

Consolidated Financial Statements of

KNOWLEDGE NETWORK CORPORATION

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Knowledge Network Corporation, and
to the Minister of the Ministry of Tourism, Arts, Culture and Sport, Province of British Columbia

Opinion

We have audited the consolidated financial statements of Knowledge Network Corporation (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- the consolidated statement of changes in net financial liabilities for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements as at and for the year ended March 31, 2024 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

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 Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.



Emphasis of Matter – Financial Reporting Framework

We draw attention to note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 15, 2024

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash (note 3(a))	\$ 108,807	\$ 364,724
Accounts receivable	303,280	413,258
	412,087	777,982
Liabilities:		
Line of credit (note 8)	230,000	-
Accounts payable and accrued liabilities	648,427	908,906
Deferred revenue, projects	344,537	324,975
Deferred contributions (note 4)	951,359	1,827,072
	2,174,323	3,060,953
Net financial liabilities	(1,762,236)	(2,282,971)
Non-financial assets:		
Broadcast rights (note 5)	10,230,153	9,774,473
Tangible capital assets (note 6)	1,459,416	1,625,923
Prepaid expenses	257,495	5,699
Endowment investments (note 3(b))	29,939,788	24,878,183
	41,886,852	36,284,278
Accumulated surplus (note 13)	\$ 40,124,616	\$ 34,001,307
Accumulated surplus is comprised of:		
Accumulated surplus	\$ 35,822,506	\$ 31,826,260
Accumulated remeasurement gains	4,302,110	2,175,047
	\$ 40,124,616	\$ 34,001,307

Commitments (note 9)

See accompanying notes and schedule to consolidated financial statements.

Approved on behalf of the Board:



Satwinder Kaur Bains
Chair of the Board



Sukhvinder Chouhan, CPA CA, CAFM
Chair of the Audit and Finance Committee

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2024, with comparative information for 2023

	Budget (note 14)	2024	2023
Revenue:			
Province of British Columbia operating grants	\$ 6,611,000	\$ 6,611,000	\$ 6,611,000
Donations	5,800,000	5,944,694	6,138,949
Production funding (note 7)	290,105	3,940,816	4,922,607
Amortization of deferred contributions (note 4)	2,910,704	133,144	155,455
Endowment investment income	900,000	982,488	1,072,897
Other	-	206,682	354,269
	16,511,809	17,818,824	19,255,177
Expenses (note 15):			
Programming and presentation (note 7)	5,898,986	5,730,453	9,124,070
Marketing and philanthropy	2,457,490	2,474,852	2,362,573
Broadcast platforms and corporate IT	2,206,787	2,713,597	2,520,347
Amortization	4,025,000	3,843,589	3,926,196
Administration	2,118,739	1,945,042	1,951,001
	16,707,002	16,707,533	19,884,187
Annual surplus (deficit) from operations	(195,193)	1,111,291	(629,010)
Endowment contributions received	950,000	2,884,955	2,103,202
Annual surplus	754,807	3,996,246	1,474,192
Accumulated surplus, beginning of year	31,826,260	31,826,260	30,352,068
Accumulated surplus, end of year	\$ 32,581,067	\$ 35,822,506	\$ 31,826,260

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Remeasurement Gains

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 2,175,047	\$ 2,970,546
Unrealized gains (losses) attributable to investments	2,141,542	(755,987)
Amounts realized and reclassified to consolidated statement of operations and accumulated surplus:		
Realized gains on investment	(14,479)	(39,512)
Net remeasurement gains (losses) for the year	2,127,063	(795,499)
Accumulated remeasurement gains, end of year	\$ 4,302,110	\$ 2,175,047

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Changes in Net Financial Liabilities

