

Financial Statements of

**ABORIGINAL PEOPLES  
TELEVISION NETWORK  
INCORPORATED**

And Independent Auditor's Report thereon

Year ended August 31, 2023



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Aboriginal Peoples Television Network Incorporated

### **Opinion**

We have audited the financial statements of Aboriginal Peoples Television Network Incorporated (the "Entity"), which comprise the statement of financial position as at August 31, 2023, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2023, 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 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.

### **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 Canadian accounting standards for not-for-profit organizations, 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 the 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.
- 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.
- 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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants

Winnipeg, Canada

December 22, 2023

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

## Statement of Financial Position

August 31, 2023, with comparative information for 2022


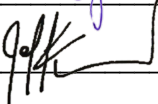
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalent	\$ 6,500,577	\$ 8,435,355
Short term investments	838,922	-
Restricted cash (note 3)	4,193	4,213
Accounts receivable (note 4)	5,929,119	5,100,840
Due from controlled entities (note 9[e])	2,352,683	1,236,905
Prepaid expenses, deposits and other assets (note 9[d])	636,009	527,604
	<u>16,261,503</u>	<u>15,304,917</u>
Film and television program rights (note 5)	27,737,801	27,278,070
Capital assets (note 6)	17,181,950	18,916,659
	<u>\$ 61,181,254</u>	<u>\$ 61,499,646</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,623,703	\$ 3,104,379
Deferred contributions (note 12)	2,987,927	1,867,838
Film and television program accounts payable (note 8)	3,650,168	2,828,330
	<u>9,261,798</u>	<u>7,800,547</u>
Investment in controlled entities (note 9[b])	1,879,306	1,157,980
Net assets:		
Net assets invested in capital assets	17,181,950	18,916,659
Unrestricted net assets	32,858,200	33,624,460
	<u>50,040,150</u>	<u>52,541,119</u>
Commitments, contingencies and guarantees (note 11)		
	<u>\$ 61,181,254</u>	<u>\$ 61,499,646</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

## Statement of Operations

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Subscriber fees	\$ 39,026,801	\$ 39,710,693
Advertising (note 10)	2,311,786	2,768,007
Contributions (note 12):		
Shaw Communications Inc.	1,500,000	1,500,000
Government organizations	1,281,149	1,742,654
Interest revenue (note 9(c))	1,193,795	495,972
Foreign currency gain (note 9a)	121,800	145,195
Other	1,517,906	775,392
	<u>46,953,237</u>	<u>47,137,913</u>
Expenses:		
Network operations:		
Amortization of capital assets	2,210,112	2,247,782
Facility operating costs	1,095,203	1,071,175
Insurance	166,981	153,972
Repairs and maintenance	1,350,824	1,386,394
Transponder and uplink rental (note 12)	3,883,958	3,807,831
Uplink utilities	220,916	297,635
Vehicle leases	103,439	112,488
	<u>9,031,433</u>	<u>9,077,277</u>
Network programming:		
Amortization of film and television program rights	15,256,729	13,425,919
Communications and marketing (note 9[d] and 10)	3,645,965	4,113,707
Consultants	343,901	231,378
Equipment and office supplies	59,039	121,029
Production expense	408,932	813,799
Program development contributions	353,677	566,237
SOCAN fees	376,528	381,114
Salaries	12,123,313	11,685,342
Travel	434,350	367,807
	<u>33,002,434</u>	<u>31,706,332</u>
General administration:		
Board meetings	187,681	155,883
Entertainment	21,959	29,872
General office	787,624	980,958
Interest and finance charges	71,446	68,091
Memberships	42,787	29,289
Professional development	106,717	134,615
Professional fees	455,839	557,647
Recruitment and relocation	60,748	52,259
Salaries and benefits	3,907,677	4,156,734
Staff travel	111,751	43,453
Telephone	107,984	110,676
	<u>5,862,213</u>	<u>6,319,477</u>
	<u>47,896,080</u>	<u>47,103,086</u>
Earnings (loss) before the undernoted	(942,843)	34,827
Loss on equity investments (note 9[b])	(1,558,126)	(2,016,868)
Net loss	<u>\$ (2,500,969)</u>	<u>\$ (1,982,041)</u>

See accompanying notes to financial statements.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

