

CONSOLIDATED FIRSTFUND CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

CONSOLIDATED FIRSTFUND CAPITAL CORP.

NOTICE TO READER

The condensed consolidated interim statements of financial position of Consolidated Firstfund Capital Corp. as at September 30, 2017 and 2016 and the condensed consolidated interim statements of income and comprehensive loss, changes in equity and cash flows for the nine months then ended have not been reviewed by an auditor. These condensed consolidated interim financial statements are the responsibility of the Company's management. These condensed consolidated interim financial statements have been prepared by management of the Company in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

CONSOLIDATED FIRSTFUND CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited) (Expressed in Canadian Dollars)

	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 58,125	\$ 42,658
Accounts receivable (Note 5)	102,611	109,038
Prepaid expenses	7,305	3,454
	<u>168,041</u>	<u>155,150</u>
Investments (Note 6)	556,527	591,571
Deferred tax asset	9,100	9,100
Fixed assets (Note 7)	12,881	13,237
Long-term receivable (Note 5)	205,208	225,881
	<u>\$ 951,757</u>	<u>\$ 994,939</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	558,319	594,019
Redeemable preference shares (Note 9)	40,000	40,000
	<u>598,319</u>	<u>634,019</u>
Shareholders' equity		
Capital stock (Note 10)	3,546,413	3,546,413
Reserves - equity settled employee benefits	171,697	171,697
Deficit	(3,262,337)	(3,289,899)
Accumulated other comprehensive loss (Note 11)	(102,335)	(67,291)
	<u>353,438</u>	<u>360,920</u>
	<u>\$ 951,757</u>	<u>\$ 994,939</u>

Approved and authorized by the Board on November 29, 2017

“W. Douglas Grant” (signed) Director

“Cheryl A. Grant” (signed) Director

See accompanying Notes to the condensed consolidated interim financial statements.

CONSOLIDATED FIRSTFUND CAPITAL CORP.

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME
AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended Sep. 30, 2017	Nine Months Ended Sep. 30, 2017	Three Months Ended Sep. 30, 2016	Nine Months Ended Sep. 30, 2016
Revenue				
Fee income (Note 13)	\$ 76,654	\$ 239,730	\$ 79,806	\$ 242,610
Other income (Note 13)	636	1,758	704	2,390
	<u>77,290</u>	<u>241,488</u>	<u>80,510</u>	<u>245,000</u>
Expenses				
Salaries and benefits (Note 13)	31,473	96,966	34,386	119,127
Office, administration and rent (Note 13)	19,027	72,335	19,631	65,115
Professional fees	7,500	22,500	7,500	22,500
Consulting (Note 13)	3,450	9,600	-	-
Foreign exchange loss (gain)	4,402	8,455	(1,003)	8,390
Other	743	3,540	654	3,361
Travel and promotion	40	530	-	122
	<u>66,635</u>	<u>213,926</u>	<u>61,168</u>	<u>218,615</u>
Income before income taxes	10,655	27,562	19,342	26,385
Income tax expense (recovery)	-	-	-	-
Net income for the period	\$ 10,655	\$ 27,562	\$ 19,342	\$ 26,385
Other comprehensive (loss) income, net of taxes				
Changes in unrealized (losses)/gains on available-for-sale investments	(105,130)	(35,044)	-	140,173
Other comprehensive (loss) income	(105,130)	(35,044)	-	140,173
Comprehensive (loss) income for the period	(94,475)	(7,482)	19,342	166,558
Net income for the period	10,655	27,562	19,342	26,385
Deficit, beginning of period	(3,272,992)	(3,289,899)	(3,314,840)	(3,321,883)
Deficit, end of period	\$ (3,262,337)	\$ (3,262,337)	\$ (3,295,498)	\$ (3,295,498)
Earnings per share				
Basic and diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted average number of Common shares				
Basic and diluted	6,006,703	6,006,703	6,006,703	6,006,703

See accompanying Notes to the condensed consolidated interim financial statements.

