



Annual Report 2013–2014

ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY

tvo



TVO's Vision

Vision

Creating a better world through the power of learning.

Educational Policy Priorities

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

- contribute to school readiness and help kids to be successful learners;
- increase the involvement of parents in their children's education;
- encourage active citizenship and public engagement;
- increase the province's graduation rate by providing high-quality distance education to Ontarians seeking to complete high school or acquire the GED.

“When I first arrived in Ontario, TVO made me feel welcome. But TVO has also been a personal education resource over the past 13 years. I have learned so much about Ontario, Canada and the world from TVO's programs. It has helped me fill up my 'knowledge bank'.”

Murina, donor

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Message from the Chair of the Board of Directors



TVO exists to ignite the potential that lies within everyone through learning. For over 40 years TVO has been pushing the boundaries of educational media. What started out as a TV station is today a digital media organization that provides multi-screen experiences designed for 21st-century learners.

Every year TVO's smart and trusted educational content reaches millions of Ontarians on-air, online and on mobile platforms. Digital technology allows TVO to make a greater impact through deep educational experiences that help students succeed and help citizens become more engaged. By embracing these opportunities, TVO is able to provide even more value for money to taxpayers.

On behalf of the Board of Directors, I would like to commend Lisa de Wilde for her leadership in elevating TVO's digital strategy. I'd also like to thank TVO's Regional Councillors Advisory Board, a group of committed and engaged citizens from across Ontario who believe in TVO's mission and work to expand the reach of our unique educational resources. TVO has accomplished so much over the past year and this is only possible through the hard work and dedication of the staff and leadership team.

Lastly, I would like to acknowledge the support of the Government of Ontario, corporate sponsors and the tens of thousands of Ontarians who count themselves as donors to TVO. This support allows for TVO to innovate and to be a leader in educational media.

A handwritten signature in black ink that reads "Peter O'Brian". The signature is fluid and cursive.

Peter O'Brian
Chair of the Board of Directors

Message from the Chief Executive Officer

“Children who are exposed to TVOKids content have higher learning outcomes in math, science and literacy than those who are not.”



More than 40 years ago, Ontario Premier Bill Davis created TVO as the technological extension of the public education system. He was a visionary who believed technology could deliver to a mass audience educational content designed to inform, inspire and stimulate curiosity. For over four decades, TVO has built a reputation based on trust, quality and depth.

Technology continues to be a driver of innovation and quality educational content at TVO. Having embraced digital technology, TVO is able to deliver unique public value by focusing on things that the private sector does not. TVO's strategy is focused on three key pillars:

- growing our role as Ontario's delivery and innovation partner for digital education inside the classroom, outside the classroom and abroad;
- leveraging our brand of Ontario-perspective in-depth current affairs to increase citizen engagement; and
- empowering our people to deliver our strategy and to thrive in an organization that embraces continual change.

Digital educational content that ignites potential

TVO partners with leading education researchers to evaluate the effectiveness of our kids' content. Each time, the results have been clear—children who are exposed to TVOKids content have higher learning outcomes in math, science and literacy than those who are not.

Unlike other children's media providers, each piece of kids' content starts with a learning objective from the Ontario school curriculum. Content is tested in classrooms with students and teachers and is developed with educational specialists like Let's Talk Science. We call this rigorous process the TVO Educational Blueprint.

TVO's content strategy focuses on STEAM (science, technology, engineering, arts and math) education because of the direct correlation these subjects have in building a prosperous economy. We need Ontario's youngest minds to be inspired to become the next generation of scientists, mathematicians and engineers.



TVO On The Road in North Bay



Polkaroo and Hon. Kathleen Wynne at Word on the Street festival

Beyond igniting the potential in Ontario's students, TVO is also working with our partners in education to build the best education system in the world. As experts in digital media and educational content, TVO is excited to provide teachers with resources that support learning in the classroom and with platforms to engage in meaningful knowledge sharing and exchange that builds on best practices in teaching and learning.

Engaged citizens building a high-skilled/high-wage economy

No other Canadian media organization provides the depth of analysis and

debate on Ontario current affairs that is the hallmark of TVO. *The Agenda with Steve Paikin* engages Ontarians in the big issues facing our province and our world in an absorbing and insightful manner. *The Agenda* team takes the time to go deep, ask the big questions and to unpack issues from multiple perspectives. TVO takes this approach because we believe that engaged citizens build stronger communities. TVO's Learning 2030 series is a prime example of the contribution we can make to informed discussion and debate. For the last year, the team at *The Agenda* has been examining the future of education with special regional discussions in Waterloo,

Peterborough and Sudbury. As part of the series, TVO partnered with the Perimeter Institute for Theoretical Physics and the University of Waterloo to bring the Waterloo Global Science Initiative's Equinox Summit to Ontarians. The Summit brought together a multinational, multidisciplinary and multigenerational group of experts to explore best practices and promising initiatives in education. The Learning 2030 series was an opportunity for TVO to do what we do best—take a complex issue and break it down, adding depth and context.

