
**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND
HERITAGE**
FINANCIAL STATEMENTS
AUGUST 31, 2011



WITHEY ADDISON LLP
CHARTERED ACCOUNTANTS
TAX CONSULTANTS
MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Directors of Hazel McCallion Foundation for the Arts, Culture and Heritage

We have audited the accompanying financial statements of Hazel McCallion Foundation for the Arts, Culture and Heritage, which comprise the statement of financial position as at August 31, 2011, and the statements of operations and cash flows 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 the 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 judgment, 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.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.



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INDEPENDENT AUDITORS' REPORT
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hazel McCallion Foundation for the Arts, Culture and Heritage as at August 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

WITHEY ADDISON LLP

Withey Addison LLP

Mississauga, Canada
November 18, 2011

Chartered Accountants
Licensed Public Accountants

**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
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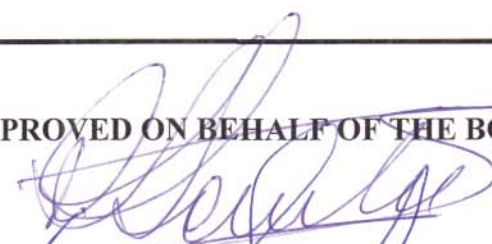
STATEMENT OF FINANCIAL POSITION

AUGUST 31,	2011	2010
ASSETS		
CURRENT		
Cash	\$ 66,925	\$ 65,829
Short-term investments - note 3	806,660	624,281
Accounts receivable - note 4	4,000	14,816
Prepaid expenses	932	-
	\$ 878,517	\$ 704,926
LONG-TERM INVESTMENTS - note 3	152,406	277,546
	\$ 1,030,923	\$ 982,472

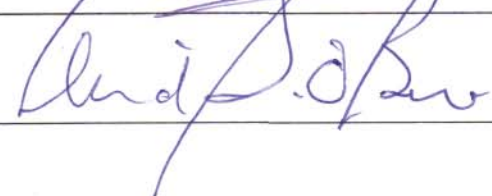
LIABILITIES		
CURRENT		
Accounts payable - note 5	\$ 50,928	\$ 15,783
Deferred revenue	1,798	48,789
	\$ 52,726	\$ 64,572

NET ASSETS		
OPERATING FUND	978,197	917,900
	\$ 978,197	\$ 917,900
	\$ 1,030,923	\$ 982,472

APPROVED ON BEHALF OF THE BOARD



Director



Director

See accompanying Notes to the Financial Statements

**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
AND HERITAGE**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31,	2011	2010
REVENUE		
Donations and sponsorships	\$ 49,950	\$ 76,150
Tickets	261,424	294,785
Auction	105,634	104,375
Investment income	39,031	4,044
Unrealized gain on investments	32,034	11,668
	\$ 488,073	\$ 491,022
EXPENSES		
Administration	\$ 37,508	\$ 32,070
Auction	37,333	21,413
Feature entertainment	129,517	107,026
Food and beverage	129,507	92,232
Grants	5,000	25,000
Production	63,756	52,688
Professional fees	8,608	5,429
Promotion	3,279	-
Investment management fees	13,268	-
	\$ 427,776	\$ 335,858
EXCESS OF REVENUE OVER EXPENSES	\$ 60,297	\$ 155,164
TRANSFER FROM CITY OF MISSISSAUGA - note 6	-	4,788
OPERATING FUND - beginning of year	917,900	757,948
OPERATING FUND - end of year	\$ 978,197	\$ 917,900

See accompanying Notes to the Financial Statements

**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
AND HERITAGE**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31,	2011	2010
CASH FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 60,297	\$ 155,164
Net change in non-cash working capital:		
Accounts receivable	10,816	(3,250)
Prepaid expenses	(932)	-
Accounts payable	35,140	10,132
Deferred revenue	(46,991)	12,589
	\$ 58,330	\$ 174,635
FINANCING AND INVESTING ACTIVITIES:		
Purchase of investments (net of proceeds)	\$ (57,234)	\$ (201,827)
Transfer from City of Mississauga to Operating Fund	-	4,788
	\$ (57,234)	\$ (197,039)
NET INCREASE (DECREASE) IN CASH	\$ 1,096	\$ (22,404)
CASH - beginning of year	65,829	88,233
CASH - end of year	\$ 66,925	\$ 65,829

