



Canadian  
Race Relations  
Foundation

Fondation  
canadienne des  
relations raciales

**CANADIAN RACE RELATIONS  
FOUNDATION**

**QUARTELY FINANCIAL REPORT  
PERIOD ENDED DECEMBER 31, 2023  
THIRD QUARTER OF FISCAL YEAR 2023-2024  
UNAUDITED**

**Published February 23, 2024**

# CANADIAN RACE RELATIONS FOUNDATION

## Unaudited Quarterly Financial Report

Third quarter of fiscal year 2023-2024, ended December 31, 2023

### Table of Contents

Financial Management Discussion and Analysis .....	3
Statement of Management Responsibility ... ..	9
Unaudited Quarterly Financial Statements .....	10-36
Statement of Financial Position	
Statement of Operations	
Statement of Remeasurement Gains and Losses	
Statement of Net Assets	
Statement of Cash Flows	
Selected Notes to Unaudited Quarterly Financial Statements	

# Financial Management Discussion and Analysis

## Third quarter of fiscal year 2023-2024, nine months period ended December 31, 2023

Refer to Management's Discussion and Analysis as presented in the March 31, 2023, CRRF Annual Report. Updates for the third quarter of fiscal year 2023-2024, ended December 31, 2023, are as follows.

### Statement of Financial Position Discussion

	2023 December 31	2023 March 31	Changes	
	\$	\$	\$	%
<b>Assets</b>				
Cash and cash equivalents	3,944,212	2,119,710	1,824,502	86
Investments and Endowment Fund assets	27,057,640	25,473,840	1,583,800	6
Prepaid expenses, receivables	138,171	269,972	(131,801)	(49)
Capital assets	58,549	54,416	4,133	8
<b>Total Assets</b>	<b>31,198,572</b>	<b>27,917,938</b>	<b>3,280,634</b>	<b>12</b>
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued liabilities	187,856	776,130	(588,274)	(76)
Accrued salaries	24,739	19,745	4,994	25
Deferred contributions and deferred revenues	222,030	288,030	(66,000)	(23)
Deferred appropriations	3,884,634	1,119,884	2,764,750	247
Obligation under capital lease	140	570	(430)	100
Net assets	26,879,173	25,713,579	1,165,594	5
<b>Total Liabilities and Net Assets</b>	<b>31,198,572</b>	<b>27,917,938</b>	<b>3,280,634</b>	<b>12</b>

### Assets

**Cash and cash equivalents** are composed of a \$1,542,541 cash balance in the bank account, \$1,371 in the investment cash account held by the CRRF's investment manager, \$300 of petty cash, and \$2,400,000 in the cashable guaranteed investment certificate account at December 31, 2023.

## Statement of Financial Position Discussion (continued)

**Investments and Endowment Fund assets** have increased by 6% or \$1,583,800 compared to the investment value at March 31, 2023, mainly due to non-cash dividends received and an increase in the portfolios' market value. For the nine months period ended December 31, 2023, the combined portfolio returned 5.44% or a gain of \$1,430,344 (December 31, 2022, - 6.37% or a loss of \$1,628,240) after all fees and taxes. The return rate, excluding the remeasurement (unrealized) gains, is - 0.70% or a loss of \$182,888 (December 31, 2022, - 0.92% or a loss of \$235,162).

**Prepaid expenses, receivables** decreased by \$131,801 compared to March 31, 2023. The decrease is mainly due to a reduction in prepaid expenses and receivables from pending trades.

**Capital assets** increased by \$4,133 compared to March 31, 2023. The increase is for an addition to the computer equipment of \$26,883, reduced by the amortization of all assets of \$22,751 for this period.

### Liabilities

**Accounts payable and accrued liabilities** decreased by \$588,274 compared to March 31, 2023. The decrease is mainly due to a reduction in payables to pending trades and trade accounts payable.

**Deferred contributions and deferred revenues** decreased by \$66,000 for the nine months period ended December 31, 2023, compared to March 31, 2023, and are made up of an externally restricted program fund of \$222,030.

**Deferred appropriations** of \$3,884,634 are made up of the unused portion of the 2022/23 fiscal year appropriations of \$1,119,884 and appropriation received for the nine months period ended December 31, 2023, of \$ 6,750,000 through the Main Estimates, less the amount allocated to the program expenses of \$3,985,250.

