



**Canadian
Race Relations
Foundation**

**Fondation
canadienne des
relations raciales**

CANADIAN RACE RELATIONS FOUNDATION

QUARTELY FINANCIAL REPORT
PERIOD ENDED SEPTEMBER 30, 2021
SECOND QUARTER OF FISCAL YEAR 2021-2022

**PUBLISHED NOVEMBER 25, 2021
UNAUDITED**

CANADIAN RACE RELATIONS FOUNDATION

Unaudited Quarterly Financial Report Second quarter of fiscal year 2021-2022, ended September 30, 2021

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Financial Management Discussion and Analysis

Second quarter of fiscal year 2021-2022, Six months ended September 30, 2021

Refer to Management's Discussion and Analysis as presented in the March 31, 2021 Annual Report. Updates for the second quarter of fiscal year 2021-2022, ended September 30, 2021, are as follows.

Statement of Financial Position Discussion

	September 30,2021	March 31 2021	Changes	
	\$	\$	\$	%
Assets				
Cash	215,985	231,936	(15,951)	(7)
Investments and Endowment Fund assets	27,894,577	26,789,745	1,104,832	4
Prepaid expenses, receivables	63,904	88,727	(24,823)	(28)
Capital assets	37,128	21,370	15,758	74
Total Assets	28,211,594	27,131,778	1,079,816	4
Liabilities and Net Assets				
Accounts payable and accrued liabilities	88,283	19,630	68,653	350
Accrued salaries	30,763	22,594	8,169	36
Deferred contributions and deferred revenues	627,578	309,069	318,509	103
Obligation under capital lease	1,389	-	1,389	100
Net assets	27,463,581	26,780,485	683,096	3
Total Liabilities and Net Assets	28,211,594	27,131,778	1,079,816	4

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, 2021, total cash in operating bank accounts amounted to \$34,280, and unrestricted cash balances held by the Foundation's investment managers amounted to \$181,705.

Investments and Endowment Fund asset have increased by 4% or \$1,104,832 for the six-month ended September 30, 2021 compared to the investment value at March 31, 2021. For the six-month period ended September 30, 2021 the combined portfolio returned 5.19% or \$1,323,368 (September 30, 2020 – 3.22% or \$806,755) after all fees and taxes. The return rate excluding the remeasurement (unrealized) gains is 2.03% or \$517,814 (September 30, 2020 – 2.59% or \$649,437).

Prepaid expenses, receivables decreased by \$24,823 compared to March 31, 2021. The decrease is mainly for the reductions of dividend and interest receivables of \$11,133, donation receivable of \$9,893, prepaid expenses of \$4,858, and other receivables of \$6,360, offset by an increase in HST and GST refund receivable of \$ 6,299.

Capital assets increased by \$15,758 for the six-month ended September 30, 2021, compared to March 31, 2021. The increase is mainly for the addition to computer hardware of 22,392, offset by the amortization of all assets of \$6,634.

Liabilities

Accounts payable and accrued liabilities increased by \$68,653 for the six-month ended September 30, 2021, compared to March 31, 2021. The increase is mainly for an increase in accounts payable to pending trades of \$64,413.

Accrued salaries increased by \$8,169 for the six-month ended September 30, 2021, compared to March 31, 2021, mainly for an increase in accrued unused staff vacation.

Deferred contributions and deferred revenues increased by \$318,509 for the six-month ended September 30, 2021, compared to March 31, 2021, and is made up of an advance contribution of \$385,671 from the Mosaic Institute for Harnessing Diversity for implementation of the "Behind Racism" project by the Foundation, externally restricted donations of \$141,907, and an externally restricted program fund of \$100,000.

Net Assets increased by 3% or \$ 683,096 in the six-month ended September 30, 2021, compared to March 31, 2021, mainly due to the remeasurement (unrealized) gain on investments portfolio of \$805,553, offset by deficiency of revenues over expenses of \$122,457 for the six-month ended September 30, 2021.

Statement of Operations Discussion

	September 30 2021	September 30 2020	Changes	
	\$	\$	\$	%
Revenues				
Funded projects	1,491	210,454	(208,963)	(99)
Sponsorships, donations and contributions, honoraria and fundraising gala	146,878	297,861	(150,983)	(51)
Publications, in-kind and miscellaneous revenues	-	237	(237)	(100)
Total Revenues	148,369	508,552	(360,183)	(71)
Net investment income				
Investment income earned	183,656	183,256	400	0.20
Changes in fair value-realized	334,158	466,181	(132,023)	(28)
Net investment income	517,814	649,437	(131,623)	(20)

Revenues from **Funded projects** of \$1,491 is 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. The implementation of this project has been delayed due to Covid-19.

