Consolidated Financial Statements of

KNOWLEDGE NETWORK CORPORATION

And Independent Auditor’s Report thereon

Year ended March 31, 2026

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- the consolidated statement of changes in net financial liabilities for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements as at and for the year ended March 31, 2026 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

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

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but, is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our group audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 9, 2026

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Financial assets:		
Cash (note 3(a))	$ 743,628	$ 551,489
Accounts receivable	32,334	224,735
Short-term investments (note 3(b))	185,000	-
	960,962	776,224
Liabilities:		
Accounts payable and accrued liabilities	938,795	1,093,733
Deferred contributions (note 4)	1,956,714	1,325,746
	2,895,509	2,419,479
Net financial liabilities	(1,934,547)	(1,643,255)
Non-financial assets:		
Broadcast rights (note 5)	10,897,350	10,753,532
Tangible capital assets (note 6)	2,157,578	1,392,872
Prepaid expenses	523,522	573,201
Endowment investments (restricted) (note 3(c))	42,555,230	36,437,749
	56,133,680	49,157,354
Accumulated surplus (note 13)	$ 54,199,133	$ 47,514,099
Accumulated surplus is comprised of:		
Accumulated surplus	$ 45,644,304	$ 41,486,180
Accumulated remeasurement gains	8,554,829	6,027,919
	$ 54,199,133	$ 47,514,099

Commitments (note 9)

See accompanying notes and schedule to consolidated financial statements.

Approved on behalf of the Board:

Signed by:

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Satwinder Bains
Chair of the Board

Signed by:

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Philip Leong
Chair of the Audit and Finance Committee

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2026, with comparative information for 2025

	Budget (note 14)	2026	2025
Revenue (note 16, Schedule):			
Province of British Columbia operating contribution	$ 6,611,000	$ 6,611,000	$ 6,611,000
Donations	5,800,000	6,040,100	6,294,072
Production funding and other (note 7)	65,000	336,912	828,988
Amortization of deferred contributions (note 4)	144,000	119,032	125,614
Endowment investment income	1,000,000	1,921,050	1,305,868
	13,620,000	15,028,094	15,165,542
Expenses (note 16, Schedule):			
Curation and audience engagement	3,040,281	3,430,597	2,986,191
Philanthropy and communications	2,617,086	2,663,120	2,470,205
Broadcast platforms and corporate IT	2,549,586	3,340,417	2,816,981
Amortization	3,936,416	3,900,070	3,872,827
Administration	1,652,631	1,734,536	1,883,627
	13,796,000	15,068,740	14,029,831
Annual surplus (deficit) from operations	(176,000)	(40,646)	1,135,711
Endowment contributions received	950,000	4,198,770	4,527,963
Annual surplus	774,000	4,158,124	5,663,674
Accumulated surplus, beginning of year	41,486,180	41,486,180	35,822,506
Accumulated surplus, end of year	$ 42,260,180	$ 45,644,304	$ 41,486,180

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Remeasurement Gains

Year ended March 31, 2026, with comparative information for 2025

		2026		2025
Accumulated remeasurement gains, beginning of year	$	6,027,919	$	4,302,110
Unrealized gains attributable to investments		2,387,408		1,769,863
Amounts realized and reclassified to consolidated statement of operations and accumulated surplus:				
Realized losses (gains) on investment		139,502		(44,054)
Net remeasurement gains for the year		2,526,910		1,725,809
Accumulated remeasurement gains, end of year	$	8,554,829	$	6,027,919

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION

Consolidated Statement of Changes in Net Financial Liabilities

Year ended March 31, 2026, with comparative information for 2025

	Budget (note 14)	2026	2025
Annual surplus	$ 774,000	$ 4,158,124	$ 5,663,674
Net remeasurement gains for the year	-	2,526,910	1,725,809
	774,000	6,685,034	7,389,483
Acquisition of tangible capital assets	(220,000)	(979,289)	(173,676)
Amortization of tangible capital assets	325,000	214,583	240,220
	105,000	(764,706)	66,544
Acquisition of broadcast rights	(4,861,700)	(3,829,305)	(4,155,986)
Amortization of broadcast rights	3,611,416	3,685,487	3,632,607
	(1,250,284)	(143,818)	(523,379)
Acquisition of endowment investments (restricted)	(950,000)	(6,117,481)	(6,497,961)
Acquisition of prepaid expenses	-	(523,522)	(573,201)
Use of prepaid expenses	-	573,201	257,495
	-	49,679	(315,706)
Decrease (increase) in net financial liabilities	(1,321,284)	(291,292)	118,981
Net financial liabilities, beginning of year	(1,643,255)	(1,643,255)	(1,762,236)
Net financial liabilities, end of year	$ (2,964,539)	$ (1,934,547)	$ (1,643,255)

See accompanying notes and schedule to consolidated financial statements.

