

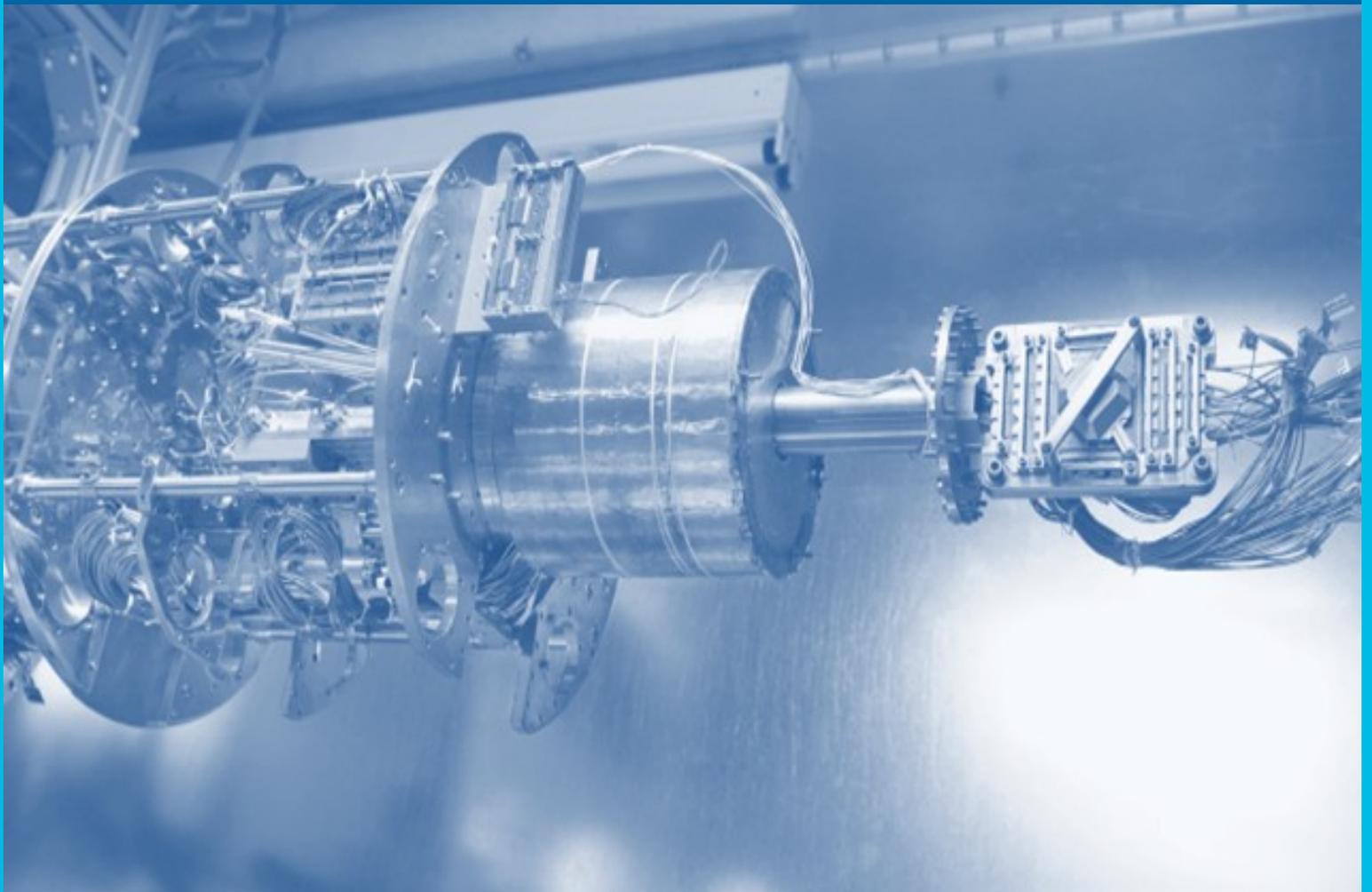
# WORKING OPPORTUNITY FUND (EVCC) LTD.

**Venture Series:**  
Balanced Shares (series 1 & 2)

**Commercialization Series:**  
Commercialization Shares (series 2) (the "05 Commercialization Shares")

## 2019 Annual Financial Statements

For the year ended December 31, 2019  
(expressed in Canadian dollars)



## **Working Opportunity Fund**

### **Shareholder Update – December 31, 2019**

To our shareholders,

The Fund had two key objectives in mind as it moved forward with the changes you saw take place in 2019:

- seeking substantial cost reductions; and
- seeking to enhance liquidity options for shareholders.

During this past year of transition, Pender Fund Capital Management (“Pender”) assumed management of the Fund on March 1, 2019. Under the new management agreement, we secured a management fee of 1.5% and the Fund now pays its own administrative expenses. Trailer commissions for Venture Series shares were also eliminated. These changes help position the Fund to maximize value for shareholders.

The Fund remains committed to achieving our second goal of the entire review process: seeking to enhance liquidity for our shareholders. While we cannot guarantee that we will be able to settle satisfactory terms on a potential reorganization, we remain committed to trying to find ways to enhance liquidity at good values for you, our shareholders. In seeking a potential reorganization, the Fund and our manager need to balance the needs of all stakeholders while trying to optimize timing and structure given capital market conditions and the strength of the underlying portfolio.

We appreciate the strong shareholder turnout at the Fund’s Annual General Meeting in Vancouver in December 2019. One of the matters we put forward and was approved at that meeting was the appointment of KPMG LLP (“KPMG”) as the auditors of the Fund. KPMG is a reputable, top-tier accounting firm and provides its services to most asset managers in the local market.

In January 2020 one of the Fund’s private portfolio companies accepted a term sheet for a significant equity financing. The valuation of the potential financing was at a lower level than prior equity financings. The portfolio company made a strategic decision to accept the term sheet and welcomed the significant growth resources that it expected to secure in that financing. Developments in February found the portfolio company not able to close that financing. The portfolio company is seeking an alternate financing which is expected to be at significantly unfavourable terms to existing investors, including WOF. Based on these two developments, the Venture Series and the Commercialization Series experienced a reduction in carrying value of an aggregate of \$22.2 million or 26.1% and \$2.7 million or 22.1%, respectively. While an outcome such as this reflects the inherent risk in venture capital investing, this is a very disappointing situation for existing investors of this portfolio company.

The Fund's Venture Series is reliant on exits from its private portfolio companies to generate liquidity for Venture Series shareholders and as WOF's investments in these companies are all minority equity positions, the timing and ability to effect realization of exits are largely beyond the control of the Fund. Despite the Fund experiencing this reduction in value, we believe that the outlook for a number of the portfolio companies continues to be positive and there is potential for the Venture Series portfolio to provide value and meaningful liquidity to shareholders over time.

A summary of the key portfolio companies held by each of the Venture Series and Commercialization Series is provided below.

### **Venture Series Portfolio**

The companies in the Venture Series investment portfolio are primarily in the information technology industry and clean technologies sectors. A description of the top three investments is provided below.

- Copperleaf develops and sells software that is used by utilities for asset investment planning & management ("AIPM"). The company uses real-time data and extensive knowledge on asset management to help energy companies find the balance between maximizing profitability and minimizing risk and cost.
- General Fusion is developing a commercial nuclear fusion energy power plant to generate electricity for residential and industrial customers.
- Teradici creates secure virtual workspaces, through its PCoIP technology, which powers the spectrum of local, remote, mobile and collaborative work styles, simplifying how computing is provisioned, managed, and used throughout multi-cloud environments.

### **Commercialization Series Portfolio**

The companies in the Commercialization Series investment portfolio are all in the information technology sector. A description of the top three investments is provided below.

- BuildDirect is a home improvement Ecommerce business. BuildDirect specializes in shipping heavy building materials direct to homes and job sites in Canada and the United States.
- Inetco provides real-time transaction monitoring software for a variety of payment processing and banking environments.
- Vitrium Systems delivers enterprise content security and digital rights management software to control and protect documents and images for secure distribution.

### **Our Outlook**

The Venture Series and the Commercialization Series venture investments are minority positions in BC based private technology companies. While several of the Fund's portfolios are positioned to benefit from healthy levels of investment activity, venture capital investments in private companies are not immediately saleable.

The year has started with market volatility not seen since the financial crisis of 2008. The impact of COVID-19 and the breakdown of OPEC negotiations will impact economies around the world, including those in which are portfolio companies do business. It is too soon to tell the magnitude or specific impacts to the Fund, but it may delay timing of when the companies can generate liquidity. Our manager continues to believe in the long-term strength of the Fund's portfolio. In the meantime, we need to ensure that the Fund can operate cost effectively and be in a position to protect the current holdings in the portfolio companies. As we announced on November 14, we have struck a Special Committee to continue the work on key structuring matters for a potential reorganization and we will continue to examine other ways to enhance liquidity options.

On behalf of the board and management of the Fund, I thank our shareholders for their patience and investment in the Fund.

Yours truly,



Cindy Oliver

On behalf of the Board of Directors Working Opportunity Fund (EVCC) Ltd.

