ZOOMERMEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020 and August 31, 2019

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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 statement of financial position as at August 31, 2020 and 2019, and the consolidated statements of income and comprehensive income, statement of changes in equity and statement of 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the 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 IFRSs, 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 27, 2020

ZOOMERMEDIA LIMITED

Consolidated Statements of Financial Position

(expressed in Canadian dollars)		August 31, 2020		August 31, 2019
ASSETS				
Current assets				
Cash	$	17,670,346	$	7,570,031
Short-term investments (Note 5)		10,405,211		6,547,632
Trade and other receivables		10,027,598		10,245,323
Prepaid expenses		613,597		758,360
		38,716,752		25,121,346
Non-current assets				
Property and equipment (Note 6)		3,326,432		3,795,994
Right-of-use assets (Note 8)		23,041,972		—
Deferred tax assets (Note 10)		2,613,561		2,955,318
Intangible assets (Note 7)		14,289,440		17,099,706
Goodwill (Note 7)		2,768,738		2,768,738
Other non-current assets		406,730		738,526
TOTAL ASSETS	$	85,163,625	$	52,479,628
LIABILITIES				
Current liabilities				
Trade and other payables	$	4,916,520	$	3,882,852
Contract liabilities (Note 9)		3,736,641		4,226,247
Income tax liabilities		2,064,542		—
Current portion of lease liabilities (Note 8)		863,414		—
Current portion of program right liabilities		1,455,715		1,951,015
Current portion of provisions		8,570		8,570
		13,045,402		10,068,684
Non-current liabilities				
Contract liabilities (Note 9)		1,011,615		1,467,225
Deferred tax liabilities (Note 10)		89,040		89,040
Long-term lease liabilities (Note 8)		23,023,479		—
Other liabilities		—		87,000
		37,169,536		11,711,949
EQUITY				
Equity attributable to owners of the parent				
Share capital		63,130,020		63,130,020
Contributed surplus		3,778,855		3,753,484
Deficit		(16,686,566)		(23,887,605)
		50,222,309		42,995,899
Non-controlling interest (Note 21)		(2,228,220)		(2,228,220)
Total equity		47,994,089		40,767,679
TOTAL LIABILITIES AND EQUITY	$	85,163,625	$	52,479,628

Commitments and contingent liabilities (Note 19)

APPROVED ON BEHALF OF THE BOARD:

signed	Director	*signed*	Director
Moses Znaimer		Peter Palframan	

ZOOMERMEDIA LIMITED

Consolidated Statements of Income and Comprehensive Income

For the years ended August 31, 2020 and 2019

	Year ended	
	August 31, 2020	**August 31, 2019**
Revenue	$ 50,685,778	$ 52,508,989
Operating expenses (Note 12)	40,247,196	46,231,184
Depreciation (Note 6, 8)	2,420,865	802,644
Amortization of other intangible assets (Note 7)	1,122,984	1,190,924
Operating income	6,894,733	4,284,237
Interest income (Note 10)	(660,921)	(74,146)
Interest expense (Note 8)	1,337,490	16,306
Net interest expense (income)	676,569	(57,840)
Unrealized loss on equity instruments (Note 5)	160,663	492,015
Gain on sale of property (Note 6)	(149,314)	—
	11,349	492,015
Net income before income taxes	6,206,815	3,850,062
Income tax expense (Note 10)	1,615,951	913,821
Net income from continuing operations	4,590,864	2,936,241
Net income (loss) from discontinued operations (Note 4)	2,610,175	(1,377,102)
Net income and comprehensive income for the period	$ 7,201,039	$ 1,559,139
Net income and comprehensive income attributed to:		
Owners of the parent	$ 7,201,039	$ 1,559,139
Non-controlling interest (Note 21)	—	—
	$ 7,201,039	$ 1,559,139
Basic and diluted income (loss) per share (Note 14)		
Continuing operations	$ 0.01	$ 0.00
Discontinued operations	0.00	(0.00)
Net income per share (basic and diluted)	$ 0.01	$ 0.00

