Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Financial
Statements (Unaudited)

As at September 30, 2022

Interim Condensed Consolidated Financial Statements

Auditor's Involvement

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3)(a), notice is hereby given that the accompanying statements of the Company for the nine-month periods ended September 30, 2022 and September 30, 2021 have not been reviewed by the Company's auditors in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim consolidated financial statements by the Company's auditors.

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Financial Position ($ Canadian)

As at September 30, 2022 (Unaudited) and December 31, 2021

	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	**$ 4,419,089**	$ 3,076,187
Short-term investments (Note 3)	**1,458,488**	1,444,334
Accounts receivable	**2,453,180**	4,897,373
Other current assets	**258,282**	85,652
	8,589,039	9,503,546
Property and equipment (Note 4)	**148,694**	156,712
Right-of-use assets (Note 5)	**566,493**	660,133
Intangible assets (Note 8)	**27,380,296**	20,008,978
Deferred tax assets	**15,639**	72,855
Goodwill (Note 9)	**1,684,761**	1,684,761
Total assets	**$ 38,384,922**	$ 32,086,985
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6, 11 and 15)	**$ 4,195,289**	$ 5,845,536
Lease obligations (Note 12)	**123,744**	136,438
Debentures payable (Note 10)	**-**	2,055,000
	4,319,033	8,036,974
Long term liabilities		
Debentures payable (Note 10)	**6,947,340**	4,153,063
Lease obligations (Note 12)	**487,421**	545,075
Total liabilities	**11,753,794**	12,735,112
Shareholders' Equity		
Share capital (Note 13)	**13,528,707**	12,000,566
Reserve for options and warrants (Note 13)	**1,178,079**	1,090,590
Accumulated deficit	**(2,860,146)**	(3,930,466)
Total shareholders' equity attributable to the Company's shareholders	**11,846,640**	9,160,690
Non-controlling interest (Note 7)	**14,784,488**	10,191,183
Total shareholders' equity	**26,631,128**	19,351,873
Total liabilities and shareholders' equity	**$ 38,384,922**	$ 32,086,985

Signed on the Company's behalf by:

R. Sewell

(signed) "Robert Sewell", Director

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) ($ Canadian)

For the Nine-month and Three-month Periods Ended September 30, 2022 and 2021 (Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
Revenue (Note 2(v))				
Management and administration fees	**$ 19,864,589**	$ 16,783,419	**$ 6,598,817**	$ 5,873,551
Operating Expenses				
Salaries and benefits	**13,132,667**	11,467,188	**4,261,351**	4,005,758
Professional fees	**250,558**	303,752	**78,571**	97,200
Investment research fees	**250,338**	240,784	**84,780**	78,945
Direct fund costs	**898,110**	815,317	**306,270**	263,669
Rent and facility	**90,309**	93,434	**30,035**	29,798
Marketing and client retention	**104,155**	133,201	**61,215**	30,658
Depreciation and amortization	**2,028,830**	1,635,882	**734,996**	538,903
Other administrative costs	**343,066**	260,078	**106,167**	94,603
	17,098,033	14,949,636	**5,663,385**	5,139,534
Other Expense (Income)				
Public company expenses	**78,296**	61,551	**23,547**	18,993
Financing costs (Note 14)	**479,847**	431,164	**164,776**	153,966
Investment income (Note 14)	**(14,237)**	(2,254)	**(6,013)**	(700)
Share-based compensation (Note 13(iv))	**241,978**	147,273	**54,485**	35,104
	17,883,917	15,587,370	**5,900,180**	5,346,897
Net income before income taxes	**1,980,672**	1,196,049	**698,637**	526,654
Income tax expense	**987,057**	647,243	**313,145**	240,457
Net income and comprehensive income	**$ 993,615**	$ 548,806	**$ 385,492**	$ 286,197
Net income (loss) and comprehensive income (loss) attributable to:				
Company's shareholders	**$ 1,969,263**	$ 1,266,853	**$ 743,922**	$ 526,976
Non-controlling interest	**(975,648)**	(718,047)	**(358,430)**	(240,779)
	$ 993,615	$ 548,806	**$ 385,492**	$ 286,197
Weighted-average number of common shares (Note 13(v))				
Basic	**53,075,252**	51,738,955	**53,575,910**	51,766,555
Diluted	**54,569,350**	53,273,840	**55,070,009**	53,301,440
Income per common share (Note 13(v))				
Basic	**$ 0.037**	$ 0.024	**$ 0.014**	$ 0.010
Diluted	**$ 0.036**	$ 0.024	**$ 0.014**	$ 0.010

The accompanying notes are an integral part these interim condensed consolidated financial statements

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Cash Flows ($ Canadian)