**Net Assets** increased by 5% or \$1,165,594 for the nine months period ended December 31, 2023, compared to March 31, 2023, mainly due to a remeasurement (unrealized) gains of \$1,613,231 from Investment and Endowment Fund assets for the period offset by losses from the Net result of operations of \$447,637.

## Statement of Operations Discussion

	2023 December 31	2022 December 31	Changes	
Sources of Revenues	\$	\$	\$	%
Appropriations	3,985,250	4,356,225	(370,975)	(9)
Sponsorships, donations and workshop fees	106,131	104,530	1,601	2
Funded projects	-	124,769	(124,769)	(100)
<b>Total</b>	<b>4,091,381</b>	<b>4,585,524</b>	<b>(494,143)</b>	<b>(11)</b>
<b>Net investment income (loss)</b>				
Investment income earned	1,070,305	384,021	686,284	179
Changes in fair value-realized	(1,253,193)	(637,891)	(615,302)	96
<b>Total</b>	<b>(182,888)</b>	<b>(253,870)</b>	<b>70,982</b>	<b>(28)</b>

**Net investment income earned:** One of the sources of income for the CRRF is derived from the investment income earned on investments of the original contribution of the \$24 million Endowment Fund and other investments. The investment income earned includes cash and non-cash interest, dividends, and income distributions after portfolio management fees.

**Investment income earned** for the nine months period ended December 31, 2023 is \$1,070,305, an increase of \$686,284, compared to the nine months period ended December 31, 2022. During this period, Investment income earned includes \$82,984 in interest from the guaranteed investment certificate account.

**Changes in fair value-realized** of Investments and Endowment Fund assets is \$1,253,193 loss, an increase of \$615,302 loss for the nine months period ended December 31, 2023, compared with the prior period, due to an increase in the realized loss on the sale of investments and Endowment Fund assets of \$1,133,078 and an increase in realized loss on sale of foreign exchange of \$120,115. No impairment loss was recognized during this period (2022 - nil).

Unrealized gains and losses on investments measured at fair value are recognized in the Statement of Remeasurement Gains and Losses. There were \$1,613,231 remeasurement gains for the nine months period ended December 31, 2023 (December 31, 2022 – \$1,393,078 losses), a decrease of \$3,006,309 in losses, mainly due to an increase in unrealized gains attributed to market value of Endowment fund and Investment portfolios in this period.

The CRRF's **net results of operations** for the nine month period ended December 31, 2023, reflecting a deficit of \$426,528 (December 31, 2022 - \$545,958 deficit).

## Statement of Operations Discussion (continued)

Expenses	December 31, 2023	December 31, 2022	Changes	
	\$	\$	\$	%
Salaries and benefits	2,073,985	1,752,251	321,734	18
Public education and training	902,790	421,467	481,323	114
Communications	371,312	47,746	323,566	678
Professional fees	301,014	192,887	108,127	56
Office and general	146,407	81,229	65,178	80
Board of Directors honoraria and travel	124,238	88,124	36,114	41
National Anti-Racism Fund	115,367	1,866,971	(1,751,604)	(94)
Conferences, symposia and consultations	95,758	78,702	17,056	22
Staff recruitment and development	68,831	73,838	(5,007)	(7)
Rent	65,366	57,613	7,753	13
Research programs	59,580	188,673	(129,093)	(68)
Amortization	22,751	17,164	5,587	33
Information systems and development	8,721	10,913	(2,192)	(20)
Interest expenses	12	32	(20)	(63)
<b>Total Expenses</b>	<b>4,356,132</b>	<b>4,877,610</b>	<b>(521,478)</b>	<b>(11)</b>

Total operating expenses were \$4,356,132 for the nine months period ended December 31, 2023 (December 31, 2022 - \$4,877,610), with the three main uses of funds being Salaries and benefits, Public education and training, and Communications totaling \$2,073,985, \$902,790, and \$371,312, respectively. The decrease of \$521,478 to the operating expenses is mainly explained by a decrease of \$1,751,604 in National Anti-Racism Fund \*, offset by increases in Salaries and benefits expenses of \$321,734, Public education and training expenses of \$481,323, Communications expenses of \$323,566, and Professional fees of \$108,127.

**\*NARF program funding is planned to launch in the fourth quarter of the 2023/24 fiscal year.**

## Financial Risk

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

## Outlook for the Future

### Fiscal Year 2023-2024

The financial basis of the Canadian Race Relations Foundation currently relies upon its Endowment and temporary funding from the federal government. The CRRF is the only Federal Crown Corporation within the Department of Canadian Heritage that does not receive ongoing permanent appropriations for core operations.

