



**Canadian
Race Relations
Foundation**

**Fondation
canadienne des
relations raciales**

**Unaudited Quarterly Financial Report
Third quarter of fiscal year 2016-2017 ended
December 31, 2016**

CANADIAN RACE RELATIONS FOUNDATION

Unaudited Quarterly Financial Report Third quarter of fiscal year 2016-2017, ended December 31, 2016

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Financial Management Discussion and Analysis

Third quarter of fiscal year 2016-2017, ended December 31, 2016

Refer to Management's Discussion and Analysis as presented in the March 31, 2016 Annual Report. Updates for the quarter ended December 31, 2016 are as follows.

Statement of Financial Position Discussion

	2016	2016	Changes	
	December 31	March 31	\$	%
	\$	\$	\$	%
Assets				
Cash	166,388	181,629	(15,241)	(8)
Investments and Endowment Fund assets	28,980,035	27,630,432	1,349,603	5
Prepaid expenses, receivables	241,108	645,804	(404,696)	(63)
Capital assets	29,785	33,573	(3,788)	(11)
Total Assets	29,417,316	28,491,438	925,878	3.2
Liabilities and Net Assets				
Accounts payable and accrued liabilities	58,257	289,578	(231,321)	(80)
Accrued salaries and employee future benefits	45,447	23,354	22,093	95
Deferred contributions and deferred revenues	112,335	114,945	(2,610)	(2)
Obligation under capital lease	5,188	-	5,188	100
Net assets	29,196,089	28,063,562	1,132,527	4
Total Liabilities and Net Assets	29,417,316	28,491,438	925,878	3.2

Assets

Cash is composed of cash at banks and unrestricted cash balances held by the Foundation's investment managers. As at December 31, 2016 total cash in operating bank accounts amounted to \$143,009 and unrestricted cash balances held by the Foundation's investment managers amounted to \$23,079.

Investments and Endowment Fund asset have increased 5% or \$1,349,603 for the nine-month ended December 31, 2016 compared to the investment value at March 31, 2016. This is primarily due to the increase in fair value of the Foundation's investments and foreign exchange gain on sale of cash and equities that were denominated in US dollar. For the nine-month period ended December 31, 2016 the combined portfolio returned 6% or \$1,665,503 after all fees and taxes. The return rate excluding the remeasurement (unrealized) gains is 12% or \$3,146,978 gain.

Statement of Financial Position Discussion (continued)

Prepaid expenses, receivables decreased \$404,696 compared to March 31, 2016. This is mainly due to reduction in Foundation's investment managers for pending trades and in interest and dividend receivables.

Capital assets decreased \$3,788 for the nine-month ended December 31, 2016 compared to March 31, 2016 as the result of addition to the office equipment of \$7,919 reduced by amortization of all assets of \$11,707.

Liabilities

Accounts payable and accrued liabilities decreased \$231,321 for the nine-month ended December 31, 2016 compared to March 31, 2016. This is mainly due to reduction of payables to Foundation's investment managers for pending trades of \$194,864 and reduction in trade accounts payable of \$36,457.

Accrued salaries and employees future benefits payable increased \$22,094 for the nine-month ended December 31, 2016 compared to March 31, 2016. This is mainly due to accrual for payroll, vacation pay and employees future benefits in this period.

Deferred contributions and deferred revenues decreased \$2,610 for the nine-month ended December 31, 2016 compared to March 31, 2016. This is due to \$900 decrease in rent inducement and \$1,709 decrease in the Education and Training Centre reserved fund for the nine-month ended December 31, 2016.

Net Assets increased 4% or \$1,132,527 in the nine-month ended December 31, 2016 compared to March 31, 2016. This is mainly due to the excess of revenues over expenses of \$2,614,002 reduced by remeasurement (unrealized) loss on investments portfolio of \$1,481,475 for the nine-month ended December 31, 2016.

Statement of Operations Discussion

	December 31 2016	December 31 2015	Changes	
	\$	\$	\$	%
Revenues				
Funded projects	448,881	465,243	(16,362)	(4)
Sponsorships, donations and contributions, honoraria and fundraising gala	30,288	16,869	13,419	80
Publications and miscellaneous revenues	9,046	-	9,046	100
Total Revenues	488,215	482,112	6,103	1
Net investment income				
Investment income earned	514,945	499,228	15,717	3
Changes in fair value-realized	2,632,033	(20,994)	2,653,027	12,637
Net investment income	3,146,978	478,234	2,668,744	558

Revenues from **Funded projects** represent recorded revenue of \$441,881 with the “Our Canada” project, funded by the Department of Immigration, Refugees and Citizenship Canada.

