



Canadian  
Race Relations  
Foundation

Fondation  
canadienne des  
relations raciales

# CANADIAN RACE RELATIONS FOUNDATION

QUARTELY FINANCIAL REPORT  
PERIOD ENDED SEPTEMBER 30, 2022  
SECOND QUARTER OF FISCAL YEAR  
2022-2023

# CANADIAN RACE RELATIONS FOUNDATION

## Unaudited Quarterly Financial Report

Second quarter of fiscal year 2022-2023, ended September 30, 2022

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# Financial Management Discussion and Analysis

Second quarter of fiscal year 2022-2023, Six months period ended September 30, 2022

Refer to Management's Discussion and Analysis as presented in the March 31, 2022, Annual Report. Updates for the second quarter of the fiscal year 2022-2023, ended September 30, 2022, are as follows.

## Statement of Financial Position Discussion

	September 30, 2022	March 31, 2022	Changes	
	\$	\$	\$	%
<b>Assets</b>				
Cash and cash equivalents	3,096,932	3,833,778	(736,846)	(19)
Investments and Endowment Fund assets	23,868,010	26,161,576	(2,293,566)	(9)
Prepaid expenses, receivables	238,648	492,557	(253,909)	(52)
Capital assets	50,234	42,113	8,121	19
<b>Total Assets</b>	<b>27,253,824</b>	<b>30,530,024</b>	<b>(3,276,200)</b>	<b>(11)</b>
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued liabilities	211,459	503,208	(291,749)	(58)
Accrued salaries	53,341	37,337	16,004	43
Deferred contributions and deferred revenues	456,734	534,858	(78,124)	(14.6)
Deferred appropriations	2,515,196	2,964,654	(449,458)	(15)
Obligation under capital lease	851	1,122	(271)	100
Net assets	24,016,243	26,488,845	(2,472,602)	(9)
<b>Total Liabilities and Net Assets</b>	<b>27,253,824</b>	<b>30,530,024</b>	<b>(3,276,200)</b>	<b>(11)</b>

### Assets

**Cash and cash equivalents** are composed of a \$9,040 cash balance in the bank account, \$300 of petty cash, \$187,592 in the investment cash account held by the CRRF's investment

## Statement of Financial Position Discussion (continued)

manager, and \$2,900,000 in a cashable guaranteed investment certificate at September 30, 2022.

**Investments and Endowment Fund Assets** have decreased by 9% or \$2,293,566 compared to the value at March 31, 2022. For the six months period ended September 30, 2022, the combined portfolio returned -8.75% or a loss of \$2,257,096 (30, 2021 5.19% or a gain of \$1,323,368) after all fees and taxes. The return of rate excluding the remeasurement (unrealized) losses is – 0.20% or a loss of \$52,721 (30, 2021 – 2.03% or a gain of \$517,814).

**Prepaid expenses, receivables** decreased by \$253,909 compared to March 31, 2022. The decrease is mainly for a reduction to appropriations receivable and receivables from pending trades.

**Capital assets** increased by \$8,121 compared to March 31, 2022. The increase is for addition to the computer equipment of \$19,564, reduced by the amortization of all assets of \$11,443 for this period.

### Liabilities

**Accounts payable and accrued liabilities** decreased by \$291,749 compared to March 31, 2022. The decrease is mainly for a reduction in payables to pending trades and trade accounts payable.

**Deferred contributions and deferred revenues** of \$456,734 decreased by \$78,124 for the six months period ended September 30, 2022, compared to March 31, 2022, and is made up of an externally restricted program fund of \$340,000, and an advance contribution of \$116,734 from the Mosaic Institute for Harnessing Diversity for implementation of the "Behind Racism" project by the CRRF.

**Deferred appropriations** of \$2,515,196 is made up of the unused portion of the 2021/22 appropriations of \$2,964,654 and appropriation received for the six months period ended September 30, 2022, of \$2,615,542, less the amount allocated to the program expenses of \$3,065,000.

**Net Assets** decreased by 9% or \$2,472,602 in the six months period ended September 30, 2022, compared to March 31, 2022, mainly due to \$268,227 losses from the Net result of operations and a remeasurement (unrealized) losses of \$2,204,375 from investment in this period.

