



**Canadian  
Race Relations  
Foundation**

**Fondation  
canadienne des  
relations raciales**

# **CANADIAN RACE RELATIONS FOUNDATION**

**Unaudited Quarterly Financial Report  
Third quarter of fiscal year 2018-2019 ended  
December 31, 2018**

---

# CANADIAN RACE RELATIONS FOUNDATION

## Unaudited Quarterly Financial Report Third quarter of fiscal year 2018-2019, ended December 31, 2018

### Table of Contents

---

<b>Financial Management Discussion and Analysis</b> .....	<b>2</b>
<b>Statement of Management Responsibility</b> ... ..	<b>9</b>
<b>Unaudited Quarterly Financial Statements</b> .....	<b>10</b>
Statement of Financial Position	
Statement of Operations	
Statement of Remeasurement Gains and Losses	
Statement of Net Assets	
Statement of Cash Flows	
Selected Notes to Unaudited Quarterly Financial Statements	

## Financial Management Discussion and Analysis

Third quarter of fiscal year 2018-2019, three months ended December 31, 2018

Refer to Management's Discussion and Analysis as presented in the March 31, 2018 Annual Report. Updates for the second quarter of fiscal year 2018-2019 ended December 31, 2018 are as follows.

### Statement of Financial Position Discussion

	December 31, 2018	March 31 2018	Changes	
	\$	\$	\$	%
<b>Assets</b>				
Cash	134,742	227,644	(92,902)	(41)
Investments and Endowment Fund assets	28,275,879	29,248,935	(973,056)	(3)
Prepaid expenses, receivables	48,313	132,000	(83,687)	(63)
Capital assets	11,983	11,112	871	8
<b>Total Assets</b>	<b>28,470,917</b>	<b>29,619,691</b>	<b>(1,148,774)</b>	<b>(4)</b>
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued liabilities	81,225	121,534	(40,309)	(33)
Accrued salaries	17,034	10,239	6,795	66
Deferred contributions and deferred revenues	35,434	31,975	3,459	11
Obligation under capital lease	2,854	3,751	(897)	(24)
Net assets	28,334,370	29,452,192	(1,117,822)	(4)
<b>Total Liabilities and Net Assets</b>	<b>28,470,917</b>	<b>29,619,691</b>	<b>(1,148,774)</b>	<b>(4)</b>

## Financial Management Discussion and Analysis (continued)

### Assets

**Cash** is composed of \$134,442 unrestricted cash balances held by the Foundation's investment managers and \$300 of petty cash.

**Investments and Endowment Fund asset** have decreased by 3% or \$973,056 for the nine-month ended December 31, 2018 compared to the investment value at March 31, 2018. There was \$600,000 transfer from investment to operating bank account. For the nine-month period ended December 31, 2018. The combined portfolio lost 1.63% or \$488,460 (December 31, 2017 – 3.14% or \$925,603 gain) after all fees and taxes. The return rate excluding the remeasurement (unrealized) losses is 0.86% or \$256,984 gain (December 31, 2017 – 8.26% or \$2,436,489 gain).

**Prepaid expenses, receivables** decreased by \$ 83,687 compared to March 31, 2018. This is mainly for reduction of receivables from Foundation's investment managers for pending trades of \$32,409 and reduction of dividend and interest receivables of \$34,870.

**Capital assets** decreased by \$871 for the nine-month ended December 31, 2018 compared to March 31, 2018 as the result of period end amortization of all assets of \$3,930 reduced by addition to the office furniture and equipment of \$4,802.

### Liabilities

**Accounts payable and accrued liabilities** decreased by \$ 40,309 for the nine-month ended December 31, 2018 compared to March 31, 2018. This is mainly due to a decrease in accrued liabilities of \$ 76,193 offset by an increase in trade accounts payable of \$ 35,884.

**Accrued salaries** increased by \$6,795 for the nine-month ended December 31, 2018 compared to March 31, 2018.

**Deferred contributions and deferred revenues** increased by \$3,459 for the nine-month ended December 31, 2018 compared to March 31, 2018. This is mainly for an increase in deferred contribution received from the Department of Canadian Heritage for the "Canada Beyond 150: A Promise to Our Children" project.

**Obligation under capital lease** is the balance of capital repayment owed for the office equipment under lease of \$2,854. This is for the printer/copier lease which started at the end of 2015-16 and will fully be paid out 2020-21.

**Net Assets** decreased by 4% or \$1,117,822 for the nine-month ended December 31, 2018 compared to March 31, 2018 mainly due to the remeasurement (unrealized) loss on investments portfolio of \$745,444 and deficiency of revenues over expenses of \$ 372,378 for the period.

