



ANNUAL REPORT 2012-2013



ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY



TRANSMITTAL LETTER

To: The Honourable Liz Sandals

**Minister of Education**

Queen's Park

We take pleasure in submitting the Annual Report of the Ontario Educational Communications Authority for the fiscal year April 1, 2012, to March 31, 2013. This is done in accordance with Section 13 of the Ontario Educational Communications Authority Act.

Yours sincerely,



**Lisa de Wilde**

Chief Executive Officer



**Peter O'Brian**

Chair of the Board of Directors



## MISSION AND VISION STATEMENTS

### MISSION

TVO is Ontario's public educational media organization and a trusted source of interactive educational content that informs, inspires, and stimulates curiosity and thought.

### VISION

Empowering people to be engaged citizens of Ontario through educational media.

## EDUCATIONAL POLICY PRIORITIES

### **TVO uses its media resources to support the following policy priorities of the Ontario Ministry of Education:**

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Contribute to school readiness and help kids to be successful learners;

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Increase the involvement of parents in their children's education;

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Encourage active citizenship and public engagement;

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Increase the province's graduation rate by providing high quality distance education to Ontarians seeking to complete high school or acquire the GED.

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# MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

At a time when all media are responding to the changing realities of multi-platform content distribution, new business models and financial constraints, TVO is moving forward with a focused plan and delivering greater value to the people of Ontario than ever before.

2012-2013 was a year of choices for TVO, choices that ultimately have positioned the organization for future success. In November, TVO announced a plan that responds to our fiscal reality, while focusing TVO's content strategy on core priorities. This strategy allows us to direct even more resources into ongoing digital innovation so we can continue to push the boundaries of educational media and offer the kind of unique educational experiences Ontarians have come to expect from TVO.

Year after year, TVO's impact continues to grow. In 2012-2013 we again saw significant growth in the consumption of our content across digital platforms, with streams and downloads of our videos – most of them produced by TVO – surpassing the 20 million mark for the year.

My colleagues on the Board of Directors and I applaud Chief Executive Officer Lisa de Wilde for her leadership in transforming TVO from a single TV station into the relevant digital educational media organization it is today. As technology is completely transforming the way people learn, it is an incredibly exciting time to be in the field of educational media, and we thank the staff and leadership for their expertise and their commitment to TVO's continuing evolution as a world-leader in using media to educate, inform, inspire and engage.

We would also like to add our thanks to TVO's Regional Councillors Advisory Board, our network of committed volunteers from all corners of the province, for all that they have done this past year to raise awareness of TVO in their communities. And I would personally like to thank Penny Eizenga, Kambiz Kazemi and Judith Robertson who have completed their terms as members of the Board of Directors,



PETER O'BRIAN

for their contributions to TVO and their commitment to serving the public good.

On behalf of the Board, I extend our appreciation to the Government for its support of TVO as a publicly-owned educational media organization and I thank the tens of thousands of Ontarians who generously support TVO every year with their charitable donations.

TVO exists to help make the world a better place, by helping every child in Ontario to develop a love of learning and by enabling every citizen to become an engaged citizen. I am very proud of the difference we make in the lives of kids, parents and citizens across the province, delivering on our educational promise to build a smarter, more aware and more informed Ontario.

A handwritten signature in black ink that reads "Peter O'Brian". The signature is fluid and cursive, with a horizontal line underneath the name.

Peter O'Brian



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

TVO exists to make Ontarians smarter, more aware and more informed. It's a high calling that contributes to a stronger education ecosystem and to the cultural and economic richness of the province.

As a publicly-funded organization, TVO has a responsibility to deliver on its educational mission, with the greatest impact, across multiple platforms. Over the past year, TVO has become a much more streamlined and innovation-focused organization in order to realize our mission and to make an even greater contribution to Ontario.

As I look back on the fiscal year that has now come to a close, I'm struck by the complexity of the path TVO has travelled both as a government agency at a time of constrained resources and as a media organization at a time of transformational change in the industry. As an organization, the last year has really been about making choices and learning to do more with less.

## Focused plan for the future

In November, we announced a plan to respond to a reduction in funding from the Ontario government. We made some tough choices, involving a workforce reduction and the cancellation of three legacy programs. At the same time, one of our most significant choices was to ensure that we are able to increase our investment in digital innovation in the two key areas of children's educational media and current affairs. These are TVO's biggest strengths and we've chosen to focus our efforts on them because we know we do them differently – and more effectively – than any other media organization.

The rate of change in the media industry today is unprecedented. Technology has forever changed every part of the content creation and distribution process. That is the reality for all media organizations. For TVO, the digital revolution represents an opportunity for reinvention and growth. TVO is embracing this opportunity in order to provide more



LISA DE WILDE

impactful educational experiences for Ontarians of all ages and to provide even more value for money to taxpayers.

At a time when TVO's broadcast reach has remained stable, consumption of TVO's online content has exploded. TVO reached over 11 million Ontarians aged 2+ on TV last year<sup>1</sup> (a slight increase over the previous year's reach of 10.8 million), while downloads, streams and podcasts of TVO content surpassed 20 million, an increase of 3 million from the previous year<sup>2</sup>. These numbers point to significant increases in impact and quality educational experiences for Ontarians.

TVO's success as a digital media organization is evident throughout this year's annual report. Under-scoring TVO's digital strategy is an explicit focus on innovation. To increase impact in a fragmented media landscape, TVO is innovating in order to push the boundaries of educational media. This has been TVO's track record for over 40 years and one we embrace each and every day.

## More educational opportunities for kids and parents

The intersection of technology and pedagogy is a trend in which TVO has an important role to play. In order to continue to innovate in this space, TVO is allocating additional resources to 21<sup>st</sup> century digital learning content for kids, parents and teachers.

Again this year, TVO is proud to have offered more educational apps for kids than any other broadcaster in Canada. This speaks directly to TVO's innovation

1. BBM-Ontario: Cumulative reach by broadcast year (1 minute). From 2009-2010, all locations. Note change in BBM methodology 2009-2010.  
2. Podcasts: Sawmill; Streams: Brightcove, YouTube content manager; Apps: Distimo.

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

(continued)

agenda, to our expertise in digital media and to how today's learners are looking for an educational experience that takes place on multiple platforms. In fact, 61% of Canadian households with children under the age of twelve have two or more screens at home, 9 percentage points higher than Canadian households in general (52%)<sup>3</sup>. With this in mind, TVO is well positioned to respond to the needs of today's learners in Ontario.

Building on the online resource, TVOKids Homework Zone, last year also saw the launch of the online TVOKids Teacher Zone. The Teacher Zone takes existing TVOKids resources and shows educators, with detailed lesson plans, how to incorporate them in their kindergarten to grade 4 classrooms using interactive whiteboards. It includes lessons covering the Ontario school curriculum areas of math, language arts, science, social science and physical education. In the coming year, TVO will expand this unique suite of resources.

The latest independent study conducted by TVO's research partner, The Ontario Institute for Studies in Education (OISE) at the University of Toronto, again showed that TVOKids resources help kids learn. In June 2012, OISE released the results of formal research they conducted on two TVOKids games designed to improve working memory – Hop Frog Hop and Ribbit Frog Ribbit. OISE's research concluded that the children who played the games showed greater improvement across all math and math-related tasks. As math continues to be an area of focus for Ontario's education system, TVO has an extensive inventory of math resources that work. This is one of the many ways that TVOKids offers educational value that is unduplicated in Canadian media.

These results come as no surprise to parents who see their children developing a love of learning while watching programming blocks like *Gisèle's Big Backyard* and *The Space* or having an educational experience online with TVOKids.com or through one of TVOKids' 28 apps. The TVOKids Educational Blueprint is our roadmap for content development which reflects TVO's commitment to the highest standards of educational content. It ensures that every piece of made-at-TVO kids' content supports the Ontario school curriculum, is developed with educational experts, and tested in schools with teachers

and kids. This is one of the reasons why Ontarians rate TVO the "most trusted" and "most educational" media brand for kids in Canada<sup>4</sup>.

### ***The Agenda with Steve Paikin*** and building citizen engagement

Again this year, *The Agenda with Steve Paikin* earned its reputation as the destination for engaged and informed debate on-air and online for issues that matter to Ontarians. In addition to a nightly broadcast, *The Agenda* team delivered 635 Inside Agenda blog posts, held 55 live chats, produced over 130 web exclusive videos and helped Ontarians better understand the world with over a dozen infographics. In the fall, Steve Paikin celebrated his first twenty years with TVO. On the occasion TVO held its first annual fundraising dinner, which included participation from all living current and former Premiers of Ontario.

TVO partnered with the world-renowned Centre for Addiction and Mental Health (CAMH) to present Mental Health Matters Week. *The Agenda with Steve Paikin* anchored TVO's multi-platform content that engaged Ontarians in an important discussion about mental health and addiction. *The Agenda* was honoured by the Ontario Psychological Association (OPA) for excellence in reporting on psychology, mental health and addiction issues during the campaign. In presenting the award to *The Agenda* team, Dr. Connie Kushnir, President of the OPA said, "*The Agenda with Steve Paikin* has focused on mental health in a way that helps to reduce stigma and discrimination, and to further tolerance and understanding." *The Agenda*'s work on the series also won a public service award from the Canadian Mental Health Association's Toronto branch. Everyone at TVO is immensely proud of how we've been able to elevate the conversation around mental health and addiction.

In this year's edition of the TVO on the Road series, TVOKids, TVOParents.com and *The Agenda* engaged Ontarians with an in-depth look at the impact of technology on how people learn and the future of education. TVO on the Road: Learning 2030 made stops in Kitchener-Waterloo, Peterborough and, most recently in June 2013, Sudbury. The series is designed to lead up to the international Waterloo Global Science Initiative's (WGSII) Equinox Summit in September 2013, where TVO will be based for a

3. MTM Survey.

4. Ipsos Reid Study 2011.

week of programming in partnership with Canada's Perimeter Institute. This is an example of what TVO does best—take a complex issue and surround it with depth and context.