Revenues from **Sponsorships, donations and contributions, honoraria and fundraising gala** relate to honoraria received from public speaking engagements, donations, revenues from training workshops, revenues from sponsorships and fundraising gala and conferences registration fees. This revenues include donations of \$142,828 (September 30, 2020 - \$292,861) and training workshops of \$4,050.

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, 2021, is \$183,656, an increase of \$400 compared to the six-month ended September 30, 2020.

Changes in fair value realized of investments for the six-month ended September 30, 2021, include realized gain on sales of investments of \$334,159, a decrease of \$132,023 compared to the six-month ended September 30, 2020.

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, 2021, were \$805,553 gain compared to a gain of \$157,318 in the six-month ended September 30, 2020, an increase of \$648,236, mainly due to an increase in the market value of investments.

Statement of Operations Discussion (continued):

Expenses	September 30, 2021			September 30, 2020			Changes	
	CRRF	Funded Project	Total	CRRF	Funded Project	Total	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
Salaries and benefits	396,320	1,147	397,467	195,838	21,391	217,229	180,238	83
Public education and training	209,054	-	209,054	9,330	176,698	186,028	23,026	12
Research	51,371	-	51,371	-	-	-	51,371	100
Rent	36,095	-	36,095	46,863	-	46,863	(10,768)	(23)
Office and general	24,230	344	24,574	16,399	7,476	23,875	699	3
Professional fees	20,520	-	20,520	7,221	18,700	25,921	(5,401)	(21)
Board of Directors honoraria and travel	16,580	-	16,580	21,915	-	21,915	(5,335)	(24)
Staff recruitment and development	16,028	-	16,028	298	-	298	15,730	5,279
Amortization	6,634	-	6,634	4,555	-	4,555	2,079	46
Information systems and development	5,665	-	5,665	3,378	-	3,378	2,287	68
Communications	3,911	-	3,911	8,834	211	9,045	(5,134)	(57)
Conferences, symposia and consultations	726	-	726	859	3,047	3,906	(3,180)	(81)
Interest expenses	16	-	16	23	-	23	(7)	(30)
Total Expenses	787,150	1,491	788,641	315,513	227,523	543,036	245,605	45

The Foundation's total expenses is \$788,641 for the six-month ended September 30, 2021, with the three main users of funds being Salaries and benefits, Public education, and Research, totaling \$397,467, \$209,054, and \$51,371, respectively.

There was \$180,238 increase in **Salaries and benefits** expenses compared to September 30, 2020, mainly due to the hiring of new personnel as per the 2021/2022 business plan and pay increases in this period.

Statement of Operations Discussion (continued):

Public education and training are the expenses for anti racism programs, webinars, Directions, community support, Clearinghouse, resource library, public service announcements, publicity and program-related translation. There was an increase of \$23,026 in Public education expenses compared to September 30, 2020. This period's expenses include community support programs of \$143,713, anti racism programs of \$46,345, and webinar expenses of \$5,041. There were no Public education expenses for the "Behind Racism" project in this period.

Research programs - There was an increase of \$51,371 in Research programs expenses compared to September 30, 2020. This period's expenses include four research programs with Canadian Centre for Policy Alternatives of \$15,000, the Environics Institute of \$18,190, Abacus Data of \$15,591, and Annamaria Enenajor Professional Corporation of \$2,590.

Rent expense for the office space for the six-month ended September 30, 2021, decreased by \$10,768 compared to September 30, 2020, mainly due to a refund of \$8,533 by the Landlord for 2020 operating cost of the building saved due to the Pandemic.

Office and general expenses increased by \$699 in the six-month ended September 30, 2021, compared to September 30, 2020.

Professional fees are for legal, accounting and corporate services fees. There was a decrease of \$5,401 in professional fees expenses compared to September 30, 2020, mainly due reduction in the projects' professional fees.

Honoraria and travel expenses for the **Board of Directors** decreased by \$5,335 in the six-month ended September 30, 2021, compared to September 30, 2020. During this period, the Board of Directors had two video conferencing meetings. The value of in-kind contributions from board members has not been included in the expenses.

