
Local Media Concepts Inc.

Financial Information

December 31, 2021

Local Media Concepts Inc.

Financial Statements

December 31, 2021

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VAIVE AND ASSOCIATES
Professional Corporation

Compilation Engagement Report

To the Management of Local Media Concepts Inc.

On the basis of information provided by management, we have compiled the balance sheet of Local Media Concepts Inc. as at December 31, 2021, the statement of income and retained earnings for the year then ended, and note 2, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Vaive and Associates

**Ottawa
June 20, 2022**

**Vaive and Associates Professional Corporation
(Authorized to practice public accounting by the Chartered
Professional Accountants of Ontario)**

Local Media Concepts Inc.**Statement of Income and Retained Earnings**

For the year ended December 31,	2021	2020
Revenue	\$ 1,431,098	\$ 1,457,153
Expenses		
Advertising and promotion	2,226	-
Amortization	3,832	2,983
Automotive	9,636	7,375
Bad debts	4,610	-
Communications	2,403	2,373
Interest and bank charges	181,510	77,460
Management fees	439,600	225,354
Meals and entertainment	3,513	2,329
Office	50,817	33,450
Professional fees	3,000	3,000
Rent	1,430	1,347
Salaries and benefits	169,852	191,774
Software subscriptions	1,769	31,144
Subcontract	737,265	722,719
Travel	3,690	6,901
	1,615,153	1,308,209
Income (loss) before income taxes	(184,055)	148,944
Income tax (recovery)	(19,921)	17,899
Net income (Net loss)	(164,134)	131,045
Retained earnings, beginning of year	362,897	231,852
Retained earnings, end of year	\$ 198,763	\$ 362,897

Local Media Concepts Inc.**Balance Sheet**

December 31,	2021	2020
Assets		
Current		
Cash	\$ 306,359	\$ 22,919
Accounts receivable	240,879	387,216
Prepaid expenses	569	659
Income taxes receivable	19,921	-
Total Current	567,728	410,794
Due from a shareholder	30,000	30,000
Property, plant and equipment (note 4)	5,876	5,848
Domain name, net of accumulated amortization	20,928	20,928
	\$ 624,532	\$ 467,570
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 365,669	\$ 53,434
Deposits	-	33,240
Income taxes payable	-	17,899
Total Current	365,669	104,573
Long-term debt (note 5)	60,000	-
	425,669	104,573
Shareholders' equity		
Capital stock (note 6)	100	100
Retained earnings	198,763	362,897
	198,863	362,997
	\$ 624,532	\$ 467,570

Approved by the board:

Director

Local Media Concepts Inc.

Notes to the Financial Information

For the year ended December 31, 2021

1. Nature of operations

Local Media Concepts Inc. was incorporated under the Canada Business Corporations Act on February 3, 2012. The Company's primary business activity is providing advertising services.

2. Basis of accounting

The basis of accounting applied in the preparation of the balance sheet of Local Media Concepts Inc. as at December 31, 2021, and the statement of income and retained earnings for the year then ended, is the historical cost basis and reflects cash transactions with the addition of the following:

- ◆ accounts receivable less an allowance for doubtful accounts
- ◆ prepaid expenses
- ◆ property, plant and equipment amortized on the same basis as for income tax
- ◆ accounts payable and accrued liabilities
- ◆ current income taxes payable as at the reporting date

3. Significant accounting policy

Property, plant and equipment

Property, plant and equipment are recorded at cost. The company provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	20%
Computer equipment	55%

4. Property, plant and equipment

	2021		
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 1,770	\$ 750	\$ 1,020
Computer equipment	50,634	45,778	4,856
	\$ 52,404	\$ 46,528	\$ 5,876

Local Media Concepts Inc.**Notes to the Financial Information**

For the year ended December 31, 2021

4. Property, plant and equipment (continued)

	<u>2020</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Furniture and fixtures	\$ 1,770	\$ 496	\$ 1,274
Computer equipment	46,776	42,202	4,574
	<u>\$ 48,546</u>	<u>\$ 42,698</u>	<u>\$ 5,848</u>

5. Long-term debt

In response to the COVID19 crisis, the Government of Canada implemented the Canada Emergency Business Assistance ("CEBA") program that provides interest-free loans of up to \$60,000 for eligible small businesses. The company took advantage of this program and received the maximum loan allowed under the program. Repaying the loan on or before December 31, 2023 will result in a forgiveness of 33% of the loan (up to \$20,000). The forgiven portion is recognized as taxable income in the year the assistance is received. If the loan is not repaid by December 31, 2023, interest at an annual rate of 5% will be applied and become payable monthly until the loan is paid off in full. The loan must be fully repaid by December 31, 2025.

6. Capital stock

	<u>2021</u>	<u>2020</u>
Authorized		
Unlimited number of First Preferred Shares		
Unlimited number of Second Preferred Shares		
Unlimited number of Third Preferred Shares		
Unlimited number of Fourth Preferred Shares		
Unlimited number of Class A Common Shares		
Unlimited number of Class B Common Shares		
Unlimited number of Class C Common Shares		
Issued		
1,000 Class A Common Shares	<u>\$ 100</u>	<u>\$ 100</u>