Throughout the year, *The Agenda* team provided unparalleled depth of analysis and opportunities for engagement through a commitment to the innovative use of technology. *The Agenda's* use of Google+ Hangouts is an example of how new low-cost technology can enhance the user experience, while providing a new way to engage Ontarians in the big issues of the day. In the year ahead, TVO will build on this model and provide even more opportunities to use technology as a platform to ignite informed discussion and debate.

In December, I received a letter that beautifully articulates *The Agenda's* impact. In the letter, a first-time TVO donor from Collingwood wrote, "If more people watched *The Agenda*, the world would be a better place." I believe that Ontario is stronger because of what TVO and *The Agenda* uniquely add to our civil society.

### Helping people understand the world

Documentaries are a significant part of TVO's content strategy. They help people understand the world and build on TVO's commitment to inform and engage Ontarians on the issues that define our society. TVO supports Ontario filmmakers by commissioning more point-of-view documentaries than any other Canadian broadcaster. A hallmark of TVO documentaries is that they tell important stories—stories that otherwise would not be told.

A recent documentary series of which we're very proud is the internationally acclaimed *The Water Brothers*, which follows real-life Toronto brothers Alex and Tyler Mifflin as they travel the world raising awareness around water-related issues. *The Water Brothers* series has won a host of awards including the prestigious BBC Earth Panda Award for Best Newcomer at the 2012 Wildscreen Festival in the UK and four awards at the Houston WorldFest Film Festival including a Special Jury Prize for Best TV Cable Production. We are looking forward to presenting the world premiere of season two in September 2013.

One of the many documentary highlights from the past year was TVO's participation in the international Why Poverty? campaign. TVO was one of 70 broadcasters that took part in this innovative global initiative designed to raise awareness about poverty issues, kick-start an international simultaneous debate and inspire new thinking for solutions. In addition to broadcasting 8 hour-long documentaries, TVO commissioned 10 short documentaries that were designed to challenge commonly-held perceptions of poverty, and give an Ontario perspective to this global discussion. TVO also produced web-exclusive content, held in-community screenings across the province and engaged Ontarians in a debate online and through social media. In total, TVO's Why Poverty? campaign reached 1 million Ontarians.

TVO contributes to the television production community in Ontario, triggering \$25 million in production budgets for Ontario independent producers each year, which supports more than 3,000 industry jobs. This includes the under-represented areas of kids, documentary and drama production. In fact, without TVO, many of these productions would simply never be made.

In 2013-2014, TVO will air something different for the organization that's a testament to effective partnerships. *Hard Rock Medical*, TVO's first commissioned drama series, received funding from The Northern Ontario Heritage Fund Corporation and is a partnership between Moody Street Productions, Title Entertainment Inc., Distinct Features, Carte Blanche Films and The Aboriginal Peoples' Television Network. The series is loosely inspired by the world-renowned Northern Ontario School of Medicine and follows the lives of 8 medical students. Throughout the series viewers gain an appreciation for the distinct nature of delivering healthcare in the north, with the region becoming a pivotal character in the program's narrative. As a public media organization, TVO is known for kids, current affairs and documentary programming. This time we're using drama to engage people with smart content in a new way.

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

(continued)

### Homework Help provides help for students where they need it the most

The award-winning Homework Help service continued to make a difference in the lives of students, parents and teachers by helping to solve over 1 million math problems. Homework Help is a free service that provides online math tutoring and asynchronous digital media resources for Ontario students in grades 7-10. This is the second year the service has been available to all English school boards in the province and it's an excellent example of how digital resources can bring learning to life.

### Building a sustainable financial model

Delivering value for money is a driving force for TVO. TVO remains focused on increasing efficiency and productivity to remain relevant, while getting the most out of what digital technology has to offer to the citizens of Ontario.

On the revenue side, philanthropy is TVO's most significant opportunity to increase self-generated revenues. The competitive environment for charitable donations in Canada is strong and because of this TVO is becoming more sophisticated in approach to donor stewardship and cultivation. Last year, 41,122 Ontarians showed their support for TVO by making a financial donation, contributing \$5.1 million to revenues.

As referenced earlier, TVO held its first-ever fundraising gala to commemorate Steve Paikin's 20th anniversary with TVO. Plans are currently underway for the second annual gala which will honour TVO's visionary founder William Davis.

To support our philanthropy program TVO launched a new direct-response television campaign featuring notable Canadians Margaret Atwood and Robert Munsch. Both believe strongly in the important role TVO plays in the media landscape and were willing to lend their names to TVO's philanthropic campaign.

As part of TVO's digital strategy, we sought to expand our business networks with leading players in educational media and to position TVO to test new business models for future revenue potential. TVO partnered with an expert in international distribution to bring several TVOKids online and on-air educational properties to international audiences.

And TVO also partnered with Rullingnet Corporation to bring TVOKids content to the VINCI Kids Library available on VINCI tablets.

TVO is taking advantage of digital advertising opportunities on our YouTube channels. TVO also partnered with ClevrU, a Waterloo company that is making TVOKids content available on an educational platform to China Mobile's smartphone users. These are examples of how TVO's digital transformation has the potential to grow revenues.

### Efficiency and productivity

TVO has long been focused on finding efficiencies in our operations in order to increase productivity. Over a five-year period, we were able to reduce our operating costs by more than 10% – without significantly impacting TV programming – and in turn, reinvest those savings into the digital presence we're known for today. The plan we announced in November 2012 continues our focus on efficiency, productivity and investment in digital. Key to the plan is a new, streamlined production process that has changed the way our crews work, that leverages the efficiencies inherent in digital technology and that allows us to be more productive with every dollar.

### Looking forward to the future

For \$3 per Ontarian, what amounts to the cost of a coffee and a muffin, TVO is able to provide so much value. And as I look to the future I'm incredibly optimistic.

The intersection of education and technology has the potential to be a game changer. When innovative technology is layered on to a deep educational experience, everyone wins. TVO's expertise in digital media and education allows Ontarians to be at the forefront of this shift. As we continue on our mission to make Ontarians smarter, more aware and more informed, the increased role of technology in our learning will position TVO, and all Ontarians, for even greater success.



**Lisa de Wilde**

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# PERFORMANCE HIGHLIGHTS 2012-2013

TVO's operating plan is comprised  
of four strategic priorities:

Public Engagement and  
Quality Educational Experience

Great Place to Work

Innovation and Strategic Growth

Financial Sustainability

The following section details TVO's growth  
and progress within these priorities.