## Statement of Operations Discussion

	December 31 2018	December 31 2017	Changes	
	\$	\$	\$	%
<b>Revenues</b>				
Funded projects	96,541	27,232	69,309	255
Sponsorships, donations and contributions, honoraria and fundraising gala	30,074	57,814	(27,740)	(48)
Publications, other in-kind and miscellaneous revenues	15	25	(10)	(40)
<b>Total Revenues</b>	<b>126,630</b>	<b>85,071</b>	<b>41,559</b>	<b>49</b>
<b>Net investment income</b>				
Investment income earned	458,164	471,527	(13,363)	(3)
Changes in fair value-realized	(201,180)	1,964,963	(2,166,143)	(110)
<b>Net investment income</b>	<b>256,984</b>	<b>2,436,490</b>	<b>(2,179,506)</b>	<b>(89)</b>

Revenues from **Funded projects** of \$96,541 represent payment received by the Foundation from the Department of Canadian Heritage for the “Canada Beyond 150: A Promise to Our Children” project.

Revenues from **Sponsorships, donations and contributions, honoraria and fundraising gala** of \$30,074 relate to honoraria received from public speaking engagements, donations and revenues from sponsorships and fundraising gala registration fee.

**Net investment income earned:** The Foundation’s primary source of income is derived from the investment income earned on the investment of the original contribution of \$24 million. Investment income earned includes interest, dividends, and distributions, after portfolio management fees. Investment income earned for the nine-month ended December 31, 2018 is \$458,164 a decrease of \$13,363 compared to nine-month ended December 31, 2017.

**Changes in fair value realized** of investments for the nine-month ended December 31, 2018 include realized loss on sales of investments of \$201,180 a decrease of \$2,166,143 compared to nine-month ended December 31, 2017 mainly due to a reduction in overall investment returns and stock market conditions for the period ended December 31, 2018.

Unrealized gains (losses) on investments measured at fair value are recognized in the Statement of Remeasurement Gains and Losses. Unrealized changes in fair value of the investments in the nine-month ended December 31, 2018 were \$745,444 loss compared to \$1,510,887 loss in December 31, 2017, a decrease of \$ 765,443 mainly due to increase in market value of investments.

**Statement of Operations Discussion (continued)**

Expenses	December 31 2018			December 31 2017			Changes	
	CRRF	Funded Project	Total	CRRF	Funded Project	Total		
	\$	\$	\$	\$	\$	\$	\$	%
Salaries and benefits	280,449	38,790	<b>319,239</b>	245,270	13,232	<b>258,502</b>	60,737	23
Board of Directors honoraria and travel	77,499	-	<b>77,499</b>	80,209	-	<b>80,209</b>	(2,710)	(3)
Award of Excellence symposium and fundraising gala	73,741	-	<b>73,741</b>	-	-	-	73,741	100
Rent	66,956	-	<b>66,956</b>	53,154	-	<b>53,154</b>	13,802	26
Professional fees	43,466	22,021	<b>65,487</b>	33,991	10,479	<b>44,470</b>	21,017	47
Public education	10,751	48,202	<b>58,953</b>	11,052	-	<b>11,052</b>	47,901	433
Conferences, symposia and consultations	25,845	6,277	<b>32,122</b>	27,998	-	<b>27,998</b>	4,124	15
Communication	16,866	6,250	<b>23,116</b>	16,893	-	<b>16,893</b>	6,223	37
Office and general	11,748	7,181	<b>18,929</b>	21,590	-	<b>21,590</b>	(2,661)	(12)
Other administration expenses	16,020	-	<b>16,020</b>	10,217	-	<b>10,217</b>	5,803	189
Amortization	3,930	-	<b>3,930</b>	11,002	-	<b>11,002</b>	(7,072)	(64)
<b>Total Expenses</b>	<b>627,271</b>	<b>128,721</b>	<b>755,992</b>	<b>511,377</b>	<b>23,711</b>	<b>535,088</b>	220,906	41

The Foundation's total expenses is \$755,992 for the nine-month ended December 31, 2018 with the three main users of funds being salaries and benefits, Board of Directors honoraria and travel, and Award of Excellence symposium and fundraising gala, totaling \$319,239, \$77,499 and \$73,741 respectively.

There was \$60,737 increase in **Salaries and benefits** expenses compared to December 31, 2017 mainly due to hiring a new full-time position and full nine-month payment of the Executive Director salary.

Honoraria and travel expenses for the **Board of Directors** decreased by \$2,710 in the nine-month ended December 31, 2018 compared to December 31, 2017. This period expenses includes two in-person meeting of the Board of Directors in April 2018 in Toronto and September 2018 in Winnipeg and one orientation meeting for two new board appointees. The value of in-kind contributions from board members has not been included in the expenses.

