ZOOMERMEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2021 and 2020

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BDO Canada LLP
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Independent Auditor's Report

To the Shareholders of ZoomerMedia Limited

Opinion

We have audited the consolidated financial statements of ZoomerMedia Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at August 31, 2021 and 2020, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at August 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Information

Management is responsible for the other information. The other information comprises the information, included in the Management Discussion and Analysis for the year ended August 31, 2021 filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's 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 this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Matutat.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario
November 25, 2021

ZOOMERMEDIA LIMITED

Consolidated Statements of Financial Position

(expressed in Canadian dollars)	August 31, 2021	August 31, 2020
ASSETS		
Current assets		
Cash	$ 16,675,352	$ 17,670,346
Short-term investments (Note 4)	16,646,347	10,405,211
Trade and other receivables	7,875,768	10,027,598
Prepaid expenses	2,626,363	613,597
	43,823,830	38,716,752
Non-current assets		
Property and equipment (Note 5)	3,663,418	3,326,432
Right-of-use assets (Note 6)	21,473,295	23,041,972
Deferred tax assets (Note 9)	3,318,352	2,613,561
Intangible assets (Note 7)	13,137,870	14,289,440
Goodwill (Note 7)	2,768,738	2,768,738
Other non-current assets	437,348	406,730
TOTAL ASSETS	$ 88,622,851	$ 85,163,625
LIABILITIES		
Current liabilities		
Trade and other payables	$ 6,796,623	$ 4,916,520
Current portion of contract liabilities (Note 8)	3,139,383	3,736,641
Income tax liabilities	620,899	2,064,542
Dividend payable (Note 10)	1,652,606	—
Current portion of lease liabilities (Note 6)	982,380	863,414
Program rights liabilities	1,697,094	1,455,715
Current portion of provisions	—	8,570
	14,888,985	13,045,402
Non-current liabilities		
Contract liabilities (Note 8)	683,153	1,011,615
Deferred tax liabilities (Note 9)	89,040	89,040
Long-term lease liabilities (Note 6)	22,061,391	23,023,479
	37,722,569	37,169,536
EQUITY		
Equity attributable to owners of the parent		
Share capital	63,680,453	63,130,020
Contributed surplus	4,053,632	3,778,855
Deficit	(14,810,323)	(16,686,566)
	52,923,762	50,222,309
Non-controlling interest (Note 21)	(2,023,480)	(2,228,220)
Total equity	50,900,282	47,994,089
TOTAL LIABILITIES AND EQUITY	$ 88,622,851	$ 85,163,625

Commitments and contingent liabilities (Note 19)

APPROVED ON BEHALF OF THE BOARD:

signed Director — Moses Znaimer

signed Director — Peter Palframan

ZOOMERMEDIA LIMITED

Consolidated Statements of Income and Comprehensive Income
For the years ended August 31, 2021 and 2020

	Year ended	
	August 31, 2021	**August 31, 2020**
Revenue	$ 48,860,672	$ 50,685,778
Operating expenses (Note 11)	39,618,093	40,247,196
Depreciation (Note 5, 6)	2,371,474	2,420,865
Amortization of other intangible assets (Note 7)	1,028,195	1,122,984
Operating income	5,842,910	6,894,733
Interest income	(118,799)	(660,921)
Interest expense (Note 6)	1,295,981	1,337,490
Net interest expense	1,177,182	676,569
Unrealized (gain) loss on equity instruments (Note 4)	(212,686)	160,663
Loss on sale of equity instruments (Note 4)	8,683	—
Gain on sale of property (Note 5)	—	(149,314)
	(204,003)	11,349
Net income before income taxes	4,869,731	6,206,815
Income tax expense (Note 9)	1,136,142	1,615,951
Net income from continuing operations	3,733,589	4,590,864
Net income from discontinued operations (Note 12)	—	2,610,175
Net income and comprehensive income for the period	$ 3,733,589	$ 7,201,039
Net income and comprehensive income attributed to:		
Owners of the parent	$ 3,528,849	$ 7,201,039
Non-controlling interest (Note 21)	204,740	—
	$ 3,733,589	$ 7,201,039
Basic and diluted income per share (Note 13)		
Continuing operations	$ 0.01	$ 0.01
Discontinued operations	0.00	0.00
Net income per share (basic and diluted)	$ 0.01	$ 0.01

ZOOMERMEDIA LIMITED
Consolidated Statements of Cash Flows
For the years ended August 31, 2021 and 2020

	Year ended	
	August 31, 2021	**August 31, 2020**
Operating activities		
Net income from continuing operations	$ 3,733,589	$ 4,590,864
Add (deduct) non-cash items:		
Depreciation (Note 5)	776,222	776,438
Depreciation of right-of-use assets (Note 6)	1,595,252	1,644,427
Amortization of program rights (Note 7)	5,101,889	5,817,265
Amortization of other intangibles (Note 7)	1,028,195	1,122,984
Stock-based compensation	383,560	25,371
Interest accrued on short-term investments	(5,850)	(19,835)
Dividends accrued on short-term investments	(18,488)	—
Deferred income tax recovery (Note 9)	(704,791)	(91,393)
Unrealized (gain) loss on equity instruments (Note 4)	(212,686)	160,663
Change in other non-current assets	(30,618)	331,796
Interest expense on lease liabilities (Note 6)	1,293,667	1,336,330
Gain on sale of property (Note 5)	—	(149,314)
Loss on sale of equity instruments (Note 4)	8,683	—
Change in contract liabilities	(925,720)	(895,882)
Net change in non-cash working capital (Note 14)	591,292	5,048,903
Operating activities from discontinued operations (Note 12)	—	(2,247,249)
	12,614,196	17,451,368
Purchase of program rights (Note 7)	(4,630,603)	(5,259,413)
Change in liabilities related to program rights	241,379	(582,300)
	(4,389,224)	(5,841,713)
	8,224,972	11,609,655
Investing activities		
Purchase of short-term investments	(41,885,721)	(29,142,960)
Proceeds from sale of short-term investments	35,848,588	25,124,718
Proceeds from sale of property, net (Note 5)	—	258,641
Additions to property and equipment (Note 5)	(1,113,208)	(416,203)
Purchase of other intangible assets (Note 7)	(347,911)	(85,555)
Investing activities from discontinued operations (Note 12)	—	4,887,855
	(7,498,252)	626,496
Financing activities		
Issuance of shares under stock option plan (Note 10)	441,650	—
Repayment of lease liabilities (Note 6)	(2,163,364)	(2,135,836)
	(1,721,714)	(2,135,836)
Change in cash	(994,994)	10,100,315
Cash, beginning of period	17,670,346	7,570,031
Cash, end of period	$ 16,675,352	$ 17,670,346
Supplementary cash flow information:		
Interest paid	$ 1,295,981	$ 1,338,352
Income taxes paid	3,534,195	—

ZOOMERMEDIA LIMITED
Consolidated Statements of Changes in Equity
For the years ended August 31, 2021 and 2020

	Common Shares		Preference Shares		Contributed Surplus	Deficit	Non-controlling Interest	Total Shareholders' Equity
	#	$	#	$	$	$	$	$
Balance - September 1, 2019	264,330,297	24,342,107	387,879,129	38,787,913	3,753,484	(23,887,605)	(2,228,220)	40,767,679
Stock-based compensation	—	—	—	—	25,371	—	—	25,371
Net income from continuing operations	—	—	—	—	—	4,590,864	—	4,590,864
Net income from discontinued operations	—	—	—	—	—	2,610,175	—	2,610,175
Balance - August 31, 2020	264,330,297	24,342,107	387,879,129	38,787,913	3,778,855	(16,686,566)	(2,228,220)	47,994,089
Balance - September 1, 2020	264,330,297	24,342,107	387,879,129	38,787,913	3,778,855	(16,686,566)	(2,228,220)	47,994,089
Stock-based compensation	—	—	—	—	383,560	—	—	383,560
Exercise of stock options	8,833,000	550,433	—	—	(108,783)	—	—	441,650
Dividends declared	—	—	—	—		(1,652,606)	—	(1,652,606)
Net income and comprehensive income from continuing operations	—	—	—	—	—	3,528,849	204,740	3,733,589
Balance - August 31, 2021	273,163,297	24,892,540	387,879,129	38,787,913	4,053,632	(14,810,323)	(2,023,480)	50,900,282

1. NATURE OF OPERATIONS

ZoomerMedia Limited (the "**Company**" or "**ZoomerMedia**") is a multimedia company that serves the 45plus "Zoomer" demographic through television, radio, magazine, internet, conferences and trade shows. ZoomerMedia's television properties include; Vision TV, a multi-cultural, multi-faith, family friendly specialty television service; ONE: Get Fit, offering 24 hours of fitness and healthy living programs; JoyTV in Vancouver, Victoria, Surrey and the Fraser Valley, and FAITH TV in Winnipeg, both devoted to broadcasting Christian and local programming; and TVL Channel 5, a linear television channel guide available to Rogers households in Ontario and New Brunswick. ZoomerMedia's radio properties include CFMZ-FM Toronto - The New Classical 96.3FM, CFMX-FM Cobourg - The New Classical 103.1FM, CFMO-FM Collingwood - The New Classical 102.9FM, Canada's only commercial classical music radio stations serving the Greater Toronto Area (GTA), eastern Ontario and Collingwood, CFZM-AM 740 Toronto and CFZM-FM 96.7FM Toronto - Zoomer Radio, Toronto's "Timeless Hits" station. ZoomerMedia also publishes ZOOMER Magazine, the Company's flagship magazine that caters to the 45 plus market, On The Bay Magazine, a regional lifestyle magazine published quarterly for the 20 towns and villages of Southern Georgian Bay, Ontario, as well as Tonic Magazine (**"Tonic"**), a regional health and wellness magazine published every two months and distributed across the City of Toronto. ZoomerMedia is Canada's leading provider of online content targeting the 45 plus age group through many properties, the key one being www.EverythingZoomer.com. ZoomerMedia has trade show and conference divisions that produce the ZoomerShows, annual consumer shows directed to the Zoomer demographic and ideaCity, an annual Canadian conference also known as 'Canada's Premiere Meeting of the Minds'. ZoomerMedia also had a Software-as-a-Service (**"SaaS"**) platform called Darwin CX that manages customer experience orchestration for external clients that was launched in September 2018, and sold in August 2020 (see Note 12).