ZOOMERMEDIA LIMITED

Consolidated Statements of Cash Flows

For the years ended August 31, 2020 and 2019

	Year ended	
	August 31, 2020	August 31, 2019
Operating activities		
Net income for the period	$ 4,590,864	$ 2,936,241
Add (deduct) non-cash items:		
Depreciation (Note 6)	776,438	802,644
Depreciation of right-of-use assets (Note 8)	1,644,427	—
Amortization of program rights (Note 7)	5,817,265	6,155,883
Amortization of other intangibles (Note 7)	1,122,984	1,190,924
Stock-based compensation	25,371	150,815
Interest accrued on short-term investments	(19,835)	(21,209)
Deferred income tax (recovery) expense (Note 10)	(91,393)	644,135
Unrealized loss on equity instruments (Note 5)	160,663	492,015
Change in other non-current assets	331,796	2,239
Interest expense on lease liabilities (Note 8)	1,336,329	—
Gain on sale of property (Note 6)	(149,314)	—
Change in contract liabilities	(895,882)	(77,967)
Net change in non-cash working capital (Note 13)	5,048,903	(1,158)
Operating activities from discontinued operations (Note 4)	(2,247,249)	(1,119,766)
	17,451,368	11,154,796
Purchase of program rights (Note 7)	(5,259,413)	(5,372,139)
Change in liabilities related to program rights	(582,300)	(643,375)
	(5,841,713)	(6,015,514)
	11,609,655	5,139,282
Investing activities		
Purchase of short-term investments	(29,142,960)	(7,550,281)
Proceeds from sale of short-term investments	25,124,718	4,518,883
Proceeds from sale of property, net (Note 6)	258,641	—
Additions to property and equipment (Note 6)	(416,203)	(660,098)
Purchase of other intangible assets (Note 7)	(85,555)	(91,691)
Investing activities from discontinued operations (Note 4)	4,887,855	(732,117)
	626,496	(4,515,304)
Financing activities		
Issuance of shares under stock option plan (Note 11)	—	50,000
Repurchase of common shares (Note 11)	—	(2,645)
Repayment of lease liabilities (Note 8)	(2,135,836)	—
	(2,135,836)	47,355
Change in cash	10,100,315	671,333
Cash, beginning of period	7,570,031	6,898,698
Cash, end of period	$ 17,670,346	$ 7,570,031
Supplementary cash flow information:		
Equity instruments received (Note 5)	$ —	$ 1,000,000
Interest paid	1,338,352	16,306

ZOOMERMEDIA LIMITED

Consolidated Statements of Changes in Equity

For the years ended August 31, 2020 and 2019

	Common Shares		Preference Shares		Contributed Surplus	Deficit	Non-controlling Interest	Total Shareholders' Equity
	#	$	#	$	$	$	$	$
Balance - September 1, 2018	263,418,297	24,287,847	387,879,129	38,787,913	3,609,574	(25,446,744)	(2,228,220)	39,010,370
Cancellation of shares repurchased	(88,000)	(8,114)	—	—	5,469	—	—	(2,645)
Stock-based compensation	—	—	—	—	150,815	—	—	150,815
Exercise of stock options	1,000,000	62,374	—	—	(12,374)	—	—	50,000
Net income from continuing operations	—	—	—	—	—	2,936,241	—	2,936,241
Net loss from discontinued operations	—	—	—	—	—	(1,377,102)	—	(1,377,102)
Balance - August 31, 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
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 and comprehensive 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

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, as well as On The Bay Magazine, a regional lifestyle magazine published quarterly for the 20 towns and villages of Southern Georgian Bay, Ontario. ZoomerMedia is Canada's leading provider of online content targeting the 45plus 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 has 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 4).

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 25, 2020.

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, 2020. 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 Classical Performance Inc. (**"JTM Classical"**), JTM Holiday II Inc. (**"JTM Holiday"**), JTM Classical Performance II Inc. (**"JTM Classical II"**), JTM Libby's Story Inc. (**"JTM Libby"**), Gospel Song Productions Inc. (**"GSPI"**), People Who Sing Together 2 Inc. (**"PWST2"**), 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")**, and 2585882 Ontario Inc. (**"Kettle Bells Series")** are structured entities. JTM Classical was incorporated on November 6, 2012, JTM Holiday was incorporated on October 31, 2013, JTM Classical II was incorporated on October 8, 2014, JTM Libby was incorporated on May 5, 2014, GSPI was incorporated on September 30, 2015, PWST2 was incorporated on October 4, 2016, 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, and Kettle Bells Series was incorporated on July 5, 2017. The Company concluded that it controls JTM Classical, JTM Holiday , JTM Classical II, JTM Libby, GSPI, PWST2, JTM Hit Parade, JTM Unholy, JTM Hit Parade 3, JTM Healing Gardens, and Kettle Bells Series (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, 2020, cash of $858,255 and other current liabilities of $241,345 are included in the consolidated financial statements resulting from the consolidation of the JTM entities (August 31, 2019, cash of $804,068 and other current liabilities of $60,716).

