

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019



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



THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2019

Contents

	<u>Page</u>
Auditor's Report	3
Financial Statement	
Balance Sheet	5
Statement of Operations and Change in Fund Balance	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 13



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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, 2019, 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 financial statements present fairly, in all material respects the financial position of the organization as at December 31, 2019, 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

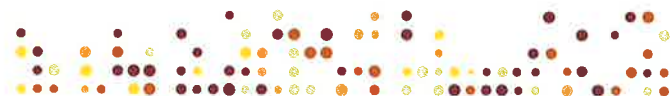
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 10, 2020
Milton, Ontario



**MELISSA L.
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CPA, CA, LPA



The Mosaic Institute for Harnessing Diversity

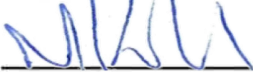
BALANCE SHEET

As at December 31

	2019	2018
	\$	\$
ASSETS		
Current		
Cash	326,538	363,731
Short term investments (note 2)	23,322	32,239
Accounts receivable	125,000	-
HST recoverable	9,395	25,821
Prepaid expenses	5,337	1,994
Total current assets	489,592	423,785
Capital assets (note 4)	134,904	169,849
	624,496	593,634
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	92,266	35,981
Government remittances payable	8,184	9,492
Total current liabilities	100,450	45,473
Fund balances		
Restricted funds (note 2)	23,035	30,311
Unrestricted funds (note 2)	501,011	517,850
Total fund balances	524,046	548,161
	624,496	593,634

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	U of Mosaic Ministry of Heritage	Canada Race Relations Foundation	Intra Jewish Dialogue	Next Gen SAGGCP RBC Foundation	James P Muldoon Bursary®	2019 Total	2018 Total
REVENUE									
Donations received	162,682	125,000	28,161	152,500	-	167,817	-	636,160	555,194
Fundraising	259,190	-	-	-	-	-	-	259,190	358,682
Other income	5,726	-	-	-	-	-	-	5,726	-
Investment income	1,230	1,541	-	-	-	1,466	-	4,237	26,655
Contract revenue	-	-	-	-	-	-	-	-	5,991
	428,828	126,541	28,161	152,500	-	169,283	-	905,313	946,522
PROGRAM COSTS									
Salaries and benefits	336,265	35,023	7,211	-	-	51,286	-	429,785	368,361
Donations	-	-	-	144,875	-	-	10,000	154,875	10,000
Publicity and fundraising	28,103	-	8,737	-	-	-	-	36,840	68,121
Event expenses	21,668	-	14,941	-	-	-	-	36,609	41,917
Contract expenses	8,746	9,355	1,800	-	-	8,640	-	28,541	58,018
Marketing	11,880	593	-	-	-	6,632	-	19,105	63,550
Web design and IT	19,059	-	-	-	-	-	-	19,059	2,219
Program event costs	977	326	1,400	-	40	13,674	-	16,417	1,821
Honoraria	6,466	(400)	-	-	-	6,685	-	12,751	1,064
	433,164	44,897	34,089	144,875	40	86,917	10,000	753,982	615,071
ADMINISTRATIVE EXPENSES									
Rent	76,967	-	-	-	-	-	-	76,967	77,904
Depreciation	38,477	-	-	-	-	-	-	38,477	21,139
Office and general administration	(15,541)	17,449	1,513	7,625	-	9,902	-	20,948	21,223
Travel	2,509	5,284	-	-	-	3,814	-	11,607	24,364
Insurance	7,139	-	-	-	-	-	-	7,139	3,225
Research and publications	4,061	1,271	-	-	-	1,027	-	6,359	3,781
Telephone	4,391	328	-	-	-	1,248	-	5,967	2,919
Bank charges and interest	4,874	6	-	-	-	-	18	4,898	4,948
Professional fees	3,084	-	-	-	-	-	-	3,084	4,756
	125,961	24,338	1,513	7,625	-	15,991	18	175,446	164,259
Excess (shortfall) of revenue over expenses	(130,297)	57,306	(7,441)	-	(40)	66,375	(10,018)	(24,115)	167,192
Fund balance, beginning of year	176,892	170,467	2,275	-	9,572	155,902	33,053	548,161	380,969
Fund balance, end of year	46,595	227,773	(5,166)	-	9,532	222,277	23,035	524,046	548,161

