



**Canadian
Race Relations
Foundation**

**Fondation
canadienne des
relations raciales**

**Unaudited Quarterly Financial Report
Third quarter of fiscal year 2015-2016 ended
December 31, 2015**

CANADIAN RACE RELATIONS FOUNDATION

Unaudited Quarterly Financial Report Third quarter of fiscal year 2015-2016, ended December 31, 2015

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Financial Management Discussion and Analysis

Third quarter of fiscal year 2015-2016, ended December 31, 2015

Refer to Management's Discussion and Analysis as presented in the March 31, 2015 Annual Report. Updates for the quarter ended December 31, 2015 are as follows.

Statement of Financial Position Discussion

	2015 December 31 (Actual \$)	2015 March 31 (Actual \$)	Changes	
			\$	%
Assets				
Cash	159,049	188,498	(29,449)	(16)
Investments and Endowment Fund	27,898,587	28,415,684	(517,097)	(1.8)
Prepaid expenses, receivables	201,177	487,202	(286,025)	(59)
Capital assets	27,456	33,135	(5,679)	(17)
Total Assets	28,286,269	29,124,519	(838,250)	(2.9)
Liabilities and Net Assets				
Accounts payable and accrued liabilities	29,041	702,511	(673,470)	(96)
Accrued salaries and employees future benefits	20,953	29,776	(8,823)	(30)
Deferred contributions and deferred revenues	115,245	38,215	77,030	202
Net assets	28,121,030	28,354,017	(232,987)	(1)
Total Liabilities and Net Assets	28,286,269	29,124,519	(838,250)	(2.9)

Cash is composed of cash at bank and unrestricted cash balances held by the Foundation's investment managers. As at December 31, 2015 total cash in operating bank accounts amounted to \$72,082 and unrestricted cash balances held by the Foundation's investment managers amounted to \$86,967.

Investments and Endowment Fund asset have decreased 1.8% or \$517,097 for the nine-month ended December 31, 2015 compared to the investment value at March 31, 2015. This is primarily due to the decrease of around \$957k in fair value of the Foundation's investments as the results of stock markets volatility, \$200k transfer of fund to operating bank account offset by \$640k foreign exchange gain. For the nine-month period ended December 31, 2015 the combined portfolio returned 0.8% or \$202,939 after all fees and taxes (December 31, 2014 – 5% or \$1,336,683 gain). The return rate excluding the remeasurement (unrealized) loss is 1.78% or \$478,234 gain (December 31, 2014 – 3.13% or \$830,099 gain).

Prepaid expenses, receivables decreased \$286,025 compared to March 31, 2015. This is mainly for reduction of receivables from CIC Our Canada project of \$198,125.

The Capital assets decreased \$5,679 for the nine-month ended December 31, 2015 compared to March 31, 2015 as the result of amortization of all assets of \$9,260 and addition to Computer hardware of \$3,581.

Statement of Financial Position Discussion (continued)

Liabilities

Accounts payable and accrued liabilities decreased \$673,470 for the nine-month ended December 31, 2015 compared to March 31, 2015. This is mainly for reversal of payables (adjustment for cutoff date in 2014-15) to the Foundation's investment managers for purchase of investments at March 31, 2015.

Accrued salaries and employees future benefits payable decreased \$8,823 for the nine-month ended December 31, 2015 compared to March 31, 2015.

Deferred contributions and deferred revenues increased \$77,030 for the nine-month ended December 31, 2015 compared to March 31, 2015. This is mainly due to \$77,930 advance contribution received from CIC for the Symposium, addressing cultural practices.

Net Assets decreased 1% in the nine-month ended December 31, 2015 compared to March 31, 2015 mainly due to remeasurement (unrealized) loss on investments portfolio of \$275,295 reduced by the excess of revenues over expenses of \$42,307 for the nine-month ended December 31, 2015.