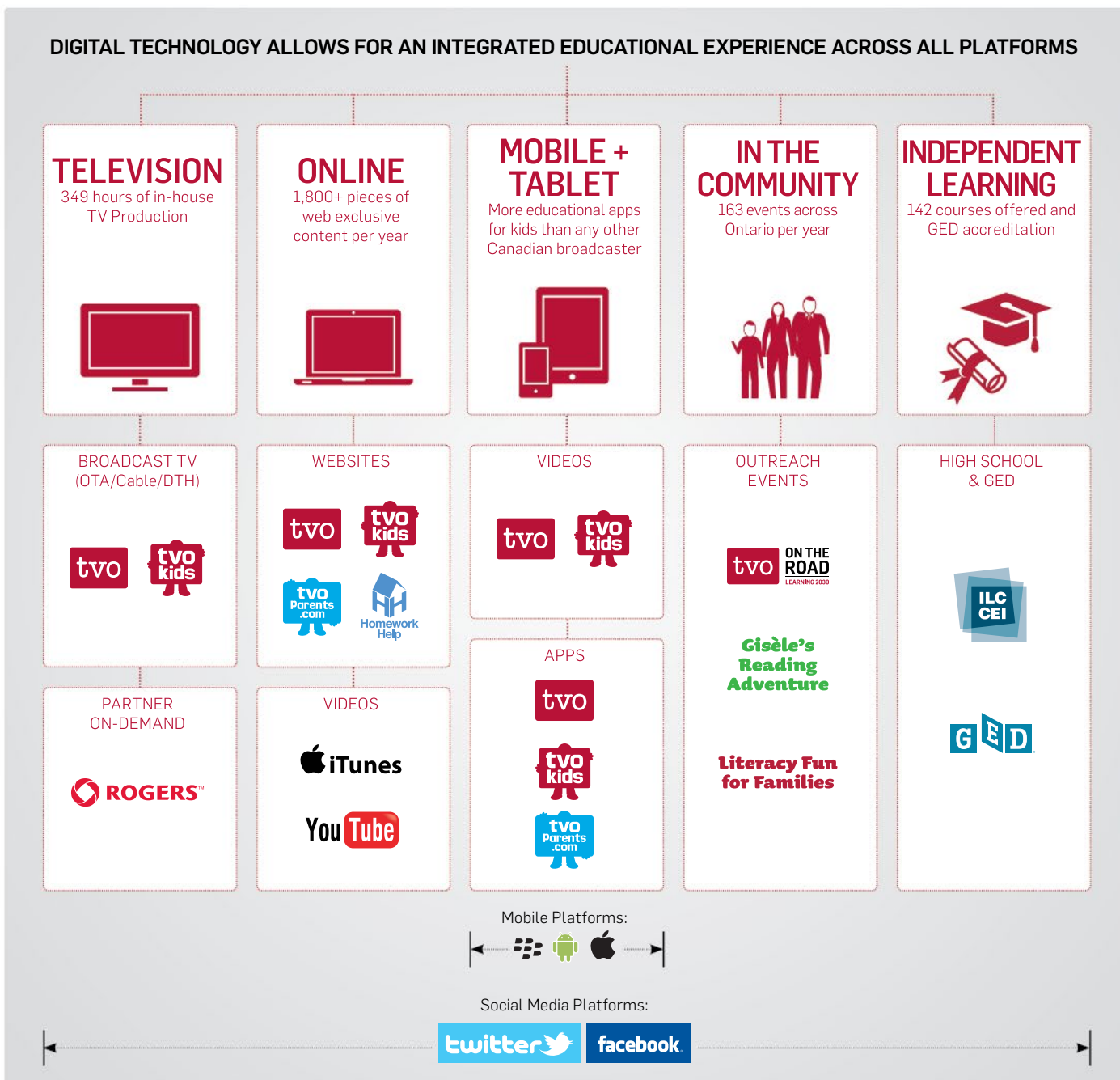


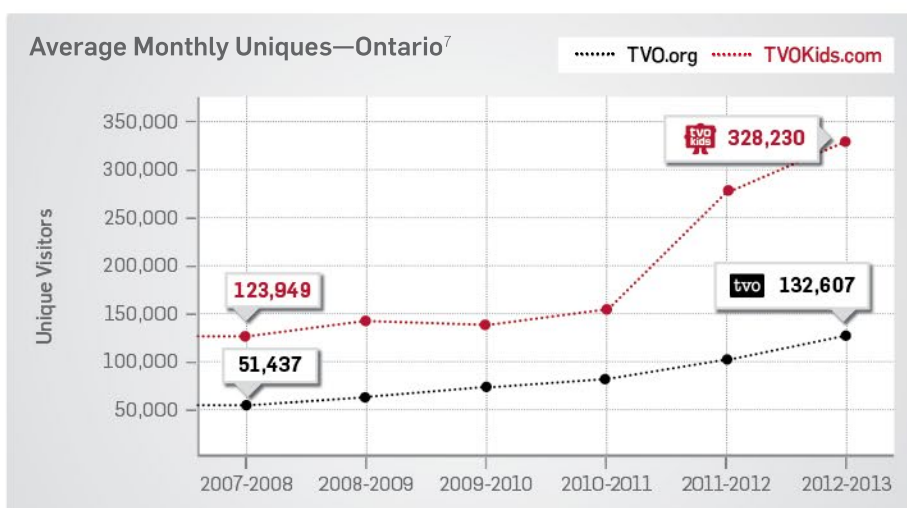
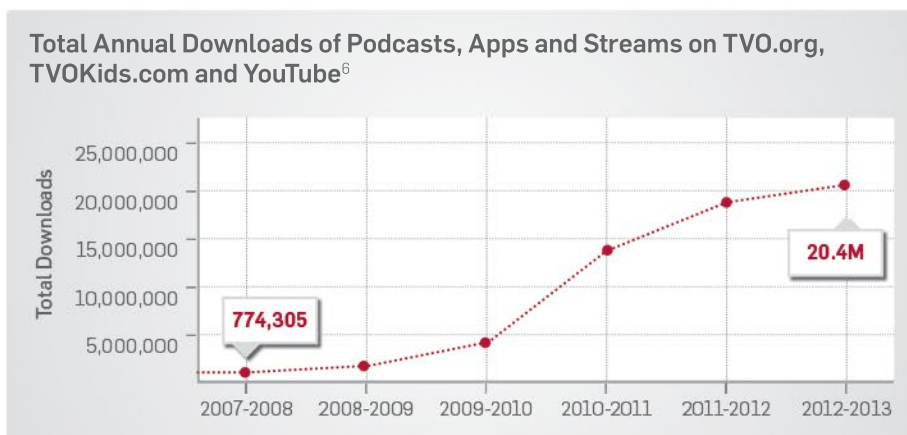
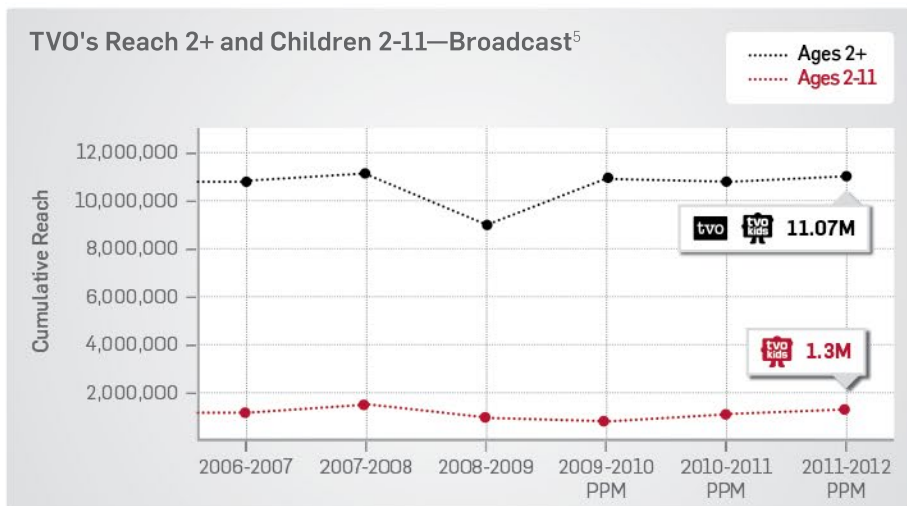
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# 1. PUBLIC ENGAGEMENT AND QUALITY EDUCATIONAL EXPERIENCE

## TVO Impact

TVO's digital transformation is allowing for deeper educational experiences and more impact. This infographic sets out TVO's multi-platform approach to educational content distribution.





## Performance Highlights 2012-2013

TVO's multi-platform approach to content development and distribution allows for an integrated educational experience for Ontarians. The graphs on this page show how TVO's broadcast reach has remained steady at a time when digital consumption continues to add to the overall reach of TVO's educational content.

Here are some of the highlights of TVO's impact in 2012-2013:

- Reached over 11 million Ontarians aged 2+ on TV
- Reached 1.3 million Ontario children aged 2-11 years on TV
- Unique visitors to TVO.org reached 2 million (1.3 million of which were from Ontario, a 31% increase over last year, with an average of 132,607 monthly unique visitors from Ontario).
- Unique visitors to TVOKids.com reached 4.4 million (2.9 million of which were from Ontario, a 17% increase over last year, with an average of 328,230 monthly unique visitors from Ontario).
- Videos and downloads of TVO content surpassed 20 million, an increase of 3 million over last year.
- TVO presented or participated in 163 outreach events in 58 Ontario communities.
- TVO produced 32 remote broadcasts or recordings in Ontario communities outside the Greater Toronto Area.

5. BBM-Ontario: Cumulative reach by broadcast year (1 minute). From 2009-2010, all locations. Note change in BBM methodology in 2009-2010.

6. Podcasts: Sawmill; Streams: Brightcove, YouTube content manager; Apps: Distimo.

7. Google Analytics: April 2007 to March 2013 (Ontario Only).

# 1. PUBLIC ENGAGEMENT AND QUALITY EDUCATIONAL EXPERIENCE

(continued)

## Kids and Parents

TVOKids has a single purpose—to help kids be successful in school and in life. Every piece of made-at-TVO kids content is developed with some of the world's best education specialists and tested in classrooms with teachers and students to ensure that it's effective. In addition, all TVO-produced, co-produced or acquired children's content starts with an educational expectation, and supports the Ontario school curriculum.

In 2012-2013, TVO's children's educational content strategy continued to focus on the core subjects of math, science and literacy.

Highlights from the year include:

- **TVOKids Teacher Zone**, a new online resource featuring a series of **video tutorials** and **lesson plans** designed to give Ontario teachers a road map for using TVOKids content in the classroom.
- TVOKids' educational content via **VINCI Early Learning Systems**—the creators of touchscreen learning tablets for preschoolers. New tablets are sold with **pre-loaded content** from *Gisèle's Big Backyard*.
- 10 additional **educational children's apps** for smartphones and tablet devices, bringing our total number to 28.
- Partnered with the **MOZILLA Foundation**, as part of the TVO On the Road: Learning 2030 events in Waterloo and Peterborough, to create **interactive digital coding events** that teach kids **digital skills** like how to make movies with the latest animation programs, create prototypes for new online experiences, and use open-source computer programs.
- The first TVOKids **e-book for preschool children**, "Gisèle and the Letter Tree."
- The **TIFF Kids digiPlaySpace™** and **TIFF Kids International Film Festival™** where visitors played TVOKids' newest fun and educational children's apps in the digiPlaySpace. In collaboration with the TIFF Kids Jump Cuts program, TVOKids **inspired young filmmakers** to hone their craft with the TVOKids Choice Award.
- **TVOKids' interactive stage show** celebrating literacy at **The Word On The Street** national book and magazine festival. TVOKids outreach events also included host appearances and performances

at the **Festival of Trees**, **Family Literacy Day**, **Earth Hour** stage show, and the **Read with Gisèle** tour.

- The **Everybody Help Out** campaign, which taught kids about the importance of **community and civic engagement**, and resulted in over 120,000 food items being donated to local food banks across Ontario.
- TVO awarded "**Best Family TV Station**" in the province by City Parent magazine readers for the 11<sup>th</sup> year running and recognition at the **Kidscreen Award** for Best Companion Website in the Programming—Kids Category for the Wild Kratts website.

TVOParents.com is an online community resource for advice, resources, interactive tools, and the latest educational research designed to help parents help their kids succeed in school and in life. The website is fully integrated with TVOKids.com and shows how TVOKids videos, games and apps address the Ontario school curriculum.

Highlights from the year include:

- **Infant Mental Health Promotion at The Hospital for Sick Children** in Toronto content partnership including a series of articles and videos that teaches parents how to support early mental health and brain development in children.
- An in-depth series on **digital literacy** and how it's impacting children, parents and Ontario's education system.
- The **People for Education's Annual Conference** where TVOParents.com helps contextualize key learnings for parents.
- The international **Communicator Award of Distinction** in the family or parenting website category.

## Adults

TVO offers high-quality educational experiences that help Ontarians understand the world and become more engaged citizens. TVO's content strategy for adults includes current affairs, documentaries, in-the-community events and interactive online resources. Highlights from the year include:

- **TVO on the Road: Learning 2030** series engaged Ontarians with an in-depth look at the **impact of technology on how people learn and the future**



of education. The series made stops in Waterloo, Peterborough and Sudbury and is designed to lead up to the Waterloo Global Science Initiative's (WGS) Equinox Summit in September 2013, which is part of TVO's strategic partnership with Canada's Perimeter Institute. TVO will also participate in a WGS festival looking at **inspiring kids** to consider careers in the fields of **science, technology, engineering and math**.