Net income before income taxes for the year ended August 31, 2020 increased by $138,247 resulting from the consolidation of the JTM entities (August 31, 2019 - net income before income taxes decreased by $224,224).

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 are classified entirely as current (see Note 5).

(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 (l) 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 (l) 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) 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 (l) below.

(l) 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, 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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).

(r) 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.

(s) 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, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16, *Leases*

Effective September 1, 2019, the Company adopted IFRS 16, *Leases* (**"IFRS 16"**), which replaces IAS 17, *Leases (***"IAS 17"***)* and its related interpretations. IFRS 16 introduces a single accounting model requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. A lessee is required to recognize a right-of-use asset, which represents its right to use that underlying asset and a lease liability, which represents the obligation to make a lease payment.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of September 1, 2019. Under this method, comparative information from the prior year will not be restated. Additional disclosure includes a reconciliation between operating lease commitments at August 31, 2019 under IAS 17 and the opening lease liabilities at September 1, 2019 under IFRS 16. For leases classified as operating leases under IAS 17, lease liabilities have been measured at the present value of remaining lease payments, discounted using the Company's incremental borrowing rate as at September 1, 2019. Right-of-use assets have been measured at an amount equal to the lease liability, adjusted for any prepaid amounts or accrued payments.

At transition, the Company has elected to apply the practical expedient that allows the application of IFRS 16 definition to contracts entered into or modified on or before September 1, 2019 that were previously identified as leases under IAS 17 and IFRIC 4. The Company has also elected to apply the following practical expedients to leases previously classified as operating leases under IAS 17:

- Application of a single discount rate to a portfolio of leases with similar characteristics;
- Exclusion of initial direct costs from measuring the right-of-use asset as at September 1, 2019;
- Use of hindsight in determining the lease term where the contract contains purchase, extension, or termination options;
- Exclusion of leases for which the lease term ends within twelve months of the date of the initial application; and
- Exclusion of leases for which the underlying asset is of low value.

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.

As at September 1, 2019, the Company recognized $24,645,862 of right-of-use assets and lease liabilities, with no impact to retained earnings. The weighted average discount rate applied on initial adoption is 5.49%.
The following table reconciles the Company's operating lease obligations at August 31, 2019, as previously disclosed in the annual consolidated financial statements, to the lease liabilities recognized on initial application of IFRS 16 at September 1, 2019:

		September 1, 2019
Operating lease commitments at August 31, 2019	$	15,107,345
Impact of reasonably certain renewal and termination options		20,439,997
Other		2,613,784
Recognition exemptions:		
Short-term leases		(8,888)
Low value leases		(3,660)
Undiscounted operating lease obligations		38,148,578
Discounting effect		(13,502,716)
Lease liabilities due to initial application of IFRS 16		24,645,862
Lease liabilities from finance leases prior to IFRS 16 application		—
Total lease liabilities at September 1, 2019	$	24,645,862

IFRIC Interpretation 23, *Uncertainty over income tax treatments*

In June 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over income tax treatments* (**"IFRIC 23"**) which clarifies how to apply the recognition and measurement requirements in IAS 12, *Income Taxes* when there is uncertainty over income tax treatments. IFRIC 23 requires:

- An entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- An entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The interpretation requires retrospective application, with some practical expedients available on adoption.

IFRIC 23 did not have any impact on the Company's consolidated financial statements.

(t) Accounting Standards or Pronouncements Not Yet Adopted

In May 2020, the IASB amended IFRS 16 to include a practical expedient which permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic are lease modifications, and instead, account for those concessions as if they were not lease modifications. The amendments are effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The Company does not anticipate the adoption of this amendment to have a significant impact on the consolidated financial statements.

(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; and the estimated useful lives of non-financial assets with definite useful lives.

4. 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, and the financial results for the prior year have been restated.

Reconciliation of income from discontinued operations

	Year ended August 31, 2020	Year ended August 31, 2019
Revenue	$ 407,578	$ 181,591
Operating expenses		
Salaries and wages	485,734	648,602
Other employee costs	229,902	140,629
Distribution and transmission costs	410,336	633,686
Other operating expenses	274,233	250,571
	1,400,205	1,673,488
Amortization of other intangible assets	267,751	318,366
Operating loss	(1,260,378)	(1,810,263)
Interest income	(246)	(11)
Interest expense	862	—
Net interest expense	616	(11)
Gain on sale of assets	(4,563,413)	—
Net income (loss) before income taxes	3,302,419	(1,810,252)
Income tax expense (recovery)	692,244	(433,150)
Net income (loss) from discontinued operations	$ 2,610,175	$ (1,377,102)

