

**THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**Melissa L. Coulson, Chartered Accountant**  

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*A Professional Corporation*

# THE MOSAIC INSTITUTE FOR HARNESSING DIVERSITY

DECEMBER 31, 2010

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# Melissa L. Coulson, Chartered Accountant

*A Professional Corporation*

35 Hugh Street, Milton, Ontario L9T 2C7

Tel: 905-876-4633 Fax: 905-876-2064

Toll free: 1-877-289-2292

## 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, 2010, and the statement of operations and change 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 generally accepted accounting principles, 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.

*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, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**Melissa L. Coulson C.A. Professional Corporation**

Authorized to practice public accounting by

The Institute of Chartered Accountants of Ontario

April 18, 2011  
Milton, Ontario

**Melissa L. Coulson, Chartered Accountant**

*A Professional Corporation*

The Mosaic Institute for Harnessing Diversity


**BALANCE SHEET**

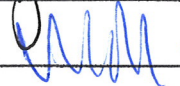
As at December 31

	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	112,545	41,316
Accounts receivable	7,254	2,207
Prepaid expenses	-	5,753
<b>Total current assets</b>	<b>119,799</b>	<b>49,276</b>
Capital assets (note 4)	4,160	2,085
	<b>123,959</b>	<b>51,361</b>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	19,340	12,523
Due to related party (note 6)	-	107,264
<b>Total current liabilities</b>	<b>19,340</b>	<b>119,787</b>
<b>Fund balances</b>		
Restricted funds (note 2)	83,382	235
Unrestricted funds (note 2)	21,237	(68,661)
<b>Total fund balances</b>	<b>104,619</b>	<b>(68,426)</b>
	<b>123,959</b>	<b>51,361</b>

Commitments (note 7)

Approved on Behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

*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		Sudan		Sudan		SACGCP RBC Fund	SACGCP MCC Fund	2010 Total	2009 Total
		Aurea Fund	Projects DEAIT Fund	Projects Aurea Fund	Projects Aurea Fund						
<b>REVENUE</b>											
Donations received	316,769	-	-	-	-	-	-	-	-	316,769	228,510
Grant income	-	90,000	-	10,000	-	-	-	47,917	-	197,917	11,000
Contract revenue	-	-	20,343	-	-	-	-	-	-	20,343	21,440
	<b>316,769</b>	<b>90,000</b>	<b>20,343</b>	<b>10,000</b>	<b>10,000</b>	<b>50,000</b>	<b>47,917</b>	<b>535,029</b>		<b>260,950</b>	
<b>EXPENSES</b>											
Salaries and benefits	164,184	7,500	-	-	-	800	-	-	-	172,484	145,131
Contract expenses	-	7,574	12,880	2,900	-	10,109	29,600	-	-	63,063	21,206
Rent	36,126	-	-	-	-	-	3,393	-	-	39,519	34,557
Travel	4,735	-	4,172	3,585	-	9,916	287	-	-	22,695	3,522
Program event costs	2,355	142	2,131	-	-	8,566	-	-	-	13,194	57,006
Office and general	11,388	147	1,160	246	-	933	389	-	-	14,263	10,758
Web design and IT	5,429	3,343	-	-	-	-	-	-	-	8,772	6,169
Publicity and fundraising	4,648	-	-	-	-	-	-	-	-	4,648	2,131
Insurance	4,620	-	-	-	-	-	-	-	-	4,620	2,160
Telephone	3,656	-	-	-	-	-	-	-	-	3,656	6,313
Research and publications	-	-	-	-	-	-	-	3,463	-	3,463	14,500
Publications and subscriptions	2,769	-	-	-	-	-	-	-	-	2,769	1,112
Honoraria	-	-	-	2,200	-	-	-	-	-	2,200	-
Marketing	-	-	-	-	-	2,107	-	-	-	2,107	-
Professional fees	2,000	-	-	-	-	-	-	-	-	2,000	2,674
Depreciation	1,069	-	-	-	-	-	-	-	-	1,069	894
Conferences and seminars	1,035	-	-	-	-	-	-	-	-	1,035	6,873
Bank charges and interest	427	-	-	-	-	-	-	-	-	427	707
Donations	-	-	-	-	-	-	-	-	-	-	3,851
	<b>244,441</b>	<b>18,706</b>	<b>20,343</b>	<b>8,931</b>	<b>32,431</b>	<b>37,132</b>	<b>361,984</b>	<b>319,564</b>		<b>319,564</b>	
<b>Excess (deficiency) of revenue over expenses</b>	<b>72,328</b>	<b>71,294</b>	<b>234</b>	<b>1,069</b>	<b>17,569</b>	<b>10,785</b>	<b>173,045</b>	<b>(58,614)</b>		<b>173,045</b>	
<b>Fund balance, beginning of year</b>	<b>(68,660)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(68,426)</b>	<b>(9,812)</b>		<b>(9,812)</b>	
Interfund transfers	-	-	-	-	-	-	-	-	-	-	-
<b>Fund balance, end of year</b>	<b>3,668</b>	<b>71,294</b>	<b>234</b>	<b>1,069</b>	<b>17,569</b>	<b>10,785</b>	<b>104,619</b>	<b>(68,426)</b>		<b>104,619</b>	

