

Canadian Race Relations Foundation

Unaudited Quarterly Financial Report
Second quarter of fiscal year 2019-2020
ended September 30, 2019

CANADIAN RACE RELATIONS FOUNDATION

Unaudited Quarterly Financial Report

Second quarter of fiscal year 2019-2020, ended September 30, 2019

Table of Contents

Financial Management Discussion and Analysis	2
Statement of Management Responsibility	8
Unaudited Quarterly Financial Statements	9
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

Second quarter of fiscal year 2019-2020, six months ended September 30, 2019

Refer to Management's Discussion and Analysis as presented in the March 31, 2019 Annual Report. Updates for the second quarter of fiscal year 2019-2020 ended September 30, 2019 are as follows.

Statement of Financial Position Discussion

	September 30	March 31	Changes	
	2019	2019	\$	%
	\$	\$	\$	%
Assets				
Cash	177,230	63,169	114,061	181
Investments and Endowment Fund assets	30,479,048	29,937,927	541,121	2
Prepaid expenses, receivables	57,114	458,608	(401,494)	(88)
Capital assets	23,820	11,328	12,492	110
Total Assets	30,737,212	30,471,032	266,180	1
Liabilities and Net Assets				
Accounts payable and accrued liabilities	92,550	362,946	(270,396)	(75)
Accrued salaries	8,045	31,352	(23,307)	(74)
Obligation under capital lease	1,931	2,549	(618)	(24)
Net assets	30,634,686	30,074,185	560,501	2
Total Liabilities and Net Assets	30,737,212	30,471,032	266,180	1

Financial Management Discussion and Analysis (continued)

Assets

Cash is composed of cash at banks and unrestricted cash balances held by the Foundation's investment managers. As at September 30, 2019 total cash in operating bank accounts amounted to \$48,711 and unrestricted cash balances held by the Foundation's investment managers amounted to \$128,519.

Investments and Endowment Fund asset have increased by 2% or \$541,121 for the six-month ended September 30, 2019 compared to the investment value at March 31, 2019. For the six-month period ended September 30, 2019 the combined portfolio returned 3.22% or \$964,633 (September 30, 2018 – 2.76% or \$816,876) after all fees and taxes. The return rate excluding the remeasurement (unrealized) gains is 1.35% or \$405,115 (September 30, 2018 – 0.27% or \$79,593).

Prepaid expenses, receivables decreased by \$401,494 compared to March 31, 2019. This is mainly for reduction of receivables from Foundation's investment managers for pending trades of \$363,982 and reduction of dividend and interest receivables of \$29,827.

Capital assets increased by \$12,492 for the six-month ended September 30, 2019 compared to March 31, 2019. The increase is for addition to computer equipment of \$13,529 and to office furniture & equipment of \$2,806, reduced by the amortization of all assets of \$3,843.

Liabilities

Accounts payable and accrued liabilities decreased by \$270,396 for the six-month ended September 30, 2019 compared to March 31, 2019. This is mainly for reduction of payables to Foundation's investment managers for pending trades of \$271,723, offset by a reduction in trade accounts payable of \$1,327.

Accrued salaries decreased by \$23,307 for the six-month ended September 30, 2019 compared to March 31, 2019.

Net Assets increased by 2% or \$560,501 in the six-month ended September 30, 2019 compared to March 31, 2019 mainly due to the remeasurement (unrealized) gain on investments portfolio of \$559,518 and excess of revenues over expenses of \$983 for the six-month ended September 30, 2019.

Statement of Operations Discussion

	September 30 2019	September 30 2018	Changes	
	\$	\$	\$	%
Revenues				
Funded projects	71,800	84,044	(12,244)	(15)
Sponsorships, donations and contributions, honoraria and fundraising gala	3,265	26,924	(23,659)	(88)
Total Revenues	75,065	110,968	(35,903)	(32)
Net investment income				
Investment income earned	323,011	282,344	40,667	14
Changes in fair value-realized	82,104	(202,751)	284,855	(140)
Net investment income	405,115	79,593	325,522	409

Revenues from **Funded projects** of \$71,800 represent payment received by the Foundation from the Department of Canadian Heritage for the “Canada Beyond 150: A Promise to Our Children” project of \$64,800 and revenue from workshops funded by the Halton District School Board of \$7,000.

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 the six-month ended September 30, 2019 is \$323,011 an increase of \$40,667 compared to six-month ended September 30, 2018.

Changes in fair value realized of investments for the six-month ended September 30, 2019 include realized gain on sales of investments of \$82,104, an increase of \$284,855 compared to six-month ended September 30, 2018, mainly due to better investment returns for the period ended September 30, 2019.