Reconciliation of cash flow impact

	Year ended August 31, 2020	August 31, 2019
Operating activities from discontinued operations		
Net income (loss) for the period	$ 2,610,175	$ (1,377,102)
Add (deduct) non-cash items:		
Amortization of other intangibles	267,751	318,366
Deferred income tax (recovery) expense	433,150	(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	175,093
Prepaid expenses	(9,024)	24,456
Trade and other payables	(1,050,559)	172,571
	(2,247,249)	(1,119,766)
Investing activities from discontinued operations		
Proceeds from sale of property, net of costs	6,599,747	—
Purchase of other intangible assets	(1,711,892)	(732,117)
	4,887,855	(732,117)
Cash flow impact of discontinued operations	$ 2,640,606	$ (1,851,883)

5. 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 recorded as a contract liability and is being recognized as royalty revenue over the term of the agreement. As at August 31, 2020, the Canopy shares have a fair value of $347,322 (August 31, 2019 - $507,985).

(b) Government of Canada treasury bills of $3,057,889 (August 31, 2019 - $6,039,647).

(c) Royal Bank of Canada guaranteed investment certificates of $7,000,000 (August 31, 2019 - $nil).

The Company records the Canopy shares as financial assets at fair value through profit and loss and recorded an unrealized loss of $160,663 during the year ended August 31, 2020 (2019 - unrealized loss of $492,015).

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 two months with an interest rate yield between 0.470% and 1.643% (2019 - 1.590% and 1.663%). The Company uses the effective interest rate method in determining amortized cost for these instruments.

6. PROPERTY AND EQUIPMENT

	Land & building	Broadcast equipment	Equipment & vehicles	Computer hardware	Leasehold improvements	Total
Year ended August 31, 2019						
Opening net book value	$ 725,250	$ 1,981,996	$ 213,617	$ 265,027	$ 752,650	$ 3,938,540
Additions	—	220,219	54,067	310,949	74,863	660,098
Depreciation for the year	(36,025)	(352,111)	(101,128)	(214,359)	(99,021)	(802,644)
Closing net book value	$ 689,225	$ 1,850,104	$ 166,556	$ 361,617	$ 728,492	$ 3,795,994
At August 31, 2019						
Cost	$ 858,226	$ 8,479,419	$ 2,208,300	$ 2,019,010	$ 943,692	$ 14,508,647
Accumulated depreciation	(169,001)	(6,629,315)	(2,041,744)	(1,657,393)	(215,200)	(10,712,653)
Net book value	$ 689,225	$ 1,850,104	$ 166,556	$ 361,617	$ 728,492	$ 3,795,994
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 period	(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

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.

Furthermore, as part of the Darwin CX transaction, the Company agreed to sell computer equipment to Irish Studios for gross proceeds of $18,100. The net book value of the equipment at the time of disposal was $6,015 and an additional gain of $12,085 was recorded in the consolidated financial statements for the year ended August 31, 2020.

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, 2019								
Opening net book value	$ 6,400,000	$ 6,768,151	$ 3,642,706	$ 155,333	$ 330,074	$ 471,435	$ 17,767,699	$ 2,768,738
Additions	—	5,372,139	—	—	91,691	—	5,463,830	—
Amortization for the period	—	(6,155,883)	(843,336)	(97,000)	(172,023)	(78,565)	(7,346,807)	—
Closing net book value	$ 6,400,000	$ 5,984,407	$ 2,799,370	$ 58,333	$ 249,742	$ 392,870	$ 15,884,722	$ 2,768,738
At August 31, 2019								
Cost	$ 22,620,517	$ 19,289,079	$ 12,650,072	$ 790,000	$ 3,160,360	$ 550,000	$ 59,060,028	$ 8,731,879
Accumulated amortization	—	(13,304,672)	(9,850,702)	(731,667)	(1,695,634)	(157,130)	(25,739,805)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
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
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)	—
Impairment for the period	—	—	—	—	—	—	—	—
Disposal (Note 4)	—	—	—	—	(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

During the year ended August 31, 2020, fully amortized program rights with cost amounts totaling $2,980,694 were written off (2019 - $9,931,556). These fully amortized amounts were derecognized due to either the contract term expiring in the year or all contractual runs being used.

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

	August 31, 2020	August 31, 2019
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, 2020.

As at August 31, 2020, 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, 2020	August 31, 2019
	Television	Television
Growth rate - year 1	-8.0% to 0.4%	-19.7% to -2.8%
Growth rate - years 2 to 5	-8.4% to 3.5%	-7% to -3.5%
Discount rate	5.95%	14.0%
Long-term growth rate	0%	0%

The calculations of value in loss 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. 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 office equipment and vehicles.

