



Canadian
Race Relations
Foundation

Fondation
canadienne des
relations raciales

CANADIAN RACE RELATIONS FOUNDATION

**Unaudited Quarterly Financial Report
Third quarter of fiscal year 2017-2018 ended
December 31, 2017**

CANADIAN RACE RELATIONS FOUNDATION

Unaudited Quarterly Financial Report Third quarter of fiscal year 2017-2018 ended December 31, 2017

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Financial Management Discussion and Analysis

Third quarter of fiscal year 2017-2018, Nine Months Ended December 31, 2017

Refer to Management's Discussion and Analysis as presented in the March 31, 2017 Annual Report. Updates for the third quarter of fiscal year 2017-2018 ended December 31, 2017 are as follows.

Statement of Financial Position Discussion

	December 31 2017	March 31 2017	Changes	
	\$	\$	\$	%
Assets				
Cash	198,165	78,439	119,726	153
Investments and Endowment Fund assets	29,994,800	29,476,426	518,374	2
Prepaid expenses, receivables	77,463	396,174	(318,711)	(80)
Capital assets	14,879	25,883	(11,004)	(43)
Total Assets	30,285,307	29,976,922	308,385	1
Liabilities and Net Assets				
Accounts payable and accrued liabilities	18,738	171,770	(153,032)	(89)
Accrued salaries and employee future benefits	7,339	22,744	(15,405)	(68)
Deferred contributions and deferred revenues	300	8,200	(7,900)	(96)
Obligation under capital lease	4,044	4,906	(862)	(18)
Net assets	30,254,886	29,769,302	485,584	1.6
Total Liabilities and Net Assets	30,285,307	29,976,922	308,385	1

Assets

Cash is composed of cash at banks and unrestricted cash balances held by the Foundation's investment managers. As at December 31, 2017 total cash in operating bank accounts amounted to \$121,411 and unrestricted cash balances held by the Foundation's investment managers amounted to \$76,754.

Statement of Financial Position Discussion (continued)

Investments and Endowment Fund asset have increased 2% or \$518,374 for the nine-months ended December 31, 2017 compared to the investment value at March 31, 2017. There was \$400,000 transfer from investment to operating bank account. For the nine-months period ended December 31, 2017 the combined portfolio returned 3.14% or \$925,603 (2016 – 6.14%, \$1,665,503) after all fees and taxes. The return rate excluding the remeasurement (unrealized) losses is 8.26% or \$2,436,489 (2016 – 11.6% or \$3,146,978).

Prepaid expenses, receivables decreased \$318,711 compared to March 31, 2017. This is mainly for reduction of receivables from government of Canada for the “Our Canada” project of \$199,458, reduction of receivables from Foundation’s investment managers for pending trades of \$14,524, reduction of dividend receivables of \$29,075 and HST receivables of \$35,852.

Capital assets decreased \$11,004 for the nine-months ended December 31, 2017 compared to March 31, 2017 as the result of period end amortization of all assets of \$11,002.

Liabilities

Accounts payable and accrued liabilities decreased \$153,032 for the nine-months ended December 31, 2017 compared to March 31, 2017. This is mainly for reduction of payables to Foundation’s investment managers for pending trades of \$40,164 and reduction in trade accounts payable of \$112,869.

Accrued salaries and employee future benefits payable decreased \$15,405 for the nine-months ended December 31, 2017 compared to March 31, 2017. This is mainly for reduction of project personnel.

Deferred contributions and deferred revenues decreased \$7,900 for the nine-months ended December 31, 2017 compared to March 31, 2017. This is mainly for deferred revenue of \$7,000 from the Halton District School Board recognized as revenue in this period.

Obligation under capital lease is the balance of capital repayment owed for the office equipment under lease of \$4,044. This is for the printer/copier lease which started at the end of 2015-16 and will fully be paid out 2020-21.