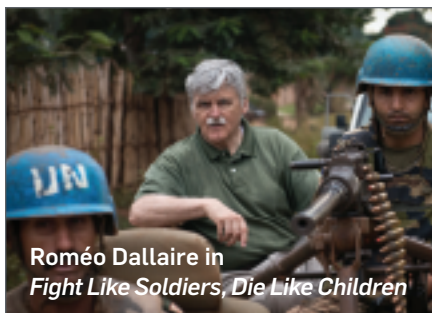
While TVO's current affairs and documentary productions provide an

A Message from the Chief Executive Officer

continued...



Hon. Bill Davis,
Lisa de Wilde and Clare Westcott



Roméo Dallaire in
Fight Like Soldiers, Die Like Children



Dino Dan

Ontario perspective in a globalized world, we also play an important role in acclimatizing recent immigrants to the province: three in four recent immigrants to Ontario watch TVO on a weekly basis. On behalf of all of TVO, I would like to acknowledge Steve Paikin's exceptional accomplishments over the past year. When you step back and look at them all, you really get a sense of the tremendous value he brings to TVO and to civil discourse in Ontario. Among the many highlights, Steve was named an Officer of the Order of Canada, appointed to the Order of Ontario, inducted into Hamilton's Gallery of Distinction, installed as Chancellor of Laurentian University and featured on two national best-sellers list with his fifth book, *Paikin and the Premiers: Personal Reflections on Half Century of Leaders*.

Empowering our people

TVO has charted a bold path forward that leverages digital technology to produce and deliver content that provides a deep educational experience. To do this, we need the right tools, people and organizational culture in place to embrace the digital world. As we implement our plan, we'll do so within the context of our values of excellence and innovation, collaboration, ownership, respect and trust.

This year TVO implemented a new organizational structure that better positions the organization to improve student outcomes and citizen engagement. TVO has entered into an innovative partnership with OCAD University to provide training to staff to take their digital skills to the next level. TVO is leveraging this partnership to further maximize the impact of digital technology.

Thanks go to staff and leadership for embracing continual change as we all grow and thrive together.

Supporting Ontario's independent producers

I'm proud of the important role TVO plays in supporting Ontario's independent production sector. The funding models for production in Canada mean that TVO plays a significant role in making productions happen. International successes like *Dino Dan* and *Wild Kratts* are only possible because of the support provided by TVO.

TVO triggers \$25 million in production budgets for Ontario independent producers each year and supports more than 3,000 industry jobs. Coupled with Ontario success stories like *The Water Brothers*; *Fight Like*



“TVO believes that technology provides an opportunity for students to gain knowledge, anytime and anywhere, and provides choice in both the tools students use and the ways students can demonstrate learning.”

Soldiers, Die Like Children; The Defector and *Hard Rock Medical*, TVO is able to punch well above its weight in delivering economic impact and jobs. Beyond the economic impact, this type of programming helps to create a better world through the power of learning.

A bold new future

TVO is well-positioned as the technological extension of Ontario’s public education system. Last year I wrote that the intersection of education and technology can be a game changer. This year was about delivering a new strategy and organizing the structure to realize that potential. And at the same time, TVO continued to

deliver services Ontarians expect while finding efficiencies in our operations in order to increase productivity. On the revenue side, TVO enhanced our philanthropic campaigns by refining the use of our broadcast signal for direct-response television campaigns and focusing on acquiring monthly donors who provide a more stable source of continuous revenue. TVO believes that technology provides an opportunity for students to gain knowledge, anytime and anywhere, and provides choice in both the tools students use and the ways students can demonstrate learning. Digital media allows for economies of scale and distribution channels that allow TVO to provide actionable tools and services that help all students achieve success.

TVO’s future includes new products and services that will help deliver additional value and deep educational experiences. For what amounts to \$3 per Ontarian per year, TVO is delivering tremendous value and setting Ontarians up for even greater success in the future.



Lisa de Wilde
Chief Executive Officer

MAKING AN IMPACT

TVO is focused on delivering impact in digital education and current affairs, helping build strong communities with engaged citizens. Our high-quality educational content reaches more Ontarians on-air, online and on mobile than ever before.

1

MILLION+

math problems solved via Homework Help



22,000

learners enroll in high school courses at the ILC



11

MILLION

Ontarians watch TVO on television

tvo

1.2

MILLION

Ontarians watch TVOKids on television (aged 2–11 years)



500+

insightful interviews and debates with leading politicians, newsmakers and opinion-shapers on *The Agenda with Steve Paikin*

THE AGENDA WITH STEVE PAIKIN

41,000+

Ontarians
donate to TVO

3 in 4

recent immigrants
watch TVO weekly

129,000+

Ontarians visit tvo.org
every month



\$3.00

per Ontarian =
TVO's government
funding



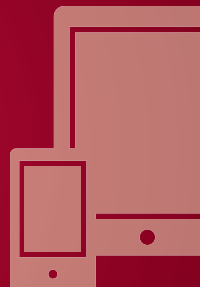
340,000+

Ontarians visit tvokids.com
every month



63,000

engaged citizens
on TVO's social media channels



143

community events
across Ontario



TVOKIDS IN ONTARIO COMMUNITIES AND ON EVERY SCREEN

Throughout the year, TVOKids visited 40 communities with engaging live stage experiences designed to inspire a love of learning.

