



**Canadian  
Race Relations  
Foundation**

**Fondation  
canadienne des  
relations raciales**

**Unaudited Quarterly Financial Report  
Second quarter of fiscal year 2015-2016 ended  
September 30, 2015**

# CANADIAN RACE RELATIONS FOUNDATION

## Unaudited Quarterly Financial Report Second quarter of fiscal year 2015-2016, ended September 30, 2015

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## Financial Management Discussion and Analysis

### Second quarter of fiscal year 2015-2016, ended September 30, 2015

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

#### Statement of Financial Position Discussion

	2015 September 30 (Actual \$)	2015 March 31 (Actual \$)	Changes	
			\$	%
<b>Assets</b>				
Cash	172,384	188,498	(16,114)	(9)
Investments and Endowment Fund	27,212,703	28,415,684	(1,202,981)	(4.2)
Prepaid expenses, receivables	232,995	487,202	(254,207)	(52)
Capital assets	30,543	33,135	(2,592)	(8)
<b>Total Assets</b>	<b>27,648,625</b>	<b>29,124,519</b>	<b>(1,475,894)</b>	<b>(5.1)</b>
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued liabilities	34,550	702,511	(667,961)	(95)
Accrued salaries and employees future benefits	28,952	29,776	(824)	(3)
Deferred contributions and deferred revenues	116,639	38,215	78,424	205
Net assets	27,468,484	28,354,017	(885,533)	(3)
<b>Total Liabilities and Net Assets</b>	<b>27,648,625</b>	<b>29,124,519</b>	<b>(1,475,894)</b>	<b>(5.1)</b>

**Cash** is composed of cash at banks and unrestricted cash balances held by the Foundation's investment managers. As at September 30, 2015 total cash in operating bank accounts amounted to \$89,859 and unrestricted cash balances held by the Foundation's investment managers amounted to \$82,525.

**Investments and Endowment Fund asset** have decreased 4.2% or \$1,202,981 for the six-month ended September 30, 2015 compared to the investment value at March 31, 2015. This is primarily due to the decrease in fair value of the Foundation's investments as the results of stock markets volatility. For the six-month period ended September 30, 2015 the combined portfolio returned – 2.1% or \$547,274 loss after all fees and taxes (September 30, 2014 – positive 3.5% or \$895,433 gain). The return rate excluding the remeasurement (unrealized) loss is 1.7% or \$458,509 gain (September 30, 2014 – 1.9% or \$530,266 gain).

**Prepaid expenses, receivables** decreased \$254,207 compared to March 31, 2015. This is mainly for reduction of receivables from CIC Our Canada project of \$177,064 and dividend investment income receivables of \$72,972.

**The Capital assets** decreased \$2,592 for the six-month ended September 30, 2015 compared to March 31, 2015 as the result of amortization of all assets of \$6,173 and addition to Computer hardware of \$3,581.

## Statement of Financial Position Discussion (continued)

### Liabilities

**Accounts payable and accrued liabilities** decreased \$667,961 for the six-month ended September 30, 2015 compared to March 31, 2015. This is mainly for reversal of payables (adjustment for cutoff date in 2014-15) to the Foundation's investment managers for purchase of investments at March 31, 2015.

**Accrued salaries and employees future benefits payable** decreased \$824 for the six-month ended September 30, 2015 compared to March 31, 2015.

**Deferred contributions and deferred revenues** increased \$78,424 for the six-month ended September 30, 2015 compared to March 31, 2015. This is mainly due to \$79,023 advance continuation received from CIC in July 2015 for the Symposium, addressing cultural practices.

**Net Assets** decreased 3% in the six-month ended September 30, 2015 compared to March 31, 2015 mainly due to remeasurement (unrealized) loss on investments portfolio of \$1,005,783 reduced by the excess of revenues over expenses of \$120,250 for the six-month ended September 30, 2015.

