
UNITY CHARITY

FINANCIAL STATEMENTS

AUGUST 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Unity Charity,

Opinion

We have audited the financial statements of Unity Charity (the organization), which comprise the statement of financial position as at August 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Unity Charity as at August 31, 2020 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

April 30, 2021
Toronto, Ontario

UNITY CHARITY

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 270,332	\$ 374,987
Guaranteed investment certificates (note 2)	30,391	30,240
Amounts receivable	199,003	238,813
Canada Emergency Wage Subsidy receivable	222,930	-
HST rebate recoverable	32,863	22,460
Prepaid expenses	<u>9,608</u>	<u>12,169</u>
	<u>\$ 765,127</u>	<u>\$ 678,669</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 33,265	\$ 29,917
Deferred contributions (note 4)	<u>224,944</u>	<u>211,594</u>
	258,209	241,511
Long-term liabilities		
Canada Emergency Business Account (CEBA) loan (note 5)	<u>30,000</u>	<u>-</u>
	<u>288,209</u>	<u>241,511</u>
Net assets		
Designated (note 6)	200,000	200,000
Unrestricted	<u>276,918</u>	<u>237,158</u>
	<u>476,918</u>	<u>437,158</u>
	<u>\$ 765,127</u>	<u>\$ 678,669</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, 2020

	2020	2019
REVENUE		
Contributions (note 7)	\$ 829,870	\$ 970,787
Canada Emergency Wage Subsidy (CEWS)	222,930	-
Arts Councils (note 8)	136,444	155,970
Program fees	82,453	181,508
Forgivable portion of CEBA loan (note 5)	10,000	-
Product sales	2,209	3,381
Interest	<u>151</u>	<u>313</u>
	<u>1,284,057</u>	<u>1,311,959</u>
EXPENSES		
Program		
Personnel	673,222	617,001
Program delivery	214,278	261,596
Travel and accommodation	29,093	85,651
Fundraising		
Personnel	148,109	135,740
Marketing and materials	20,064	19,047
Administration		
Personnel	76,298	69,927
Rent	35,636	29,617
Office and administration	34,957	51,730
Professional fees	<u>12,640</u>	<u>38,492</u>
	<u>1,244,297</u>	<u>1,308,801</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	39,760	3,158
Net assets, beginning of year	<u>437,158</u>	<u>434,000</u>
NET ASSETS, END OF YEAR	<u>\$ 476,918</u>	<u>\$ 437,158</u>

see accompanying notes

UNITY CHARITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 39,760	\$ 3,158
Add net change in non-cash working capital items (see below)	<u>(174,264)</u>	<u>(47,117)</u>
Cash used for operating activities	<u>(134,504)</u>	<u>(43,959)</u>
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(151)</u>	<u>(240)</u>
FINANCING ACTIVITIES		
Proceeds from CEBA loan, net of forgivable portion	<u>30,000</u>	<u>-</u>
NET DECREASE IN CASH FOR THE YEAR	(104,655)	(44,199)
Cash, beginning of year	<u>374,987</u>	<u>419,186</u>
CASH, END OF YEAR	<u><u>\$ 270,332</u></u>	<u><u>\$ 374,987</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Amounts receivable	\$ 39,810	\$ (114,838)
Canada Emergency Wage Subsidy receivable	(222,930)	-
HST rebate recoverable	(10,403)	(18,107)
Prepaid expenses	2,562	4,556
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	3,347	2,804
Deferred contributions	<u>13,350</u>	<u>78,468</u>
	<u><u>\$ (174,264)</u></u>	<u><u>\$ (47,117)</u></u>

see accompanying notes

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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.

Canada Emergency Wage Subsidy

Canada Emergency Wage Subsidy is recognized as revenue in the period it relates to.

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 as revenue 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 certificate is issued by a major Canadian chartered bank, bears an interest rate of 0.50% and matures in March 2021.

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

3. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable (including CEWS 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:

	2020	2019
Deferred contributions, beginning of year	\$ 211,594	\$ 133,126
Amounts received from contributions and Arts Councils	979,664	1,205,225
Contribution and Arts Council revenue recognized	<u>(966,314)</u>	<u>(1,126,757)</u>
Deferred contributions, end of year	<u>\$ 224,944</u>	<u>\$ 211,594</u>

5. CANADA EMERGENCY BUSINESS ACCOUNT LOAN PAYABLE

During the year, the organization obtained the Canada Emergency Business Account (CEBA) loan of \$40,000 from the Government of Canada. The unsecured loan bears no interest and no principal repayments are required until December 31, 2022. Proceeds from the loan can only be used for non-deferrable operating expenses. If the organization repays \$30,000 of the loan when due, the remaining \$10,000 is forgiven. As at year end, the organization's resources are sufficient to repay the loan when due and therefore the forgivable portion of the loan has been recognized as revenue in the current year. As at August 31, 2020, the organization made no principal repayments in respect of the CEBA loan.

6. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$200,000 for contingency purposes (\$200,000 designated as at August 31, 2019).

7. CONTRIBUTIONS

Contributions were received from the following sources in the year:

	2020	2019
Government	\$ 335,074	\$ 317,448
Corporations	314,107	463,279
Foundations	102,775	93,737
Individuals and third party events	<u>77,914</u>	<u>96,323</u>
	<u>\$ 829,870</u>	<u>\$ 970,787</u>

UNITY CHARITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

8. ARTS COUNCIL REVENUE

Arts Council revenue recognized in the year is as follows:

	2020	2019
Canada Council for the Arts		
Touring	\$ 46,600	\$ -
Project	-	63,575
Ontario Arts Council		
Operating	61,844	64,395
Toronto Arts Council		
Operating	<u>28,000</u>	<u>28,000</u>
	<u>\$ 136,444</u>	<u>\$ 155,970</u>

9. 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:

2021	\$ 21,189
------	-----------

TITLE	Unity FS 2020
FILE NAME	Unity FS 2020.pdf
DOCUMENT ID	661d3c720dde27cc1b33cf85268fc65b756fe7a0
AUDIT TRAIL DATE FORMAT	MM / DD / YYYY
STATUS	● Completed

Document History



SENT

05 / 03 / 2021

19:45:48 UTC

Sent for signature to Raj Tandon (raj.tandon@algonquincap.com) and Chris Czorny (chris.czorny@gmail.com) from accounting@unitycharity.com
IP: 76.69.27.226



VIEWED

05 / 03 / 2021

20:01:08 UTC

Viewed by Raj Tandon (raj.tandon@algonquincap.com)
IP: 99.230.133.157



VIEWED

05 / 03 / 2021

20:01:24 UTC

Viewed by Chris Czorny (chris.czorny@gmail.com)
IP: 99.246.214.55



SIGNED

05 / 03 / 2021

20:01:44 UTC

Signed by Raj Tandon (raj.tandon@algonquincap.com)
IP: 99.230.133.157



SIGNED

05 / 03 / 2021

20:03:33 UTC

Signed by Chris Czorny (chris.czorny@gmail.com)
IP: 99.246.214.55



COMPLETED

05 / 03 / 2021

20:03:33 UTC

The document has been completed.