For the Nine-month and Three-month Periods Ended September 30, 2022 and 2021 (Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
Cash provided by (used in)				
Operating activities				
Net income and comprehensive income	**$ 993,615**	$ 548,806	**$ 385,492**	$ 286,197
Changes not involving cash				
Attributed debenture interest expense (Note 10)	**28,998**	21,513	**12,906**	7,376
Accreted interest on earn out payment (Note 6)	**-**	10,514	**-**	3,611
Amortization of debenture issue costs (Note 10)	**6,319**	6,324	**1,937**	2,159
Accreted interest on lease obligations (Note 12)	**39,112**	16,422	**12,560**	13,867
Amortization of intangible assets (Note 8)	**1,910,270**	1,499,910	**696,062**	499,971
Depreciation of property and equipment (Note 4)	**24,920**	18,344	**7,721**	7,718
Depreciation of right-of-use assets (Note 5)	**93,640**	117,628	**31,213**	31,214
Share-based compensation (Note 13(iv))	**241,978**	147,273	**54,485**	35,104
	3,338,852	2,386,734	**1,202,376**	887,217
Net interest expense (Note 14)	**391,182**	374,138	**131,359**	126,254
Net change in accounts receivable	**2,444,193**	(221,653)	**6,806**	(70,728)
Net change in accounts payable and accrued liabilities	**(1,659,628)**	1,314,816	**135,017**	585,013
Net change in deferred tax assets	**57,216**	-	**(2,388)**	-
Net change in deferred tax liabilities	**-**	(60,002)	**-**	(24,180)
Net change in other current assets	**(172,630)**	(49,706)	**(22,816)**	(3,104)
Net cash generated by operating activities	**4,399,185**	3,744,327	**1,450,354**	1,500,472
Financing activities				
Interest paid (Notes 10 and 14)	**(396,038)**	(379,107)	**(126,907)**	(126,907)
Proceeds on exercise of options (Note 13(iii))	**468,657**	20,000	**(1,780)**	3,000
Proceeds on issuance of shares from private placement (Note 13(iii))	**595,449**	-	**595,449**	-
Proceeds on issuance of shares from treasury on account of ESSP (Note 13(iii))	**153,411**	-	**86,251**	-
Payment of lease obligations (Note 12)	**(109,460)**	(144,928)	**(37,745)**	(33,971)
Payment of dividends (Note 13(vi))	**(898,943)**	(517,365)	**(319,760)**	(258,807)
Proceeds on issuance of debenture, net of issue costs (Note 10)	**2,915,095**	-	**-**	-
Repayment of debenture (Note 10)	**(2,055,000)**	-	**-**	-
Net cash generated by (used in) financing activities	**673,171**	(1,021,400)	**195,508**	(416,685)
Investing activities				
Net change in short-term investments (Note 3)	**(14,154)**	(57,255)	**(6,013)**	(700)
Investment income (Note 14)	**14,237**	2,254	**6,013**	700
Acquisition of property and equipment (Note 4)	**(16,902)**	(127,667)	**(6,518)**	(25,993)
Investments in partnerships (Note 7)	**(3,712,635)**	-	**-**	-
Net cash used in investing activities	**(3,729,454)**	(182,668)	**(6,518)**	(25,993)
Net increase in cash and cash equivalents	**1,342,902**	2,540,259	**1,639,344**	1,057,794
Cash and cash equivalents, beginning of period	**3,076,187**	1,957,648	**2,779,745**	3,440,113
Cash and cash equivalents, end of period	**$ 4,419,089**	$ 4,497,907	**$ 4,419,089**	$ 4,497,907

The accompanying notes are an integral part these interim condensed consolidated financial statements

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Changes in Equity ($ Canadian)

For the Nine-month Periods Ended September 30, 2022 and 2021 and the Three-month Period Ended December 31, 2021 (Unaudited)

	Number of Common Shares	Share Capital	Reserve for Options and Warrants	Accumulated Deficit	Equity Attributable to Company's Shareholders	Non-Controlling Interest	Total Shareholders' Equity
Balance, December 31, 2020	51,706,501	$ 11,887,532	$ 928,709	$ (5,365,397)	$ 7,450,844	$ 8,320,872	$ 15,771,716
Net income and comprehensive income (loss)	-	-	-	1,266,853	1,266,853	(718,047)	548,806
Exercise of options (Notes 13(iii) and (iv))	62,500	31,844	(11,844)	-	20,000	-	20,000
Common share dividends (Note 13(vi))	-	-	-	(517,365)	(517,365)	-	(517,365)
Share-based compensation (Note 13(iv))	-	-	147,273	-	147,273	-	147,273
Balance, September 30, 2021	51,769,001	$ 11,919,376	$ 1,064,138	$ (4,615,909)	$ 8,367,605	$ 7,602,825	$ 15,970,430
Net income and comprehensive income (loss)	-	-	-	944,288	944,288	(261,642)	682,646
Investment in partnership (Note 7)	-	-	-	-	-	2,850,000	2,850,000
Exercise of options (Notes 13(iii) and (iv))	25,000	16,737	(6,737)	-	10,000	-	10,000
Issuance of shares from treasury on account of ESSP (Notes 13(iii) and (iv))	90,779	64,453	-	-	64,453	-	64,453
Common share dividends (Note 13(vi))	-	-	-	(258,845)	(258,845)	-	(258,845)
Share-based compensation (Note 13(iv))	-	-	33,189	-	33,189	-	33,189
Balance, December 31, 2021	51,884,780	$ 12,000,566	$ 1,090,590	$ (3,930,466)	$ 9,160,690	$ 10,191,183	$ 19,351,873
Net income and comprehensive income (loss)	-	-	-	1,969,263	1,969,263	(975,648)	993,615
Issuance of warrants (Note 10(iv))	-	-	156,135	-	156,135	-	156,135
Investments in partnerships (Note 7)	-	-	-	-	-	5,568,953	5,568,953
Exercise of options (Notes 13(iii) and (iv))	1,341,968	779,281	(310,624)	-	468,657	-	468,657
Issuance of shares from treasury on account of ESSP (Notes 13(iii) and (iv))	144,091	153,411	-	-	153,411	-	153,411
Private placement offering of common shares (Note 13(iii))	415,000	595,449	-	-	595,449	-	595,449
Common share dividends (Note 13(vi))	-	-	-	(898,943)	(898,943)	-	(898,943)
Share-based compensation (Note 13(iv))	-	-	241,978	-	241,978	-	241,978
Balance, September 30, 2022	**53,785,839**	**$ 13,528,707**	**$ 1,178,079**	**$ (2,860,146)**	**$ 11,846,640**	**$ 14,784,488**	**$ 26,631,128**

1. Nature of Operations

Lorne Park Capital Partners Inc. (the "Company" or "LPCP") is a Tier II issuer on the TSX Venture Exchange ("TSX-V") and its common shares trade under the symbol "LPC-V". The address of the registered office for the Company and its wholly owned subsidiaries, Bellwether Investment Management Inc. ("Bellwether") and Bellwether Estate and Insurance Services Inc. ("Bellwether Estate"), is 1295 Cornwall Road, Unit A3, Oakville, Ontario, Canada.

Bellwether is the Manager and Trustee of the Bellwether Funds (the "Funds") and is registered as a Portfolio Manager ("PM") as well as an Exempt Market Dealer ("EMD") and Investment Fund Manager ("IFM") with the Ontario Securities Commission. Bellwether Estate is registered as an insurance agent corporation with the Financial Services Commission of Ontario.

As at September 30, 2022, 49.4% (December 31, 2021 – 50.2%) of the Company's common shares were held by its Chief Executive Officer and by a member of the Board of Directors.

2. Significant Accounting Policies

(i) Basis of Presentation and Statement of Compliance

The interim condensed consolidated financial statements for the nine and three months ended September 30, 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, under the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"), following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2021. The interim condensed consolidated financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the December 31, 2021 annual audited consolidated financial statements and the notes thereto. Certain prior year amounts have been reclassified for consistency with the current period presentation. All intercompany balances, transactions, income and expenses, and losses have been eliminated on consolidation.

The interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on October 25, 2022.

(ii) Basis of Measurement

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which have been measured at fair value. The Company's functional currency is the Canadian dollar.

2. Significant Accounting Policies (Continued)

(iii) Basis of Consolidation

The interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and can affect those returns through its power to direct the relevant activities of the entity.

(iv) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate, estimated to be 8%, as the discount rate (December 31, 2021 – 8%).

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

(v) Revenue Recognition

The Company has adopted IFRS 15, Revenue from Contracts with Customers. The standard is based on the principle that revenue is recognized at an expected amount of consideration in exchange for transferring promised goods or services to a customer. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The Company’s revenue consists primarily of investment management fees, which are calculated and charged monthly based on the month end assets under management multiplied by an agreed rate with the customer. Fees are recognized on an accrual basis when the performance obligation has been completed, the fees are no longer susceptible to market factors, and it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration is collected within a short period from the date of revenue recognition.

2. Significant Accounting Policies (Continued)

(v) Revenue Recognition (Continued)

In addition, the Company can earn a performance fee on one of its managed pooled funds, the Bellwether Canadian Performance Fund, equal to 20% of the amount by which the performance of the fund exceeds 12% per annum, calculated and payable at the end of the year. The performance fee is recognized when the amount is no longer susceptible to market factors and it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration is collected within a short period from the date of revenue recognition. During the nine and three months ended September 30, 2022 and 2021, the Company did not recognize a performance fee.

(vi) Use of Judgments, Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that are significant for the nine-month and three-month periods ended September 30, 2022 and 2021, and as at September 30, 2022 and December 31, 2021:

i. Valuation of the fair value of the debentures payable (Notes 10 and 18)
ii. Valuation of the warrants and share-based compensation (Notes 10 and 13)
iii. Estimate of the earn out payable (Note 6)
iv. Valuation of the fair value of the customer relationship intangible assets (Notes 6, 7 and 8)
v. Valuation of the fair value of partnership investments (Note 7)
vi. Judgement with respect to control arising from partnership investments (Note 7)
vii. Goodwill impairment test (Note 9)
viii. Judgement with respect to determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows (Note 11)
ix. Valuation of the fair value of the right-of-use assets and lease obligations (Notes 5 and 12)
x. Impact of COVID (Note 19)

In the preparation of these interim condensed consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can influence the amounts recognized in the interim condensed consolidated financial statements.

(vii) Business Combinations

Acquisitions of a business or entity are reported as a business combination and accounted for using the acquisition method. The purchase price for each acquisition is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, contingent consideration and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition costs incurred are expensed and included in professional fees. Under the acquisition method, assets, liabilities and contingent liabilities acquired are initially recorded at the fair value as of the acquisition date. The excess of the purchase price over the fair values of identifiable assets, liabilities and contingent liabilities recognized, is recorded as goodwill.

2. Significant Accounting Policies (Continued)

(viii) Property and Equipment

Items of property and equipment are recorded at cost less accumulated depreciation and impairment losses. The Company recognizes, in the carrying amount of an item of equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to profit or loss as incurred.

Depreciation of equipment is provided on a declining-balance basis over the estimated useful lives at the following annual rates: computer equipment – 30%; furniture and fixtures – 20%. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(ix) Intangible Assets

The Company includes acquired client relationships as intangible assets. These assets have been assessed to have finite lives, and accordingly, are amortized on a straight-line basis over an estimate of the expected retention period of the clients acquired.

3. Short-Term Investments

As at September 30, 2022, short-term investments include $1,458,488 (December 31, 2021 – $1,444,334) in Canadian money market mutual funds and guaranteed investment certificates.

4. Property and Equipment

	Computer Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
As at December 31, 2020	$ 80,328	$ 84,342	$ 22,300	$ 186,970
Acquisitions during the year	6,815	9,876	114,501	131,192
Disposals during the year	(988)	-	(22,300)	(23,288)
As at December 31, 2021	86,155	94,218	114,501	294,874
Acquisitions during the period	16,902	-	-	16,902
Disposals during the period	(4,099)	(4,326)	-	(8,425)
As at September 30, 2022	**$ 98,958**	**$ 89,892**	**$ 114,501**	**$ 303,351**
Accumulated depreciation				
As at December 31, 2020	$ 59,076	$ 57,356	$ 18,623	$ 135,055
Depreciation during the year	6,346	5,971	13,452	25,769
Disposals during the year	(362)	-	(22,300)	(22,662)
As at December 31, 2021	65,060	63,327	9,775	138,162
Depreciation during the period	6,315	6,037	12,568	24,920
Disposals during the period	(4,099)	(4,326)	-	(8,425)
As at September 30, 2022	**$ 67,276**	**$ 65,038**	**$ 22,343**	**$ 154,657**
Net book value, as at December 31, 2021	$ 21,095	$ 30,891	$ 104,726	$ 156,712
Net book value, as at September 30, 2022	**$ 31,682**	**$ 24,854**	**$ 92,158**	**$ 148,694**

5. Right-of-Use Assets

		Offices
Cost		
As at December 31, 2020	$	613,927
Increases		725,679
Decreases		(613,927)
As at December 31, 2021 and September 30, 2022	**$**	**725,679**
Accumulated depreciation		
As at December 31, 2020	$	530,632
Depreciation		148,841
Decreases		(613,927)
As at December 31, 2021	$	65,546
Depreciation		93,640
As at September 30, 2022	**$**	**159,186**
Net book value, as at December 31, 2021	$	660,133
Net book value, as at September 30, 2022	**$**	**566,493**

6. Acquisition of Advisor Book of Business

On September 18, 2015, the Company entered into an agreement with an investment advisor to acquire that advisor's book of business (the "Book") for a total purchase price of $793,701, including recruitment fees and legal costs. The advisor became an employee of the Company and was compensated based on the revenues of the Book. The Company is committed to an additional earn out payment related to the Book at the time the advisor voluntarily retires or is terminated by the Company.