Net Assets increased 1.6% or \$485,585 in the nine-months ended December 31, 2017 compared to March 31, 2017. This is mainly due to the excess of revenues over expenses of \$1,996,472 reduced by remeasurement (unrealized) loss on investments portfolio of \$1,510,887 for the nine-months ended December 31, 2017.

Statement of Operations Discussion

	2017 December 31	2016 December 31	Changes	
	\$	\$	\$	%
Revenues				
Sponsorships, donations and contributions, honoraria and fundraising gala	57,814	30,288	27,526	91
Funded projects	27,232	448,881	(421,649)	(94)
Publications, other in-kind and miscellaneous revenues	25	9,046	(9,021)	(100)
Total Revenues	85,071	488,215	(403,144)	(83)
Net investment income				
Investment income earned	471,527	514,945	(43,418)	(8)
Changes in fair value-realized	1,964,963	2,632,033	(667,070)	(25)
Net investment income	2,436,490	3,146,978	(710,488)	(23)

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. The donation revenue for the nine-months ended December 31, 2017 is \$57,814 (2016 - \$338)

Revenues from **Funded projects** of \$27,232 represent revenues from workshops funded by the Halton District School Board and from "Canada Beyond 150: A Promise to Our Children" project funded by the Department of Canadian Heritage. The December 31, 2016 revenues mainly represent payments received from the Department of Canadian Heritage for the "Our Canada" project which ended in March 2017.

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-months ended December 31, 2017 is \$471,527 a decrease of \$43,418 compared with nine-months ended December 31, 2016.

Changes in fair value realized of investments for the nine-months ended December 31, 2017 include realized gain on sales of investments of \$1,964,963, a decrease of \$667,070 compared with nine-months ended December 31, 2016.

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-months ended December 31, 2017 were \$1,510,887 loss compared to loss of \$1,481,475 in December 31, 2016 mainly due to sales of investments (Cnd and US).

Statement of Operations Discussion (continued)

Expenses	December 31 2017			December 31 2016			Changes	
	CRRF	Funded Project	Total	CRRF	Funded Project	Total	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
Salaries and benefits	245,270	13,232	258,502	265,227	259,521	524,748	(266,246)	(51)
Board of Directors honoraria and travel	80,209	-	80,209	54,831	-	54,831	25,378	46
Rent	43,154	-	43,154	27,571	36,905	64,476	(21,322)	(33)
Professional fees	33,991	10,479	44,470	31,829	10,957	42,786	1,684	4
Conferences, symposia and consultations	27,998	-	27,998	19,343	61,055	80,398	(52,400)	(65)
Office and general	21,590	-	21,590	3,216	33,961	37,177	(15,587)	(42)
Communication	16,893	-	16,893	24,210	40,931	65,141	(48,248)	(74)
Public education	11,052	-	11,052	9,351	-	9,351	1,701	18
Amortization	11,002	-	11,002	11,707	-	11,707	(705)	(6)
Other administration expenses	10,219	-	10,219	4,331	-	4,331	5,888	136
Award of Excellence symposium and fundraising gala	-	-	-	126,246	-	126,246	(126,246)	n/a
Total Expenses	501,378	23,711	525,089	577,862	443,330	1,021,192	(496,103)	(49)

The Foundation's total expenses is \$525,089 for the nine-months ended December 31, 2017 with the three main users of funds being salaries and benefits, Board of Directors honoraria and travel and rent, totaling \$258,502, \$80,209 and \$43,154 respectively.

There was \$266,246 decrease in **Salaries and benefits** expenses compared to December 31, 2016 mainly due to completion of the "Our Canada" project in March 2017.

Honoraria and travel expenses for the **Board of Directors** increased \$25,378 in the nine-months ended December 31, 2017 compared to December 31, 2016.

Rent expense for the office space decreased by \$21,322 in the nine-months ended December 31, 2017 compared to December 31, 2016 due to adjustment to the prior years' property taxes paid by the landlord.

Statement of Operations Discussion (continued)

Professional fees are for legal, accounting and corporate services fees. There were no significant changes to these expenses.

