
**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
AND HERITAGE
FINANCIAL STATEMENTS
AUGUST 31, 2013**



WITHEY ADDISON LLP
CHARTERED PROFESSIONAL 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, 2013, August 31, 2012 and September 1, 2011 and the statements of operations and operating fund and cash flows for the years ended August 31, 2013 and August 31, 2012, 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 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.

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, 2013, August 31, 2012 and September 1, 2011 and the results of its operations and cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

WITHEY ADDISON LLP

Mississauga, Canada
December 12, 2013

Chartered Professional Accountants
Licensed Public Accountants

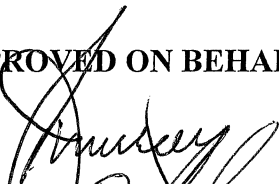
**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
AND HERITAGE
STATEMENT OF FINANCIAL POSITION**

AUGUST 31,	2013	2012	SEPTEMBER 1, 2011
ASSETS			
CURRENT			
Cash	\$ 12,271	\$ 3,915	\$ 66,925
Short-term investments - note 2	992,313	901,932	806,660
Accounts receivable - note 3	1,959	25,965	4,000
Prepaid expenses	919	909	932
	1,007,462	932,721	878,517
LONG-TERM INVESTMENTS - note 2	50,562	139,946	152,406
	\$1,058,024	\$1,072,667	\$1,030,923

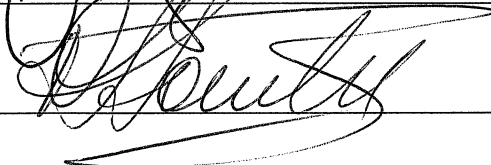
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 5,473	\$ 14,998	\$ 50,928
Deferred revenue	2,032	684	1,798
	7,505	15,682	52,726

NET ASSETS			
OPERATING FUND	1,050,519	1,056,985	978,197
	\$1,058,024	\$1,072,667	\$1,030,923

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 YEARS ENDED AUGUST 31,	2013	2012
REVENUE		
Auction	\$ -	\$ 87,844
Donations and sponsorships	-	42,600
Investment income	56,927	26,572
Tickets	-	299,115
Miscellaneous income	5,859	1,000
	62,786	457,131
EXPENSES		
Administration	6,944	35,254
Auction	7,441	32,386
Bad debt	20,000	-
Feature entertainment	-	114,465
Food and beverage	-	115,469
Foreign exchange	(3,600)	-
Grants	9,000	40,600
Investment management fees	16,853	15,724
Production	152	48,696
Professional fees	5,469	7,207
Promotion	56	205
	62,315	410,006
	471	47,125
OTHER REVENUE/(EXPENSES)		
Unrealized (loss) gain on investments	(6,937)	31,663
	(6,466)	78,788
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES	(6,466)	78,788
OPERATING FUND - beginning	1,056,985	978,197
OPERATING FUND	\$ 1,050,519	\$ 1,056,985

See accompanying Notes to the Financial Statements

**HAZEL MCCALLION FOUNDATION FOR THE ARTS, CULTURE
AND HERITAGE
STATEMENT OF CASH FLOWS**

FOR THE YEARS ENDED AUGUST 31,	2013	2012
CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES		
(Deficit) excess of revenue over expenses	\$ (6,466)	\$ 78,788
Net change in non-cash working capital:		
Accounts receivable	24,006	(21,965)
Prepaid expenses	(10)	23
Accounts payable and accrued liabilities	(9,524)	(35,930)
Deferred revenue	1,348	(1,114)
	9,354	19,802
INVESTING ACTIVITIES		
Purchase of investments (net of proceeds)	(997)	(82,812)
NET INCREASE (DECREASE) IN CASH	8,357	(63,010)
CASH - beginning	3,915	66,925
CASH	\$ 12,272	\$ 3,915

See accompanying Notes to the Financial Statements

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

AUGUST 31, 2013

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

b) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Ticket sales and auction revenues are recognized when the event has been held. Investment income, donations and sponsorships, and unrealized gains on investments are 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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

e) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost except for marketable securities in equity instruments that are quoted in an active market, investments in pooled funds and any investments in fixed income securities, which are measured at fair value. Changes in fair value are included in income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include investments.

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

f) Cash and cash equivalents

The Foundation's policy is to disclose bank balances under cash.

