
UNITY CHARITY
(Formerly known as Urban Non-Violent Initiative Through
Youth (UNITY))

FINANCIAL STATEMENTS

AUGUST 31, 2014

Brendan Pennylegion

C H A R T E R E D A C C O U N T A N T

INDEPENDENT AUDITOR'S REPORT

To the Members,
Unity Charity

I have audited the accompanying financial statements of Unity Charity, formerly known as Urban Non-Violent Initiative Through Youth (UNITY), which comprise the statement of financial position as at August 31, 2014, and the statements of operations and 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 control 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 control. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Unity Charity as at August 31, 2014, 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.



Chartered Accountant
Licensed Public Accountant

December 29, 2014
Toronto, Ontario

UNITY CHARITY


STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2014

	2014	2013
ASSETS		
Current assets		
Cash	\$ 397,002	\$ 293,675
HST recoverable	29,223	16,286
Accounts receivable	9,300	1,150
Prepaid expenses	<u>4,570</u>	<u>5,632</u>
	<u>\$ 440,095</u>	<u>\$ 316,743</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 24,181	\$ 10,218
Deferred contributions (note 3)	<u>136,048</u>	<u>67,682</u>
	<u>160,229</u>	<u>77,900</u>
Net assets		
Unrestricted	<u>279,866</u>	<u>238,843</u>
	<u>\$ 440,095</u>	<u>\$ 316,743</u>

Approved on behalf of the Board:

 _____, Director

 _____, Director

see accompanying notes

UNITY CHARITY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2014

	2014	2013
REVENUE		
Contributions (note 4)	\$ 763,207	\$ 568,329
Program fees	161,421	150,704
Product sales	<u>31,674</u>	<u>20,173</u>
	<u>956,302</u>	<u>739,206</u>
EXPENSES		
Program		
Program delivery	341,579	238,300
Personnel	337,543	255,027
Travel	7,557	10,139
Website and design	-	11,054
Fundraising		
Personnel	73,586	42,100
Marketing and materials	52,241	46,067
Administration		
Personnel	36,461	21,960
Professional fees	23,724	28,542
Office and administration	19,981	13,281
Insurance	12,325	10,404
Rent	<u>10,282</u>	<u>-</u>
	<u>915,279</u>	<u>676,874</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	41,023	62,332
Net assets, beginning of year	<u>238,843</u>	<u>176,511</u>
NET ASSETS, END OF YEAR	<u>\$ 279,866</u>	<u>\$ 238,843</u>

see accompanying notes

UNITY CHARITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 41,023	\$ 62,332
Add net change in non-cash working capital items (see below)	<u>62,304</u>	<u>(53,693)</u>
NET CASH INCREASE IN THE YEAR	103,327	8,639
Cash, beginning of year	<u>293,675</u>	<u>285,036</u>
CASH, END OF YEAR	<u><u>\$ 397,002</u></u>	<u><u>\$ 293,675</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
HST recoverable	\$ (12,937)	\$ (1,461)
Accounts receivable	(8,150)	5,800
Prepaid expenses	1,062	(830)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	13,963	(1,518)
Deferred contributions	<u>68,366</u>	<u>(55,684)</u>
	<u><u>\$ 62,304</u></u>	<u><u>\$ (53,693)</u></u>

see accompanying notes

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

THE ORGANIZATION

Unity Charity (the organization), formerly known as Urban Non-Violent Initiative Through Youth (UNITY), is incorporated as a not-for-profit organization without share capital in the Province of Ontario. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization aims to show youth in Toronto how to use positive forms of artistic self-expression to make the community stronger and safer. The organization strives to boost self-esteem through performance driven programs and events while steering youth away from violence, racism and other negative expressions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered significant:

Capital assets

Capital asset purchases are capitalized in the accounts in the year of purchase and amortized over their estimated useful lives.

Revenue recognition

The organization follows the deferral method of revenue recognition for contributions. Under the deferral method, contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted contributions are recognized as revenue when they are received. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.
- ii) Program fee revenue is recognized as revenue in the period the service is delivered.
- iii) Fundraising revenue is recognized in the period in which the event is held.
- iv) Interest income is recognized as revenue when earned.

Foreign currency translation

The organization has a bank account denominated in United States currency which has been translated into Canadian dollars at the rate of exchange prevailing at the year end. Foreign currency transactions incurred during the year are recorded at the rate in effect on that date.

Allocation of expenses

The organization allocates personnel costs based on time spent.

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. Financial instruments are recorded at cost. The following are those financial instruments and related financial risks considered particularly significant:

- i) The organization minimizes the likelihood of uncollected revenue by regularly monitoring accounts receivable.
- ii) Existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks.

3. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2014	2013
Great West Life	\$ 30,000	\$ -
The Ontario Trillium Foundation - Hub program	27,300	-
CIBC	25,000	15,000
Canada Council for the Arts	13,000	-
Toronto Community Foundation	-	14,780
Manulife Financial	-	13,570
Other	<u>40,748</u>	<u>24,332</u>
Deferred contributions, end of year	<u>\$ 136,048</u>	<u>\$ 67,682</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 67,682	\$ 123,365
Amounts received from contributions	831,573	512,646
Contribution revenue recognized	<u>(763,207)</u>	<u>(568,329)</u>
Deferred contributions, end of year	<u>\$ 136,048</u>	<u>\$ 67,682</u>

4. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2014	2013
Corporations and sponsorships	\$ 365,709	\$ 247,227
Government	208,446	268,001
Individuals and third party events	104,047	45,601
Private foundations	<u>85,005</u>	<u>7,500</u>
	<u>\$ 763,207</u>	<u>\$ 568,329</u>
