FRIENDS OF CANADIAN BROADCASTING

FINANCIAL STATEMENTS

DECEMBER 31, 2025

HILBORN LLP

HILBORN LLP

Independent Auditor's Report

To the Members of Friends of Canadian Broadcasting

Qualified Opinion

We have audited the financial statements of Friends of Canadian Broadcasting (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many similar organizations, the Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recognized in the records of the Organization. Therefore, we are not able to determine whether, as at and for the year ended December 31, 2025, any adjustments might be necessary to revenues and excess of revenues over expenses reported in the statement of operations and net assets, or assets and net assets reported in the balance sheet. This matter also caused us to qualify our audit opinion on the financial statements as at and for the year ended December 31, 2024.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 qualified 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 ability of the Organization to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

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Independent Auditor's Report (continued)

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 internal control of the Organization.
- 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 ability of the Organization 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hilborn LLP

Toronto, Ontario
June 17, 2026

Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF CANADIAN BROADCASTING

Statement of Financial Position

December 31	2025 $	2024 $
ASSETS		
Current assets		
Cash	**1,060,099**	1,694,344
Short-term investments (note 3)	**31,566**	30,500
Donations receivable	**136,833**	141,192
Prepaid expenses	**6,560**	86,726
	1,235,058	1,952,762
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	**301,262**	54,316
UNRESTRICTED NET ASSETS		
General fund	**933,796**	1,898,446
	1,235,058	1,952,762

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director

FRIENDS OF CANADIAN BROADCASTING

Statement of Operations

Year ended December 31	2025 $	2024 $
Revenue		
Donations	**2,702,545**	2,653,875
List rental and other revenue	**108,497**	88,452
	2,811,042	2,742,327
Expenses		
Program expenses	**766,568**	886,008
Election expenses	**1,135,041**	173,305
Advertising	**49,325**	10,871
Salaries and related benefits	**1,294,562**	926,422
Maintenance of records	**73,701**	59,563
Office and general	**140,237**	113,935
Bank charges and payment processing fees	**61,059**	56,626
Professional fees	**209,299**	29,074
Rent	**45,900**	37,012
	3,775,692	2,292,816
Excess of revenues over expenses (expenses over revenue) for year	**(964,650)**	449,511

Statement of Net Assets

Year ended December 31	2025 $	2024 $
Net assets, beginning of year	**1,898,446**	1,448,935
Excess of revenues over expenses (expenses over revenue) for year	**(964,650)**	449,511
Net assets, end of year	**933,796**	1,898,446

The accompanying notes are an integral part of these financial statements

FRIENDS OF CANADIAN BROADCASTING

Statement of Cash Flows

Year ended December 31	2025 $	2024 $
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenue) for year	**(964,650)**	449,511
Adjustment to determine net cash provided by (used in) operating activities		
Accrued interest	**(312)**	-
	(964,962)	449,511
Change in non-cash working capital items		
Decrease (increase) in donations receivable	**4,359**	(29,379)
Decrease (increase) in prepaid expenses	**80,166**	(21,365)
Increase (decrease) in accounts payable and accrued liabilities	**246,946**	(72,961)
	(633,491)	325,806
Cash flows from investing activities		
Purchase of short-term investments	**(31,254)**	(10,500)
Redemption of short-term investments	**30,500**	-
	(754)	(10,500)
Net change in cash	**(634,245)**	315,306
Cash, beginning of year	**1,694,344**	1,379,038
Cash, end of year	**1,060,099**	1,694,344

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

Year ended December 31, 2025

Nature of operations

Friends of Canadian Broadcasting (the "Organization"), operating as Friends of Canadian Media, was incorporated on August 25, 1987 as a not-for-profit organization. The mission of Friends of Canadian Broadcasting is to enhance the quality and quantity of Canadian programming in the audio-visual system. The Organization is exempt from income tax by virtue of Section 149 (1)(l) of the Income Tax Act.

1. **Significant accounting policies**

(a) **Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below.