On the date of acquisition, the estimate of the future undiscounted earn out was $375,000 based on the estimated annualized management fees related to the Book. The earn out was recorded as part of the total purchase price at an initial fair value of $118,216, based on a discounted valuation using an 8% discount rate and an expectation that the advisor would remain an employee for 15 years. During the year ended December 31, 2021, the Company changed its estimates with respect to the annualized management fees related to the Book, and the expectation of how long the advisor would remain an employee with the Company, and this resulted in a charge of $406,581.

On January 31, 2022, the earn out payment was triggered, resulting in an obligation by the Company to pay the earn out of $643,221, subject to the satisfaction of certain conditions, which have not yet occurred. As at September 30, 2022, $643,221 is recorded in accounts payable and accrued liabilities on the consolidated statement of financial position (December 31, 2021 – $598,340).

7. Investments in Partnerships

(i) LVTV Financial LP

On November 1, 2021, Bellwether made a cash contribution of $1,900,000 to LVTV Financial LP (“LVTV”), an Ontario limited partnership. On the date of investment, LVTV had approximately $130 million in assets under management, all of which was managed by Bellwether. The general partners of LVTV are an advisor engaged with Bellwether and that advisor’s personal corporation. In exchange for this investment, Bellwether was granted admission as a limited partner of LVTV and granted certain strategic rights and privileges, including the right for Bellwether to remain the investment manager over the assets of the partnership and the right of first refusal in the event the partnership receives a third party offer for its assets.

The Company identified the only asset of LVTV as client relationship intangible assets and concluded that LVTV is not a business as defined in IFRS 3 Business Combinations. The Company also concluded that Bellwether has control over LVTV per IFRS 10 Consolidated Financial Statements.

The Company assessed the value of the client relationship intangible assets based on the fair value of the consideration paid and the fair value of the non-controlling interest on the date of the transaction, as follows:

Fair value of the consideration paid	$ 1,900,000
Fair value of the non-controlling interest	2,850,000
	$ 4,750,000

The fair value of the non-controlling interest was assessed as the sum of the present value of the expected cash distribution of profits which will be made to the non-controlling interest. The expected cash distribution of profits was estimated using an annual growth rate of 4%, and the discount rate used to bring the future cash flows to the present value was 19.0%.

(ii) Fife Bay Financial LP

On May 2, 2022, Bellwether made a cash contribution of $1,570,000 to Fife Bay Financial LP (“Fife Bay”), an Ontario limited partnership. On the date of investment, Fife Bay had approximately $120 million in assets under management, all of which was managed by Bellwether. The general partners of Fife Bay are an advisor engaged with Bellwether and that advisor’s personal corporation. In exchange for this investment, Bellwether was granted admission as a limited partner of Fife Bay and granted certain strategic rights and privileges, including the right for Bellwether to remain the investment manager over the assets of the partnership and the right of first refusal in the event the partnership receives a third party offer for its assets.

The Company identified the only asset of Fife Bay as client relationship intangible assets and concluded that Fife Bay is not a business as defined in IFRS 3 Business Combinations. The Company also concluded that Bellwether has control over Fife Bay per IFRS 10 Consolidated Financial Statements.

7. Investments in Partnerships (Continued)

(ii) Fife Bay Financial LP (Continued)

The Company assessed the value of the client relationship intangible assets based on the fair value of the consideration paid and the fair value of the non-controlling interest on the date of the transaction, as follows:

Fair value of the consideration paid	$ 1,570,000
Fair value of the non-controlling interest	2,355,000
	$ 3,925,000

The fair value of the non-controlling interest was assessed as the sum of the present value of the expected cash distribution of profits which will be made to the non-controlling interest. The expected cash distribution of profits was estimated using an annual growth rate of 4%, and the discount rate used to bring the future cash flows to the present value was 19.2%.

(iii) Scugog Financial LP

On May 2, 2022, Bellwether made a cash contribution of $782,413 to Scugog Financial LP (“Scugog”), an Ontario limited partnership. On the date of investment, Scugog had approximately $90 million in assets under management, all of which was managed by Bellwether. The general partner of Scugog is an advisor engaged with Bellwether. In exchange for this investment, Bellwether was granted admission as a limited partner of Scugog and granted certain strategic rights and privileges, including the right for Bellwether to remain the investment manager over the assets of the partnership and the right of first refusal in the event the partnership receives a third party offer for its assets.

The Company identified the only asset of Scugog as client relationship intangible assets and concluded that Scugog is not a business as defined in IFRS 3 Business Combinations. The Company also concluded that Bellwether has control over Scugog per IFRS 10 Consolidated Financial Statements.

The Company assessed the value of the client relationship intangible assets based on the fair value of the consideration paid and the fair value of the non-controlling interest on the date of the transaction, as follows:

Fair value of the consideration paid	$ 782,413
Fair value of the non-controlling interest	1,173,620
	$ 1,956,033

The fair value of the non-controlling interest was assessed as the sum of the present value of the expected cash distribution of profits which will be made to the non-controlling interest. The expected cash distribution of profits was estimated using an annual growth rate of 4%, and the discount rate used to bring the future cash flows to the present value was 19.1%.

7. Investments in Partnerships (Continued)

(iv) Infinite Wealth LP

On May 31, 2022, Bellwether made a cash contribution of $1,360,222 to Infinite Wealth LP ("Infinite"), an Ontario limited partnership. On the date of investment, Infinite had approximately $80 million in assets under management, all of which was managed by Bellwether. The general partners of Infinite are an advisor engaged with Bellwether and that advisor's personal corporation. In exchange for this investment, Bellwether was granted admission as a limited partner of Infinite and granted certain strategic rights and privileges, including the right for Bellwether to remain the investment manager over the assets of the partnership and the right of first refusal in the event the partnership receives a third party offer for its assets.

The Company identified the only asset of Infinite as client relationship intangible assets and concluded that Infinite is not a business as defined in IFRS 3 Business Combinations. The Company also concluded that Bellwether has control over Infinite per IFRS 10 Consolidated Financial Statements.

The Company assessed the value of the client relationship intangible assets based on the fair value of the consideration paid and the fair value of the non-controlling interest on the date of the transaction, as follows:

Fair value of the consideration paid	$ 1,360,222
Fair value of the non-controlling interest	2,040,333
	$ 3,400,555

The fair value of the non-controlling interest was assessed as the sum of the present value of the expected cash distribution of profits which will be made to the non-controlling interest. The expected cash distribution of profits was estimated using an annual growth rate of 4%, and the discount rate used to bring the future cash flows to the present value was 18.0%.