- **Mental Health Matters**, a new week-long initiative that utilized TVO's full media toolkit to **engage Ontarians** in issues of **mental health and addiction**. Through a partnership with the world-renowned Centre for Addiction and Mental Health (CAMH), TVO engaged citizens in dialogue on this important issue through current affairs programming, lectures, documentaries and dramas, extensive online resources, and community events.
- **TVO Water Week**, a week-long on-air and on-line **exploration of global water sustainability issues** and partnered for the second year in a row with Canada Water Week which is administered by the Walter & Duncan Gordon Foundation.
- **Why Poverty?**, a world-wide initiative that saw TVO commission **10 Ontario short films** that brought an **Ontario perspective** to this international issue. The Why Poverty? campaign was designed to **spark a global discussion** and also included 8 hour-long documentaries, web-exclusive content, community screenings and engaged discussion and debate online and on social media.
- **TVO DocStudio Screening Series** launched with Toronto Life magazine, a new sponsor, holding

events at the Bloor Hot Docs Cinema that featured **original TVO documentary** content including the multiple award-winning series **The Water Brothers**. The TVO DocStudio Screening Series highlights TVO's strength in documentary programming while promoting donor stewardship.

### The Independent Learning Centre

The Independent Learning Centre provided the highest quality distance education services to Ontarians seeking to complete high school courses independently or to acquire their GED.

Highlights from the year include:

- Homework Help, an **online math tutoring service**, was made available to **600,000 students** in all 60 public English school boards. Homework Help is a dynamic website that provides **free online math help** to Ontario students in grades 7 to 10.
- **Enrolment increased by 5%**, ending the year at a total of 26,907.
- **4,669 GED test registrations** by adults needing **credentials for employment and post-secondary entry**.
- **New health sciences** course resulted from a collaboration with Brock University.
- **Online courses** were updated using 21<sup>st</sup> century constructivist pedagogy.

## 2. GREAT PLACE TO WORK

Training is fundamental to building a high performance, value based, learning organization. TVO is focused on the development of employees' digital skills.

Highlights from the year include:

- Training and development focused on **increasing digital literacy and leadership skills**.
- A new **comprehensive training program** for TVO's digital media content creators in partnership with OCAD U that's designed to take TVO's award-winning digital content to the next level. The training process commenced in 2013-2014.
- TVO's Performance Management process, which aligns each individual staff member's **performance objectives** with the overall objectives of the organization.
- A **comprehensive internal communications program** that includes All-TVO meetings, an award-winning intranet site that provides opportunities for **collaborative work** and blog updates from all staff members, as well as **regular engagement sessions for staff** with the CEO.
- **Staff recognition** programs including the Pass Around Award which recognizes the achievement of significant milestones and clearly demonstrate our values, the Polkaroo Award which recognizes **excellence and innovation**, and the TVO Super Citizen Award that recognizes employees who model **TVO's values** of excellence and innovation, ownership, collaboration, trust and respect.

## 3. INNOVATION AND STRATEGIC GROWTH

The TVO innovation and business development team, including the IdeaShaker Innovation Lab, focuses on developing new digital revenue opportunities and optimizing TVO's content dissemination across mobile, social and other new distribution platforms.

Highlights from the year include:

- **TVO On Demand**, a free Android app for Google TV that allows viewers to watch favourite programs at their own convenience. Using the free app and

a Google TV set top device, viewers stream TVO programs over the internet directly onto television.

- An educational game that uses **gesture technology** which saw the IdeaShaker using the development process to test porting a game developed in Flash to HTML5.
- An organization-wide strategy for **social media** and for each content brand.
- An **application/mobile development framework** to help meet the needs of TVO's audience on smartphones and tablet devices.

## 4. FINANCIAL SUSTAINABILITY

TVO is focused on building a sustainable financial model by increasing self-generated revenues and making efficiency and productivity gains through organizational effectiveness. Again this year, TVO worked to maximize revenues from existing self-generated revenue streams while testing new revenue streams on digital platforms. At the same time, TVO continually examined its operations to identify opportunities to increase productivity and/or free up resources for reinvestment.

### Philanthropy and Sponsorship

As the most substantial stream of self-generated revenues, philanthropy is fundamental to TVO's financial sustainability and offers the best opportunity to build a sustainable financial model. In 2012-2013, 41,122 Ontarians made financial donations to TVO, contributing \$5.1 million to revenues.

While the environment for charitable giving is very competitive in Ontario, TVO has been adopting fundraising best practices, increasing the level of stewardship, raising awareness that TVO is a registered charity and putting in place new programs to grow the base of annual donors, all in an effort to grow this revenue stream.

Highlights from the year include:

- An **increase in new donors of 27%** over the last year.
- An **increase in dollars raised through online giving of 16%**, as more donors adopt this channel of giving.
- TVO's **first annual Fundraising Gala** in celebration of Steve Paikin's 20<sup>th</sup> anniversary with TVO.
- *Inspire*, a new Report to Donors with stories from **key supporters** and **TVO's community partners** to bring to life the impact that TVO makes throughout Ontario.
- **New donor appeals** using **direct response** spots that appeal to TVO viewers on broadcast and online.
- *Smart Kids Now. Smart Adults Later* campaign launched to raise awareness among Ontarians of the important role TVO plays in **building essential math, reading and science skills** and of TVO's **need for philanthropic support**.
- **The Institute of Chartered Accountants of Ontario's sponsorship** in support of *The Agenda with Steve Paikin*, **renewed for the fifth consecutive year**.
- **Manulife Financial's new sponsorship** of TVO's Get Involved initiative.

For a full list of our corporate sponsors, please see page 21.

### New Revenue Streams

TVO continues to test and experiment with new digital revenues.

Highlights from the year include:

- A **new initiative** with Waterloo-based ClevrU to **repurpose existing TVOKids** content for the smart-phone market in China. When the e-commerce capability is launched in China, this will represent a completely new revenue stream for TVO.
- **Digital advertising** opportunities were realized on TVO's YouTube channel.
- **Pre and post-roll messages** as part of TVO's YouTube web videos that **support sponsorship and TVO's philanthropic campaign**.
- A new **international sales agreement** with Picture Box Distribution Inc. for several TVOKids properties on-air and online, including the popular *Turntowntown* series that teaches children about reading, math and financial literacy.

### Efficiency Gains

TVO continually examines its operations in order to identify efficiencies, looking for opportunities to increase productivity and/or free up resources for reinvestment into initiatives that are both true to TVO's Mission and Vision but also have the greatest impact on all Ontarians. While the restructuring and cost cutting of November 2012 was undertaken in response to a reduction in funding from the Ontario Government, it did more than simply cut costs to maintain the status quo. The restructuring identified legacy operations that, when eliminated, freed up resources for reinvestment into initiatives such as digital programs to support students, teachers and parents engaged in 21<sup>st</sup> century learning.

Through reviews of ongoing operations, combined with opportunities for reinvestment identified through the restructuring, TVO identified more than 18,000 hours of capacity savings that have been, or will be, reinvested in higher value initiatives (this excludes capacity savings that were taken out of the system permanently to absorb a reduction in government funding).

TVO realized significant benefits from the use of digital technology.

Highlights from the year include:

- **380 hours of finished TV content** produced, archived and broadcast "tapelessly" and over **1,800 pieces of web-exclusive content** created.
- Over **6,900 separate podcasts and videos** were delivered to TVO web properties and distribution partners such as iTunes, BlackBerry, YouTube, Rogers on Demand and Rogers on Demand Online.
- **Analog over-the-air transmitters** were **decommissioned** at 14 medium/high power and 65 low power (LPRT) sites, freeing up financial resources for higher-impact digital content distribution. TVO offered to transfer ownership of the LPRT towers, antennae and satellite dishes to local communities at no cost.
- A **new digital contracts and rights management system** was implemented and associated efficiencies began to be realized.
- An **online assessment tool** which centralizes and **streamlines performance management** functions was developed and implemented.

# AWARDS AND HONOURS

## WORLDFEST-HOUSTON INTERNATIONAL FILM FESTIVAL

**The Water Brothers** (TVO co-production)  
Special Jury Prize - Best TV/Cable Production  
Special Jury Prize - Best Show for Ecology

Environment and Conservation: *Carpageddon*

Gold Award: *Reefer Madness*

Gold Award: *The Big Thaw*

## CITY PARENT'S READERS' SELECTION AWARDS

Best Family TV Station

## 2012 TRIBECA FILM FESTIVAL

World Documentary Competition Award Winner:

**The World Before Her**

(Produced in association with TVO)

## HOT DOCS

Best Canadian Feature Documentary:

**The World Before Her**

(Produced in association with TVO)

## 2012 INTEGRATED MARKETING AWARD

Awarded in the category of The Practice for fundraising

## 2012 YORKTON FESTIVAL

Best of the Festival:

**To Make a Farm** (TVO co-production)

Best Nature/Environment Documentary:

**To Make a Farm** (TVO co-production)

Best of Saskatchewan Awards:

**To Make a Farm** (TVO co-production)

## 2012 WILDSCREEN FESTIVAL

BBC Earth Panda Award for Best Newcomer:

**The Water Brothers** episode *Valley of the Damned*

(TVO co-production)

## CRITICS' WEEK GRAND PRIX AT CANNES

**Armadillo**

(Produced in association with TVO)

## EMMY AWARDS

Documentary nomination for Outstanding  
Continuing Coverage of a News Story:

**Armadillo**

(Produced in association with TVO)

## INTERNATIONAL EMMY AWARD NOMINATION

**The Slap**

(TVO acquisition)

## CANADIAN MENTAL HEALTH ASSOCIATION'S AWARDS

Toronto Branch's Public Service Award:

**The Agenda with Steve Paikin**

## DIRECTORS GUILD OF CANADA AWARDS

Allan King Award for Excellence in Documentary:

**West Wind: The Vision of Tom Thomson**

(Produced in association with TVO)

## KIDSCREEN AWARDS

Best Companion Website Award in  
the category of Programming-Kids:

**Wild Kratts** website (TVO co-production)

## 2012 STUTTGART FILM FESTIVAL

Golden Panda Award in China:

**The Market** (TVO co-production)

German Star of India Award 2012 for Best Documentary:

**The Market** (TVO co-production)

## COMMUNICATOR AWARD OF DISTINCTION

Silver, Family/Parenting Websites:

**TVOParents.com**

# DONOR AND SPONSOR RECOGNITION

## Individual Donors

We sincerely thank the thousands of individual donors from across Ontario, Canada and the United States who generously support TVO. Ongoing financial support helps us deliver innovative educational programming and resources—on TV, online, in mobile apps and through live events across the province. Donor support helps us reach more people in more ways than ever before with quality content that “makes you think.” Thank you all.

