FP Newspapers Inc.

Financial Statements

For the Three and Six Months Ended June 30, 2020

FP Newspapers Inc.
Condensed Balance Sheets
(unaudited, in thousands of Canadian dollars)

	Note	As at June 30, 2020	As at December 30, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 78	$ 32
Prepaid expenses		2	4
Income tax recoverable		-	74
		80	110
LONG-TERM ASSETS			
Investment in FP Canadian Newspapers Limited Partnership	3	6,060	5,617
TOTAL ASSETS		**$ 6,140**	**$ 5,727**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 72	$ 54
Income taxes payable		476	-
		548	54
LONG-TERM LIABILITIES			
Deferred income tax liability		247	661
TOTAL LIABILITIES		795	715
SHAREHOLDERS' EQUITY			
Share capital		71,373	71,373
Deficit		(66,028)	(66,361)
Total Shareholders' Equity		5,345	5,012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 6,140**	**$ 5,727**

(See accompanying notes)

FP Newspapers Inc.
Condensed Statements of Income and Comprehensive Income (Loss)
(unaudited, in thousands of Canadian dollars except per share amounts)

	Note	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	3	$ 1,902	$ 850	$ 2,014	$ 970
Administration expenses		(33)	(38)	(76)	(74)
Other income		-	2	-	3
Net income before income taxes		1,869	814	1,938	899
Current income tax (expense)		(539)	(141)	(551)	(174)
Deferred income tax recovery (expense)		14	(37)	17	(35)
Net income for the period		**1,344**	**636**	**1,404**	**690**
Items that will not be reclassified to net income:					
Equity interest of other comprehensive income (loss) from FP Canadian Newspapers Limited Partnership	3	128	(1,352)	(1,467)	(967)
Deferred income tax (expense) recovery		(35)	365	396	262
Comprehensive income (loss) for the period		**$ 1,437**	**$ (351)**	**$ 333**	**$ (15)**
Weighted average number of Common Shares outstanding		6,902,592	6,902,592	6,902,592	6,902,592
Net income per share – basic and diluted		$ 0.195	$ 0.092	$ 0.203	$ 0.100

(See accompanying notes)

FP Newspapers Inc.
Condensed Statements of Changes in Equity
(unaudited, in thousands of Canadian dollars)

	Share Capital	Deficit	Total Shareholders' Equity
At December 30, 2018	$ 71,373	$ (67,034)	$ 4,339
Net income for the period	-	690	690
Other comprehensive (loss) for the period	-	(705)	(705)
Comprehensive (loss) for the period	-	(15)	(15)
At June 30, 2019	$ 71,373	$ (67,049)	$ 4,324
At December 30, 2019	$ 71,373	$ (66,361)	$ 5,012
Net income for the period	-	1,404	1,404
Other comprehensive (loss) for the period	-	(1,071)	(1,071)
Comprehensive income for the period	-	333	333
At June 30, 2020	$ 71,373	$ (66,028)	$ 5,345

(See accompanying notes)

FP Newspapers Inc.
Condensed Statements of Cash Flows
(unaudited, in thousands of Canadian dollars)

	Note	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
CASH PROVIDED BY (USED IN):					
OPERATING ACTIVITIES					
Net income for the period		$ 1,344	$ 636	$ 1,404	$ 690
Items not affecting cash:					
Equity interest from Class A Units of FP Canadian Newspapers Limited Partnership	3	(1,902)	(850)	(2,014)	(970)
Deferred income tax (recovery) expense		(14)	37	(17)	35
Distributions received on class A Units of FP Canadian Newspapers Limited Partnership		104	304	104	304
Net change in non-cash working capital items		537	(131)	569	(129)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		69	(4)	46	(70)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		9	$ 352	32	418
CASH AND CASH EQUIVALENTS – END OF PERIOD		$ 78	$ 348	$ 78	$ 348

Supplemental Cash Flow information:

Income tax paid	$ -	$ 277	$ -	$ 304

1. GENERAL INFORMATION

FP Newspapers Inc. ("FPI"), which was incorporated under the Canada Business Corporations Act on March 17, 2010, is the successor to the business of FP Newspapers Income Fund (the "Fund"). FPI's year end is December 30. The Fund was an unincorporated limited-purpose trust established under the laws of Ontario on May 15, 2002 to invest in securities issues by FP Canadian Newspapers Limited Partnership ("FPLP"). In response to changes in the tax treatment of income trusts, the trustees of the Fund determined that it would be in the best interests of the Fund and its unitholders to convert the Fund from a trust to a corporation pursuant to a plan of arrangement (the "conversion"). Effective on December 31, 2010, all of the outstanding units of the Fund were exchanged on a one-for-one basis for common shares of FPI which were listed on the Toronto Stock Exchange under the symbol FP until November 21, 2016. Effective November 22, 2016 FPI's shares commenced trading on the TSX Venture Exchange after voluntary delisting of its shares from the Toronto Stock Exchange. FPI owns securities entitling it to 49% of the distributable cash as defined in the partnership agreement of FPLP. FPLP is a limited partnership formed under the laws of British Columbia on August 9, 1999. It owns the Winnipeg Free Press, the Brandon Sun and other newspapers, printing and media businesses. The address of FPI's registered office is Suite 2900, P.O. Box 11583, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N8.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". In accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"), these interim condensed financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 30, 2019. In management's opinion, the interim condensed financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented.

These interim condensed financial statements were approved by the Board of Directors of FPI on August 27, 2020.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates. In preparation of the condensed interim financial statements the estimates and judgements made by management in applying judgements the Company's accounting policies were the same as those that applied to the financial statements for the year ended December 30, 2019.

The COVID-19 pandemic is affecting economic and financial markets and virtually all industries are facing challenges associated with the economic conditions resulting from efforts to address it. Reactions and responses to COVID-19 continue to evolve and change, and developments are highly uncertain and cannot be accurately predicted. New information which may emerge concerning the severity, duration and actions by government authorities to contain the outbreak or manage its impact increase the possibility that circumstances may arise which cause actual results to differ from the estimates applied in these interim financial statements and such differences may effect FPI's future financial position, liquidity and operating results.

Regular impairment testing requires predicting future revenues and cash flows in addition to other forward information. The outbreak of COVID-19 has resulted in significantly increased risks with respect to predicting future operating results used in FPI's impairment testing at June 30, 2020.

(unaudited, in thousands of Canadian dollars)

3. INVESTMENT IN FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP

FPI holds all of the Class A limited partner units of FPLP, which entitles it to 49% of the distributable cash, as defined in the Partnership Agreement of FPLP.

The investment in FPLP is summarized as follows:

	Class A limited partner units
Balance at December 30, 2018	$ 4,808
Equity interest in net income and comprehensive income for the year ended December 30, 2019	1,116
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	(3)
Distributions received for the year ended December 30, 2019	(304)
Balance at December 30, 2019	$ 5,617
Equity interest in net income and comprehensive income for the six months ended June 30, 2020	547
Distributions received for the period ended June 30, 2020	(104)
Balance at June 30, 2020	$ 6,060

The equity interest from FPI's investment in Class A limited partner units and the equity interest in the other comprehensive income (loss) of FPLP are calculated as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2020	**2019**	**2020**	**2019**
Net income of FPLP	$ 3,882	$ 1,735	$ 4,110	$ 1,979
Interest attributable to FPI	49%	49%	49%	49%
Equity interest in net income of FPLP	1,902	850	2,014	970
Other comprehensive income (loss) of FPLP	262	(2,759)	(2,995)	(1,973)
Interest attributable to FPI	49%	49%	49%	49%
Equity interest in other comprehensive income (loss) of FPLP	$ 128	$ (1,352)	$ (1,467)	$ (967)

4. FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents and accounts payable approximates their carrying value due to the short-term nature of these financial instruments. FPI does not carry any assets or liabilities at fair value, and therefore does not prepare a fair value hierarchy.