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.

Publications and miscellaneous revenues are sale proceeds of the CRRF publications and conferences registration fees.

Net investment income earned: The Foundation’s primary source of income is derived from the investment income earned on the investment of the original contribution of \$24 million. Investment income earned includes interest, dividends, and distributions, after portfolio management fees. Investment income earned for the nine-month ended December 31, 2016 is \$514,945 an increase of \$15,717 compared with nine-month ended December 31, 2015.

Changes in fair value realized of investments for the nine-month ended December 31, 2016 include realized gain on sales of investments of \$2,632,033 an increase of \$2,653,027 compared with nine-month ended December 31, 2015 mainly due to sale of cash and equities that were denominated in US dollar and positive performance of stock markets.

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 nine-month ended December 31, 2016 were \$1,481,475 loss compared to loss of \$275,295 in December 31, 2015.

Statement of Operations Discussion (continued)

Expenses	Nine-month ended December 31 2016			Nine-month ended December 31 2015			Changes	
	CRRF	Funded Project	Total	CRRF	Funded Project	Total		
	\$	\$	\$	\$	\$	\$	\$	%
Salaries and benefits	265,227	259,521	524,748	287,722	253,524	541,246	(16,498)	(3)
Award of Excellence symposium and fundraising gala	126,246	-	126,246	-	-	-	126,246	100
Conferences, symposia and consultations	19,343	61,055	80,398	15,638	69,083	84,721	(4,323)	(5)
Communication	24,210	40,931	65,141	22,362	16,766	39,128	26,013	(66)
Rent	27,571	36,905	64,476	25,219	36,305	61,524	2,952	5
Board of Directors honoraria and travel	54,831		54,831	55,940		55,940	(1,109)	(2)
Professional fees	31,829	10,957	42,786	11,792	44,061	55,853	(13,067)	(23)
Office and general	3,216	33,961	37,177	12,716	33,641	46,357	(9,180)	(20)
Amortization	11,707	-	11,707	9,260	-	9,260	2,447	26
Public education	11,552	-	11,552	10,357	-	10,357	(795)	8
Other administration expenses	2,530	-	2,530	2,653	-	2,653	(123)	(5)
Research	-	-	-	-	11,000	11,000	(11,000)	(100)
Total Expenses	577,862	443,330	1,021,192	453,659	464,380	918,039	103,153	11%

The Foundation's total expenses is \$1,021,192 for the nine-month ended December 31, 2016 with the three main users of funds being salaries and benefits, Award of Excellence symposium and fundraising gala, and conferences, symposia and consultations totaling \$524,748, \$126,246 and \$80,398 respectively.

There was \$16,498 decrease in **Salaries and benefits** expenses compared to December 31, 2015 due to change in staff positions in the 2016-17 Organizational Chart. In this period, Salaries and benefits expenses of \$198,921 was allocated to the Program, \$66,307 to the Administration, and \$259,521 to the Funded projects.

The Award of Excellence symposium and fundraising gala is an event held every two years. The Third quarter of 2016-17 expenses of \$126,246 are for the October 26 & 27, 2016 Conference and Awards of Excellence held in Toronto.

Statement of Operations Discussion (continued)

Conferences, symposia and consultations expenses decreased \$4,323 compared to December 31, 2015, mainly due to decrease in the “Our Canada” project conferences expenses.

Communications are public and media relations expenses. There was a \$26,013 increase in communications expenses compared to December 31, 2015, mainly due to increase in the “Our Canada” project communication expenses.

Rent expense for the office space increased by \$2,952, mainly due to annual rent increase for the office premises.

Honoraria and expenses for the **Board of Directors** decreased \$1,109 for the nine-month ended December 31, 2016. There was two Director’s in-person meetings in this period.

Professional fees are for legal, accounting and corporate services fees. There was \$13,067 decrease in professional fees expenses compared to December 31, 2015, mainly due to decrease in the “Our Canada” project professional fees.