Statement of Operations Discussion

Revenues	2015 December 31	2014 December 31	Changes	
	\$	\$	\$	%
Funded projects	465,243	283,476	181,767	64
Sponsorships, donations and contributions, honoraria and fundraising gala	16,870	5,365	11,504	214
Publications, in-kind & Miscellaneous revenues	-	12,053	(12,053)	(100)
Total Revenues	482,113	300,894	181,218	60
Net investment income				
Investment income earned	499,228	565,849	(66,621)	(11.8)
Changes in fair value –realized	(20,994)	264,250	(285,244)	(108)
Net investment income	478,234	830,099	(351,865)	(42.39)

Revenues from **Funded projects** of \$465,243 represent mainly payments received by the Foundation from the Department of Citizenship and Immigration Canada for the “Our Canada” project (December 31, 2014 – \$283,476). This project started in July 2014.

Statement of Operations Discussion (continued)

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. This revenues include \$14,660 sponsorship received from CIC for ONE: The Mayor's National Summit on Racial Inclusion 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 nine-month ended December 31, 2015 is \$ 499,228 (December 31, 2014 - \$565,849) a decrease off \$66,621, mainly due to lower interest for the fixed income securities.

Changes in fair value realized of investments for nine-month ended December 31, 2015 include realized loss on sales of investments of \$20,994 a decrease of \$330,115 compared with nine-month ended December 31, 2014.

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 nine-month ended December 31, 2015 were \$275,295 loss compared to gain of \$506,584 in December 31, 2014.

Expenses	2015 December 31	2014 December 31	Changes	
	\$	\$	\$	%
Funded projects	464,380	285,210	179,170	63
Salaries and benefits	287,722	299,534	(11,812)	(4)
Office and general, conference, symposium and others	82,148	63,027	19,121	30
Rent	61,524	61,699	(175)	(0.3)
Board of Directors honoraria and travel	55,940	38,185	17,755	46
Communication	22,362	27,618	(5,256)	(19)
Professional fees	11,792	2,806	8,986	320
Total	984,404	872,334	207,789	23.82
Less: Administration fee from funded projects	(66,365)	(49,094)	(17,271)	35.18
Total Expenses	918,039	823,240	94,799	11.52

The Foundation's total expenses is \$918,039 for the nine-month ended December 31, 2015 with the three main users of funds being funded projects, salaries and benefits, and office and general, conference, symposium and others, totaling \$464,380, \$287,722 and \$82,148 respectively.

There was \$179,170 increase in **funded projects** expenses compared to December 31, 2014 due to full nine month project activities for the "Our Canada" project which started in July 2014.

There was no significant changes to **salaries and benefits** expenses compared to December 31, 2014. There was \$19,121 increase in **Office and general, conference, symposium and others expenses** compared to December 31, 2014 mainly due to increase in printing and public education costs.

Statement of Operations Discussion (continued)

There was no significant change to **rent** expenses for the nine-month ended December 31, 2015 compared to December 31, 2014.

Honoraria and travel expenses for the Board of Directors increased \$17,755 for the nine-month ended December 31, 2015. There was two Director's in-person meeting in this period.

Communications are public and media relations expenses. There was a \$5,256 decrease in communications expenses compared to December 31, 2014, mainly due to less translation cost.

Professional fees are for legal, accounting and corporate services fees. There was \$8,986 increase in professional fees compared to December 31, 2014, mainly due to legal fees paid for employment termination.

Administration fee from the funded projects is mainly administration fee received from Citizenship and Immigration Canada for implementation of the "Our Canada" project in this period \$66,365 (December 31, 2014 - \$49,094) and is paid to the Foundation mainly for project use of office space, insurance, facilities, IT network and assets.

Outlook

Fiscal Year 2015-2016

The Canadian Race Relations Foundation continues to fund its core programs and operations through the investment income from its original endowment. In 2015-2016 and in the next fiscal year, the Foundation will continue to execute Our Canada project, funded by Citizenship and Immigration Canada, which is designed to heighten awareness, understanding of and respect for Canadian values and traditions. The Foundation will sustain the robust national dialogue to strengthen appreciation for Canadian values and citizenship. In October 2016 the Foundation will hold its tenth Awards of Excellence & Symposium in Toronto, Ontario to recognize achievement and Best Practices in equity and anti-racism. The Foundation has focused on broadening the reach and depth of its programmes as a national voice to strengthen harmonious race relations through a number of initiatives, including the relaunching of its publication *Directions* in January 2016, the ongoing expansion of the CRRF Clearinghouse and website resources, and the establishment of a vigorous webinar program such as the new eRACE, designed to engage authors and others in this dialogue, while expanding the circle of sponsors, partners and stakeholders.