Staff recruitment and development increased by \$15,730 in the six-month ended September 30, 2021, compared to September 30, 2020, mainly due to the hiring of new personnel.

Information systems and development increased by \$2,287 in the six-month ended September 30, 2021, compared to September 30, 2020, mainly due to the technical assistance to staff working from home and for new personnel system set up.

Communications are public and media relations expenses. There was a \$5,134 decrease in communications expenses compared to September 30, 2020, mainly due to lower translation and website maintenance expenses.

Outlook for the Future

Fiscal Year 2021-2022

The Canadian Race Relations Foundation is dedicated to the development 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 pandemic has had an incredible impact on society leading into this current fiscal year, as it has exposed many of the systemic barriers felt by racialized communities in new and unique ways. This past year, Canada has seen a sharp increase in anti-Asian racism, precipitated by fear and conspiracies related to the pandemic. Additionally, we have witnessed a sharp increase in antisemitism, and Islamophobia most notably, with the hate motivated murder of a family in London, ON. The discovery of 215 bodies of children in unmarked graves next to a residential school in Kamloops, BC has shocked the country with renewed calls to tackle recommendations of the Truth and Reconciliation Commission. Far too little progress has been made on anti-black racism, despite the outpouring of support after the murder of George Floyd. The CRRF is committed to working on these important issues and will continue our support of movements seeking equality and fairness for all.

In Budget 2021, the Federal Government allocated \$11M over two years to the Canadian Race Relations Foundation to increase its organizational capacity, support a National

Coalition against Anti-Asian Racism, and provide grants to community organizations. The current investment portfolio is \$26,789,745, which is expected to yield \$600,000 in 2021-22. In addition to these revenue streams, the CRRF is expecting to raise approximately \$200,000 in funds from corporations and individuals.

These new revenues will change the fiscal and operational capacity of the organization enormously. The organization will grow from a budget for revenue of \$1.7M in 2020/21 to \$7.6M in 2021/22 and \$6M in 2022/23 with the commitments from the Federal Government.

This organizational shift will produce a variety of new programs and an expanded geographic reach across Canada, necessary to serve a national mandate to address racism from coast to coast.

Since November 2020, the organization, through its Strategic Plan Implementation Committee, an ad hoc committee of the Board of Directors, has been discussing ways to increase its programmatic capacity. These discussions led to funding proposals through Heritage Canada, for Budget 2021, with recommendations of programs approved by the Board of Directors.

Outlook for the Future (continued)

The organization will be increasing its staff to have geographic representations across Canada, as well as increase capacity for administration and communications and

program management. It is expected that the organization will grow from 6 to 20 full time equivalents in 2021 and potentially additional staff in the following year.

Of the \$7.6M budget, approximately \$2M will be allotted in 2021-22 to grants to address racism caused by COVID. The remaining will be spent on additional programming and staff across the country to increase the national capacity of the organization.

In 2021-2022, 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 2021-2022, the Foundation will introduce new programs, including a media fellowship, revamping the Directions Journal, Regional conferences, new educational workshops, public awareness campaigns, strategic research projects and much more.

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 the Government; upgraded website and social media presence; and good governance processes.

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's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines are 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.