Office and general expenses decreased \$9,180 in the nine months ended December 31, 2016 compared to December 31, 2015, mainly due to decrease in telephone expenses.

Research expense decreased \$10,000 compared to December 31, 2015, due to decrease in the “Our Canada” project research program for 2016-17.

Outlook for the Future

Fiscal Year 2016-2017

During the fiscal year 2016-2017, the Canadian Race Relations Foundation will continue to fund its core programs and operations through the investment income from its original endowment fund. As well, the Foundation will execute the third and final year of the 3-year "Our Canada" project funded by Immigration, Refugees and Citizenship Canada designed to heighten awareness, understanding of and respect for values and traditions. The Foundation will continue to focus on deepening cross-country conversations while broadening the reach and depth of its programs as a national voice to strengthen harmonious race relations.

The Foundations has an approved operating budget of \$1,659,104 and an expenditures budget of \$1,664,104 for 2016-2017. The approved budgets were set understanding the fiscal limitations faced by the Foundation in today's economic climate. The approved budgets for the year are closely monitored by senior management, the Finance and Audit Committee and the Board of Directors. Budget variance reports are reviewed and monitored on a regular basis. Where necessary, adjustments are made in consultation with the Finance and Audit Committee, subject to the approval of the Executive Committee of the Board of Directors. All expenditures are governed by the approved budget and Board resolutions, as well as any applicable guidelines and policies of the Government. Quarterly financial statements and related notes are also prepared in accordance with the Treasury Board standards and are posted on the Foundation’s website.

CANADIAN RACE RELATIONS FOUNDATION

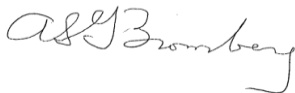
Unaudited Quarterly Financial Report

For the Nine months ended December 31, 2016

Statement of Management Responsibility

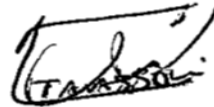
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and for such internal controls as management determines is necessary to enable the 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

February 17, 2017



Arsalan Tavassoli MA, CPA, CGA
Finance and Administration Director

February 17, 2017

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

	2016 December 31	2016 March 31
	\$	\$
Assets		
Current assets		
Cash (note 3)	166,388	181,629
Prepaid expenses	24,577	33,430
Receivables (note 6)	216,530	612,374
Investments (note 4)	185,418	1,823,281
	<u>592,913</u>	<u>2,650,714</u>
Endowment Fund assets (note 5)	26,093,877	24,669,467
Investments (note 4)	2,700,741	1,444,513
Capital assets (note 8)	29,785	33,135
	<u>29,417,316</u>	<u>28,491,438</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	58,257	289,578
Accrued salaries (note 6)	38,862	18,680
Deferred contributions and deferred revenues (note 9)	112,335	114,945
	<u>209,454</u>	<u>423,203</u>
Obligation under capital lease (note 14)	5,188	-
Employees future benefits (note 10)	6,585	4,673
	<u>221,227</u>	<u>427,876</u>
Net assets		
Unrestricted	3,592,916	969,938
Invested in capital assets (note 13)	24,597	33,573
Accumulated remeasurement gains	1,578,576	3,060,051
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>29,196,089</u>	<u>28,063,562</u>
	<u>29,417,316</u>	<u>28,491,438</u>

Contractual obligations (note 11)

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

CANADIAN RACE RELATIONS FOUNDATION
UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Statement of Operations
Third quarter of fiscal year 2016-2017, ended December 31, 2016

	Three months ended		Nine months ended	
	2016 December 31	2015 December 31	2016 December 31	2015 December 31
Revenues	\$	\$	\$	\$
Funded projects	178,185	154,614	448,881	465,243
Sponsorships, donations and contributions, honoraria and fundraising gala	30,285	15,660	30,288	16,869
Publications and Misc. revenue	8,952	-	9,046	-
	217,422	170,274	488,215	482,112
Expenses (note 16)				
Funded projects	175,284	146,225	443,330	459,337
Award of Excellence symposium and fundraising gala	102,596	-	126,246	-
Programs expenses	95,813	46,819	236,210	250,074
Board of Directors meetings	32,852	12,199	54,831	55,940
Administration expense	32,241	13,101	80,799	85,230
Operating expenses	21,063	34,787	46,752	38,768
Conferences, symposia and consultations	6,553	4,729	19,343	15,682
Public Education and training	7,461	7,991	11,152	10,356
Information systems and development	442	1,091	1,975	1,507
Staff recruitment and development	-	895	298	895
Finance cost	-	105	256	250
	474,305	267,942	1,021,192	918,039
Deficiency of revenues over expenses before net investment income	(256,883)	(97,668)	(532,977)	(435,927)
Net investment income (note 12)	194,989	19,725	3,146,978	478,234
Excess (Deficiency) of revenues over expenses	(61,894)	(77,943)	2,614,002	42,307

