FINANCIAL STATEMENTS

INDEPENDENT PRODUCTION FUND

December 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Directors of the
Independent Production Fund

Opinion
We have audited financial statements of Independent Production Fund, which comprise the statement of financial position as at December 31, 2025, and the statements of operations, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Independent Production Fund as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

Responsibilities Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of the financial statements in accordance with Canadian accounting standards 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the organization's financial reporting process.

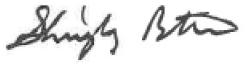
Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable 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 these financial statements.

Shrigley • Battrick
CHARTERED PROFESSIONAL ACCOUNTANTS

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 reponsive 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 Company'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 the organization's ability to continue as 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 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We 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.



Toronto, Ontario
March 20, 2026

Chartered Professional Accountants
Licensed Public Accountants

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Independent Production Fund

STATEMENT OF FINANCIAL POSITION

December 31	**2025**	2024
	$	$
ASSETS		
OPERATING FUND		
Cash	**240,267**	528,548
Accrued investment income receivable	**107,662**	105,525
Miscellaneous receivables	**30,069**	47,925
Other receivables		
Producer bonds receivable	**110,640**	100,000
Prepaid expenses	**8,976**	2,830
Investments, at fair value	**34,444,003**	21,613,067
	34,941,617	22,397,895
RESTRICTED FUND		
Investments, at fair value	**21,200,000**	21,200,000
Total assets	**56,141,617**	43,597,895
LIABILITIES AND FUND BALANCES		
OPERATING FUND		
Accrued liabilities	**62,480**	59,048
Unearned contributions [note 7]	**11,145,026**	-
Fund balance [note 3]	**23,734,111**	22,338,848
	34,941,617	22,397,896
(COMMITMENTS - SEE NOTE 5)		
RESTRICTED FUND		
Fund balance [note 3]	**21,200,000**	21,200,000
Total liabilities and fund balances	**56,141,617**	43,597,896

see accompanying notes

Approved by the Board:

Director Director

Independent Production Fund

STATEMENT OF OPERATIONS

Year ended December 31	**2025** **$**	2024 $
OPERATING FUND		
Revenue		
Investment	**3,326,303**	3,295,271
Recoupments	**1,642,953**	1,192,754
Contributions	**952,838**	1,147,291
	5,922,094	5,635,316
Expenses		
Administrative	**47,642**	57,365
Restricted Fund Program expenses	**731,023**	596,868
Governance and other expenses	**97,573**	50,504
Investment management	**213,182**	204,773
	1,089,420	909,510
Earnings from operations before funding distributions	**4,832,674**	4,725,806
Funding distributions by		
Independent Production Fund [note 4]	**3,648,050**	3,542,378
Earnings (loss) from operations for the year	**1,184,624**	1,183,428
Unrealized gain (loss) on investments	**210,639**	2,787,091
Increase (decrease) in net assets from operations for the year	**1,395,263**	3,970,519

see accompanying notes

Independent Production Fund

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31	**2025** **$**	2024 $
OPERATING FUND		
Balance, beginning of year	**22,338,848**	18,368,329
Increase (decrease) in net assets from operations for the year	**1,395,263**	3,970,519
Balance, end of year	**23,734,111**	22,338,848
RESTRICTED FUND		
Balance, beginning of year and end of year	**21,200,000**	21,200,000

see accompanying notes

Independent Production Fund

STATEMENT OF CASH FLOWS

Year ended December 31	**2025** **$**	2024 $
OPERATING FUND		
Operating Activities		
Cash received from investments, recoupment of funding distributions and other funds	**5,922,094**	5,635,316
Cash paid to suppliers	**(1,076,416)**	(933,888)
Cash paid for funding distributions	**(3,648,050)**	(3,542,378)
Cash provided by (used in) operating activities	**1,197,628**	1,159,050
Investing Activities		
Proceeds on sale of investments	**4,108,325**	5,042,045
Purchase of investments	**(5,594,234)**	(6,340,350)
Cash provided by (used in) investing activities	**(1,485,909)**	(1,298,305)
Increase (decrease) in cash during the year	**(288,281)**	(139,255)
Cash, beginning of year	**528,548**	667,803
Cash, end of year	**240,267**	528,548

see accompanying notes

December 31, 2025

1. NATURE OF ORGANIZATION

The Independent Production Fund [the "Foundation"] was incorporated as a corporation without share capital under the laws of Canada on July 12, 1989.

The Foundation extends financial assistance to independent production companies for the development and production of Canadian dramatic series (including children's series) for broadcast and online. The Foundation also provides financing for professional development grants to organizations and associations. The Foundation receives contributions from Regulated Undertakings/Operators.