### Statement of Operations Discussion (continued)

**The Award of Excellence symposium and fundraising gala** is an event held every two years. The December 31, 2018 expenses were for travel, meals and hotel accommodations, subsidies for winners, venues rental, printed materials, audio expenses for September 27, 2018 event in Winnipeg.

**Rent** expense for the office space for the nine-month ended December 31, 2018 increased by \$13,802 compared to December 31, 2017 mainly due to rent inducements for 2017 rent.

**Professional fees** are for legal, accounting and corporate services fees. There was an increase of \$21,017 in professional fees expenses compared to December 31, 2017, mainly due to increase of \$11,542 consulting fee of the “Canada Beyond 150: A Promise to Our Children” project, increase of \$18,699 accounting fee, offset by \$ 5,972 reduction in consulting fee.

**Public Education** are the expenses for webinars, Directions, community support and program-related translation. There was a \$47,901 increase in Public Education expenses compared to December 31, 2017, mainly due to the expenses of the “Canada Beyond 150: A Promise to Our Children” project.

**Conferences, symposia and consultations** expenses increased by \$4,124 for the nine-month ended December 31, 2018 compared to December 31, 2017, mainly due to the expenses of the “Canada Beyond 150: A Promise to Our Children” project.

**Communications** are public and media relations expenses. There was a \$6,223 increase in communications expenses compared to December 31, 2017 mainly due to the expenses of the “Canada Beyond 150: A Promise to Our Children” project.

**Other administration expenses** increased by \$ 5,803 for the nine-month ended December 31, 2018 compared to December 31, 2017 mainly due to expenses of Staff recruitment and development.

**Office and general expenses** decreased by \$ 2,661 for the nine-month ended December 31, 2018 compared to December 31, 2017 mainly due to reallocation of expenses to the “Canada Beyond 150: A Promise to Our Children” project.

## Outlook for the Future

## **Fiscal Year 2018-19**

During the fiscal year 2018-19, the Canadian Race Relations Foundation will continue to fund its core programs and operations through the investment income from its original endowment. As well, following on the successful implementation and completion of the Foundation's two previous multi-year grants, the Foundation received further funding from the Department of Canadian Heritage for implementation of "Canada Beyond 150: A Promise to Our Children" a three-year project started in July 2017. The Foundation will continue to focus on building bridges to promote in-depth cross-country conversations while broadening the reach and depth of its programs as a national voice to strengthen harmonious race relations. The Foundation's program activities conform to its unique brand as a leading facilitator and resource for the advancement of positive race relations. It is not the Foundation's role to be a strong advocate. Neither is not equipped to function as such.

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

The Foundation has an approved operating revenues budget of \$815,000 and an expenditures budget of \$1,245,000 for 2018-19. The approved budgets were set with an understanding of the fiscal limitations faced by the Foundation in today's economic climate. The approved budgets for the year are closely monitored by senior management, the Finance and Audit Committee and the Board of Directors. Budget variance reports are reviewed and monitored on a regular basis. Where necessary, adjustments are made in consultation with the Finance and Audit Committee, subject to the approval of the Executive Committee of the Board of Directors. All expenditures are governed by the approved budget and Board resolutions, as well as any applicable guidelines and policies of the Government. To further strengthen oversight, management will be required to obtain prior approval of the Executive Committee of the Board of Directors for any line-item expenditures that will exceed its Board approved budgeted amount by more than 10%. Quarterly financial statements and related notes are also prepared in accordance with the Treasury Board standards and are posted on the Foundation's website.

The Foundation's programs and activities are designed in accordance with the Foundation's Strategic Plan, which continues the forward momentum of the Foundation, building on the successes of the past, and challenging the Foundation to move forward with technological and programmatic advances. While the Strategic Plan advances the Foundation in alignment with contemporary issues of race relations, it represents a commitment to the legacy of generosity of spirit exhibited by the National Association of

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



Japanese Canadians in signing the Japanese Canadian Redress Agreement, and advocating on behalf of the creation of the Canadian Race Relations Foundation. Its central purpose is set out in the *Canadian Race Relations Foundation Act*, which was passed in 1990.

