



**Canadian  
Race Relations  
Foundation**

**Fondation  
canadienne des  
relations raciales**

**Unaudited Quarterly Financial Report  
First quarter of fiscal year 2015-2016 ended  
June 30, 2015**

# CANADIAN RACE RELATIONS FOUNDATION

## Unaudited Quarterly Financial Report First quarter of fiscal year 2015-2016, ended June 30, 2015

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## Financial Management Discussion and Analysis

### First quarter of fiscal year 2015-2016, ended June 30, 2015

Refer to Management's Discussion and Analysis as presented in the March 31, 2015 Annual Report. Updates for the quarter ended June 30, 2015 are as follows.

#### Statement of Financial Position Discussion

	2015 June 30 (Actual \$)	2015 March 31 (Actual \$)	Changes	
			\$	%
<b>Assets</b>				
Cash	232,439	188,498	43,941	23
Investments and Endowment Fund	27,389,328	28,415,684	(1,026,356)	(3.6)
Prepaid expenses, receivables	241,538	487,202	(245,664)	(50)
Capital assets	31,331	33,135	(1,803)	(5)
<b>Total Assets</b>	<b>27,894,636</b>	<b>29,124,519</b>	<b>(1,229,883)</b>	<b>(4.2)</b>
<b>Liabilities and Equity</b>				
Accounts payable and accrued liabilities	40,278	702,511	(662,234)	(94)
Accrued salaries and employees future benefits	18,429	29,776	(11,347)	(38)
Deferred contributions and deferred revenues	37,915	38,215	(300)	(1)
Net assets	27,798,016	28,354,017	(556,002)	(2)
<b>Total Liabilities and Net Assets</b>	<b>27,894,636</b>	<b>29,124,519</b>	<b>(1,229,883)</b>	<b>(4.2)</b>

**Cash** is composed of cash at banks and unrestricted cash balances held by the Foundation's investment managers. As at June 30, 2015 total cash in operating bank accounts amounted to \$161,338 and unrestricted cash balances held by the Foundation's investment managers amounted to \$71,101.

**Investments and Endowment Fund asset** have decreased 3.6% or \$1,026,356 for the three-month ended June 30, 2015 compared to the investment value at March 31, 2015. This is primarily due to the decrease in fair value of the Foundation's investments as the results of stock markets volatility. For the three-month period ended June 30, 2015 the combined portfolio returned – 1.51% or \$389,452 loss after all fees and taxes. The return rate excluding the remeasurement (unrealized) gains is 0.89% or \$228,018 gain.

**Prepaid expenses, receivables** decreased \$245,664 compared to March 31, 2015. This is mainly for reduction of receivables from CIC Our Canada project of \$177,064 and dividend investment income receivables of \$72,972.

**Capital assets** decreased \$1,803 for the three-month ended June 30, 2015 compared to March 31, 2015 as the result of amortization of all assets of \$2,987 and addition to Computer hardware of \$1,183.

## Statement of Financial Position Discussion (continued)

### Liabilities

**Accounts payable and accrued liabilities** decreased \$662,234 for the three-month ended June 30, 2015 compared to March 31, 2015. This is mainly for reversal of payables (adjustment for cutoff date in 2014-15) to the Foundation's investment managers for purchase of investments at March 31, 2015.

**Accrued salaries and employees future benefits payable** decreased \$11,347 for the three-month ended June 30, 2015 compared to March 31, 2015.

**Deferred contributions and deferred revenues** decreased \$300 for the three-month ended June 30, 2015 compared to March 31, 2015. This is due to decrease in rent inducement for the three-month ended June 30, 2015.

**Net Assets** decreased 2% in the three-month ended June 30, 2015 compared to March 31, 2015 mainly due to remeasurement (unrealized) loss on investments portfolio of \$617,470 reduced by the excess of revenues over expenses of \$61,469 for the three-month ended June 30, 2015.

