

Vancouver Pride Society
Financial Statements
For the year ended August 31, 2022

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at August 31, 2022 and 2021, and net assets as at September 1 and August 31, for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2021 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 18, 2022

Vancouver Pride Society
Statement of Financial Position

As at August 31	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 376,221	\$ 444,404
Term deposits - restricted (Note 2)	21,759	21,509
Accounts receivable (Note 3)	188,989	38,247
Deposits	47,324	7,374
	634,293	511,534
Property and equipment (Note 4)	17,591	41,191
	\$ 651,884	\$ 552,725
Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 345,750	\$ 87,401
Government remittances payable	244	568
Deferred revenue (Note 6)	45,000	36,000
	390,994	123,969
Deferred capital contributions (Note 7)	5,833	17,500
	396,827	141,469
Net Assets		
Invested in property and equipment	11,757	23,691
Unrestricted	243,300	387,565
	255,057	411,256
	\$ 651,884	\$ 552,725

Approved on behalf of the Board:

_____ Director _____ Director

Vancouver Pride Society
Statement of Operations

For the year ended August 31	2022	2021
Revenue		
Grants (Note 9)	\$ 443,715	\$ 247,203
Contributed materials and services (Note 8)	473,481	618,405
Partnerships	743,510	642,132
Event revenues	383,994	87,438
Canada Emergency Wage Subsidy	-	191,629
Canada Emergency Rent Subsidy	-	41,595
Donations	23,489	3,400
Amortization of deferred capital contributions (Note 7)	11,667	11,667
Membership dues	3,678	1,639
Interest and other	2,680	827
	<u>2,086,214</u>	<u>1,845,935</u>
Direct Expenses		
Contributed services (Note 8)	455,685	606,405
Contributed materials (Note 8)	17,796	12,000
Events	670,645	310,557
Payment processing fees	385	3,666
Permit costs	81,445	3,533
Volunteers	11,838	4,711
	<u>1,237,794</u>	<u>940,872</u>
Operating Surplus	<u>848,420</u>	<u>905,063</u>
General and Administrative Expenses		
Advertising	51,906	69,939
Amortization	25,104	26,595
Community contributions	16,315	14,977
Legal, accounting and other professional	61,383	36,037
Office and miscellaneous	42,976	46,034
Outreach	17,090	13,088
Rent	83,852	80,108
Staff and contractors, wages and benefits	705,993	606,425
	<u>1,004,619</u>	<u>893,203</u>
Excess (loss) of revenue over expenses	<u>\$ (156,199)</u>	<u>\$ 11,860</u>

Vancouver Pride Society
Statement of Changes in Net Assets

For the year ended August 31

	Unrestricted	Invested in Capital Assets	2022	2021
Balance, beginning of year	\$ 387,565	\$ 23,691	\$ 411,256	\$ 399,396
Excess (deficiency) of revenue over expenses	(142,762)	(13,437)	(156,199)	11,860
Purchase of property and equipment	(1,503)	1,503	-	-
Balance, end of year	\$ 243,300	\$ 11,757	\$ 255,057	\$ 411,256

Vancouver Pride Society
Statement of Cash Flows

For the year ended August 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess (loss) of revenue over expenditures	\$ (156,199)	\$ 11,860
Item not requiring cash:		
Amortization	25,104	26,595
Amortization of deferred capital contributions	(11,667)	(11,667)
Accrued interest	(250)	(128)
	(143,012)	26,660
Changes in non-cash working capital balances		
Accounts receivable	(150,743)	13,553
Deposits	(39,950)	1,112
Accounts payable and accrued liabilities	258,349	(6,165)
Government remittances payable	(324)	568
Deferred revenue	9,000	-
	(66,680)	35,728
Investing activity		
Purchase of property and equipment	(1,503)	(2,035)
Increase (decrease) in cash	(68,183)	33,693
Cash and cash equivalents, beginning of year	444,404	410,711
Cash and cash equivalents, end of year	\$ 376,221	\$ 444,404

For the year ended August 31, 2022

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, 2022

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 1.45% to 2.65% and mature February 22, 2023 and April 3, 2023.

3. Accounts Receivable

	2022	2021
Accounts receivable - partnerships	\$ 162,709	\$ 30,351
GST receivable	26,280	7,896
	<u>\$ 188,989</u>	<u>\$ 38,247</u>

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2022

4. Property and Equipment

	Cost	Accumulated Amortization	Net 2022	Net 2021
Computer equipment	\$ 27,098	\$ 25,034	\$ 2,064	\$ 2,153
Furniture and equipment	34,075	25,558	8,517	15,090
Website	61,799	54,789	7,010	23,948
	<u>\$ 122,972</u>	<u>\$ 105,381</u>	<u>\$ 17,591</u>	<u>\$ 41,191</u>

5. Accounts Payable and Accrued Liabilities

	2022	2021
Trade accounts payable	\$ 258,890	\$ 43,867
Payroll liabilities	24,292	19,838
Other accruals	62,568	23,696
	<u>\$ 345,750</u>	<u>\$ 87,401</u>

6. Deferred Revenues

	2021		2022	
	Opening	Amounts Received	Grants Spent / Revenue Recognized	Closing
Province of British Columbia - gaming grant	\$ 36,000	\$ 45,000	\$ (36,000)	\$ 45,000
	<u>\$ 36,000</u>	<u>\$ 45,000</u>	<u>\$ (36,000)</u>	<u>\$ 45,000</u>

7. Deferred Capital Contributions

	2022	2021
Unamortized balance, beginning of year	\$ 17,500	\$ 29,167
Amortized to revenue	(11,667)	(11,667)
Unamortized balance, end of year	<u>\$ 5,833</u>	<u>\$ 17,500</u>

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2022

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 \$455,685 (2021 - \$606,405). 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 \$17,796 (2021 - \$12,000). These amounts have been recorded as revenues and expenditures in these financial statements.

9. Grants

	2022	2021
Municipal grants	14,000	16,835
Province of British Columbia grants	183,115	37,000
Government of Canada grants	246,600	193,368
	<u>\$ 443,715</u>	<u>\$ 247,203</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, 2022 there were no directors that received remuneration in capacity as directors or otherwise (2021 - none). There was 1 (2021 - 1) employee or contractor that received remuneration in excess of \$75,000 which resulted in an aggregate expenditure of \$81,120 (2020 - \$95,806).

Vancouver Pride Society
Notes to Financial Statements

For the year ended August 31, 2022

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:

2023	53,714
2024	3,153
	<hr/>
	\$ 56,867

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, 2022.

(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 arrangements 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, 2022

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.