Conferences, symposia and consultations expenses decreased \$52,400 in the nine-months ended December 31, 2017 compared to December 31, 2016 due to completion of the “Our Canada” project in March 2017.

Office and general expenses decreased \$15,587 in the nine-months ended December 31, 2017 compared to December 31, 2016 mainly due to lower office supplies expenses.

Communications are public and media relations expenses. There was a \$48,248 decrease in communications expenses compared to December 31, 2016, mainly due to completion of the “Our Canada” project.

The Award of Excellence symposium and fundraising gala is an event held every two years. The December 31, 2016 expenses were for travel, meals and hotel accommodations, subsidies for winners, speakers, panelists, meeting rooms venues rental, printed materials, audio and simultaneous interpretation expenses for October 2016 event in Toronto.

Outlook for the Future

Fiscal Year 2017-2018

During the fiscal year 2017-2018, the Canadian Race Relations Foundation will continue to fund its core programs and operations through the investment income from its original endowment. As well, following on the successful implementation and completion of the Foundation's two previous multi-year grants, the Foundation received further funding from the Department of Canadian Heritage for implementation of “Canada Beyond 150: A Promise to Our Children” a three years project started in July 2017. The Foundation will continue to focus on building bridges to promote deepening cross-country conversations while broadening the reach and depth of its programs as a national voice to strengthen harmonious race relations. Its program activities conform to the Foundation's unique brand as a leading facilitator and resource for the advancement of positive race relations. It is not the Foundation's role to be a strong advocate. Neither is it equipped to function as such.

A major focus for the fiscal year will be the development and implementation of a Special Council and Patrons Circle, made up of subject-matter experts, community leaders and prominent Canadians. The Special Council, to be appointed pursuant to Sec.12 and Sec. 16 of the Act, will provide strategic advice to the Foundation Board of Directors on the full range of Foundation activities undertaken to achieve the Foundation's mandate. In addition, the fiscal year will see a focus on building a robust system of online resources to further the Foundation's mission and vision including its Clearinghouse.

The Foundations has an approved operating revenues budget of \$741,000 and an expenditures budget of \$954,000 for 2017-2018. The approved budgets were set understanding the fiscal limitations faced by the Foundation in today's economic climate, and the end of the 3-year government-funded project. The approved budgets for the year are closely monitored by senior

Outlook for the Future (continued)

management, the Finance and Audit Committee and the Board of Directors. Budget variance reports are reviewed and monitored on a regular basis. Where necessary, adjustments are made in consultation with the Finance and Audit Committee, subject to the approval of the Executive Committee of the Board of Directors. All expenditures are governed by the approved budget and Board resolutions, as well as any applicable guidelines and policies of the Government. To further strengthen oversight, management will be required to obtain prior Board/EC approval for any line-item expenditure that will exceed its Board approved budgeted amount by more than 10%. Quarterly financial statements and related notes are also prepared in accordance with the Treasury Board standards and are posted on the Foundation's website. The Foundation's programs and activities are designed in accordance with the Foundation's Strategic Plan, which continues the forward momentum of the Foundation, building on the successes of the past, and challenging the Foundation to move forward with technological and programmatic advances. While the Strategic Plan advances the Foundation in alignment with contemporary issues of race relations, it represents a commitment to the legacy of generosity of spirit exhibited by the National Association of Japanese Canadians in signing the Japanese Canadian Redress Agreement, and advocating on behalf of the creation of the Canadian Race Relations Foundation. Its central purpose is set out in the Canadian Race Relations Foundation Act, which was passed in 1990.

CANADIAN RACE RELATIONS FOUNDATION

Unaudited Quarterly Financial Report

For the Nine Months Ended December 31, 2017

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.