Effective September 1, 2021, MZ Media Inc., the legal entity holding all of the Company's radio properties, was amalgamated into ZoomerMedia Limited.

The Company is incorporated and domiciled in Canada and its registered office is located at 70 Jefferson Avenue, Toronto, Ontario, M6K 1Y4. The Company's shares are publicly traded on the TSX Venture Exchange under the symbol "ZUM".

These consolidated financial statements have been authorized for issue in accordance with a resolution from the Board of Directors on November 24, 2021.

2. BASIS OF PREPARATION

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board (**"IASB"**).

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated financial statements are disclosed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets that are measured at fair value.

(b) Basis of Consolidation

These financial statements consolidate the accounts of the Company and its subsidiaries, all of which are wholly owned as at August 31, 2021. Subsidiaries are those entities (including structured entities) which the Company controls. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the President and Chief Executive Officer.

(d) Interests in Structured Entities and Other

JTM Amalco Inc. (**"JTM Amalco"**), JTM Hit Parade Inc. (**"JTM Hit Parade"**), JTM Unholy Inc. (**"JTM Unholy"**), JTM Hit Parade 3 Inc. **("JTM Hit Parade 3")**, JTM Healing Gardens Inc. **("JTM Healing Gardens")**, 2585882 Ontario Inc. (**"Kettle Bells Series")**, and JTM Hit Parade 4 Inc. **("JTM Hit Parade 4")** are structured entities. Effective May 1, 2021, the Company amalgamated previously stand-alone entities JTM Classical Performance Inc., JTM Holiday Special Inc., JTM Holiday Special II Inc., JTM Classical Performance II Inc., JTM Libby's Story Inc., Gospel Song Productions Inc., and People Who Sing Together 2 Inc. into JTM Amalco to streamline the reporting function of all inactive structured entities.

JTM Amalco was incorporated on May 1, 2021, JTM Hit Parade was incorporated on November 23, 2017, JTM Unholy was incorporated on July 17, 2018, JTM Hit Parade 3 was incorporated on November 28, 2018, JTM Healing Gardens was incorporated on September 17, 2019, Kettle Bells Series was incorporated on July 5, 2017, and JTM Hit Parade 4 was incorporated on May 12, 2020.

The Company concluded that it controls JTM Amalco, JTM Hit Parade, JTM Unholy, JTM Hit Parade 3, JTM Healing Gardens, Kettle Bells Series, and JTM Hit Parade 4 (together **"the JTM entities"**) as the main activities of the JTM entities is the creation of television programming content for which the Company will have exclusive Canadian rights. Additionally, the JTM entities are dependent on the Company for financial support, both in the form of program license fee payments as well as through the provision of production services, including equipment and personnel. The JTM entities also expect to receive funding from the Canada Media Fund and through Federal and Provincial tax credits. To the extent such amounts are not received, the JTM entities may not have the ability to pay the Company for the provision of production services.

As at August 31, 2021, cash of $683,999 and other current liabilities of $538,951 are included in the consolidated financial statements resulting from the consolidation of the JTM entities (August 31, 2020, cash of $858,255 and other current liabilities of $241,345).

Net income before income taxes for the year ended August 31, 2021 increased by $42,693 resulting from the consolidation of the JTM entities (August 31, 2020 - net income before income taxes increased by $138,247).

Canadian Association of Retired Persons ("**CARP**") is a national, non-partisan, not-for-profit membership organization with the mandate of promoting and protecting the interest, rights and quality of life for aging Canadians. Under the guidance of IFRS 10, *Consolidated financial statements*, the Company is deemed to have control of CARP as an investee.

The significant judgments and assumptions made in this determination include ZoomerMedia's exposure and rights to CARP's variable returns and its ability to impact those returns. Although the advocacy activities of CARP remain primarily independent, ZoomerMedia holds agreements that give it the right to make decisions about the provision, selling and promotion of products or services to CARP members. ZoomerMedia is exposed to CARP's variable returns through its payment of various subsidies to CARP and through its affinity royalty revenue arrangements, subscription revenue of ZOOMER magazine and advertising revenue across all forms of its media. Additionally, ZoomerMedia has the ability to make decisions about the relevant activities of CARP, including how CARP builds its membership. Accordingly, CARP has been consolidated as an investee in these consolidated financial statements (see Note 21).

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and highly liquid short-term investments with maturity terms of less than three months.

(f) Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income. The Company does not have any financial instruments classified as fair value through other comprehensive income.

The Company's financial liabilities are all classified as financial liabilities at amortized cost.

(i) Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's financial assets at amortized cost comprise trade and other receivables, low-yield government issued treasury bills and guaranteed investment certificates with maturities of less than one year, and are included in current assets due to their short-term nature. Financial assets at amortized cost are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less a provision for impairment.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("**FVPL**") are recognized initially at cost and subsequently at fair value. Transaction costs, if any, are expensed in the consolidated statement of income and comprehensive income, and gains and losses arising from changes in fair value are presented in the consolidated statement of income and comprehensive income. Financial assets at FVPL are classified as current, except for the portion expected to be realized beyond twelve months of the consolidated balance sheet date, which is classified as non-current. Financial assets at FVPL are presented within changes in operating assets in the consolidated statement of cash flows. The Company's financial assets at FVPL comprise of common shares of Canopy Growth Corporation and widely held shares of Canadian public companies, and are classified entirely as current (see Note 4).

(iii) Financial liabilities at amortized cost

Financial liabilities at amortized cost include trade and other payables, contract liabilities, debt, program rights liabilities, lease liabilities and other liabilities. Trade payables are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest method. Debt and other liabilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(g) Impairment of Financial Assets

At each reporting date, other than for financial assets at FVPL, the Company assesses each financial asset for indicators of impairment. If such evidence exists, the Company recognizes an impairment loss. Financial assets are considered to be impaired when based upon an expected loss model as prescribed by IFRS 9, *Financial Instruments* ("**IFRS 9**"), taking into account both historic and forward looking information. Impairment provisions for trade and other receivables are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During the process of reviewing trade and other receivables for impairment, the probability of the non-payment of the amounts receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for trade and other receivables. For trade and other receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized in the consolidated statement of income and comprehensive income. On confirmation that a certain trade or other receivables will not be collected, the gross carrying amount of the asset is written off against the associated provision.

(h) De-recognition of Financial Assets and Liabilities

De-recognition is applied for all or part of a financial asset when the contractual rights to the cash flows and benefits from the financial asset expire, the Company loses control of the assets, or the Company substantially transfers the significant risks and rewards of ownership associated with the asset. De-recognition is applied for all or part of financial liability when the liability is extinguished due to cancellation, discharge or expiry of the obligation.

(i) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are recognized in earnings during the period in which they are incurred and are presented under operating expenses.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced asset is derecognized.

Residual values, method of amortization and useful lives of assets are reviewed at least at each financial year-end and adjusted, if appropriate.

The major categories of property and equipment are depreciated on a straight-line basis based on the useful life of each component as follows:

Land and assets not yet available for use	not depreciated
Building components:	
External structure	40 - 50 years
Interior upgrades	10 - 25 years
HVAC and building systems	18 - 25 years
Roof and parking lot	20 - 25 years
Broadcast equipment	5 - 20 years
Equipment and vehicles	5 - 10 years
Computer hardware	3 - 5 years
Leasehold improvements	Over the term of the lease

(j) Intangible Assets

Intangible assets, which include broadcast licenses, program rights, royalty stream rights, brand names, computer software, customer lists and a non-compete clause, are recorded at cost less accumulated impairment and accumulated amortization. Intangible assets with a definite life are amortized over the estimated useful life of these assets, as described below. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Broadcast licenses have indefinite lives and are not subject to amortization and are tested for impairment as described below. Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets as noted in (m) below. Intangible assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Broadcast Licenses

Broadcast licenses represent broadcasting rights and terms granted by the Canadian Radio-Television and Telecommunications Commission (the "**CRTC**") which were acquired as part of an acquisition of certain businesses. Broadcast licenses are recorded at cost and are not amortized as they are considered to have an indefinite life based on the Company's intent and ability to renew the licenses without significant cost and without material modification of the existing terms and conditions of the license. Instead, broadcast licenses are tested for impairment at least annually.

