

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018



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



THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

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Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements of The Mosaic Institute for Harnessing Diversity, which comprise of the balance sheet as of December 31, 2018, 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 my opinion, the accompanying financials statements present fairly, in all material respects the financial position of the organization as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



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

July 22, 2019
Milton, Ontario



The Mosaic Institute for Harnessing Diversity

BALANCE SHEET

As at December 31

	2018	2017
	\$	\$
ASSETS		
Current		
Cash	363,731	358,856
Short term investments (note 2)	32,239	30,797
Accounts receivable	-	7,042
HST recoverable	25,821	13,835
Prepaid expenses	1,994	-
Total current assets	423,785	410,530
Capital assets (note 4)	169,849	14,618
	593,634	425,148
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	35,981	35,582
Government remittances payable	9,492	8,597
Total current liabilities	45,473	44,179
Fund balances		
Restricted funds (note 2)	30,311	30,877
Unrestricted funds (note 2)	517,850	350,092
Total fund balances	548,161	380,969
	593,634	425,148

Commitments (note 7)

Approved on Behalf of the Board





The accompanying notes are an integral part of these financial statements

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

Year ended December 31

	Operating Fund	U of Mosaic Unrestricted Fund	U of Mosaic Ministry of Heritage	Survivor Stories	Intra Jewish Dialogue	Next Gen SACGCP RBC Foundation	James P Muldoon Bursary @	SSHRC Research Project	2018 Total	2017 Total
REVENUE										
Donations received	167,845	125,000	84,347	10,000	485	167,517	-	-	555,194	808,693
Fundraising	358,682	-	-	-	-	-	-	-	358,682	327,139
Investment income	25,316	922	-	-	-	417	-	-	26,655	42,838
Contract revenue	5,991	-	-	-	-	-	-	-	5,991	20,711
	557,834	125,922	84,347	10,000	485	167,934	-	-	946,522	1,199,381
EXPENSES										
Salaries and benefits	280,627								368,561	352,695
Contract expenses	3,749	27,523	26,128	-	-	34,083	-	-	58,018	237,485
Rent	77,904	-	-	-	-	47,227	-	7,042	77,904	44,625
Marketing	60,042	-	-	-	-	3,508	-	-	63,550	44,923
Publicity and fundraising	54,270	-	13,851	-	-	-	-	-	68,121	44,612
Event expenses	22,030	-	19,589	-	-	298	-	-	41,917	33,271
Depreciation	21,139	-	-	-	-	-	-	-	21,139	2,737
Travel	2,390	12,734	8,771	-	338	131	-	-	24,364	26,992
Donations	-	-	-	-	-	-	10,000	-	10,000	2,500
Office and general	(5,985)	12,514	13,733	21	438	502	-	-	21,223	30,486
Bank charges and interest	4,882	3	-	-	-	20	43	-	4,948	5,294
Professional fees	4,756	-	-	-	-	-	-	-	4,756	4,963
Research and publications	3,781	-	-	-	-	-	-	-	3,781	3,270
Insurance	3,225	-	-	-	-	-	-	-	3,225	4,426
Telephone	2,134	135	-	-	-	650	-	-	2,919	6,592
Web design and IT	2,219	-	-	-	-	-	-	-	2,219	4,338
Program event costs	1,821	-	-	-	-	-	-	-	1,821	24,116
Honoraria	939	-	-	-	-	125	-	-	1,064	22,332
Conferences and seminars	-	-	-	-	-	-	-	-	-	1,873
	539,923	52,909	82,072	21	776	86,544	10,043	7,042	779,330	897,530
Excess (shortfall) of revenue over expenses	17,911	73,013	2,275	9,979	(291)	81,390	(10,043)	(7,042)	167,192	301,851
Fund balance, beginning of year	162,211	97,454	-	(12,721)	9,863	74,512	43,096	6,554	380,969	79,118
Fund balance, end of year	180,122	170,467	2,275	(2,742)	9,572	155,902	33,053	(488)	548,161	380,969

