

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2013



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



THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2013

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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, 2013, and the statement of operations, statement of changes in operating fund, statement of changes in care and maintenance fund 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.



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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, 2013, 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

March 21, 2014
Milton, Ontario



**MELISSA L.
COULSON**

CPA, CA, LPA



The Mosaic Institute for Harnessing Diversity

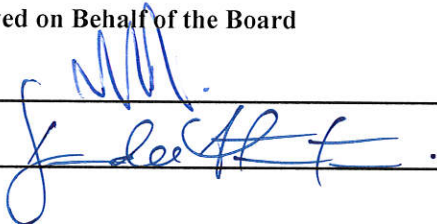
BALANCE SHEET

As at December 31

	2013	2012
	\$	\$
ASSETS		
Current		
Cash	77,772	146,150
Accounts receivable	1,406	8,336
HST recoverable	22,251	13,439
Prepaid expenses	1,826	2,088
Total current assets	103,255	170,013
Capital assets <i>(note 4)</i>	4,882	4,030
	108,137	174,043
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	74,969	48,735
Government remittances payable	6,103	6,608
Total current liabilities	81,072	55,343
Fund balances		
Restricted funds <i>(note 2)</i>	12,418	35,981
Unrestricted funds <i>(note 2)</i>	14,647	82,719
Total fund balances	27,065	118,700
	108,137	174,043

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	Kanishka CIC	China-Tibet CIC	Sri Lanka Tour	SACGCP RBC Foundation	SACGCP MCC Fund	2012	
								Total	Total
REVENUE									
Donations received	333,958	-	-	-	-	-	-	333,958	281,605
Grant income	25,000	-	-	-	-	110,000	-	135,000	76,418
Fundraising	16,684	-	-	-	-	-	-	16,684	150
Contract revenue	-	-	218,366	146,507	-	-	-	364,873	179,405
	375,642	-	218,366	146,507	-	110,000	-	850,515	537,578
EXPENSES									
Contract expenses	-	41,426	104,103	81,885	-	79,602	-	307,016	152,997
Salaries and benefits	283,966	-	-	-	-	-	-	283,966	192,089
Research and publications	-	-	117,452	4,158	-	5,170	-	126,780	34,140
Travel	19,757	1,682	15,291	25,032	(2,462)	6,493	-	65,793	39,049
Rent	40,650	-	-	-	-	-	-	40,650	38,823
Honoraria	3,050	4,200	-	10,792	-	1,000	-	19,042	14,529
Conferences and seminars	1,116	-	-	16,456	-	-	-	17,572	11,593
Program event costs	9,699	1,279	5,000	4,128	-	6,806	-	17,213	5,186
Office and general	12,917	1,329	(719)	2,869	-	85	-	13,263	10,241
Publicity and fundraising	-	-	-	-	-	-	-	12,917	2,808
Event expenses	12,005	-	-	-	-	-	-	12,005	3,903
Telephone	6,374	-	-	2,715	-	1,635	-	10,724	3,840
Insurance	4,981	-	-	-	-	-	-	4,981	2,840
Marketing	44	281	-	-	-	2,763	-	3,088	3,863
Publications and subscriptions	1,914	100	-	-	-	-	-	2,014	2,325
Professional fees	1,637	-	-	-	-	-	-	1,637	3,059
Depreciation	1,434	-	-	-	-	-	-	1,434	1,517
Web design and IT	1,181	-	-	-	-	-	-	1,181	6,757
Bank charges and interest	874	-	-	-	-	-	-	874	514
	401,599	50,297	241,127	148,035	(2,462)	103,554	-	942,150	530,073
Excess (deficiency) of revenue over expenses	(25,957)	(50,297)	(22,761)	(1,528)	2,462	6,446	-	(91,635)	7,505
Fund balance, beginning of year	24,248	50,903	37,047	(340)	(1,396)	8,964	(726)	118,700	111,195
Interfund transfers	1,066	-	-	-	(1,066)	(726)	726	-	-
Fund balance, end of year	(643)	606	14,286	(1,868)	-	14,684	-	27,065	118,700

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

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses	(91,635)	7,505
Non-cash items:		
Depreciation	1,434	1,517
Change in non-cash working capital items:		
Accounts receivable	6,930	(8,313)
HST recoverable	(8,812)	(6,052)
Prepaid expenses	262	(2,088)
Accounts payable and accrued liabilities	26,234	14,789
Government remittances payable	(505)	6,608
Deferred revenue	-	(10,000)
Cash provided by (used in) operating activities	(66,092)	3,966
INVESTING ACTIVITIES		
Purchase of capital assets	(2,286)	-
Cash used in investing activities	(2,286)	-
Net increase (decrease) in cash	(68,378)	3,966
Cash, beginning of year	146,150	142,184
Cash, end of year	77,772	146,150

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

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, as well as to help improve relations between and among those communities here in Canada. 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 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

In 2010 BMO committed \$150,000 over three years for the U of Mosaic. The final payment was received in the prior year. There were no restrictions as to the use of the funds within the project.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

- (iii) “Next Generation” - South Asian Canadian Global Citizenship Project – RBC Foundation (Unrestricted)

This project is being funded by the RBC Foundation in the amount of \$270,000 over two years. There were no restrictions as to the use of the funds within the project. Mosaic received \$135,000 in the current year. Of this amount, \$25,000 was allocated to the Mosaic Operating Fund with the concurrence of the donor and is being used to cover a portion of the organization’s overhead expenses.

- (iv) China-Tibet – CIC Fund (Restricted)

The Minister of Citizenship, Immigration and Multiculturalism has committed funding of \$280,000 over 2 years to be used for this project. This is a restricted fund in that it must be used only for preapproved expenses including project manager, project assistant, travel, honorariums, conferences and other project expenses. Payments of \$146,507 (2012 - \$50,908) were received in the year.

- (v) Kanishka – Public Safety Canada (PSC) Fund (Restricted)

The Minister of Public Safety and Emergency Preparedness has committed funding of \$410,000 over 2 years to be used for this project. This is a restricted fund in that it may not be used for any other purpose than the preapproved expenses, salaries and wages, research, travel, honorariums and other project expenses. Payments of \$218,366 (2012 - \$128,497) were received in the year.

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, 2013

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.

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.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

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	2013	2012
	\$	\$	\$	\$
Furniture and fixtures	1,891	948	943	1,179
Computer equipment	10,004	6,065	3,939	2,851
	11,895	7,013	4,882	4,030

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 2012.

The Mosaic Institute for Harnessing Diversity

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

6. RELATED PARTY TRANSACTIONS

During the year, the organization received donations of \$275,000 (2012 - \$230,000) 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:

	\$
2014	21,125
2015	12,323
	<u>33,448</u>