## Statement of Operations Discussion

Revenues	2015	2014	Changes	
	September 30	September 30	\$	%
	\$	\$		
Funded projects	310,628	95,895	214,733	224
Sponsorships, donations and contributions, honoraria and fundraising gala	704	2,000	(1,296)	(65)
Publications, in-kind & Miscellaneous revenues	504	6,000	(5,496)	(92)
<b>Total Revenues</b>	<b>311,836</b>	<b>103,895</b>	<b>207,941</b>	<b>200</b>
<b>Net investment income</b>				
Investment income earned	382,280	400,573	(18,293)	(4.6)
Changes in fair value –realized	76,229	129,693	(53,464)	(41)
<b>Net investment income</b>	<b>458,509</b>	<b>530,266</b>	<b>(71,757)</b>	<b>(13.53)</b>

Revenues from **Funded projects** of \$310,628 represent payments received by the Foundation from the Department of Citizenship and Immigration Canada for the "Our Canada" project (September 30, 2014 – \$87,895). This project started in July 2014.

## Statement of Operations Discussion (continued)

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

**Net investment income earned:** The Foundation's primary source of income is derived from the investment income earned on the investment of the original contribution of \$24 million. Investment income earned includes interest, dividends, and distributions, after portfolio management fees. Investment income earned for six-month ended September 30, 2015 is \$ 382,280 (September 30, 2014 - \$400,573) a decrease of \$18,293, mainly due to lower interest for the fixed income securities.

**Changes in fair value realized** of investments for six-month ended September 30, 2015 include realized gain on sales of investments of \$ 76,229 a decrease of \$53,464 compared with six-month ended September 30, 2014.

Unrealized gains (losses) on investments measured at fair value are recognized in the Statement of Remeasurement Gains and Losses. Unrealized changes in fair value of the investments in the six-month ended September 30, 2015 were \$1,005,783 loss compared to gain of \$365,166 in September 30, 2014.

Expenses	2015	2014	Changes	
	September 30	September 30	\$	%
	\$	\$		
Funded projects	313,112	96,643	216,469	224
Salaries and benefits	217,775	217,545	230	0.01
Office and general, conference, symposium and others	51,123	31,698	19,425	61
Board of Directors honoraria and others	43,741	11,677	32,064	275
Rent	41,088	41,132	(44)	(0.1)
Communication	16,520	22,064	(5,544)	(25)
Professional fees	11,571	1,215	10,356	853
<b>Total</b>	<b>694,930</b>	<b>421,974</b>	<b>272,956</b>	<b>65</b>
<b>Less: Administration fee from funded projects</b>	<b>(44,835)</b>	<b>(28,299)</b>	<b>(16,536)</b>	<b>58</b>
<b>Total Expenses</b>	<b>650,095</b>	<b>393,675</b>	<b>256,420</b>	<b>65</b>

The Foundation's total expenses is \$650,095 for the six-month ended September 30, 2015 with the three main users of funds being funded projects, salaries and benefits, and office and general, conference, symposium and others , totaling \$313,112, \$217,775 and \$51,123 respectively.

There was \$216,469 increase in **funded projects** expenses compared to September 30, 2014 due to full six month project activities for the "Our Canada" project which started in July 2014.

There was no significant changes to **salaries and benefits** expenses compared to September 30, 2014. There was \$19,425 increase in **Office and general, conference, symposium and others** expenses compared to September 30, 2014.

## Statement of Operations Discussion (continued)

**Honoraria and expenses for the Board of Directors** increased \$32,064 for the six-month ended September 30, 2015. There was two Director's in-person meeting in this period.

There was no significant change to **rent** expenses for the six-month ended September 30, 2015 compared to September 30, 2014.

**Communications** are public and media relations expenses. There was a \$5,544 decrease in communications expenses compared to September 30, 2014, mainly due to less translation cost.

**Professional fees** are for legal, accounting and corporate services fees. There was \$10,356 increase in professional fees compared to September 30, 2014, mainly due to legal fees paid for employment termination.