CONSOLIDATED FIRSTFUND CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	<u>Capital Stock</u>		Reserves	Deficit	Accumulated Other Comprehensive (Loss) Income	Total
	Number	Amount \$				
Balance at December 31, 2015	6,006,703	3,546,413	171,697	(3,321,883)	(192,858)	203,369
Net income	-	-	-	26,385	-	26,385
Other comprehensive income items that may be reclassified to net income	-	-	-	-	140,173	140,173
Balance at September 30, 2016	6,006,703	3,546,413	171,697	(3,295,498)	(52,685)	369,927
Net income	-	-	-	5,599	-	5,599
Other comprehensive loss items that may be reclassified to net income	-	-	-	-	(14,606)	(14,606)
Balance at December 31, 2016	6,006,703	3,546,413	171,697	(3,289,899)	(67,291)	360,920
Net income	-	-	-	27,562	-	27,562
Other comprehensive loss items that may be reclassified to net income	-	-	-	-	(35,044)	(35,044)
Balance at September 30, 2017	6,006,703	3,546,413	171,697	(3,262,337)	(102,335)	353,438

See accompanying Notes to the condensed consolidated interim financial statements.

CONSOLIDATED FIRSTFUND CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended Sep. 30, 2017	Nine Months Ended Sep. 30, 2017	Three Months Ended Sep. 30, 2016	Nine Months Ended Sep. 30, 2016
Operating activities				
Net income for the period	\$ 10,655	\$ 27,562	\$ 19,342	\$ 26,385
Item not involving cash				
Depreciation	743	2,140	654	1,961
	11,398	29,702	19,996	28,346
(Decrease) Increase in non-cash operating working capital (Note 12)	47	(33,124)	(34,313)	(50,483)
	11,445	(3,422)	(14,317)	(22,137)
Investing activities				
Fixed assets purchased	-	(1,784)	-	-
Decrease (Increase) in long-term receivable	(1,310)	20,673	(3,644)	(10,532)
	(1,310)	18,889	(3,644)	(10,532)
Increase (Decrease) in cash position during the period	10,135	15,467	(17,961)	(32,669)
Cash and cash equivalents, beginning of period	47,990	42,658	66,927	81,635
Cash and cash equivalents, end of period	\$ 58,125	\$ 58,125	\$ 48,966	\$ 48,966

Additional information is presented in Note 12.

See accompanying Notes to the condensed consolidated interim financial statements.

CONSOLIDATED FIRSTFUND CAPITAL CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (Unaudited) (Expressed in Canadian Dollars)

1. Description of the business

Consolidated Firstfund Capital Corp. (the “Company”) is incorporated under the Canada Business Corporations Act. The head office and registered office of the Company is located at #304 - 837 West Hastings Street, Vancouver, BC, Canada, V6C 3N6. The Company is listed on the TSX Venture Exchange (TSX-V) and trades under the symbol "FFP".

The Company is primarily engaged in financial consulting relating to real estate development and venture capital activities in Canada and the United States.

The condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company’s ability to receive continued financial support from its principal shareholder and lenders, maintaining profitable operations and obtaining additional equity.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. These financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, certain information and disclosure normally included in consolidated annual financial statements prepared using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRIC have been omitted or condensed.

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements of the Company for the years ended December 31, 2016 and 2015. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the years ended December 31, 2016 and 2015.

The condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2017 and 2016 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2017. Shortly thereafter, the financial statements are made available to shareholders and others through filing on the System for Electronic Document Analysis and Retrieval (“SEDAR”).

3. Significant accounting policies

These financial statements have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRIC.

(a) *Principles of consolidation*

The condensed consolidated interim financial statements consolidate the assets, liabilities and results of all entities in which the Company holds a controlling interest. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany balances, transactions and unrealized profits are eliminated in full. The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries.

These condensed consolidated interim financial statements include the accounts of Consolidated Firstfund Capital Corp., and its wholly-owned subsidiaries, Costar Marketing Corp. and GoldStar Resort Destinations, Inc. (a US entity). The Company approved the wind-up of GoldStar Resort Destinations, Inc. effective December 31, 2015.

