

Financial Information Act Report

Knowledge Network Corporation

Year Ended March 31, 2020

Knowledge Network Corporation

STATEMENT OF FINANCIAL INFORMATION APPROVAL *

The undersigned represents the Board of Directors of the Knowledge Network Corporation and approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.


Signature

Maurine Karagianis

Name

Board Chair

Title

September 17, 2020

Date

* Prepared pursuant to Schedule 1, subsection 9(1), *Financial Information Regulation*

Knowledge Network Corporation

MANAGEMENT REPORT *

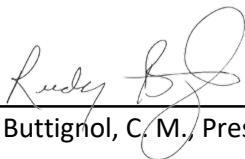
The Financial Statements contained in this Statement of Financial Information under the Financial Information Act have been prepared by management within the framework of the accounting policies summarized in the consolidated financial statements, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of Knowledge Network Corporation



Rudy Buttignol, C. M., President and CEO

September 17, 2020
Date



Jeffrey Lee, CPA CGA, Director of Finance

September 17, 2020
Date

* Prepared pursuant to Schedule 1, subsection 9(1), *Financial Information Regulation*

Knowledge Network Corporation

CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Year Ended March 31, 2020

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Consolidated Financial Statements of

KNOWLEDGE NETWORK CORPORATION

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP
PO Box 10426
777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Knowledge Network Corporation, and
to the Minister of the Ministry of Tourism, Arts, and Culture, 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, 2020
- 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 assets 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, 2020 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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, 2020

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019


| | 2020 | 2019 |
|--|---------------|---------------|
| Financial assets: | | |
| Cash (note 3(a)) | \$ 1,561,944 | \$ 1,406,864 |
| Accounts receivable | 20,016 | 111,313 |
| Income taxes recoverable | - | 28,709 |
| Portfolio investments (note 3(b)) | 692,411 | 732,705 |
| | 2,274,371 | 2,279,591 |
| Liabilities: | | |
| Accounts payable and accrued liabilities | 385,856 | 439,450 |
| Deferred revenue, projects | 314,111 | 324,616 |
| Deferred contributions (note 4) | 1,241,639 | 1,442,298 |
| | 1,941,606 | 2,206,364 |
| Net financial assets | 332,765 | 73,227 |
| Non-financial assets: | | |
| Broadcast rights (note 5) | 10,727,248 | 10,439,177 |
| Tangible capital assets (note 6) | 2,029,315 | 1,945,886 |
| Prepaid expenses | 33,004 | 55,944 |
| Endowment investments (note 3(b)) | 10,224,067 | 9,339,435 |
| | 23,013,634 | 21,780,442 |
| Accumulated surplus (note 12) | \$ 23,346,399 | \$ 21,853,669 |
| Accumulated surplus is comprised of: | | |
| Accumulated surplus | \$ 23,301,347 | \$ 21,442,023 |
| Accumulated remeasurement gains | 45,052 | 411,646 |
| | \$ 23,346,399 | \$ 21,853,669 |

Commitments (note 8)
Impact of COVID-19 (note 15)

See accompanying notes and schedule to consolidated financial statements.

Approved on behalf of the Board:


Maurine Karagianis
Chair of the Board


Eric Watt
Chair of the Audit and Finance Committee

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

| | Budget (note 13) | 2020 | 2019 |
|---|---------------------|---------------|---------------|
| Revenue: | | | |
| Province of British Columbia operating grants | \$ 6,647,670 | \$ 6,708,000 | \$ 6,611,531 |
| Donations and sponsorships | 4,819,000 | 5,174,488 | 4,844,902 |
| Specialty TV channel subscription fees | - | - | 519,700 |
| Amortization of deferred contributions | 320,000 | 200,659 | 300,834 |
| Endowment investment income | 250,000 | 196,474 | 285,746 |
| Other | 25,000 | 64,887 | 131,383 |
| | 12,061,670 | 12,344,508 | 12,694,096 |
| Expenses (note 14): | | | |
| Programming and presentation | 2,257,325 | 2,275,644 | 2,101,390 |
| Marketing and development | 1,932,389 | 2,146,098 | 2,248,509 |
| Broadcast platforms and corporate IT | 2,032,211 | 2,075,016 | 2,059,841 |
| General | 470,000 | 279,276 | 368,221 |
| Amortization of broadcast rights | 3,755,176 | 3,457,270 | 3,333,943 |
| Administration | 1,414,569 | 1,455,097 | 1,326,624 |
| Specialty TV channel | - | - | 727,629 |
| | 11,861,670 | 11,688,401 | 12,166,157 |
| Annual surplus from operations | 200,000 | 656,107 | 527,939 |
| Endowment contributions received | 900,000 | 1,203,217 | 1,309,144 |
| Annual surplus | 1,100,000 | 1,859,324 | 1,837,083 |
| Accumulated surplus, beginning of year | 21,442,023 | 21,442,023 | 19,604,940 |
| Accumulated surplus, end of year | \$ 22,542,023 | \$ 23,301,347 | \$ 21,442,023 |

