



Canadian
Race Relations
Foundation

Fondation
canadienne des
relations raciales

CANADIAN RACE RELATIONS FOUNDATION

QUARTELY FINANCIAL REPORT
PERIOD ENDED SEPTEMBER 30, 2020
SECOND QUARTER OF FISCAL YEAR
2020-2021

PUBLISHED NOVEMBER 25, 2020

UNAUDITED

CANADIAN RACE RELATIONS FOUNDATION

Unaudited Quarterly Financial Report Second quarter of fiscal year 2020-2021, ended September 30, 2020

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Financial Management Discussion and Analysis

Second quarter of fiscal year 2020-2021, six months ended September 30, 2020

Refer to Management's Discussion and Analysis as presented in the March 31, 2020 Annual Report. Updates for the second quarter of fiscal year 2020-2021 ended September 30, 2020 are as follows.

Statement of Financial Position Discussion

	September 30, 2020	March 31 2020	Changes	
	\$	\$	\$	%
Assets				
Cash	636,171	163,874	472,297	288
Investments and Endowment Fund assets	26,156,985	25,802,600	354,385	1
Prepaid expenses, receivables	72,004	157,146	(85,142)	(59)
Capital assets	16,404	20,960	(4,556)	(22)
Total Assets	26,881,564	26,144,580	736,984	3
Liabilities and Net Assets				
Accounts payable and accrued liabilities	19,290	93,447	(74,157)	(79)
Accrued salaries	9,238	23,985	(14,747)	(61)
Deferred contributions and deferred revenues	149,754	95,493	54,261	57
Obligation under capital lease	656	1,300	(644)	(50)
Net assets	26,702,626	25,930,355	772,271	3
Total Liabilities and Net Assets	26,881,564	26,144,580	736,984	3

Financial Management Discussion and Analysis (continued):

Assets

Cash is composed of cash at banks and unrestricted cash balances held by the Foundation's investment managers. As at September 30, 2020 total cash in operating bank accounts amounted to \$465,920 and unrestricted cash balances held by the Foundation's investment managers amounted to \$ 170,251.

Investments and Endowment Fund asset have increased by 1% or \$354,385 for the six-month ended September 30, 2020 compared to the investment value at March 31, 2020. For the six-month period ended September 30, 2020 the combined portfolio returned 3.22% or \$806,755 (September 30, 2019 – 3.22% or \$964,633) after all fees and taxes. The return rate excluding the remeasurement (unrealized) gains is -2.69% or \$673,285 loss (September 30, 2019 – 1.35% or \$405,115 gain).

Prepaid expenses, receivables decreased by \$85,142 compared to March 31, 2020. This is mainly for reduction of receivables from Foundation's investment managers for pending trades of \$74,595 and reduction of dividend and interest receivables of \$7,090, and reduction of HST and GST refund receivable of \$2,682.

Capital assets decreased by \$4,556 for the six-month ended September 30, 2020 compared to March 31, 2020. The decrease is for the amortization of all assets of \$4,556.

Liabilities

Accounts payable and accrued liabilities decreased by \$74,157 for the six-month ended September 30, 2020 compared to March 31, 2020. This is mainly for reduction of payables to Foundation's investment managers for pending trades of \$75,162, and by a reduction in trade accounts payable of \$5,904.

Accrued salaries decreased by \$14,747 for the six-month ended September 30, 2020 compared to March 31, 2020.

Deferred contributions and deferred revenues increased by \$54,261 for the six-month ended September 30, 2020 compared to March 31, 2020.

Net Assets increased by 3% or \$772,271 in the six-month ended September 30, 2020 compared to March 31, 2020, mainly due to the remeasurement (unrealized) gain on investments portfolio of \$1,480,040 and deficiency of revenues over expenses of \$707,769 for the six-month ended September 30, 2020.