# CANADIAN RACE RELATIONS FOUNDATION

## Unaudited Quarterly Financial Report

For the Nine months ended December 31, 2018

### Statement of Management Responsibility

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

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



Lilian Ma  
Executive Director

February 26, 2018



Arsalan Tavassoli MA, CPA, CGA  
Finance and Administration Director

February 26, 2018

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

	December 31 2018	March 31 2018
	\$	\$
<b>Assets</b>		
Current assets		
Cash (note 4)	134,742	227,644
Prepaid expenses	23,181	33,133
Receivables (note 7)	25,132	98,867
Investments (note 5)	206,381	216,065
	<u>389,436</u>	<u>575,709</u>
Endowment Fund assets (note 6)	22,867,438	23,266,746
Investments (note 5)	5,202,060	5,766,124
Capital assets (note 9)	11,983	11,112
	<u><b>28,470,917</b></u>	<u><b>29,619,691</b></u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	81,225	121,534
Accrued salaries (note 7)	17,034	10,239
Deferred contributions and deferred revenues (note 11)	35,434	31,975
	<u>133,693</u>	<u>163,748</u>
Obligation under capital lease (note 10)	2,854	3,751
	<u>136,547</u>	<u>167,499</u>
<b>Net assets</b>		
Unrestricted	6,326,933	6,701,078
Invested in capital assets (note 14)	9,128	7,361
Accumulated remeasurement losses	(2,001,691)	(1,256,247)
Restricted for endowment purposes (note 6)	24,000,000	24,000,000
	<u>28,334,370</u>	<u>29,452,192</u>
	<u><b>28,470,917</b></u>	<u><b>29,619,691</b></u>
Contractual rights and obligations (note 12)		

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

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

	Three months ended		Nine months ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
<b>Revenues</b>				
	\$	\$	\$	\$
Funded projects	12,497	20,232	96,541	27,232
Sponsorships, donations and contributions, honoraria and fundraising gala	3,165	52,590	30,074	57,814
Publications, in-kind & Miscellaneous revenue	-	-	15	25
	<b>15,662</b>	<b>72,822</b>	<b>126,630</b>	<b>85,071</b>
<b>Expenses (note 14)</b>				
Programs expenses	88,296	64,400	267,351	232,017
Administration expense	32,150	22,127	96,920	83,300
Operating expenses	26,372	21,069	59,144	66,584
Board of Directors meetings	17,195	40,690	77,499	80,209
Funded projects	16,662	18,232	128,721	23,711
Award of Excellence symposium and fundraising gala	11,632	-	73,741	-
Staff recruitment and development	8,340	2,424	9,359	6,356
Public Education and training	4,194	3,606	10,751	11,052
Conferences, symposia and consultations	4,169	13,906	25,845	27,998
Education and training Centre	3,138	1,722	3,138	1,722
Information systems and development	1,507	1,299	3,378	1,975
Finance cost	64	100	145	164
	<b>213,719</b>	<b>189,575</b>	<b>755,992</b>	<b>535,088</b>
Deficiency of revenues over expenses before net investment gain	(198,057)	(116,753)	(629,362)	(440,017)
Net investment income gain (note 12)	177,391	1,858,809	256,985	2,436,490
<b>Excess (deficiency) of revenues over expenses</b>	<b>(20,666)</b>	<b>1,742,056</b>	<b>(372,378)</b>	<b>1,986,473</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>December 31 2018</b>	<b>December 31 2017</b>
	\$	\$
Accumulated remeasurement gains (losses), beginning of period	(1,256,247)	1,645,981
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(865,490)	512,445
Financial instruments designated to the fair value category	(81,134)	(58,369)
<b>Amounts reclassified to the Statement of Operations:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	142,918	(1,988,578)
Financial instruments designated to the fair value category	58,262	23,615
Net remeasurement losses for the period	(745,444)	(1,510,887)
Accumulated remeasurement gains (losses), end of period	<b>(2,001,691)</b>	<b>135,094</b>

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

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

<b>December 31 2018</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	<b>December 31 2018</b>
	\$	\$	\$	\$	\$
Net assets, beginning of period	6,701,078	7,361	(1,256,247)	24,000,000	29,452,192
Deficiency of revenues over expenses	(372,378)	-	-	-	(372,378)
Remeasurement losses	-	-	(745,444)	-	(745,444)
Net change in investment in capital assets (note 14)	(1,767)	1,767	-	-	-
<b>Net assets, end of period</b>	<b>6,326,933</b>	<b>9,128</b>	<b>(2,001,691)</b>	<b>24,000,000</b>	<b>28,334,370</b>

**Statement of Changes in Net Assets**  
**For the year ended March 31, 2018**

<b>2018</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement losses	Endowment	<b>2018</b>
	\$	\$	\$	\$	\$
Net assets, beginning of year	4,102,344	20,977	1,645,981	24,000,000	29,769,302
Excess of revenues over expenses	2,585,118	-	-	-	2,585,118
Remeasurement losses	-	-	(2,902,228)	-	(2,902,228)
Net change in investment in capital assets (note 14)	13,616	(13,616)	-	-	-
<b>Net assets, end of year</b>	<b>6,701,078</b>	<b>7,361</b>	<b>(1,256,247)</b>	<b>24,000,000</b>	<b>29,452,192</b>

