



CANADIAN
RACE RELATIONS
FOUNDATION

FONDATION
CANADIENNE DES
RELATIONS RACIALES

First Annual Report

For period ended
March 31, 1998

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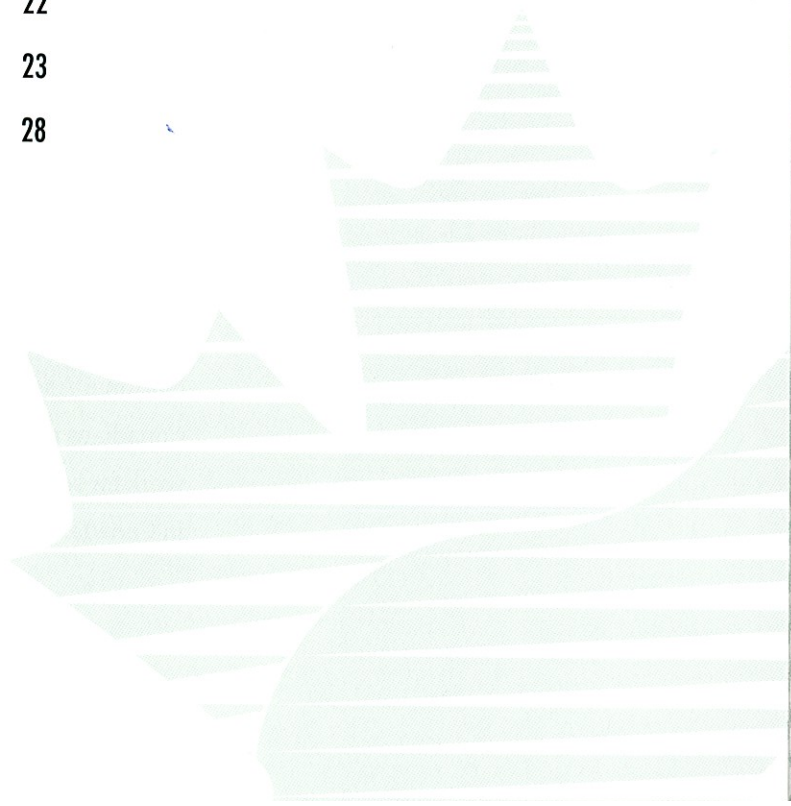
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Willowdale, Ontario M2N 6A4

CANADIAN	FONDATION
RACE RELATIONS	CANADIENNE DES
FOUNDATION	RELATIONS RACIALES

Canada^{🇨🇦}

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The Honourable Lincoln M. Alexander, Chair of CRRF with the Honourable Hedy Fry, Secretary of State for Multiculturalism and Mr. Tak Ariga, Vice-President of the Toronto Chapter of the National Association of Japanese Canadians with plaque commemorating the work of NAJC.

DEDICATION

On the occasion of the 10th anniversary of the Japanese Canadian Redress Agreement, the Canadian Race Relations Foundation dedicates this annual report to the National Association of Japanese Canadians in honour of their tireless work for social justice and democracy in Canada.

MISSION

The Mission of the Canadian Race Relations 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.



CANADIAN RACE RELATIONS FOUNDATION	FONDATION CANADIENNE DES RELATIONS RACIALES
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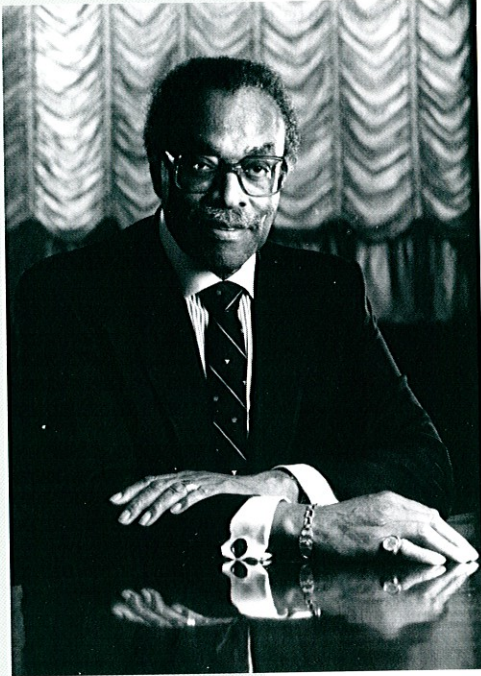
VISION STATEMENT

Our objective is to help bring about a more harmonious Canada, which acknowledges its racist past, recognizes the pervasiveness of racism today, and is committed to a future in which all Canadians are treated equitably and fairly.

It will do so by:

- Forming strategic partnerships in the field of anti-racism;
- Increasing public awareness of racism;
- Empowering groups which are the targets of racism, through advocacy, public education and the provision of credible, persuasive information;
- Speaking out clearly and unequivocally, not shying away from controversy;
- Providing information on legislation, policies and programs to public and private leaders; and,
- Acknowledging positive initiatives in the elimination of racism and the promotion of harmonious race relations.

MESSAGE FROM THE CHAIR



When Prime Minister Chrétien let it be known that he wanted me to take on the responsibility of Chair of the Canadian Race Relations Foundation, many thoughts ran through my mind. The most important of which was having the possibility of emphasizing that good race relations would be in the best interest of everyone from every walk of life and in every part of Canada. A further possibility was being in the position to pursue my beliefs in the fundamental goodness of most Canadians.