November 22, 2021



Mohammed Hashim
Executive Director



Arsalan Tavassoli MA, CPA, CGA
Finance and Administration Director

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

	September 30 2021	March 31 2021
	\$	\$
Assets		
Current assets		
Cash (note 3)	215,985	231,936
Prepaid expenses	37,564	42,422
Receivables (note 6)	26,339	46,305
	<u>279,888</u>	<u>320,663</u>
Endowment Fund assets (note 5)	21,969,764	21,429,656
Investments (note 4)	5,924,813	5,360,089
Capital assets (note 8)	37,128	21,370
	<u>28,211,593</u>	<u>27,131,778</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	88,283	19,630
Accrued salaries (note 6)	30,763	22,594
Deferred contributions and deferred revenues (note 10)	627,578	309,069
	<u>746,624</u>	<u>351,293</u>
Obligation under capital lease (note 9)	1,389	-
	<u>748,013</u>	<u>351,293</u>
Net assets		
Unrestricted	1,900,890	2,037,717
Invested in capital assets (note 13)	35,739	21,370
Accumulated remeasurement gains	1,526,951	721,398
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>27,463,580</u>	<u>26,780,485</u>
	<u>28,211,593</u>	<u>27,131,778</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 2021	September 30 2020	September 30 2021	September 30 2020
Revenues	\$	\$	\$	\$
Funded projects	714	99,521	1,491	210,454
Sponsorships, donations and contributions, honoraria and fundraising gala	70,919	163,845	146,878	297,861
Publications, in-kind & Miscellaneous revenue	-	191	-	237
	71,633	263,557	148,369	508,552
Expenses (note 16)				
Programs expenses	195,052	114,788	323,830	227,523
Public education and training	88,493	859	209,054	859
Administration expense	66,862	32,537	112,495	67,128
Operating expenses	38,638	18,526	51,384	28,175
Research	20,780	-	51,371	-
Board of Directors meetings	10,530	11,540	16,580	21,915
Staff recruitment and development	12,732	-	16,028	298
Information systems and development	3,534	1,455	5,665	3,378
Funded projects	714	89,068	1,491	184,407
Conferences, symposia and consultations	726	6,286	726	9,330
Finance cost	16	10	16	23
	438,077	275,069	788,640	543,036
Deficiency of revenues over expenses before net investment gain (loss)	(366,444)	(11,512)	(640,271)	(34,484)
Net investment income (note 12)	365,378	258,490	517,814	649,437
Excess (deficiency) of revenues over expenses	(1,066)	246,978	(122,457)	614,953

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 2021	September 30 2020
	\$	\$
Accumulated remeasurement gains, beginning of period	721,398	167,330
Unrealized gains (losses) attributable to:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	1,174,291	(52,891)
Financial instruments designated to the fair value category	(34,579)	676,380
Amounts reclassified to the Statement of Operations:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(395,688)	11,656
Financial instruments designated to the fair value category	61,530	(477,838)
Net remeasurement gains for the period	805,553	157,318
Accumulated remeasurement gains, end of period	1,526,951	324,648

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, 2021	Unrestricted	Invested in capital assets	Accumulated remeasurement losses	Endowment	September 30, 2021
	\$	\$	\$	\$	\$
Net assets, beginning of period	2,037,717	21,370	721,398	24,000,000	26,780,485
Deficiency of revenues over expenses	(122,457)	-	-	-	(122,457)
Remeasurement gains	-	-	805,553	-	805,553
Net change in investment in capital assets (note 13)	(14,369)	14,369	-	-	-
Net assets, end of period	1,900,891	35,739	1,526,951	24,000,000	27,463,580

March 31, 2021	Unrestricted	Invested in capital assets	Accumulated remeasurement losses	Endowment	March 31, 2021
	\$	\$	\$	\$	\$
Net assets, beginning of year	1,743,365	19,660	167,330	24,000,000	25,930,355
Excess of revenues over expenses	296,062	-	-	-	296,062
Remeasurement gains	-	-	554,068	-	554,068
Net change in investment in capital assets (note 13)	(1,710)	1,710	-	-	-
Net assets, end of year	2,037,717	21,370	721,398	24,000,000	26,780,485

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

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

	Three months ended		Six months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Operating activities:	\$	\$	\$	\$
Excess (deficiency) of revenue over expenses	(1,066)	246,978	(122,457)	614,953
Items not affecting cash:				
Non-cash interest and dividend income	(738)	(31,008)	2,242	(21,873)
Amortization	3,946	2,277	6,634	4,555
Realized losses (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	951,384	(371,339)	(334,159)	(466,182)
	(283,530)	(153,092)	(447,739)	131,453
Changes in non-cash operating assets and liabilities:				
Decrease (increase) in prepaid expenses	(11,407)	(3,281)	4,858	1,308
Decrease (increase) in receivables	(14,109)	29,771	19,965	83,834
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	78,235	5,046	76,822	(88,904)
Increase (decrease) in deferred contributions and deferred revenue	(50,714)	149,755	318,509	54,262
Net cash provided by (used in) operating activities	(281,524)	269,716	(27,585)	181,953
Capital activities:				
Addition to capital assets	(19,059)	-	(19,059)	-
Net cash used in capital activities	(19,059)	-	(19,059)	-
Investing activities:				
Proceeds from sale of Endowment Fund assets and investments	1,833,089	2,749,188	4,985,547	23,584,201
Purchase of Endowment Fund assets and investments	(1,749,534)	(2,433,268)	(4,954,576)	(23,293,213)
Net cash provided in investing activities	83,555	315,920	30,971	290,988
Financing activities:				
Repayment of capital lease obligations	(131)	(324)	(278)	(644)
Net cash used in Financing activities	(131)	(324)	(278)	(644)
Increase (decrease) in cash	(353,298)	343,796	(15,951)	472,297
Cash, beginning of period	569,284	292,376	231,936	163,874
Cash, end of period	215,985	636,171	215,985	636,171

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

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2021/2022 ended September 30, 2021

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.