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

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

December 31 2016	Unrestricted	Invested in capital assets	Accumulated remeasurement gains	Endowment	December 31 2016
	\$	\$	\$	\$	\$
Net assets, beginning of period	969,938	33,573	3,060,051	24,000,000	28,063,562
Excess of revenues over expenses	2,614,002	-	-	-	2,614,002
Remeasurement losses	-	-	(1,481,475)	-	(1,481,475)
Net change in investment in capital assets (note 13)	8,976	(8,976)	-	-	-
Net assets, end of period	3,592,916	24,597	1,578,576	24,000,000	29,196,089

March 31 2016	Unrestricted	Invested in capital assets	Accumulated remeasurement gains	Endowment	March 31 2016
	\$	\$	\$	\$	\$
Net assets, beginning of year	1,232,856	33,135	3,088,026	24,000,000	28,354,017
Excess of revenues over expenses	(262,480)	-	-	-	(262,480)
Remeasurement losses	-	-	(27,975)	-	(27,975)
Net change in investment in capital assets (note 13)	438	438	-	-	-
Net assets, end of year	969,938	33,573	3,060,051	24,000,000	28,063,562

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

CANADIAN RACE RELATIONS FOUNDATION
UNAUDITED INTERIM QUARTERLY FINANCIAL STATEMENTS
Statement of Cash Flows
Third quarter of fiscal year 2016-2017, ended December 31, 2016

	Three months ended		Nine months ended	
	2016 December 31	2015 December 31	2016 December 31	2015 December 31
	\$	\$	\$	\$
Operating activities:				
Excess of revenue over expenses	(61,894)	(77,943)	2,614,002	42,308
Items not affecting cash:				
Amortization	3,902	3,087	11,707	9,260
Realized (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	(6,791)	97,222	(2,632,033)	20,994
	(64,782)	22,367	(6,324)	72,562
Changes in non-cash operating assets and liabilities:				
Decrease (increase) in prepaid expenses	(542)	3,787	8,853	13,022
Decrease (increase) in receivables	97,670	28,031	395,843	273,004
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	39,528	(13,559)	(229,409)	(684,844)
Increase (decrease) in deferred contributions and deferred revenues	(2,009)	(1,394)	(2,609)	77,030
Net cash provided by (used in) operating activities	69,882	39,233	166,354	(249,227)
Capital activities:				
Addition to capital assets	-	-	(1,843)	(3,581)
Net cash used in capital activities	-	-	(1,843)	(3,581)
Investing activities:				
Proceeds from sale of endowment investments and other investments	2,272,402	1,913,321	21,904,213	9,199,202
Purchase of endowment investments and other investments	(2,286,257)	(2,025,944)	(22,083,077)	(8,975,843)
Net cash provided by (used in) investing activities	(13,855)	(112,623)	(178,864)	223,359
Financing activities:				
Repayment of capital lease obligations	(279)	-	(888)	-
Net cash used in capital activities	(279)	-	(888)	-
Increase (decrease) in cash	55,748	(73,389)	(15,241)	(29,448)
Cash, beginning of period	110,639	232,438	181,629	188,498
Cash, end of period	166,388	159,049	166,388	159,049

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

The unaudited quarterly financial statements should be read in conjunction with the March 31, 2016 audited financial statements of the Canadian Race Relations Foundation published in the 2015-2016 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, 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 Canadian income tax.

2. Significant accounting policies:

(a) Basis of presentation:

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

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

(b) Revenue recognition:

(i) Donations and contributions:

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

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

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

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

(ii) Net investment income:

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

2. Significant accounting policies (continued):

(ii) Net investment income (continued):

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

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

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

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

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

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

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

(iii) Sponsorships:

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

(iv) Donations in kind:

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

(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.