The following table presents the right-of-use assets for the year ended August 31, 2020:

	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

The following table presents the lease liabilities for the year ended August 31, 2020:

	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)
	23,695,644	191,249	23,886,893
Less: Current portion	(789,547)	(73,867)	(863,414)
Closing balance	$ 22,906,097	$ 117,382	$ 23,023,479

The following table presents the maturity analysis of contractual undiscounted cash flows related to the lease liabilities of the Company as at August 31, 2020:

		August 31, 2020
Less than one year	$	2,156,212
2-3 years		4,384,986
4-5 years		4,261,784
Thereafter		25,254,219
	$	36,057,201

9. CONTRACT LIABILITIES

		August 31, 2020		August 31, 2019
Magazine subscriptions revenue	$	1,700,465	$	1,950,883
Membership revenue		1,482,492		1,538,325
Royalty revenue		394,472		907,808
Canada Periodical Fund		823,309		493,985
Show and conference revenue		62,400		312,528
Advertising revenue		277,118		481,943
Production revenue		8,000		8,000
	$	4,748,256	$	5,693,472
Less: Current portion		(3,736,641)		(4,226,247)
	$	1,011,615	$	1,467,225

10. INCOME TAX

The components of income tax expense for the years ended August 31, 2020 and 2019 were as follows:

		2020		2019
Current tax expense:				
Current tax on net income for the period	$	1,707,344	$	269,686
Total current tax expense	$	1,707,344	$	269,686
Deferred tax expense:				
Origination and reversal of temporary differences	$	(91,393)	$	644,135
Total deferred tax expense	$	(91,393)	$	644,135
Total income tax expense	$	1,615,951	$	913,821

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

		2020		2019
Expected income tax expense	$	1,518,779	$	829,467
Non-taxable portion of capital gain on sale of property		(16,706)		—
Stock-based compensation not deductible for income tax purposes		6,723		39,966
Permanent differences not deductible for income tax purposes		20,238		33,113
Recognition of previously unrecognized temporary differences		310,220		—
Recognition of previously unrecognized tax losses		(231,001)		—
Other expense		7,698		11,275
Income tax expense	$	1,615,951	$	913,821

The weighted average applicable tax rate at August 31, 2020 and 2019 was 26.50%.

The analysis of deferred tax assets and deferred tax liabilities as at August 31, 2020 and 2019 is as follows:

		2020		2019
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	$	2,454,042	$	2,595,246
Deferred tax asset to be recovered within 12 months		159,519		360,072
	$	2,613,561	$	2,955,318
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, 2020, 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, 2019	$2,935,969	$1,748,679	$ 740,803	$ 178,777	$ (2,648,910)	$2,955,318
Credit (charge) to income statement - continuing operations	59,484	73,234	(53,769)	12,444	—	91,393
Credit (charge) to income statement - discontinued operations	—	(280,295)	(152,855)	—	—	(433,150)
At August 31, 2020	$2,995,453	$1,541,618	$ 534,179	$ 191,221	$ (2,648,910)	$2,613,561

Deferred tax liabilities	Goodwill and intangible assets	Provision and loans	Property and equipment	Other	Total
At September 1, 2019	$ 89,040	$ —	$ —	$ —	$ 89,040
Charge (credit) to income statement	—	—	—	—	—
At August 31, 2020	$ 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. As a result of the decision, the Company received a refund of $2,006,732. In addition, the Company made a payment of $86,759 related to the reassessment of subsequent taxation years impacted by the result of the decision. The cumulative impact of the decision and subsequent reassessments, after applying the refund against the accounts receivable previously accrued, resulted in the Company recording an income tax recovery of $85,475 and interest income of $466,529 for the year ended August 31, 2020.

11. 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, 2020, the Company had 387,879,129 preference shares outstanding (August 31, 2019 – 387,879,129).
Unlimited number of common shares. As at August 31, 2020, the Company had 264,330,297 common shares outstanding (August 31, 2019 – 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, 2020, the Company had 16,800,000 stock options outstanding with a weighted exercise price of $0.05 per share (August 31, 2019 - 19,000,000).

Movements in the number of stock options outstanding and their related weighed average exercises for the years ended August 31, 2020 and 2019 are as follows:

	2020		2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	19,000,000	$ 0.05	20,300,000	$ 0.05
Issued	—	—	—	—
Exercised	—	—	(1,000,000)	0.05
Cancelled	(400,000)	0.05	(300,000)	0.05
Expired	(1,800,000)	0.10	—	—
Balance, end of period	16,800,000	$ 0.05	19,000,000	$ 0.05

No options were granted during the years ended August 31, 2020 and 2019.