Contributions related to capital assets represent restricted contributions for the acquisition of capital assets. Deferred contributions related to capital assets are amortized to income over the same periods as the related capital assets acquired.

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

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2021/2022 ended September 30, 2021

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, 2021 (September 30, 2020 – 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 the balance sheet date. 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, 2021, the Foundation's contributions were \$6,603. These contributions represent the total obligation of 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, 2021, there are no outstanding claims (March 31, 2021 – 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.

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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 \$34,280 (March 31, 2021 - \$71,410) in the bank account and \$181,705 (March 31, 2021 - \$160,227) in the unrestricted investment cash accounts at September 30, 2021.

4. Investments:

The Investment is composed of the following assets at September 30, 2021:

September 30, 2021	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Fixed income investments – Canadian	-	2,471,799	2,471,799
Equity securities- Canadian	-	696,414	696,414
Equity securities- Foreign	-	2,756,600	2,756,600
	-	5,924,813	5,924,813

The carrying amount of the Investments has no impairment investments in this period (March 31, 2021 – nil).

March 31, 2021	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Fixed income investments – Canadian	-	2,201,144	2,201,144
Equity securities- Canadian	-	629,190	629,190
Equity securities- Foreign	-	2,529,755	2,529,755
	-	5,360,089	5,360,089

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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, 2021:

September 30, 2021	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	677,702	-	677,702
Fixed income investments – Canadian	-	9,180,599	9,180,599
Equity securities- Canadian	-	2,424,319	2,424,319
Equity securities- Foreign	-	9,687,144	9,687,144
	677,702	21,292,063	21,969,764

The carrying amount of the Endowment Fund assets has no impairment investments in this period (March 31, 2021 – nil).

The Endowment Fund is composed of the following assets at March 31, 2021:

March 31, 2021	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	639,894	-	639,894
Fixed income investments – Canadian	-	8,555,658	8,555,658
Equity securities- Canadian	-	2,404,084	2,404,084
Equity securities- Foreign	-	9,830,020	9,830,020
	639,894	20,789,762	21,429,656

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.

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6. Financial risk management (continued):

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 in the level of risk compared to the prior period, and no changes in the risk management practices used to manage risks.

(a) Asset Mix:

As of September 30, 2021, the Foundation's investment asset mix was as follows:

Asset Mix	IPS Target	Range Permitted *
2.98% in Cash (March 31, 2021 – 2.90% %)	1%	0%-5%
40.48% in Fixed Income (March 31, 2021 – 39.88%)	45%	40%-60%
8.24% in Canadian Equities (March 31, 2021 – 11.40%)	25%	10%-30%
45.14% in Global Equities (March 31, 2021 – 42.75%)	25%	20%-40%
3.16% in Real Estate (March 31, 2021 – 3.07%)	4%	4%-5%

* Investment asset with Market Value in Excess of \$1.5M

The asset mix for the first \$1.5M of market value of the investment was as follows:

Asset Mix	IPS Target	Range Permitted
Cash and Investment Savings Account	0%	0-5%
Fixed Income Securities	80%	40-80%
Canadian Equities	10%	10-30%
Global Equities	10%	10-40%

6. Financial risk management (continued):

(a) Asset Mix (continued):

As of September 30, 2021, the Foundation's Endowment Fund asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
3.08% in Cash (March 31, 2021 – 2.99%)	1%	0%-5%
41.79% in Fixed Income (March 31, 2021 – 39.92%)	45%	40%-60%
8.12% in Canadian Equities (March 31, 2021 – 11.22%)	25%	10%-30%
44.09% in Global Equities (March 31, 2021 – 42.79%)	25%	20%-40%
2.92% in Real Estate (March 31, 2021 – 3.08%)	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, 2021 was not available at the time of this report. As at March 31, 2021, the Foundation invested in fixed income securities with the following credit ratings:

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6. Financial risk management (continued):

(b) Credit risk (continued):

(i) Fixed income securities (continued):