## Statement of Operations Discussion

	September 30 2022	September 30 2021	Changes	
	\$	\$	\$	%
<b>Revenues</b>				
Sponsorships, donations and contributions, honoraria and fundraising gala	88,138	146,878	(58,740)	(40)
Funded projects	43,988	1,491	42,497	2,850
<b>Total Revenues</b>	<b>132,126</b>	<b>148,369</b>	<b>(16,243)</b>	<b>(11)</b>
<b>Net investment income</b>				
Investment income earned	208,940	183,656	25,284	14
Changes in fair value-realized	(261,661)	334,159	(595,820)	(178)
<b>Net investment income</b>	<b>(52,721)</b>	<b>517,814</b>	<b>(570,536)</b>	<b>(110)</b>

The operating revenues and investment income decreased by \$16,243 and \$570,536, respectively, for the six months period ended September 30, 2022, compared to September 30, 2021.

**Net investment income earned:** The main source of income for the CRRF is derived from the investment income earned on investments from the Endowment Fund and other investments. The investment income earned includes cash and non-cash interest, dividends, and income distributions, after portfolio management fees.

Investment income earned is \$208,940, an increase of \$25,284, compared to the six months period ended September 30, 2021. This period's investment income includes interest of \$16,767 from guaranteed investment certificates.

**Changes in fair value-realized** of Investments and Endowment Fund assets decreased by \$595,820 for the six months period ended September 30, 2022, due to a decrease in realized gains on the sale of investments of \$722,209, offset by a \$126,389 decrease in realized loss on investment foreign exchange transactions. No impairment loss was recognized in this period.

Unrealized gains and losses on investments measured at fair value are recognized in the Statement of Remeasurement Gains and Losses. There was a \$2,546,351 remeasurement loss in the six months period ended September 30, 2022, offset by \$341,976 realized gains attributed to foreign exchange. There was a decrease of \$3,009,929 in net unrealized gains compared to the six months period ended September 30, 2021, mainly due to the decrease in the fair market value of the portfolio caused by market volatility in this period.

**Parliamentary Appropriations:** The CRRF received for the six months period ended September 30, 2022, appropriations through the Main Estimates of \$2,500,000 and

## Statement of Operations Discussion (continued)

recognized appropriations of \$3,065,000 as revenue in the Statements of Operations in this period.

Expenses	September 30, 2022			September 30, 2021			Changes	
	CRRF	Funded Projects	Total	CRRF	Funded Projects	Total	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
National Anti-Racism Fund	1,600,982	-	<b>1,600,982</b>	-	-	-	1,600,982	100
Salaries and benefits	1,128,903	2,855	<b>1,131,758</b>	396,320	1,147	<b>397,467</b>	734,291	185
Research programs	165,438	-	<b>165,438</b>	51,371	-	<b>51,371</b>	114,067	222
Public education and training	118,411	40,277	<b>158,688</b>	209,054	-	<b>209,054</b>	(50,366)	(24)
Conferences, symposia and consultations	59,991	-	<b>59,991</b>	726	-	<b>726</b>	59,265	8,163
Office and general	57,756	856	<b>58,612</b>	24,230	344	<b>24,574</b>	34,038	139
Staff recruitment and development	57,188	-	<b>57,188</b>	16,028	-	<b>16,028</b>	41,160	257
Professional fees	56,307	-	<b>56,307</b>	20,520	-	<b>20,520</b>	35,787	174
Board of Directors honoraria and travel	43,150	-	<b>43,150</b>	16,580	-	<b>16,580</b>	26,570	160
Rent	34,598	-	<b>34,598</b>	36,095	-	<b>36,095</b>	(1,497)	(4)
Communications	26,817	-	<b>26,817</b>	3,911	-	<b>3,911</b>	22,906	586
Amortization	11,443	-	<b>11,443</b>	6,634	-	<b>6,634</b>	4,809	72
Information systems and development	7,639	-	<b>7,639</b>	5,665	-	<b>5,665</b>	1,974	35
Interest expenses	22	-	<b>22</b>	16	-	<b>16</b>	6	38
<b>Total Expenses</b>	<b>3,368,643</b>	<b>43,988</b>	<b>3,412,631</b>	<b>787,150</b>	<b>1,491</b>	<b>788,641</b>	2,623,990	333

The CRRF's total operating expenses were \$3,412,633 for the six months period ended September 30, 2022 ( 30, 2021 - \$788,641), with the three main uses of funds being National Anti-Racism Fund (NARF), Salaries and benefits, and Research programs, totaling \$1,600,982, \$1,131,758, and \$165,438 respectively. The increase of \$2,623,992 to the operating expenses is mainly explained by the cost of the new initiative, "National Anti-Racism Fund" of \$1,600,982 and higher personnel costs of \$734,291 in this period.