TVOKids also delivered learning experiences on every screen with new multi-platform content to help kids develop the literacy skills they need for success in school and inspire a love of learning through science, technology, engineering, arts, and math (STEAM) education.

A, B, C: Mozilla Hive Pop-up at TVO On The Road: Learning 2030. **D:** Premier Kathleen Wynne at the TVOKids Stage at The Word On The Street festival. **E, F:** Photo opportunities with Gisèle and Polkaroo at The Word On The Street festival. **G, H:** Read with Gisèle library tour.







Performance Highlights 2013–2014

TVO was created as the technological extension of Ontario's public education system. As new and emerging digital technologies shape the way people live, work, play, socialize and actively participate in civil society, TVO is uniquely positioned to deliver deep impact. TVO's multi-platform experience gives Ontarians many ways to engage with in-depth content that offers context on the issues shaping the province. And as part of our province's education system, TVO supports knowledge exchange with actionable tools and services that help all students achieve success.

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

Public Engagement and Quality Educational Experience

Great Place to Work

Innovation and Strategic Growth

Financial Sustainability



Public Engagement and Quality Educational Experience

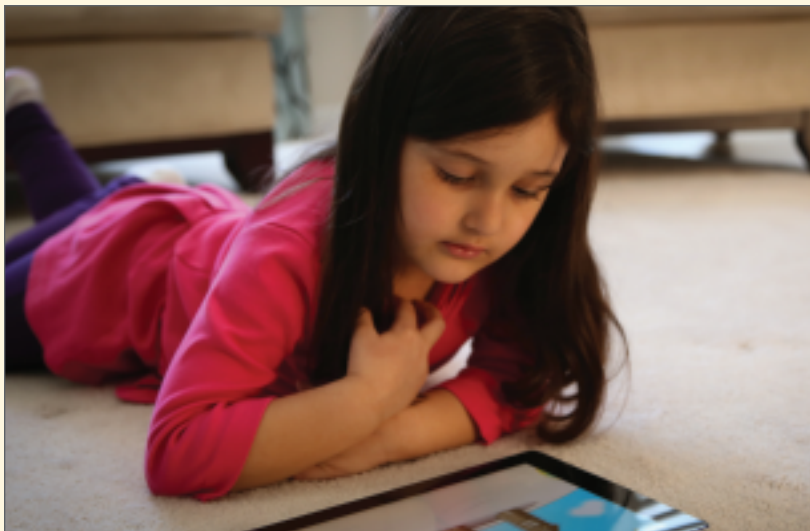
TVO is a multi-platform digital media organization serving the needs of 21st-century learners and teachers. We develop high-quality educational content for kids, parents and educators, and we offer a unique Ontario perspective on in-depth current affairs with *The Agenda with Steve Paikin* and documentaries.

Digital Education

TVOKids provides a learning experience on every screen with educational content that helps children develop the skills they need to be successful in school and in life. TVO is focused on inspiring a love of learning through science, technology, engineering, arts and math (STEAM) education.

Highlights from the year include:

- Match-a Match-a Island, a fun and educational online matching game designed to help children ages 4 to 7 develop their spatial thinking skills, an area linked to math achievement in the early years.
- New multi-platform series *Story Explorers*, which features Ontario kids sharing their original short stories, designed to improve reading and writing skills.
- The premiere of *Doozers*, an animated preschool series co-produced by TVOKids and The Jim Henson Company that celebrates creativity, technology and problem-solving.
- The launch of TVOKids on Bell Mobile TV, making TVO's fun and educational children's video



TVOKids launched Match-a Match-a Island, a new matching game designed to help children ages 4 to 7 develop their spatial thinking skills. Ontario Institute for Studies in Education (OISE) research shows that the ability to rotate mental representations of two-dimensional and three-dimensional objects is a key marker of spatial thinking skills.

content accessible nationally on Bell smartphones and tablets.

- TVOKids' interactive stage show celebrating literacy at The Word On The Street national book and magazine festival, as well as outreach events and performances at Earth Hour at the Ontario Science Centre, Family Literacy Day, Festival of Trees, the Read with Gisèle tour and the Kids Help Phone event Walk So Kids Can Talk.
- TVOKids' first motion-control technology-based game, Caterpillar Count on the Leap Motion™ platform.
- Wins at the Youth Media Alliance awards: *Gisèle's Big Backyard* received the Award of Excellence for

Best Television Program, Interstitial, All Ages Category; *Mark's Moments* received the YMA Parents' Award; *Giver* received the Award of Excellence for Best Television Program, All Genres, Ages 6–8; and *Jack* received the Award of Excellence for Best Television Program, Animation, Ages 6–8.

- The Bernard A. Moyle Fire Public Education Award for fire safety advocacy.
- Nominations for six Canadian Screen Awards, two International Prix Jeunesse awards, and a digiAward.