The Foundations has an approved operating budget of \$1,624,000 and an expenditures budget of \$1,624,000 for 2015-2016. The approved budget for the year is 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 or 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. 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 Foundations' recently adopted 2014 to 2017 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 legacy of commitment to the Canadian Race Relations Foundation's central purpose as set out in the Canadian Race Relations Foundation Act 1991.

CANADIAN RACE RELATIONS FOUNDATION

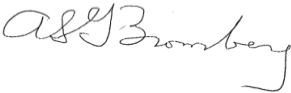
Unaudited Quarterly Financial Report

For the Nine months ended December 31, 2015

Statement of Management Responsibility

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.



Anita Bromberg
Executive Director

February 22, 2016



Arsalan Tavassoli MA, CPA, CGA
Finance and Administration Director

February 22, 2016

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

As at December 31, 2015

	2015	2015
	December 31	March 31
	\$	\$
Assets		
Current Assets		
Cash (note 3)	159,049	188,498
Prepaid expenses	4,683	17,704
Receivables	196,494	469,498
Investments (note 4)	2,123,237	2,301,704
	<u>2,483,463</u>	<u>2,977,404</u>
Endowment Fund asset (note 5)	24,331,525	24,669,467
Investments (note 4)	1,443,825	1,444,513
Capital assets (note 7)	<u>27,456</u>	<u>33,135</u>
	<u>28,286,269</u>	<u>29,124,519</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	29,041	702,511
Accrued salaries	16,280	27,653
Deferred contributions and deferred revenues (note 8)	115,245	38,215
	<u>160,566</u>	<u>768,379</u>
Employees future benefits (note 9)	<u>4,673</u>	<u>2,123</u>
	<u>165,239</u>	<u>770,502</u>
Net assets		
Unrestricted	1,280,842	1,232,856
Invested in capital assets (note 12)	27,456	33,135
Accumulated remeasurement gains	2,812,732	3,088,026
Restricted for endowment purposes (note 5)	<u>24,000,000</u>	<u>24,000,000</u>
	<u>28,121,030</u>	<u>28,354,017</u>
	<u>28,286,269</u>	<u>29,124,519</u>

Contractual obligations (note 10)

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

CANADIAN RACE RELATIONS FOUNDATION
UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Statement of Operations

Third quarter of fiscal year 2015-2016, ended December 31, 2015

	Three months ended		Nine months ended	
	2015 December 31	2014 December 31	2015 December 31	2014 December 31
Revenues	\$	\$	\$	\$
Funded projects	154,614	187,581	465,243	283,476
Sponsorships, donations and contributions, honoraria and fundraising gala	15,660	3,365	16,870	5,365
Publications, in-kind & Misc. revenue	-	6,053	-	12,053
	170,274	196,999	482,113	300,894
Expenses				
Funded projects	151,268	188,568	464,380	285,210
Programs expenses	70,417	77,229	273,672	286,849
Administration expense	25,807	27,689	97,936	102,002
Board of Directors meetings	12,199	26,509	55,940	38,185
Conferences, symposia and consultations	4,728	14,024	17,146	12,350
Public Education	-	-	9,891	145
Information systems and development	1,091	1,793	1,507	3,794
Staff recruitment and development	895	801	895	1,673
Education and training	-	-	465	1,213
Finance cost	105	30	250	296
Award of Excellence symposium and fundraising gala	-	90,635	(1,465)	94,255
Operating expenses	(6,560)	(903)	(2,579)	(2,730)
	259,950	426,375	918,039	823,240
Deficiency of revenues over expenses before net investment income	(89,676)	(229,376)	(435,927)	(522,348)
Net investment income gain (note 11)	19,725	371,802	478,234	830,099
Excess (deficiency) of revenues over expenses	(69,951)	142,426	42,308	307,751