Statement of Operations Discussion

	September 30 2020	September 30 2019	Changes	
	\$	\$	\$	%
Revenues				
Funded projects	210,454	71,800	138,654	193
Sponsorships, donations and contributions, honoraria and fundraising gala	297,861	3,280	294,581	8981
Publications, in-kind and miscellaneous revenues	237	-	237	100
Total Revenues	508,552	75,080	433,472	577
Net investment income				
Investment income earned	183,256	323,011	(139,755)	(43)
Changes in fair value-realized	(856,541)	82,104	(938,645)	(1,143)
Net investment income	(673,285)	405,115	(1,078,400)	(266)

Revenues from **Funded projects** of \$210,454 is made of \$204,513 from Mosaic Institute for Harnessing Diversity for implementation of the “Behind Racism” project funded by the Department of Canadian Heritage that started in September 2019 and \$5,941 from the “Canada Beyond 150: A Promise to Our Children” project, funded by the Department of Canadian Heritage, an initiative that started in July 2017 and ended on September 30, 2020.

Revenues from **Sponsorships, donations and contributions, honoraria and fundraising gala** relate to honoraria received from public speaking engagements, donations, revenues from sponsorships and fundraising gala and conferences registration fees. This period revenues include donations of \$292,861 (September 30, 2019 - \$3,266) and sponsorships of \$5,000.

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 six-month ended September 30, 2020 is \$183,256 a decrease of \$139,755 compared to six-month ended September 30, 2019, mainly due to liquidation of the Foundation’s equity investment holdings in March 2020 to preserve the value of the Foundation’s Endowment Fund, as the result of the economic impacts of the COVID-19 pandemic on the financial markets.

Changes in fair value realized of investments for the six-month ended September 30, 2020 include realized gain on sales of investments of \$ 466,182 and realized loss on foreign exchange transactions of \$1,322,722, a decrease of \$938,645 compared to six-month ended September 30, 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 fair value of the investments in the six-month ended September 30, 2020 were \$ 576,672 gain compared to gain of \$138,053 in September 30, 2019, an increase of \$438,619.

Expenses	September 30. 2020			September 30. 2019			Changes	
	CRRF	Funded Project	Total	CRRF	Funded Project	Total	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
Salaries and benefits	195,838	21,391	217,229	187,168	19,466	206,634	10,595	5
Public education	9,330	176,698	186,028	31,566	21,135	52,701	133,327	253
Rent	46,862	-	46,862	43,988	-	43,988	2,874	7
Professional fees	7,221	18,700	25,921	15,598	8,333	23,931	1,990	8
Office and general	16,399	7,476	23,875	9,556	10,202	19,758	4,117	21
Board of Directors honoraria and travel	21,915	-	21,915	73,641	-	73,641	(51,726)	(70)
Communication	8,834	211	9,045	9,921	-	9,921	(876)	(9)
Amortization	4,555	-	4,555	3,843	-	3,843	712	19
Conferences, symposia and consultations	859	3,047	3,906	20,338	12,664	33,002	(29,096)	(88)
Information systems and development	3,378	-	3,378	11,537	-	11,537	(8,159)	(71)
Staff recruitment and development	298	-	298	145	-	145	153	106
Interest expenses	23	-	23	96	-	96	(73)	(76)
Total Expenses	315,513	227,523	543,036	407,397	71,800	479,197	63,838	13

The Foundation's total expenses is \$543,036 for the six-month ended September 30, 2020 with the three main users of funds being salaries and benefits, Public education, and rent, totaling \$217,229, \$186,028 and \$46,862 respectively.

There was \$10,595 increase in **Salaries and benefits** expenses compared to September 30, 2019, mainly due to increase in personnel salaries in 2020/2021.

Public Education are the expenses for webinars, Directions, community support and program-related translation. There was an increase of \$133,327 in Public Education expenses compared to September 30, 2019, mainly to expenses for the "Behind Racism" project.

Statement of Operations Discussion (continued):

Rent expense for the office space for the six-month ended September 30, 2020 increased by \$2,874 compared to September 30, 2019, mainly due to 2020 rent increase.

Professional fees are for legal, accounting and corporate services fees. There was an increase of \$1,990 in professional fees expenses compared to September 30, 2020.

Office and general expenses increased by \$4,127 in the six-month ended September 30, 2020 compared to September 30, 2019.