## Statement of Operations Discussion

Revenues	2015 June 30 \$	2014 June 30 \$	Changes	
			\$	%
Funded projects	168,449	8,000	160,449	2,006
Sponsorships, donations and contributions, honoraria and fundraising gala	704	-	704	-
Publications, in-kind & Miscellaneous revenues	-	2,070	(2,070)	(100)
<b>Total Revenues</b>	<b>169,153</b>	<b>10,070</b>	<b>159,083</b>	<b>1,580</b>
<b>Net investment gain</b>				
Investment income earned	157,256	144,305	12,951	9.0
Changes in fair value –realized	70,762	60,787	9,975	16
<b>Net investment gain</b>	<b>228,018</b>	<b>205,092</b>	<b>22,926</b>	<b>11</b>

Revenues from **Funded projects** of \$ 168,449 represent payments received by the Foundation from the Department of Citizenship and Immigration Canada for the "Our Canada" project. This project started in July 2014.

## Statement of Operations Discussion (continued)

Revenues from **Sponsorships, donations and contributions, honoraria and fundraising gala** relate to honoraria received from public speaking engagements, donations and revenues from sponsorships and fundraising gala.

**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 three-month ended June 30, 2015 is \$157,256 an increase of \$12,951 compared with three-month ended June 30, 2014.

**Changes in fair value realized** of investments for three-month ended June 30, 2015 include realized gain on sales of investments of \$70,762 an increase of \$9,975 compared with three-month ended June 30, 2014

Unrealized gains (losses) on investments measured at fair value are recognized in the Statement of Remeasurement Gains and Losses. Unrealized changes in fair value of the investments in the three-month ended June 30, 2015 were \$617,470 loss compared to gain of \$443,279 in June 30, 2014.

Expenses	2015 June 30	2014 June 30	Changes	
	\$	\$	\$	%
Funded projects	166,949	8,619	158,330	1836
Salaries and benefits	125,750	94,303	31,447	33
Rent	20,544	20,566	(22)	(0.11)
Board of Directors honoraria and travel	11,498	4,205	7,293	172
Communication	7,553	13,234	(5,681)	(43)
Office and general, conference, symposium and others	2,857	7,249	(4,392)	(61)
Professional fees	552	754	(201)	(27)
<b>Total Expenses</b>	<b>335,702</b>	<b>148,930</b>	<b>186,847</b>	<b>125</b>

The Foundation's total expenses is \$335,702 for the three-month ended June 30, 2015 with the three main users of funds being funded projects, salaries and benefits and rent , totaling \$166,949, \$125,750 and \$20,544 respectively.

## Statement of Operations Discussion (continued)

There was \$158,330 increase in **funded projects** expenses compared to June 30, 2014 due to approved funding for the “Our Canada” project which started in July 2014. There was \$ 31,447 increase in **salaries and benefits** expenses compared to June 30, 2014 mainly due to completion of hiring of permanent personnel specified in the approved 2015-16 organizational chart.

Honoraria and expenses for the **Board of Directors** increased \$7,293 for the three-month ended June 30, 2015. There was one Director’s in-person meeting in this period.

**Communications** are public and media relations expenses. There was a \$5,681 decrease in communications expenses compared to June 30, 2014, mainly due to less translation cost.

**Office and general, conference, symposium and others expenses** decreased \$4,392 in the three-month ended June 30, 2015 compared to June 30, 2014 mainly due to the administration fees received for the funded project.

**Professional fees** are for legal, accounting and corporate services fees and had no significant changes compared to June 30, 2014.

## Outlook for the Future

The Canadian Race Relations Foundation continues to fund its core programs and operations through the investment income from its original endowment. In 2015-2016, the Foundation will continue to execute the 3-year project funded by Citizenship and Immigration Canada, “Our Canada”, which is designed to heighten awareness, understanding of and respect for Canadian values and traditions. The Foundation will sustain the robust national dialogue to strengthen appreciation for Canadian values and citizenship that was launched with the “Our Canada” project in conjunction with CRRF’s biennial Awards of Excellence and Symposium in November, 2014. The Foundation will also focus on broadening the reach and depth of its programmes as a national voice to strengthen harmonious race relations through a number of initiatives, including the relaunching of its publication *Directions*, the ongoing expansion of the CRRF Clearinghouse and website resources, and the establishment of a vigorous webinar program such as the new eRACE, designed to engage authors and others in this dialogue, while expanding the circle of sponsors, partners and stakeholders.