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Remeasurement Gains

Year ended March 31, 2020, with comparative information for 2019

| | 2020 | 2019 |
|---|------------|------------|
| Accumulated remeasurement gains, beginning of year | \$ 411,646 | \$ 234,485 |
| Unrealized gains (losses) attributable to investments | (366,867) | 176,971 |
| Amounts realized and reclassified to statement of operations and accumulated surplus: | | |
| Realized gain on investment | 273 | 190 |
| Net remeasurement gains (losses) for the year | (366,594) | 177,161 |
| Accumulated remeasurement gains, end of year | \$ 45,052 | \$ 411,646 |

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

| | Budget (note 13) | 2020 | 2019 |
|---|---------------------|--------------|--------------|
| Annual surplus | \$ 1,100,000 | \$ 1,859,324 | \$ 1,837,083 |
| Net remeasurement gains (losses) for the year | - | (366,594) | 177,161 |
| | 1,100,000 | 1,492,730 | 2,014,244 |
| Acquisition of tangible capital asset | (50,000) | (335,656) | (83,192) |
| Amortization of tangible capital assets | 360,000 | 252,227 | 304,462 |
| | 310,000 | (83,429) | 221,270 |
| Acquisition of broadcast rights | (4,249,604) | (3,745,341) | (4,744,447) |
| Amortization of broadcast rights | 3,755,176 | 3,457,270 | 3,792,867 |
| | (494,428) | (288,071) | (951,580) |
| Acquisition of endowment investments | (900,000) | (884,632) | (1,619,531) |
| Acquisition of prepaid expenses | - | (33,004) | (55,944) |
| Use of prepaid expenses | - | 55,944 | 51,056 |
| | - | 22,940 | (4,888) |
| Increase (decrease) in net financial assets | 15,572 | 259,538 | (340,485) |
| Net financial assets, beginning of year | 73,227 | 73,227 | 413,712 |
| Net financial assets, end of year | \$ 88,799 | \$ 332,765 | \$ 73,227 |

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| Cash provided (used by): | | |
| Operations: | | |
| Annual surplus | \$ 1,859,324 | \$ 1,837,083 |
| Items not involving cash: | | |
| Loss on sale of investments | 273 | 190 |
| Amortization of deferred contributions | (200,659) | (300,834) |
| Amortization of tangible capital assets | 252,227 | 304,462 |
| Amortization of broadcast rights | 3,457,270 | 3,792,867 |
| Unrealized gain (loss) on investments | (366,867) | 176,971 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 91,297 | 148,780 |
| Prepaid expenses | 22,940 | (10,423) |
| Income taxes recoverable | 28,709 | (4,888) |
| Accounts payable and accrued liabilities | (53,594) | (551,356) |
| Deferred revenue, projects | (10,505) | 14,574 |
| | 5,080,415 | 5,407,426 |
| Financing: | | |
| Contributions received for broadcast rights | - | 250,000 |
| Investing: | | |
| Purchase of investments, net | (844,338) | (227,839) |
| Capital: | | |
| Acquisition of tangible capital assets | (335,656) | (83,192) |
| Acquisition of broadcast rights | (3,745,341) | (4,744,447) |
| | (4,080,997) | (4,827,639) |
| Increase in cash | 155,080 | 601,948 |
| Cash, beginning of year | 1,406,864 | 804,916 |
| Cash, end of year | \$ 1,561,944 | \$ 1,406,864 |

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Nature of operations:

Knowledge Network Corporation (the "Corporation") was incorporated as a Crown corporation in 2009 under the *Knowledge Network Corporation Act*, a statute of the Province of British Columbia.

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 and Culture.