**Forward Looking Statements and Disclaimer:**

This report contains forward looking statements which primarily relate to the Fund's plans, objectives, expectations and intentions and including statements made regarding future cost savings and enhanced liquidity for Shareholders and positioning the Fund for the future including a possible future reorganization of Fund assets, assessments of the private portfolio company affected by the financing, the financing needs of that company and portfolio companies generally, and the availability of capital to satisfy such financing needs, performance and development and value of the portfolios, concentration of the investment portfolios, future economic and market conditions, the targeted timing of, ability to complete, and amount of proceeds from, venture portfolio exits, and the ability to maximize value for shareholders. All forward looking statements are based on management's current beliefs and assumptions on a range of factors which are subject to numerous known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, the portfolio companies' need for and access to further financing, concentration of the portfolio, M&A and IPO market conditions generally and within the sectors in which portfolio companies operate, performance and stage of development of portfolio companies, the ability to finalize the terms of a possible reorganization and/or complete a reorganization as previously described or otherwise, the assessment of the Venture Series and the Commercialization Series liquidity and the ability of the complete exits and to meet other operating commitments and future cost savings. Certain information contained in this report is provided by/based on information from third party sources and while we believe it to be reliable, we cannot guarantee its accuracy or completeness. No assurance can be given as to the timing or amount of any future cash dividends to Venture Series shareholders or the Fund's ability to fund follow-on investments and/or ongoing operations and there can be no guarantee that the Fund will complete a reorganization as previously described or otherwise and/or that liquidity will be enhanced. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Neither the Fund nor Pender assumes any obligation to update any forward-looking statements made in this report.

## **MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of the Working Opportunity Fund (EVCC) Ltd. (the "Fund") are the responsibility of management. They have been prepared in accordance with International Financial Reporting Standards.

PenderFund Capital Management Ltd. (the "Manager") has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

The Board of Directors of the Fund is responsible for reviewing and approving the financial statements and for overseeing the Manager's performance of its financial reporting responsibilities. The Board of Directors has approved the accompanying financial statements of the Fund.

These financial statements have been audited by KPMG LLP, Chartered Professional Accountants, on behalf of the unitholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

*"David Barr"*

---

David Barr  
President, CEO  
PenderFund Capital Management Ltd.

*"Gina Jones"*

---

Gina Jones  
Chief Financial Officer  
PenderFund Capital Management Ltd.

March 30, 2020

Annual Financial Statements of

**WORKING OPPORTUNITY FUND  
(EVCC) LTD.**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Working Opportunity Fund (EVCC) Ltd.

### ***Opinion***

We have audited the financial statements of Working Opportunity Fund (EVCC) Ltd. (the Fund), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Other Matter – Comparative Information***

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 19, 2019.

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

---

Chartered Professional Accountants

Vancouver, Canada  
March 30, 2020

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Financial Position  
Venture Series - Balanced Shares (series 1 & 2)  
(Expressed in Canadian Dollars)

December 31, 2019 and 2018

	Notes	2019	2018
<b>Assets</b>			
Cash		\$ 2,442,742	\$ 485,476
Accounts receivable		194,597	208,921
Accrued interest receivable		3,841	162,203
Bonds, deposits and other investments		-	4,029,891
Divestment proceeds receivable		-	86,545
Venture investments	4, 6, 14	60,722,707	81,754,601
		63,363,887	86,727,637
<b>Liabilities</b>			
Accrued service fees payable		-	105,162
Other accounts payable and accrued liabilities		534,689	429,224
		534,689	534,386
<b>Net assets</b> , attributable to holders of Balanced Shares		62,829,198	\$ 86,193,251
Net assets attributable to holders of Balanced Shares per series:			
Balanced Shares (Series 1)		\$ 17,382,393	\$ 23,166,401
Balanced Shares (Series 2)		45,446,805	63,026,850
		\$ 62,829,198	\$ 86,193,251
Balanced Shares outstanding per series:			
Balanced Shares (Series 1)	8	4,013,041	4,013,041
Balanced Shares (Series 2)		12,421,473	12,421,473
Net assets attributable to holders of Balanced Shares per share:			
Balanced Shares (Series 1)	2	\$ 4.33	\$ 5.77
Balanced Shares (Series 2)		3.66	5.07

The accompanying notes are an integral part of these financial statements.

Approved for issue on behalf of the Board and signed on March 30, 2020:

"Nikolas O. Worhaug" Director      "Cindy Oliver" Director

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Comprehensive Income  
 Venture Series - Balanced Shares (series 1 & 2)  
 (Expressed in Canadian Dollars)

Years ended December 31, 2019 and 2018

	Notes	2019	2018
<b>Revenue:</b>			
Investment income:			
Interest - venture investments		\$ 1,458	\$ 9,226
Interest - bonds, deposits and other investments		57,009	74,356
Net realized gain (loss) from the sale of:			
Venture investments		(8,836)	(1,543,794)
Bonds, deposits and other investments		(8,698)	10,529
Net change in unrealized appreciation (depreciation) of investments:			
Venture investments		(20,539,215)	441,266
Bonds, deposits and other investments		13,499	(13,499)
<b>Total revenue</b>		<b>(20,484,783)</b>	<b>(1,021,916)</b>
<b>Expenses:</b>			
Management and administration fees	11	1,622,293	3,043,089
Professional fees		534,558	710,400
Custody and recordkeeping fees		363,199	-
Operating expenses		320,974	-
Directors' fees		32,834	44,690
Independent review committee costs		4,234	2,639
Other expenses		1,178	12,622
Service fees	8	-	423,546
<b>Total expenses</b>		<b>2,879,270</b>	<b>4,236,986</b>
<b>Net increase (decrease) in net assets attributable to holders of Balanced Shares</b>		<b>\$ (23,364,053)</b>	<b>\$ 5,258,902</b>
<b>Net increase (decrease) in net assets attributable to holders of Balanced Shares per series:</b>			
Balanced Shares (series 1)		\$ (5,784,008)	\$ (1,416,510)
Balanced Shares (series 2)		(17,580,045)	(3,842,392)
<b>Weighted average Balanced Shares outstanding during the period:</b>			
Balanced Shares (series 1)		4,013,041	4,013,041
Balanced Shares (series 2)		12,421,473	12,421,473
<b>Increase (decrease) in net assets attributable to holders of Balanced Shares per share:</b>			
Balanced Shares (series 1)		\$ (1.44)	\$ (0.35)
Balanced Shares (series 2)		(1.42)	(0.31)

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Changes in Net Assets  
 Attributable to Venture Series - Balanced Shares (series 1 & 2)  
 (Expressed in Canadian Dollars)

Years ended December 31, 2019 and 2018

	Balance Shares (series 1)		Balance Shares (series 2)		Balance Shares (series 1 and 2)	
	Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2019	2018	2019	2018	2019	2018
Net assets attributable to holders of Balanced Shares, beginning of year	\$ 23,166,401	\$ 24,582,911	\$ 63,026,850	\$ 66,869,242	\$ 86,193,251	\$ 91,452,153
Net increase (decrease) in net assets attributable to holders of Balanced Shares	(5,784,008)	(1,416,510)	(17,580,045)	(3,842,392)	(23,364,053)	(5,258,902)
Net assets attributable to holders of Balanced Shares, end of year	\$ 17,382,393	\$ 23,166,401	\$ 45,446,805	\$ 63,026,850	\$ 62,829,198	\$ 86,193,251

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Cash Flows  
 Venture Series - Balanced Shares (series 1 & 2)  
 (Expressed in Canadian Dollars)

Years ended December 31, 2019 and 2018

	2019	2018
Cash provided by (used in):		
Operating:		
Net increase (decrease) in net assets attributable to holders of Balanced Shares	\$ (23,364,053)	\$ (5,258,902)
Adjustments for:		
Interest - venture investments	(1,458)	(9,226)
Interest - bonds, deposits and other investments	(57,009)	(74,356)
Net realized gain (loss) from the sale of venture investments	8,836	1,543,794
Net realized gain (loss) from the sale of bonds, deposits and other investments	8,698	(10,529)
Net change in unrealized (appreciation) depreciation of venture investments	20,539,215	(441,266)
Net change in unrealized (appreciation) depreciation of bonds, deposits and other investments	(13,499)	13,499
Accounts receivable	14,324	(12,770)
Accrued service fees payable	(105,162)	(15,299)
Other accounts payable and accrued liabilities	105,465	409,850
	(2,864,643)	(3,855,205)
Proceeds on disposal of investments		
Venture investments	570,388	7,444,043
Bonds, deposits and other investments	4,015,901	5,368,004
Purchase of investments		
Bonds, deposits and other investments	-	(9,400,865)
Interest received	235,620	74,355
Cash flows provided by (used in) operating activities	1,957,266	(369,668)
Net increase (decrease) in cash for the year	1,957,266	(369,668)
Cash, beginning of year	485,476	855,144
Cash, end of year	\$ 2,442,742	\$ 485,476

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Schedule of Investment Portfolio  
 Venture Series - Balanced Shares (series 1 & 2)  
 (Expressed in Canadian Dollars)