8. Intangible Assets

Intangible assets include the following finite life assets:

	September 30, 2022	December 31, 2021
Customer relationships, cost		
As at beginning of the period	**$ 24,748,841**	$ 19,998,841
Additions during the period		
Arising from the investment in LVTV (Note 7(i))	**-**	4,750,000
Arising from the investment in Fife Bay (Note 7(ii))	**3,925,000**	-
Arising from the investment in Scugog (Note 7(iii))	**1,956,033**	-
Arising from the investment in Infinite (Note 7(iv))	**3,400,555**	-
As at end of the period	**$ 34,030,429**	$ 24,748,841
Customer relationships, accumulated amortization		
As at beginning of the period	**$ 4,739,863**	$ 2,700,484
Amortization during the period	**1,910,270**	2,039,379
As at end of the period	**$ 6,650,133**	$ 4,739,863
Net book value		
As at end of the period	**$ 27,380,296**	$ 20,008,978

The weighted average remaining life of the intangible assets as at September 30, 2022 is 11.2 years (December 31, 2021 – 9.4 years).

9. Goodwill

As at September 30, 2022, the Company had goodwill of $1,684,761 (December 31, 2021 – $1,684,761) which arose from various acquisitions. Goodwill is attributable to the addition of experienced teams of professionals and expanded national reach resulting from those acquisitions.

Impairment Assessment of Goodwill

The Company identified Bellwether as the group's CGU which is considered the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets in the group. The CGU is represented by the investment management services provided to all assets under management and is the sole operating segment of the Company. The Company assesses goodwill for any impairment annually on September 30, or earlier if there are indicators of impairment. No impairment was recognized as at September 30, 2022 and December 31, 2021.

10. Debentures Payable

(i) June 15, 2017 Offering

On June 15, 2017, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $2,055,000 and related costs of $22,324. The debentures were unsecured, matured and became payable on June 15, 2022, and bore interest at a rate of 8% per annum, paid semi-annually. $100,000 of the debentures were subscribed to by related parties of the Company (Note 15).

The debentures were financial instruments and the private placement included the granting of 513,750 investor warrants that were embedded derivatives within the transaction. Thus, the principal amount was bifurcated from the cost of the related warrants and the debentures were recorded at an acquisition value of $2,029,412 based on a fair-value discount rate of 8.3%.

On June 15, 2022, the Company repaid the aggregate principal amount of $2,055,000.

(ii) August 15, 2019 Offering

On August 15, 2019, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $3,199,000 and related costs of $12,948. The debentures are unsecured, mature and become payable on August 15, 2024, and bear interest at a rate of 8% per annum, paid semi-annually. $450,000 of the debentures are subscribed to by related parties of the Company (Note 15).

The debentures are financial instruments and the private placement included the granting of 799,750 investor warrants that were embedded derivatives within the transaction. Thus, the principal amount was bifurcated from the cost of the related warrants and the debentures were recorded at an acquisition value of $3,107,292 based on a fair-value discount rate of 8.7%.

(iii) October 4, 2019 Offering

On October 4, 2019, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $1,042,000 and related costs of $5,200. The debentures are unsecured, mature and become payable on October 4, 2024, and bear interest at a rate of 8% per annum, paid semi-annually.

The debentures are financial instruments and the private placement included the granting of 260,500 investor warrants that were embedded derivatives within the transaction. Thus, the principal amount was bifurcated from the cost of the related warrants and the debentures were recorded at an acquisition value of $1,010,423 based on a fair-value discount rate of 8.8%.

(iv) June 15, 2022 Offering

On June 15, 2022, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $2,939,000 and related costs of $23,905. The debentures are unsecured, mature and become payable on June 15, 2027, and bear interest at a rate of 7% per annum, paid semi-annually. $550,000 of the debentures are subscribed to by related parties of the Company (Note 15).

The debentures are financial instruments and the private placement included the granting of 734,750 investor warrants that were embedded derivatives within the transaction. Thus, the principal amount was bifurcated from the cost of the related warrants and the debentures were recorded at an acquisition value of $2,782,865 based on a fair-value discount rate of 8.3%.

10. Debentures Payable (Continued)

Summary

Debentures payable as at September 30, 2022 and December 31, 2021 are as follows:

		September 30, 2022		December 31, 2021
Debentures payable, as at the beginning of the year	**$**	**6,208,063**	$	6,170,493
New issuance				
Proceeds on issuance		**2,939,000**		-
Value attributed to warrants (Note 13(vii))		**(156,135)**		-
Issue costs incurred		**(23,905)**		-
Repayment of debentures		**(2,055,000)**		-
Amortization of issue costs		**6,319**		8,514
Attributed interest expense		**28,998**		29,056
	$	**6,947,340**	$	6,208,063
Current portion	**$**	**-**	$	2,055,000
Long term portion		**6,947,340**		4,153,063
	$	**6,947,340**	$	6,208,063

11. Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims. Management believes that adequate provisions have been recorded in the accounts for claims and contingencies, where required.

Provisions are liabilities of uncertain timing or amount and are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgment is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. As at September 30, 2022, the Company has a provision recorded relating to existing and potential litigation in the amount of $611,634 (December 31, 2021 – $842,000). This amount is recorded in accounts payable and accrued liabilities on the consolidated statement of financial position.

12. Lease Obligations

Lease obligations as at September 30, 2022 and December 31, 2021 are as follows:

		September 30, 2022		December 31, 2021
Lease obligations, as at the beginning of the year	**$**	**681,513**	$	104,558
Payment of lease obligations		**(109,460)**		(178,899)
New lease obligations		**-**		725,679
Accreted interest expense		**39,112**		30,175
	$	**611,165**	$	681,513
Current portion	**$**	**123,744**	$	136,438
Long term portion		**487,421**		545,075
	$	**611,165**	$	681,513

The contractual undiscounted cash flows for lease obligations as at September 30, 2022 are as follows:

Due within 1 year	$	128,316
Due beyond 1 year		634,032
	$	762,348

13. Share Capital

(i) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value.

(ii) Issued share capital

As at September 30, 2022, the Company's issued and outstanding share capital consisted of 53,785,839 (December 31, 2021 – 51,884,780) common shares with a stated value of $13,528,707 (December, 31, 2021 – $12,000,566).

