



Canadian  
Race Relations  
Foundation

Fondation  
canadienne des  
relations raciales

## Quarterly Financial Report

# CANADIAN RACE RELATIONS FOUNDATION

**PERIOD ENDED DECEMBER 31, 2019**  
**THIRD QUARTER OF FISCAL YEAR 2019-2020**  
**PUBLISHED FEBRUARY 24, 2020**  
**UNAUDITED**

# Quarterly Financial Report

**UNAUDITED**

## Table of Contents

Financial Management Discussion and Analysis .....	2
Statement of Management Responsibility .....	8
Unaudited Quarterly Financial Statements .....	9
Statement of Financial Position	
Statement of Operations	
Statement of Remeasurement Gains and Losses	
Statement of Net Assets	
Statement of Cash Flows	
Selected Notes to Unaudited Quarterly Financial Statements	

# Financial Management Discussion and Analysis

Third quarter of fiscal year 2019-2020, nine months ended December 31, 2019

Refer to Management's Discussion and Analysis as presented in the March 31, 2019, Annual Report. Updates for the third quarter of the fiscal year 2019-2020 ended December 31, 2019, are as follows.

## Statement of Financial Position Discussion

	December 31 2019	March 31 2019	Changes	
	\$	\$	\$	%
<b>Assets</b>				
Cash	338,727	63,169	275,558	436
Investments and Endowment Fund assets	30,684,565	29,937,927	746,638	2
Prepaid expenses, receivables	43,392	458,608	(415,216)	(91)
Capital assets	22,865	11,328	11,537	102
<b>Total Assets</b>	<b>31,089,549</b>	<b>30,471,032</b>	<b>618,517</b>	<b>2.03</b>
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued liabilities	97,471	362,946	(265,475)	(73)
Accrued salaries	8,035	31,352	(23,317)	(74)
Deferred contributions and deferred revenues	137,768	-	137,768	100
Obligation under capital lease	1,617	2,549	(932)	(37)
Net assets	30,844,658	30,074,185	770,473	3
<b>Total Liabilities and Net Assets</b>	<b>31,089,549</b>	<b>30,471,032</b>	<b>618,517</b>	<b>2</b>

### Assets

**Cash** is composed of cash at banks and unrestricted cash balances held by the Foundation's investment managers. As at December 31, 2019, total cash in operating bank accounts amounted to \$188,099 and unrestricted cash balances held by the Foundation's investment managers amounted to \$150,628.

## Statement of Financial Position Discussion (continued)

**Investments and Endowment Fund asset** have increased by 2% or \$746,638 for the nine-month ended December 31, 2019 compared to the investment value at March 31, 2019. For the nine-month period ended December 31, 2019 the combined portfolio returned 4.63% or \$1,396,270 (December 31, 2018 – negative 1.63% or \$488,460 loss) after all fees and taxes. The return rate excluding the remeasurement (unrealized) gains is 2.35% or \$709,244 (December 31, 2018 – 0.86% or \$256,984).

**Prepaid expenses, receivables** decreased by \$415,216 compared to March 31, 2019. This is mainly for reduction of receivables from Foundation’s investment managers for pending trades of \$363,982 and reduction of dividend and interest receivables of \$29,827.

**Capital assets** increased by \$11,537 for the nine-month ended December 31, 2019, compared to March 31, 2019. The increase is for addition to computer equipment of \$13,529 and to office furniture & equipment of \$3,897, reduced by the amortization of all assets of \$5,889.

### Liabilities

**Accounts payable and accrued liabilities** decreased by \$265,475 for the nine-month ended December 31, 2019, compared to March 31, 2019. This is mainly for reduction of payables to Foundation’s investment managers for pending trades of \$271,723, offset by an increase in trade accounts payable of \$6,248.

**Accrued salaries** decreased by \$23,316 for the nine-month ended December 31, 2019, compared to March 31, 2019.

**Deferred contributions and deferred revenues** is \$137,768 for the period ended December 31, 2018 (March 31, 2019 –nil). This is for deferred contribution received from the Department of Canadian Heritage for the “Canada Beyond 150: A Promise to Our Children” project of \$23,395 and deferred contribution received from the Mosaic Institute for Harnessing Diversity for implementation of the “Science of Racism” project of \$114,373.

**Net Assets** increased by 3% or \$770,473 in the nine-month ended December 31, 2019, compared to March 31, 2019, mainly due to the remeasurement (unrealized) gain on investments portfolio of \$687,025 and excess of revenues over expenses of \$83,448 for the nine-month ended December 31, 2019.

## Statement of Operations Discussion

	December 31 2019	December 31 2018	Changes	
	\$	\$	\$	%
<b>Revenues</b>				
Funded projects	149,108	96,541	52,567	54
Sponsorships, donations and contributions, honoraria and fundraising gala	5,571	30,074	(24,503)	(81)
Publications, in-kind and miscellaneous revenues	3,730	15	3,715	-
<b>Total Revenues</b>	<b>158,409</b>	<b>126,630</b>	<b>31,779</b>	<b>25</b>
<b>Net investment income</b>				
Investment income earned	510,518	458,164	52,354	11
Changes in fair value-realized	198,726	(201,180)	399,906	(199)
<b>Net investment income</b>	<b>709,244</b>	<b>256,984</b>	<b>452,260</b>	<b>176</b>

Revenues from **Funded projects** of \$149,108 represent payment received by the Foundation from the Department of Canadian Heritage for the “Canada Beyond 150: A Promise to Our Children” project of \$111,606, and payment received from the Mosaic Institute for Harnessing Diversity for implementation of the “Science of Racism” project of \$30,502 and revenue from workshops funded by the Halton District School Board of \$7,000.

Revenues from **Sponsorships, donations and contributions, honoraria and fundraising gala** relate to honoraria received from public speaking engagements, donations and revenues from sponsorships and fundraising gala. The December 31, 2018 revenues were mostly from the 2018 Award of Excellence event in Winnipeg.

**Net investment income earned:** The Foundation’s primary source of income is derived from the investment income earned on the investment of the original contribution of \$24 million. Investment income earned includes interest, dividends, and distributions, after portfolio management fees. Investment income earned for the nine-month ended December 31, 2019, is \$510,518 an increase of \$52,354 compared to nine-month ended December 31, 2018.

**Changes in fair value realized** of investments for the nine-month ended December 31, 2019, include realized gain on sales of investments of \$198,726, an increase of \$399,906 compared to nine-month ended December 31, 2018, mainly due to better investment returns for the period ended December 31, 2019.

## Statement of Operations Discussion (continued)

Unrealized gains (losses) on investments measured at fair value are recognized in the Statement of Remeasurement Gains and Losses. Unrealized changes in the fair value of the investments in the nine-month ended December 31, 2019, were \$687,025 gain compared to a loss of \$745,444 on December 31, 2018, an increase of \$1,432,469 gain, mainly due to an increase in the market value of investments.