We want to learn from one another. We want to give each other the greatest possible opportunity to succeed. We want to knock down the barriers of fear or misunderstanding that keep us from walking on the same path together. We do not want colour or culture to cause school tensions, workplace problems or neighbourhood violence. We do not want the ugliness of racism to poison the minds or influence the actions of young Canadians. We do not want precious talents to be wasted because of racial discrimination.

This year is the 50th anniversary of the United Nations Declaration on Human Rights. With this declaration, the community of nations made a collective decision to speak out against injustice and inequality. I, and my colleagues on the Board of Directors of the Canadian Race Relations Foundation, have also made a decision to speak up and to express our commitment to "making Canada a better place to live." Since becoming Chairman, I have delivered speeches and made presentations to many stakeholders across the country. As well, I have given press interviews to inform the public of the Canadian Race Relations Foundation.

Although there is more to be done, Canada has come a long way in the course of the past fifty years. This we owe to the tenacious and courageous struggle of individuals and organizations which have raised the public's consciousness of the nature and extent of racial discrimination. A great victory against racism was achieved in September 1988 with the signing of the Japanese Canadian Redress Agreement that acknowledged Canada's wrongdoing against its citizens of Japanese descent. Out of this agreement – the fruit of a long struggle by the National Association of Japanese Canadians – the Canadian Race Relations Foundation was born.

It has been a great pleasure and an honour to assume the chair of the Canadian Race Relations Foundation. On behalf of the members of the Board, I extend to Moy Tam sincere appreciation for the leadership, hard work and vision she has pursued which has added to the development of the Foundation. I also thank members of the Board of Directors and committees of the Canadian Race Relations Foundation for their dedication, loyalty and advice. Thanks also go to the hard-working and loyal staff.

The Foundation's founding Board of Directors, a diverse group of talented individuals, pored over the mandate of the Foundation, developed its vision and set its strategic directions.

The vision of the Canadian Race Relations Foundation is to bring about a more harmonious Canada which acknowledges its racist past, which recognizes the pervasiveness of racism today, and which is committed to a future in which all are treated equitably and fairly. The Canadian Race Relations Foundation joins with countless other individuals and organizations in Canadian society to pursue this vision. Through our joint efforts, I am confident Canada will truly become a model society for the 21st century, a country of many cultures celebrating its unity, while taking advantage of its diversity.



The Honourable Lincoln M. Alexander
Chair



MESSAGE FROM THE EXECUTIVE DIRECTOR



It has been a unique privilege as well as an exciting challenge to have been appointed Executive Director of the new Canadian Race Relations Foundation. Its establishment signified a major accomplishment for the Canadians of Japanese ancestry who have invested into its creation vast amounts of time, resources and energy.

Building an organization from the ground up has been both fulfilling and challenging. Over the past sixteen months, the founding Board of Directors worked to create a vision, as well as established bylaws and policies to guide its operations. Staff members have been recruited, and a survey and consultation with numerous stakeholders across the country informed our program priorities. At the same time, the Foundation acquired an office space and addressed a host of logistical issues, which can be full of surprises. Nevertheless, with hard work, tolerance for uncertainties, and a sense of humour, the efforts of the tireless staff culminated in the official launch of the Foundation in November, 1997.

The Foundation has launched its research and public education programs, as well as started developing its national information base, which is part of the newly developed website. Program development will continue over the coming years.

We will collaborate with business, labour, educational institutions and the voluntary sector, as well as all levels of government, to promote and support anti-racism programs and activities across the country. We are working to build strategic partnerships with a wide range of organizations to fulfill our mandate.

The Foundation's mandate calls for the elimination of racism in Canada. This is not a task which any one organization or institution can do. Rather it is a struggle that requires the participation of all Canadians. I hope that in the closing years of this millennium we can all strengthen our resolve to make the next century one of harmony and equality.

Moy C. Tam

Moy C. Tam
Executive Director

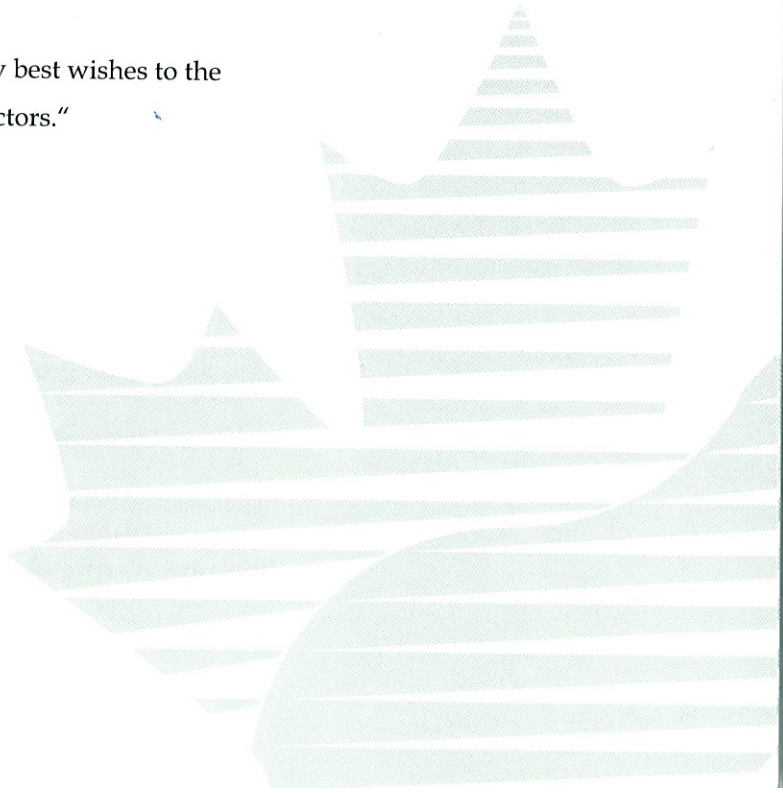
MESSAGE FROM THE PRIME MINISTER OF CANADA