Honoraria and travel expenses for the **Board of Directors** decreased by \$51,726 in the six-month ended September 30, 2020 compared to September 30, 2019, mainly due to the COVID-19 outbreak which caused to have no in-person meetings to be held in this period. This period the Board of Directors had eight days video conferencing meeting. The value of in-kind contributions from board members has not been included in the expenses.

Communications are public and media relations expenses. There was a \$897 decrease in communications expenses compared to September 30, 2019.

Conferences, symposia and consultations expenses decreased by \$29,096 in the six-month ended September 30, 2020 compared to September 30, 2019, mainly due to postponement of in-person conferences during the COVID-19 outbreak.

Outlook for the Future - Fiscal Year 2020-2021

The Canadian Race Relations Foundation dedicated to the facilitation of the development of sharing and application of knowledge and expertise to contribute to the elimination of racism and all forms of racial discrimination in Canadian society.

The COVID-19 outbreak has, and will continue to have, a negative impact on our programs and operations. The emergence of the COVID-19 worldwide pandemic concerns us very deeply and we are also doing our part in slowing down the spread of the virus. We are fulfilling our responsibilities to the communities we serve by taking the necessary actions which include, until further notice, staff will continue working from home and collaborate with one another and with our partners by e-mails, video conferencing, and phone to facilitate social distancing. Also business travel has been suspended and public events are cancelled for time being, as the result some programs and partnership events planned for this year might not be implemented.

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 2020-2021, based on the Foundation's Strategic Plan direction, in order to enhance organizational sustainability and position the Foundation to the evolving leadership role in the elimination of racism in Canada, we will focus on strengthening the Foundation in areas of capacity-building of staff and the board of directors; development of the underpinnings to support meaningful partnerships with leaders, groups, organizations, as well as government; upgraded website and social media presence; and good governance processes.

In 2020-2021, the Foundation will continue implementing the "Behind Racism" project, which aims to develop a public exhibition related to the science behind the racial bias on a contract from the Mosaic Institute for Harnessing Diversity, The project is funded by the Department of Canadian Heritage.

In 2020-2021, the Canadian Race Relations Foundation will continue to fund its core programs and operations through the investment income from its original Endowment Fund and investment.

The Foundation has an approved operating revenues budget of \$1,099,600 and an expenditures budget of \$1,687,100 for 2020-2021. The approved budgets were set with an understanding of the fiscal limitations faced by the Foundation in today's economic climate. Given the uncertainty around the extent and duration of COVID-19, the Foundation cannot estimate the full impact on its future results of operations and financial position. The Foundation has about \$5.5 million in investments that it can use to cover requirements for annual operations and running programs should the Endowment Fund not generate sufficient investment income. 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.

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.



Mohammed Hashim
Executive Director

Arsalan Tavassoli MA, CPA, CGA
Finance and Administration Director

Date of appointment: Oct 13, 2020

November 25, 2020

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

	September 30 2020	March 31 2020
	\$	\$
Assets		
Current assets		
Cash (note 3)	636,171	163,874
Prepaid expenses	29,180	30,488
Receivables (note 6)	42,824	126,658
Investments (note 4)	1,245,963	2,629,270
	<u>1,954,138</u>	<u>2,950,290</u>
Endowment Fund assets (note 5)	20,946,210	20,305,286
Investments (note 4)	3,964,812	2,868,044
Capital assets (note 8)	16,404	20,960
	<u>26,881,564</u>	<u>26,144,580</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	19,290	93,447
Accrued salaries (note 6)	9,238	23,985
Deferred contributions and deferred revenues (note 10)	149,754	95,493
	<u>178,282</u>	<u>212,925</u>
Obligation under capital lease (note 9)	656	1,300
	<u>178,938</u>	<u>214,225</u>
Net assets		
Unrestricted	1,039,508	1,743,365
Invested in capital assets (note 13)	15,748	19,660
Accumulated remeasurement gains (losses)	1,647,370	167,330
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>26,702,626</u>	<u>25,930,355</u>
	<u>26,881,564</u>	<u>26,144,580</u>
Contractual rights and obligations (note 11)		