KNOWLEDGE NETWORK CORPORATION
Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided (used by):		
Operations:		
Annual surplus	$ 4,158,124	$ 5,663,674
Items not involving cash:		
Loss (gain) on sale of investments	139,502	(44,054)
Amortization of deferred contributions	(119,032)	(125,614)
Amortization of tangible capital assets	214,583	240,220
Amortization of broadcast rights	3,685,487	3,632,607
	8,078,664	9,366,833
Changes in non-cash operating working capital:		
Accounts receivable	192,401	78,545
Prepaid expenses	49,679	(315,706)
Accounts payable and accrued liabilities	(154,938)	445,307
Deferred revenue, projects	-	(344,537)
	8,165,806	9,230,442
Financing:		
Contributions received for broadcast rights	750,000	500,000
Proceeds from line of credit	-	(230,000)
	750,000	270,000
Investments:		
Net change in investments	(3,915,073)	(4,728,098)
Capital:		
Acquisition of tangible capital assets	(979,289)	(173,676)
Acquisition of broadcast rights	(3,829,305)	(4,155,986)
	(4,808,594)	(4,329,662)
Increase in cash	192,139	442,682
Cash, beginning of year	551,489	108,807
Cash, end of year	$ 743,628	$ 551,489

See accompanying notes and schedule to consolidated financial statements.

1. Nature of operations:

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

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

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

2. Significant accounting policies:

(a) Basis of accounting:

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

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

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

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

(*i*) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(*ii*) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

2. Significant accounting policies (continued):

(a) Basis of accounting (continued):

For British Columbia taxpayer supported organizations, these contributions include government transfers and externally restricted contributions.

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

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

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

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

(b) Revenue recognition:

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

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

(c) Tangible capital assets:

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

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

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

2. Significant accounting policies (continued):

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

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

(f) Purchased intangibles:

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

(f) Financial instruments:

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

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

The Corporation’s investments are all considered to be Level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year, there were no significant transfers of securities between the different levels.

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

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

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

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

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

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

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

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

The Corporation has designated its financial instruments as follows:

(*i*) Cash:

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

(*ii*) Investments:

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

(*iii*) Marketable securities:

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

(*iv*) Other financial assets and financial liabilities:

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

(g) Measurement uncertainty:

The preparation of financial statements in accordance with the framework described in note 2(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year then ended. Items subject to such estimates and assumptions include the determination of the useful lives and amortization of tangible capital assets and broadcast rights, amount and timing of deferred contributions recognized in income, valuation of accounts receivable, and provision for contingencies. Actual results could differ from those estimates.

2. Significant accounting policies (continued):

(h) Foreign currency translation:

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

(i) Income taxes:

KWCC uses the taxes payable method to account for income taxes whereby the expense (recovery) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by the taxation authorities. For the year ended March 31, 2025, a nil income tax return (2024 - nil) was filed.

(j) Endowment investments (restricted):

The endowment investments consist of bequests, donations or other gifts received by the Corporation designated to the Endowment Fund. The principal amount of endowment contributions are restricted and permanently invested. Annual income generated from investment of the endowment must be used to fund programming on Knowledge Network's services.

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, 2026, the balance in the US dollar account, denominated in Canadian dollars, was $52,515 (2025 - $81,860).

(b) Short-term investments:

The Corporation's short-term investments are made up of funds on deposit readily redeemable within maturity dates ranging from ninety days to one year from the time of acquisition. Term deposit held with Royal Bank of Canada is carried at amortized cost, with interest at 2.45%, maturing in November 2026.