The inauguration of the Canadian Race Relations Foundation represents a significant milestone in Canada's pursuit of social justice, fairness and equality for all citizens. By being a signatory to the *Universal Declaration of Human Rights*, which celebrates its 50th anniversary over the next year, Canada has pledged itself to the principles of social justice and equality. The Canadian Race Relations Foundation is a key part of this commitment. Part of the Foundation's mission is to help bring about harmonious race relations in Canada. It will work at the forefront of efforts to combat racism and all forms of racial discrimination. The Foundation will set important standards that will serve Canadians today and tomorrow. I strongly believe that there can be, and must be, only one class of citizenship for all Canadians. Canada must continue to be one of the best places in the world to live in, for all its citizens. Combating racism and building equality are responsibilities that must be shared by all of Canada's institutions, voluntary groups and individuals.

By working together, by taking advantage of our diversity, we will secure a bright, fulfilling and prosperous future for all of our children, while offering the world a 21st century model of successful nation building.

On this very special occasion, I wish to offer my best wishes to the Foundation and its distinguished board of directors."

The Right Honourable Jean Chrétien.
Message on the occasion of the inauguration of the
Canadian Race Relations Foundation, November 1997.





BOARD OF DIRECTORS

Chair

The Honourable Lincoln M. Alexander,
Hamilton, Ontario

Executive Director

Moy C. Tam, Markham, Ontario

Vice-Chair

Arthur K. Miki, Winnipeg, Manitoba

Treasurer-Secretary

Nicole Beaudoin, Laval, Québec

Members

Ann D. Enge, Yellowknife, Northwest Territories

Yvon Fontaine, Moncton, New Brunswick

Andrew J. Hladyshevsky, Edmonton, Alberta

Myer Horowitz, Edmonton, Alberta

Peggy J. Johnson, St. John's, Newfoundland

Pana Merchant, Regina, Saskatchewan

Maria Ausilia Morellato, Vancouver, British Columbia

Fo Niemi, Montréal, Quebec

Subhas Ramcharan, Tecumseth, Ontario

Carolyn G. Thomas, East Preston, Nova Scotia

Sandra Wilking, Vancouver, British Columbia

Frank Zakem, Charlottetown, Prince Edward Island

*The photograph also includes Susan Scotti, delegate of the Deputy Minister of the Department of Canadian Heritage, while Nicole Beaudoin is not in the photograph.

BACKGROUND

The Canadian Race Relations Foundation was created by the Government of Canada to reaffirm the principles of justice and equality for all in Canada. As a party to the International Convention on the Elimination of All Forms of Racial Discrimination, Canada has resolved to adopt all necessary measures for speedily eliminating racial discrimination in all its forms and manifestations. Furthermore, the Canadian Charter of Rights and Freedoms provides that every individual is equal before and under the law and has the right to the equal benefit of the law, without discrimination. In addition, the Canadian Multiculturalism Act provides that it is the policy of the Government of Canada to promote the full and equitable participation of individuals and communities of all origins in the continuing evolution and shaping of all aspects of Canadian society, and to assist them in the elimination of any barrier to such participation. Moreover, the Government, in concluding the Japanese Canadian Redress Agreement, has condemned the excesses of the past. The Canadian Race Relations Foundation Act was given Royal Assent on February 1, 1991. The Foundation was proclaimed by the Federal Government on October 28, 1996.



CORPORATE PROFILE

At the time of proclamation, the Foundation received a one-time endowment of \$24 million from the Government of Canada. Half of the endowment (\$12 million) was provided on behalf of Japanese Canadians and in commemoration of injustices suffered by Japanese Canadians during and after World War II. The Foundation will operate on income derived from investments, donations and fundraising efforts. For the fiscal years 1996/97 and 1997/98, start-up funds were provided by the Department of Canadian Heritage.

The Foundation is governed by a board of directors consisting of a chair and 14 directors from across Canada, each appointed for a term of up to three years. In addition, a full-time executive director oversees the day to day operations and serves as a non-voting board member. The Foundation operates at arm's length from the government, and its directors and employees are not part of the federal Public Service. The Foundation has registered charitable status. While the office of the Foundation is located in the City of Toronto, its activities are national in scope.

ORGANIZATIONAL STRUCTURE

Board Committees

Executive Committee:

Honourable Lincoln Alexander, (Chair), Nicole Beaudoin, Myer Horowitz, Arthur Miki, Carolyn G. Thomas

The Executive Committee may, between meetings of the Board, exercise all powers of the Board, which may be lawfully delegated, to the Committee.

Finance Committee:

Nicole Beaudoin, Yvon Fontaine, Andrew J. Hladyshevsky, Arthur Miki, (Chair), Sandra Wilking.

The Finance Committee oversees the investment of the Foundation's Endowment Fund. The Committee developed an Investment Policy, and is responsible for its annual review. The Committee is responsible for monitoring the performance of the Foundation investments and reporting at all regularly scheduled Board meetings

Research Committee:

Andrew Hladyshevsky, Subhas Ramcharan, (Chair), Carolyn G. Thomas.