(b) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and balances with banks.

(c) *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash equivalents	Financial asset at fair value through profit or loss
Accounts receivable	Loans and receivables
Long-term receivable	Loans and receivables
Investments	Available-for-sale
Accounts payable	Other liabilities
Redeemable preference shares	Other liabilities

(i) Financial assets or financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets typically acquired for resale prior to maturity or that are designated as held-for-trading. They are measured at fair value at the period end date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in profit or loss.

Financial liabilities at fair value through profit or loss are those non-derivative financial liabilities that the Company elects to designate on initial recognition as financial instruments that it will measure at fair value. These are accounted for in the same manner as financial assets at fair value through profit or loss. The Company has not designated any non-derivative financial liabilities as financial liabilities at fair value through profit or loss.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method.

(iii) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or financial assets or financial liabilities at fair value through profit or loss investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized or deemed to be an other than temporary impairment when the cumulative loss is transferred to profit or loss.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

(iv) Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

(v) Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

(vi) Transaction costs

Transaction costs related to financial assets or financial liabilities at fair value through profit or loss are expensed as incurred. Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

(vii) Effective interest method

The Company uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

3. Significant accounting policies (continued)

(d) Fixed assets

The following assets are recorded at historical cost less any accumulated amortization. Historical cost includes all costs directly attributable to the acquisition. Amortization is provided in the accounts on a straight line balance basis at the following annual rates:

Office furniture and equipment	20%
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Included in office furniture is artwork which is not depreciated.

When it is determined that the carrying values of furniture and equipment exceed net recoverable amounts, the assets are written down to net realizable value and a charge is recorded in the statement of comprehensive income.

(e) Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on an asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to receivables, a provision for impairment is made and an impairment loss is recognized in income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

3. Significant accounting policies (continued)

(f) *Impairment of non-financial assets*

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

(g) *Share-based compensation*

In connection with incentive stock options granted by the Company to its directors, officers, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the options on the date of the grant as determined using the Black-Scholes option pricing model. The expense is charged to share-based compensation and the offset is credited to reserves - equity settled employee benefits. Cash received on exercise of incentive stock options is credited to the then issued and outstanding capital stock of the Company, with a corresponding transfer between reserves - equity settled employee benefits and capital stock.

(h) *Income taxes*

Income tax expense (recovery) represents the sum of tax currently payable (recoverable) and changes to deferred tax assets and liabilities as a result of operations during the period.

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

3. Significant accounting policies (continued)

(h) Income taxes (continued)

Deferred income taxes

Deferred income tax is recognized in respect of temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are recognized for all taxable temporary differences with the exception of the following circumstances:

- Where the deferred income tax asset and liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- Deferred tax liabilities in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3. Significant accounting policies (continued)

(i) *Foreign currency translation*

The Company and its subsidiaries record transactions based on the currency of the primary economic environment in which they operate ("functional currency"). Transactions denominated in currencies other than functional currency are recorded using the exchange rate as at date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate. Exchange gains and losses are included in earnings.

Translation of foreign operations

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the exchange rates in effect at the period end date. Revenues and expenses are translated at exchange rate as at date of transaction or average exchange rates prevailing during the period. The resulting translation adjustment is included in accumulated other comprehensive income until there is a reduction in the net investment.

(j) *Revenue recognition*

Fee income is recognized as the services are rendered and invoiced, the price of the services fixed or determinable and collection reasonably assured. Reasonable assurance is assumed when the services are provided to customers.

Rental income is recognized as income in the month earned, the price of the services fixed or determinable and collection reasonably assured. Reasonable assurance is assumed when the services are provided to customers.

(k) *Earnings per common share*

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(l) *Critical accounting policies, key judgments and estimates*

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies (continued)

(l) *Critical accounting policies, key judgments and estimates (continued)*

The following are the critical judgments, apart from those involving estimations (see note below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements.