(c) Endowment investments (restricted):

	2026	2025
Fixed income	$ 11,215,334	$ 9,917,114
Common shares measured at fair value	21,985,280	19,317,639
Other investments measured at fair value	9,354,616	7,202,996
	$ 42,555,230	$ 36,437,749

3. Cash and investments (continued):

(c) Endowment investments (restricted) (continued):

Changes in endowment investments are comprised of the following:

	2026	2025
Balance, beginning of year	$ 36,437,749	$ 29,939,788
Endowment contributions received	4,198,770	4,527,963
Withdrawals	(1,967,000)	(950,000)
Internal transfer from (to) cash	(365,471)	45,248
Net remeasurement gains	2,526,910	1,725,809
Endowment investment income	1,921,050	1,305,868
Investment fees	(196,778)	(156,927)
Balance, end of year	$ 42,555,230	$ 36,437,749

4. Deferred contributions:

	2026	2025
Deferred contributions related to:		
Tangible capital assets (a)	$ 341,172	$ 388,132
Broadcast rights (b)	1,615,542	937,614
	$ 1,956,714	$ 1,325,746

(a) Tangible capital assets:

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

	2026	2025
Balance, beginning of year	$ 388,132	$ 441,674
Amortization of deferred contributions	(46,960)	(53,542)
Balance, end of year	$ 341,172	$ 388,132

(b) Broadcast rights:

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

	2026	2025
Balance, beginning of year	$ 937,614	$ 509,686
Contributions received	750,000	500,000
Amortization of deferred contributions	(72,072)	(72,072)
Balance, end of year	$ 1,615,542	$ 937,614

5. Broadcast rights:

	2026	2025
Cost:		
Opening balance	$ 22,285,167	$ 21,217,782
Additions	3,829,305	4,155,986
Expired rights	(4,708,409)	(3,088,601)
	21,406,063	22,285,167
Accumulated amortization:		
Opening balance	11,531,635	10,987,629
Amortization	3,685,487	3,632,607
Expired rights	(4,708,409)	(3,088,601)
	10,508,713	11,531,635
Net book value	$ 10,897,350	$ 10,753,532

6. Tangible capital assets:

	Furniture and fixtures	Computer equipment	Other equipment	Software	Broadcast equipment	Leasehold improvements	2026
Cost:							
Opening balance	$ 880,545	$ 4,081,383	$ 2,396,439	$ 525,715	$ 14,261,419	$ 37,695	$ 22,183,196
Additions	-	979,289	-	-	-	-	979,289
Closing balance	880,545	5,060,672	2,396,439	525,715	14,261,419	37,695	23,162,485
Accumulated amortization:							
Opening balance	846,534	3,536,512	2,396,439	513,795	13,459,349	37,695	20,790,324
Amortization	3,401	108,974	-	5,959	96,249	-	214,583
Closing balance	849,935	3,645,486	2,396,439	519,754	13,555,598	37,695	21,004,907
Net book value	$ 30,610	$ 1,415,186	$ -	$ 5,961	$ 705,821	$ -	$ 2,157,578

	Furniture and fixtures	Computer equipment	Other equipment	Software	Broadcast equipment	Leasehold improvements	2025
Cost:							
Opening balance	$ 880,545	$ 3,918,983	$ 2,396,439	$ 525,715	$ 14,250,143	$ 37,695	$ 22,009,520
Additions	-	162,400	-	-	11,276	-	173,676
Closing balance	880,545	4,081,383	2,396,439	525,715	14,261,419	37,695	22,183,196
Accumulated amortization:							
Opening balance	842,755	3,420,595	2,396,439	501,876	13,350,744	37,695	20,550,104
Amortization	3,779	115,917	-	11,919	108,605	-	240,220
Closing balance	846,534	3,536,512	2,396,439	513,795	13,459,349	37,695	20,790,324
Net book value	$ 34,011	$ 544,871	$ -	$ 11,920	$ 802,070	$ -	$ 1,392,872

7. Production funding:

During the year ended March 31, 2026, the Corporation did not receive payments for Luna, Chip & Inkie Season 1 (2025 - $331,386). The Corporation received payments for Season 2 in the amount of $372,602 (2025 - $9,200).

8. Line of credit:

The Corporation has a revolving demand credit facility bearing interest at prime plus 0.50% (2025 - 0.50%) per annum. The available facility is to a maximum of $1,500,000 (2025 - $1,500,000). As at March 31, 2026, there were no amounts drawn on this credit facility (2025 - nil).

9. Commitments:

(a) Satellite transmission service:

The Corporation acquires satellite transmission services at an annual cost of approximately $142,684 (2025 - $141,396) under agreements covering the period, September 1, 2023 to August 31, 2028.

(b) License fees and production costs:

The Corporation acquires programs which require the commitment of funds. As at March 31, 2026, the Corporation is committed to pay $2,792,215 (2025 - $2,240,186) for license fees over the period April 2026 to March 2028.

10. Related party transactions:

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

In the normal course of operations, the Corporations pays rent to BCIT, a provincially controlled post-secondary institution, of $1 per annum and its share of the building operating costs totaling $331,134 (2025 - $317,885).