Expenses	December 31 2019			December 31 2018			Changes	
	CRRF	Funded Projects	Total	CRRF	Funded Projects	Total	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
Salaries and benefits	282,350	44,718	<b>327,068</b>	280,449	38,790	<b>319,239</b>	7,829	2
Board of Directors honoraria and travel	130,392	-	<b>130,392</b>	77,499	-	<b>77,499</b>	52,893	68
Public education	41,199	34,465	<b>75,664</b>	13,889	48,202	<b>62,091</b>	13,573	22
Professional fees	36,085	38,718	<b>74,803</b>	43,466	22,021	<b>65,487</b>	9,316	14
Rent	67,229	-	<b>67,229</b>	66,956	-	<b>66,956</b>	273	-
Conferences, symposia and consultations	33,968	11,264	<b>45,232</b>	25,845	6,277	<b>32,122</b>	13,110	41
Office and general	9,165	18,709	<b>27,874</b>	11,748	7,181	<b>18,929</b>	8,945	47
Communication	13,714	1,234	<b>14,948</b>	16,866	6,250	<b>23,116</b>	(8,168)	(35)
Information systems and development	14,864	-	<b>14,864</b>	3,378	-	<b>3,378</b>	11,486	340
Amortization	5,889	-	<b>5,889</b>	3,930	-	<b>3,930</b>	1,959	50
Other expenses	242	-	<b>242</b>	9,504	-	<b>9,504</b>	(9,262)	(97)
Award of Excellence symposium and fundraising gala	-	-	-	73,741	-	<b>73,741</b>	(73,741)	100
<b>Total Expenses</b>	<b>635,097</b>	<b>149,108</b>	<b>784,205</b>	<b>627,271</b>	<b>128,721</b>	<b>755,992</b>	<b>28,213</b>	<b>4</b>

The Foundation's total expenses is \$784,205 for the nine-month ended December 31, 2019, with the three main users of funds being salaries and benefits, Board of Directors honoraria and travel, and Public education, totaling \$327,068, \$130,392 and \$75,664 respectively. There was an increase of \$7,829 in **Salaries and benefits** expenses compared to December 31, 2018, mainly due to staff times allocated to the funded projects in 2019/2020.

## Statement of Operations Discussion (continued)

Honoraria and travel expenses for the **Board of Directors** increased by \$52,893 in the nine-month ended December 31, 2019, compared to December 31, 2018, mainly due to fees and travel expenses of consultants hired by the Board to develop 2020/2023 Strategic Plan, and to review the Foundation Investment Policy Statement. This period expenses included three in-person meetings of the Board of Directors in April, July and November 2019 in Toronto. There was one teleconference meeting in July 2019. The value of in-kind contributions from board members has not been included in the expenses.

**Public Education** expenses are for webinars, *Directions*, community support, and program-related translation. There was an \$13,573 increase in Public Education expenses compared to December 31, 2018, mainly due to an increase of \$27,310 in the Foundation's public education expenses, offset by a decrease of \$13,737 in "Canada Beyond 150: A Promise to Our Children" project expenses

**Professional fees** are for legal, consulting, accounting and corporate services fees. There was an increase of \$9,316 in professional fees expenses compared to December 31, 2018, mainly due to an increase in consulting fee for the funded projects.

**Rent** expense for the office space for the nine-month ended December 31, 2019, had no significant changes compared to December 31, 2018.

**Conferences, symposia and consultations** expenses increased by \$13,110 in the nine-month ended December 31, 2019, compared to December 31, 2018, mainly due to an increase of \$4,987 in the funded projects expenses and an increase of \$8,123 in the Foundation's conference expenses.

**Office and general expenses** increased by \$8,945 in the nine-month ended December 31, 2019, compared to December 31, 2018, mainly due to an increase in the "Canada Beyond 150: A Promise to Our Children" and the "Science of Racism" projects expenses.

**Communications** are public and media relations expenses. There was a \$8,168 decrease in communications expenses compared to December 31, 2018, mainly due to a decrease in the "Canada Beyond 150: A Promise to Our Children" expenses.

**Information systems and development** expenses are for regular maintenance and upgrade of the Foundation's network and computers. There was an \$11,486 increase in Information systems and development expenses compared to December 31, 2018, mainly due to the implementation of Cyber Security internal audit's recommendations.

**The Award of Excellence symposium and fundraising gala** is an event held every two years. The December 31, 2018 expenses are for December 2018 event in Winnipeg.

## Outlook for the Future

### Fiscal Year 2019-2020

During the fiscal year 2019-20, the Canadian Race Relations Foundation will continue to fund its core programs and operations through the investment income from its original Endowment Fund. As well, following on the successful implementation and completion of the Foundation's two previous multi-year grants, the Foundation will execute the third and final year of the 3-year "Canada Beyond 150: A Promise to Our Children" project funded by the Department of Canadian Heritage designed to bring together Canadians from all backgrounds to engage in discussions about the elimination of racism and discrimination, with a special focus on young people, as well as using technological tools and innovation to build national networks promoting intercultural understanding. The Foundation will continue to focus on building bridges to promote in-depth cross-country conversations while broadening the reach and depth of its programs as a national voice to strengthen harmonious race relations. The Foundation's program activities conform to its unique brand as a leading facilitator and resource for the advancement of positive race relations. It is not the Foundation's role to be a strong advocate. Neither is not equipped to function as such.

A major new initiative this year is the Science of Racism project, which aims to develop a public exhibition related to the science behind the racial bias. In addition, the fiscal year will see a focus on building a robust system of online resources to further the Foundation's mission and vision, including its Clearinghouse. The Foundation is also committing to new research and survey ventures with its collaborating research partners.

The Foundation has an approved operating revenues budget of \$860,000 and an expenditures budget of \$1,187,000 for 2019-2020. The approved budgets were set with an understanding of the fiscal limitations faced by the Foundation in today's economic climate. The approved budgets for the year are closely monitored by senior management, the Finance and Audit Committee, and the Board of Directors. Budget variance reports are reviewed and monitored on a regular basis. Where necessary, adjustments are made in consultation with the Finance and Audit Committee, subject to the approval of the Executive Committee of the Board of Directors. All expenditures are governed by the approved budget and Board resolutions, as well as any applicable guidelines and policies of the Government. To further strengthen oversight, management will be required to obtain prior approval of the Executive Committee of the Board of Directors for any line-item expenditures that will exceed its Board approved budgeted amount by more than 10%. Quarterly financial statements and related notes are also prepared in accordance with the Treasury Board standards and are posted on the Foundation's website.

The Foundation's programs and activities are designed in accordance with the Foundation's Strategic Plan, which continues the forward momentum of the Foundation, building on the successes of the past, and challenging the Foundation to move forward with technological and programmatic advances. While the Strategic Plan advances the Foundation in alignment with contemporary issues of race relations, it represents a commitment to the legacy of generosity of spirit exhibited by the National Association of Japanese Canadians in signing the Japanese Canadian Redress Agreement and advocating on behalf of the creation of the Canadian Race Relations Foundation. Its central purpose is set out in the *Canadian Race Relations Foundation Act*, which was passed in 1990.