**Administration fee from the funded projects** is mainly administration fee received from Citizenship and Immigration Canada for implementation of the "Our Canada" project in this period of \$44,435 (September 30, 2014 - \$28,299) and is paid to the Foundation mainly for project use of office space, insurance, facilities, IT network and assets.

### Outlook

#### Fiscal Year 2015-2016

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

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

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

**CANADIAN RACE RELATIONS FOUNDATION**

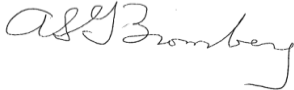
**Unaudited Quarterly Financial Report**

**For the Six months ended September 30, 2015**

**Statement of Management Responsibility**

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

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



Anita Bromberg  
Executive Director

November 28, 2015



Arsalan Tavassoli MA, CPA, CGA  
Finance and Administration Director

November 28, 2015

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

**As at September 30, 2015**

	<b>2015</b>	<b>2015</b>
	<b>September 30</b>	<b>March 31</b>
	\$	\$
<b>Assets</b>		
Current Assets		
Cash (note 3)	172,384	188,498
Prepaid expenses	8,470	17,704
Receivables	224,525	469,498
Investments (note 4)	2,258,552	2,301,704
	<u>2,663,931</u>	<u>2,977,404</u>
Endowment Fund asset (note 5)	23,590,771	24,669,467
Investments (note 4)	1,363,380	1,444,513
Capital assets (note 7)	<u>30,543</u>	<u>33,135</u>
	<b><u>27,648,625</u></b>	<b><u>29,124,519</u></b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	34,550	702,511
Accrued salaries	24,329	27,653
Deferred contributions and deferred revenues (note 8)	116,639	38,215
	<u>175,518</u>	<u>768,379</u>
Employees future benefits (note 9)	<u>4,623</u>	<u>2,123</u>
	<u>180,141</u>	<u>770,502</u>
<b>Net assets</b>		
Unrestricted	1,355,698	1,232,856
Invested in capital assets (note 12)	30,543	33,135
Accumulated remeasurement gains	2,082,243	3,088,026
Restricted for endowment purposes (note 5)	<u>24,000,000</u>	<u>24,000,000</u>
	<u>27,468,484</u>	<u>28,354,017</u>
	<b><u>27,648,625</u></b>	<b><u>29,124,519</u></b>

Contractual obligations (note 10)

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



**CANADIAN RACE RELATIONS FOUNDATION**  
**UNAUDITED QUARTERLY FINANCIAL STATEMENTS**

**Statement of Operations**

**Second quarter of fiscal year 2015-2016, ended September 30, 2015**

	Three months ended		Six months ended	
	2015 September 30	2014 September 30	2015 September 30	2014 September 30
<b>Revenues</b>	\$	\$	\$	\$
Funded projects	142,181	87,895	310,628	95,895
Sponsorships, donations and contributions, honoraria and fundraising gala	-	2,000	704	2,000
Publications, in-kind & Misc. revenue	504	3,930	504	6,000
	<b>142,685</b>	<b>93,825</b>	<b>311,836</b>	<b>103,895</b>
<b>Expenses (note 14)</b>				
Funded projects	146,163	88,023	313,112	96,643
Programs expenses	88,292	118,557	204,154	211,165
Administration expense	31,990	40,892	72,128	73,196
Board of Directors meetings	32,243	7,471	43,741	11,677
Conferences, symposia and consultations	7,993	655	12,418	(1,674)
Operating expenses	7,666	(9,960)	3,981	(500)
Information systems and development	-	1,247	416	2,001
Finance cost	46	249	145	296
Staff recruitment and development	-	801	-	871
	<b>314,393</b>	<b>247,935</b>	<b>650,095</b>	<b>393,675</b>
<b>Deficiency of revenues over expenses before net investment income</b>	<b>(171,708)</b>	<b>(154,110)</b>	<b>(338,259)</b>	<b>(289,780)</b>
Net investment income (note 11)	230,491	292,326	458,509	530,266
<b>Excess of revenues over expenses</b>	<b>58,783</b>	<b>138,216</b>	<b>120,250</b>	<b>240,486</b>