CANADIAN fp NEWSPAPERS
LIMITED PARTNERSHIP

FP Canadian Newspapers Limited Partnership

Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2020

FP Canadian Newspapers Limited Partnership
Condensed Consolidated Balance Sheets
(unaudited, in thousands of Canadian dollars)

	Note	As at June 30, 2020	As at December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 4,215	$ 4,389
Accounts receivable		4,010	5,029
Due from related parties	7	1,507	1,082
Inventories		1,017	965
Prepaid expenses and other assets		694	1,137
		11,443	12,602
LONG-TERM ASSETS			
Property, plant and equipment		20,601	21,876
Intangible assets		2,354	2,475
TOTAL ASSETS		$ 34,398	$ 36,953
LIABILITIES AND UNITHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 4,875	$ 5,220
Prepaid subscriptions and deferred revenue		2,888	2,855
Lease obligation		94	104
Mortgage loan		28	57
Term loan	8	1,000	15,500
		8,885	23,736
LONG-TERM LIABILITIES			
Accrued pension benefit liability		3,962	969
Lease obligation		19	61
Mortgage loan		710	695
Term loan	8	8,426	-
TOTAL LIABILITIES		22,002	25,461
UNITHOLDERS' EQUITY			
Partner units		99,362	99,362
Deficit		(86,966)	(87,870)
TOTAL UNITHOLDERS' EQUITY		12,396	11,492
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		$ 34,398	$ 36,953

FP Canadian Newspapers Limited Partnership
Condensed Consolidated Statements of Income and Comprehensive Income (Loss)
(unaudited, in thousands of Canadian dollars)

(See accompanying notes)

	Note	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenue					
Print advertising		$ 5,012	$ 9,078	$ 11,788	$ 17,095
Circulation		5,905	6,242	11,788	12,126
Commercial printing		446	912	1,297	1,751
Digital advertising		421	626	983	1,228
Promotion and services		99	113	245	264
TOTAL REVENUE		11,883	16,971	26,101	32,464
Operating expenses					
Employee compensation	10	1,460	6,789	8,005	14,050
Newsprint and other paper		918	1,410	2,024	2,725
Delivery		2,436	2,854	4,999	5,574
Other		2,377	3,244	5,337	6,270
Depreciation and amortization		666	715	1,347	1,436
OPERATING INCOME BEFORE RESTRUCTURING		4,026	1,959	4,389	2,409
Restructuring charge		(26)	(40)	(31)	(40)
OPERATING INCOME		4,000	1,919	4,358	2,369
Other (loss) income		(16)	12	(2)	28
Finance costs	5	(102)	(196)	(246)	(418)
NET INCOME FOR THE PERIOD		$ 3,882	$ 1,735	$ 4,110	$ 1,979
Items that will not be reclassified to net Income:					
Remeasurements for defined benefit pension plan		262	(2,759)	(2,995)	(1,973)
COMPREHENSIVE INCOME(LOSS) FOR THE PERIOD		$ 4,144	$ (1,024)	$ 1,115	$ 6

FP Canadian Newspapers Limited Partnership
Condensed Consolidated Statements of Changes in Equity
(unaudited, in thousands of Canadian dollars)

	Partner Units	Deficit	Total Unitholders' Equity
UNITHOLDERS' EQUITY – DECEMBER 31, 2018	$ 98,280	$ (88,440)	$ 9,840
Net income for the period	-	1,979	1,979
Other comprehensive (loss) for the period	-	(1,973)	(1,973)
Comprehensive income for the period	-	6	6
Distributions paid	-	(620)	(620)
UNITHOLDERS' EQUITY – JUNE 30, 2019	$ 98,280	$ (89,054)	$ 9,226
UNITHOLDERS' EQUITY – DECEMBER 31, 2019	$ 99,362	$ (87,870)	$ 11,492
Net income for the period	-	4,110	4,110
Other comprehensive (loss) for the period	-	(2,995)	(2,995)
Comprehensive income for the period	-	1,115	1,115
Distributions paid		(211)	(211)
UNITHOLDERS' EQUITY – JUNE 30, 2020	$ 99,362	$ (86,966)	$ 12,396