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 (2019 – 50% owned), 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. This Section requires that the consolidated financial statements be prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Canada, except in regard to government transfers.

The Corporation has obtained approval from the Province to continue to capitalize and amortize broadcast rights as non-financial assets. Canadian public sector accounting standards do not recognize the intangible assets in their accounting framework and require that such amounts be expensed as incurred.

The Budget Transparency and Accountability Act and its related regulations require the Corporation to account for government transfers for capital assets by deferring and amortizing them to income on the same basis as the related amortization expense. Transfers that do not contain stipulations that create a liability are required by Canadian public sector accounting standards to be reported in income.

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity, which includes consolidation (2019- proportionate consolidation) of the Corporation's 100% owned subsidiary KWCC (2019 – 50% owned). Inter-entity balances and transactions have been eliminated on consolidation. During the current year, the Corporation acquired the remaining 50% of KWCC for a nominal amount. Currently KWCC is a dormant entity without any substantial operations.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies (continued):

(b) Revenue recognition:

Externally restricted contributions, except for contributions restricted for capital asset 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.

Subscription fees are recognized in the period in which the transactions occurred that gave rise to the revenues. 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 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.

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

Funding received from the Province of British Columbia used for the acquisition of tangible capital assets and broadcast rights is recorded as deferred contributions and is recognized as a recovery in the statement of operations and accumulated surplus equal to the amortization charged on the assets purchased with the funding. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

(e) Broadcast rights:

Broadcast rights are recorded at cost and amortized over the period the broadcast is authorized for (generally 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:

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies:

(f) Financial instruments (continued):

- 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 statement of remeasurement gains. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and recognized in the 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 portfolio 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 statement of operations.

Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations and accumulated surplus and any related fair value changes previously recorded in the 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.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies:

(f) Financial instruments (continued):

The Corporation has designated its financial instruments as follows:

(i) Cash:

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

(ii) Short-term investments:

Short-term investments are accounted for as portfolio investments. Investments quoted in an active market are reported at fair value and other investments are recorded at cost or amortized cost. These investments are highly liquid and held for the purpose of meeting short-term cash commitments. Investments reported at fair value recognize any changes in fair value in the statement of remeasurement gains and losses.

(iii) Market securities:

Equity and debt investments quoted in an active market are reported at fair value. The Corporation has a diversified securities portfolio that includes short-term deposits, bonds, and equities. Market securities are accounted for as portfolio investments and are reported at fair value with changes in fair value recognized in the 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.

(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 financial statements and the reported amounts of revenues and expenses during the year then ended. Significant areas of management estimate 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 reported.

(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 financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations and accumulated surplus, and the cumulative amount of remeasurement gains is reversed in the statement of remeasurement gains.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies (continued):

(i) Income taxes:

KWCC uses the taxes payable method to account for income taxes whereby the expense (income) 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, 2020, an income tax expense of nil (2019 - \$12,993) has been included in Specialty TV channel expenses in the statement of operations and accumulated surplus.

(j) Endowment investments:

The endowment investments account for external donations received by the Corporation or internally endowed funds as approved by 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 directed by the Board.

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, 2020 the balance in the US dollar account was USD \$148,720 (2019 - USD \$53,849).

(b) Portfolio and endowment investments:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Fixed income | \$ 3,002,669 | \$ 2,638,996 |
| Common shares | 5,352,295 | 5,174,765 |
| Mutual funds | 198,444 | 255,627 |
| Other investments measured at fair value | 2,363,070 | 2,002,752 |
| | <u>\$ 10,916,478</u> | <u>\$ 10,072,140</u> |

Mutual funds consist of money market funds which are redeemable at any time.

| | 2020 | 2019 |
|-----------------------|----------------------|----------------------|
| Portfolio investments | \$ 692,411 | \$ 732,705 |
| Endowment investments | 10,224,067 | 9,339,435 |
| | <u>\$ 10,916,478</u> | <u>\$ 10,072,140</u> |

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

3. Cash and investments (continued):

(b) Portfolio and endowment investments (continued):

Changes in portfolio investments are comprised of the following:

| | 2020 | 2019 |
|--|------------|--------------|
| Balance, beginning of year | \$ 732,705 | \$ 2,124,397 |
| Internal transfer to cash | (44,251) | (1,500,000) |
| Net remeasurement gains (losses) | (81,685) | 18,473 |
| Investment income included in other income | 85,642 | 89,835 |
| Balance, end of year | \$ 692,411 | \$ 732,705 |