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

Debt instrument by credit rating	2021	2020
	Percentage of Value	
AAA (+ R1 rated short-term)	20.74%	23.23%
AA	2.92%	7.51%
A	64.63%	62.66%
BBB	11.71%	6.60%

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 the Government of Canada. As at September 30, 2021, accounts receivable comprise of balances of \$16,809 (March 31, 2021 - \$46,244) less than 3 months, \$9,515 (March 31, 2021 - \$46) between 3 to 12 months and \$15 (March 31, 2021 - 15) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at September 30, 2021, is as follows:

	September 30 2021	March 31 2021
	\$	\$
Government of Canada	25,157	18,859
Dividends, interest and income distribution	-	11,133
Other organizations	1,182	16,313
	26,339	46,305

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, 2021, comprise:

	September 30 2021	March 31 2021
	\$	\$
Fixed income securities– Canadian	11,652,398	10,756,802
	11,652,398	10,756,802

As at September 30, 2021, 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 2021	March 31 2021
	\$	\$
Less than 1 year	-	-
1-3 years	1,564,626	1,478,897
3-5 years	1,177,020	839,434
Greater than 5 years	8,910,751	8,438,471
	11,652,398	10,756,802

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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 Currency risk information for September 30, 2021 was not available at the time of this report.

As at March 31, 2021, the Foundation currency risk information was as follows:

Approximately 26.40% (2020 - 0.25%) of the Foundation's Endowment Fund was subject to direct currency risk during the year. The remaining assets in the Endowment Fund were held directly in Canadian dollars, and underlying foreign holdings were hedged back to Canadian dollars.

Approximately 26.40% (2020 - 0.21%) of the Foundation's investment account was subject to direct currency risk during the year. The remaining assets in the unrestricted investment account were held directly in Canadian dollars, and underlying foreign holdings were hedged back to Canadian dollars.

(e) Other price risk:

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

The portfolio's actual return is compared to the benchmark return as a measure of relative performance. The benchmark return is based on the index returns for each asset class and the long-term target allocation of each asset class in the portfolio. The portfolio's long-term target asset allocation is specified in the Foundation's Investment Policy Statement. The Portfolio's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Portfolio's benchmark asset mix. The revised Investment Policy Statement which was approved by the Board of Directors in October 29, 2016 and had two more revisions in July 19, 2017, and October 13, 2017, was in force during the current fiscal year. As a result, the Foundation's long-term target asset allocation and individual asset class indices in effect as at September 30, 2021, is as follows:

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Second quarter of fiscal year 2021/2022 ended September 30, 2021

6. Financial risk management (continued):

(e) Other price risk (continued)

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 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, 2021 the Foundation has a total cash balance of \$215,985 (March 31, 2021 - \$231,936), which is lower than the total liabilities recorded at September 30, 2021 of \$748,013 (March 31, 2021 - \$351,293).

As at September 30, 2021, 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	85,017	420	2,846	88,283
Accrued salaries	30,763	-	-	30,763
Total	115,780	420	2,846	119,046

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6. Financial risk management (continued):

(f) Liquidity risk (continued):

As at March 31, 2021, 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	16,364	420	2,846	19,630
Accrued salaries	22,594	-	-	22,594
Total	38,958	420	2,846	42,224

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.

The fair value hierarchy levels information for September 30, 2021 was not available at the time of this report.

Financial assets at fair value for investments and Endowment Fund assets as at March 31, 2021:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash	639,894	-	-	639,894
Fixed income securities	-	10,756,802	-	10,756,802
Equity securities- Canadian	3,033,274	-	-	3,033,274
Equity securities- Foreign	6,842,822	5,516,953	-	12,359,775
Total investments and Endowment Fund assets	10,515,990	16,273,755	-	26,789,745

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8. Capital assets:

Capital assets at net book value as at September 30, 2021:

	Cost	Accumulated amortization	2021 Net book value
	\$	\$	\$
Office furniture and equipment	125,127	120,750	4,967
Computer hardware	84,641	53,853	30,788
Equipment under capital lease	1,667	294	1,373
	212,025	174,897	37,128

Amortization of capital assets expense is \$6.634 (September 30, 2020 - \$4,555).