Lilian Ma
Executive Director

February 26, 2018



Arsalan Tavassoli MA, CPA, CGA
Finance and Administration Director

February 26, 2018

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

	December 31 2017	March 31 2017
	\$	\$
Assets		
Current assets		
Cash (note 3)	198,165	78,439
Prepaid expenses	29,516	27,511
Receivables (note 6)	47,947	368,663
Investments (note 4)	215,551	329,589
	<u>491,179</u>	<u>804,202</u>
Endowment Fund assets (note 5)	26,035,946	25,987,800
Investments (note 4)	3,743,303	3,159,037
Capital assets (note 8)	14,879	25,883
	<u>30,285,307</u>	<u>29,976,922</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	18,737	171,770
Accrued salaries (note 6)	7,339	22,744
Deferred contributions and deferred revenues (note 10)	300	8,200
	<u>26,377</u>	<u>202,714</u>
Obligation under capital lease (note 9)	4,044	4,906
	<u>30,421</u>	<u>207,620</u>
Net assets		
Unrestricted	6,108,957	4,102,344
Invested in capital assets (note 13)	10,835	20,977
Accumulated remeasurement gains	135,094	1,645,981
Restricted for endowment purposes (note 5)	24,000,000	24,000,000
	<u>30,254,886</u>	<u>29,769,302</u>
	<u>30,285,307</u>	<u>29,976,922</u>

Contractual obligations (note 11)

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

CANADIAN RACE RELATIONS FOUNDATION
UNAUDITED INTERIM QUARTERLY FINANCIAL STATEMENTS
Statement of Operations

	Three months ended		Nine months ended	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
Revenues	\$	\$	\$	\$
Funded projects	20,232	178,185	27,232	448,881
Sponsorships, donations and contributions, honoraria and fundraising gala	52,590	30,285	57,814	30,288
Publications, in-kind & Miscellaneous revenue	-	8,952	25	9,046
	72,822	217,422	85,071	488,215
Expenses (note 14)				
Programs expenses	64,400	95,812	225,517	236,210
Board of Directors meetings	40,690	32,852	80,209	54,831
Administration expense	22,127	32,241	79,800	80,799
Operating expenses	21,069	21,064	66,584	46,752
Funded projects	18,232	175,284	23,711	443,330
Conferences, symposia and consultations	13,906	6,553	27,998	19,343
Public Education and training	3,606	7,461	11,052	9,351
Staff recruitment and development	2,424	-	6,356	298
Education and training Centre	1,723	-	1,723	1,801
Information systems and development	1,299	442	1,975	1,975
Finance cost	100	-	164	255
Award of Excellence symposium and fundraising gala	-	102,596	-	126,246
	189,576	474,305	525,089	1,021,192
Deficiency of revenues over expenses before net investment gain	(116,763)	(256,883)	(440,018)	(532,977)
Net investment income gain (note 12)	1,858,809	194,989	2,436,490	3,146,978
Excess of revenues over expenses	1,742,055	(61,895)	1,996,472	2,614,001

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

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

	December 31 2017	March 31 2017
	\$	\$
Accumulated remeasurement gains, beginning of period	1,645,981	3,060,051
Unrealized gains (losses) attributable to:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	512,445	1,681,668
Financial instruments designated to the fair value category	(58,369)	(111,405)
Amounts reclassified to the Statement of Operations:		
Portfolio investments and Endowment Fund assets in equity instruments quoted in an active market	(1,988,578)	(3,001,563)
Financial instruments designated to the fair value category	23,615	17,230
Net remeasurement losses for the period	(1,510,887)	(1,414,070)
Accumulated remeasurement gains, end of period	135,094	1,645,981

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 2017	Unrestricted	Invested in capital assets	Accumulated remeasurement gains	Endowment	December 31 2017
	\$	\$	\$	\$	\$
Net assets, beginning of period	4,102,344	20,977	1,645,981	24,000,000	29,769,302
Excess of revenues over expenses	1,996,472	-	-	-	1,996,472
Remeasurement losses	-	-	(1,510,887)	-	(1,510,887)
Net change in investment in capital assets (note 13)	10,141	(10,141)	-	-	-
Net assets, end of period	6,108,957	10,836	135,094	24,000,000	30,254,887