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

CANADIAN RACE RELATIONS FOUNDATION
UNAUDITED INTERIM QUARTERLY FINANCIAL STATEMENTS
Statement of Operations
For the period ended :

	Three months		Six months	
	September 30 2020	September 30 2019	September 30 2020	September 30 2019
Revenues	\$		\$	
Funded projects	99,521	51,721	210,454	71,800
Sponsorships, donations and contributions, honoraria and fundraising gala	164 036	660	298,098	3,281
	263,557	52,381	508,552	75,080
Expenses (note 16)				
Funded projects	114,788	51,721	227,523	71,800
Programs expenses	89,051	83,376	184,407	176,905
Administration expense	32,537	30,363	67,128	64,172
Operating expenses	18,526	16,341	28,185	28,996
Board of Directors meetings	11,540	27,578	21,915	73,641
Public Education and training	6,286	24,265	9,330	31,566
Information systems and development	1,455	7,796	3,378	11,537
Conferences, symposia and consultations	859	7,014	859	20,338
Staff recruitment and development	-	(531)	298	145
Finance cost	-	22	23	97
	275,070	247,945	543,036	479,197
Deficiency of revenues over expenses before net investment gain (loss)	(11,513)	(195,565)	(34,484)	(404,117)
Net investment income (note 12)	(822,715)	139,157	(673,285)	405,115
Excess (deficiency) of revenues over expenses	(834,228)	(56,408)	(707,769)	998

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

Six months ended

	September 30 2020	September 30 2019
	\$	\$
Accumulated remeasurement (gains) losses, beginning of period	167,330	(300,977)
Unrealized gains (losses) attributable to:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(52,881)	439,467
Financial instruments designated to the fair value category	676,380	202,155
Amounts reclassified to the Statement of Operations:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	1,334,379	(103,187)
Financial instruments designated to the fair value category	(477,838)	21,083
Net remeasurement gains for the period	1,480,040	559,518
Accumulated remeasurement gains , end of period	1,647,370	258,541

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

September 30, 2020	Unrestricted	Invested in capital assets	Accumulated remeasurement gains	Endowment	September 30, 2020
	\$	\$	\$	\$	\$
Net assets, beginning of period	1,743,365	19,660	167,330	24,000,000	25,930,355
Deficiency of revenues over expenses	(707,769)	-	-	-	(707,769)
Remeasurement gains	-	-	1,480,040	-	1,480,040
Net change in investment in capital assets (note 13)	3,912	(3,912)	-	-	-
Net assets, end of period	1,039,507	15,748	1,647,370	24,000,000	26,702,626

March 31, 2020	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	March 31,2020
	\$	\$	\$	\$	\$
Net assets, beginning of year	6,366,383	8,779	(300,977)	24,000,000	30,074,185
Deficiency of revenues over expenses	(4,612,137)	-	-	-	(4,612,137)
Remeasurement gains	-	-	468,307	-	468,307
Net change in investment in capital assets (note 13)	(10,881)	10,881	-	-	-
Net assets, end of year	1,743,365	19,660	167,330	24,000,000	25,930,355

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

THE CANADIAN RACE RELATIONS FOUNDATION
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
 First quarter of fiscal year 2020/2021 ended September 30, 2020

