
GLOBAL MODEL AND TALENT INC.

Financial Statements

Year Ended August 31, 2024

GLOBAL MODEL AND TALENT INC.

Index to Financial Statements

Year Ended August 31, 2024

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of Global Model and Talent Inc.

We have reviewed the accompanying financial statements of Global Model and Talent Inc. (the company) that comprise the balance sheet as at August 31, 2024, and the statements of earnings and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises (ASPE), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

Global Model and Talent Inc.'s prior year's financial statements were prepared by another accountant. Our attempts to obtain additional information and details regarding prior year balances and accounts have not been provided and management has not been able to obtain the information from the accountant or have access to the information required. The opening retained earnings and the applicable tax filing may need further adjustments. We were unable to obtain access to the relevant financial information relating to these elements of the financial statements at this time. Consequently, we were unable to perform the procedures we considered necessary.

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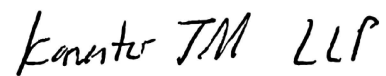
Independent Practitioner's Review Engagement Report to the Shareholders of Global Model and Talent Inc.
(continued)

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Global Model and Talent Inc. as at August 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

Other Matter

The financial statements of Global Model and Talent Inc. for the year ended August 31, 2023 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on October 3, 2023.



Burnaby, British Columbia
January 31, 2025

KANESTER JOHAL LLP
Chartered Professional Accountants

GLOBAL MODEL AND TALENT INC.**Balance Sheet****August 31, 2024**

| | 2024 | 2023 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and deposits | \$ 217,076 | \$ 115,269 |
| Tuition receivable | 1,535,369 | 2,109,039 |
| Prepaid expenses | - | 14,980 |
| | <u>1,752,445</u> | <u>2,239,288</u> |
| PROPERTY, PLANT AND EQUIPMENT <i>(Net) (Note 3)</i> | 656,478 | 875,722 |
| DUE FROM RELATED PARTIES <i>(Note 4)</i> | <u>1,135,457</u> | <u>1,125,860</u> |
| | <u>\$ 3,544,380</u> | <u>\$ 4,240,870</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable | \$ 159,604 | \$ 50,556 |
| Current portion of long term debt <i>(Note 6)</i> | 81,223 | - |
| Short term debt | 56,399 | - |
| Deferred tuition fees <i>(Note 7)</i> | 385,368 | 135,015 |
| Bank indebtedness <i>(Note 5)</i> | <u>85,000</u> | <u>55,000</u> |
| | <u>767,594</u> | <u>240,571</u> |
| LONG TERM DEBT <i>(Note 6)</i> | 218,765 | 389,795 |
| DUE TO SHAREHOLDERS <i>(Note 8)</i> | <u>461,565</u> | <u>839,550</u> |
| | <u>1,447,924</u> | <u>1,469,916</u> |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL <i>(Note 10)</i> | 1 | 1 |
| RETAINED EARNINGS | <u>2,096,455</u> | <u>2,770,953</u> |
| | <u>2,096,456</u> | <u>2,770,954</u> |
| | <u>\$ 3,544,380</u> | <u>\$ 4,240,870</u> |

Approved on behalf of the Director

_____ Director

GLOBAL MODEL AND TALENT INC.
Statement of Earnings and Retained Earnings
Year Ended August 31, 2024

| | 2024 | 2023 |
|--|---------------------|---------------------|
| REVENUE | | |
| Tuition fees | \$ 2,946,925 | \$ 3,162,738 |
| Other fees and income | 69,192 | 45,037 |
| | 3,016,117 | 3,207,775 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Advertising and promotion | 305,561 | 162,349 |
| Amortization | 219,244 | 224,641 |
| Refunds | 862,682 | - |
| Commissions | 28,917 | 21,890 |
| Insurance | 34,595 | 27,761 |
| Interest and bank charges | 80,421 | 60,574 |
| Meals and entertainment | 4,351 | - |
| Office | 204,076 | 116,432 |
| Uniforms | 8,910 | - |
| Professional fees | 70,821 | 14,608 |
| Rental | 405,666 | 311,059 |
| Repairs and maintenance | 23,408 | 17,352 |
| Salaries and wages | 908,595 | 1,053,439 |
| Sub-contracts | 509,156 | 237,361 |
| Supplies | 6,625 | 76,311 |
| Telephone | 22,843 | 45,918 |
| Training | 26,850 | 48,479 |
| Travel | 963 | 18,475 |
| Utilities | 26,980 | - |
| Vehicle | 23,599 | 54,244 |
| | 3,774,263 | 2,490,893 |
| INCOME (LOSS) FROM OPERATIONS | (758,146) | 716,882 |
| OTHER INCOME | 90,242 | - |
| INCOME (LOSS) BEFORE INCOME TAXES | (667,904) | 716,882 |
| INCOME TAXES | 6,594 | - |
| NET INCOME (LOSS) | (674,498) | 716,882 |
| RETAINED EARNINGS - BEGINNING OF YEAR | 2,770,953 | 2,254,071 |
| | 2,096,455 | 2,970,953 |
| DIVIDENDS DECLARED | - | (200,000) |
| RETAINED EARNINGS - END OF YEAR | \$ 2,096,455 | \$ 2,770,953 |

