

**Hazel McCallion Foundation for the Arts,  
Culture and Heritage  
Financial Statements  
For the year ended August 31, 2015**

**Contents**

---

<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Operations and Net Assets	<b>4</b>
Statement of Cash Flows	<b>5</b>
Notes to Financial Statements	<b>6 - 9</b>



Tel: 905 270-7700  
Fax: 905 270-7915  
Toll-free: 866 248 6660  
www.bdo.ca

BDO Canada LLP  
1 City Centre Drive, Suite 1700  
Mississauga ON L5B 1M2 Canada

---

## Independent Auditor's 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, 2015, and the statements of operations and net assets 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 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

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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Hazel McCallion Foundation for the Arts, Culture and Heritage derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets.

### Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Other Matter

The financial statements of Hazel McCallion Foundation for the Arts, Culture and Heritage for the year ended August 31, 2014, were audited by another auditor who expressed an unqualified opinion on those statements on March 26, 2015.

**BDO CANADA LLP**

Chartered Professional Accountants, Licensed Public Accountants  
Mississauga, Ontario  
April 11, 2016

---

**Hazel McCallion Foundation for the Arts, Culture and Heritage**  
**Statement of Financial Position**

**August 31** **2015** **2014**

---

**Assets**

**Current**

Cash	\$ 5,816	\$ 216,197
Short-term investments (Note 2)	1,006,205	1,077,733
HST recoverable	16,060	-
Prepaid expenses (Note 3)	885	52,452
	1,028,966	1,346,382

**Long-term investments (Note 2)**

	76,678	65,021
	1,105,644	1,411,403

**\$ 1,105,644** **\$ 1,411,403**

---

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 4,492	\$ 4,492
HST payable	-	23,140
Deferred revenue (Note 4)	-	278,528
	4,492	306,160

**Net assets**

	1,101,152	1,105,243
	1,105,644	1,411,403

**\$ 1,105,644** **\$ 1,411,403**

---

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

---

## Hazel McCallion Foundation for the Arts, Culture and Heritage Statement of Operations and Net Assets

For the year ended August 31	2015	2014
<b>Revenue</b>		
Ticket sales	\$ 360,024	\$ -
Donations	26,600	-
Investment income (Note 5)	5,320	158,112
Sponsorship	77,530	-
Miscellaneous income	-	369
	<b>469,474</b>	<b>158,481</b>
 <b>Expenses</b>		
Administration	4,258	46,417
Gala	137,183	-
Grants	115,000	17,007
Insurance	2,145	-
Investment management fees	17,057	17,342
Printing costs	11,060	7,789
Production	173,363	6,916
Professional fees	13,499	8,286
	<b>473,565</b>	<b>103,757</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>(4,091)</b>	<b>54,724</b>
<b>Net assets, beginning of year</b>	<b>1,105,243</b>	<b>1,050,519</b>
<b>Net assets, end of year</b>	<b>\$ 1,101,152</b>	<b>\$ 1,105,243</b>

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

---

## Hazel McCallion Foundation for the Arts, Culture and Heritage Statement of Cash Flows

**For the year ended August 31** **2015** **2014**

---

**Cash provided by (used in)**

**Operating activities**

Excess (deficiency) of revenues over expenses for the year	\$	<b>(4,091)</b>	\$	54,724
Adjustments required to reconcile excess (deficiency) of revenues over expenses for the year with net cash provided by (used in) operations				
Unrealized (gain) loss in investments		-		-
Changes in non-cash working capital balances				
Accounts receivable		-		112
Prepaid expenses		<b>51,567</b>		(51,533)
Accounts payable and accrued liabilities		-		(981)
HST payable/recoverable		<b>(39,200)</b>		24,987
Deferred revenue		<b>(278,528)</b>		276,496
		<b>(270,252)</b>		<b>303,805</b>

**Investing activities**

Withdrawal (purchase) of investments (net of proceeds)		<b>59,871</b>		(99,880)
--	--	---------------	--	----------