The Foundation is a registered charity under the Income Tax Act (Canada) and is classified as a private foundation. While registered, the Foundation may issue tax-deductible receipts to donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and include the following significant accounting policies.

Financial statement preparation
The financial statements have been prepared on a restricted fund basis. The fund balances are described as follows:

A. Operating Fund
All operations of the Foundation are included in the Operating Fund and include investment income, operating and administrative expenses, funding distributions and realized and unrealized gains and losses on investments.

B. Restricted Fund
The Restricted Fund is restricted in perpetuity under the terms of the agreement at the time the Foundation was incorporated. Income earned on the Restricted Fund is the property of the Operating Fund and consequently, is included in the Operating Fund. Accordingly, Statements of Operations and Cash Flows for the Restricted Fund are not provided.

Measurement Uncertainty
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include the amount of sales tax to be recovered in other receivables and the ultimate realization of the fair value of the investments. Actual results could differ from the estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash
Cash is defined as cash in bank less outstanding cheques.

Investments - Operating Fund and Restricted Fund
Investment transactions are recorded on the settlement date and the investments are recorded at fair value. The investments are comprised of Canadian equity pooled funds and fixed income securities including Canadian treasury bills, bonds, debentures and notes.

Valuation
The fair value of investments as at the financial reporting period end is determined as follows:
a) Securities listed upon a recognized public stock exchange are valued at their bid prices for investments owned.
b) Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.

Transaction costs
Transaction costs are incremental costs other than portfolio fees that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The Foundation does not incur such transaction costs.

In the Statement of Cash Flows, for the Operating Fund, the proceeds on sale of investments and the purchase of investments have been shown net of short-term investment transactions consisting of bank term-deposits, Canadian treasury bills and Government of Canada bonds with maturities under 365 days.

Revenue recognition - Operating Fund and Restricted Fund
The Foundation uses accrual accounting whereby interest revenue is recognized as earned, dividend revenue is recognized as received and realized gains and losses on investment transactions are recognized on the settlement date. Contribution revenue from Regulated Undertakings/Operators is recognized based on the monthly commitments.

Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis.

As part of the financing agreements entered into with independent production companies, the Foundation may receive recoupments from completed and broadcast productions. Such recoupments, which depend on the ultimate profitability of a production, are recognized as revenue when received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funding distributions - Operating Fund
The financing agreements entered into by the Foundation with independent production companies contain specific milestones that must be achieved by the production companies in order for them to be entitled to funds. The Foundation recognizes, as funding distribution expense in the Statement of Operations, its obligations under those agreements when the specific milestones have been achieved. Funding commitments for projects with unachieved milestones are reflected in the commitments note to the financial statements.

Capital Assets
The Foundation expenses all capital assets that are not material in cost. Such capital assets would generally be office furniture and equipment and computer equipment of a replacement nature for existing capital assets. If, in any year, capital assets additions exceed the above noted limit, they would be amortized over their estimated useful life of three to five years on a straight line basis.

3. OBJECTIVES, POLICIES AND PROCESSES FOR MANAGING CAPITAL

The Foundation's capital is comprised of the net assets invested in unrestricted funds in the Operating Fund and externally restricted funds in the Restricted Fund.

The Foundation invests the unrestricted funds to ensure that the organization has administrative facilities suitable for management to administer its various programs on an annual basis while maintaining the investments in the Restricted Funds as required.

Management prepares operating budgets which are reviewed, approved and monitored by the Board of Directors. Investments are made based upon the estimated timing of funding requirements and material investment decisions are approved by the Board of Directors.

December 31, 2025

4. COMMITMENTS

a) Fund Distributions

During 2025, the Foundation authorized funding for ongoing projects, excluding the Other Funds set out in note 4, that were not completed. As a result, at year-end, there existed commitments to pay certain amounts as follows:

	Commitment Outstanding*	Paid	Outstanding at year-end
	$	$	$
Funding authorized in 2025			
Professional development	213,500	(180,750)	32,750
Web series - development and production	2,550,000	(296,250)	2,253,750
Cogeco TV	2,375,000	(795,000)	1,580,000
	5,138,500	(1,272,000)	3,866,500
Funding authorized in 2024 not yet paid	3,686,450	(1,639,050)	2,047,400
Funding authorized in 2023 not yet paid	1,633,750	(317,000)	1,316,750
Funding authorized in 2022 not yet paid	638,750	(160,000)	478,750
Funding authorized in 2021 not yet paid	278,750	(200,000)	78,750
Funding authorized in 2020 not yet paid	130,000	(60,000)	70,000
	11,506,200	(3,648,050)	7,858,150

*Commitment Outstanding represents outstanding commitments carried-forward from the previous year, and any adjustments to project commitments made in the current year.