Year ended March 31, 2024, with comparative information for 2023

	Budget (note 14)	2024	2023
Annual surplus	\$ 754,807	\$ 3,996,246	\$ 1,474,192
Net remeasurement gains (losses) for the year	-	2,127,063	(795,499)
	754,807	6,123,309	678,693
Acquisition of tangible capital assets	-	(87,758)	(237,484)
Amortization of tangible capital assets	325,000	254,265	260,447
	325,000	166,507	22,963
Acquisition of broadcast rights	(3,126,700)	(4,044,914)	(3,623,773)
Amortization of broadcast rights	3,700,000	3,589,234	3,665,749
	573,300	(455,680)	41,976
Acquisition of endowment investments	(950,000)	(5,061,605)	(2,087,832)
Acquisition of prepaid expenses	-	(257,495)	(5,699)
Use of prepaid expenses	-	5,699	62,944
	-	(251,796)	57,245
Decrease (increase) in net financial liabilities	703,107	520,735	(1,286,955)
Net financial liabilities, beginning of year	(2,282,971)	(2,282,971)	(996,016)
Net financial liabilities, end of year	\$ (1,579,864)	\$ (1,762,236)	\$ (2,282,971)

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided (used by):		
Operations:		
Annual surplus	\$ 3,996,246	\$ 1,474,192
Items not involving cash:		
Gain on sale of investments	(14,479)	(39,512)
Amortization of deferred contributions	(133,144)	(155,455)
Amortization of tangible capital assets	254,265	260,447
Amortization of broadcast rights	3,589,234	3,665,749
Unrealized gain (loss) on investments	2,141,542	(755,987)
Changes in non-cash working capital:		
Accounts receivable	109,978	86,151
Prepaid expenses	(251,796)	57,245
Accounts payable and accrued liabilities	(260,479)	472,967
Deferred revenue, projects	19,562	(55,071)
Deferred contributions	(792,569)	(1,906,463)
	8,658,360	3,104,263
Financing:		
Contributions received for broadcast rights	50,000	200,000
Proceeds from line of credit	230,000	-
	280,000	200,000
Investing:		
Purchase of investments, net	(5,061,605)	(1,485,842)
Capital:		
Acquisition of tangible capital assets	(87,758)	(237,484)
Acquisition of broadcast rights	(4,044,914)	(3,623,773)
	(4,132,672)	(3,861,257)
Decrease in cash	(255,917)	(2,042,836)
Cash, beginning of year	364,724	2,407,560
Cash, end of year	\$ 108,807	\$ 364,724

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

1. Nature of operations:

Knowledge Network Corporation (the "Corporation") was continued as a Crown corporation by an Order in Council in 2008 under the *Knowledge Network Corporation Act*, a statute of the Province of British Columbia (the "Province").

The Corporation is British Columbia's public broadcaster across multiple platforms including television, web, and mobile. The principal source of funding is from the Ministry of Tourism, Arts Culture and Sport.

The Corporation is a registered charity under the provisions of the Income Tax Act of Canada and is not subject to income taxes. The Corporation's wholly-owned subsidiary, Knowledge-West Communications Corporation ("KWCC") is subject to income taxes.

2. Significant accounting policies:

(a) Basis of accounting:

These consolidated financial statements are prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires that certain tax-payer supported organizations adopt Canadian public sector accounting standards without any PS 4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- Government transfers that do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS 3410; and
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS 3100.

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus, and certain related deferred capital contributions, would be recorded differently under Canadian public sector accounting standards.

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity, which includes consolidation of the Corporation's 100% owned subsidiary, KWCC. Inter-entity balances and transactions have been eliminated on consolidation. Currently KWCC is a dormant entity without any substantial operations.

(b) Revenue recognition:

Externally restricted contributions, except for contributions restricted for tangible capital assets and broadcast rights (note 2(d)), are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical. Interest and other revenues are recognized when earned.

(c) Tangible capital assets:

Purchased tangible capital assets are recorded at cost. Equipment, furniture and fixtures are amortized over the estimated useful life on the declining balance basis at 10% to 30% per annum, computer software are amortized over the estimated useful life on the declining balance basis at 50%, and leasehold improvements are amortized on a straight line basis at the lesser of estimated useful life and the term of the lease.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(d) Deferred contributions for tangible capital assets and broadcast rights:

Funding received from the Province used for the acquisition of tangible capital assets and broadcast rights is recorded as deferred contributions and is recognized as revenue in the consolidated statement of operations and accumulated surplus equal to the amortization charged on the assets purchased with the funding.

(e) Purchased intangibles:

Purchased intangibles, consisting of broadcast rights, are recorded at cost and amortized over the period the broadcast is authorized for (4 to 6 years).