The CRRF's **Net results of operations** for the six months period ended September 30, 2022, reflect a deficit of \$268,227, compared to a deficit of \$122,457 in the prior period.

## Financial Risk

The CRRF is exposed to a variety of financial risks related to sources of funding, including Endowment Fund and Investment incomes, which have an impact on its operations. These financial risks include credit risk, liquidity risk and market risk (foreign currency, interest rate and other price risks). In accordance with the CRRF's Investment Policy Statement approved by the Board, the capital of the endowment funds cannot be used for operations and the CRRF can only draw upon the endowment earnings to fund its operation, public programming and other priorities of the CRRF. The overall investment objective is to provide liquidity to meet annual spending requirements while providing adequate growth to maintain the purchasing power of the endowment funds' capital. A reserve has been established to cover the annual income requirements in times where the Endowment does not generate the annual income required.

## Outlook for the Future

### Fiscal Year 2022-2023

The current financial model of the Canadian Race Relations Foundation currently relies upon its Endowment, its funding partnerships with the federal government, broader public and private sectors, and with individuals. It should be noted that prior to fiscal year 2021-2022, the CRRF solely relied on income from the Endowment for core operations, as federal appropriations had not been allocated to the Foundation.

The Endowment was established to serve the vision of the 1988 Japanese Canadian Redress Agreement between Canada and the Japanese Canadian community and it generates approximately \$0.500 million per annum.

In Budget 2021, the Government of Canada allocated \$11 million over two fiscal years, greatly enhancing the Foundation's ability to better meet its statutory mandate to combat racism. Therefore, federal funding represents the most significant proportion of the Foundation's budget in 2021-2022 and 2022-2023.

This vital funding provided the necessary support to increase staffing levels and provide new and expanded programming. The Foundation's staffing complement increased from six to twenty-three positions allowing for deeper engagement and raising expectations among communities that the Foundation will be a consistent and effective national convenor in Canada's fight against racism. As the CRRF's funding from Budget 2021 sunsets on March 31, 2023 the Foundation is working with the Federal Government on an extension and increase to this critical funding support.

## 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 25, 2022



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**  
**As at September 30, 2022**

	September 30, 2022	March 31, 2022
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents (note 3)	3,096,932	3,833,778
Prepaid expenses	51,951	74,598
Receivables (note 6)	186,697	417,959
Investments (note 4)	15,093	-
	<u>3,350,673</u>	<u>4,326,335</u>
Endowment Fund assets (note 5)	19,214,185	21,031,866
Investments (note 4)	4,638,732	5,129,710
Capital assets (note 8)	50,234	42,113
	<u><b>27,253,824</b></u>	<u><b>30,530,024</b></u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	211,459	503,208
Accrued salaries (note 6)	53,341	37,337
Deferred contributions and deferred revenues (note 10)	456,734	534,858
Deferred appropriations (note 15)	2,515,196	2,964,654
	<u>3,236,730</u>	<u>4,040,057</u>
Obligation under capital lease (note 9)	851	1,122
	<u>3,237,581</u>	<u>4,041,179</u>
<b>Net assets</b>		
Unrestricted	2,497,038	2,773,658
Invested in capital assets (note 13)	49,383	40,991
Accumulated remeasurement gains	(2,530,178)	(325,803)
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>24,016,243</u>	<u>26,488,845</u>
	<u><b>27,253,824</b></u>	<u><b>30,530,024</b></u>

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Operations**  
**For the period ended September 30, 2022**