December 31, 2019

VENTURE INVESTMENTS			
Investee Companies	Number of shares	Cost \$	Percentage of net assets %
<b>Information technology</b>			
<b>Seed stage:</b>			
Bootup Labs (VCC) Inc., Class C Common Shares	20,000	\$ 200,000	
Highline, Canada AcceleratorCo Inc., Common Shares	26,690	-	
Highline, Canada AcceleratorCo Inc., Class GL-1 Special Shares	26,690	81,446	
<b>Early Stage</b>			
Copperleaf Technologies Inc., Class B-2 Preferred Shares	7,657,847	2,000,028	
D-Wave Systems Inc., Class A Common Shares	537,035	1,002,647	
D-Wave Systems Inc., Class A Ratchet Shares	358,469	-	
D-Wave Systems Inc., Class A-1 Preferred Shares	642,858	900,007	
D-Wave Systems Inc., Class A-2 Preferred Shares	185,522	166,986	
D-Wave Systems Inc., Class A-3 Preferred Shares	175,410	78,937	
D-Wave Systems Inc., Class A-4 Preferred Shares	1,296,896	1,282,644	
D-Wave Systems Inc., Class B-1 Preferred Shares	360,959	360,964	
D-Wave Systems Inc., Class C-1 Preferred Shares	2,702,702	3,000,026	
D-Wave Systems Inc., Class G Preferred Shares	263,042	572,091	
4300092 Canada Inc., Class A-1 Preferred Shares	3,418,803	4,000,914	
4300092 Canada Inc., Class A-2 Preferred Shares	1,611,135	2,256,514	
1150818 B.C. Ltd., Common Shares	33,746,116	4,425,949	
<b>Later Stage</b>			
BuildDirect.com Technologies Inc., Class AA-1 Preferred Shares	53,268	3,563,281	
Teradici Corp., Class A-1 Preferred Shares	2,750,000	3,418,193	
Teradici Corp., Class A-2 Preferred Shares	1,527,777	2,060,544	
Teradici Corp., Class A-3 Preferred Shares	1,780,803	3,146,679	
Teradici Corp., Class A-4 Preferred Shares	1,747,377	4,144,172	
Teradici Corp., Class A-5 Preferred Shares	587,666	1,749,606	
Teradici Corp., Class A-3 Preferred Shares Warrants, Strike price US\$3.00, expiry date July 31, 2020	50,000	-	
		38,411,628	61.14%
<b>Cleantech</b>			
<b>Early Stage</b>			
Arborgen Inc, 5% Common Share Warrant	1	-	
Cooledge Lighting Inc., Class A-1 Preferred Shares	394,256	365,149	
Cooledge Lighting Inc., Class A-2 Preferred Shares	1,716,405	1,451,545	
General Fusion Inc., Common Shares	300,000	150,000	
General Fusion Inc., Class A/B Preferred Shares	4,770,992	2,792,750	
General Fusion Inc., Class C/D Preferred Shares	2,173,610	1,754,670	
General Fusion Inc., Class G/H Preferred Shares	383,847	500,000	
Redlen Technologies Inc., Common Shares	3,862,870	5,780,859	
Switch Materials Inc., Class A-1 Preferred Shares	250,000	250,000	
Switch Materials Inc., Class A-2 Preferred Shares	625,000	750,000	
Switch Materials Inc., Class B-1 Preferred Shares	1,000,000	1,500,000	
Switch Materials Inc., Class C-1 Preferred Shares	514,285	503,861	
Switch Materials Inc., Class C-2 Preferred Shares	359,900	899,999	
Switch Materials Inc., Class A-2 Warrants Strike price \$1.20, expiry date Dec. 20, 2022	300,000	-	
		16,698,833	26.58%

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Schedule of Investment Portfolio  
 Venture Series - Balanced Shares (series 1 & 2)  
 (Expressed in Canadian Dollars)

As at December 31, 2019

VENTURE INVESTMENTS			
Investee Companies	Number of shares	Cost \$	Percentage of net assets %
<b>Life Sciences</b>			
<b>Pre-clinical</b>			
Boreal Genomics, Class B Preferred Shares	1,058,242	517,815	
<b>Clinical</b>			
Methylation Sciences Inc., Class A Preferred Shares	1,436,498	1,268,029	
Methylation Sciences Inc., Common Shares	1,500,000	1,500,731	
		3,286,575	5.23%
<b>Total Venture Investments, Venture Series, at cost</b>		<b>58,397,036</b>	<b>92.95%</b>
Unrealized appreciation (depreciation) of venture investments		2,325,671	3.70%
<b>Venture Investments, Venture Series, at fair value</b>		<b>\$ 60,722,707</b>	<b>96.65%</b>

Stage of development	Number of holdings	Cost	% of Venture Investments at cost	Fair value	% of Venture Investments at fair value
Seed / Pre-Clinical Stage	3	\$ 799,261	1.37%	\$ 186,164	0.31%
Early / Clinical Stage	10	39,515,300	67.67%	35,960,729	59.22%
Later Stage	2	18,082,475	30.96%	24,575,814	40.47%
	15	\$ 58,397,036	100.00%	\$ 60,722,707	100.00%

Sector	Number of holdings	Cost	% of Venture Investments at cost	Fair value	% of Venture Investments at fair value
Information Technology	8	\$ 38,411,628	65.78%	\$ 42,478,892	69.96%
Cleantech	5	16,698,833	28.59%	18,113,955	29.83%
Life Sciences	2	3,286,575	5.63%	129,860	0.21%
	15	\$ 58,397,036	100.00%	\$ 60,722,707	100.00%

Public vs. Private	Number of holdings	Cost	% of Venture Investments at cost	Fair value	% of Venture Investments at fair value
Private	15	\$ 58,397,036	100.00%	\$ 60,722,707	100.00%

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Financial Position  
Commercialization Series - 05 Series  
(Expressed in Canadian Dollars)

December 31, 2019 and 2018

	Notes	2019	2018
<b>Assets</b>			
Cash		\$ 8,369,592	\$ 535,389
Bonds, deposits and other investments		-	5,559,465
Accounts receivable		2,979	7,938
Accrued interest receivable		15,753	165,364
Divestment proceeds receivable		-	58,334
Venture investments	4, 6, 14	1,573,585	10,930,439
		9,961,909	17,256,929
<b>Liabilities</b>			
Accrued service fees payable		15,959	23,590
Other accounts payable and accrued liabilities		77,964	7,613
Accrued contingent/conditional incentive participation dividend	8, 11	497,448	518,911
		591,371	550,114
<b>Net assets</b> , attributable to holders of			
Commercialization Series Shares		\$ 9,370,538	\$ 16,706,815
Commercialization Series Shares outstanding per series	8	1,423,581	1,833,385
Net assets attributable to holders of Commercialization Series Shares per share	12	\$ 6.58	\$ 9.11

The accompanying notes are an integral part of these financial statements.

Approved for issue on behalf of the Board and signed on March 30, 2020:

"Nikolas O. Worhaug" Director      "Cindy Oliver" Director

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Comprehensive Income  
Commercialization Series - 05 Series  
(Expressed in Canadian Dollars)

Years ended December 31, 2019 and 2018

	Notes	2019	2018
<b>Revenue:</b>			
Investment income:			
Interest - venture investments		\$ 110,408	\$ 443,237
Interest - bonds, deposits and other investments		150,957	79,843
Net realized gain (loss) from the sale of:			
Venture investments		(51,299)	(1,234,983)
Bonds, deposits and other investments		(5,606)	15,359
Net change in unrealized appreciation (depreciation) of investments:			
Venture investments		(3,351,081)	(1,653,952)
Bonds, deposits and other investments		15,301	(9,258)
Net change in conditional incentive participation dividend		21,463	79,096
<b>Total revenue</b>		<b>(3,109,857)</b>	<b>(2,280,658)</b>
<b>Expenses:</b>			
Management and administration fees	11	266,782	695,280
Professional fees		83,162	26,569
Service fees	8	68,956	101,410
Operating expenses		45,949	-
Custody and recordkeeping fees		56,021	-
Directors' fees		4,862	-
Independent review committee costs		666	609
Other expenses		28	-
<b>Total expenses</b>		<b>526,426</b>	<b>823,868</b>
<b>Net increase (decrease) in net assets attributable to holders of Commercialization Series Shares</b>			
		<b>\$ (3,636,283)</b>	<b>\$ (3,104,526)</b>
<b>Net increase (decrease) in net assets attributable to holders of Commercialization Series Shares per series:</b>			
05 Series		<b>\$ (3,636,283)</b>	<b>\$ (3,104,526)</b>
<b>Weighted average Commercialization Series Shares outstanding during the year:</b>			
05 Series		<b>1,550,661</b>	<b>1,923,417</b>
<b>Increase (decrease) in net assets attributable to holders of Commercialization Series Shares per share:</b>			
05 Series		<b>\$ (2.34)</b>	<b>\$ (1.61)</b>

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Changes in Net Assets  
Attributable to Commercialization Series - 05 Series  
(Expressed in Canadian Dollars)

Years ended December 31, 2019 and 2018

	2019	2018
Net assets attributable to holders of Commercialization Series Shares, beginning of year	\$ 16,706,815	\$ 23,318,018
Increase (decrease) in net assets attributable to holders of Commercialization Series Shares	(3,636,283)	(3,104,526)
Payments for redemption of shares	(3,699,994)	(3,506,677)
Net assets attributable to holders of Commercialization Series Shares, end of year	\$ 9,370,538	\$ 16,706,815

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Statements of Cash Flows  
Commercialization Series - 05 Series  
(Expressed in Canadian Dollars)

Years ended December 31, 2019 and 2018

	2019	2018
Cash provided by (used in):		
Operating:		
Net increase (decrease) in net assets attributable to holders of Commercialization Series Shares	\$ (3,636,283)	\$ (3,104,526)
Adjustments for:		
Interest - venture investments	(110,408)	(443,237)
Interest - bonds, deposits and other investments	(150,957)	(79,843)
Net realized gain (loss) from the sale of venture investments	51,299	1,234,983
Net realized gain (loss) from the sale of bonds, deposits and other investments	5,606	(15,359)
Net change in unrealized (appreciation) depreciation of venture investments	3,351,081	1,653,952
Net change in unrealized (appreciation) depreciation of bonds, deposits and other investments	(15,301)	9,258
Net change in conditional incentive participation dividend	(21,463)	(79,096)
Accounts receivable	4,959	-
Accrued service fees payable	(7,631)	(7,138)
Other accounts payable and accrued liabilities	70,351	7,613
	(458,747)	(823,393)
Proceeds on disposal of investments:		
Venture investments	6,012,807	2,072,374
Bonds, deposits and other investments	5,554,283	10,690,422
Purchase of investments:		
Venture investments	-	(500,042)
Bonds, deposits and other investments	-	(8,750,884)
Interest received	425,854	689,969
Cash flows proved by operating activities	11,534,197	3,378,446
Financing		
Payments for redemption of shares	(3,699,994)	(3,511,902)
Net increase (decrease) in cash for the year	7,834,203	(133,456)
Cash, beginning of year	535,389	668,845
Cash, end of year	\$ 8,369,592	\$ 535,389