(f) Financial instruments:

Financial instruments measured at fair value are classified as level one, two, or three for the purposes of describing the basis of the inputs used to measure the fair values, as described below:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recorded in the consolidated statement of remeasurement gains. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and recognized in the consolidated statement of operations and accumulated surplus.

For financial instruments measured using amortized cost, amortized cost is defined as the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus cumulative amortization using the effective interest method and minus any impairment losses. The effective interest rate method is used to determine interest revenue or expense.

For investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations and accumulated surplus.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus and any related fair value changes previously recorded in the consolidated statement of remeasurement gains are reversed to the extent of the impairment. Impairment losses are not reversed for a subsequent increase in value.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

Transaction costs are expensed for financial instruments measured at fair value.

The Corporation has designated its financial instruments as follows:

(i) Cash:

Cash includes cash in the bank and is measured at fair value.

(ii) Investments:

Investments quoted in an active market, which includes common shares and other investments, are reported at fair value and fixed income investments are recorded at cost or amortized cost. These investments are highly liquid and held for the purpose of meeting cash commitments. Investments reported at fair value recognize any changes in fair value in the consolidated statement of remeasurement gains and losses.

(iii) Marketable securities:

Equity and debt investments quoted in an active market are reported at fair value. The Corporation has a diversified securities portfolio that includes deposits, bonds, and equities. Marketable securities are accounted for as investments and are reported at fair value with changes in fair value recognized in the consolidated statement of remeasurement gains and losses.

(iv) Other financial assets and financial liabilities:

Accounts receivable and accounts payable and accrued liabilities are measured at amortized cost using the effective interest method.

(v) Line of credit:

The amounts drawn on the line of credit is measured at fair value.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(g) Measurement uncertainty:

The preparation of financial statements in accordance with the framework described in note 2(a) requires management to make estimates and assumptions 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 revenues and expenses during the year then ended. Items subject to such estimates and assumptions include the determination of tangible capital assets and broadcast rights and the related recognition of deferred contributions, valuation of accounts receivable, and provision for contingencies. Actual results could differ from those estimates.

(h) Foreign currency translation:

Monetary assets and liabilities included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the consolidated financial statement date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains. In the period of settlement, realized foreign exchange gains and losses are recognized in the consolidated statement of operations and accumulated surplus, and the cumulative amount of remeasurement gains is reversed in the consolidated statement of remeasurement gains.

(i) Income taxes:

KWCC uses the taxes payable method to account for income taxes whereby the expense (recovery) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by the taxation authorities. For the year ended March 31, 2024, an income tax refund of nil (2023 - \$19,776) was received.

(j) Endowment investments:

The endowment investments include external donations received by the Corporation or internally endowed funds as approved by the Board of Directors (the "Board") restricted for use as endowments. The principal amount of endowment contributions are maintained on a permanent basis. Net investment earnings thereon are internally restricted and maintained in the endowment fund until used as designated by the donors or as approved by the Board.

(k) Adoption of new accounting standards:

(i) Revenue:

On April 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.

The adoption of this new standard did not have an impact on the amounts in these consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(k) Adoption of new accounting standards (continued):

(ii) Purchased intangibles:

On April 1, 2023, the Corporation adopted Canadian public sector accounting guideline PSG-8 Purchased Intangibles. The new guideline permits the recognition of purchased intangibles that are acquired through an arm's length exchange transaction between willing parties.

The adoption of this new guideline did not have an impact on the amounts in these consolidated financial statements because purchased intangibles were recorded by the Corporation prior to the adoption of the guideline.

(iii) Public private partnerships:

On April 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3160 Public Private Partnerships. The new standard includes requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership.

The adoption of this new standard did not have an impact on the amounts in these consolidated financial statements.

3. Cash and investments:

(a) Cash:

The Corporation's bank accounts are held at a Canadian chartered bank. Interest is earned at prime minus 1.95% and is paid on a monthly basis. As of March 31, 2024, the balance in the US dollar account was USD \$42,175 (2023 - USD \$87,328).

