

Nova Scotia Independent Production Fund

2022 - 2023 ANNUAL REPORT

Nova Scotia Independent Production Fund

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INTRODUCTION

This 2022-2023 Annual Report on the activities of Nova Scotia Independent Production Fund (NSIPF) is submitted to the Canadian Radio-Television and Telecommunication Commission (CRTC) as per CRTC regulations and reporting requirements.

On June 9, 2016, Nova Scotia Independent Production Fund obtained certification from the CRTC as an independent production fund (IPF). Nova Scotia Independent Production Fund was incorporated by Invest Nova Scotia on April 1, 2016 as a not-for-profit entity for the sole purpose of becoming an independent production fund. An IPF is required, as per the Broadcasting Regulatory Policy CRTC, to administer certain program funds from a broadcasting distribution undertaking (BDU). With this certification, Nova Scotia Independent Production Fund can administer the Eastlink TV Independent Production Fund Program (Eastlink Program) – a program funded solely by Eastlink as a BDU.

The Board of NSIPF would like to thank Eastlink for its continued support for, and appreciation of, animated and live-action television series produced in Nova Scotia.

This report outlines projects and expenditures for the seventh year of NSIPF's operation and contains key statistics relating to the overall success of NSIPF.

PROJECT INFORMATION



One Man's Treasure

Synopsis: Iconic Canadian comedian Ron James decides to follow his true passion and become a treasure hunter in hopes of locating the Oak Island Treasure. After years spent in the limelight; legendary comedian Ron James has thrown off the shackles of fame to pursue his true passion - Treasure hunter! Outfitted with his top-of-the-line birding equipment, a treasure map he found hidden in an old boat, and his grade twelve understanding of triangulation, nothing will stop this fearless joke smith turned adventurer from uncovering the long-lost treasure of Oak Island! In the vein of hit mocku-series such as Curb Your Enthusiasm and What We Do in the Shadows, One Man's Treasure showcases the beauty of Nova Scotia through the eyes of an absurd wannabe hero, desperately trying to live out his childhood dream.

Project Type: Production

Type of Programming: 6 x 10 minutes Comedy Television Series

Closed Captioning/Described Video: Yes

Production Company (location): Halifax Regional Municipality

Producer(s): Lynn Harvey and Jonathan Torrens

Location of Production: Brookfield (Nova Scotia)

Broadcaster: Bell Canada



Lana Longbeard

Synopsis: Lana grew up destined to quest, only to be sheltered away on a sleepy isle while her Viking dad led adventures across the Ten Realms. But now that she's turned 12, she's determined to follow in his footsteps, while somehow keeping two steps ahead. Accompanying them is a motley crew including a Barbarian turned Mechanic, a Cyclops who serves as their chef/doctor/shrink, and an Orc cabin boy who will become Lana's bestie.

Project Type: Production

Type of Programming: 52 x 11 minutes Kids' 2D animated Action Comedy

Closed Captioning/Described Video: Yes

Production Company (location): Halifax Regional Municipality

Producer(s): Paul Rigg and David Sauerwein

Location of Production: Halifax Regional Municipality, Paris (France)

Broadcaster: Canadian Broadcasting Corporation, Wildbrain

STATISTICS

For the period April 1, 2022 to March 31, 2023:

Number of applications received	2
Number of projects funded	2
Regional project commitments (100% Nova Scotia)	\$350,252
Aboriginal-language project commitments	\$0
Third-language project commitments	\$0
English-language project commitments	\$350,252
French-language project commitments	\$0
Non-programming digital content commitments	\$0
Total project commitments	\$350,252

MEASUREMENTS OF SUCCESS

Nova Scotia Independent Production Fund has established in the guidelines for the Eastlink TV Independent Production Fund Program criteria for consideration in assessing the applications. The guidelines can be accessed here:

https://investnovascotia.ca/sites/default/files/EastlinkTV_Guidelines_and_Application_Nov23.pdf

The Board of Directors will take into account the following elements in its decision-making process:

- Nova Scotia expenditure
- Nova Scotians in key roles
- Nova Scotia labour
- Track record of the production company
- Market potential of the project
- Opportunity for NSIPF to recoup its investment

OFFICIAL LANGUAGE MINORITY COMMUNITIES (OLMC's)

NSIPF considers accessible programming to all language groups when reviewing applications from eligible Nova Scotia based production companies. NSIPF will continue to make available information on the Eastlink Program to all communities in Nova Scotia.

PROJECT SELECTION COMMITTEE MEMBERS

The Project Selection Committee members consist of film and programming professionals with a combined 40 years of experience in the industry. These members work together to evaluate applications and assess the viability of potential projects. The member who is responsible for ensuring that OLMC's reflection and issues are taken into consideration is Linda Wood.