## Corporate and Community Supporters

TVO gratefully acknowledges the generous support of corporate partners whose sponsorship allows us to invest in innovative content that helps build a smarter, more aware and more informed Ontario. We are grateful for every contribution entrusted to us, and thank each partner for their vital support.

## Corporate Sponsors

- Alliance Films
- BlackBerry
- BlackRock iShares
- Elgin County Railway Museum
- Health Council of Canada
- Institute of Chartered Accountants of Ontario
- Insurance Bureau of Canada
- KIDDE Canada
- Manulife
- Rullingnet
- Scholar’s Choice
- TD Bank Group
- Toronto and Region Conservation Authority (TRCA)

TVO also gratefully recognizes the support of the following content and curriculum partners:

- Aboriginal HIPPY Canada
- Andrew Fleck Child Care Services
- Big Backyard Art Council
- Bowmore Road Community Daycare
- Boys and Girls Clubs of Canada
- Brampton Georgetown Montessori School
- The Canadian Children’s Book Centre
- Centennial College
- Centre for Addiction and Mental Health
- e-Learning Ontario
- Family Day Care Services
- Friends of the Greenbelt Foundation
- HighScope Canada
- The Hincks-Delcrest Centre
- HIPPY Canada
- The Hospital for Sick Children (SickKids)
- Kids Help Phone
- Let’s Talk Science/ Wings of Discovery
- National Gallery of Canada
- The Oakville Academy for the Arts
- Ontario Association of Food Banks
- Ontario Dental Association
- Ontario Early Years Centre - Ottawa South
- Ontario Fire Marshall
- Ontario Institute for Studies in Education (OISE)
- Ontario Library Association
- Ontario Ministry of Transportation – Road Safety
- Ontario Science Centre
- People For Education
- Perimeter Institute for Theoretical Physics
- The Royal Conservatory of Music
- Royal Ontario Museum
- Toronto Catholic District School Board
- Toronto District School Board
- The Toronto Zoo
- University of Toronto – Munk Centre for International Affairs
- Waterloo Global Science Initiative
- York Region District School Board

# BOARD OF DIRECTORS 2012-2013

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## PETER O'BRIAN

President, Independent Pictures Inc. (Toronto)  
*Chair of the Board, Audit & Governance Committees*

First term: November 1, 2005 – October 31, 2008  
Second term: November 1, 2008 – October 31, 2011  
Third term: November 1, 2011 – October 31, 2012  
Fourth term: November 1, 2012 – October 31, 2014

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## DIANE KELLY

General Counsel, Queen's University (Kingston)  
*Vice-Chair, Chair of the Governance Committee  
(Since February 26, 2009)*

First term: May 30, 2007 – May 29, 2010  
Second term: May 31, 2010 – May 30, 2013  
Third term: May 31, 2013 – May 30, 2016

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## NANA BARNOR

Pediatrician, Humber River Regional Hospital (Toronto)  
*Member, Governance Committee*

First term: August 12, 2009 – August 11, 2012  
Second term: August 12, 2012 – August 11, 2014

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## GEETU PATHAK

Chief Executive Officer, Milo (Toronto)  
*Member, Audit Committee*

First term: May 3, 2010 – May 2, 2013  
Second term: May 3, 2013 – May 2, 2016

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## JIM MARCHBANK

Retired, former CEO, Science North (Sudbury)

First term: May 30, 2012 – May 29, 2015

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## TOBY JENKINS

President, Columbia Lake Development (Waterloo)

First term: June 20, 2012 – June 19, 2015

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## PENNY EIZENGA

Producer, Dog-eared Productions Inc. (Toronto)  
*Member, Governance Committee*

First term: May 16, 2007 – May 15, 2010  
Second term: May 16, 2010 – March 29, 2013

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## JUDITH ROBERTSON

Business Executive (Toronto)  
*Member, Audit Committee*

First term: May 9, 2007 – May 8, 2010  
Second term: May 9, 2010 – March 29, 2013

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## KAMBIZ KAZEMI

Polar Securities (Toronto)  
*Member, Chair of the Audit Committee  
(Since September 20, 2007)*

First term: April 11, 2007 – April 10, 2010  
Second term: April 11, 2010 – March 29, 2013

The total honorarium paid to the Board in 2012-2013 was \$30,000, including the part-time Chair. This amount is based on levels of remuneration set by the Lieutenant Governor in Council.

# REGIONAL COUNCILLORS ADVISORY BOARD

TVO's volunteer advisory network is an integral part of the organization's community outreach. Comprised of committed individuals from across Ontario, this advisory board helps to communicate TVO's educational message to citizens throughout the province, and to provide valuable input and feedback on TVO programs and services.

**David Allen**, Etobicoke

**Stephanie Allin**, Port Elgin

**Steve Andrusiak**, London

**Lesley Bell**, Thunder Bay

**Michael Boos**, Sioux Lookout

**Michael Borrelli**, Hamilton

**Calvin Bowry**, Kingston

**Jorge Campos**, Willowdale

**Jae Chong**, Richmond Hill

**Keith Clingen**, Martintown

**Susan Code McDougall**, Perth

**Jean Foster**, Windsor

**Carol Gottlob**, Burlington

**Colette Grant**, Rockland

**Lori Guillemette**, Dunchurch

**David Holmes**, Oakville

**Thando Hyman**, Scarborough

**Sona Khanna**, Oakville

**Janis Lamothe**, Manitouwadge

**Devon MacKinnon Ottertail**, Dryden

**Rick McCutcheon**, Little Current

**Lise Moore Asselin**, Mattawa

**Tamara Needham**, Marathon

**Christina Noël-Blazecka**, Cochrane

**Monika Osinska**, Toronto

**Kim Pirie-Milko**, Keewatin

**Trevor Pross**, Belleville

**Becky Rogers**, Peterborough

**Christopher Rous**, Sault Ste. Marie

**Margaret Sedgwick**, Fort Frances

**Stewart Wayne Sinclair**, Chatham

**Marc St. Germain**, Ottawa

**John Storm**, St. Catharines

**Pam Wolf**, Cambridge

**Greg York**, Toronto

# SALARY DISCLOSURE

OECA employees paid \$100,000 or more in 2012-2013;

Employee Name	Position Title	Salary Paid	Taxable Benefits
<b>AQUINO, EDNA</b>	Controller	107,704.53	917.57
<b>ARNOLD, CLARA</b>	Vice President, Human Resources	171,050.02	1,395.08
<b>CHAPELLE, NANCY</b>	Managing Director, Content and Programming	183,893.42	8,819.32
<b>CORINTHIOS, GISÈLE</b>	Host/Producer	107,207.08	728.07
<b>CROCKER, ROB</b>	Chief Financial Officer and Vice President, Business Development	236,499.98	1,493.56
<b>DE WILDE, LISA</b>	Chief Executive Officer	267,066.00	1,493.56
<b>DUNSKY, DAN</b>	Executive Producer, <i>The Agenda with Steve Paikin</i>	150,272.97	1,250.95
<b>ELLINGSON, PAT</b>	Creative Head, Children's Media Content and Programming	158,332.40	1,321.46
<b>GOLDBERG, ERIC</b>	Enterprise System Architect	100,057.99	851.94
<b>HAMILTON, DAVID</b>	Director, Marketing	101,853.79	856.8
<b>HOMUTH, DEBORAH</b>	Director, Curriculum	112,980.72	1,039.44
<b>IRWIN, SARAH</b>	Managing Director, Independent Learning Centre	154,985.84	1,243.90
<b>JAVET, JILL</b>	Vice President, Communications and Marketing	164,999.98	1,344.26
<b>KRAMER, ERIKA</b>	Vice President, Distribution Services	137,499.94	3,894.45
<b>LAPORTE, GUY</b>	Director, Philanthropy and Sponsorship	142,046.24	1,270.22
<b>LAW, OLIVER</b>	Head Internal Audit	101,991.62	869.79
<b>LEBLANC, MARK</b>	Director, Legal Services and Business Affairs	147,622.28	1,228.52
<b>MACPHERSON, PAUL</b>	Database Administrator	103,417.69	731.84
<b>MALABAR, MARNEY</b>	Executive in Charge of Production, <i>The Space</i>	104,018.02	886.22
<b>MYERS, LAURA</b>	Manager, Labour and Employee Relations	106,776.97	908.65
<b>PAIKIN, STEVE</b>	Host/Producer	302,622.32	4,867.82
<b>ROHRER, JEFF</b>	Director, Corporate Communications	104,811.41	893.65
<b>SLIVINSKAS, TODD</b>	Chief Technology Officer	163,350.04	1,332.36
<b>TRAMONTIN, MARA</b>	Director, Program Business Management	139,606.89	1,162.82

Prepared in accordance with the *Public Sector Salary Disclosure Act, 1996*.



