

**THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**



**MELISSA L.  
COULSON**  
CPA, CA, LPA



# THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2014

## Contents

	<u>Page</u>
<b>Auditor's Report</b>	3
<b>Financial Statement</b>	
Balance Sheet	5
Statement of Operations and Change in Fund Balance	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 12



**MELISSA L.  
COULSON**  
CPA, CA, LPA

A Professional Corporation

## **Independent Auditor's Report**

35 Hugh Street  
Milton, Ontario L9T 2C7  
Tel: 905.876.4633  
TF: 1.877.289.2292  
Fax: 905.876.2064  
melissacoulson.ca

**To the Board of Directors of:  
The Mosaic Institute for Harnessing Diversity**

I have audited the accompanying financial statements of The Mosaic Institute for Harnessing Diversity, which comprise the balance sheet as of December 31, 2014, and the statement of operations, statement of changes in fund balances and cash flow statement 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 judgement, 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 The Mosaic Institute for Harnessing Diversity as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Melissa Coulson". The signature is written in a cursive style with a large initial 'M' and 'C'.

**Melissa L. Coulson , CPA, CA**  
**A Professional Corporation**  
**Licensed Public Accountant**

**March 24, 2015**  
**Milton, Ontario**

The Mosaic Institute for Harnessing Diversity

**BALANCE SHEET**

As at December 31

	2014	2013
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	40,098	77,772
Accounts receivable	9,186	1,406
HST recoverable	5,066	22,251
Prepaid expenses	6,622	1,826
<b>Total current assets</b>	<b>60,972</b>	<b>103,255</b>
<b>Capital assets (note 4)</b>	<b>4,459</b>	<b>4,882</b>
	<b>65,431</b>	<b>108,137</b>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	40,711	74,969
Government remittances payable	6,717	6,103
<b>Total current liabilities</b>	<b>47,428</b>	<b>81,072</b>
<b>Fund balances</b>		
Restricted funds (note 2)	(3,006)	12,418
Unrestricted funds (note 2)	21,009	14,647
<b>Total fund balances</b>	<b>18,003</b>	<b>27,065</b>
	<b>65,431</b>	<b>108,137</b>

Commitments (note 7)

Approved on Behalf of the Board

  
\_\_\_\_\_  
\_\_\_\_\_

*The accompanying notes are an integral part of these financial statements*

The Mosaic Institute for Harnessing Diversity

**STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCES**

Year ended December 31

	Operating Fund	U of Mosaic		China-Tibet		SACGCP RBC Foundation	Maytree Restricted	2014 Total	2013 Total
		Unrestricted Fund	Kanishka CIC	Tibet CIC	CIC				
<b>REVENUE</b>	416,276	-	-	-	-	-	-	416,276	333,958
Donations received	-	80,400	-	-	-	135,000	11,152	226,552	135,000
Grant income	-	-	36,178	45,260	-	-	-	81,438	364,873
Contract revenue	-	652	-	-	-	-	-	652	16,684
Fundraising	-	-	-	-	-	-	-	-	-
	416,276	81,052	36,178	45,260	-	135,000	11,152	724,918	850,515
<b>EXPENSES</b>	332,393	58,335	-	-	-	-	11,152	401,880	283,966
Salaries and benefits	7,500	1,324	18,155	25,315	-	87,190	-	139,484	307,016
Contract expenses	41,171	-	-	-	-	-	-	41,171	40,650
Rent	3,023	2,809	915	3,388	-	13,102	-	23,237	65,793
Travel	2,659	217	16,358	-	-	-	-	19,234	2,014
Publications and subscriptions	883	5,052	2,559	1,713	-	8,594	-	18,801	17,213
Program event costs	11,891	1,322	3,408	264	-	1,740	-	18,625	13,263
Office and general	320	3,875	3,915	-	-	5,813	-	13,923	3,088
Marketing	6,709	1,288	-	-	-	2,176	-	10,173	10,724
Telephone	213	-	-	9,899	-	-	-	10,112	12,917
Publicity and fundraising	2,556	-	-	-	-	5,761	-	8,317	12,005
Event expenses	1,309	3,851	-	585	-	1,972	-	7,717	19,042
Honoraria	1,637	-	2,759	2,116	-	-	-	6,512	1,637
Professional fees	4,801	-	-	-	-	-	-	4,801	4,981
Insurance	-	-	-	-	-	-	-	-	-
Research and publications	-	-	-	2,599	-	2,084	-	4,683	126,780
Conferences and seminars	-	-	-	2,914	-	-	-	2,914	17,572
Depreciation	1,538	-	-	-	-	-	-	1,538	1,434
Bank charges and interest	546	-	-	-	-	-	-	546	874
Web design and IT	312	-	-	-	-	-	-	312	1,181
	419,461	78,073	48,069	48,793	-	128,432	11,152	733,980	942,150
Excess (shortfall) of revenue over expenses	(3,185)	2,979	(11,891)	(3,533)	-	6,568	-	(9,062)	(91,635)
Fund balances, beginning of year	(643)	606	14,286	(1,868)	-	14,684	-	27,065	118,700
Interfund transfers	-	-	-	-	-	-	-	-	-
Fund balance, end of year	(3,828)	3,585	2,395	(5,401)	-	21,252	-	18,003	27,065