The Research Committee oversees research undertakings and data collection to develop the Foundation's national information base.

Human Resource Committee:

Myer Horowitz, Maria Morellato, (Chair), Sandra Wilking.

The Human Resource Committee is responsible for periodically reviewing the Human Resource Policy. It is also responsible for addressing any extraordinary personnel issues.

Strategic Planning Committee:

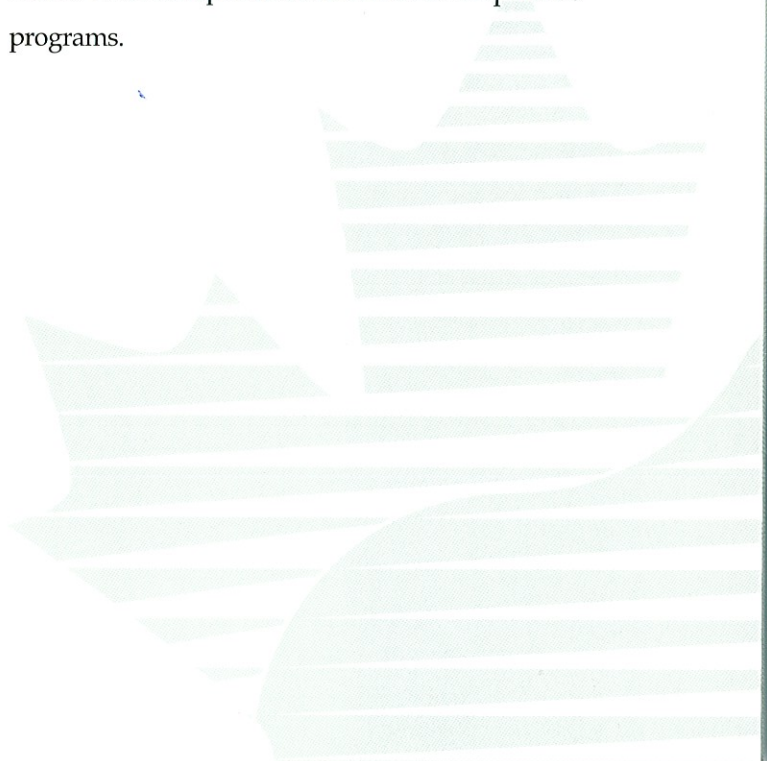
Myer Horowitz, (Chair), Peggy Johnson, Maria Morellato, Fo Niemi, Subhas Ramcharan.

The Strategic Planning Committee guides the development of the Foundation's strategic plans.

Program Committee:

Ann Enge, Peggy Johnson, (Chair), Pana Merchant, Fo Niemi, Subhas Ramcharan, Frank Zakem.

The Program Committee provides advice on the overall direction of Foundation programs and to ensure the development of effective and responsive programs.



ORGANIZATIONAL STRUCTURE

Board Committees

Advisory Panel

In 1998, the Canadian Race Relations Foundation appointed an external advisory panel to make recommendations regarding research programming.

Research Advisory Panel:

**Baha Abu-Laban, Edmonton; Jean-Claude Icart, Montréal;
Daurene Lewis, Halifax; Gertrud Neuwirth, Ottawa (Chair).***

The Research Advisory Panel advises on the development of research in race relations for the Foundation. Its principal functions are to review proposals in response to tender for research, to make recommendations for funding and to evaluate completed research.

* A fifth member was appointed from British Columbia but unfortunately was unable to participate.

Staff

By the end of the 1997-98 fiscal year the Foundation had a small core staff consisting of the following positions: Executive Director, Program Manager, Manager of Finance & Administration, Communications Manager, Executive Secretary, and occasional staff engaged on a project-specific basis. Two additional Program Officers were slated to join the staff in April 1998.

THE YEAR IN REVIEW

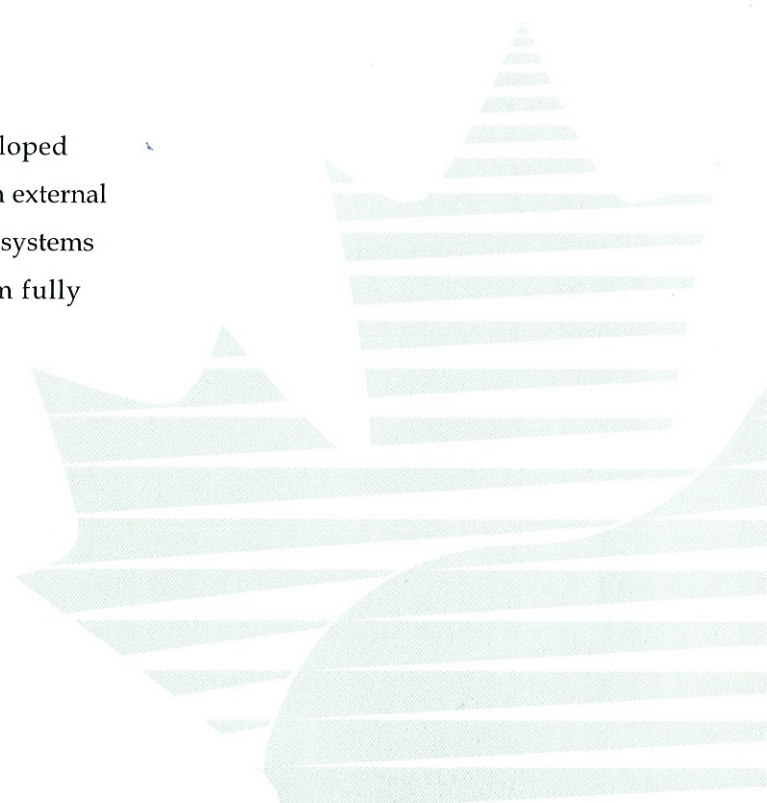
The Canadian Race Relations Foundation is a new and evolving organization. Following the board's articulation of a vision and the survey of stakeholders, programs were developed and core staff were recruited. The Foundation was officially launched in November 1997 and the hiring of the core staff complement was completed in April 1998. Since proclamation of the Canadian Race Relations Foundation Act in late 1996, the Foundation's Board of Directors and staff have worked to develop the organization's policies, infrastructure and programs.

