

**CONSOLIDATED FIRSTFUND CAPITAL CORP.**

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

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

## **CONSOLIDATED FIRSTFUND CAPITAL CORP.**

### **NOTICE TO READER**

The condensed consolidated interim statements of financial position of Consolidated Firstfund Capital Corp. as at September 30, 2020 and 2019 and the condensed consolidated interim statements of loss 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, 2020	December 31, 2019
<b>Assets</b>		
Current assets		
Cash	\$ 107,241	\$ 78,563
Accounts receivable (Notes 4 and 11)	6,638	6,407
Prepaid expenses	6,545	3,546
	120,424	88,516
Investments (Note 5)	808,953	1,369,647
Property and equipment (Note 6)	5,619	6,282
Long-term receivable from related party (Notes 4 and 11)	14,602	14,602
	<b>\$ 949,598</b>	<b>\$ 1,479,047</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 11)	33,117	37,311
Amounts owing to related party (Note 11)	105,000	120,237
Redeemable preference shares (Note 8)	106,600	104,800
	244,717	262,348
Deferred tax liability	17,721	17,721
	<b>262,438</b>	<b>280,069</b>
<b>Shareholders' equity</b>		
Capital stock (Note 9)	3,578,374	3,578,374
Reserves - equity settled employee benefits	197,436	197,436
Deficit	(3,088,650)	(2,576,832)
	<b>687,160</b>	<b>1,198,978</b>
	<b>\$ 949,598</b>	<b>\$ 1,479,047</b>

Approved and authorized by the Board on November 30, 2020

\_\_\_\_\_  
"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 LOSS  
AND COMPREHENSIVE LOSS**  
(Unaudited)  
(Expressed in Canadian Dollars)

	Three Months Ended Sep. 30, 2020	Nine Months Ended Sep. 30, 2020	Three Months Ended Sep. 30, 2019	Nine Months Ended Sep. 30, 2019
<b>Revenue</b>				
Fee income (Note 11)	\$ 81,398	\$ 248,206	\$ 80,738	\$ 243,736
Other income (Note 11)	1,237	3,056	777	2,265
Unrealized net (loss) gain on investments measured at fair value through profit or loss (Note 5)	(630,781)	(560,694)	(280,347)	(1,051,301)
	(548,146)	(309,432)	(198,832)	(805,300)
<b>Expenses</b>				
Salaries and benefits (Note 11)	31,832	97,338	31,600	99,477
Office, administration and rent (Note 11)	20,526	68,045	20,642	74,785
Professional fees	7,500	22,500	7,500	22,500
Consulting (Note 11)	3,000	9,000	3,000	9,000
Other	89	2,063	743	3,629
Foreign exchange loss	532	1,640	187	2,223
Travel and promotion	-	-	-	137
	63,479	200,586	63,672	211,751
Other expense				
Accrued dividends on redeemable preference shares (Note 8)	(600)	(1,800)	(600)	(1,800)
	(600)	(1,800)	(600)	(1,800)
(Loss) Income before income taxes	(612,225)	(511,818)	(263,104)	(1,018,851)
Income tax expense (recovery)	-	-	-	-
<b>Net (loss) income and comprehensive (loss) income for the period</b>	<b>\$ (612,225)</b>	<b>\$ (511,818)</b>	<b>\$ (263,104)</b>	<b>\$ (1,018,851)</b>
(Loss) Earnings per share				
Basic and diluted	\$ (0.10)	\$ (0.08)	\$ (0.04)	\$ (0.16)
Weighted average number of Common shares				
Basic (Note 15)	6,171,703	6,171,703	6,171,703	6,171,703
Diluted (Note 15)	6,171,703	6,171,703	6,171,703	6,171,703

*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	Total
	Number	Amount \$	\$	\$	\$
Balance at December 31, 2018	6,171,703	3,578,374	197,436	(2,313,237)	1,462,573
Net loss	-	-	-	(1,018,851)	(1,018,851)
Balance at September 30, 2019	6,171,703	3,578,374	197,436	(3,332,088)	443,722
Net income	-	-	-	755,256	755,256
Balance at December 31, 2019	6,171,703	3,578,374	197,436	(2,576,832)	1,198,978
Net loss	-	-	-	(511,818)	(511,818)
Balance at September 30, 2020	6,171,703	3,578,374	197,436	(3,088,650)	687,160