(ii) Program Rights

Program rights represent contract rights acquired from third parties to broadcast television programs and feature films. The assets and liabilities related to these rights are recorded when the license period has begun and all of the following conditions have been met: (i) the cost of the rights is known or reasonably determinable; (ii) the program material is accepted by the Company in accordance with the license agreement; and (iii) the material is available to the Company for airing.

Program rights also include the cost of television programs produced by the Company. The costs capitalized in respect of these programs includes production expenditures and other attributed costs that are expected to benefit future periods.

Program rights costs are amortized over the contracted exhibition period as the programs are aired. Amortization of program rights is included in operating expenses and is disclosed separately in the consolidated statement of cash flows.

Program rights are carried at cost less accumulated amortization and accumulated impairment. If it is determined that program rights will not be aired and no future economic benefits are expected from the use or disposal of program rights, their carrying value is derecognized. Programs planned to be used are reviewed and tested for impairment along with other long-lived assets in accordance with the impairment policies for non-financial assets described in (m) below.

(iii) Royalty Stream Rights

Royalty stream rights relate to marketing and licensing rights associated with the CARP name which has a contract term expiring December 31, 2099. The asset is recorded at cost less accumulated amortization and impairment and is amortized on a straight-line basis over the shorter of the economic life or the duration of the contract term, which for the Company is estimated to be 15 years.

(iv) Brand Names

Brand names acquired in connection with the acquisition of businesses are recorded at cost less accumulated amortization and accumulated impairment. Brand names are amortized on a straight-line basis over an estimated useful life of 10 years which represents the period that future economic benefits attributable to the asset are expected to flow to the Company.

(v) Computer Software

Computer software is recorded at cost less accumulated amortization and is amortized over its estimated useful life of 3 years.

(vi) Customer Lists

Customer lists are recorded at cost less accumulated amortization and are amortized over their estimated useful lives. The customer list recorded as part of the acquisition of On The Bay Magazine Inc. has an estimated useful life of 10 years.

(vii) Non-Compete Clause

A non-compete clause was recorded as part of the acquisition of On The Bay Magazine Inc. It is recorded at cost less accumulated amortization and is amortized over its estimated useful life of 4 years.

(k) Leases

At inception, the Company assesses whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an asset for a period of time in exchange for consideration. The Company allocates the total consideration to each lease and non-lease component on the basis of their relative stand-alone prices.

The right-of-use asset and a lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at the present value of lease payments, adjusted for initial direct costs and incentives received. The right-of-use asset is depreciated over the lesser of the useful life of the asset or the lease term, and is assessed for impairment on an annual basis. The lease term includes the renewal option or early termination if it is reasonably certain to be exercised.

The lease liability is initially measured at the present value of lease payments to be made over the lease term, which include fixed payments and variable payments that depend on an index. The cost of an option that is reasonably certain to be exercised by the Company is included in the lease payments. In calculating the present value of lease payments, the Company uses the incremental borrowing rate as at commencement of the lease if the implicit rate is not readily available. The lease liability is increased to reflect the accretion of interest and reduced to reflect the lease payments made, and the carrying amount of the lease liability is remeasured for any lease modifications.

(l) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated to each cash generating unit ("CGU") or group of CGUs that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is not amortized, but rather reviewed for impairment annually or at any time if an indicator of impairment exists. See the policy for impairment of non-financial assets as noted in (m) below.

(m) Impairment of Non-Financial Assets

Property and equipment and intangible assets with definite lives, (which includes program rights, royalty stream rights, brand names, computer software, customer lists and non-compete clause), are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (typically at the CGU level). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management).

Goodwill and indefinite life intangible assets are reviewed for impairment annually or at any time if an indicator of impairment exists. Management monitors goodwill for internal purposes based on its group of CGUs, which includes the Television operating segment. The Company has identified several non-goodwill CGUs which include Vision TV, ONE, JOY TV, FAITH TV, Channel 5 (TVL), Zoomer Magazine, On the Bay Magazine, Tonic Magazine, AM Radio, FM Radio, CARP, Royalty, Website, Shows and Conferences and Television Production and Distribution.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration and accordingly, goodwill is assessed for impairment together with the assets and liabilities of the CGU.

(n) Stock-based Compensation

The Company grants stock options to certain employees, directors and consultants providing services similar to those of employees. The options either vest on issuance or vest one-third upon issuance and one-third in each of the following two years, or one-third in each of the three years following issuance. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period, based on the number of awards expected to vest, by increasing contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact recognized immediately in compensation expense with a corresponding adjustment to contributed surplus.

The Company may also grant stock options to certain other key service providers in exchange for goods and services. These options are measured at the fair value of the goods or services received and are recognized when the goods or services are delivered.

(o) Provisions

Provisions for restructuring costs, legal claims and other matters are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(p) Income Taxes

Income tax comprises of current and deferred tax. Income tax is recognized in the statement of income and comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are presented as non-current.

The Company participates in transactions for which the ultimate tax treatment is uncertain. The Company may record a provision from time to time in respect of uncertain tax positions that it believes appropriately reflects its risk. Such provisions are made using the best estimate of the amount expected to be incurred based on an assessment of all relevant factors. It is possible that at some future date, liabilities in excess of the Company's provisions could result from audits by, or litigation with, relevant taxation authorities. The Company believes that such additional liabilities would not have a material adverse impact on its financial condition taken as a whole.

(q) Revenue Recognition

The Company derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognized either when the performance obligation in the contract has been performed ("point in time" recognition) or "over time" as control of the performance obligation is transferred to the customer.

Advertising revenues, net of agency commission, where applicable, are recognized when advertisements are aired on the Company's television and radio stations or posted on various websites, or when the magazine in which the advertisements are placed is published and distributed, and collection is reasonably assured.

Subscriber fee revenue from the Company's specialty television channels is recognized monthly based on subscriber levels.

Revenue from the sale of broadcast time, net of agency commissions, is recognized in the period in which the broadcast occurs.

Magazine subscription revenue is recognized upon delivery of each issue of the magazine over the term of the subscription period.

Royalty revenue comprises licensing fees from the CARP name, as well as royalties earned on the sale of products or services to CARP members by licensees. Royalty revenue attributable to the licensing of the CARP brand name is recognized over the term of the contract with the licensee. Royalty revenue from the sale of products or services is calculated as a percentage of the volume of business conducted by the licensee in a given period.

CARP membership revenue is recognized over the term of the membership.

Website revenue is primarily comprised of advertising and user maintenance fees. Website revenue is recognized when the related services are provided to customers. Revenue related to advertising and sponsorship exclusivity agreements is recognized over the term of the agreement.

Show and conference revenue is primarily comprised of sponsorships, booth rentals and ticket sales and is recognized when the related service or product has been delivered.

Cash payments or customer advances received relating to services to be delivered in future periods are recorded as contract liabilities until all of the foregoing conditions of revenue recognition are met.

In the normal course of business, the Company enters into non-monetary transactions to exchange advertising for various products and services. Revenue is recognized on these barter transactions only when the services exchanged are dissimilar in nature and when the fair value of the advertising services provided by the Company can be reliably measured by reference to non-barter transactions that:

a) Involve advertising similar to the advertising in the barter transaction;
b) Occur frequently;
c) Represent a predominant number of transactions and amount when compared to all transactions to provide advertising that is similar to the advertising in the barter transaction;
d) Involve cash and/or another form of consideration that has a reliably measurable fair value; and
e) Do not involve the same counterparty as in the barter transaction.

(r) Government Grants and Subsidies

Government grants and subsidies are reflected as a reduction of the cost of the asset or reduction of the expense to which they relate and are recognized when there is reasonable assurance that the Company complies with the conditions for receipt of the government assistance and the grants will be received. Such amounts are recognized as applicable costs or expenses are incurred (see Notes 18 and 22).

(s) Net Income per Share

Basic net income per share is calculated by dividing the net income for the period attributable to equity owners of the Company by the weighted average number of common shares and preference shares outstanding during the period.

The treasury stock method is used to calculate diluted net income per share. Diluted net income per share is similar to basic net income per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding assuming that stock options with an average market price for the period greater than their exercise price are exercised and the proceeds used to repurchase common shares. The diluted net income per share calculation excludes any potential conversion of options that would increase net income per share.

(t) Accounting Standards Adopted in the Current Year

The Company has adopted the following new and revised standards, along with any consequential amendments, effective September 1, 2020. These changes were made in accordance with the applicable transitional provisions.

As required by IFRS 3, *Business Combinations* (**"IFRS 3"**), the Company is required to determine whether the acquisition of a business should be accounted for as a business combination or as an asset acquisition. Under IFRS 3, the components of a business must include inputs and processes applied to those inputs that have the ability to create outputs. In October 2018, the IASB amended IFRS 3 to clarify the definition of a business. As part of the amendment, the IASB narrowed the definition of a business and the definition of outputs, and included an optional concentration test that allows for a simplified assessment of whether an acquired set of activities or assets is a business. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. See Note 7 for further discussion.

