

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE PROPOSAL OF METRO 360
GENERAL PARTNERSHIP AND THE PARTNERS
THEREOF**

**AFFIDAVIT OF ANDREW HARMES
SWORN JUNE 14, 2020**

I, Andrew Harmes, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

INTRODUCTION

1. I am an associate at Goodmans LLP, the lawyers for 957855 Alberta Ltd. (formerly NewsWest Inc.) (“**Alberta HoldCo**”), Rosebud Creek Financial Corp. (“**Rosebud HoldCo**”) and Metro 360 General Partnership. As such, I have knowledge of the matters hereinafter deposed.
2. Attached hereto as Exhibits “A”, and “B” to my affidavit are the following:
 - a) Alberta HoldCo’s unaudited balance sheet and income statement for the period ended December 30, 2019; and
 - b) Rosebud HoldCo’s unaudited balance sheet and income statement for the period ended December 31, 2019.

SWORN before me by two-way
videoconference on June 14, 2020.

Trish Barrett

A Commissioner for taking
affidavits Name: Trish Barrett

Andrew Harmes

ANDREW HARMES

THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF ANDREW HARMES
SWORN BEFORE ME BY TWO-WAY VIDEOCONFERENCE
THIS 14th DAY OF JUNE, 2020

Trish Barrett

Commissioner for Taking Affidavits

957855 Alberta Ltd.

BALANCE SHEET

UNAUDITED

ASSETS

	12/30/2019	12/30/2018
CURRENT ASSETS		
BANK	1,722.79	908.67
GST Receivable	-	-
Income Tax Recoverable	49,059.05	45,133.05
ACCOUNTS RECEIVABLE	10.67	10.67
	<hr/> 50,792.51	<hr/> 46,052.39
LOAN RECEIVABLE	1,000,000.00	1,000,000.00
ADVANCES TO SHAREHOLDERS		1,246,543.10
Investment in Metro News	2,258,547.17	2,184,998.18
TOTAL ASSETS	<hr/> <hr/> 3,309,339.68	<hr/> <hr/> 4,477,593.67

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
ACCOUNTS PAYABLE - TRADE	5,000.00	5,000.00
INCOME TAX PAYABLE		
GST Payable	-	-
Future Income Tax	-	-
	<hr/> 5,000.00	<hr/> 5,000.00

LONG TERM DEBT

Deficiency in partnership		
Advances from related party	144,308.90	1,338,000.00
Deferred Gain	95,259.00	190,522.00
Future Income Tax		
TOTAL LIABILITIES	<hr/> 244,567.90	<hr/> 1,533,522.00

SHAREHOLDERS' EQUITY:

SHARE CAPITAL	3,107,535.00	3,107,535.00
RETAINED EARNINGS	(42,763.23)	(163,463.33)
TOTAL SHAREHOLDERS' EQUITY	<hr/> 3,064,771.78	<hr/> 2,944,071.67
TOTAL LIABILITIES & EQUITY	<hr/> <hr/> 3,309,339.68	<hr/> <hr/> 4,477,593.67

0.00

(0.00)

957855 Alberta Ltd.

Income Statement

UNAUDITED

	12/30/2019	12/30/2018
Sales		
Delivery Charges		
Interest	87.84	64.34
TOTAL REVENUE	<u>87.84</u>	<u>64.34</u>
Purchases		
Publisher's Relief		
Rebates		
Amortization of Contract Costs		
ADS - Freight Chargeback		
Re-Ship Allowance		
TOTAL COST OF SALES	<u>87.84</u>	<u>64.34</u>
GROSS PROFIT		
AccuLogix Processing Fee		
CMMI Expense		
Corporate		
Finance & Administration	3,347.72	4,836.91
Donation expense	-	1,338,000.00
Marketing		
Merchandising		
Rent & Occupancy Costs		
Sales & Customer Service		
	<u>3,347.72</u>	<u>1,342,836.91</u>
Expense Recovery		
TOTAL EXPENSES	<u>3,347.72</u>	<u>1,342,836.91</u>
OPERATING INCOME (LOSS)	(3,259.88)	(1,342,772.57)
OTHER INCOME		
Waste Paper		
Publisher Book Rebates		
Miscellaneous	-	-
Gain (Loss) on disposal of equipment		
Interest, net	-	-
Income from equity investees	28,696.99	2,132,119.92
Management fees	-	-
	<u>28,696.99</u>	<u>2,132,119.92</u>
Income before amortization and income taxes	<u>25,437.11</u>	<u>789,347.35</u>
Amortization of deferred gain	95,263.00	95,263.00

