
**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
AND HERITAGE
FINANCIAL STATEMENTS
AUGUST 31, 2014**

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, 2014 and the statements of operations and operating fund 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 the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of Hazel McCallion Foundation for the Arts, Culture and Heritage for the year ended August 31, 2013, were audited by another auditing firm who expressed an unqualified opinion on those statements on December 12, 2013.

BAZAR MCBEAN LLP

Bazar McBean LLP

Oakville, Ontario
March 26, 2015

Chartered Professional Accountants
Licensed Public Accountants

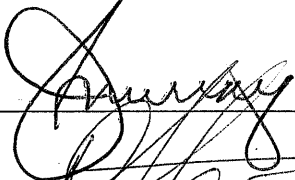
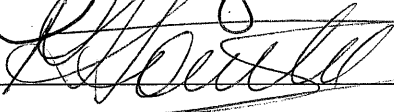
**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
AND HERITAGE**
STATEMENT OF FINANCIAL POSITION

AUGUST 31,	2014	2013
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 216,197	\$ 12,271
Short-term investments - note 2	1,077,733	992,313
Accounts receivable	-	112
Prepaid expenses - note 3	52,452	919
HST recoverable	-	1,847
	1,346,382	1,007,462
LONG-TERM INVESTMENTS - note 2	65,021	50,562
	\$1,411,403	\$1,058,024

LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,492	\$ 5,473
HST payable	23,140	-
Deferred revenue - note 4	278,528	2,032
	306,160	7,505

NET ASSETS		
OPERATING FUND	1,105,243	1,050,519
	\$1,411,403	\$1,058,024

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 AND OPERATING FUND

FOR THE YEAR ENDED AUGUST 31,	2014	2013
REVENUE		
Investment income - note 5	\$ 79,341	\$ 62,103
Miscellaneous income	369	683
	79,710	62,786
EXPENSES		
Administration	46,417	6,944
Auction	-	7,441
Bad debt	-	20,000
Printing costs	7,789	-
Grants	17,007	9,000
Investment management fees	17,342	16,853
Production	6,916	152
Professional fees	8,286	5,469
Promotion	-	56
	103,757	65,915
	(24,047)	(3,129)
OTHER REVENUE/EXPENSES		
Foreign exchange	3,191	3,600
Unrealized gain (loss) on investments	75,580	(6,937)
	78,771	(3,337)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	54,724	(6,466)
OPERATING FUND - beginning	1,050,519	1,056,985
OPERATING FUND	\$ 1,105,243	\$ 1,050,519

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,	2014	2013
CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenses	\$ 54,724	\$ (6,466)
Net change in non-cash working capital:		
Accounts receivable	112	24,888
Prepaid expenses	(51,533)	(10)
Accounts payable and accrued liabilities	(981)	(9,524)
HST payable	24,987	(882)
Deferred revenue	276,496	1,348
Managed funds		
	249,081	15,820
	303,805	9,354
INVESTING ACTIVITIES		
Purchase of investments (net of proceeds)	(99,880)	(997)
NET INCREASE IN CASH	203,925	8,357
CASH - beginning	12,272	3,915
CASH	\$ 216,197	\$ 12,272

See accompanying Notes to the Financial Statements

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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.

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which is in accordance with Canadian generally accepted accounting principles.

b) Revenue recognition

The Foundation follows the deferral method of revenue recognition.

Ticket sales and auction revenues are recognized when the event has been held.

Investment income includes interest and dividends received during the year, realized and unrealized capital gains, net of capital losses. Investment income on investments is recognized as earned.

c) Use of estimates

The preparation of the Foundation's 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 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 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.

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - continued

e) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, fixed income investments and mutual fund investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and HST payable.

Financial assets measured at fair value include equity investments in common and preferred shares.

The Foundation recognizes transaction costs in net income in the period incurred except for financial instruments that will not be measured subsequently at fair value. The carrying amount of these instruments are adjusted by the transaction costs that are directly attributable to the instrument.

f) Cash and cash equivalents

The Foundation'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.

g) Foreign currency translation

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.

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

AUGUST 31, 2014

2. INVESTMENTS

SHORT-TERM INVESTMENTS

	2014	2013
<u>Fixed income</u>		
Laurentian Bank GIC 2.55% Due March 22, 2015	\$ 50,559	\$ -
Bank of Nova Scotia	-	37,749
Home Trust Company GIC	-	50,518
	50,559	88,267
Common Shares	859,461	690,715
Mutual Funds	147,345	193,408
Preferred Shares	20,368	19,923
Total short-term investments	\$1,077,733	\$ 992,313

LONG-TERM INVESTMENTS

	2014	2013
<u>Fixed income</u>		
Province of Alberta 1.70% Due December 15, 2017	\$ 25,230	\$ -
Wells Fargo Financial 3.70% Due March 30, 2016	39,791	-
Laurentian Bank GIC	-	50,562
Total long-term investments	\$ 65,021	\$ 50,562

3. PREPAID EXPENSES

	2014	2013
Prepaid insurance	\$ 927	\$ 919
Venue deposits	51,525	-
	\$ 52,452	\$ 919

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

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

4. DEFERRED REVENUE

	2014	2013
Deferred investment revenue	\$ 6,915	\$ 2,032
Deferred ticket sales revenue	271,613	-
	\$ 278,528	\$ 2,032

5. INVESTMENT INCOME

	2014	2013
Dividend and interest income earned on investments	\$ 32,113	\$ 40,756
Realized gains earned on investments	47,228	21,347
	\$ 79,341	\$ 62,103

6. FINANCIAL INSTRUMENTS

The significant financial risks to which the Foundation is exposed to 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 Company 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.

HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE AND HERITAGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

6. FINANCIAL INSTRUMENTS - continued

(i) Currency Risk - continued

Approximately 12% (2013- 6%) of the entity's investments are denominated in foreign currency. Gains on foreign exchange total \$3,191 (2013- \$3,600) 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 \$1.03 in 2014 (2013 - \$1.01).

(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 \$1,027,174 (2013 - \$904,046) or 90% (2013 - 87%) of total investments.

There has been no change to the above risks from the prior year.

7. RELATED PARTY TRANSACTIONS

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

8. COMPARATIVE FIGURES

The comparative figures were audited by auditors other than ourselves.

Certain comparative figures have been reclassified in order to correspond to the presentation adopted in the current year. This reclassification had no effect on previously reported results.