*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, 2020	Nine Months Ended Sep. 30, 2020	Three Months Ended Sep. 30, 2019	Nine Months Ended Sep. 30, 2019
<b>Operating activities</b>				
Net (loss) income for the period	\$ (612,225)	\$ (511,818)	\$ (263,104)	\$ (1,018,851)
Items not involving cash				
Depreciation	89	663	743	2,229
Accrual of dividend on redeemable preference shares	600	1,800	600	1,800
Unrealized net loss (gain) on revaluation of investments measured at fair value through profit or loss	630,781	560,694	280,347	1,051,301
	19,245	51,339	18,586	36,479
(Decrease) Increase in non-cash operating receivables and payables (Note 10)	(6,102)	(7,661)	8,981	69,943
	<b>13,143</b>	<b>43,678</b>	<b>27,567</b>	<b>106,422</b>
<b>Financing activities</b>				
Decrease in amounts owing to related party (Note 11)	(15,000)	(15,000)	-	(150,000)
	<b>(15,000)</b>	<b>(15,000)</b>	<b>-</b>	<b>(150,000)</b>
Increase (Decrease) in cash position during the period	(1,857)	28,678	27,567	(43,578)
Cash, beginning of period	109,098	78,563	38,827	109,972
<b>Cash, end of period</b>	<b>\$ 107,241</b>	<b>\$ 107,241</b>	<b>\$ 66,394</b>	<b>\$ 66,394</b>

Additional information is presented in Note 10.

*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, 2020 AND 2019

(Unaudited)

(Expressed in Canadian Dollars)

### 1. Description of the business and going concern

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. As at September 30, 2020, the total of the Company’s accounts payable and accrued liabilities and amounts owing to related party exceeded its current assets by \$17,693 (December 31, 2019 - \$69,032). The Company’s operating cash flows, for the period ended September 30, 2020, totaled to \$51,339 (2019 - \$36,479). However, as mentioned in Note 11, the Company is critically dependent on related parties for all of its revenues, its management, its premises, and much of its expenses that are paid to third parties. These circumstances indicate the existence of material uncertainties that cast significant doubt as to the Company’s ability to continue as a going concern.

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. Basis of presentation

#### (a) *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.

## 2. Basis of presentation (continued)

### (a) *Statement of compliance (continued)*

The notes presented in these condensed consolidated interim financial statements include only significant events and transactions occurring since the Company's last fiscal year end and they do not include all of the information required in the Company's most recent consolidated annual financial statements. These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the Company's most recent consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the years ended December 31, 2019 and 2018, which were prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRIC. There have been no significant changes in judgments or sources of estimation uncertainty from those disclosed in the Company's consolidated financial statements for the years ended December 31, 2019 and 2018.

The condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2020 and 2019 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 30, 2020. Shortly thereafter, the financial statements are made available to shareholders.

### (b) *New and amended standards and interpretations*

#### *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. Management has assessed this standard as not having any impact on the Company's financial statements.

#### *IFRIC 23, "Uncertainty over income tax treatments"*

IFRIC 23 clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over income tax treatments. This standard is applicable for annual periods beginning on or after January 1, 2019. Management has assessed this standard as not having any impact on the Company's financial statements.

## 3. Significant accounting policies

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the Company's most recent consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the years ended December 31, 2019 and 2018, which were prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRIC. There have been no significant changes in judgments or sources of estimation uncertainty from those disclosed in the Company's consolidated financial statements for the years ended December 31, 2019 and 2018.