“The popular characters are now at last, breaking out on their own. And they’re premiering on Canadian TV entertaining and educating the kids born to the *Fraggle Rock* generation.”

Jacques Gallant, *Toronto Star*, February 1, 2014



TVOKids Games Improve Math Skills

In July 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 children who played the games showed greater improvement across all math and math-related tasks.



TVOParents.com is an online community resource featuring advice, resources, interactive tools and the latest educational research designed to help parents help their kids succeed in school and in life.

Highlights from the year include:

- TVOParents.com Temperament Quiz, designed in collaboration with Hospital for Sick Children’s Infant Mental Health Promotion, allows parents to compare their temperaments with their children’s and offers tips on how to minimize conflict and maximize a healthy, supportive relationship.

- First educational media organization to receive the Holland Bloorview Kids Rehabilitation Hospital Circle of Honour Award.
- Waterloo Global Science Initiative’s Equinox Summit: Learning 2030, where TVOParents.com interviewed experts on math and science education in the 21st century.
- Sixth year at the People for Education’s Annual Conference, helping contextualize key learnings for parents.
- New in-depth series on the impact of digital literacy on parents and kids.



Steve Paikin on the set of *The Agenda with Steve Paikin*

“Neither *American Idol* nor any of the crazy reality shows out there would ever measure up to the great public program that we came to respect and appreciate. By watching great programming like *The Agenda*, my interest in Canadian history and politics has become more entrenched.”

Samuel Getachew, *Huffington Post Canada*, July 26, 2013

Public Engagement and Quality Educational Experience

continued...

An Ontario Perspective on Current Affairs

TVO's flagship current affairs program, *The Agenda with Steve Paikin*, provides an Ontario perspective on the big issues of the day, empowering Ontarians to be engaged citizens through in-depth analysis and thoughtful debate.

Highlights from the year include:

- Partnership with the Centre for Addiction and Mental Health, devoting a week of programming and web-exclusive content to mental health and addiction issues.
- Waterloo Global Science Initiative's Equinox Summit: Learning 2030 at Perimeter Institute—the culmination of TVO's year-long, multi-platform Learning 2030 series exploring the future of education.
- *The Agenda with Steve Paikin* was broadcast from Sudbury as part of *TVO on the Road: Learning 2030*, which investigated the future of careers in the trades.
- An exploration of the state of Canada's youth employment picture with the multi-platform series *Dude, Where's My Future?*
- Mysteries of the Mind week, a series of broadcasts, web-exclusive videos, blogs and engaged discussion on social media exploring the latest in neuroscience.
- Online series *Pull* unpacked how technology is transforming the conversation in social interaction, the not-for-profit sector, business, government, health care, media and education.
- *The Agenda with Steve Paikin* received the Registered Nurses' Association of Ontario 2013 Media Award for Television – Best In-Depth Feature for the series *Mental Health Matters*.



“[Paikin and the Premiers] is a primer for future premiers, present-day columnists, and any interested voter who wants to understand how and why leaders take decisions on the perennial issues facing the province.”

Martin Regg Cohn, *Toronto Star*, October 22, 2013

Recognition of Steve Paikin

Steve Paikin is a highly respected journalist and author who offers great value to TVO and to civil discourse in Ontario. During 2013–2014, Steve enjoyed several astounding accolades and moments of recognition:

- Named an Officer of the Order of Canada
- Appointed to the Order of Ontario
- Inducted into Hamilton's Gallery of Distinction
- Installed as Chancellor of Laurentian University
- Featured on national bestsellers lists with his fifth book, *Paikin and the Premiers: Personal Reflections on a Half Century of Ontario Leaders*

Public Engagement and Quality Educational Experience

continued...



The Water Brothers, Tyler and Alex Mifflin

**“This is TV
for the mind
and soul.”**

James Bawden,
JamesBawdenBlogspot.com
September 7, 2013

Documentaries

As the destination for documentary programming in Ontario, TVO is committed to providing a platform for Ontario filmmakers to tell their stories and to showcase diverse social and cultural issues that resonate across the province.

Highlights from the year include:

- Wins at the 2013 Hot Docs festival for TVO-commissioned documentaries *Fight Like Soldiers*, *Die Like Children* and *The Defector: Escape from North Korea*.
- Doc Studio Contest, TVO's annual short film competition, generated 106 entries from aspiring filmmakers from around the province—more than double the participation rate over the previous year.
- *Museum Diaries*, a six-part, TVO-commissioned series that offered audiences unprecedented access into the Royal Ontario Museum, Canada's largest museum of natural history and world cultures.
- Second season of the internationally acclaimed eco-adventure series *The Water Brothers*, providing Ontarians with insight into water issues around the world and at home.
- Writers' Guild of Canada award for Best Writing in a Documentary for TVO documentary *A Sorry State*.
- Wins at the 2013 Yorkton Festival: *Fight Like Soldiers*, *Die Like Children* for Best Documentary POV (point-of-view); and *Smoke Traders* for Best Documentary Social/Political and Best Aboriginal Award.