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

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

	Three months ended		Nine months ended	
	2018 December 31	2017 December 31	2018 December 31	2017 December 31
<b>Operating activities:</b>				
Excess (deficiency) of revenue over expenses	(20,665)	1,742,056	(372,378)	1,986,473
Items not affecting cash:				
Non-cash interest and dividend income	(3,780)	(13,888)	(6,964)	(17,891)
Amortization	1,615	3,693	3,930	11,002
Realized losses (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	(1,571)	(1,681,402)	201,180	(1,964,963)
	(24,402)	50,459	(174,232)	24,621
<b>Changes in non-cash operating assets and liabilities:</b>				
Decrease (increase) in prepaid expenses	4,630	(10,275)	9,953	(2,005)
Decrease (increase) in receivables	27,143	(8,074)	41,326	306,192
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	(73,402)	8,706	(424)	(127,823)
Increase(decrease) in deferred contributions and deferred revenues	35,434	(300)	3,459	(7,900)
Net cash provided by (used in) operating activities	(30,596)	40,516	(119,918)	193,085
<b>Capital activities:</b>				
Addition to capital assets	(4,142)	-	(4,802)	-
Net cash used in capital activities	(4,142)	-	(4,802)	-
<b>Investing activities:</b>				
Proceeds from sale of Endowment Fund assets and investments	1,275,938	11,704,768	5,778,527	15,342,147
Purchase of Endowment Fund assets and investments	(1,295,570)	(11,718,818)	(5,745,813)	(15,414,643)
Net cash provided ( used) in investing activities	(19,632)	(14,050)	32,715	(72,496)
<b>Financing activities:</b>				
Repayment of capital lease obligations	(302)	(290)	(897)	(862)
Net cash used in Financing activities	(302)	(290)	(897)	(862)
<b>Increase (decrease) in cash</b>	<b>(54,672)</b>	<b>26,175</b>	<b>(92,902)</b>	<b>119,726</b>
Cash, beginning of period	189,414	171,990	227,644	78,439
<b>Cash, end of period</b>	<b>134,742</b>	<b>198,165</b>	<b>134,742</b>	<b>198,165</b>

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

*The unaudited quarterly financial statements should be read in conjunction with the March 31, 2018 audited financial statements of the Canadian Race Relations Foundation published in the 2017-2018 annual report and with the narrative discussion included in this quarterly financial report.*

**1. Description of organization:**

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

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

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

**2. Significant accounting policies:**

**(a) Basis of presentation:**

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

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

**(b) Revenue recognition:**

(i) Donations and contributions:

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

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

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

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



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

(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 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, other in-kind & Miscellaneous revenue in the Statement of Operations.

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

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

The Foundation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. No allowance was recorded at December 31, 2018 (December 31, 2017 – 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.

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

(d) Financial assets and financial liabilities (continued)

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 the financial statements 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 by the full price for fixed income investments and the closing price for equities. Inputs to the valuation methodology for determination of fair values of investments 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.

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

**(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.

**(j) Measurement uncertainty:**

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

**(k) Contingent liabilities:**

In the normal course of its operations, the Foundation may become involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Foundation's financial statements. No amount has been included in the Statement of Financial Position for contingent liabilities. At December 31, 2018, there are no outstanding claims (March 31, 2018 – 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.

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:

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

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

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

---

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

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

<b>December 31, 2017</b>					
<b>Expenses (objects)</b>	<b>Amount (\$)</b>	<b>Allocation Rate (%)</b>	<b>Expenses (function)</b>	<b>Amount (\$)</b>	
Salaries and benefits	258,502	75%	Program expenses	183,952	
			25%	Administration expenses	61,318
				Funded projects	13,232
Board of Directors honoraria and travel	80,209	100%	Board of Directors meetings	80,209	
Rent	53,154	65%	Program expenses	34,550	
			35%	Administration expenses	18,604
Professional fees	44,470	100%	Operating expenses	33,991	
				Funded projects	10,479
Conferences, symposia and consultations	27,998	100%	Conferences, symposia and consultations	27,998	
Office and general	21,591	100%	Operating expenses	21,591	
Communication	16,893	80%	Program expenses	13,514	
			20%	Administration expenses	3,379
Public education	11,052	100%	Education and training	11,052	
Amortization	11,002	100%	Operating expenses	11,002	
Staff recruitment and development	6,356	100%	Staff recruitment and development	6,356	
Information systems and development	1,975	100%	Information systems and development	1,975	
Education and training center	1,723	100%	Education and training center	1,723	
Interest expenses	164	100%	Finance cost	164	

---

\$535,088

\$535,088

## 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. Adoption of new accounting standards in 2017/18 fiscal year:

The Public Sector Accounting Board issued new accounting standards effective for fiscal years beginning on or after April 1, 2017.