## Statement of Changes in Net Assets

Year ended August 31, 2023, with comparative information for 2022

	2023			2022
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year:	\$ 18,916,659	\$ 33,624,460	\$ 52,541,119	\$ 54,523,160
Net loss	(2,210,112)	(290,857)	(2,500,969)	(1,982,041)
Investment in capital assets	475,403	(475,403)	–	–
Balance, end of year	\$ 17,181,950	\$ 32,858,200	\$ 50,040,150	\$ 52,541,119

See accompanying notes to financial statements.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

## Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (2,500,969)	\$ (1,982,041)
Items not affecting cash:		
Amortization of film and television program rights	15,256,729	13,425,919
Amortization of capital assets	2,210,112	2,247,782
Loss on equity investments	1,558,126	2,016,868
Unrealized foreign exchange (gain) loss on loan receivable	(121,800)	(156,672)
	<u>16,402,198</u>	<u>15,551,856</u>
Net change in other non-cash working capital items:		
Accounts receivable	(828,279)	(94,313)
Due from controlled entities	(1,115,778)	(160,902)
Prepaid expenses, deposits and other assets	(108,405)	773,505
Accounts payable and accrued liabilities	(480,656)	427,176
Deferred contributions	1,120,089	(710,154)
Film and television program accounts payable	821,838	(1,424,885)
	<u>15,811,007</u>	<u>14,362,283</u>
Investing activities:		
Advance of loan receivable to controlled entity	(715,000)	(500,000)
Repayment of loan receivable to controlled entity	-	50,000
Purchase of capital assets	(475,403)	(1,346,684)
Purchase of film and television program rights	(15,716,460)	(10,764,524)
	<u>(16,906,863)</u>	<u>(12,561,208)</u>
Increase in cash	(1,095,856)	1,801,075
Cash and cash equivalent, beginning of year	8,435,355	6,634,280
Cash and cash equivalent, end of year	<u>\$ 7,339,499</u>	<u>\$ 8,435,355</u>
Cash and cash equivalent is comprised of:		
Cash	\$ 6,500,577	\$ 8,435,355
Short term investments	838,922	-
	<u>\$ 7,339,499</u>	<u>\$ 8,435,355</u>

See accompanying notes to financial statements.



# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements

Year ended August 31, 2023

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## 1. Nature of the operations:

The Aboriginal Peoples Television Network Incorporated (the “Company”) was incorporated on June 12, 1989 without share capital under Part II of the *Canada Corporations Act* as Television Northern Canada. Following its successful national license application in 1999, it was renamed Aboriginal Peoples Television Network. The Company was established to share programming by, for and about Aboriginal Peoples with all Canadians and viewers around the world. The Company is a charitable organization as defined in the *Income Tax Act (Canada)* and as such is exempt from tax.

Effective September 1, 2018, the Company’s license was renewed for five years by the Canadian Radio-television and Telecommunications Commission (CRTC) to distribute programming through broadcast distribution undertakings across Canada and earn subscriber fees. Class 1 and 2 distribution undertakings licensed by the CRTC are required to distribute the Company’s programming as part of their basic services. In August 2023, the Company received a 3-year administrative renewal from the CRTC with no changes to conditions of the previous license.

## 2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for profit organizations and include the following significant accounting policies.

### (a) Revenue recognition:

The Company follows the deferral method of accounting for revenue.

Subscriber fees are recognized monthly on the basis of the number of subscribers reported by terrestrial and Direct to Home satellite broadcast distribution undertakings (BDUs) at rates prescribed by the CRTC. Revenue derived from advertising consists primarily of the sale of air time which is recognized at the time commercials or related programs are broadcast.

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the related services are delivered or related expenses are recognized. Contributions that do not meet this criteria are deferred.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 2. Significant accounting policies (continued):

### (b) Film and television program rights:

The Company has entered into various agreements for the rights to broadcast certain feature films and television programs. The Company records a liability for film and program rights and the corresponding intangible asset when the films or programs are available for telecast.

Funds paid prior to the films and programs being available for broadcast are treated as deposits. Film and television program rights are recorded at cost and are charged to operations over the number of expected or permitted plays under the related licensing agreements (generally assumed to be four plays) or on a straight-line basis over the expected term of the licensing agreements for unlimited play programs (lesser of the term of the contract and maximum of four years). Film and television program rights are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Such assets are impaired if their recoverable amount, based on estimated future cash flows, is less than their carrying amount.