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

	2010	2009
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	173,045	(58,614)
<b>Non-cash items:</b>		
Depreciation	1,069	894
<b>Change in non-cash working capital items:</b>		
Change in accounts receivable	(5,047)	2,033
Change in prepaid expenses	5,753	4,651
Change in accounts payable and accrued liabilities	6,817	10,046
Change in due to related party	(107,264)	57,346
<b>Cash provided by operating activities</b>	<b>74,373</b>	<b>16,356</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(3,144)	-
<b>Net increase in cash</b>	<b>71,229</b>	<b>16,356</b>
Cash, beginning of year	41,316	24,960
<b>Cash, end of year</b>	<b>112,545</b>	<b>41,316</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, 2010

#### 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:

##### **Fund accounting**

Mosaic follows the deferral method of accounting for contributions.

- (i) Operating Fund

Revenue and expenses relating to the ongoing operations of the organization.

- (ii) U of Mosaic – AUREA Foundation Fund (Restricted)

The AUREA Foundation has committed funding of \$40,000 in the current year. The monies must be spent on a Project Coordinator, on costs relating to doing an “environmental scan” of existing on-campus conflict resolution groups and on overhead and management costs incurred by the institute in the administration of the U of Mosaic initiative.

BMO has committed \$150,000 over three years for the U of Mosaic. The first payment of \$50,000 was received in the year. There are no restrictions as the use of the funds within the project.



## The Mosaic Institute for Harnessing Diversity

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

(iii) Sudan Projects – DFAIT Fund (Restricted)

The Winnipeg Conference on Sudan was partially funded through a contract with DFAIT for expenses up to \$22,000 in the current year. Approved expenses include costs for staff, travel, accommodation, administration and conference facilities.

(iv) Sudan – AUREA Foundation Fund (Restricted)

The AUREA Foundation has committed \$10,000 this year to be spent on the provision of conference scholarships, the publication of conference material and conference speaker expenses.

(v) South Asian Canadian Global Citizenship Project – MCC Fund (Restricted)

The Department of Citizenship and Immigration Canada has committed funding of \$150,000 over 18 months to be used for this project. This is a restricted fund in that it may not be used for international expenses and must be used solely for specific preapproved expenses including management, travel, publicity, facilities, materials and other Canadian project costs. Payments of \$47,917 were received in the year.

(vi) South Asian Canadian Global Citizenship Project – RBC Fund (Unrestricted)

This project is also being funded by the RBC in the amount of \$100,000 over two years. There are no restrictions as to the use of the funds within the project. The first payment of \$50,000 was received this 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, 2010

#### 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.

### 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 Mosaic Institute for Harnessing Diversity

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

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	2010	2009
	\$	\$	\$	\$
Furniture and fixtures	460	228	232	290
Computer equipment	6,160	2,232	3,928	1,795
	6,620	2,460	4,160	2,085

#### 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.

##### 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 \$211,084 (2009 - \$140,000) from related organizations controlled by a director.

**The Mosaic Institute for Harnessing Diversity**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010

**7. COMMITMENTS**

Mosaic has entered into operating lease agreements for office space. The lease runs from May 1, 2010 to July 31, 2011. The future minimum lease payments are as follows:

	\$
2011	9,365

**8. FUTURE ACCOUNTING CHANGES**

In December 2009, the Canadian Accounting Standards Board (“AcSB”) confirmed that Canadian public entities will have to adopt International Financial Reporting Standards (“IFRS”) effective for fiscal years beginning on or after January 1, 2011. Subsequent to this decision, the AcSB announced a review of standards impacting not-for-profit organizations. Mosaic has not yet assessed the impact of these new standards on its financial statements.