#### 4. Accounts receivable

	As at September 30, 2020	As at December 31, 2019
	\$	\$
Current:		
Accounts receivable from related parties (see Note 11)	5,757	4,950
GST/HST receivable	881	1,457
Total current	6,638	6,407
Long-term receivable from related party (see Note 11)	14,602	14,602
<b>Total receivables</b>	<b>21,240</b>	<b>21,009</b>

#### 5. Investments

		As at September 30, 2020	As at December 31, 2019
		\$	\$
Investments in Vitality Products Inc.:			
Common shares measured at fair value through profit or loss	(a)	770,953	1,331,647
26,920 Retractable and redeemable preference shares measured at fair value through profit or loss	(b)	38,000	38,000
		<b>808,953</b>	<b>1,369,647</b>

(a) *Common shares*

The Company owns 21.8% (2019 - 22.0%) of the issued and outstanding common shares of Vitality Products Inc. The Company has elected to use the exemptions allowed under IAS 28, "Investments in Associates and Joint Ventures" for venture capital companies to report this investment at fair value through profit or loss ("FVTPL") which resulted in an unrealized loss of \$560,694 (2019 - \$1,051,301).

(b) *Preferred shares*

The Company owns 100% (2019 - 100%) of the issued non-voting, redeemable Class "A" Preference Shares, Series 3 of Vitality Products Inc. which bear a 6% cumulative dividend on the par value of these shares. These shares are retractable by the Company or redeemable by Vitality at a price of \$10 per share plus all unpaid dividends accrued thereon to the date of redemption. Vitality can force the Company to convert these preference shares and accumulated dividends to Vitality's common shares at a forced conversion price. The number of shares of Vitality that would be issued under forced conversion is determined using a price equal to the lesser of:

- the then-current market price of Vitality's common share and
- \$0.25 per preference share plus all unpaid dividends accrued on the preference shares thereon to the date of conversion.

Total unpaid dividends accrued on these shares are \$301,445 at September 30, 2020 (2019 - \$285,293).

This investment is measured at fair value through profit or loss which resulted in an unrealized gain of \$Nil (2019 - \$Nil).

## 6. Property and equipment

	Office furniture and equipment
	\$
<b>Cost</b>	
As at December 31, 2018	34,162
Additions	-
Disposals	-
As at December 31, 2019	34,162
Additions	-
Disposals	(7,997)
<b>As at September 30, 2020</b>	<b>26,165</b>
<b>Accumulated depreciation</b>	
As at December 31, 2018	24,994
Depreciation	2,886
Disposals	-
As at December 31, 2019	27,880
Depreciation	663
Disposals	(7,997)
<b>As at September 30, 2020</b>	<b>20,546</b>
<b>Net book value</b>	
As at December 31, 2018	9,168
As at December 31, 2019	6,282
<b>As at September 30, 2020</b>	<b>5,619</b>

Included in property and equipment is artwork with a carrying amount of \$5,084 (2019 - \$5,084) that are not subject to amortization.

## 7. Accounts payable and accrued liabilities

	As at September 30, 2020	As at December 31, 2019
	\$	\$
Accounts payable to third parties	769	381
Accrued liabilities to related parties (see Note 11)	2,800	1,400
Accrued liabilities to third parties	29,548	35,530
<b>Total accounts payable and accrued liabilities</b>	<b>33,117</b>	<b>37,311</b>

## 8. Redeemable preference shares

### (a) Authorized

10,000 non-voting Series B preference shares

### (b) Issued

	As at September 30, 2020		As at December 31, 2019	
	Shares	Amount	Shares	Amount
		\$		\$
Series B preference shares	4,000	106,600	4,000	104,800

The Series B preference shares have a 6% per annum cumulative dividend payable annually on the par value commencing December 31, 1993, are redeemable by the Company and retractable by the holder after five years from issue. The redemption price is \$10 per share plus any cumulative dividends. The Company may force the holder to convert these shares and accumulated dividends into the Company's common shares at a forced conversion price. The number of shares that would be issued under forced conversion is based on a price that is the lesser of:

- \$5 per share plus all unpaid dividends and
- the then-current market price of the Company's common share.

Included in the balance at September 30, 2020 are aggregate cumulative preference shares dividends in arrears of \$66,600 (December 31, 2019 - \$64,800).