(b) **Fund accounting**

The Organization maintains a general fund and a restricted fund. The statement of financial position and statement of cash flows include all of these funds on a combined basis.

The General Fund accounts for the Organization's programs, advertising, and administrative services.

The Restricted Fund has been established to provide ongoing support based on restrictions provided by the donor. As at December 31, 2025, there are no (2024 - no) restricted funds.

(c) **Revenue recognition**

The Organization follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the General Fund in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue of the appropriate restricted fund. Where an appropriate fund does not exist, restricted contributions are deferred and recognized when the contribution restrictions have been met.

List rental and other revenue are recognized as revenue when the services are performed and collectibility is reasonably assured.

(d) **Short-term investments**

The Organization accounts for short-term investments using the cost method, written down for any impairment in value. Short-term investments consist of guaranteed investment certificates that mature within twelve months of the year end.

1. **Significant accounting policies (continued)**

(e) **Financial instruments**

(i) **Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, short-term investments and donations receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write-down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets; or
- the amount that could be realized by selling the assets or group of assets.
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occurring after the impairment date confirm that a reversal is necessary, the reversal is recognized in the statement of income up to the amount of the previously recognized impairment.

(f) **Contributed services**

From time to time, volunteers contribute their time to assist the Organization in carrying out its daily activities. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.

(g) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. **Financial instrument risk management**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

The financial instruments of the Organization and the nature of the risks to which it may be subject are as follows:

	Risks				
			Market risk		
Financial instrument	Credit	Liquidity	Currency	Interest rate	Other price
Cash	X				
Short-term investments	X			X	
Donations receivable	X				
Accounts payable and accrued liabilities		X			

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Organization's financial instruments bear the following financial risks:

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to the credit risk associated with cash by maintaining these funds with Canadian financial institutions. The Organization has donations receivable of $149,155 (2024 - $141,192) which have been collected subsequent to year end.

Liquidity risk

The Organization does have a liquidity risk in accounts payable and accrued liabilities of $314,887 (2024 - $54,316). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and has sufficient revenues before committing to expenses.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the Organization is the Canadian dollar and substantially all of its transactions are conducted in Canadian dollars. Accordingly, the Organization is not exposed to significant currency risk.

2. **Financial instrument risk management (continued)**

Market risk (continued)

ii) **Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization is not exposed to significant interest rate risk.

iii) **Other price risk**

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Organization is not exposed to significant other price risk.

Changes in risk

The Organization's risk exposures did not significantly change from the prior year.

3. **Short-term investments**

Short-term investments are comprised of two Guaranteed Investment Certificates ("GICs") (2024 - two) from a Canadian Chartered Bank in the amount of $21,254 and $10,312 (2024 - $20,500 and $10,000) due to mature on April 21, 2026 and December 1, 2026 (2024 - April 21, 2025 and December 1, 2025) bearing interest at 2.00% and 2.00% (2024 - 3.65% and 3.10%) per annum, respectively.

The GICs are pledged as collateral against the Organization's corporate credit card.

4. **Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities for the year is an accrual for a settlement agreement for a former employee in the amount of $250,000. The full amount was paid subsequent to the year ended December 31, 2025.

5. **Management of capital**

The Organization’s objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mission to enhance the quality and quantity of Canadian programming in the audio-visual system. The Organization strictly monitors its capital in order to ensure it has sufficient revenue before committing to expenses.

6. **Commitments** (to be confirmed and updated)

The Organization entered into a three-year software subscription in 2024. The subscription automatically renews at the end of the three-year period for a term of 36 months subject to an annual adjustment at the discretion of the vendor unless cancelled in writing 45 days prior to the end of the term. Effective February 7, 2026, the Organization renewed the subscription for an additional three-year term, now expiring in February 2029. The minimum subscription payments under the agreement are summarized in the schedule below

	$
2026	36,665
2027	38,958
2028	41,797
2029	3,503
	120,923

7. **Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

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