13. Share Capital (Continued)

(iii) Issuances of share capital

On August 19, 2022, 10,000 stock options were exercised at an exercise price of $0.40. These options were exercised through a cashless exercise, and resulted in the net issuance of 5,718 shares, and no cash proceeds. Related to this exercise, $2,036 was transferred from reserve for options and warrants, and $1,780 reduced share capital due to the withholding taxes also settled under the cashless exercise, resulting in a net increase in share capital of $256.

On August 10, 2022, the Company closed a non-brokered private placement offering of 415,000 common shares at a price of $1.45 per share for the aggregate principal amount of $601,750, and related costs of $6,301.

On July 28, 2022, 71,876 shares were issued from treasury pursuant to the Employee Share Savings Plan, at a price per share of $1.20 for total cash proceeds of $86,251.

On April 6, 2022, 16,250 stock options were exercised at a weighted average exercise price of $0.55 for total cash proceeds of $8,937. Related to this exercise, $5,760 was transferred from reserve for options and warrants, for a total increase in share capital of $14,697.

On April 1, 2022, 50,000 stock options were exercised at an exercise price of $0.40 for total cash proceeds of $20,000. Related to this exercise, $14,466 was transferred from reserve for options and warrants, for a total increase in share capital of $34,466.

On March 3, 2022, 72,215 shares were issued from treasury pursuant to the Employee Share Savings Plan, at a price per share of $0.93 for total cash proceeds of $67,160.

On February 28, 2022, 1,270,000 stock options were exercised at a weighted average exercise price of $0.35 for total cash proceeds of $441,500. Related to this exercise, $288,362 was transferred from reserve for options and warrants, for a total increase in share capital of $729,862.

On November 5, 2021, 25,000 stock options were exercised at an exercise price of $0.40 for total cash proceeds of $10,000. Related to this exercise, $6,737 was transferred from reserve for options and warrants, for a total increase in share capital of $16,737.

On November 3, 2021, 90,779 shares were issued from treasury pursuant to the Employee Share Savings Plan, at a price per share of $0.71 for total cash proceeds of $64,453.

On July 30, 2021, 7,500 stock options were exercised at an exercise price of $0.40 for total cash proceeds of $3,000. Related to this exercise, $1,881 was transferred from reserve for options and warrants, for a total increase in share capital of $4,881.

On May 6, 2021, 50,000 stock options were exercised at an exercise price of $0.30 for total cash proceeds of $15,000. Related to this exercise, $8,766 was transferred from reserve for options and warrants, for a total increase in share capital of $23,766.

On March 5, 2021, 5,000 stock options were exercised at an exercise price of $0.40 for total cash proceeds of $2,000. Related to this exercise, $1,197 was transferred from reserve for options and warrants, for a total increase in share capital of $3,197.

13. Share Capital (Continued)

(iv) Share-based compensation

The Company offers share-based compensation plans to certain key employees and to non-employee directors. The share-based compensation plans include an Employee Stock Savings Plan ("ESSP") and a Stock Option Plan ("SOP").

Employee Stock Savings Plan

The aggregate number of common shares of the Company reserved for issuance from treasury under the ESSP shall not exceed 2,000,000 common shares, provided, however, the number of common shares reserved for issuance from the treasury pursuant to all security-based compensation arrangements shall, in the aggregate, not exceed 20% of the number of common shares issues and outstanding.

Under the ESSP, eligible employees can elect to have a percentage of their earnings withheld, subject to a maximum, to allocate into a registered account (the "Employee Contribution"). The employee can elect all or a portion of the Employee Contribution to be used to acquire common shares of the Company. The Company matches the Employee Contribution, subject to a maximum, which will be used to acquire common shares of the Company (the "Company Contribution").

The ESSP trustee is Bellwether (the "Trustee"). The Trustee, on behalf of the employees, will acquire common shares of the Company from treasury, at a purchase price which is the lesser of:

i. the closing market price of the common shares traded on the TSX Venture Exchange (the "TSX Venture") on the previous business day; and
ii. the greater of:
    a. the trailing 30-day volume weighted average price of the common shares traded on the TSX Venture; and
    b. 85% of the closing market price of the common shares traded on the TSX Venture on the previous business day.

The Company, in its sole discretion, shall determine the timing of the treasury issuance, which will be dependent on various factors, including the aggregate amount of funds available for the purchase of common shares.

The common shares issued to an employee pursuant to the ESSP may be subject to a four-month resale restriction imposed by the TSX Venture. In addition, all common shares purchased with Company Contributions are subject to a hold period of twelve-months following the receipt of such shares in the account of the employee, subject to certain exceptions.

The Company Contributions are recorded in salaries and benefits as paid. The issuance of shares from treasury is recorded in share capital when issued. The ESSP was approved on June 25, 2021 and became effective July 1, 2021. During the nine-month period ended September 30, 2022, $85,448 was expensed (September 30, 2021 – $30,246), and 144,091 shares were issued (September 30, 2021 – Nil) resulting in total proceeds of $153,411 (September 30, 2021 – $Nil). During the three-month period ended September 30, 2022, $22,392 was expensed (September 30, 2021 – $30,246), and 71,876 shares were issued (September 30, 2021 – Nil) resulting in total proceeds of $86,251 (September 30, 2021 – $Nil).

13. Share Capital (Continued)

(iv) Share-based compensation (Continued)

Stock Option Plan

The Company's SOP, limits option grants to 10% of the issued and outstanding common shares, as approved by the Company's Board of Directors. The exercise price of any option may not be less than the Company's closing market price on the day prior to the option grant date, less the applicable discount permitted by the TSX Venture.

The maximum exercise period after the grant of the option is 10 years. When an employee's service ends, the expiry date of his/her options is accelerated to either 30 days or 90 days thereafter, depending on the terms of the related option agreement.

On June 24, 2022, the stock option plan was amended to allow for cashless exercise or net exercise. A cashless exercise requires a broker lending the option holder money to purchase the shares underlying the stock options and then selling a sufficient number of shares to repay the loan with the option holder receiving either the balance of shares after the sale or cash proceeds from the balance of the shares. Under a net exercise, an option holder does not pay the Company an exercise price but receives the number of underlying listed shares equal to the quotient by dividing the product of the number of stock options being exercised multiplied by the difference between the 5-day volume weighted average trading price ("VWAP") of the underlying shares and the exercise price of the stock options by the VWAP of the underlying shares.