11. Pensions:

The Corporation and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed 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, 2025, the College Pension Plan has about 17,500 active members and 11,800 retired members. As at December 31, 2024, the Municipal Pension Plan has approximately 273,000 active members, including approximately 7,000 from colleges.

11. Pensions (continued):

Active College Pension Plan members include 17 contributors and active Municipal Pension Plan members include 33 contributors from the Corporation.

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

The most recent actuarial valuation for the College Pension Plan as at August 31, 2024, indicated a $3.8 million unfunded liability for basic pension benefits. This was covered by a transfer from the rate stabilization account leaving the basic pension account balanced at the valuation date on a going concern basis. The next valuation will be as of August 31, 2027, with results available in 2028.

The most recent valuation for the Municipal Pension Plan as at December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as of December 31, 2027, with results available in 2028.

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 $481,099 (2025 - $455,843) for employer contributions while employees contributed $461,209 (2025 - $435,403) to the plans in fiscal 2026.

12. Financial instruments risks:

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2026:

(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 short-term investments, endowment investments, accounts receivable and cash. The Corporation has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Corporation has also retained an investment firm to invest surplus funds in accordance with its investment policy. The receivables are due from various entities and individuals. Cash is represented by bank accounts and is placed with high quality institutions. Thus, the Corporation is not subject to concentration of credit risk.

12. 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.

(c) Interest rate risk:

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

(d) Market risk:

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

(e) Liquidity risk:

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

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

13. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2026	2025
Invested in tangible capital assets	$ 1,816,406	$ 1,004,740
Invested in broadcast rights	9,281,808	9,815,919
Endowment funds (restricted)	42,555,230	36,437,749
Unrestricted surplus	545,689	255,691
Balance, end of year	$ 54,199,133	$ 47,514,099

14. Budget figures:

Consolidated budgeted figures have been provided for comparison purposes and have been derived from the 2025/2026 Service Plan estimates approved by the Board on January 31, 2025.

15. Comparative information:

Certain comparative information has been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year's annual surplus or accumulated surplus balances.

16. Revenue and expenses presentation:

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

Curation and Audience Engagement:

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

Philanthropy and Communications:

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

Philanthropy and Communications (continued):

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.

Amortization of broadcast rights and tangible capital assets:

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

Administration:

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

KNOWLEDGE NETWORK CORPORATION

Schedule of Consolidated Revenues and Expenses by Object

Year ended March 31, 2026, with comparative information for 2025

	Curation and audience engagement	Philanthropy and communications	Broadcast platforms and corporate IT	Amortization of broadcast rights and capital equipment	Administration	2026 consolidated	Budget consolidated (note 14)	2025 consolidated
Province of British Columbia operating contribution	$ -	$ -	$ -	$ -	$ 6,611,000	$ 6,611,000	$ 6,611,000	$ 6,611,000
Donations	-	6,040,100	-	-	-	6,040,100	5,800,000	6,294,072
Production funding and other	336,912	-	-	-	-	336,912	65,000	828,988
Amortization of deferred contributions	-	-	-	119,032	-	119,032	144,000	125,614
Endowment investment income	-	-	-	-	1,921,050	1,921,050	1,000,000	1,305,868
Total revenue	$ 336,912	$ 6,040,100	$ -	$ 119,032	$ 8,532,050	$ 15,028,094	$ 13,620,000	$ 15,165,542

	Curation and audience engagement	Philanthropy and communications	Broadcast platforms and corporate IT	Amortization of broadcast rights and capital equipment	Administration	2026 consolidated	Budget consolidated (note 14)	2025 consolidated
Salaries and benefits	$ 2,184,575	$ 1,358,634	$ 1,793,135	$ -	$ 902,817	$ 6,239,161	$ 6,338,913	$ 6,184,051
Amortization of capital assets and broadcast rights	-	-	-	3,900,070	-	3,900,070	3,936,416	3,872,827
Purchased services	1,075,807	583,779	481,210	-	288,385	2,429,181	1,655,711	1,705,990
Supplies, shipping, minor software, maintenance	49,099	563,283	1,031,124	-	77,799	1,721,305	1,111,440	1,334,916
Travel, miscellaneous, other	114,041	152,535	34,948	-	134,402	435,926	413,520	610,875
Facilities operating costs, rental	7,075	4,889	-	-	331,133	343,097	340,000	321,172
Total expenses	$ 3,430,597	$ 2,663,120	$ 3,340,417	$ 3,900,070	$ 1,734,536	$ 15,068,740	$ 13,796,000	$ 14,029,831