Ability to continue as a going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available is determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using valuation models. If market observable inputs are not available, they are estimated based on appropriate assumptions.

Nature of relationship with Vitality Products Inc.

Management assesses the nature of the Company's relationship with Vitality Products Inc. using all available information. As a result, management determines the appropriate method of accounting for the Company's investment in Vitality Products Inc. at each reporting date.

Income taxes

The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable sale prices, and can either be increased or decreased where, in the view of management, such change is warranted. In determining whether a deferred tax asset is probable, management reviews the timing of expected reversals of taxable temporary differences, the estimates of future taxable income and prudent and feasible tax planning that could be implemented. Refer to Note 13 of the consolidated financial statements of the Company for the years ended December 31, 2016 and 2015 for further details.

4. Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards (“IAS”), International Financial Reporting Standards (“IFRS”), amendments and related interpretations.

Effective January 1, 2016, the Company adopted the following new and revised IFRS that were issued by the IASB.

IAS 1, "Presentation of Financial Statements"

The IASB amended IAS 1 in December 2014 to clarify the existing presentation and disclosure requirements and provide guidance to assist in determining what to disclose and how that information should be presented in the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. The application of these amendments to IAS 1 did not have a material impact on the Company’s consolidated financial statements.

IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets"

In May 2014, the IASB issued amendments to these sections to clarify acceptable methods of depreciation and amortization. The amended IAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to IAS 38 eliminate the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted. The application of these amendments to IAS 16 and IAS 38 did not have a material impact on the Company’s consolidated financial statements.

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards and interpretations, which could be applicable to the Company and are not yet effective for the relevant reporting periods.

IFRS 9, "Financial Instruments"

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both *IAS 39, "Financial Instruments: Recognition and Measurement"* and *IFRIC 9, "Reassessment of Embedded Derivatives"*. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015.

4. Adoption of new and revised standards and interpretations (continued)

IFRS 15, “Revenue from Contracts with Customers”

In May 2014, the IASB issued this new standard which will supersede the requirements of *IAS 11 Construction Contracts*, *IAS 18 Revenue*, *IFRIC 13 Customer Loyalty Programmes*, *IFRIC 15 Agreements for the Construction of Real Estate*, *IFRIC 18 Transfers of Assets from Customers*, and *SIC-31 Revenue - Barter Transactions Involving Advertising Services*.

The standard will apply a core principal in that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It will follow a five-step analysis of transactions to determine when and how much revenue is to be recognized. In September 2015, the IASB deferred the effective date of this standard to annual reporting periods beginning on or after January 1, 2018.

IFRS 16, “Leases”

In January 2016, the IASB issued IFRS 16, replacing IAS 17, “Leases”. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity’s lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

The Company has not early adopted these standards, amendments and interpretations; however, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. These standards and interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

5. Receivables

	As at September 30, 2017	As at December 31, 2016
	\$	\$
Current:		
Accounts receivable from related parties (see Note 13)	101,927	108,395
GST/HST receivable	684	643
Total current	102,611	109,038
Long-term receivable from related parties (see Note 13)	205,208	225,881
Total receivables	307,819	334,919

6. Investments

	As at September 30, 2017	As at December 31, 2016
	\$	\$
Investment in Vitality Products Inc.		
Common shares measured at fair value	420,520	455,564
Preference shares measured at fair value	136,005	136,005
	556,525	591,569
Investments in partnerships measured at cost	2	2
	556,527	591,571

The Company owns 27.1% (2016 - 27.1%) of the issued voting common shares of Vitality Products Inc. (“Vitality”) as at September 30, 2017. Management has assessed the relationship to Vitality and concluded that significant influence does not exist.

Management has assessed the Company’s relationship with Vitality and has determined that the mandatory conversion of the Vitality Class “A” Preference Shares, Series 6 that took place in fiscal 2014 did not affect the working relationship and the two companies continue to operate as separate and distinct entities. As a result, the investment in Vitality is measured at fair value.

