

PRIDE TORONTO
FINANCIAL STATEMENTS
JULY 31, 2024

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INDEX	Page
Independent Auditors' Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



Crowe Soberman | Canada

Crowe Soberman LLP

Member Crowe Global

2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5

Main 416 964 7633

Fax 416 964 6454

www.crowesoberman.com

INDEPENDENT AUDITORS' REPORT

To the Members of Pride Toronto

Qualified Opinion

We have audited the financial statements of Pride Toronto (the Organization), which comprise the statement of financial position as at July 31, 2024, and the statement of operations, statement of changes in net assets and statement of 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 matters 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 Organization as at July 31, 2024, 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 not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, deficiency of revenue over expenses, and cash flows from operations for the years ended July 31, 2024 and 2023, current assets as at July 31, 2024 and 2023, and net assets as at August 1, 2023 and 2022 and July 31, 2024 and 2023. Our audit opinion on the financial statements for the year ended July 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

The Organization derives revenue from restricted contributions, which are recognized as revenue in the same period as the related eligible expenses are incurred. We were unable to obtain sufficient appropriate audit evidence about the eligibility of expenditures for periods prior to August 1, 2020, because we were unable to obtain access to sufficient appropriate supporting financial information. Consequently, we were unable to determine whether any adjustments to government funding payable as at July 31, 2024 and 2023, and net assets as at August 1, 2023 and 2022 and July 31, 2024 and 2023 were necessary. Our audit opinion on the financial statements for the year ended July 31, 2023 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

Crowe Soberman LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 16, 2024

PRIDE TORONTO
STATEMENT OF FINANCIAL POSITION
At July 31

2024 **2023**

ASSETS

Current

Cash	\$ 64,912	\$ 1,350,838
Accounts receivable	854,087	669,452
Government funding receivable	594,744	475,659
Prepaid expenses and sundry	249,413	233,568

1,763,156 **2,729,517**

Capital assets (Note 3)

31,530 **22,042**

\$ 1,794,686 **\$ 2,751,559**

LIABILITIES

Current

Bank indebtedness (Note 4)	\$ 154,581	\$ -
Accounts payable and accrued charges	449,486	375,194
Government remittances payable	18,915	215,821
Current portion of government funding payable (Note 5)	420,487	388,664
Deferred contributions (Note 6)	59,281	-

1,102,750 **979,679**

Interest payable (Note 5)

40,151 **10,406**

Government funding payable (Note 5)

305,504 **430,504**

1,448,405 **1,420,589**

Commitments (Note 10)

NET ASSETS

Unrestricted

346,281 **1,330,970**

\$ 1,794,686 **\$ 2,751,559**

The accompanying notes are an integral part of the financial statements

On behalf of the Board


Director


Director

PRIDE TORONTO
STATEMENT OF CHANGES IN NET ASSETS
Year ended July 31

	2024	2023
Balance, beginning of year	\$1,330,970	\$1,426,715
Deficiency of revenue over expenses	(984,689)	(95,745)
Balance, end of year	\$ 346,281	\$1,330,970

The accompanying notes are an integral part of the financial statements

PRIDE TORONTO
STATEMENT OF OPERATIONS

Year ended July 31

2024

2023

Revenue

Sponsorships <i>(Note 7)</i>	\$ 5,134,924	\$ 4,744,358
Permits and fees	1,248,790	1,253,579
Government and non-government funding <i>(Note 8)</i>	1,035,203	1,041,440
Donations and fundraising	513,722	519,099
Other	61,813	41,563
	7,994,452	7,600,039

Expenses

Wages and benefits	1,527,723	1,358,841
Festival infrastructure <i>(Note 7)</i>	1,404,231	1,135,449
Special projects <i>(Note 7)</i>	1,326,010	576,505
Artists and associated fees <i>(Note 7)</i>	1,142,635	937,900
Advertising and promotion <i>(Note 7)</i>	1,026,617	1,386,296
Staff advocacy and community outreach <i>(Note 7)</i>	583,279	589,957
Event staffing and safety	458,199	304,525
Occupancy	348,367	136,045
Insurance	268,729	228,094
Event food and beverage <i>(Note 7)</i>	255,924	364,383
Office and administration <i>(Note 5)</i>	252,525	206,401
Subcontractors	137,278	93,029
Professional fees <i>(Note 7)</i>	134,982	228,465
Volunteer refreshments <i>(Note 7)</i>	47,223	42,056
Accessibility	37,049	59,375
Governance	17,188	38,381
Amortization of capital assets	11,182	10,082
	8,979,141	7,695,784

Deficiency of revenue over expenses \$ (984,689) \$ (95,745)

The accompanying notes are an integral part of the financial statements

PRIDE TORONTO
STATEMENT OF CASH FLOWS
Year ended July 31

2024 2023

SOURCES (USES) OF CASH

Operating activities

Deficiency of revenue over expenses \$ (984,689) \$ (95,745)