	Three months		Six Months	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Revenues</b>	\$		\$	
Funded projects	42,145	714	43,988	1,491
Sponsorships, donations and contributions, honoraria and fundraising gala	48,254	70,919	88,138	146,878
Publications, in-kind & Miscellaneous revenue	-	-	-	-
	<b>90,399</b>	<b>71,633</b>	<b>132,126</b>	<b>148,369</b>
<b>Expenses (note 16)</b>				
Programs expenses	480,332	195,052	890,619	323,830
Funded projects	42,145	714	43,988	1,491
Administration expense	162,271	66,862	299,698	112,495
Research	158,047	20,780	165,438	51,371
Operating expenses	63,144	38,638	125,506	51,384
Board of Directors meetings	20,355	10,530	43,150	16,580
Conferences, symposia and consultations	33,136	726	59,991	726
Information systems and development	2,909	3,534	7,639	5,665
Public Education and training	69,200	88,493	118,411	209,054
Staff recruitment and development	39,638	12,732	57,188	16,028
Finance cost	10	16	22	16
National Anti-Racism Fund	1,310,329	-	1,600,982	-
	<b>2,381,518</b>	<b>438,077</b>	<b>3,412,631</b>	<b>788,641</b>
<b>Net result of operations before appropriations and endowment and investment net income</b>	<b>(2,291,119)</b>	<b>(366,444)</b>	<b>(3,280,505)</b>	<b>(640,272)</b>
Appropriations (note 15)	2,144,500	-	3,065,000	-
Endowment and investment net income (note 12)	29,989	365,378	(52,721)	517,814
<b>Net result of operations</b>	<b>(116,630)</b>	<b>(1,067)</b>	<b>(268,227)</b>	<b>(122,457)</b>

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

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

	<b>Six months ended</b>	
	<b>September 30 2022</b>	<b>September 30 2021</b>
	\$	\$
Accumulated remeasurement gains, beginning of period	(325,802)	721,398
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(1,647,944)	1,174,291
Financial instruments designated to the fair value category	(818,095)	(34,579)
<b>Amounts reclassified to the Statement of Operations:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(43,946)	(395,688)
Financial instruments designated to the fair value category	305,608	61,530
<b>Net remeasurement gains for the period</b>	<b>(2,204,375)</b>	<b>805,553</b>
<b>Accumulated remeasurement gains, end of period</b>	<b>(2,530,178)</b>	<b>1,526,951</b>

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

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

<b>September 30, 2022</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	<b>Septemebr 30,2022</b>
	\$	\$	\$	\$	\$
Net assets, beginning of period	2,773,657	40,991	(325,803)	24,000,000	26,488,845
Net result of operations	(268,227)	-	-	-	(268,227)
Remeasurement loss	-	-	(2,204,375)	-	(2,204,375)
Net change in investment in capital assets (note 13)	(8,392)	8,392	-	-	-
<b>Net assets, end of period</b>	<b>2,497,038</b>	<b>49,383</b>	<b>(2,530,178)</b>	<b>24,000,000</b>	<b>24,016,243</b>

<b>March 31,2022</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement gains	Endowment	<b>March 31,2022</b>
	\$	\$	\$	\$	\$
Net assets, beginning of year	2,037,717	21,370	721,398	24,000,000	26,780,485
Net result of operations	755,561	-	-	-	755,561
Remeasurement loss	-	-	(1,047,201)	-	(1,047,201)
Net change in investment in capital assets (note 13)	(19,621)	19,621	-	-	-
<b>Net assets, end of year</b>	<b>2,773,657</b>	<b>40,991</b>	<b>(325,803)</b>	<b>24,000,000</b>	<b>26,488,845</b>

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

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30 2022</b>	<b>September 30 2021</b>	<b>September 30 2022</b>	<b>September 30 2021</b>
<b>Operating activities:</b>	\$	\$	\$	\$
Excess (deficiency) of revenue over expenses	(116,630)	(1,067)	(268,227)	(122,457)
Items not affecting cash:				
Non-cash interest and dividend income	(41,113)	(738)	(11,532)	2,242
Amortization	6,073	3,946	11,443	6,634
Realized losses (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	70,480	951,384	261,661	(334,159)
	(81,189)	(283,530)	(6,654)	(447,739)
<b>Changes in non-cash operating assets and liabilities:</b>				
Decrease (increase) in prepaid expenses	(15,244)	(11,407)	22,646	4,858
Decrease (increase) in receivables	150,484	(14,109)	92,075	19,965
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	153,594	78,235	(83,955)	76,822
Increase (decrease) in deferred contributions and deferred revenues and appropriations	(855,238)	(50,714)	(527,581)	318,509
Net cash provided by (used in) operating activities	(948,562)	(281,524)	(503,469)	(27,585)
<b>Capital activities:</b>				
Addition to capital assets	(789)	(19,059)	(19,564)	(19,059)
Net cash used in capital activities	(789)	(19,059)	(19,564)	(19,059)
<b>Investing activities:</b>				
Proceeds from sale of Endowment Fund assets and investments	2,605,679	1,833,089	5,070,496	4,985,547
Purchase of Endowment Fund assets and investments	(2,769,781)	(1,749,534)	(5,284,581)	(4,954,576)
Net cash provided in investing activities	(164,102)	83,555	(214,085)	30,971
<b>Financing activities:</b>				
Repayment of capital lease obligations	(137)	(131)	(272)	(278)
Net cash used in Financing activities	(137)	(131)	(272)	(278)
<b>Increase (decrease) in cash</b>	<b>(999,197)</b>	<b>(353,298)</b>	<b>(736,846)</b>	<b>(15,951)</b>
Cash, beginning of period	4,096,129	569,284	3,833,778	231,936
<b>Cash, end of period</b>	<b>3,096,932</b>	<b>215,985</b>	<b>3,096,932</b>	<b>215,985</b>