(b) Endowment investments:

	2024	2023
Fixed income	\$ 7,753,657	\$ 7,019,998
Common shares measured at fair value	15,761,048	12,641,894
Other investments measured at fair value	6,425,083	5,216,291
	<u>\$ 29,939,788</u>	<u>\$ 24,878,183</u>

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

3. Cash and investments (continued):

(b) Endowment investments (continued):

Changes in endowment investments are comprised of the following:

	2024	2023
Balance, beginning of year	\$ 24,878,183	\$ 22,790,351
Endowment contributions received	2,884,955	2,103,202
Withdrawals	(800,000)	(275,000)
Internal transfer from cash	6,139	89,746
Net remeasurement gains (losses)	2,127,063	(778,691)
Endowment investment income	982,488	1,072,897
Investment fees	(139,040)	(124,322)
Balance, end of year	\$ 29,939,788	\$ 24,878,183

4. Deferred contributions:

	2024	2023
Deferred contributions related to:		
Tangible capital assets (a)	\$ 441,674	\$ 502,747
Broadcast rights (b)	509,685	531,756
Production development (c)	-	792,569
	\$ 951,359	\$ 1,827,072

(a) Tangible capital assets:

Deferred contributions related to tangible capital assets represents the unamortized amount of grants received for the purchase of tangible capital assets.

	2024	2023
Balance, beginning of year	\$ 502,747	\$ 584,047
Amortization of deferred contributions	(61,073)	(81,300)
Balance, end of year	\$ 441,674	\$ 502,747

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

4. Deferred contributions (continued):

(b) Broadcast rights:

Deferred contributions related to broadcast rights represent the unamortized amount of funds received for the acquisition of programs.

	2024	2023
Balance, beginning of year	\$ 531,756	\$ 405,911
Contributions received	50,000	200,000
Amortization of deferred contributions	(72,071)	(74,155)
Balance, end of year	\$ 509,685	\$ 531,756

(c) Production development:

Deferred contributions related to the production of the Luna, Chip & Inkie ("LCI") series (note 7) represent the unamortized amount of funds received for the development of the LCI series.

	2024	2023
Balance, beginning of year	\$ 792,569	\$ 2,699,032
Contributions received	1,928,136	2,019,578
Amounts recognized as production funding revenue	(2,720,705)	(3,926,041)
Balance, end of year	\$ -	\$ 792,569

5. Broadcast rights:

	2024	2023
Cost:		
Opening balance	\$ 20,708,029	\$ 20,578,363
Additions	4,044,914	3,623,773
Expired rights	(3,535,161)	(3,494,107)
	21,217,782	20,708,029
Accumulated amortization:		
Opening balance	10,933,556	10,761,914
Amortization	3,589,234	3,665,749
Expired rights	(3,535,161)	(3,494,107)
	10,987,629	10,933,556
Net book value	\$ 10,230,153	\$ 9,774,473

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

6. Tangible capital assets:

	Furniture and fixtures	Computer equipment	Other equipment	Software	Broadcast equipment	Leasehold improvements	2024
Cost:							
Opening balance	\$ 880,545	\$ 3,858,009	\$ 2,396,439	\$ 498,931	\$ 14,250,143	\$ 37,695	\$ 21,921,762
Additions	-	60,974	-	26,784	-	-	87,758
Closing balance	880,545	3,918,983	2,396,439	525,715	14,250,143	37,695	22,009,520
Accumulated amortization:							
Opening balance	838,556	3,303,620	2,396,439	491,430	13,228,099	37,695	20,295,839
Amortization	4,199	116,975	-	10,446	122,645	-	254,265
Closing balance	842,755	3,420,595	2,396,439	501,876	13,350,744	37,695	20,550,104
Net book value	\$ 37,790	\$ 498,388	\$ -	\$ 23,839	\$ 899,399	\$ -	\$ 1,459,416