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, 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

	Options Outstanding as at August 31, 2019			Options Exercisable as at August 31, 2019	
Exercise Price	**Number Outstanding**	**Weighted Average Remaining Life (years)**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**
$0.05 - $0.10	19,000,000	2.5	$ 0.05	14,400,003	$ 0.06

(c) Normal Course Issuer Bid

On September 14, 2018, the Company announced its intent to commence a Normal Course Issuer Bid (**"NCIB"**) to purchase up to 4,000,000 of its common shares, representing approximately 1.5% of the total number of issued and outstanding common shares on that date. As with the previous NCIB, purchases were made for cancellation through the facilities of the TSX Venture Exchange at the prevailing market price of the common shares. Share purchases were conducted by RBC Capital Markets on behalf of the Company. In total, 88,000 shares were repurchased under this NCIB and cancelled on March 29, 2019. The NCIB ended on September 16, 2019.

12. OPERATING EXPENSES

Operating expenses of the Company for the years ended August 31, 2020 and August 31, 2019 are as follows:

	Year ended August 31, 2020	August 31, 2019
Employee benefits:		
Salaries and wages	$ 15,537,553	$ 16,872,511
Less: Wage subsidies (Note 18)	(1,399,181)	—
	14,138,372	16,872,511
Other employee costs	5,073,584	5,108,555
Stock based compensation	25,371	150,815
	19,237,327	22,131,881
Amortization of program rights	5,817,265	6,155,883
Distribution and transmission costs	7,728,091	7,728,537
Other operating expenses	7,464,513	10,214,883
	$ 40,247,196	$ 46,231,184

13. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital balances for the years ended August 31, 2020 and August 31, 2019 consists of the following:

	Year ended August 31, 2020	August 31, 2019
Trade and other receivables	$ (116,209)	$ (869,084)
Prepaid expenses	138,355	(35,482)
Trade and other payables	2,962,215	903,408
Income tax liabilities	2,064,542	—
	$ 5,048,903	$ (1,158)

14. BASIC AND DILUTED INCOME (LOSS) PER SHARE

The following table outlines the calculations of basic and diluted income (loss) per share attributed to owners of the parent for the year ended August 31, 2020 and August 31, 2019:

	Year ended August 31, 2020	August 31, 2019
Numerator for basic and diluted income (loss) per share:		
Net income from continuing operations	$ 4,590,864	$ 2,936,241
Net income (loss) from discontinued operations	2,610,175	(1,377,102)
Adjusted numerator for income (loss) per share	$ 7,201,039	$ 1,559,139
Common shares	264,330,297	263,630,516
Preference shares	387,879,129	387,879,129
Denominator for income (loss) per share - weighted average	652,209,426	651,509,645
Effect of potential dilutive securities	4,800,000	—
Adjusted denominator for diluted income (loss) per share	657,009,426	651,509,645
Basic income (loss) per share		
Continuing operations	$ 0.01	$ 0.00
Discontinued operations	0.00	(0.00)
	$ 0.01	**$ 0.00**
Diluted income (loss) per share		
Continuing operations	$ 0.01	$ 0.00
Discontinued operations	0.00	(0.00)
	$ 0.01	**$ 0.00**

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.

For the year ended August 31, 2020, the effect of the potential exercise of stock options has been included in the calculation of diluted earnings per share. For the year ended August 31, 2019, no effect has been given to the potential exercise of stock options in the calculation of diluted earnings per share as the effect would have no impact.

15. RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (**"OML**"), which owns 64.9% (2019 - 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% (2019 - 27.0%) of the Company's equity through both common shares and preference shares. The remaining 8.1% (2019 - 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, 2020, the Company paid management fees of $1,381,000 (2019 – $1,381,000) and fees for ancillary services of $171,606 (2019 – $187,572) 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, 2020, included in accounts payable and accrued liabilities is a payable to OML of $294 (August 31, 2019 - $4,271).

(b) Transactions with entities controlled by a principal shareholder

During the year ended August 31, 2020, the Company received royalty revenues from Northbridge of $977,418 (2019 – $933,845) and advertising revenues of $147,959 (2019 – $87,241). Included in accounts receivable at August 31, 2020 is a receivable from Northbridge of $78,717 (August 31, 2019 – $99,775).