See accompanying Notes to the Financial Statements

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

1. PURPOSE OF THE ORGANIZATION

The purpose of the Hazel McCallion Foundation for the Arts, Culture and Heritage is to promote and fund arts, culture and heritage for people in Mississauga. It is exempt from income taxes under Section 149(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) New accounting standard adopted during the year

i) Financial Statement Presentation

Section 4400 has been amended to permit not-for-profit organizations to present net assets invested in capital assets as a category of internally restricted net assets and clarification of presentation of revenue and expenses on a gross basis when the entity is acting as a principal in a transaction. The adoption of this amended accounting standard during the year and its implementation did not have an impact on the results of operations or financial position.

ii) Disclosure of Related Party Transactions

Section 4460 has been amended to align the definition of related parties to CICA section 3840, Related Party Transactions. The adoption of this amended accounting standard during the year and its implementation did not have an impact on the results of operations or financial position.

iii) Disclosure of Allocated Expenses

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. The adoption of this accounting standard during the year did not have an impact on the results of operations or financial position.

b) Revenue recognition

Ticket sales and auction revenues are recognized when the event has been held. Interest income and donations are recognized as earned.

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Use of estimates

The preparation of the Foundation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results in the future may differ from those estimates made.

d) Contributed services

The Board of Directors and others contribute volunteer services to the organization in carrying out its operating activities. Because of the difficulty in determining the fair value of these contributed services, they are not recognized in the financial statements.

e) Financial instruments

The Foundation classifies its financial instruments into the following categories based on the purpose for which the asset was acquired or liability incurred, as follows:

i) **Assets held-for-trading** - financial instruments, classified as held-for-trading are reported at fair value at each statement of financial position date, and any change in fair value is recognized in excess (deficit) of revenues of expenses in the period during which the change occurs. Transaction costs are expensed when incurred. In these financial statements, cash, short-term investments, accounts receivable and accounts payable have been classified as held-for-trading.

ii) **Assets held-to-maturity** - financial instruments classified as held-to-maturity are financial assets with fixed or determinable payments and fixed maturities that the Board of Directors has a positive intention and ability to hold to maturity. These assets are initially recorded at fair value and subsequently carried at amortized cost, using the effective interest rate method. Transaction costs are included in the amount initially recognized. In these financial statements, long-term investments have been classified as held-to-maturity.

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES - continued

e) Financial instruments - continued

iii) **Assets available-for-sale** - financial instruments classified as available-for-sale are reported at fair value at each statement of financial position date, and any change in fair value is recognized in net assets in the period in which the change occurs. All transactions related to investments are recorded on a settlement date basis.

iv) **Other financial liabilities held for purposes other than for trading** - financial instruments classified as loans and receivables and financial liabilities held for purposes other than for trading are carried at amortized cost using the effective interest rate method. Transaction costs are expensed when incurred.

f) Cash and cash equivalents

The organization's policy is to disclose bank balances under cash and cash equivalents including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition.

3. INVESTMENTS

SHORT-TERM

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Fixed income</u>			
CPN Province of Quebec	\$ 20,941	NA	December 1, 2011
PKG Province of British Columbia	49,579	3.70%	January 9, 2012
AGF Trust GIC	<u>80,000</u>	2.57%	April 13, 2012
Total fixed income	<u>\$ 150,520</u>		

**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
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NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