	Furniture and fixtures	Computer equipment	Other equipment	Software	Broadcast equipment	Leasehold improvements	2023
Cost:							
Opening balance	\$ 880,545	\$ 3,620,525	\$ 2,396,439	\$ 498,931	\$ 14,250,143	\$ 37,695	\$ 21,684,278
Additions	-	237,484	-	-	-	-	237,484
Closing balance	880,545	3,858,009	2,396,439	498,931	14,250,143	37,695	21,921,762
Accumulated amortization:							
Opening balance	833,890	3,194,709	2,396,439	483,930	13,088,729	37,695	20,035,392
Amortization	4,666	108,911	-	7,500	139,370	-	260,447
Closing balance	838,556	3,303,620	2,396,439	491,430	13,228,099	37,695	20,295,839
Net book value	\$ 41,989	\$ 554,389	\$ -	\$ 7,501	\$ 1,022,044	\$ -	\$ 1,625,923

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

7. Production funding:

During the year ended March 31, 2024, the Corporation completed production of Season 2 of the LCI series (30 episodes). Funding provided in relation to the LCI series during the year ended March 31, 2024 totaled \$3,136,448 (2023 – \$1,899,135). Of this amount, \$1,928,136 (2023 - \$792,569) was recognized as deferred contributions (note 4(c)) as at March 31, 2024. Deferred contributions totaling \$2,720,705 for the completed Season 2 production were recognized as revenue (2023 - nil).

Production expenditures incurred during the year ended March 31, 2024 totaled \$3,177,500 (2023 – \$4,698,528) have been included in programming and presentation expenses in the consolidated statement of operations.

8. Line of credit:

The Corporation has a revolving demand credit facility bearing interest at prime plus 0.50% (2023 - 0.50%) per annum. The available facility is to a maximum of \$1,500,000 (2023 - \$1,500,000). As at March 31, 2024 \$230,000 was drawn on this credit facility (2023 - nil).

9. Commitments:

(a) Satellite transmission service:

The Corporation acquires satellite transmission services at an annual cost of approximately \$156,771 (2023 - \$178,331) under agreements covering a four-year period ending August 31, 2025.

(b) License fees and production costs:

The Corporation acquires programs which require the commitment of funds. As at March 31, 2024, the Corporation is committed to pay \$2,120,025 (2023 - \$2,176,042) for license fees over the period April 2024 to March 2026.

10. Related party transactions:

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amount.

In the normal course of operations, the Corporations pays rent to BCIT, a provincially controlled post-secondary institution, of \$1 per annum and its share of the building operating costs totaling \$319,780 (2023 - \$319,998).

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

11. Pensions:

The Corporation and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan, including investment of the assets and administration of benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at August 31, 2022, the College Pension Plan has about 16,500 active members and approximately 10,000 retired members. As at December 31, 2022, the Municipal Pension Plan has approximately 240,000 active members and 124,000 retired members.

Active College Pension Plan members include 15 contributors and active Municipal Pension Plan members include 33 contributors from the Corporation.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2021 indicated a \$202 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as of August 31, 2024, with results available in 2025.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as of December 31, 2024, with results available in 2025.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The Corporation paid \$427,312 (2023 - \$366,384) for employer contributions while employees contributed \$400,646 (2023 - \$350,852) to the plans in fiscal 2024.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

12. Financial instruments risks:

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2024:

(a) Credit risk:

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of endowment investments, accounts receivable and cash. The Corporation has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Corporation has also retained an investment firm to invest surplus funds in accordance with its investment policy. The receivables are due from various entities and individuals. Cash is represented by bank accounts and is placed with high quality institutions. Thus, the Corporation is not subject to concentration of credit risk.

(b) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to foreign exchange risk is limited to cash held in US dollar bank accounts.

(c) Interest rate risk:

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Endowment investments bear some interest risk as the market price of fixed income securities may fluctuate based on changes in interest rates. Amounts drawn on the line of credit also bear some interest rate risk from changes in the prime rate.

(d) Market risk:

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Corporation is exposed to fair value risks on its endowment investments in equity instruments and other investments.

(e) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

Management believes that there has been no changes to these risk exposures from the prior year.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

13. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2024	2023
Invested in tangible capital assets	\$ 1,017,742	\$ 1,123,176
Invested in broadcast rights	9,720,468	9,242,717
Endowment funds	29,939,788	24,878,183
Unrestricted deficit	(553,382)	(1,242,769)
Balance, end of year	\$ 40,124,616	\$ 34,001,307

14. Budget figures:

Consolidated budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board on February 16, 2023.

