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**Local Media Concepts Inc.**

**Financial Information**

**December 31, 2022**

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**Local Media Concepts Inc.**

**Financial Statements**

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**December 31, 2022**

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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, 2022, 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  
February 16, 2023

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

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

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For the year ended December 31,	<u>2022</u>	<u>2021</u>
<b>Revenue</b>	<b>\$ 1,572,014</b>	<b>\$ 1,431,098</b>
<b>Expenses</b>		
Advertising and promotion	100	2,226
Amortization	5,882	3,832
Automotive	9,688	9,636
Bad debts	-	4,610
Communications	3,373	2,403
Interest and bank charges	224,497	181,510
Management fees	370,000	439,600
Meals and entertainment	5,175	3,513
Office	26,589	50,817
Professional fees	1,830	3,000
Rent	1,786	1,430
Salaries and benefits	128,936	169,852
Software subscriptions	18,108	1,769
Subcontract	716,878	737,265
Travel	1,505	3,690
	<u>1,514,347</u>	<u>1,615,153</u>
<b>Income (loss) before income taxes</b>	<b>57,667</b>	<b>(184,055)</b>
<b>Income tax (recovery)</b>	<b>6,767</b>	<b>(19,921)</b>
<b>Net income (Net loss)</b>	<b>50,900</b>	<b>(164,134)</b>
<b>Retained earnings, beginning of year</b>	<b>198,763</b>	<b>362,897</b>
<b>Retained earnings, end of year</b>	<b>\$ 249,663</b>	<b>\$ 198,763</b>

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**Local Media Concepts Inc.****Balance Sheet**

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December 31,	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 265,718	\$ 306,359
Accounts receivable	262,554	240,879
Prepaid expenses	-	569
Income taxes receivable	-	19,921
	<hr/>	<hr/>
<b>Total Current</b>	<b>528,272</b>	567,728
<b>Due from a shareholder</b>	<b>30,000</b>	30,000
<b>Property, plant and equipment (note 4)</b>	<b>10,931</b>	5,876
<b>Domain name, net of accumulated amortization</b>	<b>20,928</b>	20,928
	<hr/>	<hr/>
	<b>\$ 590,131</b>	<b>\$ 624,532</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 273,601	\$ 365,669
Income taxes payable	6,767	-
	<hr/>	<hr/>
<b>Total Current</b>	<b>280,368</b>	365,669
<b>Long-term debt (note 5)</b>	<b>60,000</b>	60,000
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	<b>340,368</b>	425,669
	<hr/>	<hr/>
<b>Shareholders' equity</b>		
<b>Capital stock (note 6)</b>	<b>100</b>	100
<b>Retained earnings</b>	<b>249,663</b>	198,763
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	<b>249,763</b>	198,863
	<hr/>	<hr/>
	<b>\$ 590,131</b>	<b>\$ 624,532</b>
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Approved by the board:

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Director

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## Local Media Concepts Inc.

### Notes to the Financial Information

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#### For the year ended December 31, 2022

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#### 1. General information

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, 2022, 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
- ♦ 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

	2022		
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 1,770	\$ 954	\$ 816
Computer equipment	61,572	51,457	10,115
	<u>\$ 63,342</u>	<u>\$ 52,411</u>	<u>\$ 10,931</u>

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

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**For the year ended December 31, 2022**

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**4. Property, plant and equipment (continued)**

	<u>2021</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Furniture and fixtures	\$ 1,770	\$ 750	\$ 1,020
Computer equipment	50,634	45,778	4,856
	<u>\$ 52,404</u>	<u>\$ 46,528</u>	<u>\$ 5,876</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>2022</u>	<u>2021</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>

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