ANNUAL REPORT 2012-2013

**AUDITED FINANCIAL  
STATEMENTS  
2012-2013**



makes you think

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

*A letter from the Chief Executive Office on behalf of Management*

### Management's Responsibility for Financial Statements

The accompanying financial statements of the Ontario Educational Communications Authority have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 25, 2013.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. The Internal Audit Department independently evaluates the effectiveness of these internal controls on a periodic basis and reports its findings to management and to the Board of Directors.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board reviews and approves the financial statements. The Audit Committee of the Board meets periodically with management, Internal Audit, and the Office of the Auditor General of Ontario to discuss audit, internal control, accounting policy, and financial reporting matters.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Independent Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

On behalf of Management:



Lisa de Wilde  
Chief Executive Officer



## AUDITOR'S REPORT

*A letter from the Office of the Auditor General of Ontario*



Office of the Auditor General of Ontario  
Bureau du vérificateur général de l'Ontario

### Independent Auditor's Report

To the Ontario Educational Communications Authority  
and to the Minister of Education

I have audited the accompanying financial statements of the Ontario Educational Communications Authority, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, statements of changes in net assets and statements of cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Educational Communications Authority as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations, changes in net assets, and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

Toronto, Ontario  
June 25, 2013

Susan Klein, CPA, CA, LPA  
Acting Deputy Auditor General

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20 Dundas Street West  
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## STATEMENT OF FINANCIAL POSITION

As of March 31, 2013, March 31, 2012 and April 1, 2011

(\$000s)	2013	2012	April 1, 2011
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (note 4)	18,023	17,470	14,913
Accounts receivable (note 4)	1,111	1,046	1,251
Prepaid expenses	649	844	750
Inventories	148	143	152
	<b>19,931</b>	<b>19,503</b>	<b>17,066</b>
Broadcast rights and production costs (note 8)	<b>18,236</b>	<b>16,550</b>	<b>15,820</b>
Investments held for Capital Renewal (note 6)	<b>5,642</b>	<b>6,566</b>	<b>5,596</b>
Net Capital Assets (note 7)	<b>13,808</b>	<b>16,699</b>	<b>18,012</b>
<b>Total Assets</b>	<b>57,617</b>	<b>59,318</b>	<b>56,494</b>
<b>Liabilities And Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	10,148	8,954	8,658
Deferred revenue (note 9)	2,023	2,642	1,756
	<b>12,171</b>	<b>11,596</b>	<b>10,414</b>
Deferred capital contributions (note 10)	12,794	16,086	14,501
Employee future benefits (note 5)	19,597	18,067	16,915
Asset retirement obligation (note 7)	368	990	937
	<b>32,759</b>	<b>35,143</b>	<b>32,353</b>
<b>Net Assets</b>			
Invested in broadcast rights and production costs	18,233	16,497	15,668
Invested in capital assets	6,242	6,081	8,070
Unrestricted	(11,788)	(9,999)	(10,011)
	<b>12,687</b>	<b>12,579</b>	<b>13,727</b>
<b>Total Liabilities and Net Assets</b>	<b>57,617</b>	<b>59,318</b>	<b>56,494</b>

Commitments and Contingencies (notes 15 and 17).  
See accompanying Notes to Financial Statements.

On behalf of the Board:

Chair

**STATEMENT OF OPERATIONS***For the years ended March 31, 2013 and 2012*

(\$000s)	2013	2012
<b>Revenues</b>		
Government operating grants (note 11)	43,069	42,908
Independent Learning Centre (note 16)	12,964	12,143
Other earned revenue (note 13)	7,443	7,529
Government and corporate project funding (note 12)	905	105
Amortization of deferred capital contributions (note 10)	2,526	1,999
	<b>66,907</b>	<b>64,684</b>
<b>Expenses</b>		
Content and programming	23,634	24,150
Technical and production support services	13,762	12,913
Independent Learning Centre (note 16)	11,548	11,024
Management and general expenses	6,905	5,850
Cost of other earned revenue (note 13)	3,152	2,947
Amortization of capital assets and accretion expense (note 7)	3,482	4,873
Employee future benefits (note 5)	4,316	4,075
	<b>66,799</b>	<b>65,832</b>
<b>Excess /(deficiency) of revenues over expenses</b>	<b>108</b>	<b>(1,148)</b>

See accompanying Notes to Financial Statements.

## STATEMENT OF CHANGES IN NET ASSETS

For the years ended March 31, 2013 and 2012

2013				
(\$000s)	Invested in Broadcast Rights and Production Costs	Invested in Capital Assets	Unrestricted	Total
Balance, beginning of year	16,497	6,081	(9,999)	12,579
Excess/(deficiency) of revenues over expenses	(6,944)	(1,369)	8,421	108
Invested in assets during the year	8,679	1,530	(10,210)	-
<b>Balance, end of year</b>	<b>18,233</b>	<b>6,242</b>	<b>(11,788)</b>	<b>12,687</b>

2012				
(\$000s)	Invested in Broadcast Rights and Production Costs	Invested in Capital Assets	Unrestricted	Total
Balance, beginning of year	15,668	8,070	(10,011)	13,727
Excess/(deficiency) of revenues over expenses	(7,613)	(2,943)	9,408	(1,148)
Invested in assets during the year	8,442	954	(9,396)	-
<b>Balance, end of year</b>	<b>16,497</b>	<b>6,081</b>	<b>(9,999)</b>	<b>12,579</b>

See accompanying Notes to Financial Statements.

## STATEMENT OF CASH FLOWS

For the years ended March 31, 2013 and 2012

(\$000s)	2013	2012
<b>Operating Activities</b>		
Excess / (deficiency) of revenues over expenses	108	(1,148)
Add/(deduct) non-cash items:		
Amortization of capital assets	4,104	4,819
Accretion expense / (drawdown) of asset retirement obligation	(622)	54
Amortization of deferred capital contributions	(2,526)	(1,999)
Amortization of broadcast rights and production costs	6,994	7,711
Employee future benefits	1,530	1,152
Loss on disposal of capital assets	411	70
Net changes in non-cash working capital:		
Accounts receivable	(65)	205
Inventories	(5)	9
Prepaid expenses	195	(94)
Deferred revenue	(619)	886
Accounts payable and accrued liabilities	1,194	296
<b>Cash provided by operating activities</b>	<b>10,699</b>	<b>11,961</b>
<b>Capital transactions</b>		
Broadcast rights additions	(8,680)	(8,442)
Proceeds from disposal of capital assets	54	-
Capital asset additions	(1,679)	(3,576)
<b>Cash applied to capital transactions</b>	<b>(10,305)</b>	<b>(12,018)</b>
<b>Investing and financing transactions</b>		
Current year's deferred capital contributions	159	2,614
<b>Cash provided by investing and financing activities</b>	<b>159</b>	<b>2,614</b>
<b>Net increase in cash position during the year</b>	<b>553</b>	<b>2,557</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>17,470</b>	<b>14,913</b>
<b>Cash and cash equivalents, end of year</b>	<b>18,023</b>	<b>17,470</b>

See accompanying Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

For the years ended March 31, 2013 and 2012

### 1. AUTHORITY AND MANDATE

The Ontario Educational Communications Authority (the "Authority") is a Crown Corporation of the Province of Ontario that was created in June 1970 by the Ontario Educational Communications Authority Act. In accordance with the Act, the Authority's main objective is to initiate, acquire, produce, distribute, exhibit or otherwise deal in programs and materials in the educational broadcasting and communications fields. The Authority is licenced by the Canadian Radio-television and Telecommunications Commission ("CRTC") to broadcast English-language educational television programs. The broadcasting licence is subject to renewal by the CRTC and the current licence is for the period September 1, 2008 to August 31, 2015.

The Authority is a registered charitable organization which may issue income tax receipts for contributions. As a Crown Corporation of the Province of Ontario, the Authority is exempt from income taxes.

### 2. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Effective April 1, 2012, the Authority has adopted *Canadian Public Sector Accounting Standards* ("PSA") with the inclusion of the 4200 series of the PSA Handbook. These financial statements are the first financial statements for which the Authority has applied PSA. The adoption of the PSA has resulted in the following accounting changes which have been applied retroactively:

- Under PSA, the discount rate for the registered pension plans is based on the expected average rate of return on pension assets, and for the supplementary retirement plan and the post-employment benefit plan the discount rate is based on the Authority's average cost of borrowing. The Authority elected to recognize directly in net assets all cumulative actuarial gains and losses as of the date of transition. The retroactive changes in discount rates increased employee future benefits liability and decreased net assets by \$9,111,000 as of April 1, 2011 and decreased expenses by \$5,000 for the year ended March 31, 2012.
- Under PSA, computer software, which was previously expensed, must be capitalized and amortized. The retroactive capitalization and amortization of computer software increased net capital assets and net assets by \$1,155,000 as of April 1, 2011 and increased expenses by \$261,000 for the year ended March 31, 2012.

The following tables summarize the impact of the preceding adjustments on the Authority's net assets as at April 1, 2011 and March 31, 2012 and its deficiency of revenues over expenses for the year ended March 31, 2012:

Net Assets	(\$000s)
As previously reported under Canadian generally accepted accounting principles, March 31, 2011	21,683
Capitalization of computer software	1,155
Retroactive adjustment on employee future benefits due to changes in discount rates	(9,111)
<b>Restated, April 1, 2011</b>	<b>13,727</b>
As previously reported under Canadian generally accepted accounting principles, March 31, 2012	20,791
Net adjustment to net assets as at April 1, 2011	(7,956)
Capitalization and amortization of computer software	(261)
Change to employee future benefit expense	5
<b>Restated, March 31, 2012</b>	<b>12,579</b>
<b>Deficiency of revenues over expenses:</b>	
As previously reported under Canadian generally accepted accounting principles, for the year ended March 31, 2012	(892)
Capitalization and amortization of computer software	(261)
Change to employee future benefit expense	5
<b>Restated, for the year ended March 31, 2012</b>	<b>(1,148)</b>

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of accounting

The financial statements of the Authority have been prepared by management in accordance with Canadian Public Sector Accounting Standards.

#### b. Inventories held for consumption

Inventories held for consumption, consisting of maintenance supplies and media tapes, are valued at cost where cost is determined on a first-in-first-out basis, net of an allowance for obsolescence.



**c. Capital assets**

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight line basis over the following terms beginning the year following acquisition:

Capital Assets	
Building	30 years
Transmitters	17 years
Transmitter Monitoring Equipment	7 years
In House Technical Equipment	7 years
Leasehold Improvements	5 years
Computer Equipment	5 years
Office Furniture & Fixtures	15 years
Office Equipment	10 years
Vehicles	5 years
Computer Software	3-5 years

The Authority reviews the carrying amounts of its capital assets on an annual basis. When a capital asset no longer has any long-term service potential, the Authority will recognize an expense (write-down) equal to the excess of its net carrying amount over any residual value.

**d. Revenue recognition**

1. The Authority follows the deferral method of accounting for grants and contributions whereby restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
2. Revenue from grants and contributions restricted for the purchase of capital assets is deferred and amortized over the same period of use as the related capital asset.
3. Revenue from the licensing of program material is recognized when the program material is delivered.
4. Individual donations are recorded on a cash basis. Contributions from corporate sponsors are recognized equally over the period the sponsorship program is delivered by the Authority.
5. Revenue from sponsorship is recognized when the content is broadcast or webcast.

6. Student fees for courses offered by the Independent Learning Centre (ILC) are recognized as revenue at the time of enrolment. Registration fees for General Educational Development (GED) are recognized at the time the test is taken by the registrants.