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

Three-month ended December 31, 2015	Unrestricted	Invested in capital assets	Accumulated remeasureme nt gains (losses)	Endowment	Three-month ended December 31, 2015	Three-month ended December 31, 2014
	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	1,347,707	30,543	2,082,243	24,000,000	27,460,493	27,010,193
Excess of revenues over expenses	(69,951)	-	-	-	(69,951)	142,427
Remeasurement gains	-	-	730,488	-	730,488	69,448
Net changes in invested in capital assets (note 12)	3,087	(3,087)	-	-	-	-
Net assets, end of period	1,280,843	27,456	2,812,731	24,000,000	28,121,030	27,222,068

Nine-month ended December 31, 2015	Unrestricted	Invested in capital assets	Accumulated remeasureme nt gains (losses)	Endowment	Nine-month ended December 31, 2015	Nine-month ended December 31, 2014
	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	1,232,856	33,135	3,088,026	24,000,000	28,354,017	26,407,730
Excess of revenues over expenses	42,308	-	-	-	42,308	307,753
Remeasurement gain (losses)	-	-	(275,295)	-	(275,295)	506,585
Net changes in invested in capital assets (note 12)	5,679	(5,679)	-	-	-	-
Net assets, end of period	1,280,843	27,456	2,812,731	24,000,000	28,121,029	27,222,068

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

CANADIAN RACE RELATIONS FOUNDATION
UNAUDITED INTERIM QUARTERLY FINANCIAL STATEMENTS
Statement of Cash Flows
Third quarter of fiscal year 2015-2016, ended December 31, 2015

	Three months ended		Nine months ended	
	2015 December 31	2014 December 31	2015 December 31	2014 December 31
	\$	\$	\$	\$
Operating activities:				
Excess (deficiency) of revenue over expenses	(69,951)	142,426	42,308	307,751
Items not affecting cash:				
Amortization	3,087	4,328	9,260	12,340
Realized (gains) loss on sale of investments (note 11)	97,222	(134,556)	20,994	(264,249)
	22,367	12,198	72,562	55,842
Decrease in prepaid expenses	3,787	2,551	13,022	2,029
Decrease (increase) in receivables	28,031	(171,872)	273,004	1,860,857
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	(13,559)	62,227	(684,844)	(1,861,429)
Increase (decrease) in deferred contributions and deferred revenues	(1,394)	(300)	77,030	(900)
Net cash provided by (used in) operating activities	39,233	(95,196)	(249,227)	56,401
Capital activities:				
Addition to capital assets	-	(2,062)	(3,581)	(4,983)
Net cash used in capital activities	-	(2,062)	(3,581)	(4,983)
Investing activities:				
Proceeds from sale of investments	1,913,321	2,168,883	9,199,202	10,159,658
Purchase of investments	(2,025,944)	(2,299,615)	(8,975,843)	(10,625,252)
Net cash provided by (used in) investing activities	(112,623)	(130,733)	223,359	(465,594)
Financing activities:				
Repayment of capital lease obligations	-	(608)	-	(1,805)
Net cash used in capital activities	-	(608)	-	(1,805)
Decrease in cash	(73,389)	(228,599)	(29,448)	(415,981)
Cash, beginning of period	232,438	2,917,645	188,498	3,105,026
Cash, end of period	159,049	2,689,046	159,049	2,689,045

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

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2015-2016, ended December 31, 2015

The unaudited quarterly financial statements should be read in conjunction with the March 31, 2015 audited financial statements of the Canadian Race Relations Foundation published in the 2014-2015 annual report and with the narrative discussion included in this quarterly financial report.

1. Description of organization:

The Canadian Race Relations Foundation (“the Foundation”) was established by way of federal government legislation (Bill C-63 “*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’s Education and Training Centre develops and delivers diversity, equity and human rights education and training as it relates to harmonious race relations.

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

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2015-2016, ended December 31, 2015

2. Significant accounting policies:

(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 and cash equivalents, interest from fixed income investments, dividends and realized gains and losses on sale of investments classified in the fair value category. Unrealized changes in the fair value of investments classified in the fair value category are recognized by the Foundation in the Statement of Remeasurement Gains and Losses.