The Foundations has an approved operating budget of \$1,624,000 and an expenditures budget of \$1,624,000 for 2015-2016. The approved budget for the year is closely monitored by senior management, the Finance and Audit Committee and the Board of Directors. Budget variance reports are reviewed and monitored on a regular basis. Where necessary, adjustments are made in consultation with the Finance and Audit Committee, subject to the approval of the Executive Committee or Board of Directors. All expenditures are governed by the approved budget and Board resolutions, as well as any applicable guidelines and policies of the

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

Government. Quarterly financial statements and related notes are also prepared in accordance with the Treasury Board standards and are posted on the Foundation's website.

The Foundation's programs and activities are designed in accordance with the Foundations' recently adopted 2014 to 2017 Strategic Plan, which continues the forward momentum of the Foundation, building on the successes of the past, and challenging the Foundation to move forward with technological and programmatic advances. While the Strategic Plan advances the Foundation in alignment with contemporary issues of race relations, it represents a legacy of commitment to the Canadian Race Relations Foundation's central purpose as set out in the Canadian Race Relations Foundation Act 1991.

**CANADIAN RACE RELATIONS FOUNDATION**

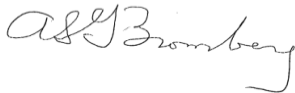
**Unaudited Quarterly Financial Report**

**For the three months ended June 30, 2015**

**Statement of Management Responsibility**

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

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



Anita Bromberg  
Executive Director

August 28, 2015



Arsalan Tavassoli MA, CPA, CGA  
Finance and Administration Director

August 28, 2015



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

**As at June 30, 2015**

	<b>2015</b>	<b>2015</b>
	<b>June 30</b>	<b>March 31</b>
	\$	\$
<b>Assets</b>		
Current Assets		
Cash (note 3)	232,439	188,498
Prepaid expenses	10,749	17,704
Receivables	230,789	469,498
Investments (note 4)	2,252,123	2,301,704
	<u>2,726,100</u>	<u>2,977,404</u>
Endowment Fund asset (note 5)	23,748,506	24,669,467
Investments (note 4)	1,388,699	1,444,513
Capital assets (note 7)	31,331	33,135
	<u>27,894,636</u>	<u>29,124,519</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	40,278	702,511
Accrued salaries	13,806	27,653
Deferred contributions and deferred revenues (note 8)	37,915	38,215
	<u>91,998</u>	<u>768,379</u>
Employees future benefits (note 9)	4,623	2,123
	<u>96,621</u>	<u>770,502</u>
<b>Net assets</b>		
Unrestricted	1,296,128	1,232,856
Invested in capital assets (note 12)	31,331	33,135
Accumulated remeasurement gains	2,470,556	3,088,026
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>27,798,016</u>	<u>28,354,017</u>
	<u>27,894,636</u>	<u>29,124,519</u>

Contractual obligations (note 10)

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

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

	<b>Three months ended</b>	
	<b>June 30 2015</b>	<b>June 30 2014</b>
<b>Revenues</b>	\$	\$
Funded projects	168,449	8,000
Sponsorships, donations and contributions, honoraria and fundraising gala	704	-
Publications, in-kind & Miscellaneous revenue	-	2,070
	<b>169,153</b>	<b>10,070</b>
<b>Expenses (note 14)</b>		
Funded projects	166,949	8,619
Programs expenses	113,708	94,683
Administration & Operating expense	36,453	42,952
Board of Directors meetings	11,498	4,205
Conferences, symposia and consultations	4,500	(2,329)
Public Education and training	2,079	-
Information systems and development	416	754
Finance cost	99	47
	<b>335,702</b>	<b>148,930</b>
Deficiency of revenues over expenses before net investment income	(166,549)	(138,860)
Net investment income (note 11)	228,018	205,092
<b>Excess of revenues over expenses</b>	<b>61,469</b>	<b>66,232</b>

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED INTERIM QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Remeasurement Gains and Losses**  
**First quarter of fiscal year 2015-2016, ended June 30, 2015**