The accompanying notes are an integral part of these financial statements.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Schedule of Investment Portfolio  
Commercialization Series - 05 Series  
(Expressed in Canadian Dollars)

December 31, 2019

VENTURE INVESTMENTS	Number of shares	Cost \$	Percentage of net assets %
<b>Investee Companies</b>			
<b>Information technology</b>			
<b>Early Stage</b>			
D-Wave Systems Inc., Class E-2 Preferred Shares	631,590	\$ 822,834	
D-Wave Systems Inc., Class -G Preferred Shares	18,179	39,449	
D-Wave Systems Inc., Preferred Share Warrants Strike price \$2.17, expiry date Apr 29, 2025	368,000	-	
INETCO Systems Ltd., Class C-2 Preferred Shares	2,347,667	2,351,731	
INETCO Systems Ltd., Common Shares	1,173,333	-	
INETCO Systems Ltd., Common Shares Warrants, Strike price \$0.75, expiry date Mar 31, 2021	66,666	-	
INETCO Systems Ltd., Convertible loan, 14%, due Sep 29, 2020	250,000	250,000	
4300092 Canada Inc., Promissory Note, 14%, due Dec 31, 2020	750,000	219,597	
4300092 Canada Inc., Promissory Note, 8%, due Dec 31, 2020	650,000	651,770	
Sandbox Technologies Inc. (dba Vitrium Systems Inc.), Common Shares	15,714,286	1,150,000	
<b>Later Stage</b>			
BuildDirect.com Technologies Inc., Class AA-1 Preferred Shares	150,720	523,679	
BuildDirect.com Technologies Inc., Class AA-2 Preferred Shares	484,693	500,042	
Teradici Corp., Class A-3 Preferred Shares Warrants, Strike price US\$3.00, expiry date July 31, 2020	50,000	-	
<b>Total Venture Investments, Commercialization Series, at cost</b>		6,509,102	69.46%
Unrealized appreciation (depreciation) of venture investments		(4,935,517)	(52.67)%
<b>Venture Investments, Commercialization Series, at fair value</b>		<b>\$ 1,573,585</b>	<b>16.79%</b>

Stage of development	Number of holdings	Cost	% of Venture Investments at cost	Fair value	% of Venture Investments at fair value
Early Stage	4	\$ 5,485,381	84.27%	\$ 1,056,690	67.15%
Later Stage	2	1,023,721	15.73%	516,896	32.85%
	6	\$ 6,509,102	100.00%	\$ 1,573,585	100.00%

Sector	Number of holdings	Cost	% of Venture Investments at cost	Fair value	% of Venture Investments at fair value
Information Technology	6	\$ 6,509,102	100.00%	\$ 1,573,585	100.00%

Public vs. Private	Number of holdings	Cost	% of Venture Investments at cost	Fair value	% of Venture Investments at fair value
Private	6	\$ 6,509,102	100.00%	\$ 1,573,585	100.00%

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 1. Incorporation and nature of operations:

Working Opportunity Fund (EVCC) Ltd. (the "Fund") is a company incorporated under the laws of British Columbia on November 5, 1991, as a vehicle for individual British Columbians to invest indirectly, and with the objective of long-term capital appreciation, in certain small and medium-sized businesses in British Columbia. The address of the principal place of business of the Fund is 1830 - 1066 West Hastings Street, Vancouver, BC V6E 3X2. The manager of the Fund is PenderFund Capital Management Ltd. (the "Manager"). The Manager became manager effective March 1, 2019, under a management agreement dated December 21, 2018 (the "Management Agreement"). Prior to March 1, 2019 the Fund manager (the "Initial Manager") and principal distributor was GrowthWorks Capital Ltd., which managed the Fund pursuant to an amended and restated management agreement dated November 6, 2007 (the "IM Management Agreement").

All information for prior periods included in these financial statements is as reported by the Initial Manager.

The Fund is registered as an employee venture capital corporation under the Employee *Investment Act (British Columbia)* (the "Act"), which entitled subscribers of the Fund's Class A shares to obtain a British Columbia tax credit and requires the Fund to comply with the Act and the employee venture capital plan (the "Plan") filed with the Administrator of the Act. The Act defines the investments which the Fund may make, and the regulations under the Act and Plan define the period over which venture investments must be made. As required under the Act, the Fund has a labour sponsor which is Working Enterprises Ltd.

The Fund is also a prescribed labour sponsored venture capital corporation under the *Income Tax Act (Canada)*, which entitled subscribers of the Fund's Class A shares to obtain Federal tax credits.

The Fund has two types of Class A shares: Venture Series, consisting of the Balanced Shares (series 1) and Balanced Shares (series 2), and Commercialization Series, consisting of the 05 Commercialization Shares (series 2). Please see Note 8 for additional details. "Series" and "Class A Shares" in these financial statements refers to any, some or all of the Venture Series and Commercialization Series, as the context requires. The Venture Series and Commercialization Series each participate in separate investment portfolios.

As provided for in the Fund's articles, its Plan and the Act, the Fund is not required to redeem Class A Shares in certain circumstances. The Venture Series is currently closed for redemptions. On October 30, 2014, the Fund announced it had adopted a cash dividend distribution policy for the Venture Series to distribute available cash through an orderly realization of value from dispositions of investments. The Fund does not expect to reopen redemptions of the Venture Series. Please refer to Note 13 for additional details. The Commercialization Series continues to be open for redemptions as the Fund manages liquidity separately for the Venture Series and the Commercialization Series.

Under the Management Agreement, the Fund and the Manager have agreed to use reasonable commercial efforts to effect a reorganization of the assets of the Fund, and since March 1, 2019, the Manager and the Fund have been evaluating numerous aspects of the previously announced potential reorganization, including working through tax considerations and reviewing opportunities for liquidity and further cost savings.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 1. Incorporation and nature of operations (continued):

Terms of a potential reorganization that could enhance liquidity have not been finalized and the Fund continues its work in this area which has taken longer than expected. To move forward, the Fund has established a special committee to work through key structuring matters involved with a potential reorganization. A potential reorganization transaction would require shareholder approval, certain regulatory approvals and approvals of the boards of the Fund, its labour sponsor and Pender acting reasonably. A detailed information circular describing the potential reorganization is required to be mailed to shareholders in conjunction with seeking any such shareholder approval. There can be no guarantee that terms of a potential reorganization will be finalized, that required approvals will be received and/or that the Fund will complete a reorganization as previously described or otherwise.

## 2. Basis of preparation:

### (a) Statement of compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved by the Board on March 30, 2020.

### (b) Basis of measurement:

These financial statements have been prepared on the historical cost basis, except for financial instruments classified as "at fair value through profit or loss", as described in Note 3, which are measured at fair value.

### (c) Investment entity:

The Fund has determined that it is an Investment Entity under IFRS, as the business purpose of the Fund is to provide investment income and long term capital growth to investors in the Fund and the Fund measures and evaluates the performance of all of its investments on a fair value basis.

### (d) Functional and presentation currency:

These financial statements are presented in Canadian dollars which is the Fund's functional currency.

## 3. Significant accounting policies:

### (a) Financial instruments:

The Fund recognizes financial instruments when it becomes party to a contract. Regular way or normal course purchases and sales of financial assets are recognized at their settlement date. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or when the Fund has transferred substantially all risks and rewards of ownership. Financial instruments are measured at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured subsequently at FVTPL. Measurement subsequent to initial recognition depends on the classification of the financial instrument.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 3. Significant accounting policies (continued):

### (a) Financial instruments (continued):

#### (i) Financial assets measured at fair value through profit and loss:

Financial assets are classified as FVTPL when they are held within a business model which manages and evaluates the assets on a fair value basis. The Fund's investments including bonds, deposits and other investments and venture investments, are classified as FVTPL and are measured at fair value with changes in fair value recognized in the statements of comprehensive income.

#### (ii) Financial assets and financial liabilities measured at amortized cost:

The Fund's other financial assets and financial liabilities are held in order to collect contractual cash flows which consist solely of principal and interest, and are measured at amortized cost, net of a loss allowance for expected credit losses. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted when appropriate at the contract's effective interest rate. The effective interest rate is the rate that discounts the estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount on initial recognition.

### (b) Fair value measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### (i) Publicly traded venture investments:

Venture investments with quoted prices in an active market are valued at each reporting date based on the closing bid price, unless there is evidence that another price within the bid-ask spread better represents fair value.

#### (ii) Privately owned venture investments:

Venture investments which do not have quoted market prices are valued on the basis of generally accepted valuation methods that best and most objectively reflect the expected realizable value that would be agreed upon in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arm's length and without constraints. The initial transaction price of a venture investment is considered to be a reasonable approximation of its fair value on the date on which the investment is made. Thereafter, a variety of valuation methods are used, and assumptions made that are based on market conditions that exist at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions or bona fide enforceable offers, multiple-based techniques where there is a track record of relevant performance and other valuation techniques commonly used by market participants. The valuation techniques used make the maximum use of market inputs and rely as little as possible on entity-specific or unobservable inputs.