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

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

	Three months Ended		Six months ended	
	2015	2014	2015	2014
	September 30	September 30	September 30	September 30
Accumulated remeasurement gains , beginning of period	\$	\$	\$	\$
Portfolio investment in equity instruments quoted in an active market Financial instruments designated to the fair value category				
Portfolio investment in equity instruments quoted in an active market Financial instruments designated to the fair value category				
Accumulated Remeasurement gains (losses) for the period				
Accumulated Remeasurement gains , end of period				

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

## Statement of Changes in Net Assets

Three-month ended September 30, 2015	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	Three-month	Three-month
					ended September 30, 2015	ended September 30, 2014
	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	1,296,126	31,332	2,470,556	24,000,000	27,798,014	26,873,188
Excess of revenues over expenses	58,783	-	-	-	58,783	138,216
Remeasurement gains (losses)	-	-	(388,313)	-	(388,313)	1,978
Net changes in invested in capital assets (note 12)	789	(789)	-	-	-	-
<b>Net assets, end of period</b>	<b>1,355,698</b>	<b>30,543</b>	<b>2,082,243</b>	<b>24,000,000</b>	<b>27,468,484</b>	<b>27,013,382</b>

Six-month ended September 30, 2015	Unrestricted	Invested in capital assets	Accumulated remeasurement gains (losses)	Endowment	Six-month	Six-month
					ended September 30, 2015	ended September 30, 2014
	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	1,232,856	33,135	3,088,026	24,000,000	28,354,017	26,407,730
Excess of revenues over expenses	120,250	-	-	-	120,250	240,486
Remeasurement gain (losses)	-	-	(1,005,783)	-	(1,005,783)	365,166
Net changes in invested in capital assets (note 12)	2,592	(2,592)	-	-	-	-
<b>Net assets, end of period</b>	<b>1,355,698</b>	<b>30,543</b>	<b>2,082,243</b>	<b>24,000,000</b>	<b>27,468,484</b>	<b>27,013,382</b>

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

## CANADIAN RACE RELATIONS FOUNDATION UNAUDITED INTERIM QUARTERLY FINANCIAL STATEMENTS

# Statement of Cash Flows

## Second quarter of fiscal year 2015-2016, ended September 30, 2015

	Three months ended		Six months ended	
	2015 September 30	2014 September 30	2015 September 30	2014 September 30
			\$	\$
<b>Operating activities:</b>				
Excess of revenue over expenses	58,783	138,216	120,250	240,487
Items not affecting cash:				
Amortization	3,187	4,065	6,173	8,012
Realized (gains) on sale of investments (note 11)	(22,240)	(109,005)	(76,229)	(129,693)
	39,729	33,276	50,195	118,806
<b>Changes in non-cash operating assets and liabilities:</b>				
Decrease (increase) in prepaid expenses	2,279	(2,125)	9,235	(522)
Decrease (increase) in receivables	6,264	(39,951)	244,973	2,032,729
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	4,796	3,297	(671,286)	(1,923,656)
Increase (decrease) in deferred contributions and deferred revenues	78,724	(300)	78,424	(600)
Net cash provided by (used in) operating activities	131,792	(5,803)	(288,460)	226,758
<b>Capital activities:</b>				
Addition to capital assets	(2,398)	(2,921)	(3,581)	(2,921)
Net cash used in capital activities	(2,398)	(2,921)	(3,581)	(2,921)
<b>Investing activities:</b>				
Proceeds from sale of investments	1,619,603	1,655,611	7,225,826	7,915,615
Purchase of investments	(1,809,051)	(2,427,802)	(6,949,899)	(8,325,636)
Net cash provided by (used in) investing activities	(189,448)	(772,190)	275,927	(410,021)
<b>Financing activities:</b>				
Repayment of capital lease obligations	-	(602)	-	(1,197)
Net cash used in capital activities	-	(602)	-	(1,197)
<b>Decrease in cash</b>	<b>(60,054)</b>	<b>(781,516)</b>	<b>(16,114)</b>	<b>(187,381)</b>
Cash, beginning of period	232,438	3,699,161	188,498	3,105,026
<b>Cash, end of period</b>	<b>172,384</b>	<b>2,917,645</b>	<b>172,384</b>	<b>2,917,645</b>