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 2022/2023 ended September 30, 2022

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#### 1. Description of organization:

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

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

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

#### 2. Significant accounting policies:

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

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

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

##### (b) Revenue recognition:

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

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

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

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

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):**

**(b) Revenue recognition (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) Appropriations:

The Government of Canada provides funding to the Canadian Race Relations Foundation through parliamentary appropriations.

Appropriations restricted for specific expenses are deferred on the Statement of Financial Position and recognized as revenue on the Statement of Operations in the period that those expenses are incurred.

Appropriations received and that are not restricted to a specific purpose are recognized as revenue in the Statements of Operations in the year in which the appropriations is authorized.

(iv) 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.

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

**(b) Revenue recognition (continued):**

(v) 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.

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

(vii) 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 and Cash equivalents, receivables and accounts payable and accrued liabilities**

Cash and Cash equivalents 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, 2022 (September 30, 2021 – 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.



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Second quarter of fiscal year 2022/2023 ended September 30, 2022

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## 2. Significant accounting policies (continued):

### (d) Financial assets and financial liabilities (continued):

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

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

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

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

### (e) Determination of fair values:

The fair value of the Foundation's assets and liabilities accounted for are based on market measurement on March 31. Fair values of investments and Endowment Fund assets are determined by reference to published price of the most recent transaction in an active market at

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

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

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.

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

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

**(g) Artworks:**

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

**(h) Foreign currency translation:**

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

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

**(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.

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. In this period, the Foundation's contributions were \$19,781 (30, 2021 - \$6,603). These contributions represent the total obligation of the Foundation and are recognized in the Statement of Operations.

**(j) Measurement uncertainty:**

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

**(k) Contingent liabilities:**

In the normal course of its operations, the Foundation may become involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Foundation's financial statements. No amount has been included in the Statement of Financial Position for contingent liabilities. At September 30, 2022, there are no outstanding claims (September 30, 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 16 to financial statements. This schedule outlines the major types of expenses incurred.

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

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

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

**(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 and Cash equivalent:**

Cash and cash equivalents comprise cash on hand, Canadian dollar deposits held at Canadian chartered banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

**4. Investments:**

The Investment is composed of the following assets at September 30, 2022:

<b>September 30, 2022</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Fixed income investments – Canadian	15,093	2,123,699	2,138,792
Fixed income investments – Foreign	-	38,760	38,760
Equity securities- Canadian	-	523,032	523,032
Equity securities- Foreign	-	1,953,242	1,953,242
	<b>15,093</b>	<b>4,638,733</b>	<b>4,653,826</b>

The carrying amount of the Investments has no impairment investments in this period (March 31, 2022 – nil).

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#### 4. Investments (continued):

The Investment is composed of the following assets at March 31, 2022:

March 31, 2022	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Fixed income investments – Canadian	-	2,255,702	2,255,702
Fixed income investments – Foreign	-	40,490	40,490
Equity securities- Canadian	-	582,510	582,510
Equity securities- Foreign	-	2,251,008	2,251,008
	-	<b>5,129,710</b>	<b>5,129,710</b>

#### 5. Endowment Fund:

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

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

The Endowment Fund is composed of the following assets at September 30, 2022:

September 30, 2022	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	580,387	-	580,387
Fixed income investments – Canadian	62,386	8,285,145	8,347,531
Fixed income investments – Foreign	-	137,420	137,420
Equity securities- Canadian	-	1,917,261	1,917,261
Equity securities- Foreign	-	8,231,585	8,231,585
	<b>642,773</b>	<b>18,571,411</b>	<b>19,214,184</b>

The carrying amount of the Endowment Fund assets has no impairment investments in this period (March 31, 2022 – nil).