	June 30 2015	June 30 2014
	\$	\$
Accumulated remeasurement gains , beginning of period	3,088,026	2,067,777
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investment in equity instruments quoted in an active market	(425,494)	457,475
Financial instruments designated to the fair value category	(121,214)	46,591
<b>Amounts reclassified to the statement of operations:</b>		
Portfolio investment in equity instruments quoted in an active market	(46,439)	(137,301)
Financial instruments designated to the fair value category	(24,323)	76,514
<u>Accumulated Remeasurement gains (losses) for the period</u>	<u>(617,470)</u>	<u>443,279</u>
<u>Accumulated Remeasurement gains , end of period</u>	<u>2,470,556</u>	<u>2,511,056</u>

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>June 30 2015</b>	Unrestricted	Invested in capital assets	Accumulated remeasureme nt gains	Endowment	<b>June 30 2015</b>
	\$	\$	\$	\$	\$
Net assets, beginning of period	1,232,857	33,135	3,088,026	24,000,000	28,354,017
Excess of revenues over expenses	61,469	-	-	-	61,469
Remeasurement losses	-	-	(617,470)	-	(617,470)
Net change in investment in capital assets (note 11)	1,804	(1,804)	-	-	-
<b>Net assets, end of period</b>	<b>1,296,130</b>	<b>31,331</b>	<b>2,470,556</b>	<b>24,000,000</b>	<b>27,798,016</b>

<b>March 31 2015</b>	Unrestricted	Invested in capital assets	Accumulated remeasureme nt gains	Endowment	<b>March 31 2015</b>
	\$	\$	\$	\$	\$
Net assets, beginning of year	295,404	44,549	2,067,777	24,000,000	26,407,730
Excess of revenues over expenses	926,038	-	-	-	926,038
Remeasurement gains	-	-	1,020,249	-	1,020,249
Net change in investment in capital assets (note 11)	11,414	(11,414)	-	-	-
<b>Net assets, end of year</b>	<b>1,232,856</b>	<b>33,135</b>	<b>3,088,026</b>	<b>24,000,000</b>	<b>28,354,017</b>

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED INTERIM QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Cash Flows**  
**First quarter of fiscal year 2015-2016, ended June 30, 2015**

	<b>Three months ended</b>	
	<b>2015</b>	<b>2014</b>
	<b>June 30</b>	<b>June 30</b>
	\$	\$
<b>Operating activities:</b>		
Excess of revenue over expenses	61,469	27,109
Items not affecting cash:		
Amortization	2,987	3,948
Realized losses on sale of investments (note 11)	(53,989)	(2,945)
	<u>10,467</u>	<u>28,111</u>
<b>Changes in non-cash operating assets and liabilities:</b>		
Decrease in prepaid expenses	6,955	1,603
Decrease in receivables	238,708	2,072,680
Decrease in accounts payable and accrued liabilities, accrued salaries	(676,081)	(1,926,953)
Decrease in deferred contributions and deferred revenues	(300)	(300)
	<u>(420,250)</u>	<u>175,142</u>
<b>Capital activities:</b>		
Addition to capital assets	(1,182)	-
	<u>(1,182)</u>	<u>-</u>
<b>Investing activities:</b>		
Proceeds from sale of endowment investments and other investments	5,606,221	5,786,039
Purchase of endowment investments and other investments	(5,140,847)	(5,897,835)
	<u>465,374</u>	<u>(111,796)</u>
<b>Financing activities:</b>		
Repayment of capital lease obligations	-	(595)
	<u>-</u>	<u>(595)</u>
<b>Increase in cash and cash equivalents</b>	<u>43,941</u>	<u>63,346</u>
Cash , beginning of period	188,498	125,152
Cash , end of period	<u>232,439</u>	<u>188,498</u>

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

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**First quarter of fiscal year 2015-2016, ended June 30, 2015**

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

**1. Description of organization:**

The Canadian Race Relations Foundation (“the Foundation”) was established by way of federal government legislation (Bill C-63 “*The Canadian Race Relations Foundation Act*”, 1991).

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

The Foundation’s Education and Training Centre develops and delivers diversity, equity and human rights education and training as it relates to harmonious race relations.