Changes in endowment investments are comprised of the following:

| | 2020 | 2019 |
|---|---------------|--------------|
| Balance, beginning of year | \$ 9,339,435 | \$ 7,719,904 |
| Endowment contributions received | 1,203,217 | 1,309,144 |
| Withdrawals | (200,000) | (100,000) |
| Net remeasurement gains (losses) | (284,909) | 158,688 |
| Endowment investment income | 196,474 | 285,746 |
| Investment costs included in other income | (30,150) | (34,047) |
| Balance, end of year | \$ 10,224,067 | \$ 9,339,435 |

4. Deferred contributions:

| | 2020 | 2019 |
|------------------------------------|--------------|--------------|
| Deferred contributions related to: | | |
| Capital assets (a) | \$ 758,250 | \$ 864,479 |
| Broadcast rights (b) | 483,389 | 577,819 |
| | \$ 1,241,639 | \$ 1,442,298 |

(a) Capital assets:

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

| | 2020 | 2019 |
|-------------------------------|------------|------------|
| Balance, beginning of year | \$ 864,479 | \$ 986,027 |
| Amounts recognized as revenue | (106,229) | (121,548) |
| Balance, end of year | \$ 758,250 | \$ 864,479 |

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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.

| | 2020 | 2019 |
|-------------------------------|------------|------------|
| Balance, beginning of year | \$ 577,819 | \$ 507,105 |
| Contributions received | - | 250,000 |
| Amounts recognized as revenue | (94,430) | (179,286) |
| Balance, end of year | \$ 483,389 | \$ 577,819 |

5. Broadcast rights:

| | 2020 | 2019 |
|---------------------------|---------------|---------------|
| Cost: | | |
| Opening balance | \$ 20,863,180 | \$ 18,056,171 |
| Additions | 3,745,341 | 4,744,447 |
| Expired rights | (4,258,299) | (1,937,438) |
| | 20,350,222 | 20,863,180 |
| Accumulated amortization: | | |
| Opening balance | 10,424,003 | 8,568,574 |
| Amortization (a) | 3,457,270 | 3,792,867 |
| Expired rights | (4,258,299) | (1,937,438) |
| | 9,622,974 | 10,424,003 |
| Net book value | \$ 10,727,248 | \$ 10,439,177 |

Amortization expense for broadcast rights is presented within the following on the statement of operations and accumulated surplus:

| | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| Amortization of broadcast rights | \$ 3,457,270 | \$ 3,333,943 |
| Specialty TV channel expenses | - | 458,924 |
| | \$ 3,457,270 | \$ 3,792,867 |

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020, with comparative information for 2019

6. Tangible capital assets:

| | Furniture and fixtures | Computer equipment | Other equipment | Software | Broadcast network equipment | Leasehold improvements | 2020 |
|---------------------------|---------------------------|-----------------------|--------------------|------------|-----------------------------------|---------------------------|---------------|
| Cost: | | | | | | | |
| Opening balance | \$ 880,545 | \$ 3,136,126 | \$ 2,396,439 | \$ 438,229 | \$ 14,302,742 | \$ 37,695 | \$ 21,191,776 |
| Additions | - | 290,614 | - | 45,042 | - | - | 335,656 |
| Closing balance | 880,545 | 3,426,740 | 2,396,439 | 483,271 | 14,302,742 | 37,695 | 21,527,432 |
| Accumulated amortization: | | | | | | | |
| Opening balance | 816,546 | 2,917,181 | 2,382,788 | 432,769 | 12,658,911 | 37,695 | 19,245,890 |
| Amortization | 6,400 | 43,789 | 2,048 | 2,730 | 197,260 | - | 252,227 |
| Closing balance | 822,946 | 2,960,970 | 2,384,836 | 435,499 | 12,856,171 | 37,695 | 19,498,117 |
| Net book value | \$ 57,599 | \$ 465,770 | \$ 11,603 | \$ 47,772 | \$ 1,446,571 | \$ - | \$ 2,029,315 |

