Grant Thornton

Financial Statements

Inspirit Foundation

December 31, 2016

Contents

Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

To the Board of Directors of
Inspirit Foundation

We have audited the accompanying financial statements of Inspirit Foundation, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inspirit Foundation as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The financial statements of Inspirit Foundation for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on May 2, 2016.

Grant Thornton LLP

Toronto, Canada
May 15, 2017

Chartered Professional Accountants
Licensed Public Accountants

Inspirit Foundation
Statement of Operations

	Year ended December 31, 2016	Sixteen-month period from September 1, 2014 to December 31, 2015
Revenue		
Unrealized gain on investments	$ 942,025	$ -
Investment income	765,410	1,075,557
Realized gain on sale of investments	273,584	1,946,065
Interest on note receivable	101,185	622,306
Other	9,500	26,649
	2,091,704	3,670,577
Expenses		
Salaries and benefits	840,245	893,158
Grants and programs	623,093	606,742
General and administrative	400,276	916,482
Investment fees	211,357	288,271
Amortization of property and equipment	54,830	65,949
Professional fees	34,112	63,490
Unrealized loss on investments	-	2,240,935
	2,163,913	5,075,027
Deficiency of revenue over expenses	$ (72,209)	$ (1,404,450)

See accompanying notes to the financial statements.

Inspirit Foundation
Statement of Changes in Net Assets

Year ended December 31, 2016

	Invested in property and equipment	Unrestricted	Total
Balance, beginning of period	$ 1,133,497	$ 35,051,444	**$ 36,184,941**
Deficiency of revenue over expenses	(54,830)	(17,379)	**(72,209)**
Balance, end of period	$ 1,078,667	$ 35,034,065	**$ 36,112,732**

Sixteen-month period from September 1, 2014 to December 31, 2015

	Invested in property and equipment	Unrestricted	Total
Balance, beginning of period	$ 287,753	$ 37,301,638	$ 37,589,391
Deficiency of revenue over expenses	(65,949)	(1,338,501)	(1,404,450)
Transfer for purchase of property and equipment	911,693	(911,693)	-
Balance, end of period	$ 1,133,497	$ 35,051,444	$ 36,184,941

See accompanying notes to the financial statements.

Inspirit Foundation
Statement of Financial Position

December 31	2016	2015
Assets		
Current		
Cash	**$ 452,491**	$ 868,296
Accounts receivable	**16,427**	33,332
Prepaid expenses	**2,376**	6,716
Current portion of note receivable (Note 4)	**-**	1,156,148
	471,294	2,064,492
Founding investments (Note 3)	**32,823,887**	27,951,188
Note receivable (Note 4)	**-**	4,745,424
Mission-related investments (Note 5)	**1,882,627**	403,723
Property and equipment (Note 6)	**1,078,667**	1,133,497
	$ 36,256,475	$ 36,298,324

	2016	2015
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 143,743**	$ 113,383
Net assets		
Invested in property and equipment	**1,078,667**	1,133,497
Unrestricted	**35,034,065**	35,051,444
	36,112,732	36,184,941
	$ 36,256,475	$ 36,298,324

Commitments, contingencies and guarantees (Note 7)

On behalf of the Board of Directors

______________________ Director ______________________ Director

Inspirit Foundation
Statement of Cash Flows

	Year ended December 31, 2016	Sixteen-month period from September 1, 2014 to December 31, 2015
Increase (decrease) in cash		
Operating		
Deficiency of revenue over expenses	**$ (72,209)**	$ (1,404,450)
Items not affecting cash		
Unrealized loss (gain) on investments	**(942,025)**	2,240,935
Amortization of property and equipment	**54,830**	65,949
	(959,404)	902,434
Change in non-cash working capital items		
Accounts receivable	**16,905**	64,695
Prepaid expenses	**4,340**	-
Accounts payable and accrued liabilities	**30,360**	(268,952)
Due from ZoomerMedia Limited	**-**	675,000
	(907,799)	1,373,177
Investing		
Proceeds from note receivable	**5,901,572**	1,421,204
Net increase in founding investments	**(3,930,674)**	(995,340)
Net increase of mission-related investments	**(1,478,904)**	(298,489)
Purchase of property and equipment	**-**	(911,693)
	491,994	(784,318)
(Decrease) increase in cash	**(415,805)**	588,859
Cash		
Beginning of year	**868,296**	279,437
End of year	**$ 452,491**	$ 868,296