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

**2. Significant accounting policies:**

**(a) Basis of presentation:**

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

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

**(b) Revenue recognition:**

(i) Donations and contributions:

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

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

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

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

(ii) Net investment income:

Investment transactions are accounted for on a trade-date basis. Trade-date accounting refers to the recognition of an asset to be received and the liability to pay for it on the trade

**2. Significant accounting policies:**

(ii) Net investment income (continued):

date; and the derecognition of an asset that is sold, recognition of any gain or loss on disposal, and the recognition of a receivable from the buyer for payment on the trade date.

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

Interest from cash and cash equivalents and fixed income investments are recognized as revenue when earned. Dividends are recognized as revenue on the ex-dividend date. Distributions are recognized as revenue on the date the distribution is declared.

Transaction costs, such as brokerage commissions incurred in the purchase and sale of investments are expensed as incurred and charged to investment income for investments recorded in the fair value category.

Investment counsel fees are expensed as incurred and charged to investment income.

(iii) Sponsorships:

Unrestricted sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted sponsorships are deferred and recognized as revenue in the year in which the related obligations are fulfilled.

(iv) Donation in kind:

Donated materials and services are recognized in these financial statements when a fair value can be reasonably estimated and when the donated materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. Revenues and offsetting expenses from goods and services received in-kind are recorded at fair market value upon receipt.

(v) Volunteer services:

The Foundation records the fair value of revenue and offsetting expenses of volunteer services in its financial statements if the fair value of volunteer services can be reasonably estimated. If the fair value cannot be estimated, a footnote disclosure is provided in the notes to financial statements.

(vi) Other revenues:

Revenues from honoraria, fundraising gala, publications, workshops and funded projects are recognized in the year in which the services or events relating thereto take place. Externally restricted funds received in return for future services or events are deferred.

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

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

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

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

The Foundation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable, however most of the accounts receivable at the period -end June 30, 2015 are with Government of Canada and no allowance are recorded.

**(d) Financial assets and financial liabilities**

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

Investments consist of fixed income investments and equities. All investments have been classified in the fair value category and are recorded at fair value as active management of the investment portfolio including capitalizing on short-term pricing opportunities is integral to generating funding for the Foundation. Gains and losses on these investments are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment.

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

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

The fair value of the Foundation's assets and liabilities accounted for are based on market measurement on June 30. Fair values of investments are determined by reference to published price of the most recent transaction in an active market at period-end representing by the full price for fixed income investments and the closing price for equities. Inputs to the valuation

methodology for determination of fair values of investments which are classified at Level 2 include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The prices are determined based on the market activity.

**(f) Capital assets:**

Capital assets are measured at amortized cost. Assets under capital lease are initially recorded at the present value of the minimum lease payments and are amortized over the term of the lease.



**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**First quarter of fiscal year 2015-2016, ended June 30, 2015**

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

**(f). Capital assets (continued)**

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

Assets	Estimated Useful Lives
Office furniture and equipment	5 years
Office equipment under capital lease	Over the term of the lease
Computer hardware	3 years
Computer software	3 years
Database development	3 years
Leasehold improvements	Over the term of the lease

**(g) Artworks:**

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

**(h) Foreign currency translation:**

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

**(i) Employees future benefits:**

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

The Foundation does not have any obligations for retirement benefits (pensions and other retirement benefits, such as extended health care and life insurance benefits, or any other form of compensation offered for services rendered) to its employees or a promise to provide these benefits to employees because of retirement in return for their services.

The Foundation, in accordance with its human resource policy, provides Registered Retirement Savings Plans equal to 4% of annual earnings to its permanent employees.

There is no obligation for employees to make contributions.

**CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**First quarter of fiscal year 2015-2016, ended June 30, 2015**

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

**(j) Measurement uncertainty:**

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

**(k) Contingent liabilities:**

In the normal course of its operations, the Foundation becomes involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Foundation's financial statements. No amount has been included in the Statement of Financial Position for contingent liabilities. At June 30, 2015, there are no outstanding claims.

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

The Foundation's operations are performed by functional areas that provide integrated services to its various programs. Expenses are reported by function or major program and in total on the accompanying Statement of Operations and are disclosed by the detail of expenses by object and in total in the schedule in note 17 to financial statements. This schedule outlines the major types of expenses incurred.