Policy Development

Since inception, the Canadian Race Relations Foundation has developed the following by-laws and policies to guide the conduct of its personnel and operations. These include: By-law on Board Governance; By-law on Board Conflict of Interest; By-law on payment of honoraria and travel expenses to directors, Policy on Partnership, Investment Policy; Employee Conflict of Interest Code; Official Languages Policy; Media Relations Policy; Human Resources Policy (draft).

Organizational Development

The Board and Committee structure was fully developed during the past year including establishment of an external Research Advisory Panel. Financial and administrative systems have been implemented and the information system fully developed.



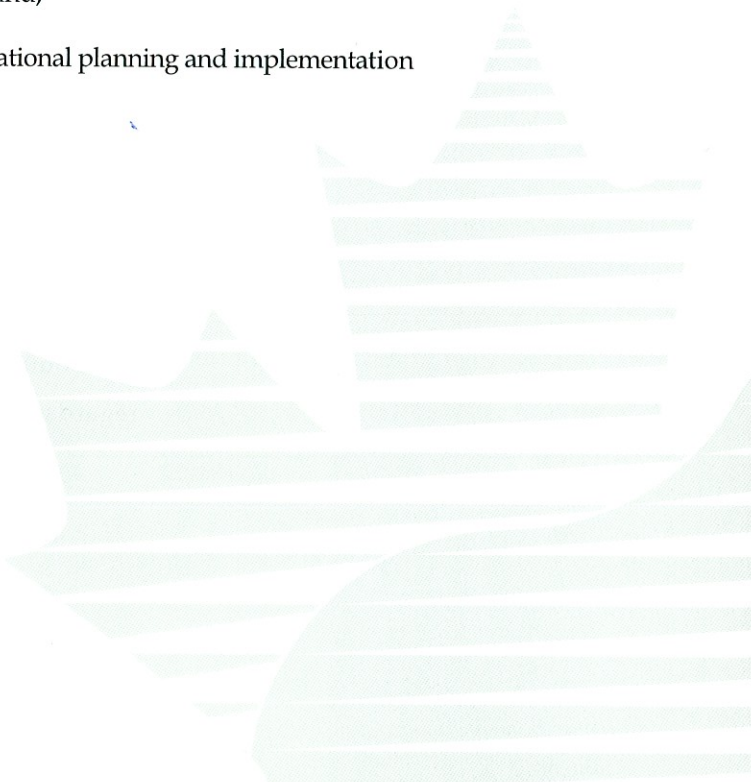
CONSULTATION

Consultation regarding key roles and issues for the Foundation was a critical aspect of the first year of operations. Discussions with key stakeholders were held in all ten provinces. Meetings were held with many people in every province including ethno-cultural organizations, community groups, educators, First Nations organizations, human right commissions, and government officials. Throughout the consultation process the following question was posed: “When you think about racism in Canada today, what are the issues or concerns that you feel require greatest attention?” A wide range of responses was received reflecting a diversity and depth of concern across the country. The following are key issues identified:

- Negative public attitudes towards racial minorities and Aboriginal Peoples;
- Systemic racism in public policy and institutions, especially with regard to employment and education;
- Discrimination in health, community and social services;
- The rise of organized hate groups;
- Racism facing Aboriginal Peoples;
- Racism in policing and the justice system; and,
- Discrimination against immigrants and refugees.

The FOUNDATION'S APPROACH

With the wide mandate of the Canadian Race Relations Foundation, it is critical that its finite resources are utilized to achieve the greatest impact. The Foundation will be cognizant of efforts being made by other organizations on race relations. And in this light the Foundation will avoid duplication and will work in collaboration or in partnership with others to achieve synergy. The Foundation will have a small staff and contract with external organizations to carry out part of its mandate. The Foundation will ensure effective use of its resources and will focus its efforts to accomplish its mandate. The Foundation's approach may be summarized as follows:

- Pro-active in dispelling myths and erroneous misconceptions;
 - Strategic in identifying opportune times to exert influence based on explicit criteria;
 - Credible in developing and utilizing knowledge-based and policy relevant research; and,
 - Fiscally responsible in operational planning and implementation
- 

PROGRAMS

Following the first two meetings of the Board of Directors, the Foundation has set the following program objectives:

1. To disseminate salient facts on racism, and to commemorate the positive contributions of various groups to Canada's development, in order to increase awareness of the general public and to counter stereotypes and erroneous perceptions.
2. To develop a communication plan to link with specific sectors such as community organizations, business, labour, government, and educational institutions.
3. To maintain an up-to-date directory of resources in the field of race relations to provide an information base necessary for information and referral, research, communications and public awareness.
4. To develop an up-to-date and accessible information base on race relations, providing comprehensive links to available resources.
5. To establish a Research Program to further the understanding of racism and identify potential solutions.
6. To facilitate, support and promote systemic changes in institutions to respond appropriately to race relations issues-- development and implementation of effective policies, procedures and practices.
7. To provide advice to decision-makers and sensitize the general public on matters of race relations.