| | Furniture and fixtures | Computer equipment | Other equipment | Software | Broadcast network equipment | Leasehold improvements | 2019 |
|---------------------------|---------------------------|-----------------------|--------------------|------------|-----------------------------------|---------------------------|---------------|
| Cost: | | | | | | | |
| Opening balance | \$ 880,545 | \$ 3,088,589 | \$ 2,396,439 | \$ 438,229 | \$ 14,267,087 | \$ 37,695 | \$ 21,108,584 |
| Additions | - | 47,537 | - | - | 35,655 | - | 83,192 |
| Closing balance | 880,545 | 3,136,126 | 2,396,439 | 438,229 | 14,302,742 | 37,695 | 21,191,776 |
| Accumulated amortization: | | | | | | | |
| Opening balance | 809,435 | 2,868,387 | 2,380,379 | 427,309 | 12,418,223 | 37,695 | 18,941,428 |
| Amortization | 7,111 | 48,794 | 2,409 | 5,460 | 240,688 | - | 304,462 |
| Closing balance | 816,546 | 2,917,181 | 2,382,788 | 432,769 | 12,658,911 | 37,695 | 19,245,890 |
| Net book value | \$ 63,999 | \$ 218,945 | \$ 13,651 | \$ 5,460 | \$ 1,643,831 | \$ - | \$ 1,945,886 |

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

7. Credit facility:

The Corporation has a revolving demand credit facility bearing interest at prime plus 0.50% per annum. The available facility is to a maximum of \$1,000,000 (2019 - \$1,000,000). As at March 31, 2020, no amount was drawn on this credit facility (2019 - nil).

8. Commitments:

(a) Satellite transmission service:

The Corporation acquires satellite transmission services at an annual cost of approximately \$202,896 (2019 - \$204,000) under agreements covering a four year period ending August 31, 2021.

(b) Production costs

The Corporation acquires programs which require the commitment of funds. As at March 31, 2020, the Corporation is committed to pay \$2,038,223 (2019 - \$2,652,346) for license fees over the period April 2020 to March 2022.

9. 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 \$304,772 (2019 - \$265,827).

Included in accounts receivable is nil (2019 - \$5,181) related to advances receivable from KWCC.

10. 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, 2018, the College Pension Plan has about 15,000 active members and approximately 8,000 retired members. As at December 31, 2018, the Municipal Pension Plan has approximately 205,000 active members, including approximately 6,000 from colleges and other participating employers.

Active College Pension Plan members include 23 contributors and active Municipal Pension Plan members include 33 contributors from the Corporation.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

10. Pensions (continued):

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, 2018 indicated a \$303 million funding surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available in 2022. The next valuation for the Municipal Pension Plan will be December 31, 2021, with results available in 2022.

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 \$364,872 (2019 - \$362,131) for employer contributions while employees contributed \$339,342 (2019 - \$336,458) to the plans in fiscal 2020.

11. 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, 2020.

(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 portfolio investments, endowment investments and accounts receivable. 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, thus the Corporation is not subject to concentration of credit risk.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. Financial instruments risks (continued):

(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 (note 3(a)).

(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. Portfolio and endowment investments bear some interest risk as the market price of fixed income securities may fluctuate based on changes in interest rates (note 3(b)).

(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 (note 3(b)). The Corporation is exposed to fair value risks on its portfolio and endowment investments in equity instruments.

(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.

12. Accumulated surplus:

Accumulated surplus is comprised of the following:

| | 2020 | 2019 |
|-------------------------------------|---------------|---------------|
| Invested in tangible capital assets | \$ 1,271,065 | \$ 1,081,407 |
| Invested in broadcast rights | 10,243,859 | 9,861,358 |
| Endowment funds | 10,224,067 | 9,339,435 |
| Unrestricted amounts | 1,607,408 | 1,571,469 |
| Balance, end of year | \$ 23,346,399 | \$ 21,853,669 |

13. Budget figures:

Consolidated budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors on February 25, 2019.

KNOWLEDGE NETWORK CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

14. Expenses presentation:

For reporting purposes, the Corporation's activities have been aggregated into operational categories. The schedule of consolidated expenses by object reports the revenues and expenses that are directly attributable to each operational category. The revenues and expenses that cannot be directly attributable or 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.

Marketing and development

This category includes salaries and benefits costs of staff responsible for administering our 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.

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.

General

This category includes amortization of capital assets and other expenses.

Amortization of broadcast rights

This category includes the amortization of broadcast rights over the authorized period of the broadcast right.