## **Outlook for the Future (continued)**

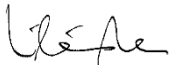
In this fiscal year, the Foundation is embarking on a three-year strategic planning process with its Board of Directors. The Board has hired a consulting firm to facilitate the strategic planning process. The focus is on understanding what people across Canada believe the role of the Foundation should be in the future, what directions a national organization focused on race relations and eliminating racism must consider, and help us identify priorities for the next 3 (2020 to 2023) years, within the legislative mandate given to the Foundation.

**CANADIAN RACE RELATIONS FOUNDATION**  
**Unaudited Quarterly Financial Report**  
**For the nine months ended December 31, 2019**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these **unaudited** quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Lilian Ma  
Executive Director

February 24, 2020



Arsalan Tavassoli MA, CPA, CGA  
Finance and Administration Director

February 24, 2020

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Financial Position**

	<b>December 31 2019</b>	<b>March 31 2019</b>
	\$	\$
<b>Assets</b>		
Current assets		
Cash (note 3)	338,727	63,169
Prepaid expenses	21,270	25,445
Receivables (note 6)	22,122	433,163
Investments (note 4)	134,725	195,810
	<u>516,844</u>	<u>717,587</u>
Endowment Fund assets (note 5)	24,606,243	24,491,869
Investments (note 4)	5,943,597	5,250,248
Capital assets (note 8)	22,865	11,328
	<u><b>31,089,549</b></u>	<u><b>30,471,032</b></u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	97,471	362,946
Accrued salaries (note 6)	8,035	31,352
Deferred contributions and deferred revenues (note 10)	137,768	-
	<u>243,274</u>	<u>394,298</u>
Obligation under capital lease (note 9)	1,617	2,549
	<u>244,891</u>	<u>396,847</u>
<b>Net assets</b>		
Unrestricted	6,437,362	6,366,383
Invested in capital assets (note 13)	21,248	8,779
Accumulated remeasurement gains (losses)	386,048	(300,977)
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>30,844,658</u>	<u>30,074,185</u>
	<u><b>31,089,549</b></u>	<u><b>30,471,032</b></u>
Contractual rights and obligations (note 11)		

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Operations**

	Three months ended		Nine months ended	
	December 31 2019	December 31 2018	December 31 2019	December 31 2018
<b>Revenues</b>	\$	\$	\$	\$
Funded projects	77,308	12,497	149,108	96,541
Sponsorships, donations and contributions, honoraria and fundraising gala	2,306	3,165	5,571	30,074
Publications, in-kind & Miscellaneous revenue	3,730	-	3,730	15
	<b>83,344</b>	<b>15,662</b>	<b>158,409</b>	<b>126,630</b>
<b>Expenses (note 15)</b>				
Programs expenses	89,528	88,296	266,433	267,351
Funded projects	77,308	16,662	149,108	128,721
Board of Directors meetings	56,751	17,194	130,392	77,499
Administration expense	32,689	32,150	96,861	96,920
Operating expenses	22,143	26,372	51,139	59,144
Public Education and training	9,633	7,332	41,199	13,889
Conferences, symposia and consultations	13,630	4,169	33,968	25,845
Information systems and development	3,326	1,507	14,864	3,378
Other expenses	-	8,405	242	9,504
Award of Excellence symposium and fundraising gala	-	11,632	-	73,741
	<b>305,008</b>	<b>213,719</b>	<b>784,205</b>	<b>755,992</b>
Deficiency of revenues over expenses before net investment gain (loss)	(221,664)	(198,057)	(625,797)	(629,362)
Net investment income gain (note 12)	304,130	177,391	709,244	256,984
<b>Excess (deficiency) of revenues over expenses before net investment income</b>	<b>82,466</b>	<b>(20,666)</b>	<b>83,448</b>	<b>(372,378)</b>

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Remeasurement Gains and Losses**

	<b>Nine months ended</b>	
	<b>December 31 2019</b>	<b>December 31 2018</b>
	\$	\$
Accumulated remeasurement losses, beginning of period	(300,977)	(1,256,247)
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	852,811	(865,490)
Financial instruments designated to the fair value category	32,940	(81,134)
<b>Amounts reclassified to the Statement of Operations:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(205,120)	142,918
Financial instruments designated to the fair value category	6,394	58,262
<b>Net remeasurement gains for the period</b>	<b>687,025</b>	<b>(745,444)</b>
<b>Accumulated remeasurement gains (losses), end of period</b>	<b>386,048</b>	<b>(2,001,691)</b>

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Changes in Net Assets**

<b>December 31, 2019</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	<b>December 31, 2019</b>
	\$	\$	\$	\$	\$
Net assets, beginning of period	6,366,383	8,779	(300,977)	24,000,000	30,074,185
Excesses of revenues over expenses	83,448	-	-	-	83,448
Remeasurement gains	-	-	687,025	-	687,025
Net change in investment in capital assets (note 13)	(12,469)	12,469	-	-	-
<b>Net assets, end of period</b>	<b>6,437,362</b>	<b>21,248</b>	<b>386,048</b>	<b>24,000,000</b>	<b>30,844,658</b>

<b>March 31, 2019</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement losses	Endowment	<b>March 31, 2019</b>
	\$	\$	\$	\$	\$
Net assets, beginning of year	6,701,078	7,361	(1,256,247)	24,000,000	29,452,192
Deficiency of revenues over expenses	(333,277)	-	-	-	(333,277)
Remeasurement gains	-	-	955,270	-	955,270
Net change in investment in capital assets (note 13)	(1,418)	1,418	-	-	-
<b>Net assets, end of year</b>	<b>6,366,383</b>	<b>8,779</b>	<b>(300,977)</b>	<b>24,000,000</b>	<b>30,074,185</b>

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Cash Flows**

	Three months ended		Nine months ended	
	2019 December 31	2018 December 31	2019 December 31	2018 December 31
<b>Operating activities:</b>	\$	\$	\$	\$
Excess (deficiency) of revenue over expenses	82,466	(20,666)	83,448	(372,378)
Items not affecting cash:				
Non-cash interest and dividend income	(11,411)	(3,780)	(27,883)	(6,964)
Amortization	2,046	1,615	5,889	3,930
Realized losses (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	(116,622)	(1,571)	(198,726)	201,180
	(43,521)	(24,402)	(137,272)	(174,232)
<b>Changes in non-cash operating assets and liabilities:</b>				
Decrease (increase) in prepaid expenses	6,301	4,630	11,863	9,953
Decrease (increase) in receivables	7,421	27,143	47,059	41,326
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	4,911	(73,402)	(17,069)	(424)
Decrease in deferred contributions and deferred revenues	137,768	35,434	137,768	3,459
Net cash provided by (used in) operating activities	112,881	(30,596)	42,350	(119,918)
<b>Capital activities:</b>				
Addition to capital assets	(1,091)	(4,142)	(17,426)	(4,802)
Net cash used in capital activities	(1,091)	(4,142)	(17,426)	(4,802)
<b>Investing activities:</b>				
Proceeds from sale of Endowment Fund assets and investments	2,669,599	1,275,938	7,014,976	5,778,527
Purchase of Endowment Fund assets and investments	(2,619,577)	(1,295,570)	(6,763,410)	(5,745,813)
Net cash provided (used in) in investing activities	50,022	(19,632)	251,566	32,715
<b>Financing activities:</b>				
Repayment of capital lease obligations	(314)	(302)	(932)	(897)
Net cash used in Financing activities	(314)	(302)	(932)	(897)
<b>Increase (decrease) in cash</b>	161,497	(54,672)	275,558	(92,902)
Cash, beginning of period	177,230	189,414	63,169	227,644
<b>Cash, end of period</b>	<b>338,727</b>	<b>134,742</b>	<b>338,727</b>	<b>134,742</b>

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

## THE CANADIAN RACE RELATIONS FOUNDATION

### SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Third quarter of fiscal year 2019/2020 ended December 31, 2019

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#### 1. Description of organization:

The Canadian Race Relations Foundation (“the Foundation”) was established by way of federal government legislation (*The Canadian Race Relations Foundation Act*, 1991).