“The message I have for you is: nothing is impossible. If you only knew me 15 months ago you would not believe that I am the same girl. If I can go from losing everything I own and nearly losing my life, to earning my diploma, receiving the Robert Hogan Award and going after my dream career, then you can do anything too.”

Christine Gordon,
ILC 2013 valedictorian

The Independent Learning Centre (ILC)

Ontario's designated provider of distance education, the ILC serves Ontarians who want to earn secondary school credits, gain an Ontario Secondary School Diploma (OSSD), get their high school equivalency credentials by writing the GED tests or upgrade their skills for employment, apprenticeship or post-secondary entry.

Highlights from the year include:

- Enrolments steady at 26,368, resulting in over 19,000 students served.
- 10 new, next generation online courses developed and launched.

Homework Help

Homework Help is a free online math resource for students in grades 7–10, with live, one-on-one tutoring. More than 250 Ontario teacher tutors support the approximately 580,000 Ontario students who access Homework Help, helping to solve an average of 11,335 math questions every week on the site.

Great Place to Work



TVO is committed to cultivating a high-performance and values-based culture by equipping employees for success in the digital world. We empower employees to thrive in an organization that embraces continual change. And we do so within the context of our values of excellence and innovation, collaboration, ownership, respect and trust.

Highlights from the year include:

- Cutting-edge training from OCAD University in digital media for 35 employees in order to take TVO's high-quality educational content to the next level.
 - 94% response rate to employee survey with an increase in the overall satisfaction rate to 79%.
 - Departmental engagement sessions between CEO and staff.
 - Effective internal communication via myTVO intranet site.
 - Regular ALL-TVO meetings.
 - Ongoing divisional and departmental meetings.
- Annual performance management process that aligns each individual staff member's performance objectives with the overall objectives of the organization.
 - Recognition programs that celebrate achievements and recognize excellence: the Pass-Around Award in recognition of the achievement of a significant milestone that exemplifies excellence, innovation and collaboration; the Super Citizen Award that recognizes an employee who demonstrates excellence as a TVO citizen and makes TVO a great place to work; and the annual Polkaroo Awards that honour three outstanding staff members who demonstrate excellence and innovation.



To promote innovation, TVO has begun structuring cross-functional project teams to build on our collective strengths in order to work together to create the best possible product for the citizens of Ontario.

Highlights from the year include:

- Launch of TVO's first motion control technology-based game, Caterpillar Count, a free TVOKids math activity for preschoolers available on the Leap Motion™ platform.
- Successful growth in building a social media audience, expanding reach and driving traffic to TVO websites.
- Transforming teaching and learning through IdeaShaker innovations, including gesture technology apps and games.
- Next generation of online ILC courses allowing students to experience a virtual and interactive learning environment, at their home or school.
- Developing project teams across the organization to develop new products, including a new platform for Ontario's 130,000 teachers and a new digital learning math resource for kindergarten to Grade 6.

“I have always believed that every citizen of Ontario shares a common right to self-advancement. Education is fundamental to that right and I value TVO’s role in making thought-provoking, educational content available to all Ontarians. Whether they’re starting out on life’s journey or find themselves coming down the home stretch, TVO offers educational opportunities for all. Learning, after all, is a lifelong pursuit.”

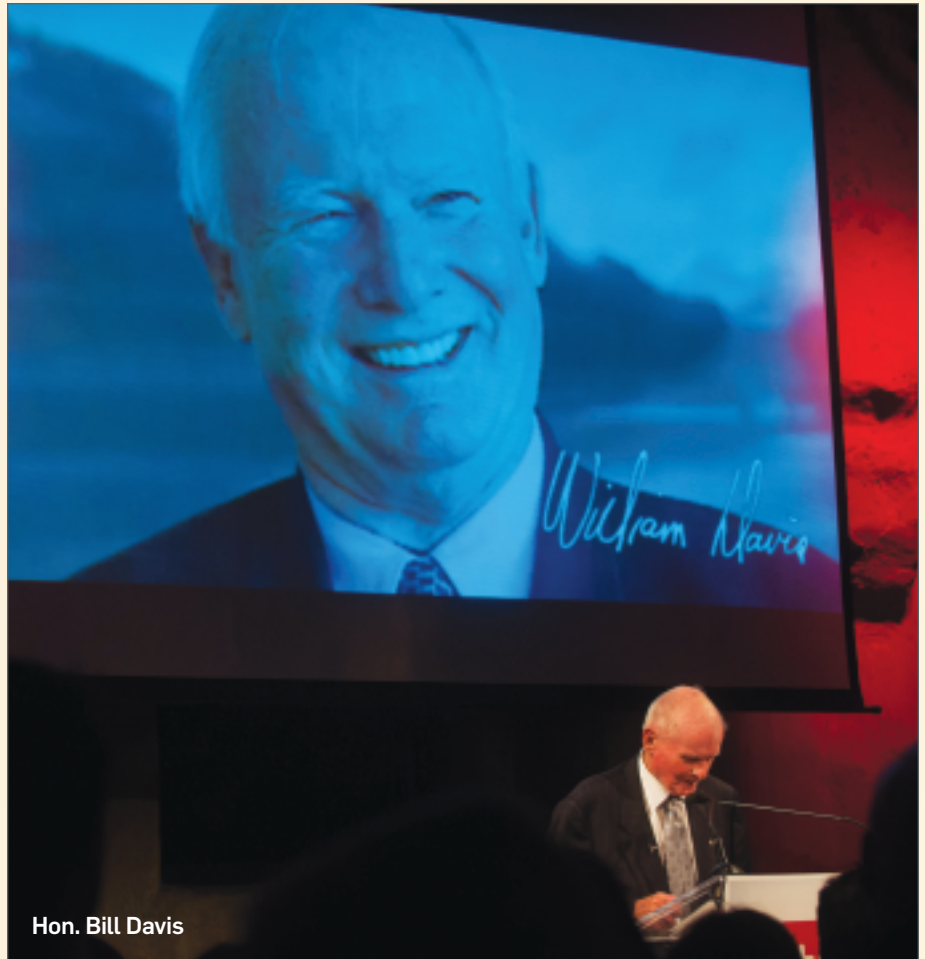
The Hon. William G. Davis, former Premier, Minister of Education, Minister of University Affairs, lawyer and visionary founder of TVO.