Interest from cash and cash equivalents and fixed income investments 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 are expensed as incurred and charged to investment income for investments 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) Donation 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.

(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. 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.

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2015-2016, ended December 31, 2015

2. Significant accounting policies (continued):

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

Cash is recorded by the Foundation at cost. The Foundation made the choice to present cash equivalents, which is composed of its investment savings account, as part of the investments in Note 4 because the account is an integral part of the investment portfolio. Receivables, and accounts payable and accrued liabilities are classified in the cost category.

Any gains, losses or interest expense 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, however most of the accounts receivable at the period -end December 31, 2015 are with Government of Canada and no allowance are recorded.

(d) Financial assets and financial liabilities

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

Investments consist of fixed income investments and equities. All investments 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 these investments are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment.

Portfolio investments are reported at fair value. Unrealized changes in the fair value of portfolio investments 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 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 December 31. Fair values of investments are determined by reference to published price of the most recent transaction in an active market at period-end representing by 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 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.

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2015-2016, ended December 31, 2015

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
Database development	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 quoted in a foreign currency and accounts denominated in a foreign currency are translated into Canadian dollars at the rates prevailing at the period-end. 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:

Employees are entitled to severance benefits, when as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as the employees render the services necessary to earn them. Management determined the accrued benefit obligation using a method based upon assumptions and its best estimates. These benefits represent an obligation of the Foundation that entails settlement by future payments.

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.

The Foundation, in accordance with its human resource 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.

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2015-2016, ended December 31, 2015

2. Significant accounting policies (continued):

(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 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 becomes 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, 2015, there are no outstanding claims.

(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 14 to financial statements. This schedule outlines the major types of expenses incurred.

3. Cash

Cash includes unrestricted cash balances with banks at December 31.

	December 31 2015	March 31 2015
	\$	\$
Cash – unrestricted	159,049	188,498
Total cash	159,049	188,498

The carrying amount of these assets approximates their fair value.

4. Investments:

December 31, 2015	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	2,093,923	-	2,093,923
Fixed income investments - Canadian	29,314	633,281	662,595
Equity securities- Canadian	-	266,536	266,536
Equity securities- Foreign	-	544,008	544,008
Total Investments	2,123,237	1,443,825	3,567,062

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4. Investments (continued):

March 31,2015	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	2,272,465	-	2,272,465
Fixed income investments - Canadian	29,239	643,022	672,261
Equity securities- Canadian	-	306,752	306,752
Equity securities- Foreign	-	494,739	494,739
Total Investments	2,301,704	1,444,513	3,746,217

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 from the Endowment Fund is available to fund the Foundation's activities.

The Endowment Fund assets are composed of cash and investments:

Cash consisted of the following at:	December 31 2015	March 31 2015
	\$	\$
Cash – restricted	444,255	831,886
Total cash	444,255	831,886

Investments consisted of the following at:

December 31,2015	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	1,031,452	-	1,031,452
Fixed income investments - Canadian	446,789	9,932,689	10,379,478
Equity securities- Canadian	-	4,970,018	4,970,018
Equity securities- Foreign	-	7,506,322	7,506,322
Total Investments	1,478,241	22,409,029	23,887,270

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5. Endowment Fund (continued):

March 31,2015	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	1,177,452	-	1,177,452
Fixed income investments - Canadian	458,429	9,917,100	10,375,529
Equity securities- Canadian	-	4,771,769	4,771,769
Equity securities- Foreign	-	7,512,831	7,512,831
Total Investments	1,635,881	22,201,700	23,837,581

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 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, 2015, the Foundation's investment portfolio investment asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
13.1% in Cash and cash equivalents (March 31 2015 -13.65%)	0%	0 %- 20%
40.1% in Fixed Income (March 31 2015 - 40.32 %)	45%	40%-70%
15.7% in Canadian Equities (March 31 2015 – 17.38 %)	27.5%	10%-30%
31.1% in Global Equities (March 31 2015 – 28.65 %)	27.5%	10%-40%

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

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6. Financial risk management (continued):

managers with different investment styles such as value, growth and growth at a reasonable price (GARP). 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 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, 2015 was not available at the time of this report.