Statement of Changes in Net Assets
For the year ended March 31, 2017

March 31 2017	Unrestricted	Invested in capital assets	Accumulated remeasurement gains	Endowment	March 31 2017
	\$	\$	\$	\$	\$
Net assets, beginning of year	969,938	33,573	3,060,051	24,000,000	28,063,562
Excess of revenues over expenses	3,119,810	-	-	-	3,119,810
Remeasurement losses	-	-	(1,414,070)	-	(1,414,070)
Net change in investment in capital assets (note 13)	12,596	(12,596)	-	-	-
Net assets, end of year	4,102,344	20,977	1,645,981	24,000,000	29,769,302

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

UNAUDITED QUARTERLY FINANCIAL STATEMENTS

Statement of Cash Flows

	Three months ended		Nine months ended	
	2017 December 31	2016 December 31	2017 December 31	2016 December 31
	\$	\$	\$	\$
Operating activities:				
Excess of revenue over expenses	1,742,055	(61,895)	1,996,472	2,614,001
Items not affecting cash:				
Amortization	3,693	3,902	11,002	11,707
Realized (gains) related to financial instruments in investments and Endowment Fund assets (note 12)	(1,681,402)	(6,791)	(1,964,963)	(2,632,033)
	64,346	(64,784)	42,511	(6,325)
Changes in non-cash operating assets and liabilities:				
Decrease (increase) in prepaid expenses	10,275	(542)	(2,005)	8,853
Decrease (increase) in receivables	(8,074)	97,670	306,192	395,843
Increase (decrease) in accounts payable and accrued liabilities, accrued salaries	8,706	39,528	(127,823)	(229,409)
Decrease in deferred contributions and deferred revenues	(300)	(2,009)	(7,900)	(2,609)
Net cash provided by operating activities	54,403	69,882	210,975	166,354
Capital activities:				
Addition to capital assets	-	-	-	(1,843)
Net cash used in capital activities	-	-	-	(1,843)
Investing activities:				
Proceeds from sale of Endowment Fund assets and investments	11,686,877	2,272,402	15,324,257	21,904,213
Purchase of Endowment Fund assets and investments	(11,718,818)	(2,286,257)	(15,414,643)	(22,083,077)
Net cash used in investing activities	(31,941)	(13,855)	(90,386)	(178,864)
Financing activities:				
Repayment of capital lease obligations	(290)	(279)	(862)	(888)
Net cash used in Financing activities	(290)	(279)	(862)	(888)
Increase (decrease) in cash	22,171	55,748	119,726	(15,241)
Cash, beginning of period	175,994	110,639	78,439	181,629
Cash, end of period	198,165	166,388	198,165	166,388

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

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2017-2018, ended December 31, 2017

The unaudited quarterly financial statements should be read in conjunction with the March 31, 2017 audited financial statements of the Canadian Race Relations Foundation published in the 2016-2017 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

CANADIAN RACE RELATIONS FOUNDATION
SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
Third quarter of fiscal year 2017-2018, ended December 31, 2017

2. Significant accounting policies (continued):

(ii) Net investment income (continued):

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

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

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

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

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

Transaction costs, such as brokerage commissions incurred in the purchase and sale of investments and Endowment Fund assets are expensed as incurred and charged to 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 and services are used in the normal course of the organization's operations and would otherwise have been purchased. If the fair value cannot be estimated, a footnote disclosure is provided in the notes to financial statements.

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. 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, 2017 (December 31, 2016 – 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 and equities. Endowment Fund assets also include restricted cash. All investments and Endowment Fund assets have been classified in the fair value category and are recorded at fair value as active management of the investment portfolio including capitalizing on short-term pricing opportunities is integral to generating funding for the Foundation. Gains and losses on investments and Endowment Fund assets are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment.

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

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

CANADIAN RACE RELATIONS FOUNDATION
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
 Third quarter of fiscal year 2017-2018, ended December 31, 2017

2. Significant accounting policies (continued):

(d) Financial assets and financial liabilities (continued)

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, 2017. 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
Office equipment under capital lease	Over the term of the lease
Computer hardware	3 years
Computer software	3 years
Leasehold improvements	Over the term of the lease

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.