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Condensed Consolidated Statements of Cash Flows
(tabular amounts in thousands of Canadian dollars)

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income for the period	$ 3,882	$ 1,735	$ 4,110	$ 1,979
Items not affecting cash:				
Depreciation and amortization	666	715	1,347	1,436
Accretion of term loan related to financing costs	10	9	12	18
Loss on disposal of property, plant and equipment	22	-	19	-
(Excess) of pension contribution over expense	-	(169)	-	(383)
	4,580	2,290	5,488	3,050
Net change in non-cash working capital items	249	169	671	582
	4,829	2,459	6,159	3,632
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	-	(11)	(17)	(25)
Purchase of intangible assets	-	(3)	(1)	(15)
Proceeds from sale of property, plant and equipment	45	-	48	-
	45	(14)	30	(40)
FINANCING ACTIVITIES				
Distributions to partners	(211)	(620)	(211)	(620)
Principal repayments of finance lease	(26)	(454)	(52)	(687)
Principal repayments of mortgage loan	-	(14)	(14)	(27)
Term loan refinancing costs	(50)	-	(86)	-
Principal repayment of term loan	(4,000)	(1,000)	(6,000)	(3,500)
	(4,287)	(2,088)	(6,363)	(4,834)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	587	357	(174)	(1,242)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	3,628	2,671	4,389	4,270
CASH AND CASH EQUIVALENTS – END OF PERIOD	$ 4,215	$ 3,028	$ 4,215	$ 3,028
Supplemental Cash Flow Information:				
Interest paid during the period	$ 64	$ 190	$ 261	$ 455
Interest received during the period	$ 6	$ 13	$ 17	$ 29

(See accompanying notes)

1. GENERAL INFORMATION

FP Canadian Newspapers Limited Partnership ("FPLP") is a limited partnership formed on August 9, 1999 in accordance with the laws of British Columbia. FPLP publishes, prints and distributes daily and weekly newspapers and specialty publications, delivers advertising materials in the Manitoba market and provides commercial printing services. The address of the registered office of its managing general partner, FPCN General Partner Inc., is Suite 2900, P.O. Box 11583, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N8.

These interim condensed consolidated financial statements include the operating businesses owned by FPLP. The managing general partner of FPLP is FPCN General Partner Inc. ("FPGP"). These interim condensed consolidated financial statements include only the assets, liabilities, revenues and expenses of FPLP and its subsidiaries and do not include the other assets, liabilities, revenues and expenses, including income taxes of the partners.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These interim condensed financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". In accordance with GAAP, these financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented.

These interim condensed consolidated financial statements were approved by the Board of Directors of FPGP on August 27, 2020.

FPLP's advertising revenue is seasonal. Advertising revenue and accounts receivable are highest in the second and fourth fiscal quarters, while expenses are relatively constant throughout the fiscal year.

3. USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates. In preparation of the condensed interim consolidated financial statements the estimates and judgements made by management in applying judgements the Company's accounting policies were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

The COVID-19 pandemic is affecting economic and financial markets and virtually all industries are facing challenges associated with the economic conditions resulting from efforts to address it. Reactions and responses to COVID-19 continue to evolve and change, and developments are highly uncertain and cannot be accurately predicted. New information which may emerge concerning the severity, duration and actions by government authorities to contain the outbreak or manage its impact increase the possibility that circumstances may arise which cause actual results to differ from the estimates applied in these interim consolidated financial statements and such differences may effect FPLP's future financial position, liquidity and operating results.

Regular impairment testing requires predicting future revenues and cash flows in addition to other forward information. The outbreak of COVID-19 has resulted in significantly increased risks with respect to predicting future operating results used in FPLP's impairment testing at June 30, 2020.