As at March 31, 2015 the Foundation was invested in fixed income securities with the following credit ratings:

	Percentage of Value	
Debt instrument by credit rating	2015	2014
AAA (+ R1 rated short-term)	9.43%	31.40%
AA	31.83%	18.10%
A	43.61%	39.33%
BBB	15.13%	11.17%

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 related parties. All accounts receivables are less than 3 months.

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

	December 31 2015	March 31 2015
Government of Canada	\$ 162,762	\$ 384,968
Other organizations	33,732	84,530
	\$ 196,494	\$ 469,498

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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 fair value investments comprise:

	December 31 2015	March 31 2015
Fixed income investments – Canadian	\$ 11,042,073	\$ 11,047,790
	\$ 11,042,073	\$ 11,047,790

As at December 31, 2015 the Foundation's exposure to debt instruments by maturity and the cumulative impact on the Statement of Remeasurement Gains and Losses and net investment income 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:

	December 31 2015	March 31 2015
Less than 1 year	\$ 476,104	\$ 487,669
1-3 years	1,638,171	1,498,720
3-5 years	3,634,625	4,783,517
Greater than 5 years	5,293,173	4,277,884
	\$ 11,042,073	\$ 11,047,790

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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:

December 31 2015	USD (\$)	March 31 2015	USD (\$)
Market Value	\$ 8,889,768	Market Value	\$8,007,570
% of Portfolio	32.38 %	% of Portfolio	33.18%

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

As at December 31, 2015, 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 and net investment income would have an increase or decrease by approximately:

	December 31 2015 Increase in value	December 31 2015 Decrease in value	March 31 2015 Increase in value	March 31 2015 Decrease in value
US dollars	88,898	(88,898)	80,076	(80,076)

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 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 (SIPGs) 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

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6. Financial risk management (continued):

(e) Other price risk (continued)

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 revised Investment Policy Statement which was approved in 2013-2014 fiscal year was in force during the current year. As a result, the Foundation's long-term target asset allocation and individual asset class indices in effect as at December 31, 2015 is as follows:

Target Asset Allocation	Asset Class Index
50% Fixed Income (including cash and cash equivalents)	DEX Universe Bond Index (DEX 91-day T-Bill Index for cash)
25% Canadian equities	S&P TSX Composite Index
25% Global equities	S&P 500 Index (C\$)
	MSCI EAFE Index (C\$)

(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 the Endowment Fund 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 by maintaining capital management that allows the Foundation to have sufficient liquidity to settle its obligations when they become due.

At December 31, 2015 the Foundation has a total cash balance of \$159,049 (March 31 2015 - \$188,498), which is lower than the total liabilities recorded at December 31, 2015 of \$165,239 (March 31 2015 - \$770,502).

As at December 31, 2015, 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	20,895	-	8,146	29,041
Accrued salaries and employees future benefits	18,830	-	2,123	20,953

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6. Financial risk management (continued):

(f). Liquidity risk (continued)

As at March 31, 2015, 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	687,820	4,792	9,899	702,511
Accrued salaries and employees future benefits	29,776	-	-	29,776

7. Capital assets:

Capital Assets at net book value as at December 31, 2015:

	Cost	Accumulated amortization	2015 Net book value
Office furniture and equipment	\$ 109,055	107,048	2,007
Leasehold improvements	42,987	23,643	19,344
Computer hardware	34,129	28,507	5,622
Computer software	5,466	4,983	483
	\$ 191,637	\$ 164,181	\$ 27,456

Amortization of capital assets expense is \$9,260 (March 31 2015 - \$18,043).