**3. Cash**

Cash includes unrestricted cash balances with banks at June 30.

	<b>June 30 2015</b>	<b>March 31 2015</b>
	\$	\$
Cash – unrestricted	232,439	188,498
<b>Total cash</b>	<b>232,439</b>	<b>188,498</b>

The carrying amount of these assets approximates their fair value.

**4. Investments:**

<b>June 30, 2015</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	2,193,923	-	2,193,923
Fixed income investments - Canadian	58,200	604,105	662,305
Equity securities- Canadian	-	291,802	291,802
Equity securities- Foreign	-	492,792	492,792
	<b>2,252,123</b>	<b>1,388,699</b>	<b>3,640,822</b>

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**4. Investments (continued):**

<b>March 31,2015</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	2,272,465	-	2,272,465
Fixed income investments - Canadian	29,239	643,022	672,261
Equity securities- Canadian	-	306,752	306,752
Equity securities- Foreign	-	494,739	494,739
	<b>2,301,704</b>	<b>1,444,513</b>	<b>3,746,217</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 from the Endowment Fund is available to fund the Foundation's activities.

The Endowment Fund assets are composed of cash and investments:

<b>Cash consisted of the following at:</b>	<b>June 30 2015</b>	<b>March 31 2015</b>
	\$	\$
Cash – restricted	\$320,193	831,886
<b>Total cash</b>	<b>\$320,193</b>	<b>831,886</b>

Investments consisted of the following at:

<b>June 30,2015</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	1,031,452	-	1,031,452
Fixed income investments - Canadian	899,545	9,443,002	10,342,547
Equity securities- Canadian	-	5,259,115	5,259,115
Equity securities- Foreign	-	6,795,198	6,795,198
	<b>1,930,997</b>	<b>21,497,316</b>	<b>23,428,313</b>

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

<b>March 31,2015</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	1,177,452	-	1,177,452
Fixed income investments - Canadian	458,429	9,917,100	10,375,529
Equity securities- Canadian	-	4,771,769	4,771,769
Equity securities- Foreign	-	7,512,831	7,512,831
	<b>1,635,881</b>	<b>22,201,700</b>	<b>23,837,581</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 within the Foundation's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market news related to specific securities within the Foundation's portfolio. The level of risk depends on the Foundation's investment objectives and the types of securities in which it invests.

The Foundation manages these risks by following a diversified investment strategy which is defined and set out in its Investment Policy Statement (IPS). The portfolio is diversified according to asset class by combining different types of asset classes such as money market, fixed income and equities within

the portfolio. The percentage of the portfolio allocated to each asset class is defined within a specific range and the allocations are reviewed at least every quarter to ensure that they remain within the target range or the portfolio is rebalanced to the target range.

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

(a) Asset Mix:

As of June 30, 2015, the Foundation's investment portfolio investment asset mix was as follows:

<b>Asset Mix</b>	<b>IPS Target</b>	<b>Range Permitted</b>
13.17% in Cash and cash equivalents (March 31 2015 -13.65%)	0%	0 %- 20%
40.07% in Fixed Income (March 31 2015 - 40.32 %)	50%	40%-70%
17.50% in Canadian Equities (March 31 2015 – 17.38 %)	25%	10%-30%
29.26% in Global Equities (March 31 2015 – 28.65 %)	25%	10%-40%

Within each asset class, the Foundation also holds investments with different risk-return characteristics. For example, equities are diversified across industry sectors and by company size (market capitalization) while bonds are diversified by credit ratings, term to maturity, as well as across the government and corporate bond sectors. In addition, the Foundation employs investment

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

managers with different investment styles such as value, growth and growth at a reasonable price (GARP). Diversification also occurs at the individual security selection level whereby securities are selected based on either top-down analysis or bottom-up analysis. The Foundation is also diversified across geographic regions by investing in Canadian, US and international securities.

(b) Credit risk:

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

(i) Fixed income securities:

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

The credit rating information for June 30, 2015 was not available at the time of this report.

