
UNITY CHARITY

FINANCIAL STATEMENTS

AUGUST 31, 2016

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, 2016, 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

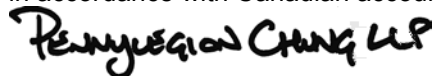
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2016, 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.



Chartered Professional Accountants
Licensed Public Accountants

October 26, 2016
Toronto, Ontario

UNITY CHARITY

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 282,018	\$ 403,391
Guaranteed investment certificates (note 2)	150,888	150,309
Amounts receivable	59,085	4,920
HST recoverable	13,344	44,078
Prepaid expenses	<u>13,561</u>	<u>7,666</u>
	<u>\$ 518,896</u>	<u>\$ 610,364</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,314	\$ 23,366
Deferred contributions (note 4)	<u>38,501</u>	<u>139,340</u>
	<u>44,815</u>	<u>162,706</u>
Net assets		
Designated (note 5)	50,000	50,000
Unrestricted	<u>424,081</u>	<u>397,658</u>
	<u>474,081</u>	<u>447,658</u>
	<u>\$ 518,896</u>	<u>\$ 610,364</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, 2016

	2016	2015
REVENUE		
Contributions (note 6)	\$ 896,607	\$ 1,012,435
Program fees	198,160	120,614
Arts Councils (note 7)	114,250	65,750
Product sales	10,445	13,936
Interest	<u>598</u>	<u>1,260</u>
	<u>1,220,060</u>	<u>1,213,995</u>
EXPENSES		
Program		
Personnel	440,470	381,715
Program delivery	354,355	340,596
Travel and accommodation	90,448	52,657
Fundraising		
Personnel	92,931	81,491
Marketing and materials	27,525	37,850
Administration		
Professional fees	65,288	41,631
Personnel	47,874	41,980
Office and administration	38,537	38,305
Rent	26,918	19,252
Insurance	<u>9,291</u>	<u>10,726</u>
	<u>1,193,637</u>	<u>1,046,203</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	26,423	167,792
Net assets, beginning of year	<u>447,658</u>	<u>279,866</u>
NET ASSETS, END OF YEAR	<u>\$ 474,081</u>	<u>\$ 447,658</u>

see accompanying notes

UNITY CHARITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 26,423	\$ 167,792
Add net change in non-cash working capital items (see below)	<u>(147,217)</u>	<u>(11,094)</u>
Cash generated from (used for) operating activities	(120,794)	156,698
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(579)</u>	<u>(150,309)</u>
NET CASH INCREASE (DECREASE) IN THE YEAR	(121,373)	6,389
Cash, beginning of year	<u>403,391</u>	<u>397,002</u>
CASH, END OF YEAR	<u>\$ 282,018</u>	<u>\$ 403,391</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Amounts receivable	(54,165)	4,380
HST recoverable	\$ 30,734	\$ (14,855)
Prepaid expenses	(5,895)	(3,096)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(17,052)	(815)
Deferred contributions	<u>(100,839)</u>	<u>3,292</u>
	<u>\$ (147,217)</u>	<u>\$ (11,094)</u>

see accompanying notes

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2016

Unity Charity (the organization or Unity) 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 skills for success, uses hip hop to improve young people's lives creating healthier communities, and targets youth who may feel disconnected or overwhelmed by stress living in underserved communities.

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:

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.

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.

Product sales

Product sales revenue is recognized upon product delivery.

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 0.70% and mature in September 2016.

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2016

3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. Accounts receivable, amounts 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

Continuity of deferred contributions for the year is as follows:

	2016	2015
Deferred contributions, beginning of year	\$ 139,340	\$ 136,048
Amounts received from contributions	795,768	1,015,727
Contribution revenue recognized	<u>(896,607)</u>	<u>(1,012,435)</u>
Deferred contributions, end of year	<u>\$ 38,501</u>	<u>\$ 139,340</u>

5. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$50,000 for contingency purposes (\$50,000 designated as at August 31, 2015).

6. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2016	2015
Corporations and sponsorships	\$ 484,802	\$ 579,445
Government funding	177,049	105,053
Private foundations	145,093	50,700
Individuals and third party events	<u>89,663</u>	<u>277,237</u>
	<u>\$ 896,607</u>	<u>\$ 1,012,435</u>

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NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2016

7. FUNDING FROM ARTS COUNCILS

Funding from Arts Councils recognized in the year is as follows:

	2016	2015
Canada Council for the Arts Project	\$ 10,000	\$ 13,000
Ontario Arts Council Operating Project	20,000 20,000	20,000 -
Toronto Arts Council Operating Open Door Project Other	24,000 38,250 <u>2,000</u>	20,000 12,750 <u>-</u>
	<u>\$ 114,250</u>	<u>\$ 65,750</u>

8. LEASE COMMITMENT

The organization leases office space in Toronto, Ontario. Minimum lease payments over the term of the lease, which expires on May 31, 2018, is as follows:

2017	\$ 26,400
2018	17,824