

Nova Scotia Independent Production Fund

2023 - 2024 ANNUAL REPORT

Nova Scotia Independent Production Fund

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INTRODUCTION

This 2023-2024 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 of animated and live-action television series produced in Nova Scotia.

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

PROJECT INFORMATION



Good Grief (Season 2)

Synopsis: Having accepted that Quinn and the ‘weeping widows’ are part of her life, Abigail has come to terms with the decision to sell her late wife Dorothy’s bar and let that part of her grief journey go. All seems well as Abigail’s two communities come together to support her in this big life change. But everything shifts when Cameron, Dorothy’s estranged daughter from a previous relationship before she met Abigail, arrives at the bar, looking for her mother. Between having to break the news that Dorothy has passed and support Cameron in her own grief, and create a relationship with a step-daughter she’s never had a connection to before, Abigail needs her own communities to come together more than ever to help her. But Quinn and Cameron do not hit it off, when Cameron brings a whole new way of grieving into the circle. Feeling that Cameron is regressing Abigail’s grief process, Quinn is protective of her new friend. When Cameron suggests buying Dorothy’s bar from Abigail, the drag community is thrilled, but can Abigail truly let such a big change come into her life?

Project Type: Production

Type of Programming: 6 x 15 minutes Television Series

Closed Captioning/Described Video: Yes

Production Company (location): Halifax Regional Municipality

Producer(s): Katerina Bakolias

Location of Production: Halifax, Nova Scotia

Broadcaster: OUTtv Network Inc.



Roll With It (Season 2)

Synopsis: As we roll along in our story, Brian Elliot has quit his job at Berry's and is finally in business with Roll With It, Inc! Trudy, his beloved cousin and business partner, however, is proving to be an incredibly difficult micro-manager. What's more, the pair soon realize that their business idea has been stolen... by a familiar face at the bank - Juan! Meanwhile, Peggy and Berry are back together and pick up where their intense (and steamy) relationship left off. As for cousin Darcy? Well, he already lost the cash Berry paid him in a street scam, of course. You know what they say about a fool and his money... In fact, it won't be long before Darcy, totally broke once again, finds himself on the sales floor as Berry's newest employee. And what about all that cash in the freezer at Berry's? Well, Berry finally does the right thing and takes Peggy's advice - agreeing to put the 'lettuce' some place safe - the bank. So he loads it all into the trunk of his beautiful car... and gets robbed! This unfortunate (hmmm, we could also call it 'planned') event opens the door for Berry's former business partner to step in and make a move on his competitor. And just who is this former business partner? You guessed it - Ross! Will Brian and Trudy be able to save their business? Will Peggy and Berry stay together through the turmoil? And will we find out who is behind the robbery?

Project Type: Production

Type of Programming: 6 x 10-12 minutes Television Series

Closed Captioning/Described Video: Yes

Production Company (location): Belmont, Nova Scotia

Producer(s): Jonathan Torrens, Jenna MacMillan and Sylvia Beirnes

Location of Production: Truro, Nova Scotia

Broadcaster: Bell Canada

STATISTICS

For the period April 1, 2023, to March 31, 2024:

| | |
|---|-----------|
| Number of applications received | 3 |
| Number of projects funded | 2 |
| Regional project commitments (100% Nova Scotia) | \$224,155 |
| Aboriginal-language project commitments | \$0 |
| Third-language project commitments | \$0 |
| English-language project commitments | \$224,155 |
| French-language project commitments | \$0 |
| Non-programming digital content commitments | \$0 |
| Total project commitments | \$224,155 |

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, Mr. MacAskill 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.

Diana Dunn, Director

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

FINANCIAL STATEMENTS

Financial statements of
Nova Scotia Independent Production
Fund

March 31, 2024

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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, 2024, 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, 2024, 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.