The process of valuing venture investments for which no public market exists is based on inherent uncertainties, and the resulting values may differ from values that would have been observed had a ready market existed for the venture investments. These differences could be material to the fair value of the Fund's venture investment portfolio.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

### 3. Significant accounting policies (continued):

(c) Impairment of financial assets measured at amortized cost:

At each reporting date, the Fund assesses the risk of default for financial assets measured at amortized cost and recognizes a loss allowance equal to weighted average expected credit losses. Credit losses are recognized as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and the cash flows that the entity expects to receive, discounted at instrument's original effective interest rate. Expected credit loss allowances on financial assets measured at amortized cost are reversed in subsequent years if the amount of the expected credit loss decreases.

(d) Classification of redeemable shares:

The Fund's Class A shares are redeemable at the option of the holder, subject to certain restrictions and exceptions described in Note 8. As the Fund's Class A shares do not meet the exception criteria in IAS 32 for classification as equity, the Fund's Class A shares are classified as financial liabilities and the financial obligation to redeem Class A shares has been presented on the statements of financial position as "Net assets, attributable to holders of Balanced Shares/Commercialization Series Shares".

(e) Income and expense recognition and allocation:

Interest, dividends and other income from investments are recorded on the accrual basis when the right to payment is established and collection is reasonably assured, using the effective interest rate method. Realized gains or losses arising on the sale of investments are determined using the weighted average cost basis.

The Fund's Venture Series participate in the same venture investment portfolio and in the same non-venture portfolio. The Fund's Commercialization Series participate in a common portfolio of venture and non-venture investments that is separate from the Venture Series' portfolio.

Generally, income and realized and unrealized gains or losses on investments are allocated to each of the Venture Series on the basis of specifically identifiable ownership of investments in the portfolio or on the basis of the shared interest of each Series in the investment portfolio. Expenses are allocated to each Venture Series on a specifically identifiable basis or on the basis of the shared interest of each Series in the Net Assets of the Fund.

(f) Income taxes:

Income taxes are accounted for using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses, credits and other deductions carried forward. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability is settled. A valuation allowance is recorded against any deferred income tax asset if it is not probable that the asset will be realized. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the year that enactment or substantive enactment occurs.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

### 3. Significant accounting policies (continued):

(f) Income taxes (continued):

The Fund is a single entity for income tax purposes and computes its taxable capital and income or loss for tax purposes as such. All revenue, expenses, capital gains and losses, either common to all Series or to a particular Series, will be taken into account in determining the taxable income or loss of the Fund as a whole and applicable taxes payable by the Fund as a whole. Income taxes recorded within each Series' financial statements are determined on an individual Series basis as if each Series were filing a separate income tax return. The Fund's tax loss pools are allocated as needed to the Series with taxable income and thereafter on a proportionate basis.

(g) Foreign currency translation:

Purchases and sales of venture investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transaction or receipt of funds. The Venture Series and the Commercialization Series hold certain venture investments which are denominated in US dollars. The fair value of these investments is translated to Canadian dollars at the rate of exchange at each reporting date. Net realized and unrealized gains and losses from these investments include the realized and unrealized foreign exchange gains and losses.

(h) Net assets, attributable to holders of Class A shares per share:

Net assets, attributable to holders of Class A shares ("Net Assets") per share is calculated based on the number of shares outstanding at the end of the year. The increase (decrease) in net assets attributable to holders of Class A shares per share is calculated based on the weighted-average number of shares outstanding during the year. Net assets attributable to holders of Class A shares which are calculated using IFRS for financial reporting purposes may be different from the pricing net asset value used for the purposes of share sales and redemptions ("Pricing NAV"). Further details can be found in Note 12.

(i) Incentive participation dividends and conditional incentive participation dividends:

In the comparative period and until February 28, 2019, incentive participation dividends ("IPA dividends") on Class B shares (the "IPA Shares") were accrued weekly when certain investment performance conditions were met (as described in Note 11) and were paid following the end of each quarter subject to approval and declaration by the Board. The provision for conditional incentive participation dividends ("Conditional IPA dividends") on the IPA Shares is a provisional estimate of the IPA dividends that would be payable if the entire venture portfolio were disposed of at the estimated fair value as at each reporting date. Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts would only be paid on the sale of the relevant portfolio investment (the "Contingent IPA dividend"). Refer to Notes 8 and 11 for additional details.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 4. Critical accounting estimates and judgements:

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amount of certain assets and liabilities at the date of these financial statements and the reported amounts of certain income and expenses during the year.

### (a) Fair value of venture investments:

The fair value of venture investments which are not quoted in an active market are estimated using valuation techniques which require significant judgment, including an assessment of the financial condition of the investee, achievement of performance milestones, and other factors. Assumptions underlying investment valuations are limited by the availability of reliable data and the uncertainty of predictions concerning future events. Refer to Note 6 for further information about fair value measurements.

On January 31, 2020, the Fund announced a reduction in carrying value of \$11.8 million for Venture Series and \$1.6 million for Commercialization Series of one Funds' private portfolio companies which had accepted a term sheet for a significant equity financing at a lower level than its prior equity financings. This represented a reduction in Pricing NAV of approximately 13.8% and 14.0% for Venture and Commercialization Series respectively. Subsequently, on February 28, 2020, the Fund further reduced the carrying value of the private portfolio company by \$10.8 million for Venture Series and \$1.1 million for Commercialization Series to reflect the expected economics of the alternate financing the portfolio company is now working to close. This represented a further reduction in Pricing NAV of approximately 14.6% and 12.1% respectively. There can be no assurance that the portfolio company will be able to close this alternate financing or any other financing. While the determination to recognize the reduction in carrying value of the private portfolio company was made based on information available in January and February 2020, the reduction has been recognized in the Fund's financial statements effective as of December 31, 2019, as the determination was made before the Fund's financial statements were authorized for issue. This results in Net Assets being significantly lower than Pricing NAV published as at December 31, 2019. For purposes of determining Pricing NAV, the two reductions in carrying value were recognized effective January 31, 2020 and February 28, 2020, respectively.

### (b) Recoverability of divestment proceeds receivable:

The sale of venture investments of the Fund may include holdbacks of certain portions of the sale proceeds by the purchasers in order to account for future contingencies and uncertain financial outcomes. The Fund makes judgments about the likelihood that holdback conditions will be breached and estimates the amount of holdbacks that are recoverable at each reporting date.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 4. Critical accounting estimates and judgements (continued):

### (c) Measurement and recognition of Conditional IPA dividends:

The provision for Conditional IPA dividends is based on the amount that would be payable if the Fund's investment portfolio were disposed of at its fair value at the reporting date. IPA dividends which become payable based on actual realized gains and losses may differ from the provision for Conditional IPA dividends. Under the rights attached to the IPA Shares, certain amounts referred to as Contingent IPA are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall only be paid on the sale of the relevant portfolio investment. Please refer to Notes 8 and 11 for additional details.

## 5. Capital management:

The Fund defines Net Assets as its capital for capital management purposes. The Fund's capital management objectives are to enhance the Net Assets of the Fund through managing its funds in order to have sufficient cash flows from investments to provide all its liquidity requirements. The Fund manages and monitors liquidity and assesses the capital resources and requirements separately for the Commercialization Series and the Venture Series.

The Fund is subject to investment requirements imposed by the Act as described in Note 1. The Act defines the investments which the Fund may make, and the regulations under the Act and Plan define the period over which venture investments must be made. Until eligible venture investments are made, an amount equivalent to 30% of the proceeds from the issue of Class A shares of the Fund must be held in an Investment Protection Account. Amounts may only be withdrawn from the Investment Protection Account with the concurrence of the Administrator as eligible investments are made. As at December 31, 2019 and 2018, the Fund did not have funds held in an Investment Protection Account as it is ahead of its pacing requirements.

## 6. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability accessible by the Fund or, in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 6. Fair value measurement (continued):

### (a) Classification of financial instruments:

The following is a summary of the classification of the Fund's financial instruments, excluding provisions and redeemable shares, for the years ended December 31, 2019 and 2018. Financial assets measured at FVTPL under IFRS 9 were previously designated at FVTPL. Financial assets measured at amortized cost were previously classified as loans and receivables and measured at amortized cost. Financial liabilities continue to be measured at amortized cost under IFRS 9.

	Balanced Shares (Series 1 and 2)		Commercialization Series	
	2019	2018	2019	2018
<b>Financial assets</b>				
Measured at FVTPL:				
Bonds, deposits and other investments	\$ -	\$ 4,029,891	\$ -	\$ 5,559,465
Venture investments	60,722,707	81,754,601	1,573,585	10,930,439
	60,722,707	86,269,968	1,573,585	17,025,293
Measured at amortized cost:				
Cash	2,442,742	485,476	8,369,592	535,389
Accounts receivable	194,597	208,921	2,979	7,938
Accrued interest receivable	3,841	162,203	15,753	165,364
Divestment proceeds receivable	-	86,545	-	58,334
	2,641,180	457,669	8,388,324	231,636
	\$ 63,363,887	\$ 86,727,637	\$ 9,961,909	\$ 17,256,929
<b>Financial liabilities</b>				
Measured at amortized cost:				
Accrued service fees payable	\$ -	\$ 105,162	\$ 15,959	\$ 23,590
Other accounts payable	534,689	429,224	77,964	7,613
Accrued contingent /conditional IPA dividend	-	-	497,448	518,911
	\$ 534,689	\$ 534,386	\$ 591,371	\$ 550,114

### (b) Fair value measurement hierarchy:

Fair value measurements are analyzed by level in the fair value hierarchy as follows:

- (i) Level 1 are measurements at quoted prices (unadjusted) within the bid-ask spread which best represents fair value in active markets for identical assets or liabilities
- (ii) Level 2 consist of bonds and deposits measured through valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly based on prices reported by an independent third-party pricing service, and
- (iii) Level 3 measurements are valuations based on generally accepted valuation techniques, as described in Note 3(b).