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

In Budget 2022, the Government of Canada allocated \$18 million over two fiscal years to the Foundation to continue enhancing the Foundation's ability to better meet its statutory mandate to combat racism and hate. Therefore, federal funding represented \$9 million of the Foundation's \$12.1 million budget in 2023-2024.

This vital funding provided the necessary support to increase staffing levels and provide new and expanded programming. The Foundation's staffing complement increased from seventeen persons to twenty four persons allowing for deeper engagement, raising expectations among communities that the Foundation will be a consistent and effective national convenor in Canada's fight against racism.

### The Future –

The Board-approved budget for 2023-24 is regularly assessed by Senior Management, the Board's Finance & Audit Committee of the Board of Directors. Where needed, adjustments are provided in consultation with the Board, after recommendation from the Finance & Audit Committee. Expenditures are governed by the approved budget and Board resolutions, as well as any applicable guidelines and policies of the Government. Quarterly financial statements and related notes are prepared in accordance with Treasury Board standards and are posted on the website for transparency and accountability.

The CRRF had developed and will implement a variety of strengthened and focused programs across Canada's regions, necessary to serve the CRRF's national mandate to address racism from coast to coast to coast and to help support the federal government's commitment to greater inclusion.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

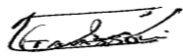
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines are necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

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

February 14, 2024



Mohammed Hashim  
Executive Director



Arsalan Tavassoli MA, CPA, CGA  
Finance and Administration Director



**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Financial Position**  
**As at December 31, 2023**  
**Unaudited**

	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents (note 3)	3,944,212	2,119,710
Prepaid expenses	79,337	109,051
Receivables (note 6)	58,834	160,921
Investments (note 4)	1,009,706	15,201
	5,092,089	2,404,883
Endowment Fund assets (note 5)	25,829,374	20,491,918
Investments (note 4)	218,560	4,966,721
Capital assets (note 8)	58,549	54,416
	<b>31,198,572</b>	<b>27,917,938</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	187,856	776,130
Accrued salaries (note 6)	24,739	19,745
Deferred contributions and deferred revenues (note 10)	222,030	288,030
Deferred appropriations (note 15)	3,884,634	1,119,884
	4,319,259	2,203,789
Obligation under capital lease (note 9)	140	570
	4,319,399	2,204,359
<b>Net assets</b>		
Unrestricted	2,012,218	2,464,419
Invested in capital assets (note 13)	58,409	53,846
Accumulated remeasurement gains	808,546	(804,686)
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	26,879,173	25,713,579
	<b>31,198,572</b>	<b>27,917,938</b>

**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
**Statement of Operations**  
**For the period ended December 31, 2023**  
**Unaudited**

	<b>Three months ended</b>		<b>Six Months ended</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Revenues</b>	\$	\$	\$	\$
Funded projects	-	80,781	-	124,769
Sponsorships, donations , and workshop fees	35,384	16,392	106,131	104,530
	<b>35,384</b>	<b>97,173</b>	<b>106,131</b>	<b>229,299</b>
<b>Expenses (note 16)</b>				
Programs expenses	532,039	497,073	1,895,027	1,387,692
National Anti-Racism Fund	19,216	265,989	115,367	1,866,971
Public Education and training	264,343	181,999	902,790	300,410
Administration expense	175,932	167,365	615,637	467,063
Operating expenses	185,154	164,919	470,171	290,424
Funded projects	-	80,781	-	124,769
Board of Directors meetings	101,050	44,974	124,238	88,124
Research	-	23,235	59,580	188,673
Conferences, symposia and consultations	41,778	18,712	95,758	78,702
Staff recruitment and development	29,956	16,651	68,831	73,838
Information systems and development	4,273	3,274	8,721	10,913
Finance cost	4	10	12	32
	<b>1,353,745</b>	<b>1,464,982</b>	<b>4,356,132</b>	<b>4,877,610</b>
<b>Net result of operations before appropriations and endowment and investment net income</b>	<b>(1,318,361)</b>	<b>(1,367,809)</b>	<b>(4,250,001)</b>	<b>(4,648,311)</b>
Appropriations (note 15)	1,398,800	1,291,225	3,985,250	4,356,225
Endowment and investment net income (note 12)	688,281	(201,148)	(182,888)	(253,870)
<b>Net result of operations</b>	<b>768,720</b>	<b>(277,732)</b>	<b>(447,637)</b>	<b>(545,957)</b>