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

	Three months ended		Six months ended	
	September 30 2020	September 30 2019	September 30 2020	September 30 2019
Operating activities:	\$	\$	\$	\$
Excess (deficiency) of revenue over expenses	(834,228)	(56,408)	(707,769)	998
Items not affecting cash:				
Non-cash interest and dividend income	(31,008)	(22,686)	(21,873)	(16,488)
Amortization	2,277	1,992	4,555	3,843
Realized losses (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	951,384	40,954	856,541	(82,104)
	88,424	(36,151)	131,453	(93,750)
Changes in non-cash operating assets and liabilities:				
Decrease (increase) in prepaid expenses	(3,281)	(2,563)	1,308	5,562
Decrease (increase) in receivables	29,771	(9,654)	83,834	39,638
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	5,046	13,029	(88,904)	(21,980)
Decrease in deferred contributions and deferred reve	149,755	(51,721)	54,262	-
Net cash provided by (used in) operating activities	269,716	(87,058)	181,953	(70,530)
Capital activities:				
Addition to capital assets	-	(2,807)	-	(16,336)
Net cash used in capital activities	-	(2,807)	-	(16,336)
Investing activities:				
Proceeds from sale of Endowment Fund assets and investments	2,649,853	2,556,537	23,584,201	4,345,378
Purchase of Endowment Fund assets and investments	(2,433,268)	(2,398,423)	(23,293,213)	(4,143,833)
Net cash provided in investing activities	216,585	158,114	290,988	201,544
Financing activities:				
Repayment of capital lease obligations	(324)	(311)	(644)	(618)
Net cash used in Financing activities	(324)	(311)	(644)	(618)
Increase (decrease) in cash	343,796	(46,745)	472,297	114,061
Cash, beginning of period	292,376	223,975	163,874	227,644
Cash, end of period	636,171	177,230	636,171	177,230

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 September 30, 2020 (September 30, 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 six 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:

Assets	Estimated Useful Lives
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 September 30, 2020, the Foundation's contributions were \$3,843 (September 30, 2019 - \$2,309). 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 September 30, 2020, there are no outstanding claims (March 31, 2020 – 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:

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2. Significant accounting policies (continued):

(l) Functional allocation of expenses (continued):

September 30, 2020				
Expenses (objects)	Amount (\$)	Allocation Rate (%)	Expenses (function)	Amount (\$)
Salaries and benefits	217,229	75%	Program expenses	146,878
			Administration expenses	48,960
			Funded projects	21,391
Public education and training	186,028	100%	Education and training	9,330
			Funded projects	176,698
Rent	46,862	65%	Program expenses	30,460
			Administration expenses	16,402
Professional fees	25,921	100%	Operating expenses	7,221
			Funded projects	18,700
Office and general	23,895	100%	Operating expenses	16,419
			Funded projects	7,476
Board of Directors honoraria and travel	21,915	100%	Board of Directors meetings	21,915
Communication	9,025	80%	Program expenses	7,051
			Administration expenses	1,763
			Funded projects	211
Amortization	4,555	100%	Operating expenses	4,555
Conferences, symposia and consultations	3,906	100%	Conferences, symposia and consultations	859
			Funded projects	3,047
Information systems and development	3,378	100%	Information systems and development	3,378
Staff recruitment and development	298	100%	Staff recruitment and development	298
Interest expenses	23	100%	Finance cost	23
	\$543,036			\$543,036

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2. Significant accounting policies (continued):
 (l) Functional allocation of expenses (continued):

September 30, 2019					
Expenses (objects)	Amount (\$)	Allocation Rate (%)	Expenses (function)	Amount (\$)	
Salaries and benefits	206,634	75%	Program expenses	140,376	
			25%	Administration expenses	46,792
				Funded projects	19,466
Board of Directors honoraria and travel	73,641	100%	Board of Directors meetings	73,641	
Public education and training	52,701	100%	Education and training	31,566	
			Funded projects	21,135	
Rent	43,988	65%	Program expenses	28,592	
			35%	Administration expenses	15,396
Conferences, symposia and consultations	33,002	100%	Conferences, symposia and consultations	20,338	
			Funded projects	12,664	
Professional fees	23,931	100%	Operating expenses	15,598	
			Funded projects	8,333	
Office and general	19,758	100%	Operating expenses	9,556	
			Funded projects	10,202	
Information systems and development	11,537	100%	Information systems and development	11,537	
Communication	9,921	80%	Program expenses	7,937	
			20%	Administration expenses	1,984
Amortization	3,843	100%	Operating expenses	3,843	
Staff recruitment and development	145	100%	Staff recruitment and development	145	
Interest expenses	97	100%	Finance cost	97	
	\$479,197			\$479,197	

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 \$170,251 in unrestricted cash balances in the investment accounts and \$465,920 in banks at September 30, 2020.