A Tribute to Bill Davis

On November 6, 2013, TVO honoured Mr. William Davis’ legacy and his outstanding contribution to Ontario, and to TVO.

“Few people have left such an indelible mark on the fabric of life in Ontario as the Hon. William G. ‘Bill’ Davis. He is responsible for shaping much of what makes us proud to be Ontarians. One of his most important contributions was overseeing a transformation of our public education system. Mr. Davis’ legacy has an impact on people of all ages—it is because of him that millions of Ontarians have more opportunities to achieve their goals in life thanks to the power of education.”

Lisa de Wilde, CEO, TVO



Hon. Liz Sandals, Hon. Bill Davis and Hon. Kathleen Wynne



Deb Hutton, Tim Hudak, Lisa de Wilde and Peter O'Brian

TVO continues to work to establish new digital revenue sources and to nurture existing self-generated revenue sources.

Highlights from the year:

- A new sales agreement with Bell Mobility to deliver children's programming directly to mobile devices.
- Continued digital advertising revenues realized through TVO's YouTube channel.
- Strong impact realized in philanthropy revenues from new face-to-face donor acquisition campaigns conducted in the prior year.
- New philanthropy model for the annual fundraising gala resulting in larger revenues.

Efficiency Gains

TVO remains focused on organizational effectiveness and the adoption of new strategies to better position us to act on opportunities in our priority areas of Digital Education and Current Affairs. We continue to identify and execute initiatives that create efficiencies in operations and increased productivity. The new organizational structure introduced during the year not only better aligns organizational decision-making but also creates opportunities to centralize activities into areas with common expertise to better control costs in the provision of support functions to the organization.

Highlights for the year include:

- Implementation of a new right-sized financial system for TVO's operating activities will provide savings from operations, freeing resources to be redeployed.
- Expanded the centralized approach to delivery of common area services throughout the organization, resulting in more focused delivery of product and streamlining organizational cost structure.
- Decommissioned 33 additional low power retransmission towers, creating operating cost savings to be redeployed for growth of Digital Education and Current Affairs.

Philanthropy and Sponsorship

Philanthropy and sponsorship are fundamental to TVO's financial sustainability and offer the best opportunity to build a sustainable financial model. TVO has been adopting fundraising best practices by increasing stewardship, raising awareness of TVO's registered charity status and introducing new programs to grow the base of annual donors.

Highlights from the year include:

- 41,104 Ontarians donated to TVO, contributing \$7.2 million in revenues.
- Sold-out fundraising gala, *A Tribute to Bill Davis*—a remarkable evening honouring Mr. Davis' legacy and his outstanding contribution to Ontario, and to TVO, featuring tributes from key dignitaries.
- Introduced 14 new direct-response spots that tell first-person stories of TVO's impact and appeal to donors online and on-air.
- Sixth consecutive year of sponsorship from the Chartered Professional Accountants of Ontario (formerly Institute of Chartered Accountants of Ontario) in support of *The Agenda with Steve Paikin*.
- Face-to-face fundraising, recruiting more than 300 new donors as part of the Producer's Club monthly giving program.

HARD ROCK MEDICAL STRIKES A CHORD WITH ONTARIANS

Building on TVO's commitment to creating content that is uniquely Ontarian, TVO's first commissioned drama series, *Hard Rock Medical*, reflects the realities of life in northern Ontario and showcases the richness of our communities and landscape.

TVO's investment in *Hard Rock Medical* triggered production funding from several partners, including the Northern Ontario Heritage Fund Corporation, supporting local production in the north and generating 50 local jobs. Without TVO, this important series would not have been made.



