

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

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## Independent Auditor's Report

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### **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.

**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.

Chartered Professional Accountants

Vancouver, British Columbia

Date of Board Approval

**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

	184,148	188,869
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Property and equipment (Note 4)	12,742	10,308
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	\$ 196,890	\$ 199,177
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**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	-

	333,258	96,919
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**Net Assets**

Invested in property and equipment	12,742	10,308
Unrestricted	(149,110)	91,950

	(136,368)	102,258
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	\$ 196,890	\$ 199,177
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Approved on behalf of the Board:

\_\_\_\_\_ 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)	887,040	816,836
Partnerships	143,108	97,100
RFID wristband sales	19,145	-
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
	<b>1,581,192</b>	<b>1,463,263</b>

**Direct Expenses**

Contributed services (Note 6)	503,920	484,640
Events (Schedule 1)	659,080	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
	<b>1,262,301</b>	<b>995,042</b>

**Operating Surplus**

**318,891**      468,221

**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	-
	<b>557,517</b>	<b>417,867</b>

**(Deficiency) excess of revenue over expenses**

**\$ (238,626)      \$ 50,354**

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

**For the year ended August 31**

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

The accompanying notes are an integral part of these financial statements.

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

<b>For the year ended August 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(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>
<b>Investing activity</b>		
Purchase of property and equipment	<u>(7,975)</u>	<u>(1,890)</u>
<b>Decrease in cash</b>	<b>(20,638)</b>	<b>(50,908)</b>
<b>Cash, beginning of year</b>	<u><b>73,865</b></u>	<u><b>124,773</b></u>
<b>Cash, end of year</b>	<u><b>\$ 53,227</b></u>	<u><b>\$ 73,865</b></u>



**For the year ended August 31, 2017**

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**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 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.

**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
	<b>\$ 104,474</b>	<b>\$ 81,933</b>

**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
	<b>\$ 42,107</b>	<b>\$ 29,365</b>	<b>\$ 12,742</b>	<b>\$ 10,308</b>

**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
	<b>\$ 290,624</b>	<b>\$ 88,838</b>

**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
	<b>\$ 193,129</b>	<b>\$ 159,300</b>

- (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.

**For the year ended August 31, 2017**

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**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).

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**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.

**For the year ended August 31, 2017**

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**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.

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**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 F - Revenues and Expenses by Event**

For the year ended August 31

	Revenue	Food and	Barre (Event)	Other Events	2011
<b>Revenues</b>					
Corporate partnerships	\$ 82,626	\$ 81,880	\$ 120,800	\$ 88,000	\$ 373,306
Exhibitors	176,988	54,488	5,805	18,900	256,181
Grants	78,593	20,290	83,341	68,819	251,023
Liquor	-	96,880	88,900	6,875	192,655
Merchandise	-	13,790	390	17,707	31,887
	<u>338,207</u>	<u>277,328</u>	<u>310,236</u>	<u>131,691</u>	<u>857,462</u>
<b>Event Expenses</b>					
Site setup	28,804	52,808	78,182	45,273	205,067
City services	118,888	2,880	29,120	1,388	152,076
Services	18,428	26,187	64,128	68,718	177,461
Supplies	880	18,742	21,800	28,828	69,250
Labour	1,288	8,816	25,188	24,873	60,165
	<u>171,500</u>	<u>109,333</u>	<u>198,318</u>	<u>168,287</u>	<u>547,438</u>
<b>Net revenue before indirect expenses</b>	<u>\$ 166,707</u>	<u>\$ 168,000</u>	<u>\$ 111,918</u>	<u>\$ 163,404</u>	<u>\$ 310,024</u>

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

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

For the year ended August 31

	Revenue	Food and	Event Excess	Other Events	2019
<b>Revenues</b>					
Corporate partnerships	\$ 35,000	\$ 77,000	\$ 113,000	\$ 35,000	\$ 260,000
Exhibitors	120,742	83,800	80,700	25,029	310,271
Grants	93,282	33,324	33,319	33,000	193,925
Liquor	-	36,882	63,272	2,118	102,272
Tickets	-	289	33,832	19,319	53,440
	<u>249,024</u>	<u>230,495</u>	<u>295,823</u>	<u>79,458</u>	<u>854,800</u>
<b>Event Expenses</b>					
Supplies	3,044	33,401	79,377	5,329	121,151
Site setup	21,028	43,388	33,865	20,000	118,301
Services	17,500	25,400	15,000	44,000	101,900
City services	68,500	-	16,444	-	84,944
Labor	1,000	6,750	6,840	19,600	34,190
	<u>101,072</u>	<u>108,939</u>	<u>141,526</u>	<u>89,029</u>	<u>440,566</u>
<b>Excess (deficit) before indirect expenses</b>	<b>\$ 147,952</b>	<b>\$ 121,556</b>	<b>\$ 154,297</b>	<b>\$ 17,029</b>	<b>\$ 414,234</b>

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