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

(c) Compensation of key management

		2020		**2019**
Salaries and short-term employee benefits	$	1,818,258	$	1,689,725
Stock-based compensation		11,298		39,699
	$	1,829,556	$	1,729,424

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, 2020		August 31, 2019	
	Input level	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Assets					
Amortized cost:					
Short-term investments - Government of Canada treasury bills	2	$ 3,057,889	$ 3,076,752	$ 6,039,647	$ 6,062,328
Short-term investments - Guaranteed investment certificates	2	7,000,000	7,003,852	—	—
Fair value through profit or loss:					
Short-term investments - Canopy shares	1	347,322	347,322	507,985	507,985
		$ 10,405,211	$ 10,427,926	$ 6,547,632	$ 6,570,313

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 $16,686,566 as at August 31, 2020. Cash flows for operating activities from continuing operations were $13,856,904 during the fiscal year ended August 31, 2020 (2019 - $6,259,048 (restated - see Note 4)). Cash used for investing activities from continuing operations was $4,261,359 (2019 - $3,783,187 (restated - see Note 4)). During the fiscal year, cash used for financing activities from continuing operations was $2,135,836 (2019 - cash generated from financing activities of $47,355 (restated - see Note 4)). At August 31, 2020, excluding current deferred revenue, the Company had working capital of $29,407,991 (August 31, 2019 - $19,278,909 (restated - see Note 4)).

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, 2020:

	1 year	2-3 years	4-5 years	Beyond 5 years	Total
Trade and other payables	$ 4,916,520	$ —	$ —	$ —	$ 4,916,520
Other liabilities	1,455,715	—	—	—	1,455,715
Provisions	8,570	—	—	—	8,570
Leases	2,156,212	4,384,986	4,261,784	25,254,219	36,057,201
	$ 8,537,017	$ 4,384,986	$ 4,261,784	$ 25,254,219	$ 42,438,006

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 comprise 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, 2020, the Company had amounts receivable of $10,696,842 (August 31, 2019 - $10,492,427 (restated - see Note 4)) net of an allowance for doubtful accounts of $669,244 (August 31, 2019 - $422,197), 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, 2020	August 31, 2019
Trade accounts receivable		
Current	$ 3,312,441	$ 3,122,893
30 - 90 days past due date	2,617,646	3,090,142
Over 90 days past due date	1,723,743	1,345,436
	$ 7,653,830	$ 7,558,471
Other receivables	3,043,012	2,933,956
	$ 10,696,842	$ 10,492,427
Less: Expected credit losses	(669,244)	(422,197)
	$ 10,027,598	$ 10,070,230

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, 2020 and 2019 is as follows:

		2020		2019
Allowance for doubtful accounts - beginning of year	$	(422,197)	$	(629,170)
Provision for doubtful accounts		(448,277)		(391,653)
Write-off of bad debts		201,230		598,626
Allowance for doubtful accounts - end of year	$	(669,244)	$	(422,197)

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 is that the interest rate that the future cash of a financial instrument will fluctuate because of 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, 2020.

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 $1,234,964 (2019 - $987,971).

In addition, the Company received various COVID-19 emergency relief measures in the form of Canada Emergency Wage 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, 2021	Year ended August 31, 2020	Year ended August 31, 2019	Year ended August 31, 2018	Total
Canada Periodical Fund					
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	—	493,985	493,986	—	987,971
Government fiscal year 2019 - annual grant	—	—	580,649	464,519	1,045,168
Canada Emergency Wage Subsidy	—	1,399,181	—	—	1,399,181
Canadian Heritage COVID Emergency Relief Fund	—	140,464	—	—	140,464
	$ 859,912	$ 2,471,430	$ 1,074,635	$ 464,519	$ 4,870,496

At August 31, 2020, $859,912 of the annual grant for the current fiscal year remains in contract liabilities (August 31, 2019 - $493,985).

19. COMMITMENTS AND CONTINGENT LIABILITIES

(a) At August 31, 2020, 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 $893,389 (August 31, 2019 - $2,242,072).

(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. At August 31, 2020, the remaining future minimum payments due under the lease are $267,960. The lease expires in April 2021.

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 and FAITH TV in Winnipeg) and generates revenues from subscriber fees, the sale of broadcast time and advertising. The Radio segment consists of the Company's five radio stations and generates revenues primarily from the sale of advertising. The Print segment publishes ZOOMER magazine and On The Bay magazine and generates revenue from advertising, subscriptions and sundry sources. 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 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 JTM Classical Performance Inc. ("JTM Classical"), JTM Holiday II Inc. ("JTM Holiday"), JTM Classical Performance II Inc. ("JTM Classical II"), JTM Libby's Story Inc. ("JTM Libby"), Gospel Song Productions Inc. ("GSPI"), People Who Sing Together 2 Inc. ("PWST2"), 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") and 2585882 Ontario Inc. ("Kettle Bells Series"), structured entities that create television programming content.