## 9. Capital stock and reserves

### (a) Authorized

Unlimited voting common shares, no par value

660 Series A non-voting preference shares, no par value with a 9% non-cumulative dividend

### (b) Issued and outstanding

	As at September 30, 2020		As at December 31, 2019	
	Shares	Amount	Shares	Amount
		\$		\$
Common shares	6,171,703	3,578,374	6,171,703	3,578,374

## 9. Capital stock and reserves (continued)

### (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, 2018			200,000	0.30
Outstanding, December 31, 2019			200,000	0.30
Outstanding, September 30, 2020			200,000	0.30
Options exercisable at September 30, 2020			200,000	0.30

200,000 stock options outstanding as at September 30, 2020 with an exercise price of \$0.30 per common share expire on June 5, 2023.

Share-based compensation recognized during the period was \$Nil (2019 - \$Nil).

## 10. Additional information relating to the statements of cash flows

	Nine Months Ended Sep. 30, 2020	Nine Months Ended Sep. 30, 2019
	\$	\$
<i>Changes in non-cash operating receivables and payables</i>		
Accounts receivable	(231)	79,907
Prepaid expenses	(2,999)	(4,311)
Accounts payable and accrued liabilities	(4,194)	(5,102)
Amounts owing to related party	(237)	(551)
	<b>(7,661)</b>	69,943

During the periods ended September 30, 2020 and September 30, 2019 no amounts were paid in respect of income taxes or interest and no interest revenue was collected.

## 11. Related party transactions

Amounts due to/from related parties which are included in accounts receivable and accounts payable as at September 30, 2020 and 2019 are as follows:

	2020	2019
Accounts receivable:		
Management fees receivable from first company under common control	\$ 735	\$ 2,528
Receivable from second company under common control	62	44
Receivable from third company under common control	39	39
Receivable from company under significant influence	<u>4,921</u>	<u>3,426</u>
	<b>5,757</b>	6,037
Accounts payable:		
Amounts owing to directors	<b>2,800</b>	1,400

The amounts due to and from related parties listed above are unsecured, non-interest bearing and have no specific terms of repayment.

In addition to the above:

- (a) The amount owed to a related party of \$105,000 (2019 - \$140,189) is 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. In addition, nominal incidental expenses of \$Nil (2019 - \$189) owing to the shareholder were included in the balance.
- (b) The full amount of long-term receivable of \$14,602 (2019 - \$14,602) is owing from a limited partnership under common control. The receivable is non-interest bearing, unsecured, with no specific terms of repayment. Although this receivable may be demanded the Company has no intention of doing so in the next 12 months and therefore presents it as a long-term receivable.

The transactions during the period with related parties are as follows:

	2020	2019
Revenues:		
Management fees charged to first company under common control	\$ 243,706	\$ 239,236
Rental income from a company under significant influence	<u>4,500</u>	<u>4,500</u>
Fee income	<b>248,206</b>	243,736
Other income - fees charged to companies under common ownership for the use of photocopier	<b>3,056</b>	2,264

## 11. Related party transactions (continued)

The transactions during the period with related parties are as follows:

	2020	2019
Expenses:		
Rent expense paid to a company under common control	\$ 43,456	\$ 47,317
Included in salaries and benefits, salaries paid to an employee who is also a shareholder	22,500	22,500

The rent expense above is paid on a month-to-month basis with either party being able to terminate the agreement without any significant consequences. Total rent expense comprises rent for office premises of \$26,370 (2019 - \$26,370), property taxes of \$7,395 (2019 - \$8,381) and property maintenance fees of \$9,691 (2019 - \$12,566).

In addition to these revenues and expenses, the Company makes payments to third parties on behalf of entities under common control. A total of \$12,333 was paid to third parties and then charged to these related parties for reimbursement in 2020 (2019 - \$13,166).

Key management compensation:

	2020	2019
Salaries	\$ 67,500	\$ 67,500
Consulting fees	9,000	9,000
Directors' fees	<u>1,400</u>	<u>1,400</u>
	\$ 77,900	\$ 77,900

Key management comprises the CEO, CFO and directors of the Company.

Common control above is established as all related parties are commonly controlled by the Estate of William Neil Grant.

## 12. 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 shareholder's equity and its redeemable preferred shares. 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.