Unrealized gains (losses) on investments measured at fair value are recognized in the Statement of Remeasurement Gains and Losses. Unrealized changes in fair value of the investments in the six-month ended September 30, 2019 were \$559,518 gain compared to gain of \$737,278 in September 30, 2018, a decrease of \$177,760, mainly due to decrease in market value of investments.

Statement of Operations Discussion (continued)

Expenses	September 30 2019			September 30 2018			Changes	
	CRRF	Funded Project	Total	CRRF	Funded Project	Total	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
Salaries and benefits	187,168	19,466	206,634	188,125	23,937	212,062	(5,428)	(3)
Board of Directors honoraria and travel	73,641	-	73,641	60,304	-	60,304	13,337	22
Public education	31,566	21,135	52,701	6,558	48,202	54,760	(2,059)	(4)
Rent	43,988	-	43,988	43,993	-	43,993	(5)	-
Conferences, symposia and consultations	20,338	12,664	33,002	21,676	5,277	26,953	6,049	22
Professional fees	15,598	8,333	23,931	23,684	22,021	45,705	(21,774)	(48)
Office and general	9,556	10,202	19,758	6,772	7,181	13,953	5,805	42
Information systems and development	11,537	-	11,537	1,871	-	1,871	9,666	517
Communication	9,921	-	9,921	11,707	5,441	17,148	(7,227)	(42)
Amortization	3,843	-	3,843	2,316	-	2,316	1,527	66
Staff recruitment and development	145	-	145	1,019	-	1,019	(874)	(86)
Interest expenses	97	-	97	81	-	81	16	20
Award of Excellence symposium and fundraising gala	-	-	-	62,109	-	62,109	(62,109)	100
Total Expenses	407,398	71,800	479,198	430,215	112,059	542,274	(63,076)	(12)

The Foundation's total expenses is \$479,198 for the six-month ended September 30, 2019 with the three main users of funds being salaries and benefits, Board of Directors honoraria and travel , and Public education, totaling \$206,634, \$73,641 and \$52,701 respectively.

There was \$5,428 decrease in **Salaries and benefits** expenses compared to September 30, 2018 mainly due to cost of staff times allocated to the funded project in 2019/2020.

Honoraria and travel expenses for the **Board of Directors** increased by \$13,337 in the six-month ended September 30, 2019 compared to September 30, 2018, mainly due to fee and travel expenses of the consultant hired by the Board to develop 2020/2023 Strategic Plan. This period expenses included two in-person meeting of the Board of Directors in April and July 2019 in Toronto and one teleconference meeting in July 2019. The value of in-kind contributions from board members has not been included in the expenses.

Statement of Operations Discussion (continued)

Public Education are the expenses for webinars, *Directions*, community support and program-related translation. There was a \$2,059 decrease in Public Education expenses compared to September 30, 2018.

Rent expense for the office space for the six-month ended September 30, 2019 had no significant changes compared to September 30, 2018.

Conferences, symposia and consultations expenses increased by \$6,049 in the six-month ended September 30, 2019 compared to September 30, 2018 mainly due to expenses of \$12,664 for “Canada Beyond 150: A Promise to Our Children” project.

Professional fees are for legal, consulting, accounting and corporate services fees. There was a decrease of \$21,774 in professional fees expenses compared to September 30, 2018 mainly due to decrease in consulting fee for the “Canada Beyond 150: A Promise to Our Children” project, decrease of \$4,147 in accounting, and decrease of \$4,224 in consulting fee.

Office and general expenses increased by \$5,805 in the six-month ended September 30, 2019 compared to September 30, 2018 mainly due to expenses of the “Canada Beyond 150: A Promise to Our Children” project and the Foundation administration expenses.

Information systems and development expenses are for regular maintenance and upgrade of the Foundation’s network and computers. There was a \$9,666 increase in Information systems and development expenses compared to September 30, 2018, mainly due to implementation of Cyber Security internal audit’s recommendations.

Communications are public and media relations expenses. There was a \$7,227 decrease in communications expenses compared to September 30, 2018.

The Award of Excellence symposium and fundraising gala is an event held every two years. The September 30, 2018 expenses are for September 2018 event in Winnipeg.

Outlook for the Future

Fiscal Year 2019-2020

During the fiscal year 2019-20, the Canadian Race Relations Foundation will continue to fund its core programs and operations through the investment income from its original Endowment Fund. As well, following on the successful implementation and completion of the Foundation's two previous multi-year grants, the Foundation will execute the third and final year of the 3-year “Canada Beyond 150: A Promise to Our Children” project funded by the Department of Canadian Heritage designed to bring together Canadians from all backgrounds to engage in discussions about the elimination of racism and discrimination, with a special focus on young people, as well as using technological tools and innovation to build national networks promoting

Outlook for the Future (continued)

intercultural understanding. 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 collaborating research partners.