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

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

15. COVID-19 and impact on operations:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and the Province of British Columbia declared a state of emergency on March 17, 2020. The situation presents uncertainty over the Corporation's future cash flows and may have a significant impact on the Corporation's future operations. Potential impact on the Corporation's business could include increases in expenses and decreases in the market value of both endowment and portfolio investments. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate on the financial effect on the Corporation is not practicable at this time.

KNOWLEDGE NETWORK CORPORATION

Schedule of Consolidated Expenses by Object

Year ended March 31, 2020, with comparative information for 2019

| | Programming and presentation | Marketing and development | Broadcast platforms and corporate IT | General | Amortization of broadcast rights | Administration | 2020 consolidated | Budget consolidated (note 13) | 2019 consolidated |
|---|------------------------------------|---------------------------------|--|------------|--|----------------|----------------------|-------------------------------------|----------------------|
| Salaries and benefits | \$ 1,674,954 | \$ 891,510 | \$ 1,335,505 | \$ 3,508 | \$ - | \$ 891,723 | \$ 4,797,200 | \$ 4,782,888 | \$ 4,774,352 |
| Amortization of capital assets and broadcast rights | - | - | - | 252,227 | 3,457,270 | - | 3,709,497 | 4,115,176 | 4,097,330 |
| Purchased services | 516,335 | 532,217 | 219,695 | - | - | 77,435 | 1,345,682 | 1,136,140 | 1,289,372 |
| Supplies, shipping, minor software, maintenance | 20,817 | 564,572 | 505,271 | 113 | - | 42,676 | 1,133,449 | 1,063,141 | 1,186,910 |
| Travel, miscellaneous, other | 63,538 | 152,586 | 14,545 | 23,428 | - | 138,492 | 392,589 | 496,325 | 530,924 |
| Facilities operating costs, rental | - | 5,213 | - | - | - | 304,771 | 309,984 | 268,000 | 274,275 |
| Income taxes | - | - | - | - | - | - | - | - | 12,994 |
| | \$ 2,275,644 | \$ 2,146,098 | \$ 2,075,016 | \$ 279,276 | \$ 3,457,270 | \$ 1,455,097 | \$ 11,688,401 | \$ 11,861,670 | \$ 12,166,157 |

II. SUPPORTING SCHEDULES

APPENDIX A

SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID TO OR ON BEHALF OF EACH EMPLOYEE

1. Member of the Board of Directors Appointed by Cabinet

| <u>Name</u> | <u>Position</u> | <u>Remuneration</u> | <u>Expenses</u> |
|--------------------|---------------------------------------|---------------------|-----------------|
| Maurine Karagianis | Board Chair | \$ 2,500 | \$ 2,990 |
| Chamkaur Cheema | Vice Chair | \$ 2,000 | \$ - |
| Stacy Shields | Secretary | \$ 2,000 | \$ - |
| Sarf Ahmed | Board Member | \$ 2,000 | \$ 2,945 |
| Norah Bowman | Board Member to Dec. 31, 2019 | \$ 1,500 | \$ 1,442 |
| Tony Knox | Board Member | \$ 2,000 | \$ - |
| Jan Lindsay | Board Member to Nov. 28, 2019 | \$ 1,333 | \$ 1,680 |
| Doreen Manuel | Board Member | \$ 2,000 | \$ - |
| Gerry Martin | Board Member reappointed Feb. 5, 2018 | \$ 2,000 | \$ 2,120 |
| Anne O'Shea | Board Member appointed Dec. 16, 2019 | \$ 500 | \$ 163 |
| Eric Watt | Board Member | \$ 2,000 | \$ - |
| | | | |
| Total: | | \$ 19,833 | \$ 11,341 |