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

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

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

(ii) Accounts receivable:

The Foundation's exposure to credit risk associated with accounts receivable is assessed as being low mainly due to the type of the Foundation's debtors which are mainly from Government of Canada and related parties. All accounts receivables are less than 3 months.

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

	June 30 2015	March 31 2015
Government of Canada	\$ 178,971	\$ 384,968
Other organizations	51,818	84,530
	\$ 230,789	\$ 469,498

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

(c) Interest rate risk:

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

The Foundation's fixed income fair value investments comprise:

	<b>June 30 2015</b>	<b>March 31 2015</b>
Fixed income investments – Canadian	\$ 11,004,852	\$ 11,047,790
	<b>\$ 11,004,852</b>	<b>\$ 11,047,790</b>

As at June 30, 2015 the Foundation's exposure to debt instruments by maturity and the cumulative impact on the Statement of Remeasurement Gains and Losses and net investment income had the yield curve shifted in parallel by 25 basis points with all other variables held constant ("sensitivity analysis"), is as follows:

Fixed income securities fair value by maturity date:

	<b>June 30 2015</b>	<b>March 31 2015</b>
Less than 1 year	\$ 957,745	\$ 487,669
1-3 years	1,212,250	1,498,720
3-5 years	3,538,735	4,783,517
Greater than 5 years	5,296,122	4,277,884
	<b>\$ 11,004,852</b>	<b>\$ 11,047,790</b>

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

(d) Currency risk:

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

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

<b>June 30 2015</b>	<b>USD (\$)</b>	<b>March 31 2015</b>	<b>USD (\$)</b>
<b>Market Value</b>	\$ 8,034,237	<b>Market Value</b>	\$8,007,570
<b>% of Portfolio</b>	29.26 %	<b>% of Portfolio</b>	33.18%

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

As at June 30, 2015, if the Canadian dollar strengthened or weakened by 1% in relation to other currencies, with all other variables held constant, the Statement of Remeasurement Gains and Losses and net investment income would have an increase or decrease by approximately:

	June 30 2015 Increase in value	June 30 2015 Decrease in value	March 31 2015 Increase in value	March 31 2015 Decrease in value
US dollars	80,342	(80,342)	80,076	(80,076)

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

(e) Other price risk:

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

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

(e). Other price risk (continued)

and financial liabilities. The Foundation's overall market positions are monitored on a daily basis by the portfolio managers. Financial assets held by the Foundation are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The portfolio's actual return is compared to the benchmark return as a measure of relative performance. The benchmark return is based on the index returns for each asset class and the long-term target allocation of each asset class in the portfolio. The portfolio's long-term target asset allocation is specified in the Foundation's Investment Policy Statement. The revised Investment Policy Statement which was approved in 2013-2014 fiscal year was in force during the current year. As a result, the Foundation's long-term target asset allocation and individual asset class indices in effect as at June 30, 2015 is as follows:

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

(f) Liquidity risk:

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

At June 30, 2015 the Foundation has a total cash balance of \$ 232,439 (March 31 2015 - \$188,498), which is greater than the total liabilities recorded at June 30, 2015 of \$96, 621 (March 31 2015 - \$770,502).

As at June 30, 2015, the Foundation's liabilities have contractual maturities as follows:

	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Accounts payable and accrued liabilities	30,434	794	9,050	40,278
Accrued salaries and employees future benefits	18,429	-	-	18,429



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

(f). Liquidity risk (continued)

**As at March 31, 2015**, the Foundation's liabilities have contractual maturities as follows:

	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Accounts payable and accrued liabilities	687,820	4,792	9,899	702,511
Accrued salaries and employees future benefits	29,776	-	-	29,776

**7. Capital assets:**

Capital Assets at net book value as at June 30, 2015:

	Cost	Accumulated amortization	2015 Net book value
Office furniture and equipment	\$ 109,055	106,896	2,159
Leasehold improvements	42,987	19,345	23,642
Computer hardware	31,730	27,056	4,674
Computer software	5,466	4,610	856
	<b>\$ 189,238</b>	<b>\$ 157,907</b>	<b>\$ 31,331</b>

Amortization of capital assets expense is \$2,986 (March 31 2015 - \$18,043).