Salaries of permanent and contract staff and other program development costs are expensed as incurred.

### (c) Investment in controlled entities:

On September 9, 2019, Dadan Sivunivut Inc. (Dadan) was incorporated. As a result of the Company having both a wholly owned share interest and significant financial interest in Dadan, the Company has a controlling interest in Dadan.

Dadan, a profit-oriented entity, has a wholly owned share interest in the following entities:

- Animiki See Digital Productions Inc. (ASDP)
- Animiki See Distribution Inc. (ASD)
- All Nations Network, Inc. (ANN) (formerly Project APTN, Inc.)
- First Peoples Radio Inc. (FPR)
- Nagamo Publishing Inc. (Nagamo)
- Red Music Rising Inc. (RMR)

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 2. Significant accounting policies (continued):

The Company accounts for its investment in its controlled entities using the equity method and provides disclosure of the assets, liabilities and results of operations in note 9.

Under the equity method of accounting, the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor's pro rata share of post-acquisition earnings or losses of the investee, computed by the consolidation method. The amount of the adjustment is included in the determination of net income or loss by the investor, and the investment account of the investor is also increased or decreased to reflect the investor's share of capital transactions. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

### (d) Program development contributions:

The Company provides early development contributions to organizations that develop programming suitable to the Company. These contributions do not necessarily provide the Company with specific rights to acquire future benefits and are therefore expensed as incurred.

### (e) Capital assets:

Capital assets are recorded at cost and are amortized as follows:

Asset	Rate
Buildings	4% declining balance
Office equipment	20% declining balance
Digital and other broadcast equipment	20% declining balance
Computer equipment and software	35% declining balance
Leasehold improvements	Shorter of useful life and term of lease

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### (f) Cash and cash equivalents:

Cash and cash equivalents is composed of non-restricted cash and short-term, highly liquid investments with an original maturity of 90 days or less.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 2. Significant accounting policies (continued):

### (g) Licenses:

License renewal costs are expensed as incurred.

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

### (i) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of film and television program rights, capital assets and their useful lives, and investment in controlled entities. Actual results could differ from these estimates.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

### 3. Restricted cash:

As at August 31, 2023 restricted cash of \$4,193 (2022 - \$4,213) was held in a trust account relating to proceeds from fundraising. The funds will be held until a winner comes forward or a donation in the amount equal to the unclaimed funds has been made to the predetermined charity.

### 4. Accounts receivable:

	2023	2022
Subscriber fees	\$ 4,113,309	\$ 3,887,233
Advertising	729,941	594,322
Goods and services tax	595,554	260,308
Funding receivable	154,200	155,000
Other	409,315	277,177
Allowance for doubtful accounts	(73,200)	(73,200)
	<u>\$ 5,929,119</u>	<u>\$ 5,100,840</u>

### 5. Film and televisions program rights:

	2023	2022
Deposits on programs in process	\$ 1,875,374	\$ 2,457,456
Broadcast rights, net of accumulated amortization of \$38,446,872 (2022 - \$58,582,594)	25,862,427	24,820,614
	<u>\$ 27,737,801</u>	<u>\$ 27,278,070</u>

The Company has entered into various agreements to acquire additional film and television program rights amounting to approximately \$22 million (note 11), to be paid out in the period from fiscal 2024 to 2025 (2022 - \$23.2 million).

During fiscal 2023, the Company retired broadcast rights of approximately \$36.1 million (2022 - \$1.5 million), which reduced total cost, and accumulated amortization was reduced by approximately \$35.3 million (2022 - \$920,000).

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

## 6. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,396,065	\$ –	\$ 1,396,065	\$ 1,396,065
Buildings	12,361,251	3,684,102	8,677,149	9,022,496
Office equipment	2,682,818	2,495,516	187,302	251,435
Computer equipment and software	2,376,824	2,124,917	251,907	346,709
Digital and other broadcast equipment	35,453,287	28,888,238	6,565,049	7,767,338
Leasehold improvements	1,813,601	1,709,123	104,478	132,616
	\$ 56,083,846	\$ 38,901,896	\$ 17,181,950	\$ 18,916,659

## 7. Bank indebtedness:

The Company has a revolving demand facility up to \$2,500,000 which was not utilized as at August 31, 2023 (2022 - \$2,500,000).