(tabular amounts in thousands of Canadian dollars)

4. EMPLOYEE FUTURE BENEFIT PLANS

The net benefit plan costs included in operating expenses is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Defined benefit pension plan	-	$ 333	-	$ 666

On September 26, 2019 FPLP entered into an agreement with the Colleges of Applied Arts & Technology Pension Plan (the "CAAT Pension Plan"), a multi-employer defined benefit plan, to merge FPLP's defined benefit pension and Winnipeg defined contribution plan ("FPLP's Plans") with the CAAT Pension Plan. Effective December 29, 2019, FPLP received approval from FPLP's Plan members and effective January 1, 2020 FPLP became a participating employer under the CAAT Pension Plan and all members of the FPLP Plans began accruing benefits under the DBplus provisions of the CAAT Pension Plan. DBplus is a defined benefit pension plan with a fixed contribution rate for members, matched dollar for dollar by employers. The merger remains subject to consent from the Manitoba Office of the Superintendent – Pension Commission and the Financial Services Regulatory Authority of Ontario. Following the consent of the regulatory bodies to the transfer of assets, the CAAT Pension Plan will assume the defined benefit obligation of the FPLP Plans accrued prior to the effective date and FPLP will recognize a gain or loss on settlement. The CAAT Plan has determined the assets of the defined benefit portion of FPLP's plan will exceed the obligations being assumed by approximately $1,100,000 and the excess will be used to subsidize future contributions for both the employees and FPLP. On December 31, 2019, as a result of the CAAT Pension Plan merger, the FPLP Plans were amended to cease all service accruals on this date.

5. FINANCE COSTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Finance costs				
Interest on lease obligations	1	3	2	10
Interest on mortgage loan	7	9	15	18
Interest on term loan	84	175	217	372
Accretion of term loan related financing costs	10	9	12	18
Total finance costs	$ 102	$ 196	$ 246	$ 418

6. RELATED PARTY TRANSACTIONS

Total newsprint purchases from Alberta Newsprint Company, a company controlled indirectly by Ronald Stern, for the three and six months ended June 30, 2020 were $600,000 and $1,500,000 ($957,000 and $1,907,000 for the three and six months ended June 30, 2019).

7. DUE FROM RELATED PARTIES

This balance relates to amounts owing from the general partners of FPLP who have agreed to pay FPLP for their respective shares of the refundable tax credit for qualifying Canadian Journalism Organizations that they receive. The eligible amount of the credit to date for the six months ended June 30, 2020 was $425,000 (2019 $500,000) and has been recorded as a reduction to employee compensation costs within the statement of income.

8. LONG-TERM DEBT

Effective January 31, 2020 FPLP completed a long-term debt renewal agreement with HSBC Bank Canada. As part of the renewal agreement FPLP repaid $2,000,000 of principal bringing the outstanding principal to $13,500,000. The loan includes annual principal repayments of $1,000,000 due on June 1 along with a cash sweep to be paid no later than 90 days after the end of each fiscal year. The cash sweep is equal to 20% of FPLP's annual distributable cash as defined in the agreement. The new loan agreement matures on January 31, 2023. Similar to the original facility, the renewal facility includes negative covenants which must be observed in order to avoid an accelerated termination of the agreement. The maximum leverage ratio is 3.0 to 1 as long as the outstanding loan balance is at or above $10,000,000 and below this level there is no requirement to maintain a specified leverage ratio. The fixed charge coverage ratio cannot fall below 2.0 to 1 while the loan balance is at or above $10,000,000 and reduces to 1.5 to 1 when the outstanding loan balance falls below $10,000,000. The ratio calculations are defined in the agreement and measured quarterly on a trailing 12 month basis. The loan is secured by all of the assets of the businesses other than the Derksen Printers land and building and additionally a mortgage registered on FPLP's Winnipeg land and building. The variable interest rate is based on a grid determined by the trailing 12 month leverage ratio and at prevailing market rates ranges from 2.55% to 3.55%. At June 30, 2020 FPLP is in compliance with all covenants.