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 6. Fair value measurement (continued):

### (b) Fair value measurement hierarchy (continued):

Management applies judgment in categorizing financial instruments using the fair value hierarchy. A fair value measurement which uses observable inputs that require significant adjustment is considered to be a Level 3 measurement. The following is a summary of the classification in the fair value hierarchy of the Fund's financial instruments measured at FVTPL for the years ended December 31, 2019 and 2018:

2019	Level 1	Level 2	Level 3	Total
Balanced Shares (series 1 & 2):				
Bonds, deposits, and other investments	\$ -	\$ -	\$ -	\$ -
Venture investments	-	-	60,722,707	60,722,707
Commercialization Series:				
Bonds, deposits, and other investments	-	-	-	-
Venture investments	-	-	1,573,585	1,573,585
<hr/>				
2018	Level 1	Level 2	Level 3	Total
Balanced Shares (series 1 & 2):				
Bonds, deposits, and other investments	\$ -	\$ 4,029,891	\$ -	\$ 4,029,891
Venture investments	-	-	81,754,601	81,754,601
Commercialization Series:				
Bonds, deposits, and other investments	-	5,559,465	-	5,559,465
Venture investments	-	-	10,930,039	10,930,039

All fair value measurements in the tables above are recurring. Transfers between levels of the fair value hierarchy are deemed to have occurred at January 1 of the period. During the years ended December 31, 2019 and 2018 there were no transfers between any levels of the fair value hierarchy. The carrying value of other financial instruments, which are measured at amortized cost, approximate fair value due to their short-term maturities.

The manager of the Fund is responsible for preparing the valuations of venture investments in private entities in accordance with the Fund's Plan and for monitoring the performance of the investee companies and market conditions for changes on an ongoing basis. The Fund's Plan complies in all material respects with the IFRS requirements for measuring fair value. The valuations of venture investments are reviewed and accepted at December 31 of each year by the Fund's Valuation Committee and are reviewed by an independent business valuator annually.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 6. Fair value measurement (continued):

### (c) Sensitivity of quantitative inputs to Level 3 fair value measurements:

The process of estimating the fair value of venture investments in private entities inherently involves measurement uncertainties and is based on techniques and assumptions that incorporate both qualitative and quantitative information and analysis. Fair value inputs consist primarily of the price of recent transactions or bona fide enforceable offers adjusted as deemed necessary for the existence of strategic interests and the subsequent performance of the investee compared to internally developed milestones or other available evidence of impairment or value creation. As such, there is no reasonable basis on which to estimate the impact of reasonably possible changes in these factors for many of the Fund's fair value measurements.

Venture investments in private entities with sustainable, recurring revenues may be valued using a comparable revenue multiple approach. In applying this approach, the manager of the Fund selects comparable public entities with similar risk and growth profiles and calculates an average enterprise value (EV) / revenue multiple applicable to the investee. Revenue multiples derived from comparable public entities may be discounted for lack of liquidity and other relevant factors before being applied to the valuation of the investee. Venture investments in private entities may also be adjusted by a discount factor for risks related to performance against expectations and the time value of money. The following table shows the sensitivity of the Fund's fair value measurements, which incorporates quantitative inputs to reasonably possible changes in those inputs:

December 31, 2019:

Unobservable Quantitative input	Fair value measured using the quantitative Input	Weighted average input	Reasonably possible shift in input (+/-)	Estimated fair value impact of reasonably possible shift input (+/-)	
				Balanced Shares (series 1 & 2)	Commercialization Series
Comparable trading multiple	\$ 43,428,372	3.9	0.5	\$ 5,800,000 (3,100,000)	\$ 632,000 (532,000)
Discount factor	287,022	82%	18%	287,000 (287,000)	- -

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 6. Fair value measurement (continued):

(c) Sensitivity of quantitative inputs to Level 3 fair value measurements (continued):

December 31, 2018:

Unobservable Quantitative input	Fair value measured using the quantitative Input	Weighted average input	Reasonably possible shift in input (+/-)	Estimated fair value impact of reasonably possible shift input (+/-)	
				Balanced Shares (series 1 & 2)	Commercialization Series
Comparable trading multiple	\$ 10,048,254	3.9	0.5	\$ 1,065,000 (1,071,000)	\$ 428,000 (257,000)
Discount factor	27,050,440	25%	10%	4,478,000 (4,471,000)	140,000 (140,000)

(d) Reconciliation of Level 3 fair value measurements:

The reconciliation of changes for investments measured at fair value using unobservable inputs (Level 3) for the years ended December 31, 2019 and 2018 is:

	Balanced Shares (series 1 & 2)	Commercialization Series
<b>2019</b>		
Beginning balance, January 1, 2019	\$ 81,754,601	\$ 10,930,439
Purchases	-	-
Sales	(570,388)	(5,954,474)
Realized gains	77,709	(51,299)
Change in unrealized appreciation (depreciation)	(20,539,215)	(3,351,081)
	<b>\$ 60,722,707</b>	<b>\$ 1,573,585</b>
Change in unrealized appreciation (depreciation) for venture investments held at the end of the period	\$ (20,505,945)	\$ (3,332,161)
<b>2018</b>		
Beginning balance, January 1, 2019	\$ 90,387,716	\$ 15,450,039
Purchases	-	500,042
Sales	(7,530,588)	(2,130,707)
Realized gains	(1,543,794)	(1,234,983)
Change in unrealized appreciation	441,267	(1,653,952)
	<b>\$ 81,754,601</b>	<b>\$ 10,930,439</b>
Change in unrealized appreciation (depreciation) for venture investments held at the end of the period	\$ 3,748,117	\$ 2,455,893

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 7. Financial risks and risk management:

The financial risks of the Fund and the management of these risks are:

### (a) Liquidity risk:

Liquidity risk is the risk that the Fund will have difficulty meeting its financial obligations as they become due. The Fund manages liquidity risk by monitoring the factors that draw on liquidity, managing the timing of asset realizations, and seeking to hold a portion of its portfolio in cash and investments readily convertible to cash. Venture investments in private companies are generally illiquid and exit opportunities may not arise when expected or at all.

The Fund's financial liabilities, except provisions and redeemable shares, are due on demand. The Balanced Shares (series 1 & 2) are currently not open for redemption as described in Note 1. Approximately 23% (December 31, 2018 - 26%) of the Commercialization Series is eligible for redemption, subject to the restrictions described in Note 8, at December 31, 2019, with the remaining shares becoming eligible for redemption over the next 1-2 years (December 31, 2018 - 1 - 3 years).

### (b) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a payment obligation owed under the instrument, causing a financial loss. The maximum exposure to credit risk for the years ended December 31, 2019 and 2018 is:

#### (i) Bonds, deposits and other investments:

Bonds, deposits and other investments may be given a credit rating by credit rating agencies based on how much credit risk they represent; the higher the credit rating, the lower the credit risk. The Fund manages this risk by generally investing in instruments issued by governments, financial institutions and issuers with credit ratings at the higher end of the range. At December 31, 2019, the Fund did not have any bonds, deposits, and other investments outstanding. At December 31, 2018, all outstanding bonds, deposits and other investments had a credit rating of AAA based on credit ratings obtained from major credit rating agencies.

	2019		2018	
	Balanced Shares (series 1 & 2)	Commercialization Series	Balanced Shares (series 1 & 2)	Commercialization Series
Bonds, deposits and other Investments (i)	\$ -	\$ -	\$ 4,029,891	\$ 5,559,465
Venture debt investments (ii)	-	250,000	511,575	6,271,575
Accounts receivable	194,597	2,979	208,921	7,938
Accrued interest receivable	3,841	15,753	162,203	165,364
Divestment proceeds receivable	-	-	86,545	58,334
	\$ 198,438	\$ 268,732	\$ 4,999,135	\$ 12,062,676

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 7. Financial risk management (continued):

### (b) Credit risk (continued):

#### (ii) Venture debt investments:

The Fund's venture investments include debt instruments which expose the Fund to credit risk. Most debt instruments held by the Series are convertible into equity securities or are expected to be converted before a divestment opportunity arises. In addition, the Series may hold debt instruments which are secured. In the event of a potential distressed liquidation, this security would rank senior to equity investors and often to many creditors. In the event the portfolio company fails and is unable to fully discharge its obligations, the Fund may be in a position through its security to monetize the company's assets, including intellectual property, and to recoup its principal to the extent possible. As at December 31, 2019 the Fund held no venture debt investments that were past due but not impaired (December 31, 2018 - Nil). As at December 31, 2019 and 2018 the Venture Series held no venture debt investments which are impaired as the expected recovery from a transaction affecting the underlying investee is less than the face value of the debt investment. As at December 31, 2019 the Commercialization Series held no (December 31, 2018 - \$510,000) venture debt investments which are impaired due to the expected recovery from a transaction affecting the underlying investee being less than the face value of the debt investment.

### (c) Currency risk:

Currency risk is the risk that financial instruments denominated in a currency other than Canadian dollars will fluctuate due to changes in the exchange rate between the Canadian dollar and the currency in which the investment is measured. The Fund manages currency risk associated with its venture portfolios by seeking to minimize the number of venture investments it makes in currencies other than Canadian dollars, to the extent possible. As venture capital investments mature through additional rounds of financing and attract investment from the United States of America, the currency measurement of investments initially made in Canadian dollars often change to US dollars. The Fund's exposure to the US dollar for the years ended December 31, 2019 and 2018 is:

	2019			2018		
	US dollar exposure	% of net assets	Impact of a 5% change in the USD/CAD exchange rate on net assets (+/-)	US dollar exposure	% of net assets	Impact of a 5% change in the USD/CAD exchange rate on net assets (+/-)
Balanced Shares	\$ 36,306,995	57.79%	2.89%	\$ 64,103,566	74.37%	3.72%
Commercialization Series	516,895	5.24%	0.26%	4,088,751	24.24%	1.22%

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 7. Financial risk management (continued):

### (d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's venture investment portfolios may contain debt instruments which are convertible into equity and which are generally expected to be converted before a divestment opportunity arises. The interest rate risk from venture debt investments is reduced as their valuation is generally based on the underlying equity securities of the entity into which the debt is convertible or expected to be converted.