The Company owns 100% (2016 - 100%) of the issued non-voting, redeemable Class “A” Preference Shares, Series 3 of Vitality Products Inc. which have a 6% cumulative dividend.

7. Fixed assets

	Office furniture and equipment
	\$
Cost	
As at December 31, 2015	52,604
Additions	-
Disposals	-
As at December 31, 2016	52,604
Additions	1,784
Disposals	(16,619)
As at September 30, 2017	37,769
Accumulated depreciation	
As at December 31, 2015	36,753
Depreciation	2,614
Disposals	-
As at December 31, 2016	39,367
Depreciation	2,140
Disposals	(16,619)
As at September 30, 2017	24,888
Net book value	
As at December 31, 2015	15,851
As at December 31, 2016	13,237
As at September 30, 2017	12,881

8. Accounts payable and accrued liabilities

	As at September 30, 2017	As at December 31, 2016
	\$	\$
Accounts payable to related parties (see Note 13)	515,182	545,178
Accounts payable to third parties	536	640
Accrued liabilities to related parties (see Note 13)	13,300	11,900
Accrued liabilities to third parties	29,301	36,301
Total accounts payable and accrued liabilities	558,319	594,019

9. Redeemable preference shares

(a) *Authorized*

10,000 Series B preference shares

(b) *Issued*

	As at September 30, 2017		As at December 31, 2016	
	Shares	Amount	Shares	Amount
		\$		\$
Series B preference shares	4,000	40,000	4,000	40,000

The Series B preference shares, with a redemption price of \$10 each, have a 6% per annum cumulative dividend payable annually commencing December 31, 1993, are redeemable by the Company, retractable by the holder after five years from issue and convertible by the holder into common shares of the Company at \$5.00 per common share. The Company may force conversion into common shares at the lower of the above prices and the current market value price per common share.

At September 30, 2017, the Company has aggregate cumulative preference share dividend arrears of \$57,600 (2016 - \$55,200).

10. Capital stock and reserves

(a) Authorized

Unlimited common shares, no par value
660 Series A preference shares, no par value

(b) Issued and outstanding

	As at September 30, 2017		As at December 31, 2016	
	Shares	Amount	Shares	Amount
		\$		\$
Common shares	6,006,703	3,546,413	6,006,703	3,546,413

(c) Options

Under the 2005 stock option plan, the Company may grant options to its directors, officers, employees and consultants for up to 600,670 common shares. The exercise price of each option equals the market price of the Company's common shares on the trading day immediately preceding the grant date. Options under the plan vest immediately when granted.

A summary of changes in outstanding stock options is as follows:

	Granted	Expiry	Outstanding	Weighted Average Exercise Price
				\$
Outstanding, December 31, 2015			510,000	0.19
Outstanding, December 31, 2016			510,000	0.19
Expired			(330,000)	0.24
Outstanding, September 30, 2017			180,000	0.10
Options exercisable at September 30, 2017			180,000	0.10

310,000 stock options with an exercise price of \$0.25 per common share expired on June 5, 2017.

20,000 stock options with an exercise price of \$0.10 per common share expired on September 4, 2017. The stock options were held by an option holder who ceased to provide services to the Company on June 6, 2017. Under the plan, the expiry date of these stock options changed from June 4, 2018 to September 4, 2017.

180,000 stock options outstanding as at September 30, 2017 with an exercise price of \$0.10 per common share expire on June 4, 2018.

Share-based compensation recognized during the period was \$Nil (2016 - \$Nil).

11. Consolidated statements of accumulated other comprehensive loss

	Nine Months Ended Sep. 30, 2017	Nine Months Ended Sep. 30, 2016
	\$	\$
Unrealized (losses)/gains on available-for-sale investments		
Balance, beginning of the period	(67,291)	(174,652)
Net change during the period	(35,044)	140,173
Balance, end of the period	(102,335)	(34,479)
Foreign currency translation of foreign subsidiary		
Balance, beginning of the period	-	(18,206)
Effect of changes in exchange (losses)/gains during the period on the net assets of foreign subsidiary	-	-
Balance, end of the period	-	(18,206)
Accumulated other comprehensive loss	(102,335)	(52,685)