As a result, the Foundation adopted an accounting policy for Inter-entity transactions (PS 3420). This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The adoption of this new standard did not result in any financial impact on the Foundation's financial statements. See Note 2(m) for the inter-entity transactions accounting policy.

The Foundation also adopted the following new accounting standards: Related party disclosures (PS 2200); Assets (PS3210); Contingent assets (PS 3320); and Contractual rights (PS 3380). The adoption of PS3210 did not result in any changes to the financial statements as it provided additional guidance for applying the definition of assets. The remaining new accounting standards only impact note disclosures. The adoption of PS 2200 and PS 3320 did not result in a significant impact on the disclosures included in the Foundation's financial statements. The adoption of PS 3380 required additional information to be disclosed, see Note 12 for Contractual rights disclosure.

## 4. Cash

Cash includes \$134,742 (March 31, 2018 – \$227 644) unrestricted cash balances in the investment accounts and in banks at December 31, 2018.



**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

---

**5. Investments:**

<b>December 31, 2018</b>	<b>Current Amount</b>	<b>Non-Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	81,413	-	81,413
Fixed income investments – Canadian	124,968	2,606,306	2,731,274
Equity securities- Canadian		942,455	942,455
Equity securities- Foreign		1,653,299	1,653,299
	<b>206,381</b>	<b>5,202,060</b>	<b>5,408,441</b>

<b>March 31, 2018</b>	<b>Current Amount</b>	<b>Non-Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	86,705	-	86,705
Fixed income investments – Canadian	129,360	2,743,557	2,872,917
Equity securities- Canadian	-	1,097,514	1,097,514
Equity securities- Foreign	-	1,925,053	1,925,053
	<b>216,065</b>	<b>5,766,124</b>	<b>5,982,189</b>

**6. 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.

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

---

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

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 is available to fund the Foundation's activities.

The Endowment Fund assets are composed of \$295,418 (March 31, 2018 – \$458,772) cash and the following investments at December 31, 2018:

<b>December 31, 2018</b>	<b>Current Amount</b>	<b>Non-Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	300,617	-	300,617
Fixed income investments – Canadian	422,272	9,537,066	9,959,338
Equity securities- Canadian	-	4,724,914	4,724,914
Equity securities- Foreign	-	7,587,150	7,587,150
	<b>722,889</b>	<b>21,849,130</b>	<b>22,572,020</b>

<b>March 31, 2018</b>	<b>Current Amount</b>	<b>Non-Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Fixed income investments – Canadian	449,248	9,545,235	9,994,483
Equity securities- Canadian	-	4,724,409	4,724,409
Equity securities- Foreign	-	8,089,082	8,089,082
	<b>449,248</b>	<b>22,358,726</b>	<b>22,807,974</b>

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

**7. Financial risk management:**

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

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

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

**(a) Asset Mix:**

As of December 31, 2018, the Foundation's investment asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
2.43% in Cash (March 31, 2018 – 3.66%)	0%	0% - 5%
49.28 % in Fixed Income (March 31, 2018 – 46.27%)	80%	40%-80%
18.47% in Canadian Equities (March 31, 2018 – 19.07%)	10%	10%-30%
29.82% in Global Equities (March 31, 2018 – 31.00%)	10%	10%-40%

As of December 31, 2018, the Foundation's Endowment Fund asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
1.29% in Cash (March 31, 2018 – 1.97%)	1%	0% - 5%
43.55% in Fixed Income (March 31, 2018 – 42.96%)	45%	40%-60%
21.98% in Canadian Equities (March 31, 2018 – 20.31%)	25%	10%-30%
28.74% in Global Equities (March 31, 2018 – 30.41%)	25%	20%-40%
4.44% in Real Estate (March 31, 2018 –4.35%)	4%	4% - 5%

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

**(a) Asset Mix (continued):**

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 (GARP). Diversification also occurs at the individual security selection level whereby securities are selected based on either top-down analysis or bottom-up analysis. The Foundation is also diversified across geographic regions by investing in Canadian, US and international securities.

**(b) Credit risk:**

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

**(i) Fixed income securities:**

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

The credit rating information for December 31, 2018 was not available at the time of this report.

As at March 31, 2018 the Foundation invested in fixed income securities with the following credit ratings:

Debt instrument by credit rating	2018	2017
	<b>Percentage of Value</b>	
AAA (+ R1 rated short-term)	23.80%	21.26%
AA	25.55%	26.28%
A	44.55%	46.26%
BBB	6.10%	6.20%

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.