Bonds, deposits and other investments are subject to interest rate risk which may affect the value of these instruments. When market interest rates rise, the value of traded interest-bearing instruments held by the Series generally falls due to a decline in demand for lower yielding instruments. The Fund's strategy for managing this risk is to monitor and adjust interest-bearing portfolio holdings in light of prevailing and expected movements in short, medium and long-term interest rates and bond prices. This may include incurring early redemption penalties in order to re-invest capital at higher rates.

As at December 31, 2019 the Fund had no exposure to interest rate risk as it did not hold bonds, deposits and other investments. As at December 31, 2018, the Fund's exposure to interest rate risk from bonds, deposits and other investments was not significant due to the short-term maturities of these investments.

### (e) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than changes caused by interest rate or currency risk). The Fund held no publicly traded for the years ended December 31, 2019 and 2018.

## 8. Share capital:

Authorized:

Unlimited number of Class A shares without par value, voting, with restrictions on transfer and redemptions, issuable in series and redeemable at the Pricing Net Asset Value (as described in Note 12) of a series share. The currently authorized series are:

### Venture Series

Unlimited number of Balanced Shares (series 1)  
Unlimited number of Balanced Shares (series 2)  
Unlimited number of Growth Shares (series 1)  
Unlimited number of Growth Shares (series 2)  
Unlimited number of GIC Shares (series 2)  
Unlimited number of Income Shares (series 2)  
Unlimited number of Financial Services Shares (series 2)  
Unlimited number of Resource Shares (series 2)  
Unlimited number of Diversified Shares (series 2)

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 8. Share capital (continued):

Authorized (continued):

### Commercialization Series

Unlimited number of 05 Commercialization Shares (series 2)  
Unlimited number of Commercialization Shares (series 2-2006)  
Unlimited number of Commercialization Shares (series 2-2007)  
Unlimited number of Commercialization Shares (series 2-2008)  
Unlimited number of Commercialization Shares (series 2-2009)  
Unlimited number of Commercialization Shares (series 2-2010)  
Unlimited number of Commercialization Shares (series 2-2011)  
Unlimited number of Commercialization Shares (series 2-2012)  
Unlimited number of Commercialization Shares (series 2-2013)  
Unlimited number of Commercialization Shares (series 2-2014)

Unlimited number of Class B shares without par value, issuable in series. The currently authorized series is:  
Unlimited number of IPA Shares, non-transferable and non-voting

As a result of various consolidations among the Venture Series, the only issued and outstanding Venture Series shares are the Balanced Shares (series 1) and the Balanced Shares (series 2) and as a result of the various conversions of Commercialization Series shares into 05 Commercialization Shares, the only issued and outstanding Commercialization Series shares are the 05 Commercialization Shares. Prior to the change in manager, Balanced Shares (series 1) and Balanced Shares (series 2) differed only in the management fee structures relating to each series of shares. Under the Management Agreement Balanced Shares (series 1) and Balanced Shares (series 2) have the same management fee structure. Further details can be found in Note 11.

### (a) Class A Shares:

The following Class A shares were redeemed during the year ended December 31, 2019:

Number of Class A shares (in 000's)	Outstanding shares beginning of period	Redemption of shares	Outstanding shares end of period
Balanced Shares (series 1)	\$ 4,013	-	\$ 4,013
Balanced Shares (series 2)	12,421	-	12,421
05 Commercialization Shares	1,833	(409)	1,424

The following Class A shares were redeemed during the year ended December 31, 2018:

Number of Class A shares (in 000's)	Outstanding shares beginning of period	Redemption of shares	Outstanding shares end of period
Balanced Shares (series 1)	\$ 4,013	-	\$ 4,013
Balanced Shares (series 2)	12,421	-	12,421
05 Commercialization Shares	2,160	(267)	1,833

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 8. Share capital (continued):

### (a) Class A Shares (continued):

The Fund has always reserved the right to not pay the service/trailer commissions if the amounts are less than a minimal amount or in other specific circumstances it may specify from time to time. Effective for the first quarter of 2019, the Fund's Board specified the Venture Series shares continuing to be off redemption as the Fund continues to work towards a potential reorganization of assets as such a circumstance in which the Fund will not pay service/trailer commissions on the Venture Series shares. Accordingly, the Fund ceased paying service fees/trailer commissions with respect to Venture Series shares beginning January 1, 2019. For the Commercialization Series, at December 31, 2019, the Fund pays a service fee of 0.5% of Pricing NAV per annum or 1% of Pricing NAV per annum to all registered dealers for selling shares, depending on whether a 5% commission or 2% commission was paid by the Fund (as selected by the dealer) on the initial purchase. Services fees are payable until the related Commercialization Series shares are redeemed. During the year ended December 31, 2019, a total of \$68,956 (December 31, 2018 - \$101,410) was paid by the Fund for service fees related to Commercialization Series shares (December 31, 2018 - Class A shares).

The rights and restrictions attached to each Series provides holders of that Series the right to receive dividends if and when the Fund's board declares them, with the dividends being paid out of the assets attributed to that Series as described in Note 13.

The rights and restrictions attached to the Class A Shares also provide, among other matters, that shareholders may request redemption of their shares at any time after eight years from the date they were issued, except for Venture Series shares purchased between January 1, 2007 and March 1, 2007 for which redemption may be requested any time after five years from the date of issue, at the Pricing NAV (as further described in Note 12) of the shares on the date of redemption. As provided for in the Fund's articles, its Plan and the Act, the Fund is not required to redeem Class A Shares in certain circumstances which includes if the redemption would create a working capital deficiency for the Fund, cause it to be in default of its financial obligations under an arm's length loan agreement, if the Fund is insolvent or the redemption would cause the Fund to become insolvent, or if total redemptions in any fiscal year exceeded 20% of the Fund's retained earnings as at the last day of the immediately preceding financial year or 50% of the Fund's net earnings after taxes for the previous fiscal year. Following the adoption of the cash dividend distribution policy(as described in Note 13) for the Venture Series only, the Fund does not expect to reopen redemptions of the Venture Series generally and expects to process Venture Series shares redemptions only in the very limited circumstances relating to hardship dispositions, provided there are available funds to do so. The cash dividend distribution policy only applies to the Fund's Venture Series shares and will not affect redemptions of Commercialization Series shares as the Fund manages liquidity separately for Venture Series shares and the Commercialization Series shares.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 8. Share capital (continued):

### (b) Class B Shares:

There are 100 Class B Shares ("IPA Shares") issued and outstanding which are held by the Initial Manager. Until February 1, 2019, the Initial Manager was entitled to IPA dividends on the IPA Shares, paid quarterly, equal to 20% of the realized gains and income from a venture investment owned by or allocated to Series 2 shares when the following conditions are met:

- The total net realized and unrealized gains and income from the portfolio of venture investments allocated to the particular series of shares since the date on which that series was initially offered exceeds the average 5 year GIC rate plus 2%
- The return from that venture investment exceeds an annual rate of return on that investment of 12%
- The principal invested in that venture investment has been fully recovered.

From time to time, the Series is required to accrue Conditional IPA dividends. Conditional IPA dividends are not amounts that are actually paid or payable, but are an estimate of IPA dividends that would be payable if the entire venture portfolio were disposed of at the estimated fair value as of the period end. Under the rights attached to the IPA Shares, certain amounts referred to as Contingent IPA are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which would only be paid on the sale of the related portfolio investments. Please refer to Note 11 for additional details. All interest income received or accrued on venture investments that is used or will be used or allocated for the purposes of paying dividends in accordance with dividend policies for the Commercialization Series, as described in Note 13, is excluded from the calculation of IPA dividends.

## 9. Income taxes:

The Fund is a single entity for the purposes of reporting its income taxes under the Income Tax Act.

The Fund qualifies as a mutual fund corporation under the provisions of the Income Tax Act (Canada). As such, income taxes payable by the Fund on net realized capital gains will be fully refundable on a formula basis when shares are redeemed or capital gains dividends are paid or deemed to be paid by the Fund to its shareholders. Income taxes payable on net investment income, other than capital gains, and certain dividends received from Canadian corporations, will be partially refundable upon the payment or deemed payment of taxable dividends, other than capital gains dividends. The Fund will record the refundable portion of its income taxes as an asset to the extent that such amounts will be recovered through the distribution of a Class A share dividend from net investment income and/or realized capital gains on investments.

The Fund did not have taxable income after applying available unused capital and non-capital income tax losses carried forward and was not assessed income taxes for the years ended December 31, 2019 and 2018. As at the end of the 2019 tax year, the Fund has non-capital losses of approximately \$51.7 million available for deduction against future taxable incomes which, if unused, will expire between 2027 and 2039. The Fund also had capital losses, subject to certain restrictions, of approximately \$143.5 million available for deduction against future capital gains which have no expiry date.