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

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

	<b>Nine Months Ended</b>	
	<b>December 31,2023</b>	<b>December 31,2022</b>
	\$	\$
Accumulated remeasurement gains, beginning of period	(804,685)	(325,802)
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(877,462)	(2,006,466)
Financial instruments designated to the fair value category	1,237,501	(38,904)
<b>Amounts reclassified to the Statement of Operations:</b>		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	1,159,159	51,159
Financial instruments designated to the fair value category	57,208	601,132
Net remeasurement gains for the period	1,613,231	(1,393,078)
Accumulated remeasurement gains, end of period	<b>808,546</b>	<b>(1,718,881)</b>

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

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

<b>December 31, 2023</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	<b>December 31,2023</b>
	\$	\$	\$	\$	\$
Net assets, beginning of period	<b>2,464,419</b>	<b>53,846</b>	<b>(804,686)</b>	<b>24,000,000</b>	<b>25,713,579</b>
Net result of operations	(447,637)	-	-	-	(447,637)
Remeasurement gain	-	-	1,613,231	-	1,613,231
Net change in investment in capital assets (note 13)	(4,563)	4,563	-	-	-
<b>Net assets, end of period</b>	<b>2,012,218</b>	<b>58,409</b>	<b>808,545</b>	<b>24,000,000</b>	<b>26,879,173</b>

<b>March 31,2023</b>	Unrestricted	Invested in capital assets	Accumulated remeasurement gains	Endowment	<b>March 31,2023</b>
	\$	\$	\$	\$	\$
Net assets, beginning of year	2,773,657	40,991	(325,803)	24,000,000	26,488,845
Net result of operations	(296,383)	-	-	-	(296,383)
Remeasurement loss	-	-	(478,883)	-	(478,883)
Net change in investment in capital assets (note 13)	(12,855)	12,855	-	-	-
<b>Net assets, end of year</b>	<b>2,464,419</b>	<b>53,846</b>	<b>(804,686)</b>	<b>24,000,000</b>	<b>25,713,579</b>

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

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

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>December 31 2023</b>	<b>December 31 2022</b>	<b>December 31 2023</b>	<b>December 31 2022</b>
<b>Operating activities:</b>	\$	\$	\$	\$
Excess (deficiency) of revenue over expenses	768,720	(277,732)	(447,637)	(545,957)
Items not affecting cash:				
Non-cash interest and dividend income	(752,514)	29,459	(820,527)	17,928
Amortization	7,476	6,036	22,751	12,670
Realized losses related to financial instruments in investments and Endowment Fund assets (note 12)	36,826	376,229	1,253,193	637,891
	60,508	133,680	7,780	127,026
<b>Changes in non-cash operating assets and liabilities:</b>				
Decrease (increase) in prepaid expenses	(34,552)	1,694	29,715	24,341
Decrease in receivables	55,539	29,586	102,087	121,661
Decrease in accounts payable and accrued liabilities, accrued salaries	(18,940)	(59,680)	(574,585)	(143,635)
Increase (decrease) in deferred contributions and deferred revenue	826,200	(122,006)	2,698,750	(649,587)
Net cash provided by operating activities	888,757	(16,727)	2,263,745	(520,196)
<b>Capital activities:</b>				
Addition to capital assets	(15,124)	-	(26,883)	(19,564)
Net cash used in capital activities	(15,124)	-	(26,883)	(19,564)
<b>Investing activities:</b>				
Proceeds from sale of Endowment Fund assets and investments	3,049,904	1,286,553	36,355,655	6,357,049
Purchase of Endowment Fund assets and investments	(3,016,877)	(1,455,488)	(36,767,584)	(6,740,069)
Net cash provided (used) in investing activities	33,027	(168,936)	(411,929)	(383,020)
<b>Financing activities:</b>				
Repayment of capital lease obligations	(144)	(140)	(430)	(411)
Net cash used in Financing activities	(144)	(140)	(430)	(411)
<b>Increase (decrease) in cash</b>	<b>906,516</b>	<b>(185,523)</b>	<b>1,824,502</b>	<b>(922,369)</b>
Cash, beginning of the period	3,037,696	3,096,932	2,119,710	3,833,778
<b>Cash, end of the period</b>	<b>3,944,212</b>	<b>2,911,409</b>	<b>3,944,212</b>	<b>2,911,409</b>

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

**1. Description of organization:**

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

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

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

**2. Significant accounting policies:**

**(a) Basis of presentation:**

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

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

**(b) Revenue recognition:**

**(i) Donations and contributions:**

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

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

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

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

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

**(ii) Net investment income:**

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

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

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

(ii) Net investment income (continued):

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

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

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

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

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

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

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

(iii) Appropriations:

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

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

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

(iv) Sponsorships:

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

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

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

#### **(v) Donations in kind:**

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

#### **(vi) Volunteer services:**

The Foundation records the fair value of revenue and offsetting expenses of volunteer services in its financial statements if the fair value of volunteer services can be reasonably estimated and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. If the fair value cannot be estimated, a footnote disclosure is provided in the notes to financial statements.