4. Investments:

The Investment is composed of the following assets at September 30, 2020:

September 30, 2020	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	1,245,963	-	1,245,963
Fixed income investments – Canadian	-	2,312,150	2,312,150
Equity securities- Canadian	-	518,464	518,464
Equity securities- Foreign	-	1,134,198	1,134,198
	1,245,963	3,964,812	5,210,775

The carrying amount of the Investments has no impairment investments in this period (March 31, 2020 -nil).

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4. Investments (continued):

The Investments is composed of the following assets at March 31, 2020:

March 31, 2020	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	2,450,508	-	2,450,508
Fixed income investments – Canadian	178,762	2,868,044	3,046,806
	2,629,270	2,868,044	5,497,314

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 September 30, 2020:

September 30, 2020	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	714,198	-	714,198
Investment Savings Account	4,866,048	-	4,866,048
Fixed income investments – Canadian	-	8,967,559	8,967,559
Equity securities- Canadian	-	1,999,374	1,999,374
Equity securities- Foreign	-	4,399,031	4,399,031
	5,580,246	15,365,964	20,946,210

The carrying amount of the Endowment Fund assets has no impairment investments in this period (March 31, 2020 – nil).

5. Endowment Fund (continued):

The Endowment Fund is composed of the following assets at March 31, 2020:

March 31, 2020	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	293,810	-	293,810
Investment Savings Account	9,885,441	-	9,885,441
Fixed income investments – Canadian	575,414	9,550,621	10,126,035
	10,754,665	9,550,621	20,305,286

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 September 30, 2020, the Foundation's investment asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
26.32% in Cash and Investment Savings Account (March 31, 2020 – 45.65%)	0%	0% - 5%
42.96% in Fixed Income (March 31, 2020 – 57.35%)	80%	40%-80%
9.64% in Canadian Equities (March 31, 2020 – 0.00%)	10%	10%-30%
21.08% in Global Equities (March 31, 2020 – 0.00%)	10%	10%-40%

6. Financial risk management (continued):

(a) Asset Mix (continued):

As of September 30, 2020, the Foundation's Endowment Fund asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
26.64% in Cash and Investment Savings Account (March 31, 2020 – 50.13%)	1%	0%- 5%
42.81% in Fixed Income (March 31, 2020 – 49.87%)	45%	40%-60%
9.55% in Canadian Equities (March 31, 2020 – 0.00%)	25%	10%-30%
18.07% in Global Equities (March 31, 2020 – 0.00%)	25%	20%-40%
2.93% in Real Estate (March 31, 2020 – 0.00%)	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 September 30, 2020 was not available at the time of this report. As at March 31, 2020, the Foundation invested in fixed income securities with the following credit ratings:

6. Financial risk management (continued):

(b) Credit risk (continued):

As at March 31, the Foundation invested in fixed income securities with the following credit ratings:

Debt instrument by credit rating	2020	2019
	Percentage of Value	
AAA (+ R1 rated short-term)	23.23%	22.85%
AA	7.51%	17.63%
A	62.66%	52.60%
BB	0.00%	1.21%
BBB	6.60%	5.71%

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 September 30, 2020 accounts receivable comprise of balances of \$27,809 (March 31, 2020 - \$123,118) less than 3 months, \$15,000 (March 31, 2020 - \$3,540) between 3 to 12 months and \$15 (March 31, 2020 - nil) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at September 30, 2020 is as follows:

	September 30 2020	March 31 2020
	\$	\$
Government of Canada	42,809	39,550
Amounts receivable from pending trades	-	74,595
Dividends, interest and income distribution	-	7,090
Other organizations	15	5,423
	42,824	126,658

6. Financial risk management (continued):

(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.

The Foundation's fixed income securities fair value in Investments and Endowment Fund assets as at September 30, 2020 comprise:

	September 30 2020	March 31 2020
	\$	\$
Fixed income securities– Canadian	11,279,710	13,172,841
	11,279,710	13,172,841

As at September 30, 2020 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:

	September 30 2020	March 31 2020
	\$	\$
Less than 1 year	-	754,176
1-3 years	1,059,050	2,446,732
3-5 years	1,440,582	2,551,584
Greater than 5 years	8,780,078	7,420,349
	11,279,710	13,172,841

6. Financial risk management (continued):

(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 is exposed to currency risk on its investment portfolio from the following currency:

September 30 2020	USD	March 31 2019	USD
Market Value	\$5,533,229	Market Value	nil
% of Portfolio	39.15%	% of Portfolio	nil

These amounts are based on the fair value of the Foundation's investments and Endowment Fund assets. Other financial assets and financial liabilities that are denominated in foreign currencies do not expose the Foundation to significant currency risk.