Amortization	95,263.00	95,263.00
Income before taxes	120,700.11	884,610.35
Income Taxes		
Current	-	(321.91)
Future		
	-	(321.91)
Net Income (Loss)	120,700.11	884,288.44
Deficit Beginning	(163,463.33)	(1,047,751.77)
Deficit End	(42,763.23)	(163,463.33)

THIS IS EXHIBIT "B"
TO THE AFFIDAVIT OF ANDREW HARMES
SWORN BEFORE ME BY TWO-WAY VIDEOCONFERENCE
THIS 14th DAY OF JUNE, 2020

Trish Barrett

Commissioner for Taking Affidavits

Rosebud Creek Financial Corp.
Balance Sheet

	31-Dec 2019	31-Dec 2018
	<hr/>	<hr/>
Assets		
Current Assets		
Cash	164,786	124,702
Accounts Receivable		
GST Receivable	-	-
Due From Subsidiary		
Income Tax Recoverable		
Advances to related party		
Advances to Affiliates and Shareholders		
Current portion of notes receivable	59,036	106,085
Prepaid	-	-
	<hr/>	<hr/>
	223,822	230,787
Promissory Note Receivable - Shapiro Capital Corp.		
Advances to Affiliates and Shareholders	8,719	8,719
Notes receivable	59,528	345,794
Reclass	(59,036)	(106,085)
Investment in RLJ Talent Consulting, Inc.	97,313	97,313
Notes receivable	<hr/>	<hr/>
	97,804	337,022
Investment in wholly-owned subsidiary (957855 Alberta Ltd.)	8,304,936	8,273,344
Investment in Metro News	8,972,165	8,426,566
Investment in ADS	7,075,411	7,790,385
Investment in CtC	(0)	(0)
	<hr/>	<hr/>
	16,047,575	16,216,951
Investment in ULS	1,291,760	1,681,436
Investment in Well Juicery Canada, Ltd.	(93,922)	(84,538)
Investments subject to significant influence	<hr/>	<hr/>
	1,197,838	1,596,897
Investment in Lucidsoft Inc.	67,227	67,227
Investment in Shapiro Capital Corp.	500,000	500,000
Other Investments	<hr/>	<hr/>
	567,227	567,227
	<hr/>	<hr/>
	26,447,920	27,230,947
	<hr/>	<hr/>

Liabilities

Current Liabilities

Bank Loan	-	-
Accounts Payable	16,000	120,126
Income Taxes payable	(46,590)	555,445
Advances from related parties	(132,723)	4,420,828
GST Payable	-	-
Deferred Revenue	-	-
Future Tax	0	0
Current Portion of Long Term Debt	-	-

(163,313) **5,096,400**

Long Term Debt	17,832,547	12,577,679
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17,669,233 **17,674,079**

Shareholders Equity

Share Capital	117	117
Contributed Surplus	2,264,397	2,264,397
Retained Earnings	6,514,173	7,292,354

8,778,687 **9,556,868**

26,447,920 **27,230,947**

0.09

0.08

Rosebud Creek Financial Corp.
Income Statement

	31-Dec 2019	31-Dec 2018
	<hr/>	<hr/>
Revenue		
Income (Loss) from Equity Investments	(767,442)	2,556,249
Management Fees	639,999	496,000
Contract revenue	-	-
Interest	9,149	13,600
	<hr/> (118,294) <hr/>	<hr/> 3,065,850 <hr/>
Expenses		
Donations	-	3,002,700
Management Fee	553,574	553,574
Wages & Benefits	-	-
Life Insurance	72,395	65,445
Interest on long-term debt	-	19,473
Interest & Bank Charges	103	106
Accounting and legal	10,616	5,838
General and office	23,200	9,572
Amortization	-	-
	<hr/> 659,887 <hr/>	<hr/> 3,656,708 <hr/>
Income Before Tax	<hr/> (778,181) <hr/>	<hr/> (590,858) <hr/>
Income Tax	-	567,318
Net Income	<hr/> (778,181) <hr/>	<hr/> (1,158,176) <hr/>
Retained Earnings (Deficit) Beginning	7,292,354	8,450,530
Retained Earnings (Deficit) End	<hr/> 6,514,173 <hr/>	<hr/> 7,292,354 <hr/>

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

**AFFIDAVIT OF ANDREW HARMES
(Sworn June 14, 2020)**

GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

L. Joseph Latham LSO#: 32326A
jlatham@goodmans.ca

Andrew Harmes LSO# 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for 957855 Alberta Ltd. (formerly NewsWest Inc.), Rosebud Creek Financial Corp., and Metro 360 General Partnership.