(u) Significant Accounting Judgments and Estimation Uncertainties

Critical accounting judgments and estimates

The preparation of financial statements under IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates.

The key judgments, estimates and assumptions made in applying accounting policies which have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are: the determination of Cash Generating Units (**"CGUs"**); the values associated with indefinite life intangible assets and goodwill; the estimated period of use of program rights; the estimated useful lives of non-financial assets with definite useful lives; valuation of business combinations or acquisitions; and estimation uncertainties caused by COVID-19.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of:

(a) 16,147 common shares of Canopy Growth Corporation, a Canadian publicly traded corporation (the "Canopy shares"). The Canopy shares were acquired via private placement as part of consideration given to the Company with respect to an exclusive brand license agreement entered into in October 2018. At the time of acquisition, these equity instruments had a fair value of $1,000,000. This consideration was initially recorded as a contract liability and was subsequently recognized as royalty revenue over the term of the agreement. As at August 31, 2021, the Canopy shares have a fair value of $350,551 (August 31, 2020 - $347,322).

(b) Various common shares of Canadian public companies over which the Company does not have control or significant influence. The portfolio is managed by Sionna Investments utilizing a focused Canadian dividend strategy. The fair value of these securities has been determined by reference to their quoted closing bid price as at each reporting date. At August 31, 2021, these shares have a fair value of $9,917,463 (August 31, 2020 - $nil).

(c) Government of Canada treasury bills of $3,378,333 (August 31, 2020 - $3,057,889).

(d) Royal Bank of Canada guaranteed investment certificates of $3,000,000 (August 31, 2020 - $7,000,000).

The Company records the Canopy and other Canadian public company shares as financial assets at fair value through profit and loss and recorded an unrealized gain of $212,686 during the year ended August 31, 2021 (2020 - unrealized loss of $160,663). In addition, the Company recorded a realized loss of $8,683 during the year ended August 31, 2021 (2020 - $nil).

The Company records its Government of Canada treasury bills and guaranteed investment certificates as financial assets at amortized cost. These investments have a maturity date ranging from one to eight months with an interest rate yield between 0.113% and 0.450% (August 31, 2020 - 0.470% and 1.643%). The Company uses the effective interest rate method in determining the amortized cost for these instruments.

5. PROPERTY AND EQUIPMENT

	Land & building	Broadcast equipment	Equipment & vehicles	Computer hardware	Leasehold improvements	Total
Year ended August 31, 2020						
Opening net book value	$ 689,225	$ 1,850,104	$ 166,556	$ 361,617	$ 728,492	$ 3,795,994
Additions	—	199,508	27,872	121,301	67,522	416,203
Depreciation for the year	(28,340)	(368,197)	(56,710)	(217,638)	(105,553)	(776,438)
Disposal	(103,312)	—	—	(6,015)	—	(109,327)
Closing net book value	$ 557,573	$ 1,681,415	$ 137,718	$ 259,265	$ 690,461	$ 3,326,432
At August 31, 2020						
Cost	$ 680,727	$ 8,678,927	$ 2,236,172	$ 2,113,808	$ 1,011,214	$ 14,720,848
Accumulated depreciation	(123,154)	(6,997,512)	(2,098,454)	(1,854,543)	(320,753)	(11,394,416)
Net book value	$ 557,573	$ 1,681,415	$ 137,718	$ 259,265	$ 690,461	$ 3,326,432
Year ended August 31, 2021						
Opening net book value	$ 557,573	$ 1,681,415	$ 137,718	$ 259,265	$ 690,461	$ 3,326,432
Additions	—	407,899	84,937	577,038	43,334	1,113,208
Depreciation for the period	(13,299)	(370,766)	(51,505)	(240,795)	(99,857)	(776,222)
Closing net book value	$ 544,274	$ 1,718,548	$ 171,150	$ 595,508	$ 633,938	$ 3,663,418
At August 31, 2021						
Cost	$ 680,727	$ 9,086,826	$ 2,321,109	$ 2,690,846	$ 1,054,548	$ 15,834,056
Accumulated depreciation	(136,453)	(7,368,278)	(2,149,959)	(2,095,338)	(420,610)	(12,170,638)
Net book value	$ 544,274	$ 1,718,548	$ 171,150	$ 595,508	$ 633,938	$ 3,663,418

On October 30, 2019, the Company closed an agreement to sell its office property located at 1 Queen Street, Cobourg, Ontario for gross proceeds of $255,000. The Company incurred $14,459 in selling costs for this transaction. The net book value of the building at the time of disposal was $103,312 and a gain of $137,229 was recorded in the consolidated financial statements for the year ended August 31, 2020.

As part of the Darwin CX transaction completed on August 18, 2020, the Company agreed to sell computer equipment to Irish Studios for gross proceeds of $18,000. The net book value of the equipment at the time of disposal was $6,015 and a gain of $12,085 was recorded in the consolidated financial statements for the year ended August 31, 2020. See note 12 for further discussion.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company leases its office buildings located in Toronto, Ontario, Collingwood, Ontario and Surrey, British Columbia, as well as various equipment and vehicles.

The following table presents the right-of-use assets for the year ended August 31, 2021:

	Right-of-use: Land & building	Right-of-use: Equipment & vehicles	Total
Year ended August 31, 2020			
Opening balance upon adoption of IFRS 16	$ 24,426,922	$ 218,940	$ 24,645,862
Additions	—	40,537	40,537
Depreciation for the period	(1,571,349)	(73,078)	(1,644,427)
Closing net book value	$ 22,855,573	$ 186,399	$ 23,041,972
At August 31, 2020			
Cost	$ 24,426,922	$ 259,477	$ 24,686,399
Accumulated depreciation	(1,571,349)	(73,078)	(1,644,427)
Net book value	$ 22,855,573	$ 186,399	$ 23,041,972
Year ended August 31, 2021			
Opening net book value	$ 22,855,573	$ 186,399	$ 23,041,972
Additions	—	26,575	26,575
Depreciation for the period	(1,513,619)	(81,633)	(1,595,252)
Closing net book value	$ 21,341,954	$ 131,341	$ 21,473,295
At August 31, 2021			
Cost	$ 24,426,922	$ 286,052	$ 24,712,974
Accumulated depreciation	(3,084,968)	(154,711)	(3,239,679)
Net book value	$ 21,341,954	$ 131,341	$ 21,473,295

The following table presents the lease liabilities for the year ended August 31, 2021:

	Right-of-use: Land & building	Right-of-use: Equipment & vehicles	Total
Year ended August 31, 2020			
Opening balance upon adoption of IFRS 16	$ 24,426,922	$ 218,940	$ 24,645,862
Additions	—	40,537	40,537
Interest expense	1,324,217	12,113	1,336,330
Lease payments	(2,055,495)	(80,341)	(2,135,836)
Closing balance	$ 23,695,644	$ 191,249	$ 23,886,893
At August 31, 2020			
Current portion	$ 789,547	$ 73,867	$ 863,414
Long-term portion	22,906,097	117,382	23,023,479
	$ 23,695,644	$ 191,249	$ 23,886,893
Year ended August 31, 2021			
Opening balance	$ 23,695,644	$ 191,249	$ 23,886,893
Additions	—	26,575	26,575
Interest expense	1,284,231	9,436	1,293,667
Lease payments	(2,073,778)	(89,586)	(2,163,364)
Closing balance	$ 22,906,097	$ 137,674	$ 23,043,771
At August 31, 2021			
Current portion	$ 897,877	$ 84,503	$ 982,380
Long-term portion	22,008,220	53,171	22,061,391
	$ 22,906,097	$ 137,674	$ 23,043,771

7. INTANGIBLE ASSETS AND GOODWILL

Details of intangible assets and goodwill are as follows:

	Broadcast licenses	Program rights	Royalty stream rights	Brand names	Computer software	Customer list & non-compete clause	Total intangible assets	Goodwill
Year ended August 31, 2020								
Opening net book value	$ 6,400,000	$ 5,984,407	$ 2,799,370	$ 58,333	$ 1,464,726	$ 392,870	$ 17,099,706	$ 2,768,738
Additions	—	5,259,413	—	—	85,555	—	5,344,968	—
Amortization for the period	—	(5,817,265)	(843,336)	(58,333)	(142,750)	(78,565)	(6,940,249)	—
Disposal	—	—	—	—	(1,214,985)	—	(1,214,985)	—
Closing net book value	$ 6,400,000	$ 5,426,555	$ 1,956,034	$ —	$ 192,546	$ 314,305	$ 14,289,440	$ 2,768,738
At August 31, 2020								
Cost	$ 22,620,517	$ 21,567,798	$ 12,650,072	$ 790,000	$ 1,274,350	$ 550,000	$ 59,452,737	$ 8,731,879
Accumulated amortization	—	(16,141,243)	(10,694,038)	(790,000)	(1,081,804)	(235,695)	(28,942,780)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	$ 6,400,000	$ 5,426,555	$ 1,956,034	$ —	$ 192,546	$ 314,305	$ 14,289,440	$ 2,768,738
Year ended August 31, 2021								
Opening net book value	$ 6,400,000	$ 5,426,555	$ 1,956,034	$ —	$ 192,546	$ 314,305	$ 14,289,440	$ 2,768,738
Additions	—	4,630,603	—	336,740	11,171	—	4,978,514	—
Amortization for the period	—	(5,101,889)	(843,336)	(33,674)	(72,620)	(78,565)	(6,130,084)	—
Impairment for the period	—	—	—	—	—	—	—	—
Closing net book value	$ 6,400,000	$ 4,955,269	$ 1,112,698	$ 303,066	$ 131,097	$ 235,740	$ 13,137,870	$ 2,768,738
At August 31, 2021								
Cost	$ 22,620,517	$ 13,639,874	$ 12,650,072	$ 1,126,740	$ 1,285,521	$ 550,000	$ 51,872,724	$ 8,731,879
Accumulated amortization	—	(8,684,605)	(11,537,374)	(823,674)	(1,154,424)	(314,260)	(22,514,337)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	$ 6,400,000	$ 4,955,269	$ 1,112,698	$ 303,066	$ 131,097	$ 235,740	$ 13,137,870	$ 2,768,738

Acquisition of Tonic Magazine

On September 1, 2020, the Company acquired the intellectual property of Tonic Magazine in exchange for $336,740 in consideration, which consisted of a cash payout in the amount of $203,575, a one-year promissory note valued at $30,840, and contingent consideration in the amount of $102,325. The contingent consideration relates to future earnings performance, and is payable over two years.