On March 3, 2022, the Company granted 815,000 stock options with an exercise price of $0.95. Of these options, one-quarter vested on the grant date, and one-quarter vest on each of the next three years on the anniversary of the grant date.

On April 6, 2021, the Company granted 325,000 stock options with an exercise price of $0.75. Of these options, one-quarter vested on the grant date, and one-quarter vest on each of the next three years on the anniversary of the grant date.

A summary of the stock options granted and forfeited as of September 30, 2022 and December 31, 2021, and changes during the periods then ended are as follows:

	September 30, 2022			December 31, 2021		
	Number of options		**Weighted average price**	Number of options		Weighted average price
Options, beginning of period	**3,755,000**	**$**	**0.43**	3,685,000	$	0.41
Options granted	**815,000**		**0.95**	325,000		0.75
Options exercised	**(1,346,250)**		**0.35**	(87,500)		0.34
Options expired	**-**		**-**	(167,500)		0.59
Options outstanding, end of period	**3,223,750**	**$**	**0.60**	3,755,000	$	0.43
Options exercisable, end of period	**2,266,250**	**$**	**0.49**	3,096,250	$	0.39

13. Share Capital (Continued)

(iv) Share-based compensation (Continued)

Stock Option Plan (Continued)

The following table summarizes information about stock options outstanding at September 30, 2022:

		Options outstanding		Options exercisable	
Exercise prices	**Number outstanding at September 30, 2022**	**Weighted average remaining life in years**	**Weighted average exercise prices**	**Number exercisable at September 30, 2022**	**Weighted average exercise prices**
$ 0.30	**675,000**	**1.1**	**$ 0.30**	**675,000**	**$ 0.30**
0.40	**500,000**	**6.1**	**0.40**	**500,000**	**0.40**
0.43	**200,000**	**3.3**	**0.43**	**200,000**	**0.43**
0.60	**715,000**	**7.5**	**0.60**	**531,250**	**0.60**
0.75	**320,000**	**8.5**	**0.75**	**157,500**	**0.75**
0.95	**813,750**	**9.4**	**0.95**	**202,500**	**0.95**
	3,223,750	**6.3**	**$ 0.60**	**2,266,250**	**$ 0.49**

The following table summarizes information about stock options outstanding at December 31, 2021:

		Options outstanding		Options exercisable	
Exercise prices	Number outstanding at December 31, 2021	Weighted average remaining life in years	Weighted average exercise prices	Number exercisable at December 31, 2021	Weighted average exercise prices
$ 0.30	1,425,000	1.8	$ 0.30	1,425,000	$ 0.30
0.40	920,000	6.5	0.40	872,500	0.40
0.43	350,000	4.0	0.43	350,000	0.43
0.60	735,000	8.3	0.60	367,500	0.60
0.75	325,000	9.3	0.75	81,250	0.75
	3,755,000	5.1	$ 0.43	3,096,250	$ 0.39

The fair value of each option granted was estimated using the Black-Scholes option pricing model on the date of grant using the following assumptions:

	September 30, 2022	December 31, 2021
Risk free interest rate	**2.0%**	1.6%
Expected volatility	**50.1%**	51.8%
Dividend yield	**2.1%**	0.0%
Weighted average expected life	**10 years**	10 years
Weighted average value per option at grant date	**$0.44**	$0.46

13. Share Capital (Continued)

(v) Income per share

For the nine-month period ended September 30, 2022, income per share calculations use the weighted-average number of common shares outstanding of 53,075,252 (September 30, 2021 – 51,738,955) for basic and 54,569,350 (September 30, 2021 – 53,273,840) for diluted. For the three-month period ended September 30, 2022, income per share calculations use the weighted-average number of common shares outstanding of 53,575,910 (September 30, 2021 – 51,766,555) for basic and 55,070,009 (September 30, 2021 – 53,301,440) for diluted. The determination of the weighted-average number of shares outstanding for the calculation of diluted income per share includes the potential effect of 2,266,250 (September 30, 2021 – 3,201,250) exercisable options and 734,750 (September 30, 2021 – Nil) exercisable warrants.

(vi) Dividends

On March 30, 2021, the Company's Board adopted a quarterly cash dividend policy. Such quarterly dividends are only payable as and when declared by the Board and there is no entitlement to any dividends prior thereto.

During the nine-month period ended September 30, 2022, the Board declared dividends on its common shares totaling $898,943 (September 30, 2021 – $517,065). During the three-month period ended September 30, 2022, the Board declared dividends on its common shares totaling $319,760 (September 30, 2021 – $258,807). As at September 30, 2022, all dividends declared had been paid and no amount remained in accounts payable and accrued liabilities on the consolidated statement of financial position (December 31, 2021 – $Nil).

(vii) Debenture warrants

In connection with the issuance of $2,939,000 in debentures on June 15, 2022 as referred to in Note 10(iv), the Company issued the debenture subscribers an aggregate of 734,750 warrants, each of which entitled a debenture holder to purchase one common share of the Company at an exercise price of $1.35 per common share. Based on the bifurcation of the debenture proceeds, a value of $156,135 was recorded in reserves for options and warrants. As at September 30, 2022, 734,750 of these warrants remain outstanding.

14. Financing Costs and Investment Income

Financing costs include the following:

	Nine Months Ended		Three Months Ended	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
Interest on debentures payable and other interest payable (Note 10)	**$ 405,419**	$ 376,392	**$ 137,372**	$ 126,954
Investment income	**(14,237)**	(2,254)	**(6,013)**	(700)
Net interest expense	**391,182**	374,138	**131,359**	126,254
Accreted interest on lease obligations (Note 12)	**39,111**	16,421	**12,560**	13,866
Attributed interest and amortization of issue costs from future payments and debentures payable (Notes 6 and	**35,317**	38,351	**14,844**	13,146
Net expense	**$ 465,610**	$ 428,910	**$ 158,763**	$ 153,266

15. Related Party Transactions

The Company considers its related parties to consist of key members of its Board of Directors and officers, including their close family members, and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Company's activities.

Total compensation and other benefits to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing and controlling the activities of the Company, are included as related party transactions.