2. Other Employees

| <u>Name</u> | <u>Position</u> | <u>Remuneration</u> | <u>Expenses</u> |
|-----------------|--------------------------------------|---------------------|-----------------|
| Rudy Buttignol | President & CEO | \$ 195,314 | \$ 3,861 |
| Jason De Groote | Brand Producer | \$ 92,482 | \$ 168 |
| Renee Dion | Broadcast Systems Technician | \$ 77,006 | \$ - |
| Oliver Eichel | Dir. Broadcast Operations | \$ 132,835 | \$ 300 |
| Darrell Enns | Broadcast Systems Technologist | \$ 98,691 | \$ - |
| Deanna Giles | Supervisor, Promo Production | \$ 85,953 | \$ - |
| Darren Hull | Broadcast Systems Operator | \$ 77,344 | \$ 599 |
| Jeffrey Lee | Dir. Finance & Business Affairs | \$ 128,114 | \$ 333 |
| Sarah MacDonald | Dir. Development and Planning | \$ 132,835 | \$ 452 |
| Janice Mazon | Art Director | \$ 86,315 | \$ 4,765 |
| Michele Paris | Senior Mgr Children's Programming | \$ 107,399 | \$ 418 |
| Glenna Pollon | Dir. Gov't Relations & Comm. | \$ 114,506 | \$ - |
| Gregg Seymour | Senior Programmer Analyst | \$ 98,599 | \$ 5,251 |
| Patrice Ramsay | Co-ordinator, Independent Production | \$ 82,413 | \$ 2,415 |
| Ravi Singh | Dir. Web Channels | \$ 95,512 | \$ 574 |
| Donna Robinson | Development Officer | \$ 77,344 | \$ 146 |
| Diane Smith | Fundraising Co-ordinator | \$ 85,953 | \$ - |
| Lawrence Tapley | Senior Mgr Acquisitions and Sched. | \$ 107,062 | \$ 633 |
| Aaron Woodley | Dir. Network Brands | \$ 118,630 | \$ 701 |

| | | |
|--|--------------|-----------|
| Consolidated Total: Of other employees with remuneration of \$75,000 or less and expenses paid to or on behalf of each employee | \$ 1,937,436 | \$ 32,755 |
| Total: Other Employees | \$ 3,931,743 | \$ 53,371 |

II. SUPPORTING SCHEDULES

APPENDIX A

SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID TO OR ON BEHALF OF EACH EMPLOYEE

3. Reconciliation

| | |
|--|---------------------|
| Total Remuneration: Members of the Board of Directors appointed by Cabinet | \$ 19,833 |
| Total Remuneration: Other Employees | \$ 3,931,743 |
| Subtotal | \$ 3,951,576 |
| Reconciling Items | |
| Benefits Expense | \$ 925,482 |
| Net General Journal entries | \$ (79,858) |
| Subtotal | \$ 4,797,200 |
| Total per Schedule of consolidated expenses by object | \$ 4,797,200 |
| Variance | \$ - |

Prepared under the *Financial Information Regulation* , Schedule 1, subsections 6(2),(3),
(4),(5) and (6) .

II. SUPPORTING SCHEDULES

APPENDIX B

SCHEDULE OF CAPITAL DEBT

Knowledge Network Corporation has no capital debt.

Prepared under the *Financial Information Regulation* , Schedule 1, subsection 4(1).

SCHEDULE OF GUARANTEE OR INDEMNITY AGREEMENTS

Knowledge Network Corporation has not given any guarantee or indemnity under the Guarantees and Indemnities Regulation.

Prepared under the *Financial Information Regulation* , Schedule 1, section 5.

SCHEDULE OF EMPLOYER PORTION PAID TO THE RECEIVER GENERAL

Amount paid to the Receiver General of Canada for the employer portion of the Employment Insurance and Canada Pension Plan Premiums/Contributions

\$183,037

Prepared under the *Financial Information Regulation* , Schedule 1, subsection 6(6).

STATEMENT OF SEVERANCE AGREEMENTS

There were no severance agreement made between Knowledge Network Corporation and its non-unionized employees during fiscal year 2019/2020.

*"Compensation " means these severances were determined based on the value of salary and benefits.

Prepared under the *Financial Information Regulation* , Schedule 1, subsection 6(7).