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

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

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

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

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

Deferred contributions and deferred revenues recorded by the Foundation at June 30, 2015 are as follows:

	June 30 2015	March 31 2015
Deferred contributions from non-government sources	\$ 37,915	\$ 38,215
Balance, end of the period	<b>\$ 37,915</b>	<b>\$ 38,215</b>

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

	June 30 2015	March 31 2015
Balance, beginning of the period	\$ 38,215	\$ 39,415
Less: amounts recognized as revenue	(300)	(1,200)
Balance, end of the period	<b>\$ 37,915</b>	<b>\$ 38,215</b>

**9. Employee future benefits:**

Severance benefits liability:

The Foundation provides severance benefits to its employees based on years of service and salary upon termination. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future sources of revenue. Accrued benefit obligation at the end of the period was \$4,623.

**10. Contractual obligations:**

The contractual obligations for the next three years are related to the operating leases and as at June 30, 2015 amounted to \$267,614 (March 31, 2015 - \$282,893).

The following table summarizes the Foundation's contractual obligations as of June 30, 2015:

	2015/16	2016/17	2017/18	Total
Office premises	\$ 80,513	\$97,065	\$90,036	\$267,614

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**11. Net investment income:**

	June 30 2015	June 30 2014
	\$	\$
Realized gains on sale of investments	53,989	(2,945)
Interest from cash and cash equivalents and fixed income investments, dividends	221,440	252,429
Less: transaction costs and investment counsel fees	(47,410)	(44,392)
<b>Net investment income</b>	<b>228,018</b>	<b>205,092</b>

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

	June 30 2015	June 30 2014
	\$	\$
Realized gains on sale of investments recognized in the Statement of Operations in the period	53,989	(2,945)
Gain (losses) recognized in the Statement of Remeasurement Gains and Losses	(617,470)	443,279
<b>Total net investment income (loss) earned on resources held for endowment in the period</b>	<b>(563,482)</b>	<b>440,333</b>

**12. Investment in capital assets:**

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

	June 30 2015	March 31 2015
Capital assets	\$ 31,331	\$ 33,135
	<b>\$ 31,331</b>	<b>\$ 33,135</b>

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

	June 30 2015	March 31 2015
Capital asset additions	\$ 1,182	\$ 4,210
Capital assets purchased with Foundation funds	1,182	4,210
Amortization of capital assets	(2,986)	(18,043)
Repayment of capital lease obligation	-	2,419
<b>Net change in investment in capital assets</b>	<b>\$ (1,804)</b>	<b>\$ (11,414)</b>

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**13. Related party transactions:**

The Foundation is related in terms of common ownership to all Government of Canada departments, agencies, Crown corporations and anybody related to persons fulfilling senior management functions. The Foundation enters into transactions with these entities in the normal course of business. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to be paid by the related parties. During the period, the Foundation recorded revenue of \$166,949 with “the Our Canada” project, funded by Citizenship and Immigration Canada.

The Foundation has \$1,370,861 contractual obligations with Citizenship and Immigration Canada for the Our Canada project as at June 30, 2015 (March 31 2015- \$1,537,810).

During the period, the Foundation incurred expenses totaling \$47,248 with respect to salaries and benefits, honorarium and travel of members of the board of directors and the executive director.

<b>Accounts receivable from related party</b>	<b>30 June 2015</b>	<b>31 March 2015</b>
Accounts receivable from CIC	\$168,082	\$345,146

At June 30, 2015 the Foundation had accounts receivable of \$10,889 (March 31 2014 – \$39,822) from Canada Revenue Agency.

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

	<b>June 30 2015</b>	<b>June 30 2014</b>
<b>Expenses</b>		
Funded projects	166,949	8,619
Salaries and benefits	125,750	94,303
Rent	20,544	20,566
Board of Directors honoraria and travel	11,498	4,205
Communication	7,553	13,234
Conferences, symposia and consultations	4,425	(2,329)
Amortization	2,987	3,948
Public education	2,079	-
Professional fees	552	-
Information systems and development	416	754
Interest expenses	99	47
Office and general	(7,149)	5,583
	<b>335,702</b>	<b>148,930</b>