12. Additional information relating to the statements of cash flows

	Nine Months Ended Sep. 30, 2017	Nine Months Ended Sep. 30, 2016
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	6,427	4,671
Prepaid expenses	(3,851)	(4,906)
Accounts payable and accrued liabilities	(35,700)	(50,248)
	(33,124)	(50,483)

13. Related party transactions

- (a) Included in accounts receivable is \$101,927 (2016 - \$138,415) owing from companies and limited partnerships managed by companies under common control. This balance primarily represents four months (2016 - five months) of outstanding management fees and is unsecured, non-interest bearing, and has no specific terms of repayment.
- (b) Included in accounts payable is \$515,182 (2016 - \$617,106) owed to a significant shareholder of the Company. This balance represents the outstanding amount of monies provided to the Company in 2010 and 2011 to fund operations and is unsecured, non-interest bearing, and has no specific terms of repayment. The shareholder has confirmed in writing that this balance will not be called within 6 months of the statement of financial position date.
- (c) Included in accounts payable is \$13,300 (2016 - \$11,900) in accrued directors' fees and other amounts owing to Directors.

13. Related party transactions (continued)

- (d) Included in long-term receivable is \$190,606 (2016 - \$213,566) owing from Vitality Products Inc. (see Note 6). The receivable is non-interest bearing and non-secured, with no specific terms of repayment.
- (e) Included in long-term receivable is \$14,602 (2016 - \$14,602) owing from a limited partnership under common control. The receivable is non-interest bearing, non-secured, with no specific terms of repayment.
- (f) Included in fee income is management fees of \$235,230 (2016 - \$238,110) earned from a company under common control and rental income of \$4,500 (2016 - \$4,500) earned from Vitality Products Inc.
- (g) Included in other income is \$1,758 (2016 - \$2,390) earned from companies and limited partnerships under common control.
- (h) Included in office, administration and rent expense is premises rent of \$26,370 (2016 - \$26,370) paid to a company under common control.
- (i) Key management personnel compensation:

Included in salaries and benefits is \$67,500 (2016 - \$67,500) paid to the CEO of the Company. Included in consulting is \$4,000 (2016 - \$Nil) paid to the CFO of the Company. Included in other expenses is \$1,400 (2016 - \$1,400) accrued and payable to Directors.
- (j) Included in salaries and benefits is \$22,500 (2016 - \$31,500) paid to an individual related to a director of the Company.

All these transactions were measured at the exchange amounts, which is the amount agreed to between the parties.

14. Management of capital

The Company's objectives of capital management are intended to safeguard the Company's ability to support its normal operating requirements on an ongoing basis. The capital of the Company consists of capital stock and retained earnings. To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure it has the appropriate liquidity to meet the Company's operating and growth objectives. The Company expects its current capital resources, together with future cash flows from operations and continued financial support from its principal shareholder, are sufficient to support the Company's ability to operate on an ongoing basis.

15. Financial instruments

(a) Currency risk

Currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign currencies. The Company is exposed to currency risk primarily arising from sales, accounts receivable and accounts payable balances denominated in US dollars. During the period ended September 30, 2017, 98% (\$235,230) of the Company's fee income was denominated in US dollars (2016 - 98% (\$238,110)). The Company does not use derivative instruments to hedge its exposure to this risk.

The statements of financial position include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in the following currencies:

	As at Sep. 30, 2017	As at Sep. 30, 2016
	US\$	US\$
Accounts receivable	101,642	138,352
Accounts payable and accrued liabilities	-	(3,122)
Net statement of financial position exposure	101,642	135,230

A 10% strengthening (weakening) of the U.S. dollar against the Canadian currency would have increased (decreased) the Company's net income from these account balances by \$10,164 (2016 - \$13,523).

(b) Other price risk

Long-term investments

The Company is exposed to equity price risks arising from investments classified as available-for-sale. Such investments are held for strategic rather than trading purposes.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's principal cash requirements are for working capital needs. The Company uses its operating cash flows, cash balances, and support from its principal shareholder to maintain its liquidity.