The Foundation has an approved operating revenues budget of \$860,000 and an expenditures budget of \$1,187,000 for 2019-2020. 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 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.

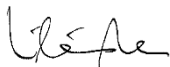
In this fiscal year, the Foundation is embarking on a three-year strategic planning process with its Board of Directors. The Board has hired a consulting firm to facilitate the strategic planning process. The focus is on understanding what people across Canada believe the role of the Foundation should be in the future, what directions a national organization focused on race relations and eliminating racism must consider, and to help us identify priorities for the next 3 (2020 to 2023) years, within the legislative mandate given to the Foundation.

CANADIAN RACE RELATIONS FOUNDATION
Unaudited Quarterly Financial Report
For the six months ended September 30, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada 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

November 26, 2019



Arsalan Tavassoli MA, CPA, CGA
Finance and Administration Director

November 26, 2019

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

	September 30 2019	March 31 2019
	\$	\$
Assets		
Current assets		
Cash (note 3)	177,230	63,169
Prepaid expenses	27,571	25,445
Receivables (note 6)	29,543	433,163
Investments (note 4)	329,291	195,810
	<u>563,635</u>	<u>717,587</u>
Endowment Fund assets (note 5)	24,443,948	24,491,869
Investments (note 4)	5,705,809	5,250,248
Capital assets (note 8)	23,820	11,328
	<u>30,737,212</u>	<u>30,471,032</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	92,550	362,946
Accrued salaries (note 6)	8,045	31,352
	<u>100,595</u>	<u>163,748</u>
Obligation under capital lease (note 9)	1,931	2,549
	<u>102,526</u>	<u>396,847</u>
Net assets		
Unrestricted	6,354,256	6,366,383
Invested in capital assets (note 13)	21,889	8,779
Accumulated remeasurement gains (losses)	258,541	(300,977)
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>30,634,686</u>	<u>30,074,185</u>
	<u>30,737,212</u>	<u>30,471,032</u>
Contractual rights and obligations (note 11)		

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

CANADIAN RACE RELATIONS FOUNDATION
UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Statement of Operations

	Three months ended		Six months ended	
	September 30 2019	September 30 2018	September 30 2019	September 30 2018
Revenues	\$	\$	\$	\$
Funded projects	51,721	60,866	71,800	84,044
Sponsorships, donations and contributions, honoraria and fundraising gala	659	23,310	3,265	26,924
	52,380	84,176	75,065	110,968
Expenses (note 15)				
Programs expenses	83,376	87,233	176,905	179,055
Board of Directors meetings	27,579	28,751	73,641	60,304
Funded projects	51,721	88,803	71,800	112,059
Administration expense	30,363	31,836	64,172	64,770
Public Education and training	24,265	1,719	31,566	6,557
Operating expenses	16,341	13,870	28,997	32,772
Conferences, symposia and consultations	7,014	15,762	20,338	21,676
Information systems and development	7,796	988	11,537	1,871
Other expenses	(508)	41	242	1,100
Award of Excellence symposium and fundraising gala	-	50,336	-	62,109
	247,947	319,339	479,198	542,273
Deficiency of revenues over expenses before net investment gain (loss)	(195,567)	(235,163)	(404,133)	(431,305)
Net investment income gain (note 12)	139,157	146,543	405,115	79,593
Excess (deficiency) of revenues over expenses before net investment income	(56,410)	(88,620)	982	(351,712)

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

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

	Six months ended	
	September 30 2019	September 30 2018
	\$	\$
Accumulated remeasurement losses, beginning of period	(300,977)	(1,256,247)
Unrealized gains (losses) attributable to:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	439,467	719,587
Financial instruments designated to the fair value category	202,155	(185,055)
Amounts reclassified to the Statement of Operations:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(103,187)	160,901
Financial instruments designated to the fair value category	21,083	41,851
Net remeasurement gains for the period	559,518	737,283
Accumulated remeasurement gains (losses), end of period	258,541	(518,964)

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

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

September 30, 2019	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	September 30, 2019
	\$	\$	\$	\$	\$
Net assets, beginning of period	6,366,383	8,779	(300,977)	24,000,000	30,074,185
Excesses of revenues over expenses	983	-	-	-	983
Remeasurement gains	-	-	559,518	-	559,518
Net change in investment in capital assets (note 13)	(13,111)	13,111	-	-	-
Net assets, end of period	6,354,255	21,890	258,541	24,000,000	30,634,686