The Endowment Fund is composed of the following assets at March 31, 2022:

March 31, 2022	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	851,786	-	851,786
Fixed income investments – Canadian	-	8,682,734	8,682,734
Fixed income investments – Foreign	-	143,557	143,557
Equity securities- Canadian	-	2,406,815	2,406,815
Equity securities- Foreign	-	8,946,974	8,946,974
	<b>851,786</b>	<b>20,180,080</b>	<b>21,031,866</b>

**6. Financial risk management:**

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

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

There has been no change 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, 2022, the Foundation's investment asset mix was as follows:

<b>Asset Mix</b>	<b>IPS Target</b>	<b>Range Permitted *</b>
3.87% in Cash Account (March 31, 2022 – 4.07%)	1%	0%-5%
44.98% in Fixed Income (March 31, 2022 – 42.94%)	45%	40%-60%
8.09% in Canadian Equities (March 31, 2022 – 10.89%)	25%	10%-30%
40.35% in Global Equities (March 31, 2022 – 38.99%)	25%	20%-40%
2.71% in Real Estate (March 31, 2022 – 3.11%)	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:

<b>Asset Mix</b>	<b>IPS Target</b>	<b>Range Permitted</b>
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, 2022, the Foundation's Endowment Fund asset mix was as follows:

<b>Asset Mix</b>	<b>IPS Target</b>	<b>Range Permitted</b>
3.02% in Cash (March 31, 2022 – 4.05%)	1%	0%-5%
44.16% in Fixed Income (March 31, 2022 – 41.97%)	45%	40%-60%
7.26% in Canadian Equities (March 31, 2022 – 11.44%)	25%	10%-30%
42.84% in Global Equities (March 31, 2022 – 39.35%)	25%	20%-40%
2.72% in Real Estate (March 31, 2022 – 3.19%)	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, 2022 was not available at the time of this report.

As at March 31, 2022, the Foundation invested in fixed income securities with the following credit ratings::

<b>Debt instrument by credit rating</b>	<b>2022</b>	<b>2021</b>
	<b>Percentage of Value</b>	
AAA (+ R1 rated short-term)	14.97%	20.74%
AA	10.54%	2.92%
A	63.50%	64.63%
BBB	10.99%	11.71%

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

**(b) Credit risk (continued):**

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

(ii) Accounts receivable:

The Foundation's exposure to credit risk associated with accounts receivable is assessed as being low mainly due to the type of the Foundation's debtors which are mainly from the Government of Canada. As at September 30, 2022, accounts receivable comprise of balances of \$186,664 (March 31, 2022 - \$417,926) less than 3 months, nil (March 31, 2022 - \$18) between 3 to 12 months and \$32 (March 31, 2022 - \$15) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at September 30, 2022, is as follows:

	<b>September 30 2022</b>	<b>March 31 2022</b>
	\$	\$
Government of Canada	183,936	266,877
Amounts receivable from pending trades	-	139,187
Dividends, interest and income distribution	-	11,862
Other organizations	2,761	33
	<b>186,697</b>	<b>417,959</b>

**(c) Interest rate risk:**

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



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### SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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

##### (c) Interest rate risk (continued):

The Foundation's fixed income securities fair value in Investments and Endowment Fund assets as at September 30, 2022 comprise:

	September 30, 2022	March 31, 2022
	\$	\$
Fixed income securities - Canadian	10,486,323	10,938,435
Fixed income securities - Foreign	176,180	184,048
	<b>10,662,503</b>	<b>11,122,483</b>

As at March 31, 2022, 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, 2022	March 31, 2022
	\$	\$
Less than 1 year	77,480	-
1-3 years	220,418	688,732
3-5 years	1,015,105	1,976,129
Greater than 5 years	9,349,500	8,457,622
	<b>10,662,503</b>	<b>11,122,483</b>

##### (d) Currency risk:

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

The Currency risk information for September 30, 2022 was not available at the time of this report. As at March 31, 2022, the Foundation currency risk information was as follows:

Approximately 25.60% (2021 – 26.40%) 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 25.60% (2021 – 26.40%) 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.