**Increase (decrease) in cash during the year** **(210,381)** 203,925

**Cash, beginning of year** **216,197** 12,272

**Cash, end of year** **\$ 5,816** \$ 216,197

---

---

# Hazel McCallion Foundation for the Arts, Culture and Heritage

## Notes to Financial Statements

August 31, 2015

---

### 1. Significant Accounting Policies

<b>Purpose of the Organization</b>	The purpose of the Hazel McCallion Foundation for the Arts, Culture and Heritage (the "Foundation") is to promote and fund arts, culture and heritage for people in Mississauga. The Foundation is exempt from income taxes under Section 149(1) of the Income Tax Act.
<b>Basis of Accounting</b>	These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
<b>Revenue Recognition</b>	<p>The Foundation follows the deferral method of revenue recognition.</p> <p>Ticket sales and sponsorship are recognized when the event has been held.</p> <p>Unrestricted donation revenues are recognized when funds are received.</p> <p>Investment income includes interest and dividends received during the year and realized and unrealized capital gains, net of capital losses. Investment income on investments is recognized as earned.</p>
<b>Use of Estimates</b>	The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as information becomes available in the future.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are recorded at amortized cost less impairment, if applicable, except for investments in equity investments that are quoted in an active market and fixed income and mutual fund investments, which are measured at fair value. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

---

## Hazel McCallion Foundation for the Arts, Culture and Heritage Notes to Financial Statements

**August 31, 2015**

---

### 1. Significant Accounting Policies (continued)

<b>Contributed Services</b>	The Board of Directors and others contribute volunteer services to the Foundation 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.
<b>Foreign Currency Translation</b>	Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at exchange rates prevailing on the transaction dates. Foreign exchange gains and losses are included in income.

---

### 2. Investments

	<u>2015</u>	<u>2014</u>
<b>Short-term investments</b>		
<u>Fixed income</u>		
Laurentian Bank GIC      2.55%    Due March 22, 2015	\$     -	\$ 50,559
Wells Fargo Financial      3.70%    Due March 30, 2016	<b>39,170</b>	-
	<b>39,170</b>	50,559
Common shares	<b>818,132</b>	859,461
Mutual funds	<b>128,948</b>	147,345
Preferred shares	<b>19,955</b>	20,368
	<b>\$ 1,006,205</b>	<b>\$ 1,077,733</b>
	<u>2015</u>	<u>2014</u>
<b>Long-term investments</b>		
<u>Fixed income</u>		
Province of Alberta      1.70%    Due December 15, 2017	\$ 25,620	\$ 25,230
Wells Fargo Financial      3.70%    Due March 30, 2016	-	39,791
Home Trust Company GIC 2.55%    Due November 1, 2017	<b>51,058</b>	-
	<b>\$ 76,678</b>	<b>\$ 65,021</b>

---

**Hazel McCallion Foundation for the Arts, Culture and Heritage**  
**Notes to Financial Statements**

**August 31, 2015**

---

**3. Prepaid Expenses**

	<u>2015</u>	<u>2014</u>
Prepaid insurance	\$ 885	\$ 927
Venue deposits	-	51,525
	<u>\$ 885</u>	<u>\$ 52,452</u>

---

**4. Deferred Revenue**

	<u>2015</u>	<u>2014</u>
Deferred investment revenue	\$ -	\$ 6,915
Deferred ticket sales revenue	-	271,613
	<u>\$ -</u>	<u>\$ 278,528</u>

---

**5. Investment Income**

	<u>2015</u>	<u>2014</u>
Dividend and interest income	\$ 36,851	\$ 32,113
Realized gains	22,406	47,228
Unrealized gain (loss) on investment	(53,937)	78,771
	<u>\$ 5,320</u>	<u>158,112</u>

---

# Hazel McCallion Foundation for the Arts, Culture and Heritage

## Notes to Financial Statements

August 31, 2015

---

### 6. Financial Instruments

The significant financial risk to which the Foundation is exposed is market risk.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is exposed to currency risk and other price risk.

#### (i) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation enters into foreign currency purchase and sale transactions in its investment portfolio and has investment assets that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

Approximately 21% (2014 - 12%) of the entity's investments are denominated in foreign currency. Gains on foreign exchange total \$1,957 (2014 - \$3,191) and are included in net income. Risk exposure changes as volume of transactions change and also due to exchange rates.

The average exchange rate on the US\$ was \$1.21 in 2015 (2014 - \$1.03).

#### (ii) Other Price Risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation's equity investments in common and preferred shares are exposed to other price risk. Equity investments amount to \$967,035 (2014 - \$1,027,174) or 89% (2014 - 90%) of total investments.

---

### 7. Related Party Transactions

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

---

### 8. Comparative Figures

Certain comparative figures have been reclassified in order to correspond to the presentation adopted in the current year.