#### **(vii) Other revenues:**

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

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

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

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

The Foundation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. No allowance was recorded at December 31, 2023 (December 31, 2022 – 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.



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

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

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

assets are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment.

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

Investments and Endowment Fund assets are considered to be impaired when a decline in fair value is judged to be other than temporary. The Foundation employs a systematic methodology that considers available evidence in evaluating potential impairment of investments and Endowment Fund assets, including market declines subsequent to the period-end; when cost of an investment exceeds its fair value by 50%; evaluation of general market conditions; duration and extent to which the fair value is less than cost over a period of Six or four years; severe losses by the investee in the current year or current and prior years; continued losses by the investee for a period of years; liquidity or going concern problems of the investee; and intent and ability to hold the investment by the Foundation.

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

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

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

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

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

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

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

yearend representing the full price for fixed income investments and the closing price for equities. Inputs to the valuation methodology for determination of fair values of investments and Endowment Fund assets which are classified at Level 2 include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The prices are determined based on the market activity.

### **(f) Capital assets:**

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

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

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

### **(g) Artworks:**

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

### **(h) Foreign currency translation:**

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

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

**(i) Employees future benefits:**

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

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

There is no obligation for employees to make contributions. In this period, the Foundation's contributions were \$43,658 (December 31, 2022 - \$54,582). 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 December 31, 2023, there are no outstanding claims (December 31, 2022 – nil).

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

The Foundation's operations are performed by functional areas that provide integrated services to its various programs. Expenses are reported by function or major program and in total on the accompanying Statement of Operations and are disclosed by the detail of expenses by object and in total in the schedule in note 16 of the financial statements. Expenses are allocated to functions according to rates based on the Foundation's activities and programs. The rates adopted for the

## 2. Significant accounting policies (continued):

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

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:

Object	% of allocation	Function
Salaries and benefits	75%	Programs expenses
	25%	Administration expenses
Grants – National Anti-Racism Fund	100%	Grants – National Anti-Racism Fund
Communication	75%	Programs expenses
	25%	Administration expenses
Rent	65%	Programs expenses
	35%	Administration expenses

### (m) Related Party Transactions:

#### ***Inter-entity transactions***

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

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

#### ***Other related party transactions***

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

## 3. Cash and Cash equivalent:

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

#### 4. Investments:

The Investment is composed of the following assets at December 31, 2023:

December 31, 2023	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Canadian Money Market Fund	977,624	-	977,624
Fixed Income Investments	32,082	218,560	250,642
	<b>1,009,706</b>	<b>218,560</b>	<b>1,228,266</b>

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

The Investment is composed of the following assets at March 31, 2023:

March 31, 2023	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Fixed income investments – Canadian	15,201	2,229,060	2,244,261
Equity securities- Canadian	-	549,494	549,494
Equity securities- Foreign	-	2,188,167	2,188,167
	<b>15,201</b>	<b>4,966,721</b>	<b>4,981,922</b>

#### 5. Endowment Fund:

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

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

The Endowment Fund is composed of the following assets at December 31, 2023:

December 31, 2023	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash & Cash Equivalent	19,333		19,333
Fixed income investments – Canadian	366,432	6,155,603	6,513,865
Equity securities- Canadian		5,267,381	5,267,381
Equity securities- Foreign		9,056,538	9,056,538
Alternatives investment fund		4,972,256	4,972,256
	<b>385,765</b>	<b>25,451,778</b>	<b>25,829,373</b>

## 5. Endowment Fund (continued):

The carrying amount of the Endowment Fund assets has no impairment investments in this period (March 31, 2023 – nil).

