

**Vancouver Pride Society**  
**Financial Statements**  
**For the year ended August 31, 2019**

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**Vancouver Pride Society**  
**Financial Statements**  
**For the year ended August 31, 2019**

Approved on behalf of the members of the Vancouver Pride Society by the Board of Directors on August 31, 2019.

Signature of the President of the Vancouver Pride Society

Signature of the Treasurer of the Vancouver Pride Society

Signature of the Secretary of the Vancouver Pride Society

Signature of the Chair of the Audit Committee of the Vancouver Pride Society

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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## Independent Auditor's Report

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**To the Members of Vancouver Pride Society**

**Report on the Audit of the Financial Statements**

### **Qualified Opinion**

We have audited the accompanying financial statements of Vancouver Pride Society (the "Society"), which comprise the Statement of Financial Position as at August 31, 2019, and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the 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, 2019 and 2018, current assets as at August 31, 2019 and 2018, and net assets as at September 1 and August 31, for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended August 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Responsibilities of Management and Those Charged with Governance 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

**Vancouver Pride Society**  
Statement of Financial Position

As at August 31 2019      2018

**Assets**

**Current**

Cash	\$ 428,056	\$ 275,306
Term deposits (Note 2)	21,053	11,010
Accounts receivable (Note 3)	137,485	69,009
Deposits	22,685	19,243

609,279      374,568

Property and equipment (Note 4) 11,336      8,586

\$ 620,615      \$ 383,154

**Liabilities and Net Assets**

**Liabilities**

**Current**

Accounts payable and accrued liabilities (Note 5)	\$ 410,147	\$ 306,471
Government remittances payable	220	1,299
Deferred revenue (Note 6)	44,000	30,000

454,367      337,770

**Net Assets**

Invested in property and equipment	11,336	8,586
Unrestricted	154,912	36,798

166,248      45,384

\$ 620,615      \$ 383,154

Approved on behalf of the Board:

 <hr style="border: 0; border-top: 1px solid black;"/>	Director	 <hr style="border: 0; border-top: 1px solid black;"/>	Director
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**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.

**Chartered Professional Accountants**

**Vancouver, British Columbia**

**Date of Approval**

**Vancouver Pride Society**  
**Statement of Changes in Net Assets**

**For the year ended August 31**

	Unrestricted	Invested in Capital Assets	2019	2018
<b>Balance, beginning of year</b>	<b>\$ 36,798</b>	<b>\$ 8,586</b>	<b>\$ 45,384</b>	<b>\$ (136,366)</b>
Excess (deficiency) of revenue over expenses	124,576	(3,712)	120,864	181,752
Purchase of property and equipment	(6,462)	6,462	-	-
<b>Balance, end of year</b>	<b>\$ 154,912</b>	<b>\$ 11,336</b>	<b>\$ 166,248</b>	<b>\$ 45,386</b>

**Vancouver Pride Society**  
**Statement of Operations**

For the year ended August 31	2019	2018
<b>Revenue</b>		
Contributed materials and services (Note 7)	\$ 845,779	\$ 666,832
Partnerships	689,925	538,219
Grants (Note 8)	622,288	191,968
Event revenues	388,276	372,775
Donations	38,232	23,843
Membership dues	4,520	4,681
Interest and other	286	373
	<b>2,589,306</b>	<b>1,798,691</b>
<b>Direct Expenses</b>		
Contributed services (Note 7)	825,734	650,707
Contributed materials (Note 7)	20,045	16,125
Events	763,885	456,618
Event adjustment for prior periods (Note 5)	-	(55,000)
Payment processing fees	2,465	5,743
Permit costs	13,600	10,049
Volunteers	8,893	5,437
	<b>1,634,622</b>	<b>1,089,679</b>
<b>Operating Surplus</b>	<b>954,684</b>	<b>709,012</b>
<b>General and Administrative Expenses</b>		
Advertising	64,951	18,880
Amortization	3,712	4,156
Bad debts	-	373
Community contributions	6,092	5,651
Legal, accounting and other professional	22,610	23,853
Office and miscellaneous	53,920	30,608
Outreach	20,943	15,690
Rent	39,516	36,642
Staff and contractors, wages and benefits	622,076	391,407
	<b>833,820</b>	<b>527,260</b>
<b>Excess of revenue over expenses</b>	<b>\$ 120,864</b>	<b>\$ 181,752</b>



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Vancouver Pride Society  
Notes to Financial Statements

For the year ended August 31, 2019

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1. Significant Accounting Policies

(a) Nature of Operations

The purpose of the Vancouver Pride Society (the "Society") is to celebrate Lesbian, Gay, Bisexual, Transgender, Two Spirited, and Queer communities (LGBTQAI2S+), and other supportive or affiliated groups, in and through culturally appropriate educational activities and festivities throughout the year; and 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 Societies Act (BC) effective January 3, 2017. The Society is a non-profit organization pursuant to Section 149 of the Income Tax Act (Canada).

(b) Amortization

Property and 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.

(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.