3. INVESTMENTS - continued

SHORT-TERM - continued

	<u>Amount</u>
<u>Common Shares</u>	
Altagas Ltd	\$ 12,881
Bank of Montreal	18,536
BCE Inc	15,359
Canadian National Railway Co	15,729
Canadian Apartment PPTYS Real Estate units	19,186
Calloway Real Estate Real Estate units	14,548
Crescent Point Energy Corp	16,770
Cenovus Energy Inc	18,470
Davis Henderson Corporation	18,423
Encana Corp.	18,659
Enbridge Inc.	15,699
Industrial Alliance Insurance and Financial Services Inc	15,980
Husky Energy Inc.	18,476
Inter Pipeline Fund	14,567
IGM Financial Inc.	16,528
H&R Real Estate Investment Trust	14,622
Morguard Real Estate Trust	14,705
National Bank of Canada	15,033
Royal Bank of Canada	18,151
Shaw Communications Inc.	17,815
Trancanada Corporation	17,793
Thomson Reuters Corporation	17,279
Toronto Dominion Bank	16,403
Total common shares	<u>\$ 381,612</u>
 <u>Mutual Funds</u>	
Manulife Bank Investment savings account	\$ 87,605
RBC Investment savings account	147,659
Total mutual funds	<u>\$ 235,264</u>
 Accrued interest	39,264
Total Fair market value	<u>\$ 806,660</u>

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

3. INVESTMENTS - continued

LONG-TERM

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Fixed income</u>			
Wells Fargo Mid Term Note	\$ 29,189	4.40%	December 12, 2012
Resmor Trust GIC	80,000	3.25%	April 15, 2013
Bank of Nova Scotia deposit note	38,777	4.56%	October 30, 2013
Accrued interest	<u>4,440</u>		
Fair market value	<u>\$ 152,406</u>		

4. ACCOUNTS RECEIVABLE

	2011	2010
Accounts receivable	\$ 4,000	\$ -
GST/HST receivable	-	14,816
	<u>\$ 4,000</u>	<u>\$ 14,816</u>

5. ACCOUNTS PAYABLE

	2011	2010
Trade payables and accrued liabilities	\$ 23,391	\$ 15,783
HST payable	<u>27,537</u>	-
	<u>\$ 50,928</u>	<u>\$ 15,783</u>

The trade payables and accrued liabilities above all have normal credit and payment terms.

6. TRANSFER FROM THE CITY OF MISSISSAUGA

In the prior year, these funds represented the transfer of the balance in the Mayor's Gala fund held at the City of Mississauga.

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

7. FINANCIAL INSTRUMENTS

a) Fair value of financial assets and liabilities

The Foundation's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable.

Unless otherwise noted, the Board of Directors is of the opinion that the Foundation is not exposed to significant interest, liquidity, credit, cash flow or market rate risk arising from these financial instruments, and that the fair values of its financial instruments approximate their carrying value.

b) Credit risk

Some of the Foundations investments are in excess of the federally insured limit by the Canada Deposit Insurance Corporation (CDIC), as well as mutual funds which are not covered by the CDIC, exposing the Foundation to credit risk on amounts over the limit. The Board believes its' exposure to this credit risk is not significant.

c) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's investments in common shares and mutual funds exposes the Foundation to price risks as these investments are subject to price fluctuations in an open market. The Foundation does not use derivative financial instruments to alter the effects of this risk.

8. REMUNERATION OF DIRECTORS AND OFFICERS

No remuneration was paid to Directors or Officers during the year.

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

9. CAPITAL DISCLOSURES

The Foundation's objectives when managing capital are to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events, in order to maintain stability in the financial structure. The Foundation also seeks to maintain sufficient liquidity and short-term investments to meet its obligations as they come due. The Foundation manages its investments in such a manner as to maximize investment income and ensure the safety of its assets. The Foundation is not subject to any externally imposed requirements on capital.

10. MAJOR COMMITMENTS

The Foundation has engaged the services of a talent and literary agency company to provide entertainment services for next year's gala. Future minimum payments are as follows:

2012	\$ <u>90,000</u> US
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11. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

The Accounting Standards Board has announced that all Canadian reporting entities, subject to certain exceptions which include not-for-profit organizations, will adopt International Financial Reporting Standards ("IFRS") as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011. The organization, at its option, may adopt IFRS if it so chooses. Alternatively, the organization has the option of adopting the new accounting standards for not-for-profit organizations which are effective for year ends beginning on or after January 1, 2012.

The impact of the transition to IFRS or the alternative not-for-profit standards on the organization's financial statements, has yet to be determined with respect to these new standards.

**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
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NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

12. COMPARATIVE FIGURES

Certain comparative figures on the statements of financial position, operations and cash flows have been reclassified to conform with the presentation for the current year. The reclassification has no effect on previously reported results and net assets.