15. Revenue and expenses presentation:

For reporting purposes, the Corporation's activities have been aggregated into operational categories. The schedule of consolidated revenues and expenses by object reports the expenses that are directly attributable to each operational category. The revenue and expenses that cannot be directly attributable to allocated on a reasonable basis to individual categories are reported in the General category. The following describes the activities of each area:

Programming and presentation:

This category includes salaries and benefits costs of staff responsible for the acquisition of broadcast rights, management and design of broadcast content including branding, captioning of programs, and management of broadcast traffic. This category also includes the cost of contracted editors hired to create promotional content and the costs of production for the LCI series (note 7).

Marketing and philanthropy:

This category includes salaries and benefits costs of staff responsible for administering the Corporation's partners' donations and Knowledge Endowment Fund. This includes other operating costs related to the servicing of our donors such as the production and distribution of the K: Magazine.

This category also includes salaries and benefits costs of staff responsible for maintaining government reporting requirements, reporting on audience and viewership results, and implementing our marketing plans.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

15. Revenue and expenses presentation (continued):

Broadcast platforms and corporate IT:

This category includes salaries and benefits costs of staff responsible for the maintenance and administration of the broadcast platforms and corporate information technology infrastructures. This category also includes operating costs related to the distribution of our broadcast signal to our audiences.

Amortization of broadcast rights and tangible capital assets:

This category includes the amortization of broadcast rights over the authorized period of the broadcast right, and tangible capital assets over their useful life.

Administration:

This category includes salaries and benefits costs of staff responsible for overall administration, finance, and human resources. Operating costs also include the Corporation's share of leased facilities costs, and the costs of training and professional development of our staff.

KNOWLEDGE NETWORK CORPORATION

Schedule of Consolidated of Revenues and Expenses by Object

Year ended March 31, 2024, with comparative information for 2023

	Programming and presentation	Marketing and philanthropy	Broadcast platforms and corporate IT	Amortization of broadcast rights & capital equipment	Administration	2024 consolidated	Budget consolidated (note 14)	2023 consolidated
Province of British Columbia operating grants	\$ -	\$ -	\$ -	\$ -	\$ 6,611,000	\$ 6,611,000	\$ 6,611,000	\$ 6,611,000
Donations	-	-	-	-	5,944,694	5,944,694	5,800,000	6,138,949
Production funding	-	-	-	-	3,940,816	3,940,816	290,105	4,922,607
Amortization of deferred contributions	-	-	-	133,144	-	133,144	2,910,704	155,455
Endowment investment income	-	-	-	-	982,488	982,488	900,000	1,072,897
Other	-	-	-	-	206,682	206,682	-	354,269
Total revenue	\$ -	\$ -	\$ -	\$ 133,144	\$ 17,685,680	\$ 17,818,824	\$ 16,511,809	\$ 19,255,177

	Programming and presentation	Marketing and philanthropy	Broadcast platforms and corporate IT	Amortization of broadcast rights & capital equipment	Administration	2024 consolidated	Budget consolidated (note 14)	2023 consolidated
Salaries and benefits	\$ 1,950,658	\$ 1,188,288	\$ 1,510,008	\$ -	\$ 1,157,525	\$ 5,806,479	\$ 5,710,465	\$ 5,203,036
Amortization of capital assets and broadcast rights	-	-	-	3,843,589	-	3,843,589	4,025,000	3,926,196
Purchased services	3,708,238	525,089	551,289	-	71,820	4,856,436	4,779,943	8,587,049
Supplies, shipping, minor software, maintenance	29,950	584,519	617,127	-	80,286	1,311,882	1,105,045	1,357,756
Travel, miscellaneous, other	39,557	172,164	35,173	-	315,631	562,525	766,549	506,609
Facilities operating costs, rental	2,050	4,792	-	-	319,780	326,622	320,000	323,317
Income tax recovery	-	-	-	-	-	-	-	(19,776)
Total expenses	\$ 5,730,453	\$ 2,474,852	\$ 2,713,597	\$ 3,843,589	\$ 1,945,042	\$ 16,707,533	\$ 16,707,002	\$ 19,884,187