

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2016



THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2016

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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, 2016, 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.



MELISSA L.
COULSON
CPA, CA, LPA



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, 2016, 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 16, 2017
Milton, Ontario



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



The Mosaic Institute for Harnessing Diversity


BALANCE SHEET

As at December 31

	2016	2015
	\$	\$
ASSETS		
Current		
Cash	159,528	144,940
Accounts receivable	9,619	9,793
HST recoverable	7,667	8,619
Prepaid expenses	1,955	6,070
Total current assets	178,769	169,422
Capital assets (note 4)	5,220	4,406
	183,989	173,828
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	94,771	20,952
Government remittances payable	10,100	11,515
Total current liabilities	104,871	32,467
Fund balances		
Restricted funds (note 2)	44,291	-
Unrestricted funds (note 2)	34,827	141,361
Total fund balances	79,118	141,361
	183,989	173,828

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	Family Trust @	Intra Jewish Dialogue	Next Gen SACGCP RBC Foundation	SM Blair Foundation @	Muldoon Bursary @	SSHRC Research Project	2016 Total	2015 Total
REVENUE										
Donations received	248,261	76,030	10,000	17,500	166,667	5,000	46,463	-	569,921	513,159
Fundraising	296,552	-	-	-	-	-	-	-	296,552	249,374
Contract revenue	-	-	-	-	-	-	-	4,115	4,115	-
	544,813	76,030	10,000	17,500	166,667	5,000	46,463	4,115	870,588	762,533
EXPENSES										
Salaries and benefits	353,936	76,070	-	-	-	-	-	-	430,006	391,548
Contract expenses	-	7,884	5,825	-	136,518	4,498	-	4,115	158,840	36,436
Publicity and fundraising	64,248	-	-	-	-	-	-	-	64,248	7,794
Program event costs	-	4,519	2,441	52	56,242	-	-	-	63,254	9,077
Rent	43,708	-	-	-	-	-	-	-	43,708	40,939
Honoraria	672	33,611	1,017	-	4,357	-	-	-	39,657	13,695
Travel	6,765	14,910	1,817	-	6,445	-	-	-	29,937	20,573
Marketing	20,264	627	343	-	6,349	-	-	-	27,583	42,968
Office and general	6,113	531	-	-	15,160	-	-	-	21,804	9,401
Research and publications	9,537	406	-	-	2,052	-	-	-	11,995	3,513
Web design and IT	9,780	-	-	-	-	-	-	-	9,780	5,928
Telephone	5,404	-	-	-	1,642	-	-	-	7,046	3,631
Bank charges and interest	4,546	121	-	260	(144)	-	1,231	-	6,014	3,149
Event expenses	5,195	-	-	-	-	-	-	-	5,195	39,557
Insurance	5,103	-	-	-	-	-	-	-	5,103	5,154
Donations	2,600	-	-	-	-	-	-	-	2,600	-
Professional fees	2,504	-	-	-	-	-	-	-	2,504	4,336
Conferences and seminars	1,147	711	-	-	-	-	-	-	1,858	-
Depreciation	1,699	-	-	-	-	-	-	-	1,699	1,476
	543,221	139,390	11,443	312	228,621	4,498	1,231	4,115	932,831	639,175
Excess (shortfall) of revenue over expenses	1,592	(63,360)	(1,443)	17,188	(61,954)	502	45,232	-	(62,243)	123,358
Fund balance, beginning of year	(31,086)	30,226	-	(2,683)	154,904	-	-	-	141,361	18,003
Interfund transfers	-	-	-	-	-	-	-	-	-	-
Fund balance, end of year	(29,494)	(43,134)	(1,443)	14,505	92,950	502	45,232	-	79,118	141,361

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

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses	(62,243)	123,358
Non-cash items:		
Depreciation	1,699	1,476
Change in non-cash working capital items:		
Accounts receivable	174	(607)
HST recoverable	952	(3,553)
Prepaid expenses	4,115	552
Accounts payable and accrued liabilities	73,819	(19,759)
Government remittances payable	(1,415)	4,798
Cash provided by operating activities	17,101	106,265
INVESTING ACTIVITIES		
Purchase of capital assets	(2,513)	(1,423)
Cash used in investing activities	(2,513)	(1,423)
Net increase in cash	14,588	104,842
Cash, beginning of year	144,940	40,098
Cash, end of year	159,528	144,940

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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 third 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.

(iii) **Bronfman Family Trust – (Restricted)**

The Citizen Summit, a bi-annual student conference, is being funded by the Bronfman Foundation in the amount of a \$10,000 grant. Money spent from this fund are strictly

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

for the Citizen summit and all expenses noted in this fund in 2016 were in compliance with these requirements.

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

The institute has proposed “New Beginnings” program has an anticipated budget of \$20,000 of which \$17,500 was received in 2016.

- (v) “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. In 2016, Mosaic received the 2nd payment from RBC.

- (vi) 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.

- (vii) James P Muldoon Bursary – (Restricted)

A bursary 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.

- (viii) SSHRC Research Project – (Unrestricted)

In light of Canada’s Truth and Reconciliation Commission’s Report, Mosaic is collaborating with Professor David B. MacDonald of the University of Guelph to launch a new project titled “Communities of Colour and Reconciliation in Canada. Funded by the Social Sciences and Humanities Research Council of Canada, this project will involve accessing, surveying and dialoguing with individuals living in the Greater Toronto Area who identify with the South Asian and/or the Caribbean communities.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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

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.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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 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 \$	2016 \$	2015 \$
Furniture and fixtures	1,891	1,469	422	603
Computer equipment	15,055	10,257	4,798	3,803
	16,946	11,726	5,220	4,406

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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 2015.

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$155,000 (2015 - \$120,000) 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:

	\$
2017	22,815
2018	13,309
	<u>36,124</u>