Items not involving cash

Amortization of capital assets 11,182 10,082

Interest on government funding payable 29,745 10,406

(943,762) (75,257)

Changes in non-cash working capital items

Accounts receivable (184,635) 763,684

Government funding receivable (119,085) 614,126

Prepaid expenses and sundry (15,845) (183,402)

Accounts payable and accrued charges 74,292 (128,659)

Government remittances payable (196,906) 132,542

Deferred contributions 59,281 -

Government funding payable (93,177) 42,154

Cash provided by (used in) operating activities (1,419,837) 1,165,188

Investing activity

Acquisition of capital assets (20,670) (22,839)

Cash used in investing activity (20,670) (22,839)

Financing activities

Bank indebtedness - net 154,581 -

Repayment of bank loan payable - (40,000)

Cash provided by (used in) financing activities 154,581 (40,000)

Net increase (decrease) in cash (1,285,926) 1,102,349

Cash, beginning of year 1,350,838 248,489

Cash, end of year \$ 64,912 \$ 1,350,838

The accompanying notes are an integral part of the financial statements

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2024

1. Purpose of the organization and income tax status

Pride Toronto (the "Organization") is incorporated under the *Ontario Corporations Act* as a not-for-profit organization whose objectives are to: educate and increase the public's understanding and appreciation of 2SLGBTQI+ persons, including by holding an annual cultural festival in the City of Toronto or elsewhere in Canada that celebrates and provides education regarding their sexual and gender orientations and identities, histories, cultures, communities, organizations, relationships, achievements, and lives; and receive and maintain net assets and to apply all or part of the principal and income therefrom, from time to time, to charitable organizations that are qualified donees under the *Income Tax Act (Canada)* whose objectives support the charitable purposes of the Organization.

The Organization is exempt from income tax under Section 149(1)(1) of the *Income Tax Act (Canada)*.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reporting period. The more subjective of such estimates are the eligibility of expenses in determining the government funding payable. Management believes its estimates to be appropriate; however, actual results could differ from the amounts estimated.

Revenue recognition

Contributions - Government and non-government funding and donations and fundraising

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

Sponsorships, permits and fees and other

Sponsorships, permits and fees and other revenue is recognized when persuasive evidence of an arrangement exists, delivery of goods has occurred or services have been rendered, the selling price to the buyer is fixed or determinable, and collection of the selling price is reasonably assured. Revenue is measured at the amount of consideration received, excluding discounts, returns and sales taxes.

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2024

2. Significant accounting policies (continued)

Revenue recognition (continued)

Multiple-element arrangements

At the inception of an arrangement, the Organization evaluates all deliverables in the arrangement to determine whether they represent separate units of account. In an arrangement with multiple deliverables, the arrangement consideration is allocated to all deliverables on a relative stand-alone selling price basis. The stand-alone selling price is the price at which the Organization would sell a promised good or service separately to a customer, which can be determined through actual transactions if the Organization sells each of the promised goods or services separately, or it can be estimated using observable inputs and estimation techniques.

Contributed materials and services

Contributed materials and services are recognized as revenue in the year the product or service is received, at fair value, when the product or service is used in the normal course of business and would otherwise have been purchased by the Organization, and the Organization believes that a fair value can be reasonably determined.

The Organization would not be able to carry out its activities without the services of numerous volunteers who donate a considerable amount of time. Because of the difficulty of determining their fair value, contributed volunteer services are not recognized in the financial statements.

Financial instruments

The Organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and financial liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument originated or exchanged in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or financial liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

The Organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost.

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

Transaction costs related to financial instruments subsequently measured at fair value or to those originated or exchanged in a related party transaction are recognized in deficiency of revenue over expenses in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, the transaction costs are then recognized in deficiency of revenue over expenses over the life of the instrument using the straight-line method.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution or at a nominal value if their fair value at the date of contribution cannot be reasonably determined. Amortization is provided annually on bases designed to amortize the assets over their estimated useful lives, as follows:

Furniture and fixtures	-	straight-line over 8 years
Computer equipment	-	straight-line over 3 years

Impairment of long-lived assets

Long-lived assets are tested for recoverability when an event or circumstance occurs that indicates that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount exceeds fair value.

Leases

Leases are classified as either capital or operating leases. Rental payments under operating leases are included in the determination of deficiency of revenue over expenses over the lease term on a straight-line basis.