GLOBAL MODEL AND TALENT INC.**Statement of Cash Flows****Year Ended August 31, 2024**

| | 2024 | 2023 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Net income (loss) | \$ (674,498) | \$ 716,882 |
| Item not affecting cash: | | |
| Amortization of property, plant and equipment | 219,244 | 224,641 |
| | <u>(455,254)</u> | <u>941,523</u> |
| Changes in non-cash working capital: | | |
| Tuition receivable | 573,670 | (911,050) |
| Accounts payable | 109,048 | (7,848) |
| Deferred tuition fees | 250,353 | (4,918) |
| Prepaid expenses | 14,980 | - |
| Bank indebtedness | 30,000 | 55,000 |
| | <u>978,051</u> | <u>(868,816)</u> |
| Cash flow from operating activities | <u>522,797</u> | <u>72,707</u> |
| INVESTING ACTIVITY | | |
| Purchase of property, plant and equipment | - | (297,288) |
| FINANCING ACTIVITIES | | |
| Dividends paid | - | (200,000) |
| Short term debt | 56,399 | - |
| Advances to related parties | (9,597) | - |
| Advances to shareholders | (377,984) | - |
| Proceeds from long term financing | 93,144 | 336,795 |
| Repayment of long term debt | (182,952) | (40,795) |
| Cash flow from (used by) financing activities | <u>(420,990)</u> | <u>96,000</u> |
| INCREASE (DECREASE) IN CASH FLOW | 101,807 | (128,581) |
| Cash - beginning of year | <u>115,269</u> | <u>243,850</u> |
| CASH - END OF YEAR | \$ 217,076 | \$ 115,269 |
| CASH CONSISTS OF: | | |
| Cash and deposits | <u>\$ 217,076</u> | <u>\$ 115,269</u> |

GLOBAL MODEL AND TALENT INC.

Notes to Financial Statements

Year Ended August 31, 2024

1. DESCRIPTION OF BUSINESS

Global Model and Talent Inc. (the "company") is incorporated provincially under the Business Corporations Act of British Columbia and provides on-ground educational services in British Columbia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income taxes

The company has elected to account for income taxes using the taxes payable method and not recognize future income tax assets and liabilities.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

| | | |
|------------------------|---------|--------------------------|
| Motor vehicles | 30% | declining balance method |
| Computer equipment | 45% | declining balance method |
| Equipment | 20% | declining balance method |
| Leasehold improvements | 5 years | straight-line method |

Impairment of long lived assets

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Revenue recognition

Tuition revenue is recognized pro rata, on an hourly basis, over the period of instruction as services are delivered to students over the length of the program where there is persuasive evidence of an arrangement, collection is probable and the tuition is fixed or determinable.

Deferred revenue represents cash received in advance of the revenue recognized for the program. The cash received includes certain non-refundable fees which vary by province and which are recognized over the length of the program as services are delivered.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. PROPERTY, PLANT AND EQUIPMENT

| | Cost | Accumulated amortization | 2024 Net book value | 2023 Net book value |
|------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Equipment | \$ 287,204 | \$ 246,346 | \$ 40,858 | \$ 51,072 |
| Motor vehicles | 8,800 | 8,762 | 38 | 55 |
| Computer equipment | 134,602 | 126,725 | 7,877 | 14,321 |
| Leasehold improvements | 2,145,161 | 1,537,456 | 607,705 | 810,274 |
| | <u>\$ 2,575,767</u> | <u>\$ 1,919,289</u> | <u>\$ 656,478</u> | <u>\$ 875,722</u> |

GLOBAL MODEL AND TALENT INC.**Notes to Financial Statements****Year Ended August 31, 2024****4. DUE TO RELATED PARTIES**

The Company's shareholders own 100% of New Image Entertainment Corp. New Image Entertainment Corp is a company which produces and directs short movies. All other companies are companies with common ownership.