As at September 31, 2020, if the Canadian dollar strengthened or weakened by 1% in relation to other currencies, with all other variables held constant, the Statement of Remeasurement Gains and Losses would have an increase or decrease by approximately:

	September 30 2020 Increase in value	September 30 2020 Decrease in value	March 31 2020 Increase in value	March 31 2020 Decrease in value
US dollars	\$553,322	(\$553,322)	-	-

In practice, actual results may differ from the above sensitivity analysis and the difference could be material.

(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

6. Financial risk management (continued):

(e) Other price risk (continued):

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 September 30, 2020 is as follows:

Proportion & Asset Class	Benchmark Index
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)

(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

6. Financial risk management (continued):

(f) Liquidity risk (continued):

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 September 30, 2020 the Foundation has a total cash balance of \$636,171 (March 31, 2020 - \$163,874), which is higher than the total liabilities recorded at September 30, 2020 of \$178,938 (March 31, 2020 - \$214,225).

As at September 30, 2020, the Foundation's liabilities have contractual maturities as follows:

	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Accounts payable and accrued liabilities				
Other accounts payable and accrued liabilities	16,444	230	2,616	19,290
Accrued salaries	9,238	-	-	9,238
Total	25,682	230	2,616	28,528

As at March 31, 2020, the Foundation's liabilities have contractual maturities as follows:

	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Accounts payable and accrued liabilities				
Amounts payable to pending trades	75,162	-	-	75,162
Other accounts payable and accrued liabilities	15,669	-	2,616	18,285
Accrued salaries	23,985	-	-	23,985
Total	114,816	-	2,616	117,432

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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.

7. Financial assets and financial liabilities – disclosure (continued):

Financial assets at fair value for investments and Endowment Fund assets as at September 30, 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	714,198	-	-	714,198
Investment Saving Account	6,112,011	-	-	6,112,011
Fixed income securities	-	11,279,710	-	11,279,710
Equity securities	8,051,066	-	-	8,051,066
Total investments and Endowment Fund assets	14,877,275	11,279,710	-	26,156,985

Financial assets at fair value for investments and Endowment Fund assets as at March 31, 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	293,810	-	-	293,810
Investment Saving Account	12,335,949	-	-	12,335,949
Fixed income securities	-	13,172,841	-	13,172,841
Total investments and Endowment Fund assets	12,629,759	13,172,841	-	25,802,600

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8. Capital assets:

Capital assets at net book value as at September 30, 2020:

	September 30, 2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	125,127	119,051	6,076
Computer hardware	53,081	43,362	9,719
Equipment under capital lease	6,077	5,468	609
	184,285	167,881	16,404

Amortization of capital assets expense is \$4,555 (March 31, 2020 - \$7,795).

Capital assets at net book value as at March 31, 2020:

	2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	125,127	117,954	7,173
Computer hardware	53,081	40,510	12,571
Equipment under capital lease	6,076	4,860	1,216
	184,284	163,324	20,960

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.

	September 30 2020	March 31 2020
	\$	\$
Obligation under capital lease	656	1,300

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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 September 30, 2020 are as follows:

	September 30 2020	March 31 2020
	\$	\$
Deferred contributions from non-government sources	149,754	95,493
Balance, end of period	149,754	95,493

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

	September 30 2020	March 31
2020		
	\$	\$
Balance, beginning of year	95,493	-
Add: restricted contributions received from government sources	-	135,000
Add: restricted contributions received from non-government sources	258,774	144,875
Less: amounts recognized as revenue	(204,513)	(184,382)
Balance, end of period	149,754	95 493

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11. Contractual rights and obligations:

The Foundation has entered into one revenue and two payment contracts. The revenue contract is with the Mosaic Institute for Harnessing Diversity for an amount of \$728,860 for implementation of the "Behind Racism" project funded by the Department of Canadian Heritage that started in September 2019 and will run to September 30, 2021. The payment contracts include a lease agreement for office premises and extends to March 31, 2023, with future minimum contractual payments total of \$244,527 (March 31, 2020 - \$294,180), and an agreement with Ontario Science Centre for an amount of \$286,602 (March 31, 2020 - \$463,300), for design, development, fabrication, and installation of exhibit for "Behind Racism" project that started in January 2019 and extends to September 30, 2021. As at September 30, 2020, future minimum contractual receipts total \$447,276 (March 31, 2020 - \$633,366) and future minimum contractual payments total \$642,583 (March 31, 2020 - \$757,480).

Fiscal Year	Contractual rights \$	Contractual obligations \$
2020-21	397,276	236,270
2021-22	50,000	199,336
2022-23	-	95,523
Total	447,276	531,129

12. Net investment income:

	September 30 2020	September 30 2019
Net investment income from Endowment Fund assets		
	\$	\$
Realized gains (losses) on sale of Endowment Fund assets	(692,123)	(80,528)
Interest from cash and fixed income investments, dividends from Endowment Fund assets	190,753	331,348
Less: transaction costs and investment counsel fees	(45,890)	(72,893)
	(547,261)	177,928
Net investment income from investments		
Realized gains on sale of investments	21,534	162,417
Interest from cash and fixed income investments, dividends	21,225	37,076
Less: transaction costs and investment counsel fees	(8,420)	(8,331)
	(125,871)	227,187
Net investment income	(673,131)	405,115

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13. Investment in capital assets:

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

	September 30 2020	March 31 2020
	\$	\$
Capital assets	16,404	20,960
Less: obligation under capital lease	(656)	(1,300)
	15,748	19,660

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

	September 30 2020	March 31 2020
	\$	\$
Capital asset additions	-	17,427
Less: Capital asset leased	-	-
Capital assets purchased with Foundation funds	-	17,427
Amortization of capital assets	(4,555)	(7,795)
Repayment of capital lease obligation	644	1,249
Net change in investment in capital assets	(3,912)	10,881

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 \$5,941 with “Canada beyond 150: A promise to our Children” project, funded by the Department of Canadian Heritage (September 30, 2019 - \$64,800).

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14. Related party transactions (continued):

During the period, the Foundation incurred expenses totaling \$93,492 (September 30, 2019 - \$102,670) with respect to salaries and benefits, honorarium and travel of members of the Board of Directors, and the Executive Director.

At September 30, 2012, the Foundation had accounts receivable of \$27,809 (March 31, 2020 – \$30,491) from Canada Revenue Agency for recoverable sales taxes.

15. Schedule of Expenses by Object:

Expenses	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Salaries and benefits	217,229	206,634
Public education and training	186,028	56,433
Rent	46,862	43,988
Professional fees	25,921	23,930
Office and general	23,875	19,758
Board of Directors honoraria and travel	21,915	73,641
Communication	9,046	6,189
Amortization	4,555	3,843
Conferences, symposia and consultations	3,906	33,002
Information systems and development	3,378	11,537
Staff recruitment and development	298	145
Interest expenses	23	97
	<u>\$543,036</u>	<u>\$479,197</u>

16. The COVID-19 Impact:

The COVID-19 outbreak has, and will continue to have, a negative impact on our results of operations. The Foundation temporarily closed its office doors to the public on March 17, 2020, and most operations have continued or adapted to digital delivery during the period of closure.

Given the uncertainty around the extent and duration of COVID-19, the Foundation cannot estimate the full impact on its future results of operations and financial position. The Foundation has about \$5.5 million in investments that it can use to cover requirements for annual operations and running programs should the Endowment Fund not generate sufficient investment income. The Foundation is actively monitoring the situation and is committed to taking necessary action to mitigate risks. A new strategy for portfolio equity allocation and timing of investment is under review by the Foundation Investment Committee and will be implemented once approved by the Board of Directors.