Advances under the revolving demand facility bear interest at Royal Bank prime rate plus 1 percent and are repayable on demand. This facility is secured by a general security agreement giving the lender first ranking security interest in personal property of the Company.

## 8. Related party balances and transactions:

During the year, the following amounts were charged to the Company by founding members of the Company (member organizations):

	2023	2022
Film and television program rights acquisitions	\$ 627,387	\$ 173,011
Other	44,614	40,276

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

## 8. Related party balances and transactions (continued):

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due to member organizations, which are included in accounts payable and accrued liabilities and film and television program accounts payable, consist of:

	2023	2022
Inuit Broadcasting Corporation	\$ 117,666	\$ 85,832
Taqramiut Nipingat Inc.	67,082	84,710
Okalakatiget Society	26,166	26,166
Native Communications Inc.	–	2,596
	<u>\$ 210,914</u>	<u>\$ 199,304</u>

Deposits paid on programs in process (note 5) include amounts paid to member organizations of:

	2023	2022
Inuit Broadcasting Corporation	\$ 161,183	\$ 78,791
Taqramiut Nipingat Inc.	30,457	–
	<u>\$ 191,640</u>	<u>\$ 78,791</u>

## 9. Investment in controlled entities:

(a) Summary financial information:

A consolidated financial summary of Dadan's consolidated financial position as at August 31, 2023 and 2022 and the results of its operations for the years then ended are set out below.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

## 9. Investment in controlled entities (continued):

	2023	2022
<i>Financial position:</i>		
Assets	\$ 4,317,256	\$ 3,727,271
Liabilities	\$ 17,827,198	\$ 15,679,087
Shareholder's deficiency	(13,509,942)	(11,951,816)
	\$ 4,317,256	\$ 3,727,271
<i>Results of operations:</i>		
Revenue	\$ 3,774,542	\$ 3,027,946
Expenses, other than the below	(4,297,214)	(4,455,799)
Interest expense on parent company loans	(913,654)	(443,820)
Foreign exchange loss on parent company loans	(121,800)	(145,195)
Loss for the year	\$ (1,558,126)	\$ (2,016,868)
<i>Cash flow from (used in):</i>		
Operating activities	\$ 1,037,372	\$ (996,264)
Investing activities	(234,374)	(98,323)
Financing activities	(160)	(64,213)
Net change in cash	\$ 802,838	\$ (1,158,800)

### (b) Summary of investment in controlled entities:

#### *Equity loss in controlled entities:*

	2023	2022
Cumulative equity losses in controlled entities, beginning of year	\$ 11,951,816	\$ 9,934,948
Current year loss on equity investments	1,558,126	2,016,868
Cumulative equity losses in controlled entities, end of year	\$ 13,509,942	\$ 11,951,816



# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

## 9. Investment in controlled entities (continued):

	2023	2022
Loans receivable from controlled entities (note 9[c])	\$ 11,030,636	\$ 10,193,836
Equity losses in controlled entities	(13,509,942)	(11,951,816)
Preference shares acquired in Dadan (note 9[d])	600,000	600,000
<b>Carrying value of investment in controlled entities</b>	<b>\$ (1,879,306)</b>	<b>\$ (1,157,980)</b>

### (c) Loans receivable from controlled entities:

	2023	2022
ASD	\$ 380,000	\$ 380,000
ANN	1,786,646	1,786,646
FPR	1,525,000	1,525,000
Dadan	7,338,990	6,502,190
	<b>\$ 11,030,636</b>	<b>\$ 10,193,836</b>

During the period from 2016 to 2023, the Company entered into unsecured term loan agreements with ASD, lending ASD a total amount of \$430,000, of which \$50,000 was repaid in 2022. The loan bears interest at the rates of RBC prime plus 1.0 percent, with interest accrued of \$28,401 during fiscal 2023 (2022 - \$15,098). The loans are due to be repaid during fiscal 2025. As at August 31, 2023, an amount of \$120,000 remains unutilized on the most recent term loan agreement.