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

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	167,192	301,851
Non-cash items:		
Depreciation	21,139	2,737
Change in non-cash working capital items <i>(note 8)</i>	(5,644)	(62,328)
Cash provided by operating activities	182,687	242,260
INVESTING ACTIVITIES		
Purchase of capital assets	(176,370)	(12,135)
Purchase of short term investments	(1,442)	(30,797)
Cash used in investing activities	(177,812)	(42,932)
Net change in cash	4,875	199,328
Cash, beginning of year	358,856	159,528
Cash, end of year	363,731	358,856

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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 create platforms for learning and dialogue among diverse Canadian communities to advance justice, promote peace, and reduce conflict. The organization undertakes original research and a variety of community programming to educate and engage the general public, members of specific ethno-cultural communities, and Canadian policy makers with respect to their capacity to help improve relations between and among those communities here in Canada as well as to advance the interests of peace in places beset by intractable conflicts overseas.

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 payment of \$125,000 from BMO as the first payment in fulfillment of its pledge of \$375,000 over three years. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

The Ministry of Heritage committed to \$172,794 over two years; \$84,347 was received. 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, 2018

- (iii) “New Beginnings” – An Intra-Jewish Peace Dialogue on the Middle East (Unrestricted)

This project received \$485 from private donors. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

- (iv) “Next Generation” - Canadian Global Citizenship Project – RBC Foundation (Unrestricted)

This project received payment of \$166,667 from the RBC Foundation as the first payment in fulfillment of its pledge of \$500,000 over three years. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

- (v) SM Blair Foundation – (Restricted)

This project was as a result of a grant received from the foundation to be used to fund a summer internship position.

- (vi) 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. The bursary is available to undergraduate students in Canada whose field of study is related to the mission of the Mosaic Institute. In 2018, \$10,000 was disbursed to the recipient.

- (vii) SSHRC Research Project – (Unrestricted)

Since 2017, this project has received \$16,578 from Professor David. B. MacDonald at the University of Guelph in compensation for research coordination services. These services were provided by Mosaic in support of Professor MacDonald’s research project titled “Communities of Colour & Reconciliation in Canada.” In 2018 \$7,042 was disbursed in conclusion of the project.

- (viii) Survivors Stories – (Restricted)

A project established in 2017 that will bring young people with familial or personal connections to genocides including First Nations youth to engage in dialogue regarding their cultural identity. The projects main goal includes developing a work plan that will help other organizations infuse their intercultural understanding aimed at inclusivity from different perspectives. This project received a final payment of \$10,000 from the Ministry of Tourism, Culture and Sport’s Ontario 150 fund in conclusion of its 2017 pledge in the amount of \$75,000.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

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 and unrealized 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.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

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.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

4. CAPITAL ASSETS

	Cost \$	Accumulated Depreciation \$	2018 \$	2017 \$
Furniture and fixtures	27,098	3,727	23,371	337
Computer equipment	15,055	12,704	2,351	3,359
Leasehold improvements	162,838	18,711	144,127	10,922
	204,991	35,142	169,849	14,618

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.

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 2017.

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$150,000 (2017 - \$101,000) from related organizations controlled by a director. Included in the accounts payable and liabilities is a short term loan from a related organization, Kololian Foundation for \$34,000.

7. COMMITMENTS

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

	\$
2019	74,659
2020	76,092
2021	76,809
2022	76,809
2023	64,007
	368,376

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

8. STATEMENT OF CASH FLOWS

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

	2018	2017
	\$	\$
Accounts receivable	7,042	2,577
Accounts payable and accrued liabilities	(399)	(59,189)
Government remittances receivable	(11,986)	(6,168)
Prepaid expenses	(1,994)	1,955
Government remittances payable	895	(1,503)
	(5,644)	(62,328)