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, 2017, there are no outstanding claims (2016 - nil).

(l) Functional allocation of expenses:

The Foundation's operations are performed by functional areas that provide integrated services to its various programs. Expenses are reported by function or major program and in total on the accompanying Statement of Operations and are disclosed by the detail of expenses by object and in total in the schedule in note 14 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, 2017				
Expenses (objects)	Amount (\$)	Allocation Rate (%)	Expenses (function)	Amount (\$)
Salaries and benefits	258,502	75%	Program expenses	183,952
		25%	Administration expenses	61,318
			Funded projects	13,232
Board of Directors honoraria and travel	80,209	100%	Board of Directors meetings	80,209
Rent	43,154	65%	Program expenses	28,050
		35%	Administration expenses	15,104
				0
Professional fees	44,470	100%	Operating expenses	33,991
			Funded projects	10,479
Conferences, symposia and consultations	27,998	100%	Conferences, symposia and consultations	27,998
Office and general	21,591	100%	Operating expenses	21,591
Communication	16,893	80%	Program expenses	13,514
		20%	Administration expenses	3,379
Public education	11,052	100%	Education and training	11,052
Amortization	11,002	100%	Operating expenses	11,002
Staff recruitment and development	6,356	100%	Staff recruitment and development	6,356
Information systems and development	1,975	100%	Information systems and development	1,975
Education and training center	1,723	100%	Education and training center	1,723
Interest expenses	164	100%	Finance cost	164
	\$525,089			\$525,089

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2. Significant accounting policies (continued):

(l) 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				
		\$1,021,192		

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3. Cash

Cash includes \$198,164 (March 31, 2017 – \$78,439) unrestricted cash balances in investment accounts and banks at December 31, 2017. The carrying amount of these assets approximates their fair value.

4. Investments:

December 31, 2017	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	40,097	-	40,097
Fixed income investments – Canadian	175,454	2,659,083	2,834,537
Equity securities- Canadian		395,216	395,216
Equity securities- Foreign		689,004	689,004
	215,551	3,743,303	3,958,854

March 31, 2017	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	211,729	-	211,729
Fixed income investments – Canadian	117,860	2,218,857	2,336,717
Equity securities- Canadian	-	343,476	343,476
Equity securities- Foreign	-	596,704	596,704
	329,589	3,159,037	3,488,626

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 \$312,377 cash (March 31, 2017 – \$194,485) and the following investments at December 31, 2017:

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5. Endowment Fund (continued):

December 31, 2017	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Fixed income investments – Canadian	475,945	10,112,898	10,588,843
Equity securities- Canadian	-	5,654,256	5,654,256
Equity securities- Foreign	-	9,480,469	9,480,469
	475,945	25,247,623	25,723,569

March 31, 2017	Current Amount	Non Current Amount	Total Investment
	\$	\$	\$
Investment Savings Account	342,948	-	342,948
Fixed income investments – Canadian	480,507	10,266,125	10,746,632
Equity securities- Canadian	-	5,340,057	5,340,057
Equity securities- Foreign	-	9,363,678	9,363,678
	823,455	24,969,860	25,793,315

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 (continued):

(a) Asset Mix:

As of December 31, 2017, the Foundation's investment asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
1.9% in Cash (March 31 2017 – 2.19%)	0%	0% - 5%
70.24% in Fixed Income (March 31, 2017 – 65.51%)	80%	40%-80%
10.79% in Canadian Equities (March 31, 2017 – 15.57%)	10%	10%-30%
17.07% in Global Equities (March 31, 2017 – 16.73%)	10%	10%-40%

As of December 31, 2017, the Foundation's Endowment Fund asset mix was as follows:

Asset Mix	IPS Target	Range Permitted
1.20% in Cash (March 31, 2017 – 0.75%)	1%	0%- 5%
40.67% in Fixed Income (March 31, 2017 – 41.35%)	45%	40%-60%
21.72% in Canadian Equities (March 31, 2017 – 21.87%)	25%	10%-30%
32.14% in Global Equities (March 31, 2017 – 31.78%)	25%	20%-40%
4.27% in Real Estate (March 31, 2017 – 4.25%)	4%	4% - 5%

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

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6. Financial risk management (continued):

(i) Fixed income securities (continued):

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, 2017 was not available at the time of this report.