In accordance with the IFRS 3 amendments set forth by the IASB effective for annual reporting periods beginning on or after January 1, 2020, the acquisition of Tonic has been accounted for as an asset acquisition, as all of the acquired assets, which include all trademarks, rights, titles, interest, domain names, websites, copyright materials, archived materials and customer lists, are concentrated in a single identifiable asset.

Accordingly, the fair value of the total acquisition consideration has been attributed wholly to the intangible assets acquired, cumulatively regarded as the Tonic brand, and will be subsequently recorded at amortized cost as appropriate.

Write-off of program rights

During the year ended August 31, 2021, fully amortized program rights with cost amounts totaling $12,558,527 were written off (2020 - $2,980,694). These fully amortized amounts were derecognized due to either the contract term expiring in the year or all contractual runs being used.

Indefinite life intangibles and goodwill

The net carrying amount of indefinite life intangibles and goodwill are included in the Television CGU:

	August 31, 2021	August 31, 2020
Television		
Broadcast licenses	6,400,000	6,400,000
Goodwill	2,768,738	2,768,738
	9,168,738	9,168,738

Goodwill and indefinite life intangible assets, such as broadcast licenses, are tested for impairment, annually on August 31, as part of the CGU to which they belong or when circumstances indicate the carrying value of the CGU may be impaired.

The goodwill recorded in the consolidated financial statements relates to the Television group CGU. Broadcast licenses are recorded at the lowest level of CGU within each group of CGUs: ONE TV CGU and Vision TV CGU, together with other Television CGUs form the Television group CGU. The Company's assumptions used in testing goodwill and broadcast licenses for impairment are affected by current market conditions and expected revenue in each of the CGUs. In addition, while the Company continually monitors operating costs, these operating costs cannot be lowered as quickly in response to declines in revenue. The Company also has significant competition in the radio and television markets in which it operates, which may impact its revenues and operating costs.

In assessing goodwill and indefinite life intangible assets for impairment, the Company compared the aggregate recoverable amount of the assets included in the relevant CGUs to their respective carrying amounts. This impairment testing was performed at the lowest CGU level followed by the impairment testing of the group of CGUs into which the goodwill was allocated. The recoverable amount was determined based on the value in use of the CGUs. This amount was determined using the financial budget prepared by management and approved by the Board of Directors, which was adjusted for market participants' expectations over a one-year period. Cash flows for the years thereafter are extrapolated using the estimated annual growth rates reflecting management's best estimate of the growth of the related markets based on industry reports. The key assumptions used to determine the recoverable amount for the different CGUs is discussed below with respect to the most recently completed impairment calculation as of August 31, 2021.

As at August 31, 2021, the Company's estimate of the recoverable amount for the Vision TV CGU exceeded its carrying value by a significant margin. Based on this excess, the Company determined that the goodwill and broadcast licenses of the Television group CGU was not impaired.

The key assumptions used in the determination of value in use calculation as described above are disclosed below.

Key assumptions used in value in use calculations

	August 31, 2021	August 31, 2020
	Television	Television
Growth rate - year 1	-10.4% to 1.0%	-8.0% to 0.4%
Growth rate - years 2 to 5	-3.9% to 1.7%	-8.4% to 3.5%
Discount rate	5.95%	5.95%
Long-term growth rate	0%	0%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

- Growth rates
- Discount rates
- Long-term growth rates

Growth rates - Growth rates over the five-year period are a combination of management's estimate of annual growth for the next fiscal year based on historical growth rates achieved for the two or three proceeding years in combination with changes in planned business strategies, and the review of available market forecasts and data for growth rates for years two to five. Note that the Television growth rates represent the weighted average growth rates of the individual Television channel CGUs.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU regarding the time value of money and individual risks of the underlying assets.

Long-term growth rates - Cash flows beyond the five-year period are based largely on management's estimate of the ability of the CGU to grow in a mature market.

Sensitivity to changes in assumptions

The determination of value in use is sensitive to the growth rate, discount rate and long-term growth rates used. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flow may differ, depending on economic conditions and other events.

Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future assessments of the recoverable amount for the Vision TV CGU broadcast license and TV CGU goodwill, and that the Company would be required to recognize impairment loss.

8. CONTRACT LIABILITIES

	August 31, 2021	August 31, 2020
Magazine subscriptions revenue	$ 1,581,353	$ 1,700,465
Membership revenue	1,198,289	1,482,492
Royalty revenue	153,327	394,472
Canada Periodical Fund	571,031	823,309
Show and conference revenue	113,250	62,400
Advertising revenue	197,286	277,118
Production revenue	8,000	8,000
	$ 3,822,536	$ 4,748,256
Less: Current portion	(3,139,383)	(3,736,641)
	$ 683,153	$ 1,011,615

9. INCOME TAX

The components of income tax expense for the years ended August 31, 2021 and 2020 were as follows:

	2021	2020
Current tax expense:		
Current tax on net income for the period	$ 1,840,933	$ 1,707,344
Total current tax expense	$ 1,840,933	$ 1,707,344
Deferred tax expense:		
Origination and reversal of temporary differences	$ (704,791)	$ (91,393)
Total deferred tax expense	$ (704,791)	$ (91,393)
Total income tax expense	$ 1,136,142	$ 1,615,951

Income tax expense varies from the amounts that would be computed by applying the statutory rate to income before income taxes as follows:

	2021	2020
Expected income tax expense	$ 1,290,479	$ 1,518,779
Non-taxable portion of capital gain on sale of property	—	(16,706)
Stock-based compensation not deductible for income tax purposes	101,644	6,723
Permanent differences not deductible for income tax purposes	4,180	20,238
Impact of resolution on certain tax positions	(250,003)	—
Unused net capital losses	(1,151)	—
Unrealized gains on equity instruments	(28,181)	—
Recognition of previously unrecognized temporary differences	34,846	310,220
Recognition of previously unrecognized tax losses	68,907	(231,001)
Other adjustments in respect of prior years	(84,579)	7,698
Income tax expense	$ 1,136,142	$ 1,615,951

The weighted average applicable tax rate at August 31, 2021 and 2020 was 26.50%.

The analysis of deferred tax assets and deferred tax liabilities as at August 31, 2021 and 2020 is as follows:

	2021	2020
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	$ 2,989,153	$ 2,454,042
Deferred tax asset to be recovered within 12 months	329,199	159,519
	$ 3,318,352	$ 2,613,561
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	$ 89,040	$ 89,040
Deferred tax liability to be recovered within 12 months	—	—
	$ 89,040	$ 89,040

The movement of deferred income tax assets and liabilities during the year ended August 31, 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Goodwill and intangible assets	Tax losses	Property and equipment	Other	Unrecognized deferred tax assets	Total
At September 1, 2020	$ 2,995,453	$ 1,541,618	$ 534,179	$ 191,221	$ (2,648,910)	$ 2,613,561
Credit (charge) to income statement - continuing operations	56,203	477,741	150,341	20,506	—	704,791
At August 31, 2021	$ 3,051,656	$ 2,019,359	$ 684,520	$ 211,727	$ (2,648,910)	$ 3,318,352

Deferred tax liabilities	Goodwill and intangible assets	Provision and loans	Property and equipment	Other	Total
At September 1, 2020	$ 89,040	$ —	$ —	$ —	$ 89,040
Charge (credit) to income statement	—	—	—	—	—
At August 31, 2021	$ 89,040	$ —	$ —	$ —	$ 89,040

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

During the year ended August 31, 2016, the Company was reassessed on prior taxation years for one of its taxable entities. The reassessment resulted in the Company making a payment of $2,053,913 while simultaneously filing a Notice of Objection as it believes its position is supportable. As at August 31, 2016 and for the year then ended, the Company recorded a current income tax expense of $435,900 and interest expense of $77,100 relating to this reassessment, as well as an income tax recoverable of $1,218,818 and other amounts receivable of $322,094, both included in accounts receivable.