BOARD OF DIRECTORS

Peter MacAskill, Chair

Peter MacAskill is the President and CEO at Invest Nova Scotia. He joined Invest Nova Scotia in 2002 as Director, Compliance and Risk Management. He has since expanded his leadership responsibilities in the areas of finance, client service, operations, and corporate services. In 2012, Peter became Vice President, leading then to the role of COO in 2015. As of December 1, 2022, the new Invest Nova Scotia has combined the expertise of the former Nova Scotia Business Inc. and Innovacorp. As its President and CEO, Mr. MacAskill is responsible for providing overall strategic direction for the crown corporation.

Glenda Lindsay, Vice-Chair

Glenda Lindsay, CPA, CGA is the Director, Corporate Services & Compliance at Invest Nova Scotia. She joined Invest Nova Scotia in 2003 and is currently responsible for the organization's compliance and risk management, accounting services, information technology and digital solutions services, information management, and human resources.

Diana Dunn, Director

Diana Dunn is the Manager, Compliance at Invest Nova Scotia. She joined Invest Nova Scotia in 2008 and has worked in a variety of roles including business financing, investment attraction, and corporate services. She is currently responsible for facilitating the organization's compliance and risk management for programs and overseeing the shared service functions of incentive payments, procurement, and incentive reporting.

FINANCIAL STATEMENTS

Financial statements of
Nova Scotia Independent
Production Fund

March 31, 2023

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Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedule, 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 are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal financial statements and external audited financial statements annually.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Nova Scotia Independent Production Fund and meet with them when required.

On behalf of Nova Scotia Independent Production Fund



Peter MacAskill
CEO



Ferdinand Makani
Controller

Independent Auditor's Report

To the Directors of
Nova Scotia Independent Production Fund

Opinion

We have audited the financial statements of Nova Scotia Independent Production Fund (the "Corporation" or "NSIPF"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in accumulated surplus, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations, and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Corporation 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 GAAS 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.

As part of an audit in accordance with Canadian GAAS, 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 Corporation'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 Corporation'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 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 Corporation 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 represent 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.

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
June 29, 2023

Nova Scotia Independent Production Fund

Statement of financial position


As at March 31, 2023

	Notes	2023 \$	2022 \$
Financial assets			
Cash and cash equivalents		961,369	844,091
Accounts receivable		1,978	165
		963,347	844,256
Liabilities			
Accounts payable and accrued liabilities		9,285	8,107
Commitments payable	4	52,252	90,438
Deferred revenue		789,197	633,098
		850,734	731,643
Net financial assets		112,613	112,613
Accumulated surplus		112,613	112,613

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 _____ Director

 _____ Director

Nova Scotia Independent Production Fund
Statement of operations and changes in accumulated surplus
Year ended March 31, 2023

	Notes	2023	2022
		\$	\$
Revenue			
Independent production fund contributions	6	28,089	303,413
Recovery of film production equity investments	4	19,347	22,634
Interest income		12,133	1,746
		59,569	327,793
Expenses			
Film production equity investments	4	50,252	320,000
Administrative expenses (Schedule 1)	6	9,317	7,793
		59,569	327,793
Annual operating surplus		—	—
Accumulated surplus, beginning of year		112,613	112,613
Accumulated surplus, end of year		112,613	112,613

The accompanying notes are an integral part of the financial statements.

Nova Scotia Independent Production Fund

Statement of cash flows

Year ended March 31, 2023

	Notes	2023 \$	2022 \$
Operating transactions			
Annual operating surplus		—	—
Change in non-cash working capital items	5	117,278	81,895
		117,278	81,895
Increase in cash and cash equivalents		117,278	81,895
Cash and cash equivalents, beginning of year		844,091	762,196
Cash and cash equivalents, end of year		961,369	844,091

The accompanying notes are an integral part of the financial statements.

Nova Scotia Independent Production Fund

Notes to the financial statements

March 31, 2023

1. Business overview

On August 24, 2011 the Corporation's predecessor, Film and Creative Industries ("FCINS"), in partnership with Eastlink Television launched an independent production fund in accordance with The Canadian Radio-Television and Telecommunications Commission Broadcasting Distribution Regulations.

On April 9th, 2015, Bill No. 108 passed by the Province of Nova Scotia assigned the assets and liabilities of the FCINS including those of the restricted independent production fund ("IPF") to Nova Scotia Business Incorporated ("NSBI"), which was continued as Invest Nova Scotia effective December 1, 2022.

Subsequently on April 1, 2016 with the consent of the Province of Nova Scotia pursuant to Section 68(1) of the Finance Act, NSBI incorporated a wholly owned subsidiary, Nova Scotia Independent Production Fund ("NSIPF") to continue with the operations of the IPF activities of its predecessor, FCINS. The assets and liabilities of the FCINS's IPF were also assigned to this new Corporation. On June 9, 2016, NSIPF was certified by CRTC and was added to the list of independent production funds to continue to administer The Eastlink TV Independent Production Fund Program previously carried out by its predecessor, FCINS. The assets and liabilities of the FCINS's IPF were also assigned to this new Corporation. On June 9, 2016, NSIPF was certified by the Canadian Radio-Television and Telecommunications Commission ("CRTC") and was added to the list of independent production funds to continue to administer The Eastlink TV Independent Production Fund Program previously carried out by its predecessor, FCINS. As a result, net assets having a value of \$nil, being \$257,579 in cash, \$51,803 in accounts receivable, \$5,000 in accounts payable and accrued liabilities, \$274,800 in commitments payable and \$29,582 in deferred revenue were transferred into the Corporation.