15. Related Party Transactions (Continued)

The following transactions occurred with related parties during the nine-month and three-month periods ended September 30, 2022 and 2021:

	Nine Months Ended		Three Months Ended	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
Transactions with key management				
Salaries, commissions, bonuses and net fees	**$ 2,574,580**	$ 1,424,523	**$ 836,684**	$ 530,966
Debenture interest expense* (Notes 10 and 14)	**45,563**	21,000	**18,625**	7,000
Share-based compensation (Note 13(iv))	**215,477**	96,952	**48,601**	24,030
	$ 2,835,620	$ 1,542,475	**$ 903,910**	$ 561,996
Other transactions with entities related to directors				
Legal services	**$ 80,901**	$ 38,168	**$ 8,052**	$ 4,716
IT services	**792**	2,123	**-**	-
	$ 81,693	$ 40,291	**$ 8,052**	$ 4,716

The following balances were outstanding with related parties as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Amounts payable to key management, due on demand	**$ 884,485**	$ 377,977
Amounts payable to entities related to directors, due on demand	**$ 6,710**	$ 342
Debentures payable to key management:		
June 15, 2017 offering*	**$ -**	$ 100,000
August 15, 2019 offering*	**450,000**	250,000
June 15, 2022 offering*	**550,000**	-

* The debenture transactions were made on the same terms, including interest rate, maturity, and security, as provided to third parties. Refer to Note 10 for details.

16. Funds under Management

The Company has interests in the following funds through management fee and performance fee agreements:

Bellwether AdaptiveETF Fund
Bellwether Alternative Income Fund
Bellwether Canadian Stock Fund
Bellwether Canadian Performance Fund
Bellwether Global Real Estate and Infrastructure Fund
Bellwether Fixed Income Fund
Bellwether US Stock Fund

The Company is subject to the terms and conditions of the management fee and performance fee agreements as well as each fund's respective offering memorandum/prospectus. The Company's earnings from its interests in the funds are dependent upon the assets under management ("AUM") in each of the funds, which is primarily impacted by equity and fixed income market performance.

Included in accounts receivable at September 30, 2022 is $378,208 (December 31, 2021 – $2,835,261) from the funds relating to the management fees and performance fees.

17. Capital Management

Refer to the Company's consolidated financial statements for the year ended December 31, 2021 for an explanation of the Company's capital management policy.

18. Fair Value of Financial Instruments

Refer to the Company's consolidated financial statements for the year ended December 31, 2021 for an explanation of the Company's management policy as it relates to financial instruments.

As at September 30, 2022 and December 31, 2021, except for the debentures payable, the carrying values and fair values of the Company's financial instruments are approximately the same. There have been no transfers between fair value hierarchy levels.

The fair value of the debentures payable, as at September 30, 2022 has been estimated by discounting future payments at a rate of 10.79% (December 31, 2021 – 8.85%) for the August 15, 2019 offering, at a rate of 10.90% (December 31, 2021 – 8.96%) for the October 4, 2019 offering, and at a rate of 9.34% for the June 15, 2022 offering, such rates determined by adjusting the initial effective rate of the debentures by the change in the Bank of Canada 5-year benchmark rate over the period since the respective debentures were issued.

18. Fair Value of Financial Instruments (Continued)

The fair value of the Company's financial instruments consists of financial assets and liabilities as outlined below:

	September 30, 2022	December 31, 2021
Financial assets		
Fair value through profit or loss		
Short-term investments	**$ 1,458,488**	$ 1,444,334
Amortized cost		
Cash and cash equivalents	**4,419,089**	3,076,187
Accounts receivable	**2,453,180**	4,897,373
	6,872,269	7,973,560
	$ 8,330,757	$ 9,417,894
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**$ 4,195,289**	$ 5,845,536
Lease obligations	**611,165**	681,513
Debentures payable	**7,229,143**	6,198,188
	$ 12,035,597	$ 12,725,237

19. COVID Impact

Efforts by governments to control the spread of COVID-19 have disrupted normal economic activity both domestically and globally and uncertainty related to the extent, duration and severity of the pandemic has contributed to significant volatility in the financial markets. To control the spread of COVID-19, many governments at all levels imposed severe restrictions on business activity and travel. Although certain of these restrictions have been eased, and vaccines have been administered, there can be no certainty when these restrictions will be fully lifted or that they will not be expanded.

The Company activated its business continuity plan to mitigate risks, maintain operational efficiency and service levels, and address the health and safety concerns of its employees, clients, and advisors. With few exceptions, all the business operations have been carried out remotely. The extensive use of remote communication tools and third-party services may lead to heightened cybersecurity and privacy risks. Stress on technology resources, new workplace constraints, personal stress and health concerns may all lead to higher operational risks. As part of the plan, the Company implemented enhanced monitoring of network assets and management oversight of business processes, active employee engagement and client communication, and built redundancy for critical services and infrastructure, however there can be no guarantee that this will be effective to mitigate these risks.

19. COVID Impact (Continued)

The Company continues to review the financial impact of the COVID-19 pandemic and market risk to its capital position and profitability should the duration, spread or intensity of the pandemic further develop. Company revenues are directly related to the market value of our AUM. During the year ended December 31, 2021, the Company experienced market appreciation in its AUM of 15.8%. During the nine-month period ended September 30, 2022, the Company experienced market depreciation of 6.9% (September 30, 2021 – market appreciation of 10.6%). It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short- and long-term and, as a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

The Company continues to closely monitor the markets and client portfolios and risk tolerances to identify ways to protect capital and to take advantage of any opportunities that this market has provided. However, the Company may face declines in its AUM as a result of client redemptions related to a variety of COVID-19 related factors including general market pessimism, poor fund performance, or clients' needs for immediate cash.

The Company maintains sufficient liquidity to satisfy all of its financial obligations for the foreseeable future. Despite this liquidity, the Company may see an impact to the cost of capital in the future as a result of disrupted credit markets or potential credit rating actions in relation to the Company's debt. Furthermore, a sustained period of significant market volatility could result in a write-down of the Company's goodwill and intangible assets in subsequent periods, and provides a higher level of uncertainty with respect to management's judgments and estimates.

20. Subsequent Events

Dividend Declaration

On October 4, 2022, the Board declared a dividend totaling $0.006 per share on each of its common shares, such dividend to be paid on October 31, 2022 to the shareholders of record on October 18, 2022.