**Lisa de Wilde at
Hard Rock Medical
screening in Sudbury**



**Hard Rock Medical cast members:
Patrick McKenna, Rachelle Casseus, Melissa Jane Shaw, Tamara Duarte, Stéphane Paquette and Christian Laurin.**



Viewers responded by live-tweeting via Twitter every Sunday:

@Our_Native_Land:

"#HardRockMed Finally some positive representation of the Aboriginal community...@tvo approaching First Nations with an open mind, one rarely seen in mainstream television."

@horrorchique:

"If this is the kind of show @tvo is going to produce as scripted dramas they NEED to make more. Awesome first 2 eps! #hardrockmed"

@eulerist:

"#YouKnowYoureCanadianWhen it's Sunday evening and you're watching #HardRockMed on @TVO"



Anatomy class

"Hard Rock Medical is a kind of Grey's Anatomy for Canucks."

Tony Wong, *Toronto Star*, June 6, 2013



Hard Rock Medical cast and director in Q&A session at Sudbury screening

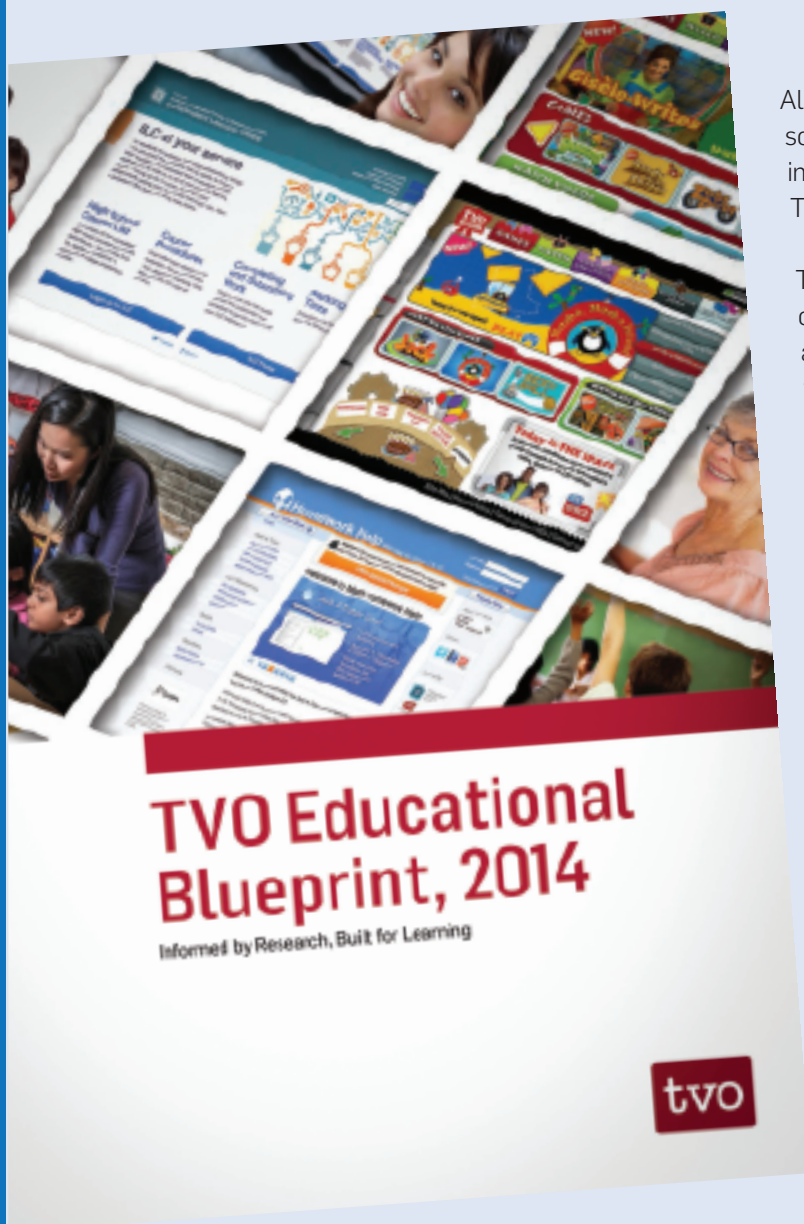
Hard Rock Medical is "pithy, funny and inventive."

John Doyle, *Globe and Mail*, February 19, 2014



TVO Educational Blueprint

Ontarians rate TVO as both the “most trusted” and “most educational” media brand for children in Canada.

