

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2015



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



THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2015

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Independent Auditor's Report

**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, 2015, 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.



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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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



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

June 15, 2016
Milton, Ontario



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The Mosaic Institute for Harnessing Diversity



BALANCE SHEET

As at December 31

	2015	2014
	\$	\$
ASSETS		
Current		
Cash	144,940	40,098
Accounts receivable	9,793	9,186
HST recoverable	8,619	5,066
Prepaid expenses	6,070	6,622
Total current assets	169,422	60,972
Capital assets (note 4)	4,406	4,459
	173,828	65,431
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	20,952	40,711
Government remittances payable	11,515	6,717
Total current liabilities	32,467	47,428
Fund balances		
Restricted funds (note 2)	-	(3,006)
Unrestricted funds (note 2)	141,361	21,009
Total fund balances	141,361	18,003
	173,828	65,431

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	Jewish Dialogue	RBC Foundation	SACGCP	Maytree Restricted	2015 Total	2014 Total
			Intra	Next Gen				
REVENUE								
Donations received	259,220	75,000	-	166,667	-	12,272	513,159	642,828
Fundraising	209,954	39,420	-	-	-	-	249,374	652
Contract revenue	-	-	-	-	-	-	-	81,438
	469,174	114,420	-	166,667	-	12,272	762,533	724,918
EXPENSES								
Salaries and benefits	324,801	55,591	-	-	-	11,156	391,548	401,880
Marketing	41,753	1,215	-	-	-	-	42,968	13,923
Rent	40,939	-	-	-	-	-	40,939	41,171
Event expenses	33,410	6,147	-	-	-	-	39,557	8,317
Contract expenses	-	7,386	-	29,050	-	-	36,436	139,484
Travel	4,310	13,418	-	2,845	-	-	20,573	23,237
Honoraria	1,882	11,913	-	(100)	-	-	13,695	7,717
Office and general	7,423	92	-	770	-	1,116	9,401	18,625
Program event costs	7,000	1,937	140	-	-	-	9,077	18,801
Publicity and fundraising	7,794	-	-	-	-	-	7,794	10,112
Web design and IT	5,928	-	-	-	-	-	5,928	312
Insurance	5,154	-	-	-	-	-	5,154	4,801
Professional fees	1,793	-	2,543	-	-	-	4,336	6,512
Telephone	3,227	14	-	390	-	-	3,631	10,173
Research and publications	3,387	66	-	60	-	-	3,513	4,683
Bank charges and interest	3,149	-	-	-	-	-	3,149	546
Depreciation	1,476	-	-	-	-	-	1,476	1,538
Conferences and seminars	-	-	-	-	-	-	-	2,914
Research and publications	-	-	-	-	-	-	-	19,234
	493,426	97,779	2,683	33,015	-	12,272	639,175	733,980
Excess (shortfall) of revenue over expenses	(24,252)	16,641	(2,683)	133,652	-	-	123,358	(9,062)
Fund balance, beginning of year	(3,828)	3,585	-	21,252	-	-	18,003	27,065
Interfund transfers	-	-	-	-	-	-	-	-
Fund balance, end of year	(28,080)	20,226	(2,683)	154,904	-	-	141,361	18,003

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

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess (Shortfall) of revenue over expenses	123,358	(9,062)
Non-cash items:		
Depreciation	1,476	1,538
Change in non-cash working capital items:		
Accounts receivable	(607)	(7,780)
HST recoverable	(3,553)	17,185
Prepaid expenses	552	(4,796)
Accounts payable and accrued liabilities	(19,759)	(34,258)
Government remittances payable	4,798	614
Cash used in operating activities	106,265	(36,559)
INVESTING ACTIVITIES		
Purchase of capital assets	(1,423)	(1,115)
Cash used in investing activities	(1,423)	(1,115)
Net increase in cash	104,842	(37,674)
Cash, beginning of year	40,098	77,772
Cash, end of year	144,940	40,098

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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**

BMO has renewed its commitment to the U of Mosaic with a pledge of \$225,000 over the next three years. The second 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

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

This project is being funded by the RBC Foundation in the amount of \$500,000 over three 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 the first \$166,666.67 this year.

- (iv) Maytree Foundation – (Restricted)

Funds were received from the Maytree Foundation to cover the costs of an intern staff placement during 2015.

- (v) "New Beginnings" – An Intra-Jewish Peace Dialogue on the Middle East

The institute has proposed "New Beginnings" initiative which has an anticipated budget of \$250,000 including designated amounts for international travel bursaries. So far, no funds have been raised for this initiative.

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

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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.

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

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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 \$	2015 \$	2014 \$
Furniture and fixtures	1,891	1,288	603	754
Computer equipment	12,542	8,739	3,803	3,705
	14,433	10,027	4,406	4,459

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 2014.

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$120,000 (2014 - \$290,000) from related organizations controlled by a director.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

7. COMMITMENTS

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

	\$
2016	22,815
2017	22,815
2018	13,309
	<u>58,939</u>