**e. Employee future benefits**

The Authority accrues its obligations under employee defined benefit pension plans and the related costs, net of plan assets. The following policies have been adopted:

1. The cost of pension benefits and other post-retirement benefits is determined by independent actuaries based on management's best estimate assumptions using the projected benefits method prorated on service.
2. Past service costs and any transitional asset or obligation are amortized over the expected average remaining service period of active plan members.
3. Actuarial gains (losses) are recognized and amortized over the expected average remaining service period of active plan members.
4. The expected return on plan assets is based on the fair value of plan assets.

**f. Broadcast rights and production costs**

Broadcast rights and production costs are accounted for as follows:

- Current events and network promotion programs produced by the Authority are expensed in the year the costs are incurred.
- All other programs produced by the Authority and programs licensed under co-production, pre-buy and acquisition contracts are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over the following periods:
  - Program licence acquired: term of contract
  - Program produced by the Authority: four years

**g. Financial instruments**

The Authority's financial instruments are accounted for as follows:

- Cash and short-term investments, including those held for capital renewal, are measured at amortized cost.
- Accounts receivable are stated at amortized cost.
- Accounts payable and accrued liabilities are stated at cost.

## NOTES TO FINANCIAL STATEMENTS

(continued)

### h. Asset retirement obligation

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the asset. The obligations are initially measured at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount of timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. The Authority recognizes a liability for future decommissioning of its transmitter and low power repeat transmitter ("LPRT") facilities.

### i. Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include retirement benefit obligations and useful life of capital assets and broadcast rights. Actual results could differ from those estimates.

### j. Prepaid expenses

Prepaid expenses include property tax, cleaning, hydro, software support and other prepaids and are charged to expense over the period the Authority is expected to benefit from the expenditure.

### k. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

### Cash and cash equivalents

The Authority's cash equivalents consist of short-term, high-grade Canadian dollar investments. These investments mature within 365 days and had an average yield of 1.8% (2012 – 1.9%).

### Accounts receivable

(\$000s)	March 31, 2013	March 31, 2012	April 1, 2011
ILC earned revenue, donations, sales and licensing, tower rentals and transmitter maintenance fees	496	456	363
HST rebate	460	474	544
Private sector funding	3	11	7
Net receivable from Ontario French-language Educational Communications Authority (OFECA)	-	25	25
Others	152	80	312
	<b>1,111</b>	<b>1,046</b>	<b>1,251</b>

### Risk disclosures

#### a. Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its cash flow obligations as they fall due. The Authority manages its liquidity risk by forecasting its operating requirements and prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. It is management's opinion that the Authority is not exposed to significant liquidity risk.

#### b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk arising from its accounts receivable. Given the amount of the Authority's accounts receivable and past experience regarding payments, management believes that the Authority is not exposed to significant credit risk.

#### 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. Due to the short-term nature of the Authority's financial instruments, their carrying value approximate fair value and as a result management believes that the Authority is not exposed to significant interest rate risk.

#### d. Foreign 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 Authority's US dollar cash totalled \$121,000 (2012 - \$127,000) and was not large enough at any time during the year to expose the Authority to significant currency risks. These amounts were converted to Canadian dollars using an exchange rate of 1.016 (2012 - 0.97).

It is management's opinion that the Authority is not exposed to significant liquidity, credit, interest rate or currency risk.

### 5. EMPLOYEE FUTURE BENEFITS

The pension and other post-employment benefit plans have the following components:

#### a. Registered pension plans

- **Main Pension Plan:** Most employees of the Authority are members of this plan, which consists of three elements: a non-contributory, defined benefit, best average earnings and years of service element; a non-contributory, defined contribution element; and a non-contributory, defined contribution element.

- **Executive Pension Plan:** Executives are members of this non-contributory, defined benefit, best average earnings and years of service plan.

#### b. Supplementary retirement plan:

- Certain employees are members of this unregistered and non-contributory plan which funds the portion of pension entitlements in excess of the maximum allowed for registered pension plans under the federal *Income Tax Act*.

The employee future benefits payable under the defined benefit plans are adjusted for inflation based on the consumer price index up to a maximum of 3% per year.

#### c. Post-employment benefits plan

- The Authority offers post-employment benefits such as health care, dental care, and life insurance on a shared cost basis.

The most recent actuarial valuation for funding purposes of the registered and defined benefit plans was as of January 1, 2011, and the next valuation for funding purposes is no later than January 1, 2014.

Information about the Authority's pension and other benefit plans is presented in the following table.

(\$000s)	Registered Pension Plans			Supplementary Retirement Plan			Post-employment Benefit Plan			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
<b>Plan deficit as of January 1:</b>												
Accrued benefit obligation	88,666	86,041	102,045	1,066	883	1,006	11,592	13,225	14,161	101,324	100,149	117,212
Fair value of plan assets	(83,530)	(79,253)	(82,571)	-	-	-	-	-	-	(83,530)	(79,253)	(82,571)
	5,136	6,788	19,474	1,066	883	1,006	11,592	13,225	14,161	17,794	20,896	34,641
Balance of unamortized actuarial (gains)/losses as of January 1	(53)	(2,407)	(15,331)	76	74	(245)	2,388	91	(1,495)	2,411	(2,242)	(17,071)
Contributions – Jan 1 to Mar 31	(538)	(519)	(611)	-	-	-	(70)	(68)	(44)	(608)	(587)	(655)
<b>Employee future benefits Liability as at March 31</b>	<b>4,545</b>	<b>3,862</b>	<b>3,532</b>	<b>1,142</b>	<b>957</b>	<b>761</b>	<b>13,190</b>	<b>13,248</b>	<b>12,622</b>	<b>19,597</b>	<b>18,067</b>	<b>16,915</b>

## NOTES TO FINANCIAL STATEMENTS

(continued)

(\$000s)	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Expenses for the year:</b>								
Defined benefit plan:								
Service cost (employer portion)	2,089	2,244	161	163	466	450	2,716	2,857
Amortization of actuarial (gains)/losses	219	-	(7)	-	(7)	-	205	-
Interest cost on accrued benefit obligation	5,149	5,196	37	33	486	467	5,672	5,696
Expected return on plan assets	(4,679)	(4,883)	-	-	-	-	(4,679)	(4,883)
Total defined benefit expense	2,778	2,557	191	196	945	917	3,914	3,670
Defined contribution plan	402	405	-	-	-	-	402	405
<b>Total expenses</b>	<b>3,180</b>	<b>2,962</b>	<b>191</b>	<b>196</b>	<b>945</b>	<b>917</b>	<b>4,316</b>	<b>4,075</b>
<b>Contributions made to the plans:</b>								
Pension plan contributions – Authority	2,497	2,632	6	8	-	-	2,503	2,640
Pension plan contributions - employees	918	947	-	-	-	-	918	947
<b>Payments made from all the plans as of January 1:</b>								
Pension benefits paid	4,328	4,145	-	-	-	-	4,328	4,145
Termination benefits paid	3,916	1,376	-	-	-	-	3,916	1,376

The significant assumptions adopted in measuring the employee benefit obligations and pension expenses are as follows:

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
	2013	2012	2013	2012	2013	2013
Discount rate to determine the accrued benefit obligation	6.00%	6.00%	3.70%	3.60%	3.70%	3.60%
Discount rate to determine the benefit cost	6.00%	6.00%	3.60%	3.60%	3.60%	3.60%
Investment return	6.00%	6.00%	N/A	N/A	N/A	N/A
Pension indexation	2.50%	2.50%	2.50%	2.50%	N/A	N/A
Salary rate increase	3.50%	3.50%	3.50%	3.50%	N/A	N/A
Health cost rate increase	N/A	N/A	N/A	N/A	8.00%	7.00%
Dental cost rate increase	N/A	N/A	N/A	N/A	4.50%	4.50%
Average remaining service lifetime (years)	11-12	11-12	11	10	13	13

The health cost rate increase assumption is expected to decrease to 4.5% by 2023.

Defined benefit plan assets as at January 1 measurement date consisted of:

Percentage of Total Fair Value of Plan Assets		
	2013	2012
<b>Asset category</b>		
Equity securities	56%	56%
Debt securities	38%	39%
Real estate fund	6%	5%

The actual investment return on pension plan assets was 8.74% in 2013 (2012 – loss of 1.15%).

## 6. INVESTMENTS HELD FOR CAPITAL RENEWAL

To ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced when needed, the Capital Renewal Fund was established in

1984. Up to fiscal 2008/09, the Authority set aside up to 2% of the funding received as contribution to the Capital Renewal Fund. Available funds are invested in short-term deposits maturing within 365 days that earned an average interest rate of 1.5% (2012 – 1.8%) during the fiscal year. The changes in the fund are as follows:

(\$000s)	March 31, 2013	March 31, 2012	April 1, 2011
Balance, beginning of year	6,566	5,596	5,692
Project funding/(expenses) – Ministry of Education			
Digital Over The Air project	(1,013)	880	655
Master Control Rebuild and Digital Conversion projects	-	-	(806)
Interest earned	89	90	55
	<b>5,642</b>	<b>6,566</b>	<b>5,596</b>

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 7. CAPITAL ASSETS AND ASSET RETIREMENT OBLIGATION

Capital assets consist of the following:

(\$000s)	March 31, 2013			March 31, 2012			April 1, 2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	186	-	186	186	-	186	186	-	186
Buildings	2,276	2,114	162	4,816	4,138	678	4,812	4,026	786
Transmitters	13,415	10,333	3,082	22,877	19,890	2,987	23,966	22,446	1,520
Transmitter monitoring equipment	3,046	2,327	719	5,520	4,586	934	4,834	4,616	218
In house technical equipment	24,058	18,582	5,476	29,825	22,930	6,895	29,611	21,248	8,363
Leasehold improvements	8,507	8,290	217	8,490	7,835	655	8,436	6,829	1,607
Computer equipment	5,467	3,909	1,558	8,531	6,310	2,221	8,250	5,476	2,774
Office furniture and fixtures	1,892	987	905	1,890	870	1,020	1,884	754	1,130
Office equipment	974	910	64	975	890	85	975	869	106
Vehicles	557	463	94	636	492	144	594	427	167
Computer software	2,227	882	1,345	1,470	576	894	1,416	261	1,155
	<b>62,605</b>	<b>48,797</b>	<b>13,808</b>	<b>85,216</b>	<b>68,517</b>	<b>16,699</b>	<b>84,964</b>	<b>66,952</b>	<b>18,012</b>

Amortization expense for the year was \$4,104,000 (2012 - \$4,819,000) and is included in amortization of capital assets and accretion expense in the Statement of Operations.