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Long term portion due from related parties | | |
| Ignite Artists Inc. | \$ 49,999 | \$ 128,684 |
| 1183298 BC Ltd. | 34,294 | - |
| NIC Spa Inc. | 78,561 | 24,573 |
| New Image Entertainment Corp | <u>972,603</u> | <u>972,603</u> |
| | <u>\$ 1,135,457</u> | <u>\$ 1,125,860</u> |

The amounts due from the related parties are unsecured, non-interest bearing with no specific terms of repayment.

5. BANK INDEBTEDNESS

The company has a Royal Bank of Canada operating loan that has an authorized limit of \$100,000, (2023 - \$100,000) which bears interest at 7.45%.

The RBC loan is secured as follows:

1. General security agreement;
2. First and second charge over all property of the company;
3. Personal guarantees by specific shareholders and companies under common control.

6. LONG TERM DEBT

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| TD - Vehicle loan bearing interest at 2.99% per annum, repayable in monthly blended payments of \$1,392, maturing in May 2026. The loan is secured by a company vehicle. | \$ 26,981 | \$ - |
| RBC - Term loan bearing interest at 6.57% per annum, repayable in monthly blended payments of \$6,845, maturing in May 2027. See Note 5 for the security details for the RBC loan. | 273,007 | 336,795 |
| CERB loan | - | 32,000 |
| CERB loan | <u>-</u> | <u>21,000</u> |
| | 299,988 | 389,795 |
| Amounts payable within one year | <u>(81,223)</u> | <u>-</u> |
| | <u>\$ 218,765</u> | <u>\$ 389,795</u> |

Principal repayment terms are approximately:

| | |
|------|-------------------|
| 2025 | \$ 81,223 |
| 2026 | 82,566 |
| 2027 | <u>136,199</u> |
| | <u>\$ 299,988</u> |

GLOBAL MODEL AND TALENT INC.

Notes to Financial Statements

Year Ended August 31, 2024

7. DEFERRED REVENUE

Deferred revenue represents cash received in advance of revenue earned for the related program. Refund policies vary by program and the non-refundable portion of the cash received is recognized in accordance with the Company's revenue recognition policy (Note 2).

8. DUE TO SHAREHOLDERS

The amounts due to shareholders are unsecured, non-interest bearing with no specific terms of repayment .

9. INCOME TAXES

The expected tax rate is 11%. The tax expense recorded of \$6,594 is a result of the 2021 notice of reassessment. The company has an available loss carry forward balance of \$504,394 (2023 - \$44,853)

10. SHARE CAPITAL

Authorized

Unlimited Class A voting common shares without par value

Issued

| | 2024 | 2023 |
|--|------|------|
| 100 Class A voting common shares without par value | \$ 1 | \$ 1 |

11. FINANCIAL INSTRUMENTS

Fair values

The fair values of accounts receivable, and accounts payable reflected in the balance sheet approximate their carrying values due to their liquidity and short term maturities. The fair value of the bank indebtedness, bears current interest rates; as a result its carrying value approximates its fair value.

The fair value of related party cannot be reasonably determined because there is no commercial market for such non-arms length loans.

Interest rate risk

The bank indebtedness bears interest at variable rates. The Company does not use derivative instruments to reduce this interest rate risk. As a result, the Company is exposed to interest rate risk due to fluctuations in the bank prime rate.

Credit risk

The Company is exposed to credit risk on due from related parties and accounts receivable, which consists of amounts due from students. The Company has a large number of students which minimizes the concentration of this risk, and tuition revenue is often received in advance of services being provided. The Company follows a program of credit evaluations of students and limits the amount of credit extended when deemed necessary. The related party is a company controlled by the shareholders and the Company monitors that the net realizable value of the assets of the related party is sufficient to recover the underlying receivable.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2023.

GLOBAL MODEL AND TALENT INC.

Notes to Financial Statements

Year Ended August 31, 2024

12. COMPARATIVE FIGURES

The comparative information was prepared by another accountant. Certain comparative figures have been reclassified to conform with the current year presentation.