March 31, 2019	Unrestricted	Invested in capital assets	Accumulated remeasurement losses	Endowment	March 31,2019
	\$	\$	\$	\$	\$
Net assets, beginning of year	6,701,078	7,361	(1,256,247)	24,000,000	29,452,192
Deficiency of revenues over expenses	(333,277)	-	-	-	(333,277)
Remeasurement gains	-	-	955,270	-	955,270
Net change in investment in capital assets (note 13)	(1,418)	1,418	-	-	-
Net assets, end of year	6,366,383	8,779	(300,977)	24,000,000	30,074,185

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

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

	Three months ended		Six months ended	
	2019 September 30	2018 September 30	2019 September 30	2018 September 30
Operating activities:	\$	\$	\$	\$
Excess (deficiency) of revenue over expenses	(56,410)	(88,620)	983	(351,712)
Items not affecting cash:				
Non-cash interest and dividend income	(22,686)	(15,177)	(16,473)	(3,184)
Amortization	1,992	1,186	3,843	2,316
Realized losses (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	40,954	7,815	(82,104)	202,751
	(36,149)	(94,797)	(93,750)	(149,830)
Changes in non-cash operating assets and liabilities:				
Decrease (increase) in prepaid expenses	(2,563)	3,989	5,562	5,323
Decrease (increase) in receivables	(9,654)	(36,981)	39,638	14,183
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	13,029	156,376	(21,980)	72,977
Decrease in deferred contributions and deferred revenues	(51,721)	(8,797)	-	(31,975)
Net cash provided by (used in) operating activities	(87,058)	19,791	(70,530)	(89,321)
Capital activities:				
Addition to capital assets	(2,807)	(660)	(16,336)	(660)
Net cash used in capital activities	(2,807)	(660)	(16,336)	(660)
Investing activities:				
Proceeds from sale of Endowment Fund assets and investments	2,556,537	1,237,331	4,345,378	4,502,590
Purchase of Endowment Fund assets and investments	(2,398,423)	(1,203,932)	(4,143,833)	(4,450,243)
Net cash provided in investing activities	158,114	33,399	201,544	52,347
Financing activities:				
Repayment of capital lease obligations	(311)	(298)	(618)	(595)
Net cash used in Financing activities	(311)	(298)	(618)	(595)
Increase (decrease) in cash	(46,745)	52,232	114,061	(38,229)
Cash, beginning of period	223,975	137,183	63,169	227,644
Cash, end of period	177,230	189,415	177,230	189,415

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

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

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.

(ii) Net investment income:

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

2. Significant accounting policies (continued):

(ii) Net investment income (continued):

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

Investment income includes interest from cash, interest from fixed income investments and Endowment Fund assets, dividends and realized gains and losses on sale of investments and Endowment Fund assets classified in the fair value category.

Unrealized changes in the fair value of investments and Endowment Fund assets classified in the fair value category are recognized by the Foundation in the Statement of Remeasurement Gains and Losses.

Losses for impairment, as defined in the Note 2(d), are recorded in the Statement of Operations through net investment income.

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

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

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

(iii) Sponsorships:

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

(iv) Donations in kind:

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

(v) Volunteer services:

The Foundation records the fair value of revenue and offsetting expenses of volunteer services in its financial statements if the fair value of volunteer services can be reasonably estimated and services are used in the normal course of the Foundation's operations and

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

2. Significant accounting policies (continued):

(v) Volunteer services (continued):

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

(vi) Other revenues:

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

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

Cash is recorded by the Foundation at cost. Cash excludes restricted cash as it is included in the Endowment Fund assets because it cannot be spent. Receivables, accounts payable and accrued liabilities are measured at amortized cost.

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

The Foundation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. No allowance was recorded at September 30, 2019 (March 31, 2019– nil).

(d) Financial assets and financial liabilities

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

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

The Foundation assesses at each date of the financial statements whether there is objective evidence that financial instruments in investments and in Endowment Fund assets are impaired.

Investments and Endowment Fund assets are considered to be impaired when a decline in fair value is judged to be other than temporary. The Foundation employs a systematic methodology that considers available evidence in evaluating potential impairment of investments and Endowment Fund assets, including market declines subsequent to the period-end; when cost of

2. Significant accounting policies (continued):

(d) Financial assets and financial liabilities (continued)

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

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

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

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

(e) Determination of fair values:

The fair value of the Foundation's assets and liabilities accounted for are based on market measurement on March 31. Fair values of investments and Endowment Fund assets are determined by reference to published price of the most recent transaction in an active market at year end representing the full price for fixed income investments and the closing price for equities. Inputs to the valuation methodology for determination of fair values of investments and Endowment Fund assets which are classified at Level 2 include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The prices are determined based on the market activity.

