
UNITY CHARITY

FINANCIAL STATEMENTS

AUGUST 31, 2018

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, 2018, 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, 2018, 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

March 19, 2019
Toronto, Ontario

UNITY CHARITY

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	\$ 419,186	\$ 335,100
Guaranteed investment certificates (note 2)	30,000	152,197
Amounts receivable	123,975	69,943
HST recoverable	4,353	21,599
Prepaid expenses	<u>16,725</u>	<u>6,875</u>
	<u>\$ 594,239</u>	<u>\$ 585,714</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 27,113	\$ 16,481
Deferred contributions (note 4)	<u>133,126</u>	<u>130,000</u>
	<u>160,239</u>	<u>146,481</u>
Net assets		
Designated (note 5)	200,000	200,000
Unrestricted	<u>234,000</u>	<u>239,233</u>
	<u>434,000</u>	<u>439,233</u>
	<u>\$ 594,239</u>	<u>\$ 585,714</u>

Approved on behalf of the Board:



_____, Director - Adam Silver, Board Chair



_____, Director - Christopher Czorny, Board Treasurer



see accompanying notes

UNITY CHARITY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2018

	2018	2017
REVENUE		
Contributions (note 6)	\$ 865,488	\$ 1,108,601
Program fees	242,683	192,506
Arts Councils (note 7)	160,555	69,919
Product sales	4,175	4,026
Interest	<u>961</u>	<u>1,329</u>
	<u>1,273,862</u>	<u>1,376,381</u>
EXPENSES		
Program		
Personnel	598,152	550,801
Program delivery	273,853	388,664
Travel and accommodation	65,631	132,199
Fundraising		
Personnel	122,811	112,127
Marketing and materials	21,929	35,453
Administration		
Personnel	63,267	57,762
Professional fees	55,554	48,224
Office and administration	47,148	57,749
Rent	<u>30,750</u>	<u>28,250</u>
	<u>1,279,095</u>	<u>1,411,229</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(5,233)	(34,848)
Net assets, beginning of year	<u>439,233</u>	<u>474,081</u>
NET ASSETS, END OF YEAR	<u>\$ 434,000</u>	<u>\$ 439,233</u>

see accompanying notes

UNITY CHARITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ (5,233)	\$ (34,848)
Add net change in non-cash working capital items (see below)	<u>(32,878)</u>	<u>89,239</u>
Cash generated from (used for) operating activities	(38,111)	54,391
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	<u>122,197</u>	<u>(1,309)</u>
NET CASH INCREASE IN THE YEAR	84,086	53,082
Cash, beginning of year	<u>335,100</u>	<u>282,018</u>
CASH, END OF YEAR	<u>\$ 419,186</u>	<u>\$ 335,100</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Amounts receivable	\$ (54,032)	\$ (10,858)
HST recoverable	17,246	(8,255)
Prepaid expenses	(9,850)	6,686
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	10,632	10,167
Deferred contributions	<u>3,126</u>	<u>91,499</u>
	<u>\$ (32,878)</u>	<u>\$ 89,239</u>

see accompanying notes

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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 0.80% and mature in March 2019.

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

3. FINANCIAL INSTRUMENTS

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, which approximates fair value.

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 130,000	\$ 38,501
Amounts received from contributions and Arts Councils	1,029,169	1,270,019
Contribution and Arts Council revenue recognized	<u>(1,026,043)</u>	<u>(1,178,520)</u>
Deferred contributions, end of year	<u>\$ 133,126</u>	<u>\$ 130,000</u>

5. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$200,000 for contingency purposes (\$200,000 designated as at August 31, 2017).

6. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2018	2017
Corporations	\$ 457,096	\$ 523,508
Government funding	220,767	350,230
Individuals and third party events	164,125	132,388
Foundations	<u>23,500</u>	<u>102,475</u>
	<u>\$ 865,488</u>	<u>\$ 1,108,601</u>

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

7. ARTS COUNCIL REVENUE

Arts Council revenue recognized in the year is as follows:

	2018	2017
Canada Council for the Arts		
Touring	\$ 46,425	\$ -
Project	-	13,919
Ontario Arts Council		
Operating	54,630	20,000
Touring	17,000	-
Project	14,500	8,000
Toronto Arts Council		
Operating	28,000	24,000
Other	-	4,000
	<u>\$ 160,555</u>	<u>\$ 69,919</u>

8. LEASE COMMITMENT

The organization leases office space in Toronto, Ontario. Minimum annual lease payments over the term of the lease, which expires on May 31, 2021, are as follows:

2019	\$ 27,369
2020	27,874
2021	21,189

TITLE	Unity FS 2018
FILE NAME	Unity FS 2018.pdf
DOCUMENT ID	c30c65e45f158d6e4affe243bd61ff7696acf561
STATUS	● Completed

Document History



04/03/2019
16:08:38 UTC

Signed by Eleanor Avila (accounting@unitycharity.com)
IP: 70.26.174.242



04/03/2019
16:08:42 UTC

Sent for signature to Adam Silver (adamwsilver@gmail.com) and Chris Czorny (chris.czorny@gmail.com) from accounting@unitycharity.com
IP: 70.26.174.242



04/03/2019
18:29:52 UTC

Viewed by Adam Silver (adamwsilver@gmail.com)
IP: 104.242.9.72



04/03/2019
18:30:36 UTC

Signed by Adam Silver (adamwsilver@gmail.com)
IP: 104.242.9.72



04/07/2019
17:24:55 UTC

Viewed by Chris Czorny (chris.czorny@gmail.com)
IP: 72.143.197.47



04/07/2019
17:31:20 UTC

Signed by Chris Czorny (chris.czorny@gmail.com)
IP: 72.143.197.47



04/07/2019
17:31:20 UTC

The document has been completed.