Deloitte LLP

Chartered Professional Accountants
July 10, 2024

Nova Scotia Independent Production Fund

Statement of financial position

As at March 31, 2024

| | Notes | 2024 \$ | 2023 \$ |
|--|-------|----------------|------------|
| Financial assets | | | |
| Cash and cash equivalents | | 806,426 | 961,369 |
| Accounts receivable | | 37,955 | 1,978 |
| | | 844,381 | 963,347 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | | 10,353 | 9,285 |
| Commitments payable | 4 | 161,680 | 52,252 |
| Deferred revenue | | 559,735 | 789,197 |
| | | 731,768 | 850,734 |
| 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, 2024

| | Notes | 2024 \$ | 2023 \$ |
|--|-------|----------------|----------------|
| Revenue | | | |
| Independent production fund contributions | 6 | 379,766 | 28,089 |
| Interest income | | 25,341 | 12,133 |
| Recovery of film production equity investments | 4 | — | 19,347 |
| | | 405,107 | 59,569 |
| Expenses | | | |
| Film production equity investments | 4 | 394,655 | 50,252 |
| Administrative expenses (Schedule 1) | 6 | 10,452 | 9,317 |
| | | 405,107 | 59,569 |
| Annual operating surplus | | — | — |
| Accumulated operating 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, 2024

| | Notes | 2024 \$ | 2023 \$ |
|--|-------|------------------|----------------|
| Operating transactions | | | |
| Annual operating surplus | | — | — |
| Change in non-cash working capital items | 5 | (154,943) | 117,278 |
| | | (154,943) | 117,278 |
| (Decrease) increase in cash and cash equivalents | | (154,943) | 117,278 |
| Cash and cash equivalents, beginning of year | | 961,369 | 844,091 |
| Cash and cash equivalents, end of year | | 806,426 | 961,369 |

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

Nova Scotia Independent Production Fund

Notes to the financial statements

March 31, 2024

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 transmission thereof by radio waves or other means of telecommunications under the CRTC Regulations, is a related party of the Corporation. The Corporation is dependent on its 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.

Nova Scotia Independent Production Fund

Notes to the financial statements

March 31, 2024

3. Significant accounting policies (continued)

Cash and cash equivalents

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

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 the financial statements in accordance 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 as the Corporation does not prepare an assessment of future operations.

Nova Scotia Independent Production Fund

Notes to the financial statements

March 31, 2024

3. Significant accounting policies (continued)

Adoption of new accounting standards

Effective April 1, 2023, the Corporation had adopted the following newly issued standards and guideline:

Public private partnerships under PSAS Section 3160 ("Section 3160") which provided guidance on how to account and report an infrastructure asset and corresponding liability for public private partnerships.

Revenue under PSAS Section 3400 ("Section 3400") which provided standards for how to account and report revenue for public sector entities.

Purchased intangibles under PS Guideline 8 ("PSG-8") which explains the scope of intangibles which are now allowed to be recognized in public sector financial statements.

The applications of these amendments do not have material impact on the Corporation's financial statements.

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 \$394,655 (\$50,252 in 2023), resulting in a cumulative total of equity investments made by the IPF, assigned and originated, as at March 31, 2024 of \$6,265,587 (\$5,870,932 in 2023).

The Corporation received nil (\$2,460 in 2023) in recovery of equity investments, with a cumulative total of recoupment by the IPF as at March 31, 2024 of \$240,414 (\$240,414 in 2023). During the year, the Corporation recognized nil (\$16,887 in 2023) recovery of equity investments revenue which was deferred in previous years.

5. Changes in non-cash working capital items

| | 2024 | 2023 |
|--|------------------|----------|
| | \$ | \$ |
| Accounts receivable | (35,977) | (1,813) |
| Accounts payable and accrued liabilities | 1,068 | 1,178 |
| Commitments payable | 109,428 | (38,186) |
| Deferred revenue | (229,462) | 156,099 |
| | (154,943) | 117,278 |

6. Related party transactions

During the year ended March 31, 2024, 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 \$19,668 (\$16,933 in 2023). However, Section 34(j) of the By-Laws of the Fund 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 \$150,304 (\$201,075 in 2023) during the year from Eastlink Television.

Nova Scotia Independent Production Fund

Schedule 1 - Schedule of administrative expenses

Year ended March 31, 2024

| | 2024 | 2023 |
|-------------------|---------------|-----------|
| | \$ | \$ |
| Professional fees | 10,350 | 9,270 |
| Bank charges | 90 | 35 |
| Office expenses | 12 | 12 |
| | 10,452 | 9,317 |