3. Capital assets

				2024 Net Carrying Amount	2023 Net Carrying Amount
	Cost	Accumulated Amortization			
Furniture and fixtures	\$ 21,531	\$ 5,283	\$	16,248	\$ 9,121
Computer equipment	59,444	44,162	\$	15,282	12,921
	\$ 80,975	\$ 49,445	\$	31,530	\$ 22,042

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2024

4. Bank indebtedness

The Organization temporarily increased its demand operating facility from a maximum of \$500,000 (2023 - \$500,000) to a maximum of \$1,000,000 from May 15, 2024 to September 13, 2024. Borrowings under the demand operating facility bear interest at the prime rate of the Organization's banker plus 0.5%, payable monthly in arrears.

Amounts drawn on the demand operating facility as at July 31, 2024 totalled \$154,581 (2023 - \$Nil). The Organization's demand operating facility is secured by a general security agreement representing a first charge on all present and future property of the Organization.

5. Government funding payable

The Organization is required to repay certain government funding by August 2028. Interest is calculated on repayable amounts at the average Bank of Canada discount rate for the previous month plus 3% and is payable at maturity. Principal repayments for each of the next five years are as follows:

Year ending July 31, 2025	\$ 100,000
2026	100,000
2027	100,000
2028	100,000
2029	5,504
	\$ 405,504

Interest expense incurred during the year ended July 31, 2024 amounted to \$29,745 (2023 - \$10,406).

In addition to the above, the current portion of government funding payable includes \$320,487 (2023 - \$363,664), which is not subject to fixed repayment terms.

6. Deferred contributions

Changes in the deferred contributions balance reported are as follows:

	2024	2023
Balance, beginning of year	\$ -	\$ -
Add: amounts received during the year	170,000	385,005
Less: amounts recognized as revenue during the year	(110,719)	(335,005)
Less: amounts repayable at end of year	-	(50,000)
Balance, end of year	\$ 59,281	\$ -

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2024

7. Contributed materials and services

Sponsorships revenue includes contributions of materials and services totaling \$2,749,725 (2023 - \$2,489,743), with the corresponding expense amounts presented as follows:

	2024	2023
Special projects	\$ 860,800	\$ 261,000
Advertising and promotion	743,776	1,154,371
Staff advocacy and community outreach	583,279	589,957
Artists and associated fees	287,578	169,365
Festival infrastructure	147,573	41,445
Professional fees	54,880	121,540
Event food and beverage	46,386	127,065
Volunteer refreshments	25,453	25,000
	\$ 2,749,725	\$ 2,489,743

8. Government and non-government funding revenue

	2024	2023
Government of Canada		
Fierté Canada Pride	\$ 250,000	\$ 250,000
Tourism Relief Fund	250,000	210,036
Community Support, Multiculturalism, and Anti-Racism Initiatives	60,000	-
Building Communities Through Arts and Heritage	57,600	61,700
Celebrate Canada	12,000	25,000
Canada Summer Jobs	603	33,489
Province of Ontario		
Experience Ontario	125,000	125,000
Ontario Anti-Hate Security and Prevention	20,000	-
Ontario Cultural Attractions Fund	-	75,000
City of Toronto		
Cultural Festivals Funding Program	260,000	260,000
Non-government funding		
Youth Break Barriers to Employment Programme	-	1,215
	\$ 1,035,203	\$ 1,041,440

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2024

9. Financial instruments

The Organization regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include liquidity risk, credit risk, market risk, interest rate risk and foreign currency risk. The following analysis provides a measure of the Organization's risk exposure and concentrations. There are no significant changes in the risk exposures from the prior period.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities as they come due. The Organization is exposed to this risk mainly in respect of its bank indebtedness, accounts payable and accrued charges, government funding payable and interest payable. The Organization considers that it will generate sufficient funds from operations and government funding to meet its obligations as they come due.

Credit risk

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable and government funding receivable. The Organization does not obtain collateral or other security to support the accounts receivable and government funding receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

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 the market interest rates. The Organization is exposed to interest rate risk on its floating rate financial instruments. Bank indebtedness and government funding payable subject the Organization to a cash flow risk.

The Organization is not exposed to any significant foreign currency risk or market risk at the statement of financial position date.

PRIDE TORONTO
NOTES TO FINANCIAL STATEMENTS
July 31, 2024

10. Commitments

The Organization is committed under a long-term lease for premises, which expires in April 2028. Minimum annual rentals (exclusive of the requirement to pay taxes, insurance and maintenance costs) for each of the next four years are approximately as follows:

Year ending July 31, 2025	\$ 245,000
2026	248,000
2027	252,000
2028	191,000
	<hr/>
	\$ 936,000

The Organization is committed under a long-term agreement with another Organization to provide funding for a shared project, which expires in July 2026. Minimum annual commitments for each of the next two years are as follows:

Year ending July 31, 2025	\$ 72,000
2026	78,000
	<hr/>
	\$ 150,000

11. Comparative figures

Certain reclassifications for the year ended July 31, 2023 have been made for the purpose of comparability.