During the period from 2014 to 2021, the Company entered into unsecured loan arrangements with ANN, lending ANN a total amount of \$1,786,646. The loan bears interest at the rates of RBC prime plus 1.0 percent, with interest accrued of \$207,088 during fiscal 2023 (2022 - \$89,340). The loans are to be repaid in full during fiscal 2025.

From 2018 to 2021, the Company entered into unsecured term loan agreements with FPR, lending FPR a total amount of \$1,525,000. The loans bear interest at the rates of RBC prime plus 1.0 percent, with interest accrued of \$113,978 during fiscal 2023 (2022 - \$61,825). The loans are due to be repaid during fiscal 2025. As at August 31, 2023, an amount of \$25,000 remains unutilized on the most recent term loan agreement.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

## 9. Investment in controlled entities (continued):

As at August 31, 2023, the Company has outstanding unsecured term loan agreements with Dadan, totaling \$7,338,990, of which \$3,923,990 is denominated in USD currency. During fiscal 2023, \$715,000 was advanced by APTN to Dadan under a previously made commitment to finance Dadan's debt servicing obligations on the FPR RBC loan, which APTN guarantees (note 11). The loans bear interest at the rates of RBC prime plus 1.0 percent, with interest accrued of \$564,187 during fiscal 2023 (2022 - \$277,557). The loans are due to be repaid during fiscal 2025.

### (d) Transactions with controlled entities:

During the year, the Company had the following transactions with Dadan and its controlled entities:

	2023	2022
Program development paid to affiliated entities of ASDP	\$ 1,298,925	\$ 1,783,668
Program development paid to ASDP	2,104,110	694,813
Advertising purchased from FPR	360,802	344,240
Services sold to controlled entities	265,230	62,254
Program rights paid to ASD	25,725	60,900
Music tracks licensed from Nagamo	10,500	–
Information technology sold to ASDP	–	2,000

Prepaid expenses, deposits and other assets as at August 31, 2023 includes an amount of \$42,144 prepaid to FPR for advertising (2022 - \$42,144).

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the Company and its controlled entities.

### (e) Due from controlled entities:

	2023	2022
FPR	\$ 403,644	\$ 285,486
Dadan	1,281,906	691,564
ANN	583,801	183,586
ASD	77,926	72,825
ASDP	2,156	2,156
Nagamo	1,159	1,158
RMR	2,091	130
	<b>\$ 2,352,683</b>	<b>\$ 1,236,905</b>

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 10. Non-monetary transactions:

In the normal course of business, the Company enters into non-monetary transactions to exchange advertising for various products and services. These transactions are recorded at the fair value of the goods or services received and no gains or losses have been reported on these transactions. Advertising revenue and communications and marketing expenses for the year ended August 31, 2023 include \$49,500 (2022 - \$24,931) related to non-monetary transactions.

## 11. Commitments, contingencies and guarantees:

### *Commitments:*

The Company has commitments for office space and equipment under operating leases, and maintenance contracts as follows:

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2024	\$	589,888
2025		440,988
2026		162,156
2027		112,661

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Under the terms of its license with the CRTC, the Company is required to spend significant amounts on new programming projects, technical improvements and audience research. To date, the Company has met these commitments. Furthermore, as indicated in note 5, the Company has entered into various agreements to acquire film and television program rights amounting to approximately \$22 million to be paid out in the period from fiscal 2024 to 2025.

### *Contingencies:*

The Company is involved in various legal matters arising in the ordinary course of business. Management believes the resolution of these matters is not likely to have a material adverse effect on the Company's financial position, results of operations or cash flows.

### *Guarantees:*

The Company has agreed to indemnify its current and former directors and officers to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 11. Commitments, contingencies and guarantees (continued):

These indemnification claims will be subject to any statutory or other legal limitation period. The nature of such indemnification prevents the Company from making a reasonable estimate of the maximum potential amount if it could be required to pay to counter parties. The Company has purchased directors' and officers' liability insurance.

The Company has guaranteed the credit facilities negotiated with RBC for its wholly owned subsidiary, FPR (note 2[c]). The guarantee is in the amount of up to \$3,878,823, and interest would accrue at the rate of the Bank's prime rate plus 5 percent from the date of demand. As at August 31, 2023, FPR has drawn against the facilities in the amount of \$748,041 (2022 - \$1,445,840). The guarantee is supported by a General Security Agreement constituting a first ranking security interest in all personal property of APTN.