**Vancouver Pride Society**  
**Statement of Cash Flows**

<b>For the year ended August 31</b>	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 120,864	\$ 181,754
Item not requiring cash:		
Amortization expense	3,712	4,156
Accrued interest	(43)	(109)
	<u>124,533</u>	<u>185,801</u>
Changes in non-cash working capital balances		
Accounts receivable	(68,476)	35,465
Deposits	(3,442)	(3,698)
Accounts payable and accrued liabilities	103,676	15,849
Government remittances payable	(1,079)	(11,337)
Deferred revenue	14,000	-
	<u>169,212</u>	<u>222,080</u>
<b>Investing activity</b>		
Purchase of property and equipment	(6,462)	-
Increase in term investments	(10,000)	-
	<u>152,750</u>	<u>222,080</u>
<b>Increase in cash</b>	<b>152,750</b>	<b>222,080</b>
<b>Cash, beginning of year</b>	<b>275,308</b>	<b>53,228</b>
<b>Cash, end of year</b>	<b>\$ 428,058</b>	<b>\$ 275,308</b>

**Vancouver Pride Society**  
**Notes to Financial Statements**

**For the year ended August 31, 2019**

**5. Accounts payable and accrued liabilities**

	2019	2018
Accounts payable	\$ 228,497	\$ 192,838
City of Vancouver	181,650	113,633
	\$ 410,147	\$ 306,471

During fiscal 2018, the Society met with the City of Vancouver to discuss the invoices related to the 2016 and 2017 Pride Events. The City of Vancouver agreed to provide a film and special event deduction of \$55,000 which was recorded as a reduction in 2018 expenses and is reflected in the payable balance as at August 31, 2018.

**6. Deferred Revenues**

	2018		2019	
	Opening	Amounts Received	Grants Spent / Revenue Recognized	Closing
Province of British Columbia	\$ 30,000	\$ 36,000	\$ (30,000)	\$ 36,000
Partnerships	-	697,925	689,925	8,000
	\$ 30,000	\$ 733,925	\$ 659,925	\$ 44,000

**7. 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 fair value of contributed services for the year to be \$825,734 (2018 - \$650,707). During the year 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 \$20,045 (2018 - \$16,125). These amounts have been recorded as revenues and expenditures in these financial statements.

**Vancouver Pride Society**  
**Notes to Financial Statements**

**For the year ended August 31, 2019**

**1. Significant Accounting Policies (continued)**

**(e) Financial Instruments**

The Society's financial instruments consist of cash, term deposits, accounts receivable, deposits, accounts payable and government remittances payable. The Society initially measures all of its financial instruments at fair value and subsequently at amortized cost using the effective interest rate method.

Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs on the acquisition and sale of financial instruments are expensed for those items re-measured at fair value at each balance sheet date and charged to the financial instrument for those measured at cost.

**(f) 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 deposits are held with a Canadian chartered bank, and bear interest ranging from 1.0% to 1.2% and mature November 6, 2019 and April 3, 2020.

**3. Accounts Receivable**

	2019	2018
Accounts receivable	\$ 36,269	\$ 32,103
Government grants receivable	71,672	18,038
GST receivable	29,544	18,868
	\$ 137,485	\$ 69,009

**4. Property and Equipment**

	Cost	Accumulated Amortization	Net 2019	Net 2018
Computer equipment	\$ 23,735	\$ 20,849	\$ 2,886	\$ 2,380
Furniture and equipment	14,184	7,668	6,516	5,049
Website	10,650	8,716	1,934	1,157
	\$ 48,569	\$ 37,233	\$ 11,336	\$ 8,586

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**Vancouver Pride Society**  
**Notes to Financial Statements**

**For the year ended August 31, 2019**

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**10. Financial Instrument Risks (continued)**

**(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, term deposits and accounts receivable. The Society limits its exposure to credit risk by placing its cash and term deposits with Canadian chartered banks and by enforcing credit policies on receivables. There has been no change to this risk from the prior year.

Credit risk is also minimized as a significant portion of accounts receivables are from government agencies with related agreements in place.

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

**(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 carefully monitors its working capital and works with existing and potential partners and sponsors including the City of Vancouver to confirm sponsorships and event costs prior to the festival. The Society has met and continues 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 investments in term deposits, which is not subject to significant market risk (Note 2). There has been no change to this risk from the prior year.

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**11. Comparative Figures**

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

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**Vancouver Pride Society**  
**Notes to Financial Statements**

**For the year ended August 31, 2019**

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**8. Grants**

	2019	2018
City of Vancouver Civic Parade grants (a)	\$ 50,000	\$ 50,000
Municipal grants	24,000	32,828
Province of British Columbia grants	30,000	30,000
Government of Canada grants	518,288	79,140
	<b>\$ 622,288</b>	<b>\$ 191,968</b>

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 to a maximum grant of \$50,000.

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**9. Remuneration of Directors, Employees and Contractors**

The Societies Act (BC) (the "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, 2019 there were no directors that received remuneration in capacity as directors or otherwise (2018 - none). There were 2 (2018 - 2) employees or contractors that received remuneration in excess of \$75,000 which resulted in an aggregate expenditure of \$211,222 (2018 - \$186,805).

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**10. 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, 2019.

**(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.