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

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	(24,115)	167,192
Non-cash items:		
Depreciation	38,477	21,139
Change in non-cash working capital items <i>(note 8)</i>	(56,940)	(5,644)
Cash provided by (used in) operating activities	(42,578)	182,687
INVESTING ACTIVITIES		
Purchase of capital assets	(3,532)	(176,370)
(Purchase)/redemption of short term investments	8,917	(1,442)
Cash provided by (used in) investing activities	5,385	(177,812)
Net change in cash	(37,193)	4,875
Cash, beginning of year	363,731	358,856
Cash, end of year	326,538	363,731

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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 final payment of \$125,000 from BMO in 2019 from 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 of which \$28,161 was received in 2019 (2018 - \$84,347). 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, 2019

(iii) Canadian Race Relations Foundation – (Unrestricted)

In partnership with the Canadian Race Relations Foundation, the “Science of Racism Exhibition and Programme”, will be a travelling bilingual public education exhibition and workshop series that enables communities across Canada to address racism, and by extension, other biases that prevent the full enjoyment of life in Canada by many individuals and communities that identify as, and identify with, our many racialized communities, ethno-cultural communities, and Indigenous Peoples. The exhibition and its accompanying programmes and educational activities will provide new information coming from researchers working on the latest psychological and neurological science discoveries into how our brains actually process our responses to the people and the communities around us. With the support of an Advisory Panel of scientific experts from leading research facilities, this exhibition will engage all members of the Canadian public with the scientific investigations into the nature of human bias, including the most recent research into both explicit and implicit acts of prejudice. This educational experience will open the door for local communities across Canada to launch longer-term activities aimed at mitigating the impacts of bias, prejudice and racism, finding ways to move ahead with a renewed focus on working together, whatever our background, celebrating our respective differences.

This project received payment of \$144,875 from the Ministry of Heritage as the first payment in fulfilment of its pledge of \$813,973 over two years. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

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

This project received \$nil 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.

(v) “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 fulfilment 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.

(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 and graduate students in

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Canada whose field of study is related to the mission of the Mosaic Institute. In 2019, \$10,000 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 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 campaign 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 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

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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.

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.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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	2019	2018
	\$	\$	\$	\$
Furniture and fixtures	25,668	7,187	18,481	23,371
Computer equipment	20,017	15,153	4,864	2,351
Leasehold improvements	162,838	51,279	111,559	144,127
	208,523	73,619	134,904	169,849

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 2018.

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$94,000 (2018 - \$150,000) from related organizations controlled by a director. Included in the accounts payable and liabilities is a short term loan from the same director for \$50,000.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

7. COMMITMENTS

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

	\$
2020	76,092
2021	76,809
2022	76,809
2023	64,007
	<u>293,717</u>

8. STATEMENT OF CASH FLOWS

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

	2019	2018
	\$	\$
Accounts receivable	(125,000)	7,042
Accounts payable and accrued liabilities	56,285	(399)
Government remittances receivable	16,426	(11,986)
Prepaid expenses	(3,343)	(1,994)
Government remittances payable	(1,308)	895
	<u>(56,940)</u>	<u>(5,644)</u>

9. SUBSEQUENT EVENT

Impact of COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Ontario declared a state of emergency under s 7.0.1 (1) of the Emergency Management and Civil Protection Act on March 17, 2020 with respect to COVID-19. The emergency measures enacted to combat the spread of the virus included the implementation of travel bans, self-imposed quarantine periods and social distancing, which have caused material disruption to businesses globally resulting in an economic slowdown. As of the date of these financials statements, the extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted and are dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others.