During the year ended August 31, 2020, Canada Revenue Agency finalized its decision on the Notice of Objection, and partially agreed with the Company's position. The fallout of the decision resulted in the following:

- For the year ended August 31, 2020, the Company received a net refund of $1,911,973. After applying the refund against the accounts receivable previously accrued, the Company recorded an income tax recovery of $85,475 and interest income of $466,529.
- For the year ended August 31, 2021, the Company received a refund of $258,487 related to the reassessment of fiscal year 2019 resulting from the re-application of loss carryforwards. The Company recorded an income tax recovery of $250,003 and interest income of $8,484.

10. SHARE CAPITAL

(a) Authorized

Unlimited preference shares may be issued in one or more series by the Board of Directors. Preference shares are non-voting, are convertible into common shares at the option of the holder on a one for one basis at any time and have rights to dividends. As at August 31, 2021, the Company had 387,879,129 preference shares outstanding (August 31, 2020 – 387,879,129).

Unlimited number of common shares. As at August 31, 2021, the Company had 273,163,297 common shares outstanding (August 31, 2020 – 264,330,297).

(b) Stock Options

The Company has a stock option plan for the benefit of employees and directors of the Company and certain key service providers to the Company. Under the plan the Company is authorized to issue stock options up to 10% of the shares issued and outstanding at the time of the grant.

The options either vest on issuance or vest one-third upon issuance and one-third in each of the following two years, or one-third in each of the following three years.

As at August 31, 2021, the Company had 20,967,000 stock options outstanding with a weighted exercise price of $0.05 per share (August 31, 2020 - 16,800,000).

Movements in the number of stock options outstanding and their related weighed average exercises for the years ended August 31, 2021 and 2020 are as follows:

	2021		2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	16,800,000	$ 0.05	19,000,000	$ 0.05
Issued	15,200,000	0.05	—	—
Exercised	(8,833,000)	0.05	—	—
Cancelled	(1,600,000)	0.05	(400,000)	0.05
Expired	(600,000)	0.05	(1,800,000)	0.10
Balance, end of period	20,967,000	$ 0.05	16,800,000	$ 0.05

The fair value of options granted during the year ended August 31, 2021 was estimated using the Black Scholes option pricing model based on the following assumptions:

	2021
Risk-free interest rate	0.36 %
Expected dividend yield	0.00 %
Expected stock price volatility	140 %
Forfeiture rate	14.7 %
Expected life of stock options	3.9 years
Weighted-average grant date fair value of stock options	$0.06

At August 31, 2020, the range of exercise prices, the weighted average exercise price and the weighted average contractual life of the outstanding stock options are as follows:

	Options Outstanding as at August 31, 2021			Options Exercisable as at August 31, 2021	
Exercise Price	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.05 - \$0.10	20,967,000	3.6	\$ 0.05	5,767,000	\$ 0.05

	Options Outstanding as at August 31, 2020			Options Exercisable as at August 31, 2020	
Exercise Price	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.05 - \$0.10	16,800,000	1.5	\$ 0.05	14,599,997	\$ 0.05

(c) Dividends

Pursuant to a resolution passed at the Board of Directors meeting on July 28, 2021, the Company declared a dividend of \$0.0025 per share on each outstanding common and preference share, amounting to a total of \$1,652,606. The dividend will be paid on September 2, 2021 to shareholders on record as at August 18, 2021.

11. OPERATING EXPENSES

Operating expenses of the Company for the years ended August 31, 2021 and 2020 are as follows:

	Year ended August 31, 2021	August 31, 2020
Employee benefits:		
Salaries and wages	\$ 16,622,976	\$ 15,537,553
Less: Wage subsidies (Note 18)	(1,135,336)	(1,399,181)
	15,487,640	14,138,372
Other employee costs	5,085,174	5,073,584
Stock based compensation	383,560	25,371
	20,956,374	19,237,327
Amortization of program rights	5,101,889	5,817,265
Distribution and transmission costs	7,608,179	7,728,091
Other operating expenses	5,951,651	7,464,513
	\$ 39,618,093	\$ 40,247,196

12. DIVESTITURE AND DISCONTINUED OPERATIONS

On May 18, 2020 the Company announced that it had entered into an agreement with Irish Studios LLC (**"Irish Studios"**), for the sale of substantially all of the net assets comprising the operations of Darwin CX, the Company's SaaS operations reported under the Company's Other operating segment, for gross proceeds of $7,465,126. The transaction was completed on August 18, 2020.

The details of the impact of the transaction with Irish Studios are as follows:

Gross proceeds	$	7,465,126
Purchase price adjustments		(757,887)
Transaction costs		(107,493)
Net proceeds		6,599,746
Less: Net book value of net assets disposed		
Trade and other receivables		(264,431)
Prepaid expenses		(15,432)
Intangible assets		(2,659,125)
Trade and other payables		877,988
Contract liabilities		24,667
Pre-tax gain on sale of Darwin disposal group		4,563,413
Income tax expense		(692,244)
After-tax gain on sale of Darwin disposal group	$	3,871,169

Included in the purchase price adjustments is a payout to key employees in the amount of $678,976. As a result of the transaction, the Company has presented the results of Darwin CX as discontinued operations. Accordingly, the post-tax profit and loss of discontinued operations and the cash flow impact of discontinued operations have been presented separately from the results of the Company's continuing operations in the consolidated statement of income and comprehensive income and the consolidated statement of cash flows.

Reconciliation of net loss from discontinued operations

	Year ended August 31, 2021	Year ended August 31, 2020
Revenue	$ —	$ 407,578
Operating expenses		
Salaries and wages	—	485,734
Other employee costs	—	229,902
Distribution and transmission costs	—	410,336
Other operating expenses	—	274,233
	—	1,400,205
Amortization of other intangible assets	—	267,751
Operating loss	—	(1,260,378)
Interest income	—	(246)
Interest expense	—	862
Net interest expense	—	616
Gain on sale of assets	—	(4,563,413)
Net income before income taxes	—	3,302,419
Income tax expense	—	692,244
Net income from discontinued operations	$ —	$ 2,610,175

Reconciliation of cash flow impact

	Year ended August 31, 2021	August 31, 2020
Operating activities from discontinued operations		
Net income (loss) for the period	$ —	$ 2,610,175
Add (deduct) non-cash items:		
Amortization of other intangibles	—	267,751
Deferred income tax (recovery) expense	—	433,150
Change in contract liabilities	—	(24,667)
Gain on sale of net assets	—	(4,563,413)
Net change in non-cash working capital balances:		
Trade and other receivables	—	89,338
Prepaid expenses	—	(9,024)
Trade and other payables	—	(1,050,559)
	—	(2,247,249)
Investing activities from discontinued operations		
Proceeds from sale of property, net of costs	—	6,599,747
Purchase of other intangible assets	—	(1,711,892)
	—	4,887,855
Cash flow impact of discontinued operations	$ —	$ 2,640,606

13. BASIC AND DILUTED INCOME PER SHARE

The following table outlines the calculations of basic and diluted income per share attributed to owners of the parent for the years ended August 31, 2021 and 2020:

	Year ended	
	August 31, 2021	**August 31, 2020**
Numerator for basic and diluted income (loss) per share:		
Net income from continuing operations	$ 3,733,589	$ 4,590,864
Net loss from discontinued operations	—	2,610,175
Adjusted numerator for income per share	$ 3,733,589	$ 7,201,039
Common shares	267,322,979	264,330,297
Preference shares	387,879,129	387,879,129
Denominator for income per share - weighted average	655,202,108	652,209,426
Effect of potential dilutive securities	3,145,636	4,800,000
Adjusted denominator for diluted income (loss) per share	658,347,744	657,009,426
Basic income (loss) per share		
Continuing operations	$ 0.01	$ 0.01
Discontinued operations	0.00	0.00
	$ 0.01	**$ 0.01**
Diluted income (loss) per share		
Continuing operations	$ 0.01	$ 0.01
Discontinued operations	0.00	0.00
	$ 0.01	**$ 0.01**

The dilutive effect of outstanding stock options on income per share is based on the application of the treasury stock method. Under this method, the proceeds for the exercise of such securities are assumed to be used to purchase common shares of the Company. The effect of the potential exercise of stock options have been included in the calculation of diluted earnings per share for the year ended August 31, 2021 and 2020.

14. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital balances for the years ended August 31, 2021 and 2020 consist of the following:

	Year ended August 31, 2021	Year ended August 31, 2020
Trade and other receivables	$ 2,176,168	$ (116,209)
Prepaid expenses	(2,012,766)	138,355
Trade and other payables	1,880,103	2,962,215
Provisions	(8,570)	—
Income tax liabilities	(1,443,643)	2,064,542
	$ 591,292	$ 5,048,903

15. RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (**"OML"**), which owns 65.6% (2020 - 64.9%) of the Company's equity through both common shares and preference shares. The President and Chief Executive Officer of the Company control OML and is the ultimate controlling party of the Company. Fairfax Financial Holdings Limited ("**Fairfax**"), through its wholly owned subsidiary Northbridge Financial Corporation ("**Northbridge**"), holds 27.0% (2020 - 27.0%) of the Company's equity through both common shares and preference shares. The remaining 7.4% (2020 - 8.1%) of the Company's equity is made up of common shares widely held.