2. Significant accounting policies (continued):

(vi) Other revenues:

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

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

Cash is recorded by the Foundation at cost. The Foundation made the choice to present cash equivalents, which are composed of its investment savings account, as part of the investments and Endowment Fund assets as shown in Notes 4 and 5 because the account is an integral part of the investment portfolio. Cash excludes restricted cash as it is included in the Endowment Fund assets because it cannot be spent. Receivables, accounts payable and accrued liabilities are measured at amortized cost.

Any gains, losses or interest 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. No allowance at December 31, 2016 (December 31, 2015 – nil) was recorded.

(d) Financial assets and financial liabilities

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

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

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

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

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2016-2017, ended December 31, 2016

2. Significant accounting policies (continued):

current and prior years; continued losses by the investee for a period of years; liquidity or going concern problems of the investee; and intent and ability to hold the investment by the Foundation.

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

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

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

(e) Determination of fair values:

The fair value of the Foundation's assets and liabilities accounted for are based on market measurement on December 31, 2016. Fair values of investments and Endowment Fund assets are determined by reference to published price of the most recent transaction in an active market at year end representing 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 and Endowment Fund assets which are classified at Level 2 include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The prices are determined based on the market activity.

(f) Capital assets:

Capital assets are measured at amortized cost. Assets under capital lease are initially recorded at the present value of the minimum lease payments and are amortized over the term of the lease. Except for the assets under capital lease and leasehold improvements, amortization is provided for over the estimated useful lives of the assets on a straight-line basis as follows:

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

2. Significant accounting policies (continued):

(g) Artworks:

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

(h) Foreign currency translation:

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

(i) Employees future benefits:

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 other 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.

(j) Measurement uncertainty:

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

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2. Significant accounting policies (continued):

(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 December 31, 2016, 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 16 to financial statements. This schedule outlines the major types of expenses incurred.

Expenses are initially allocated to Funded project according to the funding agreements. The remaining expenses are allocated to other functions according to rates based on the Foundation's activities and programs. The rates adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocation have been made are as follows:

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2. Significant accounting policies (continued):

(I) Functional allocation of expenses (continued):

December 31 2016					
Expenses (objects)	Amount (\$)	Allocation Rate (%)	Expenses (function)	Amount (\$)	
Salaries and benefits	524,748	75%	Program expenses	198,921	
		25%	Administration expenses	66,307	
			Funded projects	259,521	
Award of Excellence symposium and fundraising gala	126,246	100%	Award of Excellence symposium and fundraising gala	126,246	
Conferences, symposia and consultations	80,398	100%	Conferences, symposia and consultations	19,343	
			Funded projects	61,055	
Communication	65,141	80%	Program expenses	19,368	
		20%	Administration expenses	4,842	
			Funded projects	40,931	
Rent	64,476	65%	Program expenses	17,921	
		35%	Administration expenses	9,650	
			Funded projects	36,905	
Board of Directors honoraria and travel	54,831	100%	Board of Directors meetings	54,831	
Professional fees	42,786	100%	Operating expenses	31,829	
			Funded projects	10,957	
Office and general	37,177	100%	Operating expenses	3,216	
			Funded projects	33,961	
Amortization	11,707	100%	Operating expenses	11,707	
Public education	11,152	100%	Education and training	11,152	
Information systems and development	1,975	100%	Information systems and development	1,975	
Staff recruitment and development	298	100%	Staff recruitment and development	298	
Interest expenses	256	100%	Finance cost	256	
	\$1,021,192			\$1,021,191	

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2. Significant accounting policies (continued):

(I) Functional allocation of expenses (continued):

