

FORTIUS FOUNDATION

Notes to Financial Statements

Year ended September 30, 2018

1. Nature of operations and going concern:

Fortius Foundation (the "Foundation") was incorporated under Canada Not-For-Profit Corporations Act, on October 18, 2007, under the name Multisport Centre of Excellence Foundation ("Multisport Foundation"). During the 2012 fiscal year, Multisport Foundation changed its name to Fortius Foundation. As a registered public foundation, the Foundation is exempt from tax under the Income Tax Act.

The Foundation has an integrated sports medicine, science and athlete training and development facility (the "Athlete Development Centre") located in Burnaby, British Columbia, which is held to generate ongoing passive investment income for use by the Foundation to support other registered charities and qualified donees. The Foundation entered into an agreement to lease the Athlete Development Centre to [REDACTED] a party related by virtue of common Board membership. The [REDACTED] commenced its operations in May 2013.

These financial statements have been prepared using Canadian Accounting Standards for Not-For-Profit Organizations applicable to a going concern basis, which assumes that the Foundation will continue operations for the foreseeable future and be able to realize its assets and settle its liabilities in the normal course of operations.

The Foundation had a working capital deficiency of \$15,447,118 (2017 - \$14,043,804) as at September 30, 2018 and is dependent on donations to fund its operating expenses. During the current year, the Foundation received \$74,510,000 of charitable donations that are not expected to recur in that magnitude in future years. As a result, the Foundation will have a deficiency of revenue over expenses in future years unless it can continue to raise sufficient donations or increase its rental revenues. As such, there exists a material uncertainty that casts significant doubt about the Foundation's ability to continue as a going concern.

The ability of the Foundation to continue as a going concern is dependent upon the continued support of its lenders and the ability to generate revenue in excess of expenses and positive cash flows from operations.

If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenue and expenses, and the balance sheet classification used.