The Company's related party transactions are summarized below. These transactions are in the normal course of operations.

(a) Transactions with the principal shareholder

During the year ended August 31, 2021, the Company paid management fees of $1,381,000 (2020 – $1,381,000) and fees for ancillary services of $165,908 (2020 – $171,606) to OML, the majority shareholder of the Company, for the provision of executive management services, home office costs, contractor services and talent fees. At August 31, 2021, included in accounts payable and accrued liabilities is a payable to OML of $48,178 (August 31, 2020 - $294). At August 31, 2021, included in the consolidated financial statements is a dividend payable to OML of $639,763 (August 31, 2020 - $nil).

(b) Transactions with entities controlled by a principal shareholder

During the year ended August 31, 2021, the Company received royalty revenues from Northbridge of $801,631 (2020 – $977,418) and advertising revenues of $179,878 (2020 – $147,959). Included in accounts receivable at August 31, 2021 is a receivable from Northbridge of $121,779 (August 31, 2020 – $78,717). At August 31, 2021, included in the consolidated financial statements is a dividend payable to Northbridge of $329,935 (August 31, 2020 - $nil).

A director of the Company is employed by a subsidiary of Fairfax.

(c) Compensation of key management

	2021	2020
Salaries and short-term employee benefits	$ 2,373,027	$ 1,818,258
Stock-based compensation	227,641	11,298
	$ 2,600,668	$ 1,829,556

16. FINANCIAL INSTRUMENTS AND FAIR VALUES

(a) Measurement categories and fair values

As described in Note 3(f), the Company's financial instruments are classified into three categories: financial assets at amortized cost, financial assets at fair value through profit or loss, and financial liabilities at amortized cost.

Fair value is defined as the price at which an asset or liability could be exchanged in a current transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3 - Significant unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.The following table shows the carrying values and fair values of financial assets carried at amortized and FVTPL:

		August 31, 2021		August 31, 2020	
	Input level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Amortized cost:					
Short-term investments - Government of Canada treasury bills	2	$ 3,378,333	$ 3,378,376	$ 3,057,889	$ 3,076,752
Short-term investments - Guaranteed investment certificates	2	3,000,000	3,005,585	7,000,000	7,003,852
Fair value through profit or loss:					
Short-term investments - Canopy shares	1	350,551	350,551	347,322	347,322
Short-term investments - Sionna investments	1	9,917,463	9,917,463	—	—
		$ 16,646,347	$ 16,651,975	$ 10,405,211	$ 10,427,926

The carrying values of trade and other receivables, trade and other payables, and other liabilities approximate their fair value due to their short-term nature. These financial instruments have been classified as level 2 within the fair value hierarchy.

(b) Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 17. It also manages liquidity risk by monitoring actual and projected cash flows, taking into account the Company's revenues and receipts and matching the maturity profile of financial assets and liabilities. The Board of Directors reviews and approves the Company's annual operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions and other major investments.

The Company has expended cash on upgrading its television and radio broadcast equipment and IT infrastructure, and will continue to invest in new programming, expend funds on subscriber acquisition initiatives to increase subscribers to the magazine and invest in capital infrastructure in the radio and television production divisions. The Company has an accumulated deficit of $14,810,323 as at August 31, 2021. Cash flows for operating activities from continuing operations were $8,224,972 during the fiscal year ended August 31, 2021 (2020 - $13,856,904). Cash used for investing activities from continuing operations was $7,498,252 (2020 - $4,261,359). During the fiscal year, cash used for financing activities from continuing operations was $1,721,714 (2020 - cash used for financing activities of $2,135,836). At August 31, 2021, excluding current deferred revenue, the Company had working capital of $32,074,228 (August 31, 2020 - $29,407,991).

While some of the Company's costs are variable based on the revenue generated, a significant portion of the costs, including programming interest costs, are fixed and some cannot be reduced quickly. Some of these factors are beyond the Company's control and may impact the future cash flows from operating activities.

Management's current cash flow projections reflect positive cash flow from operations for the next twelve months.

The following table reflects the Company's undiscounted cash flows for its financial liabilities at August 31, 2021:

	1 year	2-3 years	4-5 years	Beyond 5 years	Total
Trade and other payables	$ 6,796,623	$ —	$ —	$ —	$ 6,796,623
Other liabilities	1,697,094	—	—	—	1,697,094
Leases	2,217,606	4,299,504	4,348,056	23,035,823	33,900,989
Dividend payable	1,652,606	—	—	—	1,652,606
	$ 12,363,929	$ 4,299,504	$ 4,348,056	$ 23,035,823	$ 44,047,312

The Company also has significant contractual obligations in the form of program rights commitments (see Note 19).

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's credit risk is attributable to cash and cash equivalents, short-term investments and accounts receivable.

The Company's cash consist of deposits with major commercial banks as per its practice of protecting its capital rather than maximizing investment yield through additional risk. By holding all of its cash with primarily one major Canadian financial institution, the Company believes the degree of credit risk associated with this balance is lessened.

Short-term investments include low-yield government issue treasury bills with maturities of less than one year and are considered highly liquid with minimal credit risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of trade accounts receivables. The Company's trade accounts receivable are disclosed net of allowance for doubtful accounts. Credit risk associated with the non-performance of these customers can be directly impacted by a decline in economic conditions, which could impair the customers' ability to satisfy their obligations to the Company along with other factors which are built into the Company's assessment of the allowance for doubtful accounts. In order to reduce the exposure to this risk, the Company has credit procedures in place whereby analyses are performed to control the granting of credit to any new or high risk customers.

As per Note 3(g), during the process of reviewing trade and other amounts receivable for impairment, the probability of the non-payment of the amounts receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for trade and other amounts receivable. The factors that are considered in determining if collection is unlikely include the aging of the balance owing, the customer's financial condition and history of collections, whether the customer is in bankruptcy, under administration or the payments are in dispute, and general business conditions.

At August 31, 2021, the Company had amounts receivable of $8,357,571 (August 31, 2020 - $10,696,842) net of an allowance for doubtful accounts of $481,803 (August 31, 2020 - $669,244), which adequately reflects the Company's credit risk. The Company's amounts receivable are primarily from Canadian customers.

The aging of accounts receivable past due is as follows:

	August 31, 2021	August 31, 2020
Trade accounts receivable		
Current	$ 3,602,389	$ 3,312,441
30 - 90 days past due date	2,401,529	2,617,646
Over 90 days past due date	350,788	1,723,743
	$ 6,354,706	$ 7,653,830
Other receivables	2,002,865	3,043,012
	$ 8,357,571	$ 10,696,842
Less: Expected credit losses	(481,803)	(669,244)
	$ 7,875,768	$ 10,027,598

The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk based on the history of collections. The activity of the allowance for doubtful accounts for the years ended August 31, 2021 and 2020 is as follows:

	2021	2020
Allowance for doubtful accounts - beginning of year	$ (669,244)	$ (422,197)
Provision for doubtful accounts	106,748	(448,277)
Write-off of bad debts	80,693	201,230
Allowance for doubtful accounts - end of year	$ (481,803)	$ (669,244)

(d) Market and price risk

(i) Market risk

All of the Company's operations take place within Canada serving the Canadian market. Market risk concerns the potential loss associated with a general market decline in which the Company operates. Market risk is driven by changes in demand, price and costs of the advertising market. The Company is responsible for developing and marketing its brand names in the Canadian market and is impacted by changes in price and demand; therefore the Company is exposed to market risk.

(ii) Price risk

There is limited exposure to foreign currency denominated assets or liabilities. Other price risk represents the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's short-term and long-term liabilities have fixed interest rates, thereby minimizing the exposure to cash flow interest rate risk.

17. CAPITAL MANAGEMENT

The Company considers its capital structure as the aggregate of shareholders' equity. The Company manages its capital structure and makes adjustments to it in order to have funds available to support the business activities which the Board of Directors intends to pursue in addition to maximizing the return to shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out current operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the year ended August 31, 2021.

The Company is not subject to externally imposed capital requirements.

18. GOVERNMENT ASSISTANCE AND SUBSIDIES

The Company receives an annual grant from the Canada Periodical Fund administered by the Department of Canadian Heritage. This grant is recognized as a reduction of operating expenses as each issue of the magazine is published. The annual grant received for the current fiscal year is $856,546 (2020 - $1,234,964).

In addition, the Company received various COVID-19 emergency relief measures in the form of Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy, Canadian Heritage COVID Emergency Relief Fund, and special measures grant from the Canada Periodical Fund (see Note 22). These subsidies are recognized as a reduction of operating expenses in the following periods:

	Year ended August 31, 2022	Year ended August 31, 2021	Year ended August 31, 2020	Year ended August 31, 2019	Total
Canada Periodical Fund					
Government fiscal year 2022 - annual grant	$ 571,031	$ 285,515	$ —	$ —	$ 856,546
Government fiscal year 2021 - annual grant	—	823,309	411,655	—	1,234,964
Government fiscal year 2021 - special measures	—	36,603	26,145	—	62,748
Government fiscal year 2020 - annual grant	—	—	493,986	493,986	987,972
Government fiscal year 2019 - annual grant	—	—	—	580,649	580,649
Canada Emergency Wage Subsidy	—	1,135,336	1,399,181	—	2,534,517
Canada Emergency Rent Subsidy	—	123,377	—	—	123,377
Canadian Heritage COVID Emergency Relief Fund	—	—	140,464	—	140,464
	$ 571,031	$ 2,404,140	$ 2,471,431	$ 1,074,635	$ 6,521,237

At August 31, 2021, $571,031 of the annual grant for the current fiscal year remains in contract liabilities (August 31, 2020 - $859,912).