The Endowment Fund is composed of the following assets at March 31, 2023:

March 31, 2023	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Cash	691,758	-	691,758
Fixed income investments – Canadian	62,830	8,667,406	8,730,236
Equity securities- Canadian	-	2,109,663	2,109,663
Equity securities- Foreign	-	8,960,261	8,960,261
	<b>754,588</b>	<b>19,737,330</b>	<b>24,618,243</b>

## 6. Financial risk management:

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

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

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

### (a) Asset Mix:

As of December 31, 2023, the Foundation's **investment** asset mix was as follows:

Asset Mix	BV (\$)	MV (\$)	%	Strategic Target	Range permitted
Cash & Equivalents	978,995	978,995	79.6%	80.0%	65% – 100%
Fixed Income Investments	247,165	250,642	20.4%	20.0%	0% – 35%
	<b>1,226,160</b>	<b>1,229,637</b>	<b>100%</b>	<b>100%</b>	

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

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

As of December 31, 2023, the Foundation's **Endowment Fund asset** mix was as follows:

<b>Asset Mix</b>	<b>BV (\$)</b>	<b>MV (\$)</b>	<b>%</b>	<b>Strategic Target</b>	<b>Range permitted</b>
Cash & Equivalents	19,333	19,333	0.1%	0%	0% – 10%
Fixed Income Investments	6,296,105	6,513,865	25.2%	25%	20% – 35%
Equities - Canadian	5,065,564	5,267,381	20.4%	20%	40% – 65%
Equities - Foreign	8,788,526	9,056,538	35.1%	30%	40% – 65%
Emerging Markets	-	-	-	5%	-
Alternatives	4,938,203	4,972,256	19.3%	20%	5% – 30%
	<b>25,107,731</b>	<b>25,829,373</b>	<b>100%</b>	<b>100%</b>	

**(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.

As at December 31, 2023, the Foundation's **Investment** invested in fixed income securities with the following credit ratings:

<b>Debt instrument by Credit Rating</b>	<b>MV (\$)</b>	<b>AAA (+R1 rated Short Term)</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB &amp; Other</b>
Cash	1,371	100.00	-	-	-	-
PH&N Canadian Money Market Fund	977,624	100.00	-	-	-	-
PH&N Short Term Bond and Mortgage Fund	250,642	42.80	8.0	19.5	25.5	4.2
	<b>1,229,637</b>	<b>88.30</b>	<b>1.6</b>	<b>4.0</b>	<b>5.2</b>	<b>0.9</b>

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

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

As at December 31, 2023, the Foundation's **Endowment Fund assets** invested in fixed income securities with the following credit ratings:

<b>Debt instrument by Credit Rating</b>	<b>MV (\$)</b>	<b>AAA (+R1 rated Short Term)</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB &amp; Other</b>
Cash	19,333	100.00	-	-	-	-
PH&N Core Plus Bond Fund	6,513,865	29.6	26.6	15.7	18.5	29.6
RBC Commercial Mortgage Fund	1,263,560	9.1	11.9	19.6	23.2	5.2
	<b>7,796,758</b>	<b>26.5</b>	<b>22.2</b>	<b>13.1</b>	<b>15.5</b>	<b>26.5</b>

**(ii) Accounts receivable:**

The Foundation's exposure to credit risk associated with accounts receivable is assessed as being low mainly due to the type of the Foundation's debtors which are mainly from the Government of Canada. As at December 31, 2023, accounts receivable comprise of balances of \$58,509 (March 31, 2023 - \$160,906) less than 3 months, \$325 (March 31, 2023 - \$18) between 3 to 12 months and nil (March 31, 2023 - \$15) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at December 31, 2023, is as follows:

	<b>December 31 2023</b>	<b>March 31 2023</b>
	\$	\$
Government of Canada	48,963	119,809
Amounts receivable from pending trades	-	7,768
Dividends, interest and income distribution	-	28,308
Other organizations	9,870	5,036
	<b>58,833</b>	<b>160,921</b>



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

**(c) Interest rate risk:**

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

The Foundation's fixed income securities fair value in Investments and Endowment Fund assets as at December 31, 2023 comprise:

	<b>December 31 2023</b>	<b>March 31 2023</b>
	\$	\$
	<b>6,764,508</b>	<b>10,974,497</b>

As at December 31, 2023, 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:

	<b>Amount</b>	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>5 - 10 years</b>	<b>Greater than 10 years</b>
Endowment	6,513,865	358,263	1,693,605	2,533,894	1,928,104
Investment	250,642	32,082	189,736	28,824	-
	<b>6,764,508</b>	<b>390,345</b>	<b>1,883,341</b>	<b>2,562,717</b>	<b>1,928,104</b>

## 6. Financial risk management (continued):

### (d) Currency risk:

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

The Currency risk information for December 31, 2023 was not available at the time of this report. As at March 31, 2023, the Foundation currency risk information was as follows:

Approximately 24.61% (2022 – 25.60%) of the Foundation's Endowment Fund was subject to direct currency risk during the year. The remaining assets in the Endowment Fund were held directly in Canadian dollars, and underlying foreign holdings were hedged back to Canadian dollars.