The purpose of the Foundation is to facilitate, throughout Canada, the development, sharing and application of knowledge and expertise in order to contribute to the elimination of racism and all forms of racial discrimination in Canadian society.

The Foundation is a registered charity under the *Income Tax Act* and, as such, is not subject to Canadian income tax.

#### 2. Significant accounting policies:

##### (a) Basis of presentation:

The Foundation has prepared the financial statements applying the Section 4200 series of Canadian public sector accounting standards applicable to government not-for-profit organizations.

The Foundation applies the deferral method of accounting for contributions for not-for-profit organizations.

##### (b) Revenue recognition:

###### (i) Donations and contributions:

Donations and contributions are comprised of contributions received from government and non-government entities that are not part of the federal government reporting entity, such as individuals and foundations.

Unrestricted donations and contributions are recognized as revenue on the Statement of Operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations and contributions externally restricted for specific purposes are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period in which the related expenditures are recognized.

Endowment is a restricted contribution subject to externally imposed stipulations specifying that the resources contributed are to be maintained permanently as specified. Endowment contributions are recognized as direct increases in net assets in the period in which they are received consistent with the deferral method of accounting for contributions.

###### (ii) Net investment income:

Investment transactions are accounted for on a trade-date basis. Trade-date accounting refers to the recognition of an asset to be received and the liability to pay for it on the trade



**2. Significant accounting policies (continued):**

(ii) Net investment income (continued):

date; and the derecognition of an asset that is sold, recognition of any gain or loss on disposal, and the recognition of a receivable from the buyer for payment on the trade date.

Investment income includes interest from cash, interest from fixed income investments and Endowment Fund assets, dividends and realized gains and losses on sale of investments and Endowment Fund assets classified in the fair value category.

Unrealized changes in the fair value of investments and Endowment Fund assets classified in the fair value category are recognized by the Foundation in the Statement of Remeasurement Gains and Losses.

Losses for impairment, as defined in the Note 2(d), are recorded in the Statement of Operations through net investment income.

Interest from cash and fixed income investments and Endowment Fund assets are recognized as revenue when earned. Dividends are recognized as revenue on the ex-dividend date. Distributions are recognized as revenue on the date the distribution is declared.

Transaction costs, such as brokerage commissions incurred in the purchase and sale of investments and Endowment Fund assets are expensed as incurred and charged to net investment income for investments and Endowment Fund assets recorded in the fair value category.

Investment counsel fees are expensed as incurred and charged to investment income.

(iii) Sponsorships:

Unrestricted sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted sponsorships are deferred and recognized as revenue in the year in which the related obligations are fulfilled.

(iv) Donations in kind:

Donated materials and services are recognized in these financial statements when a fair value can be reasonably estimated and when the donated materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. Revenues and offsetting expenses from goods and services received in-kind are recorded at fair market value upon receipt. They are recognized under Publications, in-kind and miscellaneous revenues in the Statement of Operations.

(v) Volunteer services:

The Foundation records the fair value of revenue and offsetting expenses of volunteer services in its financial statements if the fair value of volunteer services can be reasonably estimated and services are used in the normal course of the Foundation's operations and

**2. Significant accounting policies (continued):**

(v) Volunteer services (continued):

would otherwise have been purchased. If the fair value cannot be estimated, a footnote disclosure is provided in the notes to financial statements.

(vi) Other revenues:

Revenues from honoraria, fundraising gala, publications, workshops and funded projects are recognized in the year in which the services or events relating thereto take place. Externally restricted funds received in return for future services or events are deferred.

**(c) Cash, receivables and accounts payable and accrued liabilities**

Cash is recorded by the Foundation at cost. Cash excludes restricted cash as it is included in the Endowment Fund assets because it cannot be spent. Receivables, accounts payable and accrued liabilities are measured at amortized cost.

Any gains, losses or interest expenses related to accounts payable and accrued liabilities are recorded in the Statement of Operations depending on the nature of the financial liability that gave rise to the gain, loss or expense.

The Foundation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. No allowance was recorded at December 31, 2019 (March 31, 2019– nil).

**(d) Financial assets and financial liabilities**

The Foundation's financial assets and financial liabilities consist of cash, investments, Endowment Fund assets, receivables, accounts payable and accrued liabilities and accrued salaries. Investments and Endowment Fund assets have been classified in the fair value category based on the policies described below. Other financial assets and financial liabilities are carried at amortized cost.

Investments and Endowment Fund assets consist of fixed income investments and equities. Endowment Fund assets also include restricted cash. All investments and Endowment Fund assets have been classified in the fair value category and are recorded at fair value as active management of the investment portfolio including capitalizing on short-term pricing opportunities is integral to generating funding for the Foundation. Gains and losses on investments and Endowment Fund assets are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment.

The Foundation assesses at each date of the financial statements whether there is objective evidence that financial instruments in investments and in Endowment Fund assets are impaired.

Investments and Endowment Fund assets are considered to be impaired when a decline in fair value is judged to be other than temporary. The Foundation employs a systematic methodology that considers available evidence in evaluating potential impairment of investments and Endowment Fund assets, including market declines subsequent to the period-end; when cost of

**2. Significant accounting policies (continued):**

**(d) Financial assets and financial liabilities (continued)**

an investment exceeds its fair value by 50%; evaluation of general market conditions; duration and extent to which the fair value is less than cost over a period of three or four years; severe losses by the investee in the current year or current and prior years; continued losses by the investee for a period of years; liquidity or going concern problems of the investee; and intent and ability to hold the investment by the Foundation.

Once a decline in fair value is determined to be other than temporary, the cumulative unrealized loss previously recorded in the Statement of Remeasurement Gains and Losses is reclassified from the Statement of Remeasurement Gains and Losses and recognized as an impairment loss in the Statement of Operations through the net investment income.

Further declines in the fair value of impaired financial instruments in investments and in Endowment Fund assets are recognized in the Statement of Operations, while subsequent increases in fair value are recorded in the Statement of Remeasurement Gains and Losses.

Portfolio of investments and Endowment Fund assets are reported at fair value. Unrealized changes in the fair value of portfolio investments and Endowment Fund assets are recognized in the Statement of Remeasurement Gains and Losses. Once realized, the cumulative gains or losses previously recognized in the Statement of Remeasurement Gains and Losses are recorded in net investment income. Purchases and dispositions of portfolio investments and Endowment Fund assets are recorded on the trade date. Investment management fees are expensed as they are incurred.