19. COMMITMENTS AND CONTINGENT LIABILITIES

(a) At August 31, 2021, the Company has entered into various agreements for the right to broadcast certain television programs in the future. The acquisition of these broadcast rights is contingent on the actual delivery of the productions. Management estimates that these arrangements will result in future program expenditures of approximately $2,692,137 (August 31, 2020 - $893,389).

(b) In May 2012, the Company assigned its interests under a property lease to a third party. In the event that the third party does not fulfill its obligations, the Company will be liable for the remaining payments due under the lease. The Company's continuing obligation under the lease is secured by a general security agreement covering the assets of the Company excluding the assets of the Radio business segment. The lease expired on April 2021, and at August 31, 2021, there are no remaining future minimum payments due under the lease (August 31, 2020 - $267,960).

20. SEGMENTED INFORMATION

Management has determined that during the year, the Company operated within five reportable business segments: Television, Radio, Print, Royalty and Other operations. These business segments reflect the management structure of the Company and the way in which management reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment income (loss), as presented below.

The Television segment consists of the Company's specialty and conventional television stations (Vision TV, ONE: Get Fit, JoyTV in Vancouver, FAITH TV in Winnipeg, and TVL Channel 5) and generates revenues from subscriber fees, the sale of broadcast time and advertising. The Radio segment consists of the Company's four radio stations and generates revenues primarily from the sale of advertising. The Print segment publishes ZOOMER magazine, On The Bay magazine and Tonic Magazine, and generates revenue from advertising, and subscriptions. The Membership & Royalty segment includes the operating activities of CARP as well as membership and marketing services to CARP, earning revenue from membership fees and royalties.

Other activities include the operation of a number of Canadian websites and the production of ZoomerShows, and other trade and consumer shows directed to the 45plus age group. Also included are a television production and distribution company and the JTM entities (see Note 3(d)). Other activities generate revenue from advertising, production and distribution services, sponsorship, booth rentals and ticket sales.

During the year ended August 31, 2020, the Company completed an agreement to sell substantially all of the net assets of Darwin CX, a SaaS platform that manages customer experience orchestration for external clients (see Note 12 for further discussion). The Company had determined that the assets and liabilities of the disposal group meets the IFRS criteria for the presentation and disclosure of discontinued operations. Accordingly, the financial results related to the disposal group has been presented separately from the results of the company's continuing operations for the year ended August 31, 2021 and 2020. For the purposes of segmented reporting, the results of the Darwin disposal group has been excluded from the Company's Other operating segment.

Corporate results primarily represent the incremental cost of corporate overhead in excess of the amount allocated to the segments, and also includes expenses relating to the operation of the Company's commercial property located in Toronto.

	Year ended August 31, 2021						
	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 32,069,206	$ 6,070,779	$ 3,811,154	$ 4,062,400	$ 2,691,138	$ 155,995	$ 48,860,672
Operating expenses	15,654,399	6,922,447	4,292,131	2,634,215	4,823,004	5,291,897	39,618,093
Depreciation	244,527	207,521	1,105,356	3,397	766,256	44,417	2,371,474
Amortization	41,385	833	78,432	848,952	55,383	3,210	1,028,195
	15,940,311	7,130,801	5,475,919	3,486,564	5,644,643	5,339,524	43,017,762
Interest expense	141	1,051	—	—	1,743	1,293,046	1,295,981
Interest income	—	—		—	(19,514)	(99,285)	(118,799)
Unrealized gain on equity instruments	—	—	—	(212,686)	—		(212,686)
Loss on sale of equity instruments						8,683	8,683
Gain on sale of property		—				—	—
Segmented income (loss)	$ 16,128,754	$ (1,061,073)	$ (1,664,765)	$ 788,522	$ (2,935,734)	$ (6,385,973)	$ 4,869,731
Segmented assets	$ 21,016,805	$ 4,744,215	$ 35,272,824	$ 1,238,347	$ 24,906,901	$ 1,443,759	$ 88,622,851
Additions - property and equipment	115,559	423,142	—	—	117,354	457,153	1,113,208
Additions - program rights	4,612,303	—	—	—	18,300	—	4,630,603
Additions - other intangible assets	6,888	4,283	336,740	—	—	—	347,911

	Year ended August 31, 2020						
	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 31,305,221	$ 6,794,190	$ 4,081,526	$ 5,026,534	$ 3,460,860	$ 17,447	$ 50,685,778
Operating expenses	16,541,013	7,307,999	3,797,923	2,230,631	5,263,407	5,106,223	40,247,196
Depreciation	299,239	219,771	1,093,227	4,247	799,811	4,570	2,420,865
Amortization	158,930	403	64,653	850,356	48,365	277	1,122,984
	16,999,182	7,528,173	4,955,803	3,085,234	6,111,583	5,111,070	43,791,045
Interest expense	2,640	1,948	—	—	952	1,331,950	1,337,490
Interest income	—	(32,084)	—	—	(246)	(628,591)	(660,921)
Unrealized loss on equity instruments	—	—	—	160,663	—	—	160,663
Gain on sale of property	—	(137,229)	—	—	—	(12,085)	(149,314)
Segmented income (loss)	$ 14,303,399	$ (566,618)	$ (874,277)	$ 1,780,637	$ (2,651,429)	$ (5,784,897)	$ 6,206,815
Segmented assets	$ 22,856,209	$ 4,293,466	$ 32,924,203	$ 303,992	$ 24,645,017	$ 140,738	$ 85,163,625
Additions - property and equipment	146,935	95,706	1,500	1,710	11,078	159,274	416,203
Additions - program rights	5,259,413	—	—	—	—	—	5,259,413
Additions - other intangible assets	68,972	—	—	—	—	16,583	85,555

21. INVESTEE WITH NON-CONTROLLING INTEREST

CARP is recorded as an investee of the Company in these consolidated financial statements, although the Company has no equity interest in CARP (see Note 3 (d)). The non-controlling interest of CARP comprises its membership base, which holds the deficit. The following financial information of CARP as an investee is presented below. This information is based on amounts before elimination of balances and transactions between ZoomerMedia and its subsidiaries as the investor and CARP as the investee.

Summarized Statement of Financial Position

	August 31, 2021	August 31, 2020
ASSETS		
Current assets		
Cash	$ 75,865	$ 104,719
Trade and other receivables	40,143	62,643
Prepaid expenses	44,890	23,897
	160,898	191,259
Non-current assets		
Property and equipment	13,589	16,987
Intangible assets	27,026	32,642
TOTAL ASSETS	$ 201,513	$ 240,888
LIABILITIES		
Current liabilities		
Trade and other payables	$ 193,090	$ 222,599
Due to controlling entity	833,614	764,017
Contract liabilities	1,003,844	1,130,608
	2,030,548	2,117,224
Non-current liabilities		
Contract liabilities	194,445	351,884
	2,224,993	2,469,108
EQUITY		
Deficit	(2,023,480)	(2,228,220)
TOTAL LIABILITIES AND EQUITY	$ 201,513	$ 240,888

Summarized Statements of Income and Comprehensive Income

	Year ended August 31, 2021	Year ended August 31, 2020
REVENUE		
Membership fees	$ 1,546,398	$ 1,490,541
Subsidy from controlling entity	—	138,480
Sponsorship and other income	401,691	516,913
	1,948,089	2,145,934
OPERATING EXPENSES		
Employee benefits:		
Salaries and wages	467,842	647,186
Other employee costs	27,220	68,788
	495,062	715,974
Distribution and transmission costs	826,932	429,966
Other operating expenses	412,342	988,727
	1,734,336	2,134,667
Operating income	213,753	11,267
Depreciation	3,397	4,247
Amortization of other intangible assets	5,616	7,020
Net income before income taxes	204,740	—
Income tax expense	—	—
Net income and comprehensive income for the year	$ 204,740	$ —

22. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as ("**COVID-19**"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and border lock-downs, have caused significant disruption to businesses, economies and financial markets around the world, resulting in an economic slowdown. The medium and long-term impact of COVID-19 are unknown at this time, including its duration, severity and further measures that could be implemented by governments and central banks.

The impact of COVID-19 on the Company for the year ended August 31, 2021 includes a decline in commercial advertising revenues and the cancellation of two ZoomerShows as well as the IdeaCity conference. The Company has continued to enact a number of measures to respond to the impact of COVID-19 on business operations, including exploring new revenue streams, and a continued focus on reducing non-critical expenses. The Company has also applied for the Canada Emergency Wage Subsidy ("**CEWS**") and for the Canada Emergency Rent Subsidy ("**CERS**"). For the year ended August 31, 2021, the Company received $1,135,336 in CEWS (2020 - $1,399,181) and $123,377 in CERS (2020 - $nil).