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

#### (d) Currency risk (continued):

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

March 31 2022	USD in CND\$ Fund	March 31 2021	USD in CND\$ Fund
<b>Market Value</b>	\$6,752,830	<b>Market Value</b>	\$7,111,543
<b>% of Portfolio</b>	25.60%	<b>% of Portfolio</b>	26.40%

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

The currency risk of \$6,752,830 includes the unrestricted USD portfolio cash balance of \$65,110 USD or \$81,361 CAD (2021 - \$53,182 USD or \$66,877 CAD).

As at March 31, 2022, if the Canadian dollar strengthened or weakened by 10% in relation to other currencies, with all other variables held constant, the Statement of Remeasurement Gains and Losses would have an increase or decrease by approximately:

	March 31, 2022 Increase in value	March 31, 2022 Decrease in value	March 31, 2021 Increase in value	March 31, 2021 Decrease in value
USD in CND\$ Fund	\$675,283	(\$675,283)	\$711,154	(\$711,154)

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

#### (e) Other price risk:

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

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Second quarter of fiscal year 2022/2023 ended September 30, 2022

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

##### (e) Other price risk (continued):

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, 2022, is as follows:

Proportion & Asset Class	Benchmark Index
1% Canadian Cash	DEX 91-day T-Bill Index
45% 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.

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

**(f) Liquidity risk (continued):**

As at September 30, 2022, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Other accounts payable and accrued liabilities	204,649	1,445	5,365	211,459
Accrued salaries	53,341	-	-	53,341
<b>Total</b>	<b>257,990</b>	<b>1,445</b>	<b>5,365</b>	<b>264,800</b>

As at March 31, 2022, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Amounts payable to pending trades	191,790	-	-	191,790
Other accounts payable and accrued liabilities	304,652	3,501	3,265	311,418
Accrued salaries	37,337	-	-	37,337
<b>Total</b>	<b>533,779</b>	<b>3,501</b>	<b>3,265</b>	<b>540,545</b>

**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.

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

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, 2022 was not available at the time of this report.

Financial assets at fair value for investments and Endowment Fund assets as at March 31, 2022:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	851,786	-	-	851,786
Fixed income securities	-	11,122,483	-	11,122,483
Equity securities- Canadian	2,989,325	-	-	2,989,325
Equity securities- Foreign	5,989,317	5,208,665	-	11,197,982
Total investments and Endowment Fund assets	<b>9,830,428</b>	<b>16,331,148</b>	-	<b>26,161,576</b>

The fair values of the fixed income investments and Endowment Fund assets are not quoted in an active market, but rather are determined from quoted prices from a decentralized, over the counter market, which is considered in Level 2 in the fair value hierarchy.

**8. Capital assets:**

Capital assets at net book value as at September 30, 2022:

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	125,717	122,017	3,700
Computer hardware	119,130	73,381	45,749
Equipment under capital lease	1,667	882	785
	<b>246,514</b>	<b>196,280</b>	<b>50,234</b>

Amortization of capital assets expense is \$11,443 (September 30, 2021 - \$6,634).

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**8. Capital assets (continued):**

Capital assets at net book value as at March 31, 2022:

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	125,718	121,521	4,197
Computer hardware	99,566	62,876	36,690
Equipment under capital lease	1,667	441	1,226
	<b>226,951</b>	<b>184,838</b>	<b>42,113</b>

**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 3.95% with a maturing date of March 31, 2024, is secured by related equipment.

Obligation under capital lease as at September 30, 2022:

	September 30, 2022	March 31, 2022
Obligation under capital lease	\$851	\$1,122

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

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

Funds received by the Foundation through projects, 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.