**(e) Determination of fair values:**

The fair value of the Foundation's assets and liabilities accounted for are based on market measurement on March 31. Fair values of investments and Endowment Fund assets are determined by reference to published price of the most recent transaction in an active market at year end representing the full price for fixed income investments and the closing price for equities. Inputs to the valuation methodology for determination of fair values of investments and Endowment Fund assets which are classified at Level 2 include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The prices are determined based on the market activity.

**(f) Capital assets:**

Capital assets are measured at amortized cost. Assets under capital lease are initially recorded at the present value of the minimum lease payments and are amortized over the term of the lease.

**2. Significant accounting policies (continued):**

**(f) Capital assets (continued):**

Except for the assets under capital lease and leasehold improvements, amortization is provided for over the estimated useful lives of the assets on a straight-line basis as follows:

<b>Assets</b>	<b>Estimated Useful Lives</b>
Office furniture and equipment	5 years
Office equipment under capital lease	Over the term of the lease
Computer hardware	3 years
Computer software	3 years
Leasehold improvements	Over the term of the lease

**(g) Artworks:**

The Foundation's Artworks acquired through purchase are paintings and sculptures and are not for sale. The value of Artworks has been excluded from the Statement of Financial Position as they do not meet the definition of an asset per Canadian public sector accounting standards. Purchases of Artwork items are recorded in the year in which the items were acquired as an expense through the Statement of Operations.

**(h) Foreign currency translation:**

Transactions in a foreign currency are translated to Canadian dollars at the average monthly rate of exchange prevailing at the transaction date and included in the Statement of Operations. The fair value of investments and Endowment Fund assets quoted in a foreign currency and accounts denominated in a foreign currency are translated into Canadian dollars at the rates prevailing at the end of the year. Foreign exchange gains or losses prior to the derecognition of a financial asset or the settlement of a financial liability are recognized in the Statement of Remeasurement Gains and Losses. Foreign exchange gains or losses are recognized on the Statement of Operations in net investment income upon derecognition of a financial asset or the settlement of a financial liability.

**(i) Employees future benefits:**

The Foundation does not have any obligations for retirement benefits (pensions and other retirement benefits, such as extended health care and life insurance benefits, or any other form of compensation offered for services rendered) to its employees or a promise to provide these benefits to employees because of retirement in return for their services.

**2. Significant accounting policies (continued):**

**(i) Employees future benefits (continued):**

The Foundation, in accordance with its human resources policy, provides Registered Retirement Savings Plans equal to 4% of annual earnings to its permanent employees.

There is no obligation for employees to make contributions. At December 31, 2019, the Foundation's contributions were \$5,891 (December 31, 2018- \$6,454). These contributions represent the total obligation of the Foundation and are recognized in the Statement of Operations.

**(j) Measurement uncertainty:**

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. Fair value of investments and Endowment Fund assets and estimated useful lives of capital assets are the most significant items where estimates are used. Actual results could differ significantly from those estimated.

**(k) Contingent liabilities:**

In the normal course of its operations, the Foundation may become involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Foundation's financial statements. No amount has been included in the Statement of Financial Position for contingent liabilities. At December 31, 2019, there are no outstanding claims (March 31, 2019 – nil).

**(l) Functional allocation of expenses:**

The Foundation's operations are performed by functional areas that provide integrated services to its various programs. Expenses are reported by function or major program and in total on the accompanying Statement of Operations and are disclosed by the detail of expenses by object and in total in the schedule in note 15 to financial statements. This schedule outlines the major types of expenses incurred.

Expenses are initially allocated to Funded project according to the funding agreements. The remaining expenses are allocated to other functions according to rates based on the Foundation's activities and programs. The rates adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocation have been made are as follows:

**THE CANADIAN RACE RELATIONS FOUNDATION**  
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Third quarter of fiscal year 2019/2020 ended December 31, 2019

**2. Significant accounting policies (continued):**

(l) Functional allocation of expenses (continued):

<b>December 31-2019</b>						
<b>Expenses (objects)</b>	Amount (\$)	Allocation Rate (%)	<b>Expenses (function)</b>	Amount (\$)		
Salaries and benefits	327,068	75%	Program expenses	211,763		
			25%	Administration expenses	70,588	
				Funded projects	44,717	
Board of Directors honoraria and travel	130,392	100%	Board of Directors meetings	130,392		
Public education and training	75,663	100%	Education and training	41,198		
			Funded projects	34,465		
Professional fees	74,804	100%	Operating expenses	36,085		
			Funded projects	38,719		
Rent	67,229	65%	Program expenses	43,699		
			35%	Administration expenses	23,530	
Conferences, symposia and consultations	45,232	100%	Conferences, symposia and consultations	33,968		
			Funded projects	11,264		
Office and general	27,874	100%	Operating expenses	9,165		
			Funded projects	18,709		
Communication	14,948	80%	Program expenses	10,971		
			20%	Administration expenses	2,743	
				Funded projects	1,234	
Information systems and development	14,864	100%	Information systems and development	14,864		
Amortization	5,889	100%	Operating expenses	5,889		
Staff recruitment and development	145	100%	Staff recruitment and development	145		
Interest expenses	97	100%	Finance cost	97		
				<b>\$784,205</b>	<b>\$784,205</b>	

**THE CANADIAN RACE RELATIONS FOUNDATION**  
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Third quarter of fiscal year 2019/2020 ended December 31, 2019

**2. Significant accounting policies (continued):**

(l) Functional allocation of expenses (continued):

<b>December 31, 2018</b>		Allocation			
<b>Expenses (objects)</b>	Amount (\$)	Rate (%)	<b>Expenses (function)</b>	Amount (\$)	
Salaries and benefits	319,239	75%	Program expenses	210,336	
		25%	Administration expenses	70,112	
			Funded projects	38,790	
Award of Excellence symposium and fundraising gala	73,741	100%	Award of Excellence symposium and fundraising gala	73,741	
Board of Directors honoraria and travel	77,499	100%	Board of Directors meetings	77,499	
Rent	66,956	65%	Program expenses	43,521	
		35%	Administration expenses	23,435	
Professional fees	65,487	100%	Operating expenses	43,466	
			Funded projects	22,021	
Public education	58,953	100%	Education and training	10,751	
			Funded projects	48,202	
Conferences, symposia and consultations	32,122	100%	Conferences, symposia and consultations	25,845	
			Funded projects	6,277	
Communication	23,116	80%	Program expenses	13,493	
		20%	Administration expenses	3,373	
			Funded projects	6,250	
Office and general	18,929	100%	Operating expenses	11,748	
			Funded projects	7,181	
Staff recruitment and development	9,359	100%	Staff recruitment and development	9,359	
Amortization	3,930	100%	Operating expenses	3,930	
Information systems and development	3,378	100%	Information systems and development	3,378	
Education and training center	3,138	100%	Education and training center	3,138	
Interest expenses	145	100%	Finance cost	145	
	<b>\$755,992</b>			<b>\$755,992</b>	

**2. Significant accounting policies (continued):**

**(m) Related Party Transactions:**

***Inter-entity transactions***

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i) Inter-entity transactions are measured at the exchange amount when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where cost provided are recovered.
- ii) Goods or services received without charge between commonly controlled entities when used in the normal course of the Foundation's operations and would otherwise have been purchased, are recorded as revenues and expenses at estimated fair value.

