

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022



**Coulson
Thompson
Turnbull**

CHARTERED PROFESSIONAL ACCOUNTANTS



THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2022

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of The Mosaic Institute for Harnessing Diversity, which comprise of the balance sheet as of December 31, 2022, and the statement of operations and changes in fund balance and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financials statements present fairly, in all material respects the financial position of the organization as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 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 corporation's financial reporting process.



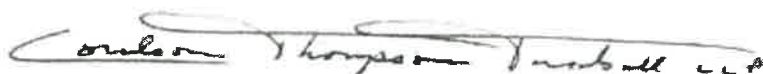
Auditor's Responsibilities for the Audit of the Financial Statements

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.

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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw 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.



Chartered Professional Accountants of Ontario

June 26, 2023

Milton, Ontario



**Coulson
Thompson
Turnbull**

CHARTERED PROFESSIONAL ACCOUNTANTS



The Mosaic Institute for Harnessing Diversity

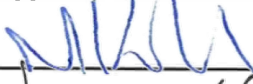
BALANCE SHEET


As at December 31

	2022	2021
	\$	\$
ASSETS		
Current		
Cash	343,734	204,232
Short term investments (note 2)	16,352	16,352
Accounts receivable	-	1,276
Government remittances receivable	34,557	47,407
Prepaid expenses	7,065	7,155
Total current assets	401,708	276,422
Capital assets (note 4)	30,444	66,569
	432,152	342,991
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	2,436	2,286
Government remittances payable	991	3,801
Due to related party (note 6)	74,730	19,460
	78,157	25,547
Loan payable (note 9)	60,000	60,000
Total liabilities	138,157	85,547
Fund balances		
Restricted funds (note 2)	30,817	30,817
Unrestricted funds (note 2)	263,178	226,627
Total fund balances	293,995	257,444
	432,152	342,991

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 Unrestricted Fund	Science of Racism	Anti-Racism Directorate	Next Gen SACGCP RBC Foundation	James P Muldoon Bursary®	2022 Total	2021 Total
REVENUE								
Donations received	310,366	137,500	-	68,047	158,129	15,000	689,042	374,999
Fundraising	179,734	-	-	-	-	-	179,734	140,691
Other income	12,395	-	-	-	-	-	12,395	92,198
Investment income (loss)	(980)	-	-	-	-	-	(980)	(777)
	501,515	137,500	-	68,047	158,129	15,000	880,191	607,111
PROGRAM COSTS								
Salaries and benefits	256,426	14,810	-	-	15,031	-	286,267	293,479
Contract expenses	56,257	52,386	-	-	106,292	15,000	229,935	486,028
Publicity and fundraising	44,071	3,184	-	-	-	-	47,255	38,805
Web design and IT	24,018	-	-	-	20,000	-	44,018	14,042
Event expenses	31,080	2,538	-	-	404	-	34,022	15,014
Marketing	6,118	4,580	-	7,796	1,289	-	19,783	5,305
Honoraria	-	2,320	-	2,000	450	-	4,770	22,083
Donations	-	-	-	500	-	-	500	7,500
	417,970	79,818	-	10,296	143,466	15,000	666,550	882,256

ADMINISTRATIVE EXPENSES

Rent	81,203	-	-	-	-	-	81,203	87,610
Depreciation	37,450	-	-	-	-	-	37,450	38,462
Professional fees	13,703	-	-	1,386	1,386	-	16,475	40,642
Research and publications	4,326	4,391	-	1,152	3,299	-	13,168	9,667
Insurance	8,506	-	-	-	-	-	8,506	5,415
Telephone	3,632	2,192	-	-	1,452	-	7,276	10,923
Office and general administration	4,731	317	-	-	245	-	5,293	2,857
Travel	-	3,361	-	-	543	-	3,904	-
Bank charges and interest	3,697	109	-	9	-	-	3,815	5,193
	157,248	10,370	-	2,547	6,925	-	177,090	200,769
Excess (shortfall) of revenue over expenses	(73,703)	47,312	-	55,204	7,738	-	36,551	(475,914)
Fund balance, beginning of year	(121,879)	116,353	11,943	15,279	204,931	30,817	257,444	733,358
Fund balance, end of year	(195,582)	163,665	11,943	70,483	212,669	30,817	293,995	257,444

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

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses	36,551	(475,914)
Non-cash items:		
Depreciation	37,450	38,462
Change in non-cash working capital items <i>(note 8)</i>	66,826	45,147
Cash provided by (used in) operating activities	140,827	(392,305)
INVESTING ACTIVITIES		
Purchase of capital assets	(1,325)	(1,455)
Redemption of short term investments	-	6,885
Cash provided by (used in) investing activities	(1,325)	5,430
FINANCING ACTIVITIES		
Advances of long term debt	-	20,000
Cash provided by financing activities	-	20,000
Net change in cash	139,502	(366,875)
Cash, beginning of year	204,232	571,107
Cash, end of year	343,734	204,232

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2022

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 Mosaic Institute’s mission is to equip people with the tools to dismantle prejudice through research, dialogue, policy, and training. The organization undertakes original research and a variety of community programming to educate and engage the general public, members of diverse communities, and Canadian policy makers with respect to their capacity to address prejudice and discrimination.

