

# FORTIUS FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2018

## 8. Asset retirement obligation:

The Foundation has recorded an asset retirement obligation for future activities and costs related to restoration of a turf field facility leased from the City of Burnaby. The total undiscounted amount of future cash flows required to settle the obligation was estimated to be approximately \$1,100,000 which has been discounted at a rate of 4.83%.

	2018	2017
Asset retirement obligation, beginning of year	\$ 679,163	\$ 647,865
Accretion expense	32,810	31,298
Asset retirement obligation, end of year	\$ 711,973	\$ 679,163

## 9. Related party balances:

(a) Due from related parties:

	2018	2017
Fortius Institute Inc. (the "Institute"), an entity related by virtue of common Board membership Association	\$ 5,761,083	\$ 4,676,144
	16,170,589	13,055,456
<b>Allowance for doubtful accounts</b>	<b>(21,531,318)</b>	<b>(17,731,600)</b>
	\$ 400,354	\$ -

The amounts due from related parties are advanced on an as needed basis. The related party balances have no fixed repayment terms, do not bear interest, and are unsecured. Due to the uncertainty of collectability from the related parties, the balances advanced during the year ended September 30, 2018 have been recorded to bad debt expense and a corresponding allowance for doubtful accounts has been recorded.

(b) Notes payable to related parties:

	2018	2017
Imladris Foundation (i)	\$ -	\$ 28,919,628
Director of the Foundation (ii)	3,630,000	3,630,000
	\$ 3,630,000	\$ 32,549,628

(i) Imladris Foundation:

The first note payable in the amount of \$23,000,000 bore interest at 5% per annum and was secured by a fourth mortgage on the Athlete Development Centre and a general security agreement. The second note payable in the amount of \$1,227,864 was non-interest bearing and was unsecured, due on demand with 90-days' notice. The third note payable in the amount of \$110,000, bore interest at a rate of 7% per annum and was unsecured.