December 31 2015		Allocation			
Expenses (objects)	Amount (\$)	Rate (%)	Expenses (function)	Amount (\$)	
Salaries and benefits	541,246	75%	Program expenses	215,792	
			25%	Administration expenses	71,931
				Funded projects	253,524
Conferences, symposia and consultations	84,722	100%	Conferences, symposia and consultations	15,682	
			Funded projects	69,040	
Rent	61,523	65%	Program expenses	16,392	
			35%	Administration expenses	8,826
				Funded projects	36,305
Board of Directors honoraria and travel	55,940	100%	Board of Directors meetings	55,940	
Professional fees	55,853	100%	Operating expenses	16,792	
			Funded projects	39,061	
Office and general	46,357	100%	Operating expenses	12,716	
			Funded projects	33,641	
Communication	39,128	80%	Program expenses	17,890	
			20%	Administration expenses	4,472
				Funded projects	16,766
Research	11,000		Funded projects	11,000	
Public education	10,356	100%	Education and training	10,356	
Amortization	9,260	100%	Operating expenses	9,260	
Information systems and development	1,507	100%	Information systems and development	1,507	
Staff recruitment and development	895	100%	Staff recruitment and development	895	
Interest expenses	250	100%	Finance cost	250	
			\$918,039	\$918,039	

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3. Cash

Cash includes \$166,388 (March 31, 2016 – \$181,629) unrestricted cash balances in investment accounts and banks at December 31, 2016.

4. Investments:

December 31, 2016	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	78,815	-	78,815
Global Real Estate Fund	-	59,374	59,374
Fixed income investments – Canadian	106,603	1,866,723	1,973,326
Equity securities- Canadian	-	760,855	760,855
Equity securities- Foreign	-	13,789	13,789
	185,418	2,700,741	2,886,159

March 31, 2016	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	1,793,923	-	1,793,923
Fixed income investments – Canadian	29,358	640,674	670,032
Equity securities- Canadian	-	299,892	299,892
Equity securities- Foreign	-	511,569	511,569
	1,823,281	1,452,135	3,275,416

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 \$317,687 (March 31, 2016 – \$337,943) cash and the following investments at December 31, 2016:

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5. Endowment Fund (continued):

December 31, 2016	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	342,104	-	342,104
Global Real Estate Fund	-	1,024,890	1,024,890
Fixed income investments – Canadian	479,714	9,596,295	10,076,009
Equity securities- Canadian	-	14,076,541	14,076,541
Equity securities- Foreign	-	256,645	256,645
	821,818	24,954,372	25,776,190

March 31, 2016	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	1,031,452	-	1,031,452
Fixed income investments – Canadian	447,464	10,054,471	10,501,935
Equity securities- Canadian	-	4,630,729	4,630,729
Equity securities- Foreign	-	7,852,957	7,852,957
	1,478,916	22,538,157	24,017,073

6. Financial risk management:

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

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

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

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6. Financial risk management:

(a) Asset Mix:

As of December 31, 2016, the Foundation's Endowment Fund asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
2.50% in Cash and cash equivalents	1%	0%- 5%
39.30% in Fixed Income	45%	40%-70%
21.40% in Canadian Equities	25%	10%-30%
32.90% in Global Equities	25%	10%-40%
3.90% in Real Estate	4%	0%- 4%

As of December 31, 2016, the Foundation's investment asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
3.50% in Cash and cash equivalents	0%	0%- 5%
68.00% in Fixed Income	80%	40%-80%
10.10% in Canadian Equities	10%	10%-30%
16.30% in Global Equities	10%	10%-40%
2.10% in Real Estate	0%	-

Within each asset class, the Foundation also holds investments with different risk-return characteristics. For example, equities are diversified across industry sectors and by company size (market capitalization) while bonds are diversified by credit ratings, term to maturity, as well as across the government and corporate bond sectors. In addition, the Foundation employs investment managers with different investment styles such as value, growth and growth at a reasonable price (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 and Endowment Fund assets in fixed income securities represent the main concentration of credit risk. The market value of fixed income securities includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Foundation.

The credit rating information for December 31, 2016 was not available at the time of this report.

As at March 31, 2016 the Foundation invested in fixed income securities with the following credit ratings:

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6. Financial risk management (continued):

(b) Credit risk (continued):

Debt instrument by credit rating	March 31 2016	March 31 2015
	Percentage of Value	
AAA (+ R1 rated short-term)	19.15%	9.43%
AA	21.21%	31.83%
A	53.41%	43.61%
BBB	6.23%	15.13%

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 the Government of Canada and pending trades. As at December 31, 2016 accounts receivable comprise of balances of \$204,520 (March 31, 2016 - \$606,750) less than 3 months, \$7,258 (March 31, 2016 - \$872) between 3 to 12 months and \$4,752 (March 31, 2016 - \$4,752) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at December 31, 2016 is as follows:

	December 30 2016	March 31 2016
	\$	\$
Government of Canada	197,480	359,604
Amounts receivable from pending trades	-	185,560
Dividend, interest and income distribution	-	48,156
Other organizations	19,050	19,054
	216,530	612,374

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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 and Endowment Fund assets comprise:

	December 31 2016	March 31 2016
	\$	\$
Fixed income – Canadian	12,049,335	11,171,967
	12,049,335	11,171,967

As at December 31, 2016 the Foundation's exposure to debt instruments by maturity and the impact on the Statement of Remeasurement Gains and Losses had the yield curve shifted in parallel by 25 basis points with all other variables held constant ("sensitivity analysis"), is as follows:

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6. Financial risk management (continued):

(c) Interest rate risk (continued):

Fixed income securities fair value by maturity date:

	December 31 2016	March 31 2016
	\$	\$
Less than 1 year	586,317	476,822
1-3 years	1,602,567	1,595,028
3-5 years	4,343,916	3,783,531
Greater than 5 years	5,516,535	5,316,586
	12,049,335	11,171,967

(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's portfolio is not exposed to currency risk with respect to investments portfolio at December 31, 2016.

(e) Other price risk:

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

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6. Financial risk management (continued):

(e) Other price risk (continued):

Investment Policy Statement which was approved in **2016-2017** 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 December 31, 2016 is as follows:

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

(f) Liquidity risk:

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

At December 31, 2016 the Foundation has a total cash balance of \$166,388 (March 31, 2016 - \$181,629), which is less than the total liabilities recorded at December 31, 2016 of \$221,228 (March 31, 2016 - \$427,876).

As at December 31, 2016, 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	53,507	-	4,750	58,257
Accrued salaries	40,136	1,275	4,036	45,447

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6. Financial risk management (continued):

(f) Liquidity risk (continued):

As at March 31, 2016, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Amounts payable to pending trades	198,263	-	-	198,263
Other accounts payable and accrued liabilities	82,422	-	8,893	91,315
Accrued salaries	18,680	-	-	18,680

7. Financial assets and financial liabilities – disclosure

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

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

The fair value hierarchy levels information for December 31, 2016 was not available at the time of this report.

Financial Assets at fair value as at March 31, 2016:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Investment Saving Account	2,825,375	-	-	2,825,375
Fixed income	-	11,171,967	-	11,171,967
Equity securities	13,295,147	-	-	13,295,147
Total investments and Endowment Fund assets	16,120,522	11,171,967	-	27,292,489

The fair values of the fixed income investments and Endowment Fund assets are not quoted in an active market, but rather are determined from quoted prices from a decentralized, over the counter market, which is considered in Level 2 in the fair value hierarchy. In the current year, the fixed income financial instruments were therefore reclassified from Level 1 to Level 2.

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8. Capital assets:

Capital Assets at net book value as at December 31, 2016:

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	119,281	109,830	9,451
Leasehold improvements	42,988	32,241	10,747
Computer hardware	35,971	31,623	4,348
Equipment under capital lease	6,076	911	5,165
Computer software	5,466	5,392	74
	209,782	179,997	29,785

Amortization of capital assets expense is \$11,707 (March 31, 2016 - \$13,369).

Capital Assets at net book value as at March 31, 2016:

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	119,281	108,145	11,136
Leasehold improvements	42,988	25,793	17,195
Computer hardware	34,128	29,182	4,946
Computer software	5,466	5,170	296
	201,863	168,290	33,573

9. 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 December 31, 2016 are as follows:

	December 31 2016	March 31 2016
	\$	\$
Deferred contributions from non-government sources	34,405	37,015
Deferred contributions from government sources	77,930	77,930
	112,335	114,945
Balance, end of the period	112,335	114,945

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9. Deferred contributions and deferred revenues (continued):

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

	December 31 2016	March 31 2016
	\$	\$
Balance, beginning of the period	114,945	38,215
Add: restricted contributions received from government sources	-	82,500
Less: amounts recognized as revenue	(2,610)	(5,770)
Balance, end of the period	112,335	114,945

10. Employee future benefits:

Severance benefits liability:

The Foundation provides severance benefits to its eligible 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. Information about the plan, measured as at the period - end date, is as follows:

	December 31 2016	March 31 2016
	\$	\$
Accrued benefits obligation, beginning of the period	4,673	2,123
Benefits accrued during the period	1,912	2,550
Benefits paid during the period	-	-
Accrued benefit obligation, end of the period	6,585	4,673

11. Contractual obligations:

The Foundation entered into two lease agreements; one for office premises, commencing March 1, 2014 and expiring February 28, 2018, and one for office equipment, signed January 25, 2016, commencing April 1, 2016 and expiring March 31, 2021.