Capital Assets at net book value as at March 31, 2015:

	Cost	Accumulated amortization	2015 Net book value
Office furniture and equipment	\$ 109,055	106,821	2,234
Leasehold improvements	42,987	17,195	25,792
Computer hardware	30,547	26,481	4,066
Equipment under capital lease	11,254	11,254	-
Computer software	5,466	4,423	1,043
	\$ 199,309	\$ 166,174	\$ 33,135

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8. Deferred contributions and deferred revenues:

Contributions received from 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, 2015 are as follows:

	December 31 2015	March 31 2015
Deferred contributions from non-government sources	\$ 37,315	\$ 38,215
Deferred contributions from government sources	77,930	-
Balance, end of the period	\$ 115,245	\$ 38,215

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

	December 31 2015	March 31 2015
Balance, beginning of the period	\$ 38,215	\$ 39,415
Add: restricted contributions received from government sources	82,500	-
Less: amounts recognized as revenue	(5,470)	(1,200)
Balance, end of the period	\$ 115,245	\$ 38,215

9. Employee future benefits:

Severance benefits liability:

The Foundation provides severance benefits to its employees based on years of service and salary upon termination. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future sources of revenue. Accrued benefit obligation at the end of the period was \$4,673.

10. Contractual obligations:

The contractual obligations for the next three years are related to the operating leases and as at December 31, 2015 amounted to \$211,129 (March 31, 2015 - \$282,893).

The following table summarizes the Foundation's contractual obligations as of December 31, 2015:

	2015/16	2016/17	2017/18	Total
Office premises lease	\$24,028	\$97,065	\$90,036	\$211,129

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11. Net investment income:

	December 31 2015	December 31 2014
	\$	\$
Realized gains (losses) on sale of investments	(20,994)	264,249
Interest from cash and cash equivalents and fixed income investments, dividends	632,042	694,361
Less: transaction costs and investment counsel fees	(132,814)	(128,511)
Net investment income	478,234	830,099

Net investment income (loss) earned on resources held for endowment

	December 31 2015	December 31 2014
	\$	\$
Realized gains (losses) on sale of investments recognized in the Statement of Operations in the period	(20,994)	264,249
Gain (loss) recognized in the Statement of Remeasurement Gains and Losses	(275,295)	506,584
Total net investment income (loss) earned on resources held for endowment in the period	(296,289)	770,833

12. Investment in capital assets:

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

	December 31 2015	March 31 2015
Capital assets	\$ 27,456	\$ 33,135
	\$ 27,456	\$ 33,135

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

	December 31 2015	March 31 2015
Capital asset additions	\$ 3,581	\$ 4,210
Capital assets purchased with Foundation funds	3,581	4,210
Amortization of capital assets	(9,260)	
Repayment of capital lease obligation	-	2,419
Net change in investment in capital assets	\$ (5,679)	\$ (11,414)

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13. Related party transactions:

The Foundation is related in terms of common ownership to all Government of Canada departments, agencies, Crown corporations and anybody related to persons fulfilling senior management functions. The Foundation enters into transactions with these entities 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 \$452,673 with “the Our Canada” project, funded by Citizenship and Immigration Canada.

The Foundation has \$1,085,137 contractual obligations with Citizenship and Immigration Canada for the Our Canada project as at December 31, 2015 (March 31 2015- \$1,537,810).

During the period, the Foundation incurred expenses totaling \$169,770 with respect to salaries and benefits, honorarium and travel of members of the board of directors and the executive director.

Accounts receivable from related party	31 December 2015	31 March 2015
Accounts receivable from CIC	\$ 147,020	\$345,146

At December 31, 2015 the Foundation had accounts receivable of \$15,741 (March 31 2015 – \$39,822) from Canada Revenue Agency.

14. Schedule of Expenses by object:

Expenses	December 31 2015	December 31 2014
	\$	\$
Funded projects	464,380	285,210
Salaries and benefits	287,722	299,534
Rent	61,523	61,698
Board of Directors honoraria and travel	55,940	38,185
Communication	22,362	27,618
Conferences, symposia and consultations	17,146	12,350
Professional fees	11,792	2,806
Public education	10,356	1,213
Amortization	9,260	12,340
Information systems and development	1,507	3,794
Staff recruitment and development	895	1,673
Interest expenses	250	296
Award of Excellence symposium and fundraising gala	(1,465)	94,255
Office and general	(23,631)	(17,877)
	918,039	823,240