#### Asset retirement obligation

The Authority recognized a liability for future decommissioning of its transmitter and low power repeat transmitter (LPRT) facilities. All LPRTs are situated on leased premises and, as these lease contracts may not be renewed, the Authority will recognize the full decommissioning expense by the end of the leases. In determining the fair value of its asset retirement obligations, the Authority discounted the associated cash flows at credit-adjusted risk free rates. The total undiscounted amount of the estimated future obligations is \$368,000 (2012 - \$990,000).

(\$000s)	March 31, 2013	March 31, 2012	April 1, 2011
Opening balance	990	937	1,136
Accretion expense	-	54	(108)
Retirement of LPRTs	(622)	(1)	(91)
<b>Closing balance</b>	<b>368</b>	<b>990</b>	<b>937</b>

### 8. BROADCAST RIGHTS AND PRODUCTION COSTS

Broadcast rights and production costs consist of the following:

(\$000s)	March 31, 2013			March 31, 2012			April 1, 2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Broadcast rights and completed productions	34,311	19,831	14,480	36,752	22,790	13,962	37,783	23,905	13,878
Work in progress	3,756	-	3,756	2,588	-	2,588	1,942	-	1,942
	<b>38,067</b>	<b>19,831</b>	<b>18,236</b>	<b>39,340</b>	<b>22,790</b>	<b>16,550</b>	<b>39,725</b>	<b>23,905</b>	<b>15,820</b>

Amortization expense for the year was \$6,994,000 (2012 - \$7,711,000) and is included in Content and Programming expense.

## 9. DEFERRED REVENUE

(\$000s)	March 31, 2013	March 31, 2012	April 1, 2011
ILC – Ministry of Education grant and provincial project funding (note 16)	1,534	2,319	1,099
Transmitter tower rental and maintenance	147	146	218
Sponsorship revenue	278	63	202
Corporate project funding (note 12)	3	53	152
Other	61	61	85
	<b>2,023</b>	<b>2,642</b>	<b>1,756</b>

Expenditures related to the above deferrals have been budgeted for the 2014 fiscal year.

## 10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions received for the purchase of capital assets and are recorded as revenue (amortization of deferred capital contributions) in the Statement of Operations when the related capital assets are amortized. The changes in the deferred contributions balance are as follows:

(\$000s)	March 31, 2013	March 31, 2012	April 1, 2011
<b>Deferred capital contributions, beginning of year</b>	<b>16,086</b>	<b>14,501</b>	<b>16,052</b>
Capital assets funded by Ministry of Education grant			
Master Control Rebuild and Digital Conversion projects	-	-	572
Digital Over The Air project	159	2,614	239
Project funding deferred to next year:			
Digital Over The Air project (note 12)	521	1,535	655
Project funding deferred from prior year	(1,535)	(655)	(806)
Interest earned	89	90	55
Amortization of deferred capital contributions to revenue	(2,526)	(1,999)	(2,266)
<b>Deferred capital contributions, end of year</b>	<b>12,794</b>	<b>16,086</b>	<b>14,501</b>

The Canadian Radio-television and Telecommunications Commission ("CRTC") required local television stations in certain areas to stop broadcasting in analog and start broadcasting in digital by August 31, 2011. The Authority received a total grant from the Ministry of Education in 2011 and 2012 of \$4.5 million to convert its transmitters into digital and decommission those medium/high power analog transmitter sites that were not required in the ongoing broadcast operation.

## 11. GOVERNMENT OPERATING GRANTS

(\$000s)	2013	2012
<b>Ontario Ministry of Education</b>		
Base grant	40,469	41,308
Capital maintenance grant	1,600	1,600
One-time over the air transmission operations grant	1,000	-
	<b>43,069</b>	<b>42,908</b>

## 12. GOVERNMENT AND CORPORATE PROJECT FUNDING

(\$000s)	2013	2012
<b>Provincial project funding</b>		
Ministry of Education		
Digital Over The Air	-	3,500
Funding deferred to future year (note 10)	(521)	(1,535)
Deferred capital contributions	1,376	(1,959)
	<b>855</b>	<b>6</b>
<b>Corporate project funding</b>		
Funding received during the year	-	-
Funding deferred from prior year (note 9)	53	152
Funding deferred to future year (note 9)	(3)	(53)
	<b>50</b>	<b>99</b>
<b>Total government and corporate project funding</b>	<b>905</b>	<b>105</b>

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 13. OTHER EARNED REVENUE AND COST

(\$000s)	2013			2012		
	Revenue	Cost	Net Revenue	Revenue	Cost	Net Revenue
Individual and corporate donations	5,107	3,152	1,955	4,838	2,915	1,923
Revenue from OFECA (note 18)	61	-	61	70	-	70
Tower rental and transmitter maintenance	1,162	-	1,162	1,496	-	1,496
Interest income and foreign exchange gain and loss	454	-	454	563	-	563
Sales and Licensing	322	-	322	299	32	267
Property tax rebate program for charities	247	-	247	252	-	252
Asset disposal	54	-	54	-	-	-
Others	36	-	36	11	-	11
	<b>7,443</b>	<b>3,152</b>	<b>4,291</b>	<b>7,529</b>	<b>2,947</b>	<b>4,582</b>

### 14. EXPENSES

#### a. Allocated expenses

The Authority allocates certain general expenses to major activities on the following bases:

Building cost – based on floor area occupied by the activity  
Cost of mailing, shipping and printing – based on usage

Total general expenses allocated to major functional groups are as follows:

(\$000s)	2013	2012
Content and programming	1,639	1,538
Technical and production support services	1,068	1,005
Independent Learning Centre	662	630
Management and general	590	631
Cost of other earned revenue	110	126
	<b>4,069</b>	<b>3,930</b>

#### b. Expenses by type

The Statement of Operations reports on expenses by activity. Expenses by type during the fiscal year are as follows:

(\$000s)	2013	2012
Salaries and wages	23,016	24,337
Employee benefits	12,905	9,264
Employee future benefits	4,316	4,075
Licences and other	6,052	6,718
Facilities	4,873	5,082
Transportation & Communication	2,172	2,613
Other services	8,620	6,768
Supplies and equipment	1,363	2,102
Amortization of capital assets and accretion expense	3,482	4,873
	<b>66,799</b>	<b>65,832</b>



## 15. COMMITMENTS

The Authority has entered into operating leases covering transmission facilities, offices, warehouses and equipment. Future lease payments are as follows:

Year ending March 31 (\$000s)	Head Office Space	Others	Total
2014	1,373	946	2,319
2015	1,362	901	2,263
2016	1,307	637	1,944
2017	1,307	336	1,643
2018	1,353	204	1,557
2019 and beyond	13,421	-	13,421
	<b>20,123</b>	<b>3,024</b>	<b>23,147</b>

The lease of head office space expires on August 31, 2027.

## 16. THE INDEPENDENT LEARNING CENTRE

Under the terms of an agreement with the Ministry of Education and the Ministry of Training, Colleges and Universities, the Independent Learning Centre (ILC) was transferred to the Authority in 2002.

The ILC provides a wide range of distance education courses, in English and in French that allow adults to earn secondary school diploma credits, upgrade their basic skills, or study for personal development. It also supports children who may not be able to access elementary day school programs. The General Educational Development testing is also available through the ILC.

Funding for these activities includes a grant from the Ministry of Education and ILC earned revenues. The portion of the grant that has been identified for specific projects is deferred until the related expenses have been incurred.

(\$000s)	2013	2012
<b>Activities were funded by:</b>		
Ministry of Education ILC grant	6,421	6,421
Homework Help project	2,900	4,000
Funding deferred from prior year (note 9)	2,319	1,099
Funding deferred to a future year (note 9)	(1,534)	(2,319)
<b>ILC grant and project funding recognized</b>	<b>10,106</b>	<b>9,201</b>
ILC earned revenues	2,858	2,942
<b>Total ILC grant, project funding and earned revenue</b>	<b>12,964</b>	<b>12,143</b>
<b>Expenses during the year:</b>		
Salaries and benefits	7,370	7,657
Transportation and communication	520	442
Services	2,555	1,876
Allocated general expenses (note 14)	662	630
Licences	304	264
Supplies, equipment and others	137	155
<b>Total ILC expenses</b>	<b>11,548</b>	<b>11,024</b>
<b>ILC contribution to overhead</b>	<b>1,416</b>	<b>1,119</b>

Direct expenses related to the funding deferred to a future year have been budgeted for the 2014 fiscal year.

## 17. CONTINGENCIES

Contingencies refer to possible legal claims that have been made by or against the Authority, the ultimate outcome of which cannot be predicted with certainty. Management does not expect that the outcome of the claims against the Authority will have a material and adverse effect on its results and does not believe any provisions for losses are necessary at this time. No amounts have been recognized in the accounts for claims made by the Authority. Any settlements will be accounted for at the time of settlement.

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 18. RELATED PARTY TRANSACTIONS

The Authority is a Crown Corporation of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. During the year ended March 31, 2013, the Authority received revenue for transmitter maintenance services and expense reimbursements from the Ontario French-language Educational Communications Authority (OFECA). In addition to its transactions with the OFECA, the Authority received sponsorship revenue from other related parties and revenue from Ontario school boards for Independent Learning Centre (ILC) course fees and sales of educational materials. These transactions were recorded at exchange amounts agreed to by the related parties.

Non-grant revenue received from related parties during the year are as follows:

(\$000s)	2013	2012
School boards	1,026	1,127
OFECA (note 13)	61	70
Others	-	135
	<b>1,087</b>	<b>1,332</b>

In addition, OFECA reimbursed \$111,000 (2012 - \$89,000) to the Authority for satellite telecommunication, utilities and other charges. Amounts receivable from OFECA as of March 31, 2013 totalled \$0 (2012 - \$25,000).

### 19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the basis of the financial statement presentation adopted in the current year.





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