(d) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. The financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, accounts receivable, long-term receivable and investment in common and preferred shares. The maximum amount of credit risk exposure is limited to the carrying amount of the balances in the financial statements.

The Company derives revenue primarily from financial consulting related to real estate development and venture capital activities. Revenue for the period ended September 30, 2017 includes \$235,230 (97%) attributable to one customer (2016 - \$238,110 (97%)). The Company is economically dependent on this customer which is under common control.

15. Financial instruments (continued)

(d) Credit risk (continued)

The Company mitigates the risk associated with cash and cash equivalents by dealing only with large financial institutions with good credit ratings. To mitigate the risk associated with accounts receivable, the Company ensures counterparties demonstrate liquidity of available funds. In establishing the appropriate allowance for doubtful accounts, the Company considers the future collectability of the receivables. The majority of the accounts receivable balance is due from related parties and the historical level of customer defaults is minimal and, as a result, management believes the allowance is adequate.

(e) Fair value

IFRS requires disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of an asset or liability as of measurement date. The three levels of the fair value hierarchy are:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 - valuation techniques with unobservable market inputs (involves assumptions and estimates by management of how market participants would price the assets or liabilities).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2017 and December 31, 2016:

	Classification ⁽¹⁾	Fair Value Hierarchy	September 30, 2017 Fair Value	December 31, 2016 Fair Value
			\$	\$
Financial Assets:				
Cash and cash equivalents	FVTPL	1	58,125	42,658
Accounts receivable	LR		102,611	109,038
Long-term receivable	LR		205,208	225,881
Investments ⁽²⁾	AFS	1	420,520	455,564
Investments ⁽³⁾	AFS	2	136,005	136,005
Financial Liabilities:				
Accounts payable	OL		558,319	594,019
Redeemable preference shares	OL		40,000	40,000

(1) FVTPL = Financial asset at fair value through profit or loss; LR = Loans and receivables; AFS = Available-for-sale; OL = Other liabilities

(2) Investment in common shares of Vitality Products Inc.

(3) Investment in Series 3 preference shares of Vitality Products Inc.

15. Financial instruments (continued)

(e) Fair value (continued)

There were no transfers between Level 1, 2 and 3 during the period.

The fair values of cash and cash equivalents, accounts receivable and accounts payable as at September 30, 2017 and December 31, 2016 approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

The fair value of the long-term receivable as at September 30, 2017 and December 31, 2016 approximates its carrying value as it represents the amount that the Company would receive or pay to settle the loan with the counterparty.

The fair value of the Company's investment in Vitality Products Inc. common shares is determined based on the closing share price of Vitality Products Inc. common shares on the date of the consolidated statement of financial position. The carrying value of this investment equals to its fair value given it is accounted for at fair value.

The fair value of the Company's investment in Vitality Products Inc. Series 3 preference shares is determined based on the dividend discount approach which uses inputs from the active market.

The fair value of the redeemable preference shares as at September 30, 2017 and December 31, 2016 approximates its value due to the demand feature of this obligation.

The fair values of the remaining investments that that Company holds being the investments in partnerships cannot be measured reliably because they do not have a quoted price in an active market. As at September 30, 2017, the carrying values of the investments in partnerships were \$2 (December 31, 2016 - \$2). The Company does not intend to dispose of these investments in the near future.

16. Segmented information

The Company and its subsidiaries operate primarily in one industry segment, being financial consulting. The Company conducts business in two geographic segments: Canada and United States. Revenues and assets attributable to each geographic segment are as follows:

	As at or for the period ended September 30, 2017		
	Canada	US	Total
	\$	\$	\$
Revenues	6,258	235,230	241,488
Fixed assets	12,881	-	12,881

	As at or for the period ended September 30, 2016		
	Canada	US	Total
	\$	\$	\$
Revenues	6,890	238,110	245,000
Fixed assets	13,890	-	13,890