The Foundation is in various stages of development with regards to the above objectives. ►

PROGRAMS

In consultations with key stakeholders, the role and programs of the Canadian Race Relations Foundation were important subjects for discussion. Priority areas, consistent with the Foundation's legislated mandate, and confirmed by stakeholder discussion, can be categorized into three general areas of endeavor which were identified frequently suggested key roles for the Foundation:

- 1. Public Education*
- 2. Action-oriented Research*
- 3. Information, Resource Development and Networking for Policy and Advocacy*

In all of these areas, the Foundation's website <www.crr.ca> will be a primary mode of dissemination in order to ensure broad and affordable public accessibility.

Public Education

Stakeholders emphasized the need for public education that combats racism and reinforces the positive contributions of racial minorities and Aboriginal Peoples in Canadian society. There is a critical need for effective public education strategies, to dispel myths, to oppose negative stereotypical portrayals, and to present positive images. The Canadian Race Relations Foundation is committed to supporting public education that combats racism and reinforces the positive contributions of racial minorities and Aboriginal Peoples in Canadian society. ►

In March 1998, the Foundation launched a public education grants program to support non-governmental organizations in this work. The first three grants were provided to support initiatives by the following organizations:

- The Canadian Council for Refugees in Montreal to support its work in combating negative depictions of refugees and highlighting the positive contributions of immigrants and refugees to Canadian society (\$ 5,000);
- The Newfoundland and Labrador Human Rights Association in St. John's for its work in providing cross-cultural and anti-racist education to young people (\$5,000); and,
- The Winnipeg Chinese Canadian Cultural Society for its event in commemorating the 50th anniversary of the repeal of the racist Chinese Exclusion Act and the contributions of Chinese Canadian railway workers (\$5,000).

Other public education grants will be awarded throughout the year. In addition, the Foundation is working to develop special projects with strategic emphases on raising public awareness about racism.

Action-Oriented Research

Research is an important area of work for the Foundation with an emphasis on research that is practical, strategic and focused. The Foundation focuses its support for research that is grounded in reality and offers constructive options for change.

In November 1997, the Foundation issued its first call for research proposals. The Foundation identified the following themes as priorities:

- Systemic racism in employment;
- Systemic racism in education;
- Public attitudes; and,
- Race relations training and the development of standards.

Eighty-three proposals were received, an overwhelming response to this first initiative. The Foundation's first research contracts will be awarded in June 1998.

A Research Advisory Panel with strong academic and community representation was established to make recommendations regarding projects to be funded.

Information, Resource Development and Networking for Policy and Advocacy

The Foundation is committed to sharing information and developing resources that support policy, programming and advocacy in the field of race relations. A great wealth of anti-racist educational material has been created by Canadian organizations. These include policy statements, videos, case studies, statistical reports, training manuals, fact sheets, and organizational development guides.

During 1997 and 1998, the Foundation began the task of compiling existing resources and developing bibliographies and fact sheets on key race relations issues. These materials will be accessible through the Foundation's website. In addition, the Foundation will be supporting the development of new tools and resources to assist anti-racist educators and community organizations.

The Foundation will also play a role in organizing and sponsoring networking events and workshops among race relations practitioners. Events will be supported at both national and regional levels. In October 1998, the Foundation will be co-sponsoring a major anti-racism conference entitled "Making History, Constructing Race" organized by the University of Victoria, several First Nations and ethno-cultural organizations.

Other Initiatives in Progress

Beginning in 1999, the Canadian Race Relations Foundation will sponsor an award to recognize organizations whose efforts represent excellence in race relations in Canada.

In the Fall of 1998, the Foundation will launch a quarterly newsletter to provide updated information about its programs and activities. The newsletter will be available in both print and electronic versions.

Efforts are underway to develop a special public education project to dispel myths, to oppose stereotypical portrayals, and to present positive images of racial minorities and Aboriginal peoples.

Support for race relations training and the development of standards will be an integral part of the Foundation's work in the coming year.

Financial Statements Management's Responsibility for Financial Statements

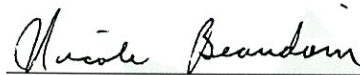
The accompanying financial statements of the Canadian Race Relations Foundation are the responsibility of management and have been approved by the board of directors. These financial statements have been audited by Hilborn Ellis Grant, Chartered Accountants.

In support of its responsibility, management has developed and maintained books of accounts, records, financial and management controls and information systems. These are designed to provide reasonable assurance that the Foundation's resources are managed prudently, that its assets are safeguarded and controlled, and that its financial information is reliable. The Foundation carries out its responsibilities for the financial statements mainly through the Finance Committee. The Finance Committee meets with management and the external auditor to review internal controls, auditing and other relevant financial matters.

The Foundation has ended last year with a surplus attributable to many factors, including prudent financial management. The Foundation is still in its early developmental stage, setting up its infrastructure and the first programs; the Foundation officially opened its doors last November. Although the call for research proposals was issued in November 1997, due to the involvement of an external adjudication body in reviewing the proposals, allocation of funds was deferred until the following fiscal year. However, the Public Education Grants Program did incur its first expenditure at the end of the fiscal year. It is anticipated that program expenditures will increase significantly next year as the Foundation will have launched all its programs.