4. COMMITMENTS (continued)

b) Lease Commitments

The Foundation has operating lease commitments for office facilities and equipment with annual lease payments in each of the following years of approximately $10,000 per year through to January 2031.

5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

a) Risk exposure and management

The Foundation's investment activities expose it to a variety of financial risks, as defined in section 3856 of the CPA Canada Handbook. The Foundation's exposure to financial risks is concentrated primarily in its investment portfolio and the significant relevant risks are discussed below.

b) Concentration of investment risk for investment portfolio

Concentration risk arises when the Foundation invests in a limited number of individual securities or in securities within a limited number of industry sectors.

The Foundation's portfolio of investments includes a number of different individual investments and industry sectors within the broad classification of equities, fixed income bonds and debentures and pooled funds, the latter holding both Canadian and non-Canadian dollar denominated securities. The Board of Directors of the Foundation seeks to minimize the potential adverse effects of these risks by engaging an independent professional investment manager to manage the portfolio, diversifying the investment portfolio and by providing the investment manager with specific investment guidelines against which the performance of the portfolio is monitored. The Foundation's portfolio of investments are held for safekeeping by an independent trust company which provides the Foundation with a monthly report, based on the settlement date, of investment transactions by the investment manager.

The Foundation is satisfied that there is no significant exposure from loss on the realization of its investment portfolio due to the concentration of the investments in either a limited number of individual investments or in a particular industry sector.

5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

c) Credit risk

Credit risk is the risk that a counterpart to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Foundation including the trading of securities and the collection of receivables.

All investment transactions are in securities listed on a recognised Canadian stock exchange and are executed with an approved broker. To minimize the possibility of settlement default, securities are exchanged for payment simultaneously through the facilities of a central depository and/or clearing agency.

The Foundation is satisfied that there is no significant exposure to losses from credit risk for the investment portfolio.

Other financial assets include the receivables, which represent accrued interest on bonds held in the investment portfolio and the sales tax recoverable, and accordingly, the Foundation does not have significant exposure from the collection of the receivables.

d) Currency risk

Currency risk arises when the fair value of financial instruments denominated in a currency other than the Canadian dollar, which is the Foundation's reporting currency, fluctuate due to changes in exchange rates.

At year-end, the Foundation's portfolio of investments includes approximately 37% (2024 - 36%) of investments denominated in foreign currencies, primarily U.S dollars, and which are converted to their Canadian dollar equivalent at the year-end exchange rate.

The Foundation is satisfied that there is no significant exposure to losses from currency risk for the investment portfolio.

6. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

e) Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash, short-term investments, accounts receivable and accounts payable and accrued liabilities do not expose the Foundation to significant amounts of interest rate risk.

Fixed rate long-term government and corporate bonds and debentures represent 37% (2024-36%) of the portfolio of investments.

The bonds and debentures are issued by various government and corporate entities and are for different maturity dates.

The Foundation is satisfied there is no significant exposure to losses from interest rate fluctuations.

f) Liquidity risk

Liquidity risk arises when the Foundation encounters difficulty in meeting its financial obligations as they come due.

At the end of the year, the Foundation's portfolio of investments includes 18% (2024 - 20%) of Canadian Government Treasury bills.

The Foundation is satisfied that there is no significant exposure from liquidity risk.

6. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

g) Other price risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk (the first two of which have been discussed in 6d and 6e above).

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether caused by factors specific to an individual investment, its issuers, or other factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through the careful selection of investments and other financial instruments within the parameters of the Foundation's investment strategy and is monitored as set out in 6a above. The Foundation does not invest in options, futures or other derivative contracts. The Foundation's most significant exposure to price risk arises from its investments in equity securities which at year-end represented 62% (2024- 59%) of the investment portfolio.

As set out in 6a above, the Foundation employs a professional investment manager and reviews the performance of the manager against specific investment criteria. The investment portfolio is represented by securities traded on a recognized stock exchange and, by its the long-term nature and diversity, does not include any material dollar amount of securities with significant terms or conditions that would materially affect the amount, timing or certainty of future cash flows.

7. Unearned Contributions

During the year, the Foundation received $11,145,026 of contributions from CRTC Regulated Undertakings/Operators. Those contributions are pursuant to a CRTC Order and subject to a third-party administration agreement. The contributions are currently subject to a court case to be heard by the Federal Court of Appeal. The third-party administration agreement requires the Foundation to repay the contribution if either the CRTC Orders repayment or the court decides.