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

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

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

**1. Description of organization:**

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

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

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

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

**2. Significant accounting policies:**

**(a) Basis of presentation:**

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

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

**(b) Revenue recognition:**

**(i) Donations and contributions:**

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

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

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

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

**(ii) Net investment income:**

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

**2. Significant accounting policies:**

(ii) Net investment income (continued):

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

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

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

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

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

(iii) Sponsorships:

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

(iv) Donation in kind:

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

(v) Volunteer services:

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

(vi) Other revenues:

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

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

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

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

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

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

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

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

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

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

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

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

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

**(f) Capital assets:**

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

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

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

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

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

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

**(g) Artworks:**

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

**(h) Foreign currency translation:**

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

**(i) Employees future benefits:**

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

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



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

There is no obligation for employees to make contributions.

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

**(j) Measurement uncertainty:**

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

**(k) Contingent liabilities:**

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

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

The Foundation's operations are performed by functional areas that provide integrated services to its various programs. Expenses are reported by function or major program and in total on the accompanying Statement of Operations and are disclosed by the detail of expenses by object and in total in the schedule in note 14 to financial statements. This schedule outlines the major types of expenses incurred.

**3. Cash**

Cash includes unrestricted cash balances with banks at September 30.

	<b>September 30 2015</b>	<b>March 31 2015</b>
	\$	\$
Cash – unrestricted	172,384	188,498
<b>Total cash</b>	<b>172,384</b>	<b>188,498</b>

The carrying amount of these assets approximates their fair value.

**4. Investments:**

<b>September 30, 2015</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	2,193,923	-	2,193,923
Fixed income investments - Canadian	64,629	594,664	659,293

Equity securities- Canadian	-	271,674	271,674
Equity securities- Foreign	-	497,043	497,043
<b>Total Investments</b>	<b>2,258,552</b>	<b>1,363,380</b>	<b>3,621,933</b>

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**4. Investments (continued):**

<b>March 31,2015</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	2,272,465	-	2,272,465
Fixed income investments - Canadian	29,239	643,022	672,261
Equity securities- Canadian	-	306,752	306,752
Equity securities- Foreign	-	494,739	494,739
<b>Total Investments</b>	<b>2,301,704</b>	<b>1,444,513</b>	<b>3,746,217</b>

**5. Endowment Fund:**

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

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

The Endowment Fund assets are composed of cash and investments:

Cash consisted of the following at:	<b>September 30 2015</b>	<b>March 31 2015</b>
	\$	\$
Cash – restricted	420,754	831,886
<b>Total cash</b>	<b>420,754</b>	<b>831,886</b>

Investments consisted of the following at:

<b>September 30,2015</b>	<b>Current Amount</b>	<b>Non Current Amount</b>	<b>Total Investment</b>
	\$	\$	\$
Investment Savings Account	1,031,452		1,031,452

Fixed income investments - Canadian	998,148	9,317,221	10,315,369
Equity securities- Canadian	-	4,957,126	4,957,126
Equity securities- Foreign	-	6,866,070	6,866,070
<b>Total Investments</b>	<b>2,029,600</b>	<b>21,140,417</b>	<b>23,170,017</b>

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

March 31,2015	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	1,177,452	-	1,177,452
Fixed income investments - Canadian	458,429	9,917,100	10,375,529
Equity securities- Canadian	-	4,771,769	4,771,769
Equity securities- Foreign	-	7,512,831	7,512,831
<b>Total Investments</b>	<b>1,635,881</b>	<b>22,201,700</b>	<b>23,837,581</b>