***Other related party transactions***

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

**3. Cash:**

Cash includes \$150,627 in unrestricted cash balances in the investment accounts and \$188,099 in banks at December 31, 2019.

**4. Investments:**

The Investment is composed of the following assets at December 31, 2019:

<b>December 31, 2019</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Fixed income investments – Canadian	134,725	2,926,366	3,061,091
Equity securities- Canadian	-	1,146,606	1,146,606
Equity securities- Foreign	-	1,870,625	1,870,625
	<b>134,725</b>	<b>5,943,597</b>	<b>6,078,322</b>



**THE CANADIAN RACE RELATIONS FOUNDATION**  
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Third quarter of fiscal year 2019/2020 ended December 31, 2019

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**4. Investments (continued):**

The Investments is composed of the following assets at March 31, 2019:

<b>March 31, 2019</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	78,525	-	78,525
Fixed income investments – Canadian	117,285	2,467,827	2,585,112
Equity securities- Canadian	-	1,039,526	1,039,526
Equity securities- Foreign	-	1,742,895	1,742,895
	<b>195,810</b>	<b>5,250,248</b>	<b>5,446,058</b>

**5. Endowment Fund:**

The net assets of the Foundation include an Endowment Fund of \$24,000,000, which is considered restricted funds. The original contribution which was part of the Redress Agreement included \$12,000,000 from the National Association of Japanese Canadians, and \$12,000,000 from the Government of Canada.

The *Canadian Race Relations Foundation Act* stipulates that this Endowment Fund is to be used only for investment and is not available to fund the Foundation's activities. Investment income earned and capital gains realized from the Endowment Fund are available to fund the Foundation's activities.

The Endowment Fund is composed of the following assets at December 31, 2019:

<b>December 31, 2019</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Cash	107,730	-	107,730
Investment Savings Account	200,101	-	200,101
Fixed income investments – Canadian	429,125	9,761,008	10,190,133
Equity securities- Canadian	-	5,221,546	5,221,546
Equity securities- Foreign	-	8,886,733	8,886,733
	<b>736,956</b>	<b>23,869,287</b>	<b>24,606,243</b>

**5. Endowment Fund (continued):**

The Endowment Fund is composed of the following assets at March 3, 2019:

<b>March 31, 2019</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Cash	284,748	-	284,748
Investment Savings Account	301,960	-	301,960
Fixed income investments – Canadian	420,022	9,473,643	9,893,665
Equity securities- Canadian	-	5,188,143	5,188,143
Equity securities- Foreign	-	8,823,353	8,823,353
	<b>1,006,730</b>	<b>23,485,139</b>	<b>24,491,869</b>

**6. Financial risk management:**

In the normal course of business, the Foundation is exposed to a variety of financial risks: credit risk, interest rate risk, currency risk, other price risk and liquidity risk. The value of investments and Endowment Fund assets within the Foundation's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market news related to specific securities within the Foundation's portfolio. The level of risk depends on the Foundation's investment objectives and the types of securities in which it invests.

The Foundation manages these risks by following a diversified investment strategy which is defined and set out in its Investment Policy Statement (IPS). The portfolio is diversified according to asset class by combining different types of asset classes such as money market, fixed income and equities within the portfolio. The percentage of the portfolio allocated to each asset class is defined within a specific range and the allocations are reviewed at least every quarter to ensure that they remain within the target range or the portfolio is rebalanced to the target range.

There has been no change to the level of risk compared to the prior year and no changes in the risk management practices used to manage risks.

**(a) Asset Mix:**

As of December 31, 2019, the Foundation's investment asset mix was as follows:

<b>Asset Mix</b>	<b>IPS Target</b>	<b>Range Permitted</b>
2.42% in Cash (March 31, 2019 – 0.00%)	0%	0% - 5%
49.14% in Fixed Income (March 31, 2019 – 47.47%)	80%	40%-80%
18.41% in Canadian Equities (March 31, 2019 – 20.53%)	10%	10%-30%
30.03% in Global Equities (March 31, 2019 – 32.00%)	10%	10%-40%

**6. Financial risk management (continued):**

(a) Asset Mix (continued):

As of December 31, 2019, the Foundation's Endowment Fund asset mix was as follows:

<b>Asset Mix</b>	<b>IPS Target</b>	<b>Range Permitted</b>
0.44% in Cash (March 31, 2019 – 1.16%)	1%	0%- 5%
41.42% in Fixed Income (March 31, 2019 – 40.40%)	45%	40%-60%
22.03% in Canadian Equities (March 31, 2019 – 22.41%)	25%	10%-30%
31.92% in Global Equities (March 31, 2019 – 31.66%)	25%	20%-40%
4.19% in Real Estate (March 31, 2019 – 4.37%)	4%	4% - 5%

Within each asset class, the Foundation also holds investments with different risk-return characteristics. For example, equities are diversified across industry sectors and by company size (market capitalization) while bonds are diversified by credit ratings, term to maturity, as well as across the government and corporate bond sectors. In addition, the Foundation employs investment managers with different investment styles such as value, growth and growth at a reasonable price. Diversification also occurs at the individual security selection level whereby securities are selected based on either top-down analysis or bottom-up analysis. The Foundation is also diversified across geographic regions by investing in Canadian, US and international securities.

**(b) Credit risk:**

Credit risk is the risk that the counterparty to a financial asset will fail to discharge an obligation or commitment that it has entered into with the Foundation.

(i) Fixed income securities:

The Foundation's investments and Endowment Fund assets in fixed income securities represent the main concentration of credit risk. The market value of fixed income securities includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Foundation.

The credit rating information for December 31, 2019 was not available at the time of this report. As at March 31, 2019, the Foundation invested in fixed income securities with the following credit ratings:

<b>Debt instrument by credit rating</b>	<b>2019</b>	<b>2018</b>
	<b>Percentage of Value</b>	
AAA (+ R1 rated short-term)	22.85%	23.80%
AA	17.63%	25.55%
A	52.60%	44.55%
BB	1.21%	-
BBB	5.71%	6.10%

**6. Financial risk management (continued):**

(b) Credit risk (continued):

Credit ratings are obtained from a number of reputable rating agencies (e.g. Standard & Poor's, Moody's, Fitch or Dominion Bond Rating Services). Where more than one rating is obtained for a security, the lowest rating has been used.

