

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY
FINANCIAL STATEMENTS
DECEMBER 31, 2008

Melissa L. Coulson, Chartered Accountant
A Professional Corporation

THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

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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, 2008 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, 2008 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

July 15, 2009
Milton, Ontario

The Mosaic Institute for Harnessing Diversity

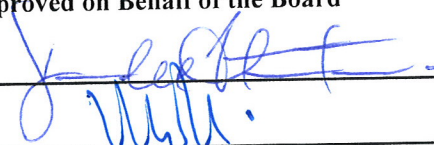
BALANCE SHEET

As at December 31


	2008	2007
	\$	\$
ASSETS		
Current		
Cash	24,960	105,441
Accounts receivable	4,240	1,341
Prepaid expenses	10,404	300
Total current assets	39,604	107,082
Capital assets (note 5)	2,978	-
	42,582	107,082
LIABILITIES & FUND BALANCES		
Current		
Accounts payable and accrued liabilities	2,476	3,500
Due to related party (note 6)	49,918	95,826
Total current liabilities	52,394	99,326
Fund balances		
Operating fund	(9,812)	7,756
Total fund balances	(9,812)	7,756
	42,582	107,082

Commitments (note 8)

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

	2008	2007
	\$	\$
REVENUE		
Donations received	231,025	105,000
Memberships	-	40
	<u>231,025</u>	<u>105,040</u>
EXPENSES		
Research and publications	93,932	48,000
Recruitment	45,500	-
Salaries and benefits	45,426	-
Publicity and fundraising	13,650	26,174
Program event hosting	10,491	-
Travel	9,806	2,226
Resource development	5,924	9,627
Office and general	5,470	2,082
Professional fees	4,740	4,205
Rent	4,550	2,075
Donations	4,009	-
Web design and IT	1,408	2,260
Telephone	1,377	-
Publications and subscriptions	1,252	-
Dues and fees	559	635
Depreciation	499	-
	<u>248,593</u>	<u>97,284</u>
Excess of revenue over expenses	<u>(17,568)</u>	<u>7,756</u>
Operating fund, beginning of year	7,756	-
Operating fund, end of year	<u>(9,812)</u>	<u>7,756</u>

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

	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	(17,568)	7,756
Non-cash items:		
Depreciation	499	-
Change in non-cash working capital items:		
Increase in accounts receivable	(2,899)	(1,341)
Increase in prepaid expenses	(10,104)	(300)
Increase in accounts payable and accrued liabilities	(1,024)	3,500
Increase in due to related party	(45,908)	95,826
Cash provided by (used in) operating activities	(77,004)	105,441
INVESTING ACTIVITIES		
Purchase of capital assets	(3,477)	-
Net increase in cash	(80,481)	105,441
Cash, beginning of year	105,441	-
Cash, end of year	24,960	105,441

The accompanying notes are an integral part of these financial statements

The Mosaic Institute for Harnessing Diversity

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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 strives to educate the general public and Canadian policymakers about cultural diversity by providing workshops and conferences.

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.

Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized 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.

The Mosaic Institute for Harnessing Diversity

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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.

3. FUTURE ACCOUNTING CHANGES

The CICA has released the following new Handbook standards which are applicable to the organization effective January 1, 2009:

Section 3064 “Goodwill and Intangible Assets”, is a revised standard relating to intangible assets and will require the expensing of certain prepaid fundraising expenses as they are incurred.

Section 4400 “Financial Statement Presentation by Not-for-Profit Organizations”, will modify the requirements with respect to various elements of financial statement presentation. These amendments include

- Reporting certain revenue at its gross amounts in the statement of operations
- The elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets
- Per Section 4470, when a not-for-profit organization classifies its expenses by function and allocates some of its general support costs to another function, disclosing the policy adopted for expense and amounts allocated from general support costs to other functions

Mosaic has not yet assessed the impact of these new standards on its financial statements. Other new standards have been issued but they are not expected to have a material impact on the organization’s financial statements.

4. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009, the organization adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1535 Capital Disclosure. Section 1535 establishes standards for disclosing information about an entity’s capital and how it is managed.

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 Mosaic Institute for Harnessing Diversity

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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

5. CAPITAL ASSETS

	Cost	Accumulated Depreciation	2008	2007
	\$	\$	\$	\$
Furniture and fixtures	460	46	414	—
Computer equipment	3,016	452	2,564	—
	3,476	498	2,978	—

6. 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.

Interest Rate Risk

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

The Mosaic Institute for Harnessing Diversity

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

7. DUE FROM RELATED PARTY

The amount due from related party is payable to a company owned by one of the directors.

8. COMMITMENTS

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

	\$
2009	18,763