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)

This project received the payment of \$137,500 from BMO. This payment is tranche 1 of 4 per the funding proposal accepted in 2022, reflecting an increase of 10% over four (4) years. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

(iii) Science of Racism – (Unrestricted)

In person activities resumed in February 2022, and are due to wrap up in Summer 2023. No additional funds were received in 2022 for this project. 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

Year ended December 31, 2022

(iv) Anti-Racism Directorate – (Unrestricted)

This project received payment of \$14,400 to support a public event focusing on the 2022 International Women’s Day theme of “ Break the Bias” and the 2022 International Day for the Elimination of Racial Discrimination (IDERD). There are no restrictions as to the use of the funds within this project provided that the amounts are reasonable within the budgetary projections.

(v) “Next Generation” - Canadian Global Citizenship Project - (Unrestricted)

This project received payment of \$150,000 from the RBC Foundation. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

(vi) Canadian Race Relations Foundation National Anti-Racism Fund -- (Unrestricted)

This project received a payment of \$45,172 from the Canadian Race Relations Foundation to create and deliver the training program “Breaking Down Barriers: Understanding and Addressing Racism in Canada.” This amount represents 80% of the \$65,000 grant, with the remaining 20% of funds to be received upon completion of activities in 2023. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable with the budgetary projections.

(vii) James P Muldoon Bursary – (Restricted)

A bursary fund in the amount of \$45,232 was established in 2016 in honor of the late James P. Muldoon. A donation of \$15,000 was made to the Bursary fund in 2022. The bursary is available to Regional President of the U of Mosaic program. In 2022, \$15,000 was disbursed to the recipients.

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.

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.

Contributions of shares in publicly traded companies are recorded at the closing market price of the shares on the day they are effectively received by the Organization, or, in the case of thinly traded

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2022

and other shares, whose liquidation is restricted in any form, at a value discounted from the closing price where this is considered appropriate. The resultant value of the shares is included in revenue.

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
Leaseholds improvement	5 years straight line

Short-Term Investments

Short-term investments are classified as held-for-trading based on management's intention and are reported at estimated fair value. Realized gains and losses are recognized as investment income as they arise.

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, and 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

Year ended December 31, 2022

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	2022	2021
	\$	\$	\$	\$
Furniture and equipment	29,356	18,483	10,873	13,591
Computer equipment	26,475	20,761	5,714	6,554
Leasehold improvements	162,838	148,981	13,857	46,424
	217,344	150,775	30,444	66,569

5. FINANCIAL INSTRUMENTS

Credit Risk

Mosaic is exposed to credit risk on the amount's 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

Year ended December 31, 2022

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 2020.

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$131,000 (2021 - \$65,000) from related organizations controlled by a director.

Included in liabilities is an amount of \$74,730 (2021 - \$19,460) owed to an organization controlled by a director.

7. COMMITMENTS

Mosaic has entered into operating lease agreements for office space. Lease expires in October 2023. The future minimum lease payments are as follows:

	\$
2023	63,967
Thereafter	—
	<u>63,967</u>

8. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2022	2021
	\$	\$
Accounts receivable	1,276	135,598
Accounts payable and accrued liabilities	150	(3,413)
Government remittances receivable	12,850	(21,818)
Prepaid expenses	90	(1,818)
Government remittances payable	(2,810)	(7,766)
Due to related party	55,270	(55,636)
	<u>66,826</u>	<u>45,147</u>

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2022

9. LONG TERM DEBT

The Canada Emergency Business Account (CEBA) provides a qualifying business customer a loan up to \$60,000 from the federal government for financial relief in response to the Covid-19 pandemic. The loan is non-interest bearing until December 31, 2023. Principal repayments can be voluntarily made at any time without fees or penalties. Loan forgiveness of up to \$20,000 of the balance outstanding as of December 31, 2021 is available if certain conditions are met. If any part of the balance is not paid by December 31, 2023, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2024. The full balance must be repaid by no later than December 31, 2025.