II. SUPPORTING SCHEDULES

APPENDIX C

SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF GOODS OR SERVICES

1. Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

| Supplier Name | Aggregate amount paid to supplier |
|--|-----------------------------------|
| 10379492 Canada Ltd. | 69,615 |
| 1871 Productions Inc. | 182,700 |
| 9 Story Media Group Inc. | 136,736 |
| 9988076 Canada Inc. | 27,431 |
| Aaron Cumming | 41,344 |
| All in Pictures Inc. | 53,130 |
| ALL3MEDIA International Ltd. | 37,710 |
| Amberwood Productions Services Inc. | 30,450 |
| Arcadia Entertainment Inc. | 53,256 |
| Banijay Rights Limited | 170,998 |
| BBC Studios Canada Ltd. | 240,130 |
| Blackbaud, Inc. | 25,235 |
| Blue Ant Media Solutions Inc. | 110,880 |
| Blynk Aazoo Films Inc. | 33,810 |
| British Columbia Institute of Technology | 315,997 |
| Broken Mirror Films | 30,870 |
| CBC | 109,200 |
| Coast Mailing Services | 220,329 |
| Cyber Group Studios | 25,100 |
| DBC2 Inc. | 133,350 |
| DCD Rights Limited | 56,550 |
| DHX MEDIA (Toronto) Ltd. | 27,300 |
| Diving Bell Films Inc. | 65,940 |
| DR International Sales | 54,000 |
| First Responders Productions Inc. | 161,700 |
| France TV Distribution | 32,564 |
| Hyphen Communications Inc. | 133,796 |
| ID Productions Inc. | 29,925 |
| Image Group Inc | 73,587 |
| ITV Global Entertainment Ltd. | 95,192 |
| Jean-Denis Rouette | 30,398 |
| JW Player/Longtail Ad Solutions, Inc. | 102,000 |
| KPMG LLP | 32,806 |
| Kratt Brothers Company Ltd. | 27,300 |
| Line 21 Media Services Ltd | 73,496 |
| Magnéto Presse | 27,000 |
| Marblemedia ARC Productions Inc. | 68,660 |
| Max Flex Television Productions Inc. | 80,493 |
| Michael, Evrensel & Pawar LLP | 34,375 |
| Minister of Finance | 120,327 |
| Mitchell Press Limited | 120,732 |
| MVCC Video Communications Corp. | 36,107 |
| National Film Board - Toronto | 30,100 |
| Nent Studios UK Ltd. | 58,720 |
| Nootka Street Film Company Inc. | 49,455 |
| Numeris | 37,171 |
| Puppy Prep Productions Inc. | 135,660 |
| Screen Siren Pictures Inc. | 49,910 |

II. SUPPORTING SCHEDULES

APPENDIX C

SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF GOODS OR SERVICES

| | |
|---|------------------|
| Continued: | |
| Search Mountain Films Inc. | 99,750 |
| Shaw Broadcast Services | 157,500 |
| Shaw Satellite Services Inc | 31,500 |
| Shore Films Inc. | 49,701 |
| Sigmatix Solutions Inc. | 31,697 |
| Sky Vision | 35,200 |
| Softchoice LP | 334,501 |
| Space Suite 4 Inc. | 118,125 |
| Spin Master Ltd. | 108,570 |
| Stericycle Communication Solutions, ULC | 88,363 |
| Story Box Movies Inc. | 36,750 |
| Superrights Invest | 44,460 |
| TCB Media Rights Ltd | 48,030 |
| Twentieth Century Fox | 107,100 |
| Valerie Stillwell | 41,265 |
| Vidcom Communications Ltd | 99,871 |
| WK 6 Productions Inc. | 44,100 |
| | |
| Total aggregate amount paid to suppliers | 5,370,017 |

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less

| | |
|--|------------------|
| | 1,404,248 |
|--|------------------|

3. Total of payments to suppliers for grants and contributions exceeding \$25,000

| | |
|---|---|
| Consolidated total of grants exceeding \$25,000 | - |
| Consolidated total of contributions exceeding \$25,000 | - |
| Consolidated total of all grants and contributions exceeding \$25,000 | - |

4. Reconciliation

| | |
|---|-------------|
| Total of aggregate payments exceeding \$25,000 paid to suppliers | 5,370,017 |
| Consolidated total of payments of \$25,000 or less paid to suppliers | 1,404,248 |
| Consolidated total of all grants and contributions exceeding \$25,000 | - |
| Reconciling Items: | |
| Salaries and Benefits | 4,797,200 |
| Amortization of Capital Assets and Broadcast Rights | 3,709,497 |
| Exempt and Non-Vendor related payments | 203,233 |
| Acquisition of Capital Assets and Broadcast Rights | (4,080,997) |
| Net General Journal Entries | 285,203 |
| Total per Consolidated Statement of Operations | 11,688,401 |
| Variance | 0 |

Prepared under the *Financial Information Regulation*, Schedule 1, section 7 and the Financial Information Act, section 2.