The accompanying notes are an integral part of these financial statements

**The Mosaic Institute for Harnessing Diversity**

**STATEMENT OF CASH FLOWS**

Year ended December 31

	2014	2013
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Shortfall of revenue over expenses	(9,062)	(91,635)
<b>Non-cash items:</b>		
Depreciation	1,538	1,434
<b>Change in non-cash working capital items:</b>		
Accounts receivable	(7,780)	6,930
HST recoverable	17,185	(8,812)
Prepaid expenses	(4,796)	262
Accounts payable and accrued liabilities	(34,258)	26,234
Government remittances payable	614	(505)
<b>Cash used in operating activities</b>	<b>(36,559)</b>	<b>(66,092)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,115)	(2,286)
<b>Cash used in investing activities</b>	<b>(1,115)</b>	<b>(2,286)</b>
<b>Net decrease in cash</b>	<b>(37,674)</b>	<b>(68,378)</b>
Cash, beginning of year	77,772	146,150
<b>Cash, end of year</b>	<b>40,098</b>	<b>77,772</b>

*The accompanying notes are an integral part of these financial statements*

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**1. NATURE OF OPERATIONS**

The Mosaic Institute for Harnessing Diversity ("the organization" or "Mosaic") was incorporated under the Business Corporations Act of Ontario without share capital by letters patent on June 4, 2007.

The organization undertakes original research and a variety of programming to educate and engage the general public, members of specific ethno-cultural communities, and Canadian policy makers with respect to the capacity of individuals and communities from Canada's ethno-cultural mosaic to advance the interests of peace in places beset by intractable conflicts overseas, as well as to help improve relations between and among those communities here in Canada. The ultimate goal of the Mosaic Institute is to harness the creativity, connections and resources of Canada's diverse population in order to advance the cause of peace in the countries with which these groups of Canadians have traditional connections.

The organization is incorporated as a not-for-profit organization and is exempt from income tax under section 149 of the Income Tax Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**Fund accounting**

Mosaic follows the deferral method of accounting for contributions.

(i) **Operating Fund**

The Operating Fund accounts for the expenditures related to general operations of the organization financed by general revenues.

(ii) **U of Mosaic – Unrestricted**

BMO has renewed its commitment to the U of Mosaic with a pledge of \$225,000 over the next three years. The first payment of \$75,000 was received this year. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.



**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

- (iii) "Next Generation" - South Asian Canadian Global Citizenship Project – RBC Foundation (Unrestricted)

This project is being funded by the RBC Foundation in the amount of \$270,000 over two years. There were no restrictions as to the use of the funds within the project provided the amounts are reasonable within the budgetary projections. Mosaic received \$135,000 in 2013 and the final \$135,000 this year.