Chair



Secretary-Treasurer

June 18, 1998

Auditors' Report

To the Directors of Canadian Race Relations Foundation

We have audited the statement of financial position of Canadian Race Relations Foundation as at March 31, 1998 and the statements of operations, changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
June 5, 1998

Hilborn Ellis Grant
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

March 31, 1998

	1998	1997
	\$	\$
ASSETS		<i>(note 10)</i>
Current Assets		
Cash	145,784	88,522
Investments <i>(note 3)</i>	1,914,707	622,904
Income receivable	276,589	35,603
Government grant receivable	-	1,000,000
Other receivables	11,948	5,915
	<u>2,349,028</u>	<u>1,752,944</u>
Investments <i>(note 3)</i>	<u>24,000,000</u>	<u>24,000,000</u>
Capital assets <i>(note 4)</i>	<u>132,843</u>	<u>41,276</u>
	<u>26,481,871</u>	<u>25,794,220</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	<u>22,312</u>	<u>52,542</u>
Deferred contributions - government grants <i>(note 5)</i>	<u>566,682</u>	<u>1,384,932</u>
NET ASSETS		
Net assets invested in capital assets	132,843	41,276
Net assets restricted for endowment <i>(note 6)</i>	24,000,000	24,000,000
Net assets internally restricted for capital preservation <i>(note 7)</i>	1,046,040	-
Net assets internally restricted for reserve <i>(note 8)</i>	713,994	-
Unrestricted net assets	-	315,470
	<u>25,892,877</u>	<u>24,356,746</u>
	<u>26,481,871</u>	<u>25,794,220</u>

Approved on behalf of the Board:

Francis O'Connell
Chair

Michelle Beaudoin
Secretary-Treasurer

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 1998	Invested in Capital Assets \$	Restricted for Endowment \$ <i>(note 6)</i>
Balance, beginning of year	41,276	24,000,000
Excess (deficiency) of revenues over expenses for year	(28,199)	-
Endowment contribution	-	-
Investment in capital assets	119,766	-
Internally imposed restrictions	-	-
Balance, end of year	132,843	24,000,000

Restricted for Capital Preservation \$ <i>(note 7)</i>	Restricted for Reserve \$ <i>(note 8)</i>	Unrestricted for Operations \$	1998 Total \$	1997 Total \$ <i>(note 10)</i>
-	-	315,470	24,356,746	-
-	-	1,564,330	1,536,131	315,470
-	-	-	-	24,000,000
-	-	(119,766)	-	41,276
1,046,040	713,994	(1,760,034)	-	-
1,046,040	713,994	-	25,892,877	24,356,746

STATEMENT OF OPERATIONS

Year ended March 31, 1998	1998	1997
	\$	\$
		(note 10)
Revenues		
Government grant (note 5)	818,250	215,068
Interest and dividends	1,083,868	311,685
Gain on sale of investments	360,696	-
	<u>2,262,814</u>	<u>526,753</u>
Expenses		
Advertising and recruiting	14,256	6,652
Amortization	28,199	5,584
Directors' fees	35,338	10,400
Information systems and development	40,693	-
Insurance	1,909	1,610
Office and general	43,545	6,838
Professional fees	29,925	15,959
Public education	17,199	-
Regional consultations	18,402	-
Rent	54,700	5,003
Salaries and benefits	335,077	75,524
Staff relocation expenses	44,700	7,648
Telephone	11,593	3,333
Travel and accommodation	51,147	31,456
	<u>726,683</u>	<u>170,007</u>
Excess of revenues over expenses for year	<u>1,536,131</u>	<u>356,746</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended March 31, 1998	1998	1997
	\$	\$
Cash provided by (used in)		(note 10)
Operating activities		
Excess of revenues over expenses for year	1,536,131	356,746
Items not requiring a current cash payment (receipt)		
Amortization	28,199	5,584
Gain on sale of investments	(360,696)	-
Government grant receivable	1,000,000	(1,000,000)
Deferred contributions - government grant	(818,250)	1,384,932
	1,385,384	747,262
Net change in non-cash working capital balances	(277,249)	11,024
	1,108,135	758,286
Investment activities		
Proceeds from sale of investments	119,068,848	-
Purchase of investments	(119,999,955)	(24,622,904)
Additions to capital assets	(119,766)	(46,860)
	(1,050,873)	(24,669,764)
Financing activities		
Endowment contributions	-	24,000,000
Net increase in cash during year	57,262	88,522
Cash, beginning of year	88,522	-
Cash, end of year	145,784	88,522

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

1. Description of Organization

Canadian Race Relations Foundation ("the Foundation") was established by way of federal government legislation (Bill C-63 - "The Canadian Race Relations Foundation Act") in December 1990, proclaimed in October, 1996, and commenced operations in November 1996. Subject to Bill C-63, the Governor in Council appoints the Foundation's Board of Directors and Executive Director. 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 classified as a registered charity under the Income Tax Act and, as such, is not subject to income tax, provided certain disbursement requirements are met.

2. Significant Accounting Policies

a) Financial statement presentation

These financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants using the deferral method of reporting for contributions.

b) Revenue recognition

Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Other contributions are recognized as revenue when received.

