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**UNITY CHARITY**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members,  
Unity Charity

We have audited the accompanying financial statements of Unity Charity, which comprise the statement of financial position as at August 31, 2015, 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*

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 control relevant to the organization'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 organization'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Unity Charity as at August 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Pennylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

February 26, 2016  
Toronto, Ontario

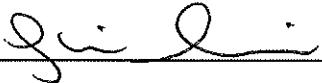
**UNITY CHARITY**

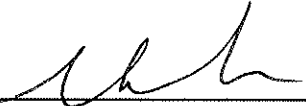
**STATEMENT OF FINANCIAL POSITION**

**AS AT AUGUST 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 403,391	\$ 397,002
Guaranteed investment certificates (note 2)	150,309	-
HST recoverable	44,078	29,223
Accounts receivable	4,920	9,300
Prepaid expenses	<u>7,666</u>	<u>4,570</u>
	<u>\$ 610,364</u>	<u>\$ 440,095</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 23,366	\$ 24,181
Deferred contributions (note 4)	<u>139,340</u>	<u>136,048</u>
	<u>162,706</u>	<u>160,229</u>
Net assets		
Designated (note 5)	50,000	-
Unrestricted	<u>397,658</u>	<u>279,866</u>
	<u>447,658</u>	<u>279,866</u>
	<u>\$ 610,364</u>	<u>\$ 440,095</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, 2015

	2015	2014
<b>REVENUE</b>		
Contributions (note 6)	\$ 1,078,185	\$ 763,207
Program fees	120,614	161,421
Product sales	13,936	31,674
Interest	<u>1,260</u>	<u>-</u>
	<u>1,213,995</u>	<u>956,302</u>
<b>EXPENSES</b>		
Program		
Personnel	381,715	337,543
Program delivery	340,596	278,216
Travel and accommodation	52,657	70,920
Fundraising		
Personnel	81,491	73,586
Marketing and materials	37,850	52,241
Administration		
Personnel	41,980	36,461
Professional fees	41,631	23,724
Office and administration	38,305	19,981
Rent	19,252	10,282
Insurance	<u>10,726</u>	<u>12,325</u>
	<u>1,046,203</u>	<u>915,279</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	167,792	41,023
Net assets, beginning of year	<u>279,866</u>	<u>238,843</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 447,658</u>	<u>\$ 279,866</u>

see accompanying notes

# UNITY CHARITY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2015

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 167,792	\$ 41,023
Add net change in non-cash working capital items (see below)	<u>(11,094)</u>	<u>62,304</u>
Cash generated from operations	156,698	103,327
<b>Investing Activities</b>		
Guaranteed investment certificates purchased	<u>(150,309)</u>	<u>-</u>
<b>NET CASH INCREASE IN THE YEAR</b>	6,389	103,327
Cash, beginning of year	<u>397,002</u>	<u>293,675</u>
<b>CASH, END OF YEAR</b>	<u>\$ 403,391</u>	<u>\$ 397,002</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
HST recoverable	\$ (14,855)	\$ (12,937)
Accounts receivable	4,380	(8,150)
Prepaid expenses	(3,096)	1,062
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(815)	13,963
Deferred contributions	<u>3,292</u>	<u>68,366</u>
	<u>\$ (11,094)</u>	<u>\$ 62,304</u>

see accompanying notes

# UNITY CHARITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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Unity Charity (the organization) is incorporated 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 uses the arts to empower youth with the confidence and skill necessary to become valued and positive contributors in their community.

### 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 principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including project grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received. Pledges are not recorded as revenue.

##### *Contributed materials and services*

Contributed materials and services which are normally purchased by the organization, are not recorded in the accounts.

##### *Program fees*

Program fee revenue is recognized as revenue in the period the service is delivered.

##### *Interest income*

Interest income is recognized over the term of the guaranteed investment certificates.

#### **Allocation of expenses**

The organization allocates personnel costs based on time spent.

### 2. GUARANTEED INVESTMENT CERTIFICATES

The guaranteed investment certificates are issued by a major Canadian chartered bank, bear an interest rate of 0.75% and mature in November 2015.

# UNITY CHARITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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### 3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. The guaranteed investment certificates are recorded at cost plus accrued interest.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. Fluctuations in market interest rates do not affect future cash flows from the organization's fixed rate guaranteed investment certificates.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2015	2014
Toronto Cultural Advisory	\$ 38,250	\$ -
The Ontario Trillium Foundation - Hub program	27,150	27,300
Greater Toronto Airports Authority	25,000	-
Mississauga Community Foundation	18,000	-
City of Toronto	15,600	-
Great West Life	-	30,000
CIBC	-	25,000
Canada Council for the Arts	-	13,000
Other	<u>15,340</u>	<u>40,748</u>
Deferred contributions, end of year	<u>\$ 139,340</u>	<u>\$ 136,048</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 136,048	\$ 67,682
Amounts received from contributions	1,081,477	831,573
Contribution revenue recognized	<u>(1,078,185)</u>	<u>(763,207)</u>
Deferred contributions, end of year	<u>\$ 139,340</u>	<u>\$ 136,048</u>

### 5. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$50,000 for contingency purposes (\$nil designated as at December 31, 2014).

# UNITY CHARITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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### 6. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2015	2014
Corporations and sponsorships	\$ 579,445	\$ 365,709
Individuals and third party events	304,387	104,047
Government	117,903	208,446
Private foundations	<u>76,450</u>	<u>85,005</u>
	<u>\$ 1,078,185</u>	<u>\$ 763,207</u>

### 7. COMPARATIVE AMOUNTS

Certain balances of the preceding year have been reclassified to conform with the current year's basis of presentation.