

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2009

Melissa L. Coulson, Chartered Accountant

A Professional Corporation

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2009

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Auditor's Report

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

I have audited the balance sheet of The Mosaic Institute for Harnessing Diversity as at December 31, 2009 and the statement of operations and changes in fund balance, and statement of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.



Melissa L. Coulson C.A. Professional Corporation

Authorized to practise public accounting by

The Institute of Chartered Accountants of Ontario

March 4, 2010
Milton, Ontario

The Mosaic Institute for Harnessing Diversity

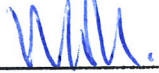
BALANCE SHEET

As at December 31

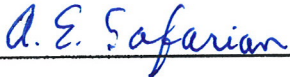
	2009	2008
	\$	\$
ASSETS		
Current		
Cash	41,316	24,960
Accounts receivable	2,207	4,240
Prepaid expenses	5,753	10,404
Total current assets	49,276	39,604
Capital assets (note 4)	2,085	2,978
	51,361	42,582
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	12,523	2,476
Due to related party (note 6)	107,264	49,918
Total current liabilities	119,787	52,394
Fund balances		
Operating fund	(68,426)	(9,812)
Total fund balances	(68,426)	(9,812)
	51,361	42,582

Commitments (note 7)

Approved on Behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

**STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE**

Year ended December 31

	2009	2008
	\$	\$
REVENUE		
Donations received	228,510	231,025
Grant income	11,000	-
Contract revenue	21,440	-
	<u>260,950</u>	<u>231,025</u>
EXPENSES		
Salaries and benefits	145,131	45,426
Program event costs	57,006	10,491
Rent	34,557	4,550
Contract expenses	21,206	-
Research and publications	14,500	93,932
Office and general	10,758	5,470
Conferences and seminars	6,873	5,924
Telephone	6,313	1,377
Web design and IT	6,169	1,408
Donations	3,851	4,009
Travel	3,522	9,806
Professional fees	2,674	4,740
Insurance	2,160	-
Publicity and fundraising	2,131	13,650
Publications and subscriptions	1,112	1,252
Depreciation	894	499
Bank charges and interest	707	-
Recruitment	-	45,500
Dues and fees	-	559
	<u>319,564</u>	<u>248,593</u>
Excess of revenue over expenses	(58,614)	(17,568)
Operating fund, beginning of year	(9,812)	7,756
Operating fund, end of year	(68,426)	(9,812)

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

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(58,614)	(17,568)
Non-cash items:		
Depreciation	894	499
Change in non-cash working capital items:		
Change in accounts receivable	2,033	(2,899)
Change in prepaid expenses	4,651	(10,104)
Change in accounts payable and accrued liabilities	10,046	(1,024)
Change in due to related party	57,346	(45,908)
Cash provided by (used in) operating activities	16,356	(77,004)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(3,477)
Net increase in cash	16,356	(80,481)
Cash, beginning of year	24,960	105,441
Cash, end of year	41,316	24,960

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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 organization undertakes original research and a variety of programming to educate and engage the general public, members of specific ethno-cultural communities, and Canadian policy makers with respect to the capacity of individuals and communities from Canada’s ethno-cultural mosaic to advance the interests of peace in places beset by intractable conflicts overseas. The ultimate goal of the Mosaic Institute is to harness the creativity, connections and resources of Canada’s diverse population in order to advance the cause of peace in the countries with which these groups of Canadians have traditional connections.

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 generally accepted accounting principles. The significant policies are detailed as follows:

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.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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 fixtures	20% declining balance

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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

The organization applies the provisions of Section 3855, *Financial Instruments – Recognition and Measurement*, and Section 3861, *Financial Instruments – Disclosures and Presentation*, of the Canadian Institute of Chartered Accountants (CICA) Handbook, as they apply to not-for-profit organizations.

The standards require that all financial assets and liabilities be measured at fair value with the exception of investments held to maturity, loans and receivables and other liabilities that are measured at amortized cost using the effective interest rate method. The organization has designated cash and accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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 the organization consists of unrestricted net assets. The organization 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.

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	2009	2008
	\$	\$	\$	\$
Furniture and fixtures	460	170	290	414
Computer equipment	3,016	1,221	1,795	2,564
	3,476	1,392	2,085	2,978

5. FINANCIAL INSTRUMENTS

Credit Risk

The organization is exposed to credit risk on the accounts receivable from its donors. Management believes that this risk is not significant.

Fair Values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and due from related party approximate their carrying value due to their short-term nature.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Interest Rate Risk

Management does not feel that the organization is subject to significant interest rate risk.

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$140,000 (2008 - \$146,000) from related organizations controlled by a director.

At year end, expenses paid on behalf of the organization by organizations controlled by a director totaled \$107,624 (2008 - \$49,918). Management has been advised that these expenses will be forgiven in fiscal 2010 in lieu of a donation for the same amount.

7. COMMITMENTS

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

	\$
2010	33,033
2011	19,269