Approximately 24.61% (2022 – 25.60%) of the Foundation's investment account was subject to direct currency risk during the year. The remaining assets in the unrestricted investment account were held directly in Canadian dollars, and underlying foreign holdings were hedged back to Canadian dollars.

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

<b>March 31 2023</b>	<b>USD in CND\$ Fund</b>	<b>March 31 2022</b>	<b>USD in CND\$ Fund</b>
<b>Market Value</b>	\$6,322,862	<b>Market Value</b>	\$6,752,830
<b>% of Portfolio</b>	24.61%	<b>% of Portfolio</b>	25.60%

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

The currency risk of \$6,322,862 (2022 – \$6,752,830) includes the unrestricted USD portfolio cash balance of \$71,126 USD or \$96,255 CAD (2022 – \$65,110 USD or \$81,361 CAD).

As at March 31, 2023, if the Canadian dollar strengthened or weakened by 10% in relation to other currencies, with all other variables held constant, the Statement of Remeasurement Gains and Losses would have an increase or decrease by approximately:

	<b>March 31, 2023</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>March 31, 2022</b>
	<b>Increase in value</b>	<b>Decrease in value</b>	<b>Increase in value</b>	<b>Decrease in value</b>
<b>USD in CND Fund</b>	\$632,286	(\$632,286)	\$675,283	(\$675,283)

**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 Six more revisions in July 19, 2017, October 13, 2017, and May 25, 2023 and was in force during the current fiscal year. As a result, the **6**.

**(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 \$200,000 and capital management that allows the Foundation to have sufficient liquidity to settle its obligations when they become due.

As at December 31, 2023, 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	180,987	244	6,625	187,856
Accrued salaries	24,739	-	-	24,739
<b>Total</b>	<b>205,726</b>	<b>244</b>	<b>6,625</b>	<b>212,595</b>

## 6. Financial risk management (continued):

As at March 31, 2023, 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	8,695	-	-	8,695
Other accounts payable and accrued liabilities	760,869	550	6,016	767,435
Accrued salaries	19,745	-	-	19,745
<b>Total</b>	<b>789,309</b>	<b>550</b>	<b>6,016</b>	<b>795,875</b>

## 7. Financial assets and financial liabilities – disclosure:

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

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

The fair value hierarchy levels information for December 31, 2023 was not available at the time of this report.

Financial assets at fair value for investments and Endowment Fund assets as at March 31, 2023:

Financial assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash	691,758	-	-	691,758
Fixed income securities	-	10,974,497	-	10,974,497
Equity securities- Canadian	2,659,157	-	-	2,659,157
Equity securities- Foreign	6,101,257	5,047,171	-	11,148,428
Total investments and Endowment Fund assets	<b>9,452,172</b>	<b>16,021,668</b>	<b>-</b>	<b>25,473,840</b>

## 8. Capital assets:

Capital assets at net book value as at December 31, 2023:

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
Office furniture and equipment	127,046	123,679	3,367
Computer hardware	163,436	108,254	55,182
Equipment under capital lease	1,667	1,667	-
	<b>292,149</b>	<b>233,600</b>	<b>58,549</b>

Amortization of capital assets expense is \$22,741 (December 31, 2022 - \$17,164).

Capital assets at net book value as at March 31, 2023:

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>
	\$	\$	\$
Office furniture and equipment	125,718	122,661	3,057
Computer hardware	137,880	87,012	50,868
Equipment under capital lease	1,667	1,176	491
	<b>265,265</b>	<b>210,849</b>	<b>54,416</b>

## 9. Obligation under capital lease:

The Foundation signed an agreement to rent office equipment under capital lease in March 2021 with an effective lease date of April 1, 2021. The obligation under capital lease, repayable in blended quarterly installments of \$147 for a total of \$1,764, including principal and interest at 3.95% with a maturing date of March 31, 2024, is secured by related equipment.