(ii) Accounts receivable:

The Foundation's exposure to credit risk associated with accounts receivable is assessed as being low mainly due to the type of the Foundation's debtors which are mainly from Government of Canada and amounts receivable from pending trades. As at December 31, 2019 accounts receivable comprise of balances of \$18,513 (March 31, 2019 - \$431,663) less than 3 months, \$3,609 (March 31, 2019 - \$1,500) between 3 to 12 months and nil (March 31, 2019 -nil) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at December 31, 2019 is as follows:

	<b>December 31 2019</b>	<b>March 31 2019</b>
	\$	\$
Government of Canada	18,177	31,749
Amounts receivable from pending trades	-	363,982
Dividends, interest and income distribution	-	29,827
Other organizations	3,945	7,605
	<b>22,122</b>	<b>433,163</b>

(c) **Interest rate risk:**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial assets. Interest rate risk arises when the Foundation invests in interest-bearing financial assets. The Foundation is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates. Typically longer maturity instruments have greater interest rate risk; however, a more sophisticated measure of interest rate risk taking into account the interest (or coupon) received is the duration of the securities. Duration is a measure of the sensitivity of a fixed income security's price to changes in interest rates and is based on the relative size and the time to maturity of expected cash flows. Duration is measured in years and will range between 0 years and the time to maturity of the fixed income security. The Foundation has divided its portfolio to be managed by several independent investment managers. The duration of the Foundation's fixed income portfolio is calculated based on the weighted average of the individual investment manager durations. Individual investment manager durations are computed based on the weighted average of the durations of individual securities (e.g. bonds) within each manager's fixed income portfolio.

**6. Financial risk management (continued):**

(c) Interest rate risk (continued)

The Foundation's fixed income securities fair value in Investments and Endowment Fund assets as at December 31, 2019 comprise:

	<b>December 31 2019</b>	<b>March 31 2019</b>
	<b>\$</b>	<b>\$</b>
Fixed income securities– Canadian	13,251,224	12,478,777
	<b>13,251,224</b>	<b>12,478,777</b>

As at December 31, 2019 the Foundation's exposure to debt instruments by maturity and the impact on the Statement of Remeasurement Gains and Losses had the yield curve shifted in parallel by 25 basis points with all other variables held constant ("sensitivity analysis"), is as follows:

Fixed income securities fair value by maturity date:

	<b>December 30 2019</b>	<b>March 31 2019</b>
	<b>\$</b>	<b>\$</b>
Less than 1 year	563,851	537,307
1-3 years	2,555,601	3,287,843
3-5 years	2,768,921	1,900,179
Greater than 5 years	7,362,851	6,753,448
	<b>13,251,224</b>	<b>12,478,777</b>

**(d) Currency risk:**

Currency risk is the risk that the fair value or future cash flows of financial assets and financial liabilities will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial assets and financial liabilities that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Foundation.

The Foundation was not exposed to any significant currency risk during the period as 99.9% of investments and Endowment Fund assets held by the Foundation were in Canadian dollars.

**6. Financial risk management (continued):**

**(e) Other price risk:**

Other price risk is the risk that the fair value or future cash flows of financial assets and financial liabilities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). All investments and Endowment Fund assets represent a risk of loss of capital. The investment managers of the portfolio contracted by the Foundation moderate this risk through a careful selection and diversification of securities and other financial assets and financial liabilities within the limits of specified statements of investment policy and guidelines which are negotiated and agreed upon with each investment manager. The maximum risk resulting from financial assets and financial liabilities is determined by the market value of the financial assets and financial liabilities. The Foundation's overall market positions are monitored on a daily basis by the portfolio managers. Financial assets held by the Foundation are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The portfolio's actual return is compared to the benchmark return as a measure of relative performance. The benchmark return is based on the index returns for each asset class and the long-term target allocation of each asset class in the portfolio. The portfolio's long-term target asset allocation is specified in the Foundation's Investment Policy Statement. The Portfolio's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Portfolio's benchmark asset mix. The revised Investment Policy Statement which was approved by the Board of Directors in October 29, 2016 and had two more revisions in July 19, 2017 and October 13, 2017 was in force during the current fiscal year. As a result, the Foundation's long-term target asset allocation and individual asset class indices in effect as at December 31, 2019 is as follows:

<b>Proportion &amp; Asset Class</b>	<b>Benchmark Index</b>
1% Canadian Cash	DEX 91-day T-Bill Index
45% Canadian Fixed Income Instruments	FTSE TMX Universe Bond Index
22% Canadian equities	S&P / TSX Composite Index
28% Global equities	MSCI World Index TR (CAD)
4 % Real Estate	MSCI World Real Estate Index (CAD)

**6. Financial risk management (continued):**

**(f) Liquidity risk:**

Liquidity risk is defined as the risk that the Foundation may not be able to settle or meet its obligations on time or at a reasonable price. The Foundation is exposed to liquidity risk as the Foundation mainly uses the investment income earned on investments and Endowment Fund assets to settle its obligations and such investment income fluctuates with the market conditions relating to the Foundation investment portfolio. The Foundation manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities. The Foundation manages its investments and Endowment Fund assets by maintaining a line of credit of \$100,000 and capital management that allows the Foundation to have sufficient liquidity to settle its obligations when they become due.

At December 31, 2019 the Foundation has a total cash balance of \$338,727 (March 31, 2019 - \$63,169), which is higher than the total liabilities recorded at December 31, 2019 of \$244,891 (March 31, 2019 - \$396,847).

As at December 31, 2019, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	<b>Less than 3 months</b> \$	<b>3 to 12 months</b> \$	<b>Over 1 year</b> \$	<b>Total</b> \$
Other accounts payable and accrued liabilities	73,212	11,388	12,871	97,471
Accrued salaries	8,035	-	-	8,035
<b>Total</b>	<b>81,247</b>	<b>11,388</b>	<b>12,871</b>	<b>105,506</b>

As at March 31, 2019, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	<b>Less than 3 months</b> \$	<b>3 to 12 months</b> \$	<b>Over 1 year</b> \$	<b>Total</b> \$
Amounts payable to pending trades	271,723	-	-	271,723
Other accounts payable and accrued liabilities	62,489	26,033	2,701	91,223
Accrued salaries	31,352	-	-	31,352
<b>Total</b>	<b>365,564</b>	<b>26,033</b>	<b>2,701</b>	<b>394,298</b>

**THE CANADIAN RACE RELATIONS FOUNDATION**  
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Third quarter of fiscal year 2019/2020 ended December 31, 2019

**7. Financial assets and financial liabilities – disclosure:**

All financial assets and financial liabilities measured at fair value must be classified in fair value hierarchy levels, which are as follows:

- Level 1            Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2            Inputs that are based on quoted prices for similar assets or liabilities and inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3            Fair value determination requiring significant management judgment or estimation and at least one significant model assumption or input that is unobservable.