- (iv) China-Tibet – CIC Fund (Restricted)

The Minister of Citizenship, Immigration and Multiculturalism has committed funding of \$280,000 over 2 years to be used for this project. This is a restricted fund in that it must be used only for preapproved expenses including project manager, project assistant, travel, honorariums, conferences and other project expenses. Payments of \$45,260 were received this year. This project has now been completed. Mosaic was in compliance with the restrictions on this fund throughout the project's duration (April 2012 – March 2014).

- (v) Kanishka – Public Safety Canada (PSC) Fund (Restricted)

The Minister of Public Safety and Emergency Preparedness has committed funding of \$410,000 over 2 years to be used for this project. This is a restricted fund in that it may not be used for any other purpose than the preapproved expenses, salaries and wages, research, travel, honorariums and other project expenses. Payments of \$36,178 were received this year. This project has now been completed. Mosaic was in compliance with the restrictions on this fund throughout the project's duration (June 2012 – March 2014).

- (vi) Maytree Foundation – (Restricted)

Funds were received from the Maytree Foundation to cover the costs of an intern staff placement during 2014. This project was completed in 2014.

- (vii) Only designated grants of \$10,000 or more are disclosed separately in the financial statements.

**Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expense is incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

Revenue from contract services is recognized when the service is completed and collectability is reasonably assured.

Revenue from grant applications is recognized when the funds are received in the year that the related expense occurs.

**Capital assets**

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are depreciated over their useful lives using the following rates per annum:

Computer equipment	30% declining balance
Furniture and equipment	20% declining balance

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts disclosed in the financial statements. Actual results could differ from those estimates. In particular, recognizing government funding during the period of service involves estimating adjustments the government may make subsequent to a period.

**Volunteer services**

The organization benefits from substantial services in the form of volunteer time. Since these invaluable services are not purchased by the organization, they are not recorded in these financial statements.

**Financial Instruments**

Financial instruments are recorded at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs.

At each reporting date, the organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash, contingency fund cash, accounts receivable, accounts payable, HST recoverable, prepaid expenses, accounts payable and accrued liabilities and government remittances payable.

## The Mosaic Institute for Harnessing Diversity

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

For financial assets measured at cost or amortized cost, the organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

#### 3. CAPITAL DISCLOSURE

The organization's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can ensure the continuation of investment support for the organizations that it is involved with.

The capital structure of Mosaic consists of unrestricted net assets, internally restricted assets and externally restricted assets. Mosaic manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. Mosaic's primary use of capital is to finance non-cash working capital requirements and capital expenditures which are currently funded from its internally generated cash flows.

The restricted net assets are broken into various reserves each with a specific purpose and are managed to ensure that Mosaic can continue to provide stable funding to the programs that it supports.

Mosaic is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

#### 4. CAPITAL ASSETS

	Cost \$	Accumulated Depreciation \$	2014 \$	2013 \$
Furniture and fixtures	1,891	1,137	754	943
Computer equipment	11,119	7,414	3,705	3,939
	13,010	8,551	4,459	4,882

#### 5. FINANCIAL INSTRUMENTS

##### *Credit Risk*

Mosaic is exposed to credit risk on the amounts receivable from its donors. Mosaic has adopted credit policies and makes provisions for uncollectible donations as it sees fit. Mosaic does not have a significant exposure to any individual donor or counterparty.

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

*Liquidity risk*

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements and by preparing a budget to ensure it has sufficient funds to fulfill its obligations. Trade accounts payable and accrued liabilities are generally paid within 30 days. There has been no change to the risk exposure from 2013.

**6. RELATED PARTY TRANSACTIONS**

During the year, the organization received donations of \$290,000 (2013 - \$275,000) from related organizations controlled by a director.

**7. COMMITMENTS**

Mosaic has entered into operating lease agreements for office space. The future minimum lease payments are as follows:

	\$
2015	21,829
2016	22,815
2017	22,815
2018	13,309
	<u>80,768</u>