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

(ii) Accounts receivable:

The Foundation's exposure to credit risk associated with accounts receivable is assessed as being low mainly due to the type of the Foundation's debtors which are mainly from Government of Canada and amounts receivable from pending trades. As at December 31, 2018 accounts receivable comprise of balances of \$25,132 (March 31, 2018 - 98,287) less than 3 months, nil (March 31, 2018 - \$580) between 3 to 12 months and nil (March 31, 2018 - nil) greater than one year.

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

	<b>December 31 2018</b>	<b>March 31 2018</b>
	\$	\$
Government of Canada	19,056	22,970
Amounts receivable from pending trades	-	32,409
Dividend, interest and income distribution	-	34,870
Other organizations	6,076	8,618
	<b>25,132</b>	<b>98,867</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.

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

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

(c) Interest rate risk (continued):

The Foundation's fixed income securities fair value in Investments and Endowment Fund assets as at December 31, 2018 comprises:

	December 31 2018	March 31 2018
	\$	\$
Fixed income securities – Canadian	\$ 12,690,613	\$12,867,400
	<b>\$ 12,690,613</b>	<b>\$12,867,400</b>

Fixed income securities fair value by maturity date:

	December 31 2018	March 31 2018
	\$	\$
Less than 1 year	547,240	578 608
1-3 years	3,441,096	2 912 749
3-5 years	2,652,406	3 765 955
Greater than 5 years	6,049,871	5 610 088
	<b>12,690,613</b>	<b>12 867 400</b>

(d) Currency risk:

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

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

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

(e) Other price risk:

Other price risk is the risk that the fair value or future cash flows of financial assets and financial liabilities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). All investments and Endowment Fund assets represent a risk of loss of capital. The investment managers of the portfolio contracted by the Foundation moderate this risk through a careful selection and diversification of securities and other financial assets and financial liabilities within the limits of specified statements of investment policy and guidelines (SIPGs) which are negotiated and agreed upon with each investment manager. The maximum risk resulting from financial assets and financial liabilities is determined by the market value of the financial assets 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 period. As a result, the Foundation's long-term target asset allocation and individual asset class indices in effect as at December 31, 2018 is as follows:

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

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

(f) **Liquidity risk:**

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

At December 31, 2018 the Foundation has a total cash balance of \$134,742 (March 31, 2018 - \$227,644), which is lower than the total liabilities recorded of \$136,547 (March 31, 2018 - \$167,499).

However, total liabilities include amounts payable to pending trades that will be covered by amounts disclosed under investments and Endowment Fund assets.

As at December 31, 2018, the Foundation's liabilities have contractual maturities as follows:

<b>Accounts payable and accrued liabilities</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>Over 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other accounts payable and accrued liabilities	52,534	26,922	1,769	81,225
Accrued salaries	17,034	-	-	17,034

As at March 31, 2018, the Foundation's liabilities have contractual maturities as follows:

<b>Accounts payable and accrued liabilities</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>Over 1 year</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Amounts payable to pending trades	33,090	-	-	33,090
Other accounts payable and accrued liabilities	79,403	7,272	1,769	88,444
Accrued salaries	10,239	-	-	10,239

**8. Financial assets and financial liabilities – disclosure**



**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

---

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 December 31, 2018 was not available at the time of this report.

Financial Assets at fair value for investments and Endowment Fund assets as at March 31, 2018:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment Saving Account	86,705	-	-	86,705
Fixed income securities	-	12,867,400	-	12,867,400
Equity securities	15,836,058	-	-	15,836,058
Total investments and Endowment Fund assets	<b>15,922,763</b>	<b>12,867,400</b>	-	<b>28,790,163</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.

**9. Capital assets:**

Capital Assets at net book value as at December 31, 2018:

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

	<b>2018</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
Office furniture and equipment	120,502	114,503	5,999
Computer hardware	39,552	36,303	3,249
Equipment under capital lease	6,076	3,341	2,735
	<b>166,130</b>	<b>154,147</b>	<b>11,983</b>

Amortization of capital assets expense is \$3,930 (March 31, 2018 - \$14,771).

In this period, the carrying value of Leasehold improvements was reviewed and cost of \$42,988 was written-off against the accumulated amortizations.

