

Vancouver Pride Society
Financial Statements
For the year ended August 31, 2021

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Independent Auditor's Report

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, 2021, 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, 2021, 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 of revenue over expenses, assets and net assets for the years ended August 31, 2021 and 2020, current assets as at August 31, 2021 and 2020, and net assets as at September 1 and August 31, for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended August 31, 2020 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.

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.



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
January 13, 2022

Vancouver Pride Society
Statement of Financial Position

As at August 31	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 444,404	\$ 410,711
Term deposits - restricted (Note 2)	21,509	21,381
Accounts receivable (Note 3)	38,247	51,801
Deposits	7,374	8,486
	511,534	492,379
Property and equipment (Note 4)	41,191	65,750
	\$ 552,725	\$ 558,129
Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 87,401	\$ 93,566
Government remittances payable	568	-
Deferred revenue (Note 6)	36,000	36,000
	123,969	129,566
Deferred capital contributions (Note 7)	17,500	29,167
	141,469	158,733
Net Assets		
Invested in property and equipment	23,691	34,448
Unrestricted	387,565	364,948
	411,256	399,396
	\$ 552,725	\$ 558,129

Approved on behalf of the Board:

_____ Director _____ Director

Vancouver Pride Society
Statement of Operations

For the year ended August 31	2021	2020
Revenue		
Grants (Note 9)	\$ 247,203	\$ 698,508
Contributed materials and services (Note 8)	618,405	650,725
Partnerships (Note 6)	642,132	497,270
Event revenues	87,438	61,005
Canada Emergency Wage Subsidy	191,629	57,401
Canada Emergency Rent Subsidy	41,595	-
Donations	3,400	24,103
Amortization of deferred capital contributions (Note 7)	11,667	5,833
Membership dues	1,639	5,846
Interest and other	827	397
	1,845,935	2,001,088
Direct Expenses		
Contributed services (Note 8)	606,405	642,090
Contributed materials (Note 8)	12,000	8,635
Events	310,557	294,909
Payment processing fees	3,666	96
Permit costs	3,533	446
Volunteers	4,711	1,577
	940,872	947,753
Operating Surplus	905,063	1,053,335
General and Administrative Expenses		
Advertising	69,939	72,418
Amortization	26,595	16,449
Community contributions	14,977	37,862
Legal, accounting and other professional	36,037	42,237
Office and miscellaneous	46,034	40,143
Outreach	13,088	15,302
Rent	80,108	76,625
Staff and contractors, wages and benefits	606,425	519,151
	893,203	820,187
Excess of revenue over expenses	\$ 11,860	\$ 233,148

Vancouver Pride Society
Statement of Changes in Net Assets

For the year ended August 31

	Unrestricted	Invested in Capital Assets	2021	2020
Balance, beginning of year	\$ 364,948	\$ 34,448	\$ 399,396	\$ 166,248
Excess (deficiency) of revenue over expenses	26,788	(14,928)	11,860	233,148
Purchase of property and equipment	(4,171)	4,171	-	-
Balance, end of year	\$ 387,565	\$ 23,691	\$ 411,256	\$ 399,396

Vancouver Pride Society
Statement of Cash Flows

For the year ended August 31	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ 11,860	\$ 233,148
Item not requiring cash:		
Amortization	26,595	16,449
Amortization of deferred capital contributions	(11,667)	(5,833)
Accrued interest	(128)	(328)
	26,660	243,436
Changes in non-cash working capital balances		
Accounts receivable	13,553	85,684
Deposits	1,112	14,199
Accounts payable and accrued liabilities	(6,165)	(316,581)
Government remittances payable	568	(220)
Deferred revenue	-	(8,000)
	35,728	18,518
Investing activity		
Purchase of property and equipment	(2,035)	(35,863)
Increase (decrease) in cash	33,693	(17,345)
Cash and cash equivalents, beginning of year	410,711	428,056
Cash and cash equivalents, end of year	\$ 444,404	\$ 410,711

For the year ended August 31, 2021

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 (LGBTQIA2S+), 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 straight line basis method at the following annual rates:

Computer equipment	- 3 years
Furniture and equipment	- 5 years
Websites	- 3 years
Leasehold improvements	- term of lease

(c) 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. Restricted contributions for the acquisition of property and equipment are deferred and amortized over the remaining useful life of the asset acquired.