(f) Capital assets:

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

2. Significant accounting policies (continued):

(f) Capital assets (continued):

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

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

(g) **Artworks:**

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

(h) **Foreign currency translation:**

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

(i) **Employees future benefits:**

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

2. Significant accounting policies (continued):

(i) Employees future benefits (continued):

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

There is no obligation for employees to make contributions. At September 30, 2019, the Foundation's contributions were \$3,706 (September 30, 2018- \$3,665). These contributions represent the total obligation of the Foundation and are recognized in the Statement of Operations.

(j) **Measurement uncertainty:**

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

(k) **Contingent liabilities:**

In the normal course of its operations, the Foundation may become involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Foundation's financial statements. No amount has been included in the Statement of Financial Position for contingent liabilities. At September 30, 2019, there are no outstanding claims (March 31, 2019 – nil).

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

The Foundation's operations are performed by functional areas that provide integrated services to its various programs. Expenses are reported by function or major program and in total on the accompanying Statement of Operations and are disclosed by the detail of expenses by object and in total in the schedule in note 15 to financial statements. This schedule outlines the major types of expenses incurred.

Expenses are initially allocated to Funded project according to the funding agreements. The remaining expenses are allocated to other functions according to rates based on the Foundation's activities and programs. 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:

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

2. Significant accounting policies (continued):

(l) Functional allocation of expenses (continued):

September 30, 2019				
Expenses (objects)	Amount (\$)	Allocation Rate (%)	Expenses (function)	Amount (\$)
Salaries and benefits	206,634	75%	Program expenses	140,376
			Administration expenses	46,792
			Funded projects	19,466
Board of Directors honoraria and travel	73,641	100%	Board of Directors meetings	73,641
Public education and training	52,701	100%	Education and training	31,566
			Funded projects	21,135
Rent	43,988	65%	Program expenses	28,592
			Administration expenses	15,396
Conferences, symposia and consultations	33,002	100%	Conferences, symposia and consultations	20,338
			Funded projects	12,664
Professional fees	23,931	100%	Operating expenses	15,598
			Funded projects	8,333
Office and general	19,758	100%	Operating expenses	9,556
			Funded projects	10,202
Information systems and development	11,537	100%	Information systems and development	11,537
Communication	9,921	80%	Program expenses	7,937
			Administration expenses	1,984
Amortization	3,843	100%	Operating expenses	3,843
Staff recruitment and development	145	100%	Staff recruitment and development	145
Interest expenses	97	100%	Finance cost	97
	\$479,198			\$479,198

THE CANADIAN RACE RELATIONS FOUNDATION
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
 Second quarter of fiscal year 2019/2020 ended September 30, 2019

2. Significant accounting policies (continued):

(l) Functional allocation of expenses (continued):

September 30, 2018					
Expenses (objects)	Amount (\$)	Allocation Rate (%)	Expenses (function)	Amount (\$)	
Salaries and benefits	212,062	75%	Program expenses	141,094	
			25%	Administration expenses	47,031
				Funded projects	23,937
Award of Excellence symposium and fundraising gala	62,109	100%	Award of Excellence symposium and fundraising gala	62,109	
Board of Directors honoraria and travel	60,304	100%	Board of Directors meetings	60,304	
Public education	54,759	100%	Education and training	6,557	
			Funded projects	48,202	
Professional fees	45,705	100%	Operating expenses	23,684	
			Funded projects	22,021	
Rent	43,993	65%	Program expenses	28,595	
			35%	Administration expenses	15,398
Conferences, symposia and consultations	26,953	100%	Conferences, symposia and consultations	21,677	
			Funded projects	5,276	
Communication	17,148	80%	Program expenses	9,366	
			20%	Administration expenses	2,341
			Funded projects	5,441	
Office and general	13,954	100%	Operating expenses	6,773	
			Funded projects	7,181	
Amortization	2,316	100%	Operating expenses	2,316	
Information systems and development	1,871	100%	Information systems and development	1,871	
Staff recruitment and development	1,019	100%	Staff recruitment and development	1,019	
Interest expenses	81	100%	Finance cost	81	
	\$542,273			\$542,273	

2. Significant accounting policies (continued):

(m) Related Party Transactions:

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i) Inter-entity transactions are measured at the exchange amount when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where cost provided are recovered.
- ii) Goods or services received without charge between commonly controlled entities when used in the normal course of the Foundation's operations and would otherwise have been purchased, are recorded as revenues and expenses at estimated fair value.

Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

3. Cash:

Cash includes \$128,519 in unrestricted cash balances in the investment accounts and \$47,711 in banks at September 30, 2019.

4. Investments:

The Investment is composed of the following assets at September 30, 2019:

September 30, 2019	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Fixed income investments – Canadian	156,020	2,919,596	3,075,615
Equity securities- Canadian	-	1,136,658	1,136,658
Equity securities- Foreign	-	1,822,826	1,822,826
	156,020	5,879,080	6,035,100

THE CANADIAN RACE RELATIONS FOUNDATION
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
 Second quarter of fiscal year 2019/2020 ended September 30, 2019

4. Investments (continued):

The Investments is composed of the following assets at March 31, 2019:

March 31, 2019	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	78,525	-	78,525
Fixed income investments – Canadian	117,285	2,467,827	2,585,112
Equity securities- Canadian	-	1,039,526	1,039,526
Equity securities- Foreign	-	1,742,895	1,742,895
	195,810	5,250,248	5,446,058

5. Endowment Fund:

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

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

The Endowment Fund is composed of the following assets at September 30, 2019:

September 30, 2019	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	188,644	-	188,644
Investment Savings Account	304,818	-	304,818
Fixed income investments – Canadian	510,092	9,695,580	10,205,672
Equity securities- Canadian	-	4,742,144	4,742,144
Equity securities- Foreign	-	9,002,670	9,002,670
	1,003,554	23,440,394	24,443,948

5. Endowment Fund (continued):

The Endowment Fund is composed of the following assets at March 3, 2019:

March 31, 2019	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	284,748	-	284,748
Investment Savings Account	301,960	-	301,960
Fixed income investments – Canadian	420,022	9,473,643	9,893,665
Equity securities- Canadian	-	5,188,143	5,188,143
Equity securities- Foreign	-	8,823,353	8,823,353
	1,006,730	23,485,139	24,491,869

6. Financial risk management:

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

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

There has been no change 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 September 30, 2019, the Foundation's investment asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
2.09% in Cash (March 31, 2019 – 0.00%)	0%	0% - 5%
49.90% in Fixed Income (March 31, 2019 – 47.47%)	80%	40%-80%
18.44% in Canadian Equities (March 31, 2019 – 20.53%)	10%	10%-30%
29.57% in Global Equities (March 31, 2019 – 32.00%)	10%	10%-40%

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

6. Financial risk management (continued):

(a) Asset Mix (continued):

As of September 30, 2019, the Foundation's Endowment Fund asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
0.77% in Cash (March 31, 2019 – 1.16%)	1%	0%- 5%
41.75% in Fixed Income (March 31, 2019 – 40.40%)	45%	40%-60%
20.65% in Canadian Equities (March 31, 2019 – 22.41%)	25%	10%-30%
32.31% in Global Equities (March 31, 2019 – 31.66%)	25%	20%-40%
4.52% in Real Estate (March 31, 2019 –4.37%)	4%	4% - 5%

Within each asset class, the Foundation also holds investments with different risk-return characteristics. For example, equities are diversified across industry sectors and by company size (market capitalization) while bonds are diversified by credit ratings, term to maturity, as well as across the government and corporate bond sectors. In addition, the Foundation employs investment managers with different investment styles such as value, growth and growth at a reasonable price. Diversification also occurs at the individual security selection level whereby securities are selected based on either top-down analysis or bottom-up analysis. The Foundation is also diversified across geographic regions by investing in Canadian, US and international securities.

(b) Credit risk:

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

(i) Fixed income securities:

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

The credit rating information for September 30, 2019 was not available at the time of this report. As at March 31, 2019, the Foundation invested in fixed income securities with the following credit ratings:

Debt instrument by credit rating	2019	2018
	Percentage of Value	
AAA (+ R1 rated short-term)	22.85%	23.80%
AA	17.63%	25.55%
A	52.60%	44.55%
BB	1.21%	-
BBB	5.71%	6.10%

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

6. Financial risk management (continued):

(b) Credit risk (continued):

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

(ii) Accounts receivable:

The Foundation's exposure to credit risk associated with accounts receivable is assessed as being low mainly due to the type of the Foundation's debtors which are mainly from Government of Canada and amounts receivable from pending trades. As at September 30, 2019 accounts receivable comprise of balances of \$24,687 (March 31, 2019 - \$431,663) less than 3 months, \$4,856 (March 31, 2019 - \$1,500) between 3 to 12 months and nil (March 31, 2019 -nil) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at September 30, 2019 is as follows:

	September 30 2019	March 31 2019
	\$	\$
Government of Canada	23,545	31,749
Amounts receivable from pending trades	-	363,982
Dividends, interest and income distribution	-	29,827
Other organizations	5,998	7,605
	29,543	433,163

(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.