Obligation under capital lease as at December 31, 2023:

	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Obligation under capital lease	\$140	\$570

## 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.

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

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

Deferred contributions and deferred revenues recorded by the Foundation at December 31, 2023, are as follows:

	<b>December 31 2023</b>	<b>March 31, 2023</b>
	\$	\$
Deferred revenue from non-government sources	187,030	248,030
Deferred revenue from government sources	35,000	40,000
<b>Balance, end of period</b>	<b>222,030</b>	<b>288,030</b>

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

	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	\$	\$
Balance, beginning of period	288,030	534,858
Less: amounts recognized as revenue	(66,000)	(246,828)
<b>Balance, end of period</b>	<b>222,030</b>	<b>288,030</b>

**11. Contractual rights and obligations:**

As at December 31, 2023, future minimum contractual payments total is \$1,026,689 (March 31, 2023 \$1,957,655). There is no contractual rights for this year.

<b>Fiscal Year</b>	<b>Contractual obligations</b>
	\$
2023-24	408,381
2024-25	297,495
2025-26	109,993
2026-27	109,993
2027-28	100,827
<b>Total</b>	<b>1,026,689</b>

**THE CANADIAN RACE RELATIONS FOUNDATION**  
**SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS**  
Third quarter of fiscal year 2023/2024 ended December 31, 2023

**12. Net investment income:**

<b>Net investment income from Endowment Fund assets</b>	<b>December 31 2023</b>	<b>December 31 2022</b>
	\$	\$
Realized losses on sale of Endowment Fund assets	(1,055,904)	(485,067)
Interest from cash and fixed income investments, dividends from Endowment Fund assets	1,031,639	395,674
Less: transaction costs and investment counsel fees	(82,165)	(93,596)
	(106,431)	(182,989)
<b>Net investment income from investments</b>		
Realized losses on sale of investments	(197,289)	(152,824)
Interest from cash and fixed income investments, dividends	130,820	105,756
Less: transaction costs and investment counsel fees	(9,988)	(23,813)
	(76,456)	(70,881)
<b>Net investment loss</b>	<b>(182,888)</b>	<b>(253,870)</b>

**13. Investment in capital assets:**

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

	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	\$	\$
Capital assets	58,549	54,416
Less: obligation under capital lease	(140)	(570)
	<b>58,409</b>	<b>53,846</b>

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

	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	\$	\$
Capital asset additions	26,883	38,314
Less: Capital asset leased	-	-
Capital assets purchased with Foundation funds	26,883	38,314
Amortization of capital assets	(22,751)	(26,011)
Repayment of capital lease obligation	430	552
<b>Net change in investment in capital assets</b>	<b>(4,563)</b>	<b>12,855</b>

#### **14. Related party transactions:**

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

During the period, the Foundation incurred expenses totalling \$336,693 (December 31, 2022 - \$269,220) with respect to salaries and benefits, honorarium and travel of members of the Board of Directors and the Executive Director.

As December 31, 2023, the Foundation had accounts receivable of \$48,963 (March 31, 2023 – \$119,809) from the Canada Revenue Agency for recoverable sales taxes.

#### **15. Appropriations:**

Government funding comprised of following:

	<b>December 31 2023</b>	<b>December 31 2022</b>
Parliamentary appropriations provided	\$	\$
Appropriations deferred - beginning of the period	1,119,884	2,964,654
Appropriations received -Main estimate	6,750,000	2,615,542
	<b>7,869,884</b>	<b>5,580,196</b>
Appropriations recognized as revenue	3,985,250	3,065,000
Appropriations deferred	3,884,634	2,515,196
	<b>7,869,884</b>	<b>5,580,196</b>



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

<b>Expenses</b>	<b>December 31 2023</b>	<b>December 31 2022</b>
	<b>\$</b>	<b>\$</b>
Salaries and benefits	2,073,985	1,752,251
Public education and training	902,790	421,467
Communication	371,312	47,746
Professional fees	301,014	192,887
Office and general	146,407	81,229
Board of Directors honoraria and travel	124,238	88,124
National Anti-Racism Fund	115,367	1,866,971
Conferences, symposia and consultations	95,758	78,702
Staff recruitment and development	68,831	73,838
Rent	65,366	57,613
Research	59,580	188,673
Amortization	22,751	17,164
Information systems and development	8,721	10,913
Interest expenses	12	32
	<b>4,356,132</b>	<b>4,877,610</b>

**17. The COVID-19 Impact:**

The COVID-19 outbreak has and will continue to have a negative impact on our results of operations. The Foundation closed its office doors to the public on March 17, 2020, and most operations have continued or adapted to digital delivery during the period of closure.