1. Nature of operations

Inspirit Foundation (the "Foundation") was incorporated without share capital by Letters Patent under the Canada Corporations Act on April 27, 1984 under the name Vision TV: Canada's Faith Network/Réseau Religieux Canadien (Vision TV). The Foundation is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes. The Foundation continued under the Canada Not-for-Profit Corporations Act in July 2014.

The Foundation, as a registered charity, is required to meet a disbursement quota defined by the Act. The Foundation reports on compliance with this requirement each year in the annual filings with the Canada Revenue Agency (CRA). The Foundation was in compliance with this disbursement quota requirement for fiscal 2016.

The Foundation is the sole unit holder and beneficiary of S-Vox Trust (the "Trust"). Effective June 22, 2010, per the Distribution, Transfer and Assumption Agreement, all trust property was transferred to Vision TV and sold to ZoomerMedia Limited (ZML).

Effective September 1, 2014, the Foundation changed its year end from August 31 to December 31.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Revenue recognition

Investment income is recorded on an accrual basis and includes interest income and dividends.

The realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

All changes in fair value, other than investment income are recognized in the statement of operations as unrealized gain (loss) on investments.

Interest income on note receivable is recorded on an accrual basis.

Other income, which includes donation and miscellaneous income, is recognized when received.

Property and equipment

Purchased property and equipment are recorded at cost and are amortized using the straight-line method over the following number of years.

Condominium	40 years
Computer equipment	3 years
Furniture and fixtures	5 years
Computer software	5 years

2. Significant accounting policies (continued)

Property and equipment (continued)

During the year, the Foundation changed the amortization method from declining balance to straight-line for all asset classes except for condominium to better reflect the consumption of economic benefits derived from these assets.

When property and equipment no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument.

The Foundation's financial instruments consistent of cash, note receivable, founding investments, mission-related investments and accounts payable.

Cash and founding investments are recorded at fair value.

Accounts receivable and note receivable are initially measured at fair value and, subsequently, at amortized cost.

Mission-related investments related to impact fixed income instruments are initially recorded at cost and adjusted for impairment when circumstances arise that indicate the investment cost will not be recouped. Mission-related investments related to equity instruments are initially recorded at cost and adjusted for impairment when circumstances arise that indicated the investment cost will not be recouped. When the investment is determined to be impaired, its value is written down to its residual value.

Financial assets or liabilities obtained in related party transactions are measured at their exchange amount.

Management estimates

Certain items in the preparation of these financial statements require management's best estimate. Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possiblity of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the excess (deficiency) of revenue over expenses as appropriate in the year they become known. Estimates include the allowance for doubtful accounts of accounts recievable, estimated useful lives of property and equipment, and valuation of investments.

3. Founding investments

	2016	2015
Cash and cash equivalents	**$ 659,317**	$ 1,955,958
Fixed income securities	**10,262,608**	9,986,224
Canadian equity	**11,556,076**	8,161,381
Foreign equity	**10,260,898**	7,812,881
Alternative investments	**84,988**	34,744
	$ 32,823,887	$ 27,951,188

Fixed income securities consist of pooled funds.

In the prior period, the Foundation entered into alternative investments through one of its investment managers and these alternative investments include private equity invested in civil infrastructure (roads, bridges, water distribution), social infrastructure (schools, hospitals, justice facilities), and renewable power infrastructure (hydro, wind, solar).

4. Note receivable

	2016	2015
Due from ZoomerMedia Limited	**$ -**	$ 5,901,572
Less current portion	**-**	1,156,148
Due beyond one year	**$ -**	$ 4,745,424

As of June 15, 2009, ZML purchased substantially all of the assets, property and undertakings of the business of the Foundation used predominantly or exclusively in connection with the operation of Vision TV, all of the issued and outstanding shares of Christian Channel and all of the issued and outstanding shares of Vision TV Digital Inc. (VTVDI), including VTVDI's 47.2% ownership interest in One for an aggregate purchase price of $26,179,559.