Capital assets at net book value as at March 31, 2021:

	Cost	Accumulated amortization	2021 Net book value
	\$	\$	\$
Office furniture and equipment	125,127	120,145	4,982
Computer hardware	64,506	48,118	16,388
Equipment under capital lease	6,076	6,076	-
	195,709	174,339	21,370

9. Obligation under capital lease:

The Foundation signed an agreement to rent office equipment under capital lease in March 2021 with an effective lease date of April 1, 2021. The obligation under capital lease, repayable in blended quarterly installments of \$147 for a total of \$1,764, including principal and interest at 4.20% with a maturing date of March 31, 2024, is secured by related equipment.

Obligation under capital lease as at September 30, 2021:

	September 30 2021	March 31 2021
Obligation under capital lease	\$1,389	-

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.

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10. Deferred contributions and deferred revenues (continued):

Funds received by the Foundation through projects, donations or subscriptions that are not yet earned through the provision of goods or services and donor designation 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, 2021, are as follows:

	September 30 2021	March 31 2021
	\$	\$
Deferred contributions from non-government sources	385,671	67,162
Deferred revenue from non-government sources	241,907	241,907
Balance, end of period	627,578	309,069

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

	September 30 2021	March 31 2021
	\$	\$
Balance, beginning of year	309,069	95,493
Add: restricted contributions received from non-government sources	320,000	186,090
Add: designated donation received	-	168,811
Add: restricted fund for programs received	-	100,000
Less: amounts recognized as revenue	(1,491)	(241,325)
Balance, end of period	627,578	309,069

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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, 2023. The payment contracts include a lease agreement for office premises and extends to February 28, 2023, with future minimum contractual payments total of \$137,472 (March 31, 2021 - \$185,991), and an agreement with Ontario Science Centre for an amount of \$271,200 (March 31, 2021 - \$271,200), for design, development, fabrication, and installation of an exhibit for "Behind Racism" project that started in January 2019 and extends to April 30, 2022. As at September 30, 2021, future minimum contractual receipts total \$509,697 (March 31, 2021 - \$511,188) and future minimum contractual payments total \$408,672 (March 31, 2021 - \$561,134).

Fiscal Year	Contractual rights \$	Contractual obligations \$
2021-22	471,697	271,200
2022-23	38,000	137,472
Total	509,697	408,672

12. Net investment income:

Net investment income from Endowment Fund assets	September 30 2021	September 30 2020
	\$	\$
Realized gains on sale of Endowment Fund assets	334,100	362,913
Interest from cash and fixed income investments, dividends from Endowment Fund assets	213,477	190,753
Less: transaction costs and investment counsel fees	(67,686)	(46,044)
	479,891	507,622
Net investment income from investments		
Realized gains (losses) on sale of investments	59	103,269
Interest from cash and fixed income investments, dividends	56,052	50,887
Less: transaction costs and investment counsel fees	(18,187)	(12,341)
	37,924	141,815
Net investment income	517,814	649,437

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13. Investment in capital assets:

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

31, 2021	September 30, 2021	March
	\$	\$
Capital assets	37,128	21,370
Less: obligation under capital lease	(1,389)	-
	35,739	21,370

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

2021	September 30, 2021	March 31,
	\$	\$
Capital asset additions	22,392	11,425
Less: Capital asset leased	(1,667)	-
	-	-
Capital assets purchased with Foundation funds	20,725	11,425
Amortization of capital assets	(6,634)	(11,015)
Repayment of capital lease obligation	278	1,300
	14,369	1,710

14. Related party transactions:

The Foundation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The 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 this quarter, the Foundation incurred expenses totalling \$107,195 (September 30, 2020 - \$93,492) with respect to salaries and benefits, honorarium and travel of members of the Board of Directors and the Executive Director.

At September 30, 2021, the Foundation had accounts receivable of \$25,157 (March 31, 2021 - \$18,859) from the Canada Revenue Agency for recoverable sales taxes.

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2021/2022 ended September 30, 2021

15. Schedule of Expenses by Object:

Expenses	September 30	September 30,
	2021	2020
	\$	\$
Salaries and benefits	397,467	217,229
Public education and training	209,054	186,028
Research	51,371	-
Rent	36,095	46,863
Office and general	24,574	23,875
Professional fees	20,520	25,921
Board of Directors honoraria and travel	16,580	21,915
Staff recruitment and development	16,028	298
Amortization	6,634	4,555
Information systems and development	5,665	3,378
Communication	3,911	9,045
Conferences, symposia and consultations	726	3,906
Interest expenses	16	23
	\$788,641	\$543,036

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 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.