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 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS  
 Second quarter of fiscal year 2022/2023 ended September 30, 2022

**10. Deferred contributions and deferred revenues (continued):**

Deferred contributions and deferred revenues recorded by the Foundation at September 30, 2022, are as follows:

	September 30, 2022	March 31, 2022
	\$	\$
Deferred contributions from non-government sources	116,734	160,722
Deferred revenue from non-government sources	300,000	334,136
Deferred revenue from government sources	40,000	40,000
<b>Balance, end of period</b>	<b>456,734</b>	<b>534,858</b>

**10. Deferred contributions and deferred revenues (continued):**

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

	September 30, 2022	March 31, 2022
	\$	\$
Balance, beginning of period	534,858	309,069
Add: restricted contributions received from non-government sources	-	320,000
Add: restricted fund for programs received from non-government sources	-	300,000
Add: restricted fund for programs received from government sources	-	200,000
Less: amounts recognized as revenue	(78,124)	(594,211)
<b>Balance, end of period</b>	<b>456,734</b>	<b>534,858</b>

## THE CANADIAN RACE RELATIONS FOUNDATION

### SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2022/2023 ended September 30, 2022

#### 11. Contractual rights and obligations:

As at September 30, 2022, future minimum contractual receipts total \$147,201 (March 31, 2022 - \$191,188) and future minimum contractual payments total of \$1,588,458 (March 31, 2022 - \$596,713).

Fiscal Year	Contractual rights	Contractual obligations
2022-23	\$147,201	\$1,588,458

#### 12. Net investment income:

Net investment income from Endowment Fund assets	September 30 2022	September 30 2021
	\$	\$
Realized gains (losses) on sale of Endowment Fund assets	(184,612)	334,100
Interest from cash and fixed income investments, dividends from Endowment Fund assets	217,426	213,477
Less: transaction costs and investment counsel fees	(63,629)	(67,686)
	(30,815)	479,891
<b>Net investment income from investments</b>		
Realized gains (losses) on sale of investments	(77,049)	59
Interest from cash and fixed income investments, dividends	71,345	56,052
Less: transaction costs and investment counsel fees	(16,202)	(18,187)
	(21,906)	37,924
<b>Net investment income</b>	<b>(52,721)</b>	<b>517,814</b>



## THE CANADIAN RACE RELATIONS FOUNDATION

### SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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#### 13. Investment in capital assets:

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

	September 30, 2022	March 31, 2022
	\$	\$
Capital assets	50,234	42,113
Less: obligation under capital lease	(850)	(1,122)
	<b>49,383</b>	<b>40,991</b>

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

	September 30, 2022	March 31, 2022
	\$	\$
Capital asset additions	19,564	37,318
Less: Capital asset leased	-	(1,667)
Capital assets purchased with Foundation funds	19,564	35,650
Amortization of capital assets	(11,443)	(16,574)
Repayment of capital lease obligation	272	545
Net change in investment in capital assets	<b>8,392</b>	<b>19,621</b>

#### 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 the period, the Foundation incurred expenses totalling \$173,636 (September 30, 2021 - \$107,195) with respect to salaries and benefits, honorarium and travel of members of the Board of Directors and the Executive Director.

As at September 30, 2022, the Foundation had an appropriation receivable of \$115,542 (March 31, 2022 - \$180,000) from the government of Canada.

As September 30, 2022, the Foundation had accounts receivable of \$68,394 (March 31, 2022 - \$86,877) 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 2022/2023 ended September 30, 2022

#### 15. Appropriations:

Government funding comprised of following:

	September 30, 2022	September 30, 2021
Parliamentary appropriations provided	\$	\$
Appropriations deferred - beginning of the period	2,964,654	
Appropriations received -Main estimate	2,500,000	-
Appropriations received - Supplementary	115,542	
	<b>5,580,196</b>	-
Appropriations recognized as revenue	3,065,000	-
Appropriations deferred	2,515,196	-
	<b>5,580,196</b>	-

#### 16. Schedule of Expenses by Object:

Expenses	September 30, 2022	September 30, 2021
	\$	\$
National Anti-Racism Fund	1,600,982	-
Salaries and benefits	1,131,758	397,467
Research	165,438	51,371
Public education and training	158,688	209,054
Conferences, symposia and consultations	59,991	726
Office and general	58,612	24,574
Staff recruitment and development	57,188	16,028
Professional fees	56,307	20,520
Board of Directors honoraria and travel	43,150	16,580
Rent	34,598	36,095
Communication	26,817	3,911
Amortization	11,443	6,634
Information systems and development	7,639	5,665
Interest expenses	22	16
	<b>\$3,412,631</b>	<b>\$788,641</b>

## **THE CANADIAN RACE RELATIONS FOUNDATION**

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

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### **17. 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.