6. Financial risk management (continued):

(c) Interest rate risk (continued)

The Foundation's fixed income securities fair value in Investments and Endowment Fund assets as at September 30, 2019 comprise:

	September 30 2019	March 31 2019
	\$	\$
Fixed income securities– Canadian	13,281,288	12,478,777
	13,281,288	12,478,777

As at September 30, 2019 the Foundation's exposure to debt instruments by maturity and the impact on the Statement of Remeasurement Gains and Losses had the yield curve shifted in parallel by 25 basis points with all other variables held constant ("sensitivity analysis"), is as follows:

Fixed income securities fair value by maturity date:

	September 30 2019	March 31 2019
	\$	\$
Less than 1 year	666,112	537,307
1-3 years	2,354,473	3,287,843
3-5 years	2,896,273	1,900,179
Greater than 5 years	7,364,430	6,753,448
	13,281,288	12,478,777

(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 any significant currency risk during the period as 99.9% of investments and Endowment Fund assets held by the Foundation were in Canadian dollars.

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

6. 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 which are negotiated and agreed upon with each investment manager. The maximum risk resulting from financial assets and financial liabilities is determined by the market value of the financial assets and financial liabilities. The Foundation's overall market positions are monitored on a daily basis by the portfolio managers. Financial assets held by the Foundation are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The portfolio's actual return is compared to the benchmark return as a measure of relative performance. The benchmark return is based on the index returns for each asset class and the long-term target allocation of each asset class in the portfolio. The portfolio's long-term target asset allocation is specified in the Foundation's Investment Policy Statement. The Portfolio's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Portfolio's benchmark asset mix. The revised Investment Policy Statement which was approved by the Board of Directors in October 29, 2016 and had two more revisions in July 19, 2017 and October 13, 2017 was in force during the current fiscal year. As a result, the Foundation's long-term target asset allocation and individual asset class indices in effect as at September 30, 2019 is as follows:

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

6. Financial risk management (continued):

(f) Liquidity risk:

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

At September 30, 2019 the Foundation has a total cash balance of \$177,230 (March 31, 2019 - \$63,169), which is higher than the total liabilities recorded at September 30, 2019 of \$102,526 (March 31, 2019 - \$396,847).

As at September 30, 2019, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Other accounts payable and accrued liabilities	59,291	30,558	2,701	92,550
Accrued salaries	8,045	-	-	8,045
Total	67,336	30,558	2,701	100,595

As at March 31, 2019, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Amounts payable to pending trades	271,723	-	-	271,723
Other accounts payable and accrued liabilities	62,489	26,033	2,701	91,223
Accrued salaries	31,352	-	-	31,352
Total	365,564	26,033	2,701	394,298

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

7. Financial assets and financial liabilities – disclosure:

All financial assets and financial liabilities measured at fair value must be classified in fair value hierarchy levels, which are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs that are based on quoted prices for similar assets or liabilities and inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Fair value determination requiring significant management judgment or estimation and at least one significant model assumption or input that is unobservable.

Financial assets at fair value for investments and Endowment Fund assets as at September 30, 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	188,644	-	-	188,644
Investment Saving Account	304,818	-	-	304,818
Fixed income securities	-	13,281,288	-	13,281,288
Equity securities	16,704,298	-	-	16,704,298
Total investments and Endowment Fund assets	17,197,760	13,281,288	-	30,479,048

Financial assets at fair value for investments and Endowment Fund assets as at March 31, 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	284,748	-	-	284,748
Investment Saving Account	380,485	-	-	380,485
Fixed income securities	-	12,478,777	-	12,478,777
Equity securities	16,793,917	-	-	16,793,917
Total investments and Endowment Fund assets	17,459,150	12,478,777	-	29,937,927

THE CANADIAN RACE RELATIONS FOUNDATION
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
 Second quarter of fiscal year 2019/2020 ended September 30, 2019

8. Capital assets:

Capital assets at net book value as at September 30, 2019:

	Cost	Accumulated amortization	September 30 2019 Net book value
	\$	\$	\$
Office furniture and equipment	124,036	116,488	7,548
Computer hardware	53,081	38,632	14,448
Equipment under capital lease	6,076	4,253	1,824
	183,194	159,374	23,820

Amortization of capital assets expense is \$3,843 (March 31, 2019 - \$5,313).