**6. Financial risk management:**

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

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

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

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

(a) Asset Mix:

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

Asset Mix	IPS Target	Range Permitted
13.17% in Cash and cash equivalents (March 31 2015 -13.65%)	0%	0 %- 20%
40.70% in Fixed Income (March 31 2015 - 40.32 %)	50%	40%-70%
16.70% in Canadian Equities (March 31 2015 – 17.38 %)	25%	10%-30%
28.90% in Global Equities (March 31 2015 – 28.65 %)	25%	10%-40%

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

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

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

(b) Credit risk:

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

(i) Fixed income securities:

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

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

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

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

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

(ii) Accounts receivable:

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

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

	September 30 2015	March 31 2015
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Government of Canada	\$ 167,082	\$ 384,968
Other organizations	57,443	84,530
	<b>\$ 224,525</b>	<b>\$ 469,498</b>

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

(c) Interest rate risk:

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

The Foundation's fixed income fair value investments comprise:

<b>2015</b>	<b>September 30 2015</b>	<b>March 31</b>
Fixed income investments – Canadian	\$ 10,974,662	\$ 11,047,790
	<b>\$ 10,974,662</b>	<b>\$ 11,047,790</b>

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

Fixed income securities fair value by maturity date:

	<b>September 30 2015</b>	<b>March 31 2015</b>
Less than 1 year	\$ 1,062,777	\$ 487,669
1-3 years	2,549,433	1,498,720
3-5 years	3,371,623	4,783,517
Greater than 5 years	3,990,829	4,277,884
	<b>\$ 10,974,662</b>	<b>\$ 11,047,790</b>

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

(d) Currency risk:

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

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

<b>September 30 2015</b>	<b>USD (\$)</b>	<b>March 31 2015</b>	<b>USD (\$)</b>
<b>Market Value</b>	\$ 8,112,909	<b>Market Value</b>	\$8,007,570
<b>% of Portfolio</b>	30.28 %	<b>% of Portfolio</b>	33.18%

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

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

	September 30 2015	September 30 2015	March 31 2015	March 31 2015
	Increase in value	Decrease in value	Increase in value	Decrease in value
US dollars	81,129	(81,129)	80,076	(80,076)

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

(e) Other price risk:

Other price risk is the risk that the fair value or future cash flows of financial assets and financial liabilities will fluctuate because of changes in market prices (other than those arising from interest

rate risk or currency risk). All investments represent a risk of loss of capital. The investment managers of the portfolio contracted by the Foundation moderate this risk through a careful selection and diversification of securities and other financial assets and financial liabilities within the limits of specified statements of investment policy and guidelines (SIPGs) which are negotiated and agreed upon with each investment manager. The maximum risk resulting from financial assets and financial liabilities is determined by the market value of the financial assets

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

(e). Other price risk (continued)

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

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

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

(f) Liquidity risk:

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

At September 30, 2015 the Foundation has a total cash balance of \$ 172,384 (March 31 2015 - \$188,498), which is greater than the total liabilities recorded at September 30, 2015 of \$ 180,141 (March 31 2015 - \$770,502).

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

	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Accounts payable and accrued liabilities	25,555		8,995	34,550

Accrued salaries and employees future benefits	26,829	-	2,123	28,952
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**6. Financial risk management (continued):**

(f). Liquidity risk (continued)

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

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

**7. Capital assets:**

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

	Cost	Accumulated amortization	2015 Net book value
Office furniture and equipment	\$ 109,055	106,972	2,083
Leasehold improvements	42,987	21,493	21,494
Computer hardware	34,129	27,833	6,296
Computer software	5,466	4,796	670
	<b>\$ 191,637</b>	<b>\$ 161,094</b>	<b>\$ 30,543</b>

Amortization of capital assets expense is \$6,173 (March 31 2015 - \$18,043).