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.

h) Fixed assets

Since the Foundation has an average income less than \$500,000 over the current and prior year, Canadian generally accepted accounting principles for not-for-profits do not require the capitalization of property, plant and equipment. The Foundation has chosen not to capitalize expenditures on property, plant and equipment, but rather will show them as equipment purchases on the statement of operations and operating fund.

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

AUGUST 31, 2013

2. INVESTMENTS

SHORT-TERM INVESTMENTS FOR THE 2013 YEAR END

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Fixed income</u>			
Bank of Nova Scotia	\$ 37,749	4.56%	October 30, 2013
Home Trust Company GIC	<u>50,518</u>	2.35%	March 24, 2014
Total Fixed Income	88,267		
Common Shares	690,715		
Mutual Funds	193,408		
Preferred Shares	<u>19,923</u>		
Total Short-term investments	<u>\$ 992,313</u>		

LONG-TERM INVESTMENTS FOR THE 2013 YEAR END

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Fixed income</u>			
Laurentian Bank GIC	<u>\$ 50,562</u>	2.55%	March 22, 2015

SHORT-TERM INVESTMENTS FOR THE 2012 YEAR END

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Fixed income</u>			
Wells Fargo Financial Canada Term Note	\$ 28,491	4.40%	December 12, 2012
Resmor Trust Company GIC	86,345	3.25%	April 15, 2013
CPN Province of Ontario	<u>19,794</u>	NA	June 2, 2013
Total Fixed Income	134,630		
Common Shares	547,590		
Mutual Funds	199,217		
Preferred Shares	<u>20,495</u>		
Total Short-term investments	<u>\$ 901,932</u>		

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

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

2. INVESTMENTS - continued

LONG-TERM INVESTMENTS FOR THE 2012 YEAR END

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Fixed income</u>			
Bank of Nova Scotia Deposit Note	\$ 38,858	4.56%	October 30, 2013
Home Trust Company GIC	50,522	2.35%	March 24, 2014
Laurentian Bank GIC	<u>50,566</u>	2.55%	March 22, 2015
Total long-term investments	<u>\$ 139,946</u>		

3. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Accounts receivable	\$ 112	\$ 25,000
Sales tax receivable	<u>1,847</u>	<u>965</u>
	<u>\$ 1,959</u>	<u>\$ 25,965</u>

4. FINANCIAL INSTRUMENTS

The significant financial risks to which the Foundation is exposed to are credit risk, currency risk and market risk.

a) Credit risk

Credit risk refers to the risk that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

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

AUGUST 31, 2013

4. FINANCIAL INSTRUMENTS - continued

a) Credit risk - continued

The Foundation has US cash balances which are not federally insured by the Canada Deposit Insurance Corporation, exposing the Foundation to credit risk on these amounts. In addition, the Foundation's investment portfolio balances held at Royal Bank of Canada are in excess of the Canadian Investor Protection Fund's \$1,000,000 coverage limit, exposing the Foundation to credit risk on the excess amounts over the limit. The Board of Directors are of the opinion that the Institute is not exposed to significant credit risk arising from these financial instruments.

b) Currency risk

Currency risk refers to the risk that earnings will fluctuate due to changes in foreign exchange rates and from the degree of volatility in these 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. The Board of Directors are of the opinion that the Foundation is not exposed to significant foreign currency risk arising from these financial instruments.

c) Market risk

Market risk is the risk that the fair market value of the future cash flows from investments will fluctuate because of unfavourable changes in the underlying market factors.

The Foundation's investments in publicly traded securities, mutual funds, money market funds and bonds expose the Foundation to price risks as equity and fixed income (within the mutual funds) investments are subject to prices changes on an open market.

5. RELATED PARTY TRANSACTIONS

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, 2013

6. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective September 1, 2011, the Corporation adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPO).

These are the Corporation's first financial statements prepared in accordance with ASNFPO and the transitional provisions of Section 1501, First-Time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended August 31, 2013, the comparative information for the year ended August 31, 2012 and the opening ASNFPO statement of financial position at September 1, 2011 (the Corporation's date of transition).

The Corporation issued financial statements for the year ended August 31, 2012 using generally accepted accounting principles prescribed by *CICA Handbook - Accounting Part V*. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and net assets of the Corporation, and accordingly; no adjustments have been recorded in the comparative statement of financial position, and the statements of operations and operating fund, fund and cash flows. Certain of the Corporation's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation. The reclassification has no effect on previously reported results and net assets.