current year's financial statement presentation.

Vancouver Pride Society
Schedule 1 - Revenues and Expenses by Event (Continued)

For the year ended August 31

	Parade	Festival	Davie Street	Other Events	2016
Revenues					
Corporate partnerships	\$ 55,000	\$ 77,000	\$ 113,400	\$ 35,000	\$ 280,400
Exhibitors	120,742	62,928	30,769	26,629	241,068
Grants	62,292	33,324	35,516	25,469	156,601
Liquor	-	39,862	63,272	2,119	105,253
Tickets	-	366	22,932	10,216	33,514
	238,034	213,480	265,889	99,433	816,836
Direct Expenses					
Supplies	6,384	23,401	79,377	6,239	112,861
Site setup	20,21,428	42,208	22,063	20,609	106,308
Services	17,598	26,403	15,820	44,829	104,650
City services	49,546	-	16,446	-	65,992
Labour	1,500	9,730	6,840	10,663	28,733
	93,916	101,742	140,546	82,340	418,544
Surplus (deficit) before indirect expenses	\$ 144,118	\$ 111,738	\$ 125,343	\$ 17,093	\$ 398,292

These expenses do not include the allocation of overhead from the General and Administrative Accounts.