Capital assets at net book value as at March 31, 2019:

	Cost	Accumulated amortization	2019 Net book value
	\$	\$	\$
Office furniture and equipment	121,230	115,129	6,101
Computer hardware	39,551	36,755	2,796
Equipment under capital lease	6,076	3,645	2,431
	166,857	155,529	11,328

9. Obligation under capital lease:

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.

	September 30 2019	March 31 2019
	\$	\$
Obligation under capital lease	1,931	2,549

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

10. Deferred contributions and deferred revenues:

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

Funds received by the Foundation through projects 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 September 30, 2019 are as follows:

	September 30 2019	March 31 2019
	\$	\$
Deferred contributions from non-government sources	-	-
Deferred contributions from government sources	-	-
Balance, end of period	-	-

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

	September 30 2019	March 31 2019
	\$	\$
Balance, beginning of period	-	31,975
Add: restricted contributions received from government sources	64,800	100,000
Add: restricted contributions received from non-government sources	-	-
Less: amounts recognized as revenue	(64,800)	(131,975)
Balance, end of period	-	-

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

11. Contractual rights and obligations:

The Foundation has entered into a revenue and a payment contract. The revenue contract is with the Department of Canadian Heritage for an amount of \$150,000 this fiscal year for the project "Canada beyond 150: A promise to our Children" an initiative that will run from July 2018 to March 2020. The payment contract pertains to a lease agreement for office premises and extends to March 31, 2023. As at September 30, 2019, future minimum contractual receipts total \$nil (March 31, 2019 – \$150,000) and future minimum contractual payments total \$326,788 (March 31, 2019 - \$474,467).

	<u>Contractual rights</u>	<u>Contractual obligations</u>
	\$	\$
2019-20	-	\$47 823
2020-21	-	95 645
2021-22	-	95 645
2022-23	-	87 675
	-	\$326 788

12. Net investment income:

Net investment income from Endowment Fund assets	September 30 2019	September 30 2018
	\$	\$
Realized losses on sale of Endowment Fund assets	(80,528)	(222,981)
Interest from cash and fixed income investments, dividends from Endowment Fund assets	331,348	296,567
Less: transaction costs and investment counsel fees	(72,893)	(70,749)
	177,928	2,838
Net investment income from investments		
Realized gains on sale of investments	162,632	20,229
Interest from cash and fixed income investments, dividends	82,300	74,932
Less: transaction costs and investment counsel fees	(17,745)	(18,406)
	227,187	76,755
Net investment income	405,115	79,593

THE CANADIAN RACE RELATIONS FOUNDATION
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
 Second quarter of fiscal year 2019/2020 ended September 30, 2019

13. Investment in capital assets:

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

	September 30 2019	March 31 2019
	\$	\$
Capital assets	23,820	11,328
Less: obligation under capital lease	(1,931)	(2,549)
	21,889	8,779

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

	September 30 2019	March 31 2019
	\$	\$
Capital asset additions	16,336	5,529
Less: Capital asset leased	-	-
Capital assets purchased with Foundation funds	16,336	5,529
Amortization of capital assets	(3,843)	(5,313)
Repayment of capital lease obligation	618	1,202
Net change in investment in capital assets	13,111	1,418

14. 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 \$64,800 with "Canada beyond 150: A promise to our Children" project, funded by the Department of Canadian Heritage (September 30,

THE CANADIAN RACE RELATIONS FOUNDATION

SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Second quarter of fiscal year 2019/2020 ended September 30, 2019

14. Related party transactions (continued):

2018- \$ 84,044). The Foundation has \$150,000 contribution for this project in this fiscal year (March 31, 2019 - \$100,000).

During the period, the Foundation incurred expenses totaling \$152,759 (September 30, 2018 - \$133,170) with respect to salaries and benefits, honorarium and travel of members of the Board of Directors, and the Executive Director.

At September 30, 2019, the Foundation had accounts receivable of \$23,545 (March 31, 2019 - \$31,749) from Canada Revenue Agency for recoverable sales taxes.

15. Schedule of Expenses by Object:

Expenses

	<u>September 30 2019</u>	<u>September 30 2018</u>
	\$	\$
Salaries and benefits	206,634	212,062
Board of Directors honoraria and travel	73,641	60,304
Public education and training	56,433	54,760
Rent	43,988	43,993
Conferences, symposia and consultations	33,002	26,953
Professional fees	23,931	45,705
Office and general	19,758	13,953
Information systems and development	11,537	1,871
Communications	6,189	17,148
Amortization	3,843	2,316
Staff recruitment and development	145	1019
Interest expenses	97	81
Award of Excellence symposium and fundraising gala	-	62,109
	<u>\$479,198</u>	<u>\$542,274</u>