The Corporation's purpose continues to be as was FCINS's as an IPF that is to support Nova Scotia and Canadian television programming by receiving contributions as a restricted independent production fund under the Broadcasting Distribution Regulations and to distribute such contributions to the productions determined to be eligible for funding in accordance with the requirements of the CRTC.

2. Economic dependence

Eastlink Television in its capacity as a registered broadcasting distribution undertaking ("BDU") for the reception of broadcasting and the retransmission thereof by radio waves or other means of telecommunication under the CRTC Regulations, is a related party of the Corporation. The Corporation is dependent on annual funding from Eastlink Television to invest in qualifying projects. The impact on future funding and accessibility are not known at this time.

3. Significant accounting policies

Basis of accounting

These financial statements of the Corporation have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board ("PSAB").

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and cash invested in short-term highly liquid investments.

Nova Scotia Independent Production Fund

Notes to the financial statements

March 31, 2023

3. Significant accounting policies (continued)

Financial instruments

Financial assets and liabilities are measured at amortized cost using the effective interest method.

Film production equity investments

Film production equity investments are recorded as commitments payable and charged to the current expenditures when the funding is formally committed. Recoveries derived from these investments are recorded as revenue when reported by the producers. It is not feasible to accrue recoveries from the film production equity investments since these recoveries remain uncertain until reported, as they are based upon the financial results of the recipients' activities.

Deferred revenue

Funds received from Eastlink Television are first recognized as a liability and recognized in income when the related expenses, investments in qualifying projects, are incurred.

Use of estimates

The preparation of financial statements in conformity with PSAS 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. There are no significant estimates included in the financial statements.

Revenue recognition

Unrestricted contributions are recognized as revenue when received or receivable.

Recovery of film production equity investments are recorded as reported by producers.

Contributions received under the independent production fund are deferred and recognized into revenue when the funds have been committed to qualifying projects.

Investment and other income is recorded in the period in which the related income is earned.

Contributed services

The Corporation receives certain contributed services from its parent company, Invest Nova Scotia, in carrying out its activities. It is the policy of NSIPF to not recognize these services in the financial statements.

Budget

The Corporation has not presented a budget in its statement of operations and changes in accumulated surplus as the Corporation does not prepare an assessment of future operations.

Adoption of new accounting standards

Effective April 1, 2022, the Fund has adopted the newly issued accounting standard, Asset retirement obligations under PSAS Section 3280 ("Section 3280"), which provided guidance relating to the accounting for asset retirement obligations associated with the retirement of tangible capital assets.

The application of this amendment does not have an impact on the Fund's financial statements.

Nova Scotia Independent Production Fund

Notes to the financial statements

March 31, 2023

4. Film production equity investments

Film production equity investments are made with condition of repayment through the participation in revenues of projects. Equity investments made by the Corporation during the year were \$50,252 (2022 - \$320,000), resulting in a cumulative total of equity investments made by the IPF, assigned and originated, as at March 31, 2023 of \$5,870,932 (2022 - \$5,820,680).

The Corporation received \$2,460 (2022 - \$22,633) in recovery of equity investments, with a cumulative total of recoupment by the IPF as at March 31, 2023 of \$240,414 (2022 - \$237,954). During the year, the Corporation recognized \$16,887 (2022 - \$nil) recovery of equity investments revenue which was deferred in previous years.

5. Changes in non-cash working capital items

	2023 \$	2022 \$
Accounts receivable	(1,813)	3,525
Accounts payable and accrued liabilities	1,178	930
Commitments payable	(38,186)	80,000
Deferred revenue	156,099	(2,560)
	117,278	81,895

6. Related party transactions

During the year ended March 31, 2023, Invest Nova Scotia, the parent company, elected to pay certain expenses including salaries and benefits and rent on behalf of the Corporation with no charge to the Corporation in the amount of about \$16,933 (2022 - \$18,700). However, Section 34(j) of the By-Laws of the Corporation allows Invest Nova Scotia to recoup costs associated with the administration of this Corporation to a maximum of 5% of contributions from BDU.

Eastlink Television, partner of the IPF, provides the Corporation with the funds which are used for equity investments. The Corporation received \$201,075 (2022 - \$300,854) during the year from Eastlink Television.

Nova Scotia Independent Production Fund
Schedule 1 – Schedule of administrative expenses
Year ended March 31, 2023

	2023	2022
	\$	\$
Professional fees	9,270	7,490
Bank charges	35	—
Office expenses	12	303
	9,317	7,793