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 partnerships represent sponsorship arrangements for the Society's operations or specific activities. Revenue is recorded as requirements under the partnership agreements are met, amount can be reasonably estimated and collection is reasonably assured.

Revenue from sales, including ticket sales 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.

For the year ended August 31, 2021

1. Significant Accounting Policies (continued)

(d) 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.

(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 0.15% to 1.45% and mature January 16, 2022 and April 3, 2023.

3. Accounts Receivable

	2021	2020
Accounts receivable - partnerships	\$ 30,351	\$ 332
Government grants receivable	-	33,475
GST receivable	7,896	17,994
	<u>\$ 38,247</u>	<u>\$ 51,801</u>

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2021

4. Property and Equipment

	Cost	Accumulated Amortization	Net 2021	Net 2020
Computer equipment	\$ 26,305	\$ 24,152	\$ 2,153	\$ 3,330
Furniture and equipment	33,448	18,358	15,090	21,295
Website	61,715	37,767	23,948	41,125
	<u>\$ 121,468</u>	<u>\$ 80,277</u>	<u>\$ 41,191</u>	<u>\$ 65,750</u>

5. Accounts Payable and Accrued Liabilities

	2021	2020
Trade accounts payable	\$ 43,867	\$ 57,409
Payroll liabilities	19,838	18,157
Other accruals	23,696	18,000
	<u>\$ 87,401</u>	<u>\$ 93,566</u>

6. Deferred Revenues

	2020			2021
	Opening	Amounts Received	Grants Spent / Revenue Recognized	Closing
Province of British Columbia - gaming grant	\$ 36,000	\$ 36,000	\$ (36,000)	\$ 36,000
	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ (36,000)</u>	<u>\$ 36,000</u>

7. Deferred Capital Contributions

	2021	2020
Unamortized balance, beginning of year	\$ 29,167	\$ -
Contribution in the year	-	35,000
Amortized to revenue	(11,667)	(5,833)
Unamortized balance, end of year	<u>\$ 17,500</u>	<u>\$ 29,167</u>

In 2020, the Society received contributed services related to the construction of the website valued at \$35,000.

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2021

8. 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 \$606,405 (2020 - \$642,090). 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 \$12,000 (2020 - \$8,635). These amounts have been recorded as revenues and expenditures in these financial statements.

9. Grants

	2021	2020
Municipal grants	16,835	28,500
Province of British Columbia grants	37,000	39,000
Government of Canada grants	193,368	631,008
	<u>\$ 247,203</u>	<u>\$ 698,508</u>

10. 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 year ended August 31, 2021 there were no directors that received remuneration in capacity as directors or otherwise (2020 - none). There was 1 (2020 - 1) employee or contractor that received remuneration in excess of \$75,000 which resulted in an aggregate expenditure of \$95,806 (2020 - \$90,496).

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2021

11. Commitments

The Society has contractual obligations relating to the rent of office spaces that extend to September 30, 2023. The scheduled payment required in the next several years are:

2022	\$	59,007
2023		53,714
2024		3,153
		<hr/>
	\$	115,874
		<hr/>

12. 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, 2021.

(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, 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 or for partnerships arrangement 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.

For the year ended August 31, 2021

12. Financial Instrument Risks (continued)

(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.

13. Significant event

In March 2020, the World Health Organization declared a global pandemic related to the disease known as COVID-19. The impacts to the economy are far reaching. The Canadian not-for-profit sector is impacted due to the economic environment and related uncertainty, which may cause a potential decrease in funding.

As of April 2020, the Society decided to cancel upcoming events and fundraisers and operate the rest virtually through the fall of 2020. In 2021, the Society continued to provide some virtual events and some in person events, at less limited capacity than past years. The Society is continually modifying the sponsorship agreements with its partners and funders and they have remained committed with their support of the Society.

The Society is reviewing its programming for the upcoming year to adhere to provincial health regulations and meet the Society's outreach and operational activity for the next year.

In order to mitigate the impacts of COVID-19, the Society applied for the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy from the Government of Canada and received funding totaling \$233,224 which is recorded as revenue in the current year (2020 - \$57,401).

The duration of the disruption and the related financial impact cannot be reasonably estimated at this time and the Society's management will continue to monitor cash flows, financial projections and available reserves.