Endowment contributions are recognized as direct increases in net assets in the period received.

c) Investments

Investments are recorded at the lower of average cost and market value.

d) Investment transactions and income recognition

Investment transactions are accounted for on the trade date. Income from investments is recognized on the accrual basis. Interest is accrued based on the number of days the investment is held during the year. Dividends are accrued as of the ex-dividend date. Realized gains and losses from investment transactions and the unrealized appreciation or depreciation of investments are computed on an average cost basis.

e) Capital assets

Capital assets are recorded at acquisition cost. Amortization is provided for based on the estimated useful life of the assets on a straight-line basis as follows:

Office furniture and equipment	- 5 years
Computer hardware	- 3 years
Computer software	- 3 years
Leasehold improvements	- over term of lease

f) Foreign currency translation

Transactions in a foreign currency have been translated to Canadian dollars at the rate of exchange prevailing at the month end closest to the transaction. The market value of investments quoted in foreign currencies and accounts denominated in foreign currencies have been translated to Canadian dollars at the rates of exchange prevailing at the year end. Gains and losses are taken into the current year's income.

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 1998

3. Investments

	Average Cost \$	Market Value \$
Total investment portfolio	25,914,707	27,368,667
Portion related to net assets restricted for endowment	24,000,000	24,000,000
Portion related to net assets internally restricted for capital preservation	-	1,453,960
	<u>1,914,707</u>	<u>1,914,707</u>

The portion of the investment portfolio related to net assets restricted for endowment is considered to be a non-current asset given that the underlying contributions are to be maintained permanently by the Foundation and are not available to fund its expenses.

4. Capital Assets

	Cost \$	Accumulated Amortization \$	1998 Net Book Value \$	1997 Net Book Value \$
Office furniture and equipment	66,137	11,061	55,076	20,007
Computer hardware	69,491	16,073	53,418	11,230
Computer software	19,699	3,284	16,415	-
Leasehold improvements	11,299	3,365	7,934	10,039
	<u>166,626</u>	<u>33,783</u>	<u>132,843</u>	<u>41,276</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 1998

5. Deferred Contributions - Government Grants

During the year, the Foundation received \$1,000,000 (1997 - \$600,000) in government grants from the Secretary of State (Multiculturalism) (Status of Women) to fund its start-up expenses net of capital asset amortization and to fund the acquisition of capital assets. These monies were received pursuant to a memorandum of agreement dated February 25, 1997. The unexpended portion of the total funds received up to March 31, 1998 has been deferred.

Government grants, which are considered to be restricted operating funds received or receivable in the current year that relate to the subsequent year, are as follows:

	1998	1997
	\$	\$
Balance, beginning of year	1,384,932	-
Add:		
Government grants received or receivable during year	-	1,600,000
	<u>1,384,932</u>	<u>1,600,000</u>
Less:		
Start-up expenses incurred, excluding amortization	698,484	168,208
Purchase of capital assets	119,766	46,860
	<u>818,250</u>	<u>215,068</u>
Balance, end of year	<u>566,682</u>	<u>1,384,932</u>

Effective May 29, 1998, the above noted memorandum of agreement was amended to reflect additional funding commitments made by the Secretary of State (Multiculturalism) (Status of Women) to the Foundation. In respect of the funding of start-up expenses net of capital asset amortization and the funding of the acquisition of capital assets, additional government grants are to be received as follows:

Fiscal Year	Amount (\$)
1998/99	750,000
1999/00	250,000

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 1998

6. Net Assets Restricted for Endowment

On formation, the Foundation received an initial endowment contribution of \$24 million. The endowment contribution was comprised of \$12 million, which was part of the Redress Agreement with the National Association of Japanese Canadians, and a matching contribution of \$12 million from the federal government. This contribution was made in commemoration of members of the Japanese Canadian community who suffered injustices during and after World War II.

The Canadian Race Relations Foundation Act stipulates that this endowment contribution is to be used only for investment and is not available to fund the Foundation's activities. Investment income earned on these funds may be expended for the purpose of the Foundation and is reported as revenue of operations.

7. Net Assets Internally Restricted for Capital Preservation

The Foundation during fiscal 1998 established a capital preservation policy to facilitate the preservation of the net assets restricted for endowment at an annual rate of inflation. At March 31, 1998, the net assets restricted for endowment adjusted for inflation is \$26,500,000 and the inflation component is \$2,500,000.

This internal restriction is subject to variances based upon the unrealized appreciation in the value of investments at any point in time.

The balance as at March 31, 1998 is as follows:

	\$
Unrealized appreciation in the value of investments (<i>note 3</i>)	1,453,960
Operational surplus transfer	<u>1,046,040</u>
	<u><u>2,500,000</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 1998

8. Net Assets Internally Restricted for Reserve

The Foundation during fiscal 1998 established a reserve policy to provide stability to the operations of the Foundation from year to year in the event of a shortfall in investment income. Funds that are allocated for specific programs but are not fully expended during a fiscal year may be drawn from the net assets internally restricted for reserve.

Operational surplus in excess of any transfer to the net assets internally restricted for capital preservation is transferred to the net assets internally restricted for reserve at the end of each fiscal year.

9. Lease Commitments

The Foundation has a five year lease agreement for its office premises with the Minister of Public Works and of Supply and Services. The lease agreement provides for fixed annual rental payments of \$63,898 during the period June 1, 1997 to May 31, 2002.

10. Comparative Figures

The comparative figures were reported on by other auditors.

The comparative figures for the statements of operations, changes in net assets and changes in financial position are for the five month period from commencement of operations, November 1996, to March 31, 1997.

Certain of the comparative figures have been reclassified to conform to the current year's presentation.