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

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



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

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

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

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

	<b>September 30 2015</b>	<b>March 31 2015</b>
Deferred contributions from non-government sources	\$ 37,915	\$ 38,215
Deferred contributions from government sources	79,024	-
<b>Balance, end of the period</b>	<b>\$ 116,639</b>	<b>\$ 38,215</b>

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

	<b>September 30 2015</b>	<b>March 31 2015</b>
Balance, beginning of the period	\$ 38,215	\$ 39,415
Add: restricted contributions received from government sources	82,500	-
Less: amounts recognized as revenue	(4,076)	(1,200)
<b>Balance, end of the period</b>	<b>\$ 116,639</b>	<b>\$ 38,215</b>

**9. Employee future benefits:**

Severance benefits liability:

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

**10. Contractual obligations:**

The contractual obligations for the next three years are related to the operating leases and as at September 30, 2015 amounted to \$ 235,050 (March 31, 2015 - \$282,893).

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

	2015/16	2016/17	2017/18	Total
Office premises	\$ 47,949	\$97,065	\$90,036	\$ 235,050

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**11. Net investment income:**

	September 30 2015	September 30 2014
	\$	\$
Realized gains on sale of investments	76,229	129,693
Interest from cash and cash equivalents and fixed income investments, dividends	473,085	486,874
Less: transaction costs and investment counsel fees	(90,805)	(86,301)
Net investment income	<b>458,509</b>	<b>530,266</b>

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

	September 30 2015	September 30 2014
	\$	\$
Realized gains on sale of investments recognized in the Statement of Operations in the period	76,229	129,693
Gain (losses) recognized in the Statement of Remeasurement Gains and Losses	(1,005,783)	365,166
Total net investment income (loss) earned on resources held for endowment in the period	(929,554)	494,859

**12. Investment in capital assets:**

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

	September 30 2015	March 31 2015
Capital assets	\$ 30,543	\$ 33,135
	<b>\$ 30,543</b>	<b>\$ 33,135</b>

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

	September 30 2015	March 31 2015
Capital asset additions	\$ 3,581	\$ 4,210
Capital assets purchased with Foundation funds	3,581	4,210

Amortization of capital assets	(6,173)	(18,043)
Repayment of capital lease obligation	-	2,419
Net change in investment in capital assets	<b>\$ (2,592)</b>	<b>\$ (11,414)</b>

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**13. Related party transactions:**

The Foundation is related in terms of common ownership to all Government of Canada departments, agencies, Crown corporations and anybody related to persons fulfilling senior management functions. The Foundation enters into transactions with these entities in the normal course of business. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to be paid by the related parties. During the period, the Foundation recorded revenue of \$309,636 with “the Our Canada” project, funded by Citizenship and Immigration Canada.

The Foundation has \$1,228,174 contractual obligations with Citizenship and Immigration Canada for the Our Canada project as at September 30, 2015 (March 31 2015- \$1,537,810).

During the period, the Foundation incurred expenses totaling \$116,250 with respect to salaries and benefits, honorarium and travel of members of the board of directors and the executive director.

<b>Accounts receivable from related party</b>	<b>30 September 2015</b>	<b>31 March 2015</b>
Accounts receivable from CIC	\$ 145,738	\$345,146

At September 30, 2015 the Foundation had accounts receivable of \$21,344 (March 31 2015 – \$39,822) from Canada Revenue Agency.

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

<b>Expenses</b>	<b>September 30 2015</b>	<b>September 30 2014</b>
Funded projects	\$ 313,112	\$ 96,643
Salaries and benefits	217,775	217,545
Board of Directors honoraria and travel	43,741	11,677
Rent	41,088	41,132
Communication	16,520	22,064
Conferences, symposia and consultations	10,953	1,946
Professional fees	11,571	1,215
Amortization	6,173	8,012
Public education	2,365	-
Information systems and development	416	2,001
Interest expenses	145	296
Staff recruitment and development	-	871
Office and general	(13,763)	(9,727)
	<b>\$650,095</b>	<b>\$393,675</b>