Capital Assets at net book value as at March 31, 2018:

	<b>2018</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
Office furniture and equipment	119,281	112,840	6,441
Leasehold improvements	42,988	42,988	-
Computer hardware	35,971	34,946	1,025
Equipment under capital lease	6,076	2,430	3,646
	<b>204,316</b>	<b>193,204</b>	<b>11,112</b>

**10. Obligation under capital lease:**

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

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

	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Obligation under capital lease	\$ 2,854	\$ 3,751

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

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

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

Deferred contributions and deferred revenues recorded by the Foundation at December 31, 2018 are as follows:

	<b>December 31, 2018</b>	<b>March 31, 2018</b>
	\$	\$
Deferred contributions from government sources	35,434	31,975
Balance, end of the period	<b>35,434</b>	<b>31,975</b>

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

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

	December 31 2018	March 30 2018
	\$	\$
Balance, beginning of the period	31,975	8,200
Add: restricted contributions received from government sources	100,000	100,000
Less: amounts recognized as revenue	(96,541)	(76,225)
Balance, end of the period	<b>35,434</b>	
	<b>31,975</b>	

**12. Contractual rights and obligations:**

The Foundation has entered into a revenue and a payment contract. The revenue contract at December 31, 2018 is with the Department of Canadian Heritage for an amount of \$185,434 (March 31, 2018 - \$250,000) over the next 15 months for the project "Canada beyond 150: A promise to our Children" an initiative that will run to March 2020.

The payment contract pertains to a lease agreement for office premises and extend to March 31, 2023. As at December 31, 2018, future minimum contractual receipts total \$185,434 (March 31, 2018 - \$250,000) and future minimum contractual payments total \$402,725 (March 31, 2018 - \$474,467).

	Contractual rights	Contractual obligations
2018-19	\$ 35,434	\$ 23,914
2019-20	150,000	95,656
2020-21	-	95,656
2021-22	-	95,656
2022-23	-	91,843
	<b>\$ 185,434</b>	<b>\$ 402,725</b>

**13. Net investment income:**

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

<b>Net investment income from Endowment Fund assets</b>	<b>December 31 2018</b>	<b>December 31 2017</b>
	<b>\$</b>	<b>\$</b>
Realized gains (losses) on sale and impairment of Endowment Fund assets	(225,427)	1,702,408
Interest from cash and fixed income investments, dividends from Endowment Fund assets	474,730	531,423
Less: transaction costs and investment counsel fees	(106,759)	(115,631)
	142,544	2,118,199
<b>Net investment income from investments</b>		
Realized gains on sale and impairment of investments	24,247	262,555
Interest from cash and fixed income investments, dividends	117,491	73,186
Less: transaction costs and investment counsel fees	(27,297)	(17,450)
	114,441	318,291
<b>Net investment income</b>	<b>256,985</b>	<b>2,436,490</b>

**14. Investment in capital assets:**

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

	<b>December 31 2018</b>	<b>March 31 2017</b>
	<b>\$</b>	<b>\$</b>
Capital assets	11,983	11,112
Less: obligation under capital lease	(2,854)	(3,751)
	<b>9,129</b>	<b>7,361</b>

**14. Investment in capital assets (continued):**

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

	December 31 2018	March 31 2017
	\$	\$
Capital asset additions	4,802	-
Less: Capital asset leased	-	-
Capital assets purchased with Foundation funds	4,802	-
Amortization of capital assets	(3,930)	(14,771)
Repayment of capital lease obligation	897	1,155
<b>Net change in investment in capital assets</b>	<b>(1,769)</b>	<b>(13,616)</b>

**15. Related party transactions:**

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

During the period, the Foundation recorded revenue of \$96,541 (December 31, 2017- nil) with “Canada beyond 150: A promise to our Children” project, funded by the Department of Canadian Heritage.

During the period, the Foundation incurred expenses totaling \$185,852 (December 31, 2017 - \$137,293) with respect to salaries and benefits, honorarium and travel of members of the board of directors, and the executive director.

At December 31, 2018 the Foundation had accounts receivable of \$19,056 (March 31, 2018 – \$22,970) from Canada Revenue Agency for recoverable sales taxes.

**16. Schedule of Expenses by object:**

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Third quarter of fiscal year 2018-19, ended December 31, 2018**

---

**Expenses**

	<b>December 31 2018</b>	<b>December 31 2017</b>
	\$	\$
Salaries and benefits	319,239	258,502
Board of Directors honoraria and travel	77,499	80,209
Award of Excellence symposium and fundraising gala	73,741	-
Rent	66,956	53,154
Professional fees	65,487	44,470
Public education	58,953	11,052
Conferences, symposia and consultations	32,122	27,998
Communication	23,116	16,893
Office and general	18,929	21,590
Staff recruitment and development	9,359	6,356
Amortization	3,930	11,002
Information systems and development	3,378	1,975
Education and training center	3,138	1,723
Interest expenses	145	164
	<b>\$755,992</b>	<b>\$535,088</b>