As at March 31, 2017 the Foundation invested in fixed income securities with the following credit ratings:

Debt instrument by credit rating	March 31 2017	March 31 2016
	Percentage of Value	
AAA (+ R1 rated short-term)	21.26%	19.15%
AA	26.28%	21.21%
A	46.26%	53.41%
BBB	6.20%	6.23%

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. As at December 31, 2017 accounts receivable comprise of balances of \$29,910 (March 31, 2017 - \$356,825) less than 3 months, \$6,638 (March 31, 2017 - \$752) between 3 to 12 months and \$11,087 (March 31, 2017 - \$11,087) greater than one year.

The maximum exposure to credit risk for accounts receivable by type of customer as at December 31, 2017 is as follows:

	December 31 2017	March 31 2017
	\$	\$
Government of Canada	21,700	305,025
Amounts receivable from pending trades	-	14,524
Dividend, interest and income distribution	-	29,075
Other organizations	26,247	20,039
	47,947	368,663

6. Financial risk management (continued):

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(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 2017	March 31 2017
	\$	\$
Fixed income – Canadian	13,423,381	13,083,349
	13,423,381	13,083,349

Fixed income securities fair value by maturity date:

	December 31 2017	March 31 2017
	\$	\$
Less than 1 year	651,400	598,367
1-3 years	2,364,743	2,201,959
3-5 years	4,926,683	4,313,414
Greater than 5 years	5,480,555	5,969,609
	13,423,381	13,083,349

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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 was not exposed to significant currency risk at period-end as 100% investments and Endowment Fund assets held by the Foundation were in Canadian Dollars.

(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 Portfolio's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Portfolio's benchmark asset mix. The revised investment Policy Statement which was approved by the board of directors in October 29, 2016 was in force during the current fiscal year.

As a result, the Foundation's long-term target asset allocation and individual asset class indices in effect as at December 31, 2017 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)

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6. Financial risk management (continued):

(f) Liquidity risk:

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

At December 31, 2017 the Foundation has a total cash balance of \$198,164 (March 31, 2017 - \$78,439), which is more than the total liabilities recorded at December 31, 2017 of \$30,420 (March 31, 2017 - \$207,620).

As at December 31, 2017, the Foundation's liabilities have contractual maturities as follows:

Accounts payable and accrued liabilities	Less than 3 months \$	3 to 12 months \$	Over 1 year \$	Total \$
Other accounts payable and accrued liabilities	17,245	932	560	18,737
Accrued salaries	7,339	-	-	7,339

As at March 31, 2017, 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	40,614	-	-	40,614
Other accounts payable and accrued liabilities	124,811	848	5,497	131,156
Accrued salaries	22,744	-	-	22,744

CANADIAN RACE RELATIONS FOUNDATION
 SELECTED NOTES TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS
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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, 2017 was not available at the time of this report.

Financial Assets at fair value for investments and Endowment Fund assets as at March 31, 2017:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment Saving Account	554,677	-	-	554,677
Fixed income securities	-	13,083,349	-	13,083,349
Equity securities	15,643,915	-	-	15,643,915
Total investments and Endowment Fund assets	16,198,592	13,083,349	-	29,281,941

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.

8. Capital assets:

Capital Assets at net book value as at December 31, 2017:

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	119,281	112,229	7,052
Leasehold improvements	42,988	40,839	2,149
Computer hardware	35,971	34,319	1,652
Equipment under capital lease	6,076	2,050	4,026
	204,316	189,437	14,879

Amortization of capital assets expense is \$ 11,002 (March 31, 2017 - \$15,609).