As part of the purchase price payable, $11,000,000 was to be paid by a 10-year promissory note bearing interest at 7% per annum between ZML and the Foundation. The promissory note was to be repaid in monthly blended payments of principal and interest of $127,719 per month commencing in the month following the closing of the purchase transaction. The promissory note was secured by a general security agreement. This transaction closed June 27, 2010.

During 2016, ZML paid the note receivable in full.

5. Mission-related investments

The Foundation's mission-related investments are as follows:

	2016	2015
Impact fixed income instruments (at cost)		
Oikocredit	**$ 500,000**	$ -
Artscape Launchpad	**500,000**	-
SolarShare	**250,000**	-
Community Forward Fund	**144,547**	144,547
CoPower Fund II	**94,610**	-
Centre for Social Innovation	**50,000**	50,000
Pillar	**50,000**	-
	1,589,157	194,547
Equity instruments (at cost)		
Renewal 3	**157,937**	84,938
Investeco	**135,533**	124,238
	293,470	209,176
	$ 1,882,627	$ 403,723

6. Property and equipment

			2016	2015
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Condominium	$ 1,106,633	$ 62,424	**$ 1,044,209**	$ 1,071,874
Computer equipment	18,945	18,665	**280**	7,487
Furniture and fixtures	104,242	70,064	**34,178**	54,136
Computer software	4,316	4,316	**-**	-
	$ 1,234,136	$ 155,469	**$ 1,078,667**	$ 1,133,497

7. Commitments, contingencies and guarantees

(a) Commitments:

As at December 31, 2016, the Foundation is committed to grant payments of $34,500. The Foundation also has committed to subscriptions on mission-related investments of $211,983.

(b) Contingencies:

The Foundation is named as a defendant on a litigation claiming damages. The outcome of this action is currently indeterminable. Therefore, no amount has been accrued for in these financial statements.

(c) Guarantees:

The Foundation is committed to a maximum guarantee of $100,000 of borrowing by the Immigrant Access Fund of Canada Inc.

8. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in asessing the extended risk related to financial instruments. The Foundation is primarily exposed to interest rate, market, currency, credit and liquidity risks. There has been no changes to the nature of the risk exposure from prior year.

(a) Interest rate risk:

Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates.

The Foundation is exposed to interest rate risk arising from its investments. Interest rate risk arise form the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. This risk is managed by staggering the terms of the securities held and ensuring diversification of the holdings.

(b) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Foundation is exposed to market risk arising from its investments, particularly the trading in equity securities, fixed income securities, holdings in alternative investments and mission-related investments. The Foundation mitigates this risk through controls to monitor and the diversification of its holdings.

8. Financial instruments (continued)

(c) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Foundation is exposed to currency risk arising from its investments. As at December 31, 2016, 31% (2015 - 28%) of the investments are invested in non-Canadian equity. Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Foundation's foreign securities. The philosophy of the Foundation, and its global investment management service provider, is that since the portfolio is managed, such that individual securities are held for the long-term and investments are held in multiple currencies, any foreign exchange risks should be minimized in the long-term without the need for a hedging strategy to be implemented.

(d) Credit risk:

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

The Foundation is exposed to credit risk arising from its mission-related investments (including the guarantee) and alternative investments, due to the inherent higher degree of risk in private equity and venture capital. The Foundation mitigates this risk through ongoing monitoring of investment performance, including periodic review of financial statements and interim financial reports, and limit concentration levels with any one investment through alternative investments or mission-related investments.

The Foundation is also exposed to credit risk arising from its accounts recievable. However, given the nature of the accounts receivable being primarily from the government related to sales tax, the risk is considered minimal. As at December 31, 2016, the Foundation has an allowance for doubtful accounts of $Nil (2015 - $Nil).

(e) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

The Foundation is exposed to liquidity risk arising from its accounts payable. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.