

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021



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, 2021, 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, 2021, 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, Professional Corporation

Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

June 28, 2022

Milton, Ontario



The Mosaic Institute for Harnessing Diversity

BALANCE SHEET

As at December 31

	2021	2020
	\$	\$
ASSETS		
Current		
Cash	204,232	571,107
Short term investments (note 2)	16,352	23,237
Accounts receivable	1,276	136,874
Government remittances receivable	47,407	25,589
Prepaid expenses	7,155	5,337
Total current assets	276,422	762,144
Capital assets (note 4)	66,569	103,576
	342,991	865,720
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	2,286	5,699
Government remittances payable	3,801	11,567
Due to related party (note 6)	19,460	75,096
	25,547	92,362
Loan payable (note 9)	60,000	40,000
Total liabilities	85,547	132,362
Fund balances		
Restricted funds (note 2)	30,817	23,327
Unrestricted funds (note 2)	226,627	710,031
Total fund balances	257,444	733,358
	342,991	865,720

Commitments (note 7)

Approved on Behalf of the Board

Yusra Siddiquee

Dundee Staunton

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	Science of Racism	Anti-Racism Directorate	Next Gen SACGCP RBC Foundation	James P Muldoon Bursary ®	2021 Total	2020 Total
REVENUE								
Donations received	197,779	-	-	12,220	150,000	15,000	374,999	1,058,081
Fundraising	140,691	-	-	-	-	-	140,691	136,936
Other income	92,198	-	-	-	-	-	92,198	20,438
Investment income (loss)	(777)	-	-	-	-	-	(777)	1,528
	429,891	-	-	12,220	150,000	15,000	607,111	1,217,003
PROGRAM COSTS								
Contract expenses	92,732	9,320	320,000	-	63,976	-	486,028	400,469
Salaries and benefits	147,632	72,069	-	-	73,778	-	293,479	281,434
Publicity and fundraising	38,805	-	-	-	-	-	38,805	7,782
Honoraria	11,340	4,668	-	3,725	2,350	-	22,083	8,704
Event expenses	470	14,385	-	-	159	-	15,014	21,915
Web design and IT	9,439	2,900	-	-	1,703	-	14,042	33,430
Donations	-	-	-	-	-	7,500	7,500	25,300
Marketing	2,087	2,854	364	-	-	-	5,305	8,503
	302,505	106,196	320,364	3,725	141,966	7,500	882,256	787,537
ADMINISTRATIVE EXPENSES								
Rent	87,610	-	-	-	-	-	87,610	86,834
Professional fees	30,310	5,915	-	3,118	1,299	-	40,642	5,925
Depreciation	38,462	-	-	-	-	-	38,462	38,693
Telephone	3,048	1,214	-	-	6,661	-	10,923	10,200
Research and publications	6,706	-	-	-	2,961	-	9,667	40,514
Insurance	5,415	-	-	-	-	-	5,415	6,841
Bank charges and interest	4,989	164	-	30	-	10	5,193	4,189
Office and general administration	1,660	584	-	-	613	-	2,857	24,638
Travel	-	-	-	-	-	-	-	2,321
	178,200	7,877	-	3,148	11,534	10	200,769	220,155
Excess (shortfall) of revenue over expenses	(50,814)	(114,073)	(320,364)	5,347	(3,500)	7,490	(475,914)	209,311
Fund balance, beginning of year	(71,065)	230,426	332,307	9,932	208,431	23,327	733,358	524,047
Interfund transfers	-	-	-	-	-	-	-	-
Fund balance, end of year	(121,879)	116,353	11,943	15,279	204,931	30,817	257,444	733,358

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

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses	(475,914)	209,311
Non-cash items:		
Depreciation	40,642	38,693
Change in non-cash working capital items <i>(note 8)</i>	45,147	(36,156)
Cash provided by (used in) operating activities	(390,125)	211,848
INVESTING ACTIVITIES		
Purchase of capital assets	(1,455)	(7,364)
Redemption of short term investments	6,885	85
Cash provided by (used in) investing activities	5,430	(7,279)
FINANCING ACTIVITIES		
Advances of long term debt	20,000	40,000
Cash provided by financing activities	20,000	40,000
Net change in cash	(364,695)	244,569
Cash, beginning of year	571,107	326,538
Cash, end of year	206,412	571,107

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2021

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 equip people with the tools to dismantle prejudice through research, dialogue, policy, and training. The organization undertakes original research and a variety of community programming to educate and engage the general public, members of diverse communities, and Canadian policy makers with respect to their capacity to address prejudice and discrimination.

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 the final payment of \$125,000 from BMO as the last payment in fulfillment of its \$375,000 pledge over three years in 2020. It is anticipated that funding will continue for the next three to five years. No funding was received in 2021 as the funder restructured their grant process. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

(iii) Science of Racism – (Unrestricted)

Funding for this project from the Ministry of Heritage is on hold this year due to the Covid-19 pandemic. 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

Year ended December 31, 2021

(iv) Anti-Racism Directorate – (Unrestricted)

This project received payment of \$12,200 from the Province of Ontario as fulfilment of its pledge. There are no restrictions as to the use of the funds within this project provided that the amounts are reasonable within the budgetary projections.

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

This project received payment of \$150,000 from the RBC Foundation. 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 Canada whose field of study is related to the mission of the Mosaic Institute. In 2021, \$7,500 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 revenue.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2021

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 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.

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

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2021

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	2021	2020
	\$	\$	\$	\$
Furniture and equipment	29,356	15,765	13,591	16,989
Computer equipment	25,150	18,596	6,554	7,595
Leasehold improvements	162,838	116,414	46,424	78,992
	217,344	150,775	66,569	103,576

5. FINANCIAL INSTRUMENTS

Credit Risk

Mosaic is exposed to credit risk on the amount's 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.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2021

Trade accounts payable and accrued liabilities are generally paid within 30 days. There has been no change to the risk exposure from 2020.

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$65,000 (2020 - \$50,000) from related organizations controlled by a director.

Included in liabilities is an amount of \$19,460 (2020 - \$75,096) owed to an organization controlled by a director.

7. COMMITMENTS

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

	\$
2022	82,665
2023	34,631
	<u>117,296</u>

8. STATEMENT OF CASH FLOWS

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

	2021	2020
	\$	\$
Accounts receivable	135,598	(11,874)
Accounts payable and accrued liabilities	(3,413)	(42,726)
Government remittances receivable	(21,818)	(16,194)
Prepaid expenses	(1,818)	—
Government remittances payable	(7,766)	3,383
Due to related party	(55,636)	31,255
	<u>45,147</u>	<u>(36,156)</u>

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2021

9. LONG TERM DEBT

The Canada Emergency Business Account (CEBA) provides a qualifying business customer a loan up to \$60,000 from the federal government for financial relief in response to the Covid-19 pandemic. The loan is non-interest bearing until December 31, 2023. Principal repayments can be voluntarily made at any time without fees or penalties. Loan forgiveness of up to \$20,000 of the balance outstanding as of December 31, 2021 is available if certain conditions are met. If any part of the balance is not paid by December 31, 2023, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2024. The full balance must be repaid by no later than December 31, 2025.