The potential future benefits arising from the Fund's net deferred tax assets have not been recognized in these financial statements as their realization is uncertain.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 10. Significant influence over investees:

The Fund has significant influence over an investee when it has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies. Significant influence, as defined by IFRS, exists when the Fund holds at least 20% but not more than 50% of the voting power of the investee or if it participates significantly in the financial and operating policy decisions in other ways, such as through representation on the board of directors. For the years ended December 31, 2019 and 2018, the Fund has assessed that it has significant influence over the following investees:

Investee	Percentage ownership
Sandbox Technologies Inc.	48.5%
1150818 B.C. Ltd.	33.8%
4300092 Canada Inc.	23.6%

---

For the years ended December 31, 2019 and 2018, the Fund did not provide financial support to these investees and has no intention of providing financial or other support. The principal place of business of these investees is British Columbia, Canada. The Fund does not have control or joint control over any of its investees.

## 11. Management agreement:

During the year ended December 31, 2019, there was a change in the manager of the Fund and the management agreement. Refer to Note 1 for additional details.

### (a) Fees payable up to February 28, 2019:

Under the IM Management Agreement, the Initial Manager provided management services to the Fund until February 28, 2019.

Under the IM Management Agreement, the Initial Manager was responsible for paying the Fund's general operating expenses, with the following exceptions: management fees payable to the Initial Manager, applicable taxes, capital items, commissions, a portion of fees payable to the Fund's IRC and expenses unique to early stage, research and/or development company investing.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 11. Management agreement:

(a) Fees payable up to February 28, 2019 (continued):

(i) Fees payable by Balanced Shares (series 1) ("Series 1 shares") shareholders:

Under the terms of the IM Management Agreement, the Fund paid the Initial Manager a monthly fee of 2.22% to 3.01% of the Fund's month end Pricing NAV of the Series 1 shares, less any fee or benefit, including finders' fees, directors' fees and consulting fees, received by the Initial Manager from investees or prospective investees, from which the Initial Manager paid all costs of operating the Fund other than certain share issue commissions and income taxes. The fees under this agreement for the two month period from January 1, 2019 to February 28, 2019 were \$120,228, including GST of \$5,725 (year ended December 31, 2018 - \$753,944 including GST of \$35,902).

The Initial Manager was also entitled to a performance bonus equal to 20% of the net return on the Series 1 shares' proportionate share of the venture investments in excess of a threshold return of the greater of 10% or the average 5-year GIC rate during the year plus 3%. No performance bonus was paid or payable by the Series 1 shares in the period or in 2018.

(ii) Fees payable by Balanced Shares (series 2) and Commercialization Series shares (together the "Series 2 shares"):

Under the terms of the IM Management Agreement, the Fund pays the Initial Manager a monthly management fee of 2.00% and an administration fee of between 0.50% to 1.29% of the proportionate share of the Fund's month end Pricing NAV attributable to the Balanced Series 2 shares, less any fee or benefit, including finders' fees, directors' fees and consulting fees, received by the Initial Manager from investees or prospective investees, from which the Initial Manager paid all costs of operating the Fund other than certain share issue commissions and income taxes.

The management and administration fees under the IM Management Agreement for the Balanced Shares (series 2) for the period from January 1, 2019 to February 28, 2019 were \$357,248 including GST of \$17,011 (year ended December 31, 2018 - \$2.2 million including GST of \$109,007). The fees under this agreement for the Commercialization Series shares for the two month period from January 1 to February 28, 2019 were \$95,591, including GST of \$4,552 (year ended December 31, 2018 - \$662,172, including GST of \$33,109).

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 11. Management agreement:

(a) Fees payable up to February 28, 2019 (continued):

(ii) Fees payable by Balanced Shares (series 2) and Commercialization Series shares (together the "Series 2 shares") (continued):

The Initial Manager also had a participating interest in the realized gains and income attributable to Commercialization Series shares, payable through dividends on the IPA Shares. During the year ended December 31, 2019, the Commercialization Series shares recorded no IPA dividends (December 31, 2018 - nil) nor were there IPA dividends payable as at December 31, 2019. Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall only be paid on the sale of the relevant portfolio investment. The Series has accrued a Contingent IPA dividend payable to the Initial Manager only upon sale of the relevant portfolio company of \$497,448 (recorded as Conditional IPA dividend at December 31, 2018 - \$518,911), with the decrease reflecting the change in the value of venture investments from December 31, 2018 to February 28, 2019 being the date on which the Initial Manager ceased being the Fund's manager (Note 1).

(b) Fees payable after February 28, 2019:

Under the Management Agreement, the annual management fee payable is 1.5% of Pricing NAV of the all series of shares of the Fund and the Fund pays operating expenses set out in an annual budget approved by the Fund's Board and any expenditure by the Fund that is more than \$10,000 and not included in the annual budget must be approved by the Fund's Board, acting reasonably.

The management fees for the Balanced Shares (Series 1) for the ten month period from March 1, 2019 to December 31, 2019 were \$306,714 including GST of \$14,939 (year ended December 31, 2018 - nil). The fees under this agreement for the Balanced Shares (Series 2) for the ten month period from March 1, 2019 to December 31, 2019 were \$838,103, including GST of \$40,821 (year ended December 31, 2018 - nil). The management fees for the Commercialization Series shares for the ten month period from March 1, 2019 to December 31, 2019 were \$171,191 including GST of \$8,338 (December 31, 2018 - nil).

In the period from December 21, 2018 to February 28, 2019, the Manager provided certain services to the Fund to ensure an efficient transfer of management, and received a fee in respect of the Venture Series shares of \$127,320 including GST, of which \$64,253 was paid during the year ended December 31, 2019 and \$63,067 was paid in December 2018. Additionally, the Manager received a fee from Commercialization Series shares of \$24,930 including GST, of which \$11,872 was paid during year ended December 31, 2019 and \$13,058 was paid in December 2018.

There is no performance bonus for Pender under the Management Agreement; however, on completion of a possible future reorganization of Fund assets, Pender will be entitled to a success fee on the same terms and conditions as currently calculated under the Fund's incentive participation shares provided that no such success fee would be paid or accrued until all preferred shares issued to Fund shareholders in connection with such reorganization have been redeemed.

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

## 12. Reconciliation of pricing net asset value per share:

The Fund records share issues net of commissions and certain fees and other costs in accordance with IFRS. This results in net assets attributable to holders of Class A shares ("Net Assets") calculated in accordance with IFRS which differs from that used for the purposes of the sale and redemption of shares of the Fund ("Pricing NAV"). For the purposes of determining Pricing NAV, share issue commissions and certain fees and other costs are notionally capitalized and amortized on a straight-line basis over the 8- year hold period of the related shares. As outlined in Note 4, while the determination to recognize the reduction in carrying value of the private portfolio company was made based on information available in January and February 2020, the reduction has been recognized in the Fund's financial statements effective as of December 31, 2019, as the determination was made before the Fund's financial statements were authorized for issue. This also results in Net Assets being significantly lower than Pricing NAV published as at December 31, 2019

The following reconciliation of Net Assets and Pricing NAV at December 31, 2019 and 2018 identifies the differences between the trading prices of the shares of the Fund and the net asset values of the shares disclosed in these financial statements:

2019 - Balance Shares	Series 1	Series 2
Series net assets per share	\$ 4.33	\$ 3.66
Unamortized balance of share issue commissions, fees and other costs per share	-	-
Portfolio company adjustment	1.35	1.35
Pricing NAV per share	\$ 5.68	\$ 5.01

There is no difference between Net Assets and Pricing NAV for the Balanced Shares as at December 31, 2018.

Commercialization Series	2019	2018
Series net assets per share	\$ 6.58	\$ 9.11
Unamortized balance of share issue commissions, fees and other costs per share	0.04	0.08
Portfolio company adjustment	1.87	-
Pricing NAV per share	\$ 8.49	\$ 9.19

# WORKING OPPORTUNITY FUND (EVCC) LTD.

Notes to Financial Statements

Years ended December 31, 2019 and 2018

---

## 13. Series dividend policies:

The rights and restrictions attached to each Series provides holders of that Series the right to receive dividends if and when the Fund's board declares them with the dividends being paid out of the assets attributed to that Series.

### (a) Venture Series Cash Dividend Distribution Policy:

The Fund has adopted a cash dividend distribution policy for the Venture Series to distribute available cash through an orderly realization of value from dispositions in the Venture Series' portfolio while maintaining funds for strategic follow-on investments (within the existing portfolio only), liabilities and anticipated operating expenses of the Venture Series. There were no cash dividends paid to Venture Series shareholders during the years ended December 31, 2019 and 2018.

### (b) Commercialization Series Specific Dividend Policy and Conversions:

The Board adopted a dividend policy to pay dividends on each Commercialization Series equal in total to 25% of the purchase price of the shares during the three year period after the Series was offered for sale. Since its initial offering of the Commercialization Series shares in 2005, the Fund has met this dividend policy each year, completing the final dividend payment on previously offered series in February 2016. Once a Series has completed its dividend payments and has been allocated interest and other income at least equal to the amount of dividends paid under its dividend policy, that Series is converted into shares of the 05 Commercialization Shares at the relative net asset value at that time. No dividends were paid by the Commercialization Series in the years ended December 31, 2019 and 2018.

## 14. Independent valuator:

A qualified chartered business valuator within the valuations practice of KPMG, Chartered Professional Accountants, the Fund's independent auditor as at December 31, 2019, performed an independent review of the fair value of the Fund's venture investment portfolio at the Fund's most recent year end (December 31, 2018 - Hay & Watson, Chartered Professional Accountants) as required by National Instrument 81-106 issued by the Canadian Securities Administrators, and reported that the estimated fair value of the venture investment portfolio as determined by the Initial Manager was, in all material respects, reasonable.

## 15. Subsequent event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak.

There are meaningful direct and indirect effects developing particularly with companies. The Fund will continue to support its portfolio companies and monitor the impact COVID-19 has on them and reflect the consequences as appropriate in its accounting and reporting.