

**THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**



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



# THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2017

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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, 2017, 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*

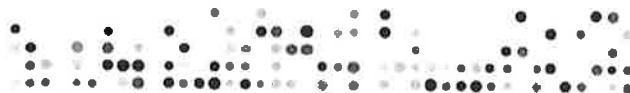
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.  
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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, 2017, 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 29, 2018  
Milton, Ontario



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



The Mosaic Institute for Harnessing Diversity

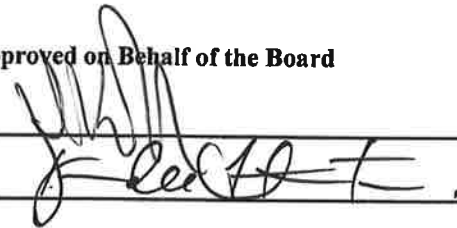
**BALANCE SHEET**

As at December 31

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	358,856	159,528
Accounts receivable	7,042	9,619
HST recoverable	13,835	7,667
Prepaid expenses	-	1,955
Short term investments (note 2)	30,797	-
<b>Total current assets</b>	<b>410,530</b>	<b>178,769</b>
Capital assets (note 4)	14,618	5,220
	<b>425,148</b>	<b>183,989</b>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	35,582	94,771
Government remittances payable	8,597	10,100
<b>Total current liabilities</b>	<b>44,179</b>	<b>104,871</b>
<b>Fund balances</b>		
Restricted funds (note 2)	30,877	44,291
Unrestricted funds (note 2)	350,092	34,827
<b>Total fund balances</b>	<b>380,969</b>	<b>79,118</b>
	<b>425,148</b>	<b>183,989</b>

Commitments (note 7)

Approved on Behalf of the Board



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*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	Survivor Stories	Intra Jewish Dialogue	Next Gen SACGCP RBC Foundation	SM Blair Foundation @	James P Muldoon Bursary @	SSHRC Research Project	2017	
									Total	Total
	368,858	200,000	65,000	2,818	166,667	5,000	350	-	808,693	569,921
Donations received	327,139	-	-	-	-	-	-	-	327,139	296,552
Fundraising	42,838	-	-	-	-	-	-	-	42,838	-
Investment income	5,321	-	-	-	-	-	-	15,390	20,711	-
Contract revenue	744,156	200,000	65,000	2,818	166,667	5,000	350	15,390	1,199,381	870,588
<b>REVENUE</b>										
Salaries and benefits	331,260	21,435	-	-	-	-	-	-	352,695	430,006
Contract expenses	47,988	7,098	26,214	6,990	135,359	5,000	-	8,836	237,485	158,840
Marketing	14,465	593	27,775	-	2,090	-	-	-	44,923	27,583
Rent	44,625	-	-	-	-	-	-	-	44,625	43,708
Publicity and fundraising	44,612	-	-	-	-	-	-	-	44,612	64,248
Event expenses	25,897	-	7,056	318	-	-	-	-	33,271	5,195
Office and general	5,909	545	15,073	-	8,959	-	-	-	30,486	21,804
Travel	4,438	9,290	160	35	13,069	-	-	-	26,992	29,937
Program event costs	1,503	2,745	-	117	19,751	-	-	-	24,116	63,254
Honoraria	227	18,074	-	-	4,031	-	-	-	22,332	39,657
Telephone	5,041	-	-	-	1,551	-	-	-	6,592	7,046
Bank charges and interest	5,487	7	-	-	(186)	-	(14)	-	5,294	6,014
Professional fees	4,963	-	-	-	-	-	-	-	4,963	2,504
Insurance	4,426	-	-	-	-	-	-	-	4,426	5,103
Web design and IT	4,338	-	-	-	-	-	-	-	4,338	9,780
Research and publications	2,789	-	-	-	481	-	-	-	3,270	11,995
Depreciation	2,737	-	-	-	-	-	-	-	2,737	1,699
Donations	-	-	-	-	-	-	2,500	-	2,500	2,600
Conferences and seminars	1,746	127	-	-	-	-	-	-	1,873	1,858
	552,451	59,914	76,278	7,460	185,105	5,000	2,486	8,836	897,530	932,831
Excess (shortfall) of revenue over expenses	191,705	140,086	(11,278)	(4,642)	(18,438)	-	(2,136)	6,554	301,851	(62,243)
Fund balance, beginning of year	(29,494)	(43,134)	(1,443)	14,505	92,950	502	45,232	-	79,118	141,361
Interfund transfers	-	-	-	-	-	-	-	-	-	-
Fund balance, end of year	162,211	96,952	(12,721)	9,863	74,512	502	43,096	6,554	380,969	79,118

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

	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenue over expenses	301,851	(62,243)
<b>Non-cash items:</b>		
Depreciation	2,737	1,699
Change in non-cash working capital items (note 8)	(93,125)	77,645
<b>Cash provided by operating activities</b>	<b>211,463</b>	<b>17,101</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(12,135)	(2,513)
<b>Cash used in investing activities</b>	<b>(12,135)</b>	<b>(2,513)</b>
<b>Net change in cash</b>	<b>199,328</b>	<b>14,588</b>
Cash, beginning of year	159,528	144,940
<b>Cash, end of year</b>	<b>358,856</b>	<b>159,528</b>

*The accompanying notes are an integral part of these financial statements*

## **The Mosaic Institute for Harnessing Diversity**

### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

#### **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 \$375,000 over the next three years. The fourth payment of \$75,000 from the prior four year commitment was received this year along with the first \$125,000 from the renewed commitment. There are no restrictions as to the use of the funds within this project provided the amounts are reasonable within the budgetary projections.

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



## **The Mosaic Institute for Harnessing Diversity**

### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

The institute has proposed “New Beginnings” program has an anticipated budget of \$20,000 of which the remaining \$2,818 was received in 2017.

- (iv) “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 2017, Mosaic received the 3<sup>rd</sup> payment from RBC.

- (v) 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.

- (vi) 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. In 2017, \$350 was received.

- (vii) 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.

- (viii) Survivors Stories – (Restricted)

A project established in 2017 that will bring young people with familial or personal connections to genocides including First Nations youth to engage in dialogue regarding their cultural identity. The projects main goal includes developing a work plan that will help other organizations infuse their intercultural understanding aimed at inclusivity from different perspectives.

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

**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

**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 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.

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

**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.

Mosaic is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

**4. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Furniture and fixtures	1,890	1,553	337	422
Computer equipment	15,055	11,696	3,359	4,798
Leasehold improvements	12,136	1,214	10,922	-
	<b>29,081</b>	<b>14,463</b>	<b>14,618</b>	<b>5,220</b>

**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 2016.

**6. RELATED PARTY TRANSACTIONS**

During the year, the organization received donations of \$101,000 (2016 - \$155,000) from related organizations controlled by a director. Included in the accounts payable and liabilities is a short term loan from a related organization, Kololian Foundation for \$34,000.

**7. COMMITMENTS**

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

	<b>\$</b>
2018	33,320
2019	34,510
2020	34,510
2021	35,700
2022	35,700
	<b>173,740</b>

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

**8. STATEMENT OF CASH FLOWS**

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

	2017	2016
	\$	\$
Accounts receivable	2,577	174
Accounts payable and accrued liabilities	(59,189)	73,819
Government remittances receivable	(6,168)	952
Prepaid expenses	1,955	4,115
Short term investments	(30,797)	-
Government remittances payable	(1,503)	(1,415)
	<u>(93,125)</u>	<u>77,645</u>