### 13. 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 currency exchange rates. The Company is exposed to currency risk primarily arising from sales and accounts receivable balances denominated in US dollars. During the period ended September 30, 2020, 98% (\$243,706) of the Company's fee income was denominated in US dollars (2019 - 98% (\$239,236)).

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 US dollars:

	<b>As at Sep. 30, 2020</b>	As at Sep. 30, 2019
Accounts receivable	<b>735</b>	2,528
Net statement of financial position exposure	<b>735</b>	2,528

A 10% strengthening (weakening) of the U.S. dollar against the Canadian currency would have decreased (increased) the Company's net loss from these account balances by \$74 (2019 - \$253).

(b) *Other price risk*

The Company is exposed to equity price risks arising from its investment in the Vitality Products Inc. common shares that is measured at fair value through profit or loss.

(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, accounts receivable, long-term receivable and investment in preferred shares. The maximum amount of credit risk exposure is limited to the carrying amount of the balances in the financial statements.

The Company mitigates the risk associated with cash by dealing only with large financial institutions with good credit ratings.

### 13. Financial instruments (continued)

#### (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, 2020 and December 31, 2019:

	Classification	Fair Value Hierarchy	September 30, 2020 Fair Value	December 31, 2019 Fair Value
			\$	\$
Financial assets:				
Cash	FVTPL	1	107,241	78,563
Investment in common shares	FVTPL	1	770,953	1,331,647
Investment in preference shares	FVTPL	3	38,000	38,000
Long-term receivable from related party	Amortized cost		14,602	14,602
Financial liabilities:				
Redeemable preference shares	Amortized cost		106,600	104,800
Amounts owing to related party	Amortized cost		105,000	120,000

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

The fair values of cash, accounts receivable and accounts payable as at September 30, 2020 and December 31, 2019 approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

The fair value of the long-term receivable from related party as at September 30, 2020 and December 31, 2019 approximates its carrying value as this balance is due on demand.

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 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 historical financial information and assumptions on discount rates and payment of dividends.

### 13. Financial instruments (continued)

#### (e) Fair value (continued)

The following table shows the valuation technique used in measuring the fair value of the investment in Vitality Products Inc. Series 3 preference shares:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Dividend discount model: The valuation model considers the present value of future dividend payments on this investment discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>- Expected dividend payments beginning in 10 years including catch-up dividend payment received in 10 years.</li> <li>- Risk-adjusted discount rate of 25%.</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- Expected dividend payment would take less (more) time than 10 years.</li> <li>- Risk-adjusted discount rate was lower (higher) than 25%.</li> </ul>

The fair value of the Company's redeemable preference shares as at September 30, 2020 and December 31, 2019 approximates its carrying value due to the redemption feature of this obligation.

### 14. Segmented information

The Company and its subsidiaries operate in two geographic segments: Canada and United States. Revenue in Canada includes an unrealized loss of \$560,694 (2019 - \$1,051,301) on the investments measured at fair value through profit or loss. Revenue in the United States includes \$243,706 attributable to one customer (2019 - \$239,236).

Revenues and assets attributable to each geographic segment are as follows:

	As at or for the period ended September 30, 2020		
	Canada	US	Total
	\$	\$	\$
Revenues	(553,138)	243,706	(309,432)
Property and equipment	5,619	-	5,619
	As at or for the period ended September 30, 2019		
	Canada	US	Total
	\$	\$	\$
Revenues	(1,044,536)	239,236	(805,300)
Property and equipment	6,939	-	6,939

**15. Weighted average shares outstanding**

The number of basic shares outstanding and diluted common shares, calculated on a weighted average basis, is as follows:

	<b>As at Sep. 30, 2020</b>	<b>As at Sep. 30, 2019</b>
	<b>#</b>	<b>#</b>
<b>Basic shares outstanding</b>	<b>6,171,703</b>	6,171,703
Share options (dilutive effect of 200,000 options; 2019 - 200,000 options)	-	-
<b>Diluted shares</b>	<b>6,171,703</b>	6,171,703

At September 30, 2020, 200,000 options were antidilutive. At September 30, 2019, 200,000 options were antidilutive.