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 4 for further discussion). The Company has 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 years ended August 31, 2020 and 2019. 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, 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	$ 22,911,926	$ 4,180,455	$ 32,931,466	$ 303,992	$ 24,651,175	$ 140,770	$ 85,119,784
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

	Year ended August 31, 2019						
	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 31,461,017	$ 8,814,822	$ 4,380,814	$ 4,632,488	$ 3,210,647	$ 9,201	$ 52,508,989
Operating expenses	16,619,157	7,968,017	4,812,255	2,915,964	6,191,354	7,724,437	46,231,184
Depreciation	254,385	199,392	200,774	4,881	142,803	409	802,644
Amortization	244,132	548	54,256	852,111	39,763	114	1,190,924
	17,117,674	8,167,957	5,067,285	3,772,956	6,373,920	7,724,960	48,224,752
Interest expense	—	—	—	—	—	16,306	16,306
Interest income	(48)	—	—	—	—	(74,098)	(74,146)
Unrealized loss on equity instruments	—	—	—	492,015	—	—	492,015
Segmented income (loss)	$ 14,343,391	$ 646,865	$ (686,471)	$ 367,517	$ (3,163,273)	$ (7,657,967)	$ 3,850,062
Segmented assets	$ 23,072,148	$ 4,926,751	$ 12,455,618	$ 2,870,375	$ 9,128,576	$ 26,160	$ 52,479,628
Additions - property and equipment	84,561	150,729	1,199	—	43,227	380,382	660,098
Additions - program rights	5,372,139	—	—	—	—	—	5,372,139
Additions - other intangible assets	23,962	—	—	9,122	608,817	181,907	823,808

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, 2020	August 31, 2019
ASSETS		
Current assets		
Cash	$ 104,719	$ 82,655
Trade and other receivables	62,643	—
Prepaid expenses	23,897	11,820
	191,259	94,475
Non-current assets		
Property and equipment	16,987	19,523
Intangible assets	32,642	39,662
TOTAL ASSETS	$ 240,888	$ 153,660
LIABILITIES		
Current liabilities		
Trade and other payables	$ 222,599	$ 185,440
Due to controlling entity	764,017	658,114
Contract liabilities	1,130,608	1,069,469
	2,117,224	1,913,023
Non-current liabilities		
Contract liabilities	351,884	468,857
	2,469,108	2,381,880
EQUITY		
Deficit	(2,228,220)	(2,228,220)
TOTAL LIABILITIES AND EQUITY	$ 240,888	$ 153,660

Summarized Statements of Income and Comprehensive Income

	Year ended August 31, 2020	August 31, 2019
REVENUE		
Membership fees	$ 1,490,541	$ 1,763,131
Subsidy from controlling entity	138,480	747,754
Sponsorship and other income	516,913	304,436
	2,145,934	2,815,321
OPERATING EXPENSES		
Employee benefits:		
Salaries and wages	647,186	738,460
Other employee costs	68,788	88,111
	715,974	826,571
Distribution and transmission costs	429,966	1,047,547
Other operating expenses	988,727	927,547
	2,134,667	2,801,665
Operating income	11,267	13,656
Depreciation	4,247	4,881
Amortization of other intangible assets	7,020	8,775
Net income before income taxes	—	—
Income tax expense	—	—
Net income and comprehensive income for the year	$ —	$ —

22. COVID-19

During the year ended August 31, 2020, 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 duration and impact of COVID-19 is unknown at this time, including measures implemented by governments and central banks.

The impact of COVID-19 on the Company to date includes a decline in commercial advertising revenues and the cancellation of ideaCity conference. As signs of cancellations surfaced in late March, the Company enacted a number of measures to respond to the impact of COVID-19 on business operations. These measures included bi-weekly sales forecasts with a rolling three month revenue projection across all of the Company's divisions, as well as reducing non-critical expenses in the third and fourth quarters of the fiscal year. In addition, the Company applied for the Canada Emergency Wage Subsidy ("**CEWS**"), and received $1,399,181 for the year ended August 31, 2020. The Company also received $140,464 in other emergency relief measures administered by the Department of Canadian Heritage (see Note 18 for further discussion). The subsidies received were recorded as an offset to salaries and wages under operating expenses.