Financial assets at fair value for investments and Endowment Fund assets as at December 31, 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	107,730	-	-	107,730
Investment Saving Account	200,101	-	-	200,101
Fixed income securities	-	13,251,224	-	13,251,224
Equity securities	17,125,510	-	-	17,125,510
Total investments and Endowment Fund assets	<b>17,433,341</b>	<b>13,251,224</b>	-	<b>30,684,565</b>

Financial assets at fair value for investments and Endowment Fund assets as at March 31, 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	284,748	-	-	284,748
Investment Saving Account	380,485	-	-	380,485
Fixed income securities	-	12,478,777	-	12,478,777
Equity securities	16,793,917	-	-	16,793,917
Total investments and Endowment Fund assets	<b>17,459,150</b>	<b>12,478,777</b>	-	<b>29,937,927</b>



**THE CANADIAN RACE RELATIONS FOUNDATION**  
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Third quarter of fiscal year 2019/2020 ended December 31, 2019

**8. Capital assets:**

Capital assets at net book value as at December 31, 2019:

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>December 31 2019 Net book value</b>
	\$	\$	\$
Office furniture and equipment	125,127	117,291	7,836
Computer hardware	53,080	39,571	13,509
Equipment under capital lease	6,076	4,556	1,520
	<b>184,283</b>	<b>161,418</b>	<b>22,865</b>

Amortization of capital assets expense is \$5,889 (March 31, 2019 - \$5,313).

Capital assets at net book value as at March 31, 2019:

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2019 Net book value</b>
	\$	\$	\$
Office furniture and equipment	121,230	115,129	6,101
Computer hardware	39,551	36,755	2,796
Equipment under capital lease	6,076	3,645	2,431
	<b>166,857</b>	<b>155,529</b>	<b>11,328</b>

**9. Obligation under capital lease:**

The Foundation signed an agreement to rent office equipment under capital lease in January 2016 with effective lease date of April 1, 2016. The obligation under capital lease, repayable in blended quarterly installments of \$333, including principal and interest at 3.95% with maturing date of March 31, 2021, is secured by related equipment.

	<b>December 31 2019</b>	<b>March 31 2019</b>
	\$	\$
Obligation under capital lease	<b>1,617</b>	<b>2,549</b>

**10. Deferred contributions and deferred revenues:**

Contributions received from government and non-government entities that are restricted for funded projects, training workshops and programs are deferred, and recognized as revenue in the period that the related expenses are incurred.

Funds received by the Foundation through projects or subscriptions, that are not yet earned through the provision of goods or services, are deferred by the Foundation and recognized as revenue in the period that the earnings process is culminated.

Deferred contributions and deferred revenues recorded by the Foundation at December 31, 2019 are as follows:

	December 31 2019	March 31 2019
	\$	\$
Deferred contributions from non-government sources	114,373	-
Deferred contributions from government sources	23,395	-
<b>Balance, end of period</b>	<b>137,768</b>	<b>-</b>

Changes in the deferred contributions and deferred revenues balance during the period were as follows:

	December 31 2019	March 31 2019
	\$	\$
Balance, beginning of period	-	31,975
Add: restricted contributions received from government sources	135,000	100,000
Add: restricted contributions received from non-government sources	144,876	-
Less: amounts recognized as revenue	(142,108)	(131,975)
<b>Balance, end of period</b>	<b>137,768</b>	<b>-</b>

**THE CANADIAN RACE RELATIONS FOUNDATION**  
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Third quarter of fiscal year 2019/2020 ended December 31, 2019

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**11. Contractual rights and obligations:**

The Foundation has entered into a revenue and a payment contract. The revenue contract is with the Department of Canadian Heritage for an amount of \$150,000 this fiscal year for the project "Canada beyond 150: A promise to our Children" an initiative that will run from July 2018 to March 2020. The payment contract pertains to a lease agreement for office premises and extends to March 31, 2023. As at December 31, 2019, future minimum contractual receipts total \$nil (March 31, 2019 – \$150,000) and future minimum contractual payments total \$302,876 (March 31, 2019 - \$474,467).

	<u>Contractual rights</u>	<u>Contractual obligations</u>
	\$	\$
2019-20	150,000	\$23,911
2020-21	-	95 645
2021-22	-	95 645
2022-23	-	87 675
	<b>150,000</b>	<b>\$302,876</b>

**12. Net investment income:**

<u>Net investment income from Endowment Fund assets</u>	<u>December 31 2019</u>	<u>December 31 2018</u>
	\$	\$
Realized losses on sale of Endowment Fund assets	(52,173)	(225,427)
Interest from cash and fixed income investments, dividends from Endowment Fund assets	519,481	474,730
Less: transaction costs and investment counsel fees	(109,639)	(106,759)
	357,669	142,544
<b>Net investment income from investments</b>		
Realized gains on sale of investments	250,899	24,247
Interest from cash and fixed income investments, dividends	127,683	117,491
Less: transaction costs and investment counsel fees	(27,007)	(27,298)
	351,575	114,440
<b>Net investment income</b>	<b>709,244</b>	<b>256,984</b>

**THE CANADIAN RACE RELATIONS FOUNDATION**  
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Third quarter of fiscal year 2019/2020 ended December 31, 2019

**13. Investment in capital assets:**

(a) The investment in capital assets consists of the following:

	December 31 2019	March 31 2019
	\$	\$
Capital assets	22,865	11,328
Less: obligation under capital lease	(1,617)	(2,549)
	<b>21,248</b>	<b>8,779</b>

(b) The net change in investment in capital assets is calculated as follows:

	December 31 2019	March 31 2019
	\$	\$
Capital asset additions	17,426	5,529
Less: Capital asset leased	-	-
Capital assets purchased with Foundation funds	17,426	5,529
Amortization of capital assets	(5,889)	(5,313)
Repayment of capital lease obligation	932	1,202
Net change in investment in capital assets	<b>12,469</b>	<b>1,418</b>

**14. Related party transactions:**

The Foundation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. Related party also includes key management personnel having authority and responsibility for planning, directing and controlling the activities of the Foundation. This includes the Executive Director, all members of the Board of Directors and immediate family members thereof. The Foundation enters into transactions with these entities and in the normal course of business. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to be paid by the related parties.

During the period, the Foundation recorded revenue of \$111,606 with "Canada beyond 150: A promise to our Children" project, funded by the Department of Canadian Heritage (December 31,

**14. Related party transactions (continued):**

2018 - \$96,541). The Foundation has \$150,000 contribution for this project in this fiscal year (March 31, 2019 - \$100,000).

During the period, the Foundation incurred expenses totaling \$185,403 (December 31, 2018 - \$185,852) with respect to salaries and benefits, honorarium and travel of members of the Board of Directors, and the Executive Director.

At December 31, 2019, the Foundation had accounts receivable of \$18,177 (March 31, 2019 – \$31,749) from Canada Revenue Agency for recoverable sales taxes.

**15. Schedule of Expenses by Object:**

**Expenses**

	<u>December-30-2019</u>	<u>December-30-2018</u>
	\$	\$
Salaries and benefits	327,068	319,239
Board of Directors honoraria and travel	130,392	77,499
Public education and training	75,663	62,091
Professional fees	74,804	65,487
Rent	67,229	66,956
Conferences, symposia and consultations	45,232	32,122
Office and general	27,874	18,929
Communication	14,948	23,116
Information systems and development	14,864	3,378
Amortization	5,889	3,930
Staff recruitment and development	145	9,359
Interest expenses	97	145
Award of Excellence symposium and fundraising gala	-	73,741
	<b><u>\$784,205</u></b>	<b><u>\$755,992</u></b>