## 12. Contribution agreements:

The Company's agreement with Shaw Communications Inc. and affiliates (Shaw) originally expiring on August 31, 2023, provides the Company with an annual contribution of \$1,500,000. Shaw or the Company may terminate the agreement in certain circumstances, including if Shaw is no longer required by the CRTC to make a contribution to the creation and presentation of Canadian programming. During 2023, a one year extension to the agreement was negotiated, the agreement now expires on August 31, 2024. In addition, in fiscal 2023 the Company purchased transponder and uplink services from an affiliate of Shaw at a cost of \$3,118,800 (2022 - \$3,013,000).

The Company enters into contribution agreements with Heritage Canada and agreements with other government organization who provide funding towards the production of various televised events, including the annual Indigenous Day Live (IDL) event and the National Truth and Reconciliation Day (NT&R Day) event. The portion of the contribution received that relates to program rights of the televised event is recognized over the license term of the related television program right.

The following table details the contributions received and revenue recognized during fiscal 2023 by event, including the deferred contribution balance remaining at August 31, 2023.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

## 12. Contribution agreements (continued):

	Balance as at August 31, 2022	Additions in the period	Revenue recognized in the period	Balance as at August 31, 2023
IDL 2019	193,780	–	193,780	–
IDL Winter Solstice 2020	800,033	–	330,501	469,532
NT&R Day 2022	96,000	–	96,000	–
IDL 2021	264,787	40,000	190,002	114,785
IDL 2022	513,238	475,000	477,162	511,076
IDL 2023	–	1,168,188	75,654	1,092,534
NT&R Day 2023	–	800,000	–	800,000
	<b>\$ 1,867,838</b>	<b>\$ 2,483,188</b>	<b>\$ 1,363,099</b>	<b>\$ 2,987,927</b>

During fiscal 2023, the Company obtained funding related to the following new agreements with government organizations:

- On February 22, 2023, a contribution agreement for \$1,059,700 was signed with Heritage Canada for film production of the IDL 2023 event. Funding of \$1,000,339 was received during fiscal 2023 from Heritage Canada, along with \$167,849 from other sponsors, totaling \$1,168,188. Of this funding received, \$75,654 was recognized as revenue in fiscal 2023, with the remaining amount to be recognized when these costs are incurred.
- Contributions were received during fiscal 2023 from Heritage Canada for \$650,000 and the University of Manitoba for \$150,000 for production of a special live event for NT&R Day 2023. This total funding of \$800,000 relates to unspent production costs and will be recognized when these costs are incurred.

## 13. Risk management:

### *Concentration of credit risk:*

The Company is exposed to credit risk, primarily in relation to accounts receivable. Exposure to credit risk varies due to the concentration of balances owing from Canadian BDUs and advertising agencies. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible amounts. For the years ended August 31, 2023 and 2022, the majority of subscriber fees were generated from five BDUs.

# ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 13. Risk management (continued):

### *Interest rate risk:*

The Company is subject to interest rate risk to the extent that required interest payments on bank overdrafts, if any, will fluctuate with changes in the prime rate.

### *Liquidity risk:*

Liquidity risk is the risk of having insufficient cash to meet financial obligations without raising funds at unfavourable rates or selling assets on a forced basis. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due.

The liquidity requirements of the Company have been met primarily by funds received from subscriber fees and to a lesser extent from advertising revenues. Cash provided from these sources is used primarily for payment of network programming, network operations and general and administrative expenses, and to fund investments (through loans) in controlled entities (note 9). To manage cash flow requirements, the Company budgets expenditures for future periods based on expected funding received. In addition, the Company has revolving demand facility for temporary cash shortfalls.

### *Currency risk:*

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The Company's exposure as at August 31, 2023 is limited to its loan receivable from Dadan denominated in USD in the amount of \$3,923,990 (2022 - \$3,802,190), its USD bank account denominated in USD that has a balance of \$5,711 (2022 - \$630,270) and its USD guaranteed investment certificate denominated in USD that has a balance of \$838,922 (2022 - nil).