In the second quarter of 2020 a principal repayment of $4,000,000 (2019 $1,000,000) was paid.

In 2016, a mortgage refinancing agreement was completed for the Derksen Printers real estate assets. The refinanced loan has a book value of $738,000 at June 30, 2020 ($752,000 at December 31, 2019) and carries a five year variable interest rate, at 3.25% at June 30, 2020 (4.75% at December 31, 2019). Due to the economic impact of the COVID-19 pandemic, FPLP's mortgage lender extended an offer to defer principal and interest payments for six months and FPLP accepted this offer. At the end of the 6-month period, the accrued interest will be added to the outstanding principal of the mortgage. Payments will resume on the same frequency for the same amount and amortization will be extended accordingly.

9. FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these financial instruments. At June 30, 2020, the fair value of the HSBC term loan, based on Level 3 fair value hierarchy inputs, is approximately $9,500,000 ($15,500,000 at December 31, 2019). The fair value of the mortgage loan, based on level 3 fair value hierarchy inputs, approximates its carrying value.

The fair value of long-term debt and mortgage payable has been calculated by discounting the expected cash flows of each debt using a discount rate of 3.25% and 4.25%, respectively. The discount rate is determined using a risk free benchmark bond yield for instruments of similar maturity adjusted for the Company's specific credit risk. In determining the adjustment for credit risk, the Company considers market conditions, the underlying values of properties and other assets secured by the associated loan and other indicators of the Company's credit worthiness.

FPLP's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease obligations and long-term debt which include the term-loan and mortgage loan.

There were no transfers within the fair value hierarchy during the three month ended June 30, 2020.

(tabular amounts in thousands of Canadian dollars)

10. EMPLOYEE COMPENSATION

A summary of the government support, recorded as a reduction to employee compensation costs within the statement of income, for the three and six months ended June 30, 2020 and 2019 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Canada Emergency Wage Subsidy	$ 3,858	$ -	$ 3,858	$ -
Journalism Tax Credit	175	500	425	500
	$ 4,033	$ 500	$ 4,283	$ 500

In April, the federal government announced a wage subsidy program for eligible Canadian employers whose business has been affected by COVID-19. The Canada Emergency Wage Subsidy ("CEWS") will provide a subsidy based on a prescribed formula retroactive to March 15, 2020 until November 21, 2020. The Canadian Journalism Tax Credit amount has been reduced by the amount received under the CEWS program for qualifying employees.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this management's discussion and analysis may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intent, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. Generally, but not always, forward-looking statements will be indicated by words such as "may", "will", "intend", "anticipate", "expect", "believe", "plan", "forecast", "is budgeting for" or similar terminology.

Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements of the Corporation or FPLP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the current general economic uncertainty, FPLP's ability to effectively manage growth and maintain its profitability, FPLP's ability to operate in a highly competitive industry, FPLP's ability to compete with other forms of media, FPLP's ability to attract advertisers, FPLP's reliance upon key personnel, FPLP's relatively high fixed costs, FPLP's dependence upon particular advertising customer segments, indebtedness incurred in making acquisitions, the availability of financing for capital improvements, the availability of an extension or refinancing of FPLP's term loan facilities, costs related to capital expenditures, cyclical and seasonal variations in FPLP's revenues, the risk of acts of terrorism, the cost of newsprint, the potential for labour disruptions, the risk of equipment failure, and the effect of Canadian tax laws. Additional information about these and other factors is discussed in our Annual Management Discussion and Analysis dated April 17, 2019, which is available at www.sedar.com.

In addition, although the forward-looking statements contained in this management's discussion and analysis are based upon what management of FPLP believes are reasonable assumptions, such assumptions may prove to be incorrect.

Forward-looking statements speak only as of the date hereof and, except as required by law, the Corporation and FPLP assume no obligation to update or revise them to reflect new events or circumstances. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them.