The contractual obligations for the next five years as at December 31, 2016 amounted to \$116,061 (March 31, 2016 - \$194,627).

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11. Contractual obligations (continued):

The following table summarizes the Foundation's contractual obligations as of December 31, 2016:

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	\$	\$	\$	\$	\$	\$
Office premises	18,475	91,189	-	-	-	109,664
Office equipment	376	1,505	1,505	1,505	1,505	6,397
	18,851	92,694	1,505	1,505	1,505	116,061

12. Net investment income:

Net investment income from Endowment Fund assets	December 31 2016	December 31 2015
	\$	\$
Realized gains on sale and impairment of Endowment Fund assets	2,541,853	(9,575)
Interest from cash and cash equivalents and fixed income investments, dividends from Endowment Fund assets	580,109	578,565
Less: transaction costs and investment counsel fees	(114,170)	(114,196)
	3,007,792	454,794
Net investment income from investments		
Realized gains (losses) on sale and impairment of investments	90,180	(11,419)
Interest from cash and cash equivalents and fixed income investments, dividends	64,036	53,477
Less: transaction costs and investment counsel fees	(15,030)	(17,098)
	139,186	24,960
Net investment income	3,146,978	479,754

13. Investment in capital assets:

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

	December 31 2016	March 31 2016
	\$	\$
Capital assets	29,785	33,573
Less obligation under capital lease	(5,188)	-
	24,597	33,573

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13. Investment in capital assets (continued):

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

	December 31 2016	March 31 2016
Capital asset additions	\$ 7,919	\$ 13,807
Capital asset additions under capital lease	(6,076)	-
Capital assets purchased with Foundation funds	1,843	13,807
Amortization of capital assets	(11,707)	(13,369)
Repayment of capital lease obligation	888	-
Net change in investment in capital assets	(8,976)	438

14. Obligation under capital lease:

The Foundation entered into an agreement to rent office equipment under capital lease in January 2016. The obligation under capital lease, repayable in blended quarterly installments of \$333, including principal and interest at 3.95% with maturing date of March 31, 2021, is secured by related equipment.

	December 31 2016	March 31 2016
Obligation under capital lease	\$ 5,188	\$ -

15. 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 \$441,881 with "the Our Canada" project, funded by Immigration, Refugees and Citizenship Canada (December 31, 2015 - \$452,673).

The Foundation has \$313,723 contractual obligations with Immigration, Refugees and Citizenship Canada for the Our Canada project as at December 31, 2016 (December 31, 2015 - \$1,084,005).

During the period, the Foundation incurred expenses totaling \$165,616 (December 31, 2015 - \$166,497) with respect to salaries and benefits, honorarium and travel of members of the board of directors, and the executive director.

As at December 31, 2016 the Foundation had accounts receivable of \$171,185 (March 31, 2016 - \$326,949) from Immigration, Refugees and Citizenship Canada for funding "Our Canada" project.

At December 31, 2016 the Foundation had accounts receivable of \$26,295 (March 31, 2016 - \$32,655) from Canada Revenue Agency for recoverable sales taxes.

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2016-2017, ended December 31, 2016

16. Schedule of Expenses by object:

	December 31 2016	December 31 2015
Expenses	\$	\$
Salaries and benefits	524,748	541,246
Award of Excellence symposium and fundraising gala	126,246	-
Conferences, symposia and consultations	80,398	84,721
Communication	65,141	39,128
Rent	64,476	61,524
Board of Directors honoraria and travel	54,831	55,940
Professional fees	42,786	55,853
Office and general	37,177	46,357
Amortization	11,707	9,260
Public education	11,152	10,357
Other administration expenses	2,530	2,653
Research	-	11,000
	\$1,021,192	\$918,039