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8. Capital assets (continued):

Capital Assets at net book value as at March 31, 2017:

	Cost	Accumulated amortization	2017 Net book value
	\$	\$	\$
Office furniture and equipment	119,281	110,695	8,586
Leasehold improvements	42,988	34,390	8,598
Computer hardware	35,971	32,437	3,534
Equipment under capital lease	6,076	911	5,165
Computer software	5,466	5,466	-
	209,782	183,899	25,883

9. Obligation under capital lease:

The Foundation signed an agreement to rent office equipment under capital lease in January 2016 with effective lease date of April 1, 2016. The obligation under capital lease, repayable in blended quarterly installments of \$333, including principal and interest at 3.95% with maturing date of March 31, 2021, is secured by related equipment.

2017	December 31 2017	March 31
Obligation under capital lease	\$ 4,044	\$ 4,906

10. 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, 2017 are as follows:

	December 31 2017	March 31 2017
Deferred contributions from non-government sources	\$ 300	\$ 8,200
Balance, end of the period	300	8,200

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10. Deferred contributions and deferred revenues (continued):

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

	December 31 2017	March 31 2017
	\$	\$
Balance, beginning of the period	8,200	114,945
Add: restricted contributions received from non-government sources	-	7,000
Less: amounts recognized as revenue	(7,900)	(113,745)
Balance, end of the period	300	8,200

11. Contractual obligations:

The Foundation entered into one lease agreement for office premises, commencing March 1, 2014 and expiring February 28, 2018. In March 2017 the Foundation exercised its option under the current office premises lease agreement to renew the lease for a further period of five years to February 28, 2023.

The contractual obligations for the next six years as at December 31, 2017 amounted to \$581,688 (March 31, 2017 - \$595,406).

The following table summarizes the Foundation's contractual obligations as of December 20, 2017:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Office premises	\$25,158	\$100,632	\$100,632	\$100,632	\$100,632	\$92,246	519,933

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12. Net investment income:

Net investment income from Endowment Fund assets	December 30 2017	December 30 2016
	\$	\$
Realized gains on sale and impairment of Endowment Fund assets	1,702,408	2,541,853
Interest from cash and fixed income investments, dividends from Endowment Fund assets	531,423	580,109
Less: transaction costs and investment counsel fees	(115,631)	(114,170)
	2,118,199	3,007,792
 Net investment income from investments		
Realized gains on sale and impairment of investments	262,555	90,180
Interest from cash and fixed income investments, dividends	73,186	64,036
Less: transaction costs and investment counsel fees	(17,450)	(15,030)
	318,291	139,186
Net investment income	2,436,490	3,146,978

13. Investment in capital assets:

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

	December 31	March 31
	2017	2017
	\$	\$
Capital assets	14,879	25,883
Less obligation under capital lease	(4,334)	(4,906)
	10,835	20,977

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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 2017	March 31 2017
	\$	\$
Capital asset additions	-	7,919
Less: Capital assets leased	-	(6,076)
Capital assets purchased with Foundation funds	-	1,843
Amortization of capital assets	(11,002)	(15,609)
Repayment of capital lease obligation	862	1,170
Net change in investment in capital assets	(10,141)	(12,596)

14. Schedule of Expenses by object:

	December 31 2017	December 31 2016
Expenses	\$	\$
Salaries and benefits	258,502	524,748
Board of Directors honoraria and travel	80,209	54,831
Professional fees	44,470	42,786
Rent	43,154	64,476
Conferences, symposia and consultations	27,998	80,398
Office and general	21,591	37,178
Communication	16,893	65,141
Public education	11,052	9,351
Amortization	11,002	11,707
Staff recruitment and development	6,356	298
Information systems and development	1,975	1,975
Education and training center	1,723	1,802
Interest expenses	164	255
Award of Excellence symposium and fundraising gala	-	126,246
	\$525,089	\$1,021,192