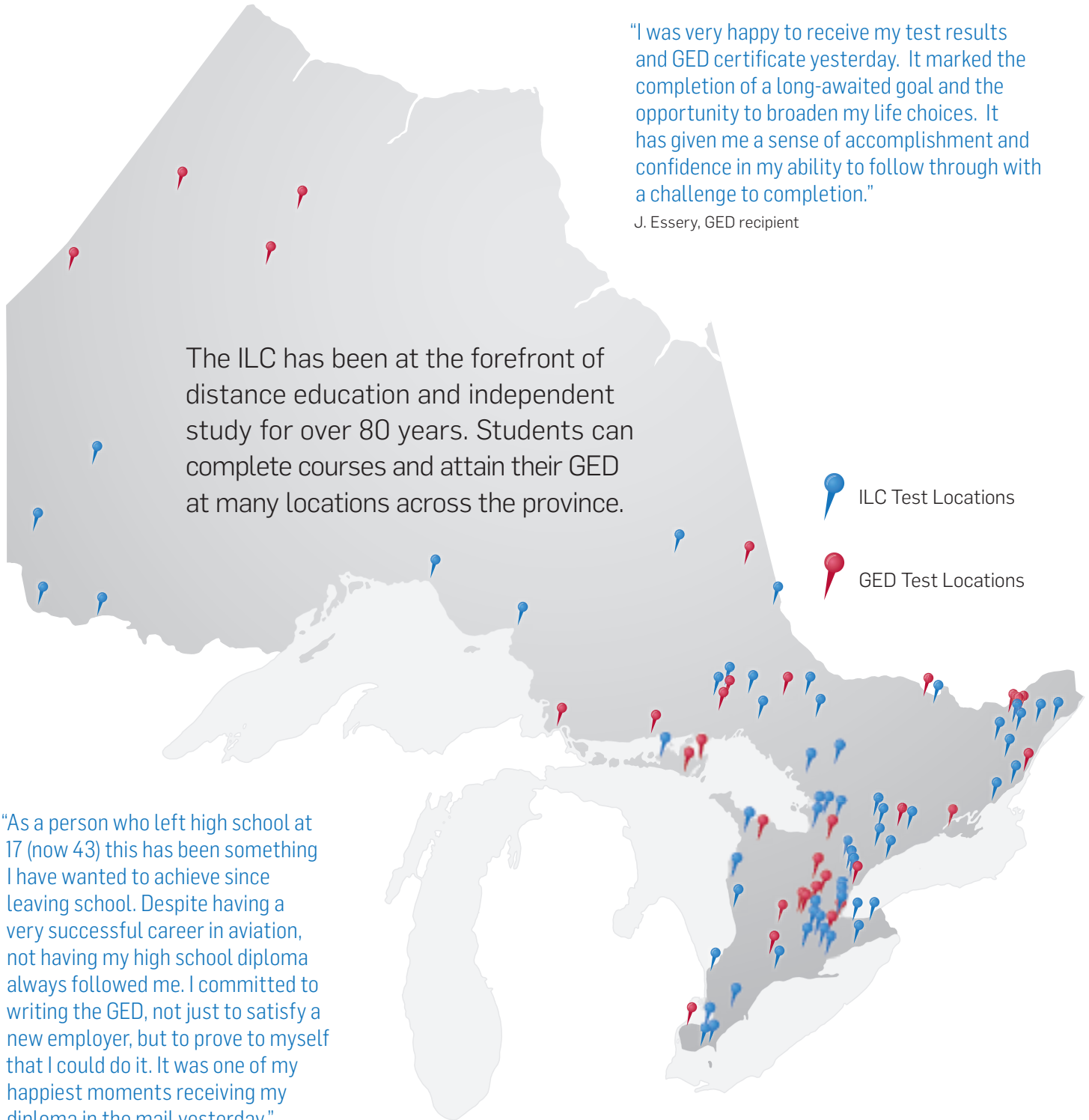


All TVOKids content is aligned with the Ontario school curriculum and is created using a unique instructional design process. We call this the TVO Educational Blueprint.

This process ensures that each step of content creation is informed by research, evidence and the input of specialists. We work with various partners, including Let’s Talk Science, the Ontario Institute for Studies in Education (OISE), Sheridan College, Centennial College, teachers from districts across the province and the Ministry of Education, to create content that is of the highest quality and makes a measurable impact on learning outcomes. We then test the educational content with both teachers and students in Ontario classrooms.

Using the TVO Educational Blueprint is one of our unique features—ensuring that all TVOKids content supports learners in the development of 21st-century skills and offers more ways to learn.

ILC Across Ontario



The ILC has been at the forefront of distance education and independent study for over 80 years. Students can complete courses and attain their GED at many locations across the province.

"I was very happy to receive my test results and GED certificate yesterday. It marked the completion of a long-awaited goal and the opportunity to broaden my life choices. It has given me a sense of accomplishment and confidence in my ability to follow through with a challenge to completion."

J. Essery, GED recipient

"As a person who left high school at 17 (now 43) this has been something I have wanted to achieve since leaving school. Despite having a very successful career in aviation, not having my high school diploma always followed me. I committed to writing the GED, not just to satisfy a new employer, but to prove to myself that I could do it. It was one of my happiest moments receiving my diploma in the mail yesterday."

J. Ivanitz, GED recipient

Tap root system



Acknowledgements

Donor and Sponsor Recognition

Board of Directors 2013–2014

Regional Councillors Advisory Board

The logo for TVO, consisting of the lowercase letters 'tvo' in white, set against a red square background.

Donor and Sponsor Recognition

Thank You!

This past year, tens of thousands of generous supporters made the decision to contribute to TVO. Individuals, families, foundations and corporations; one-time donors, monthly donors, long-time supporters and new friends; the young and the young at heart have all given generously. We are grateful for every contribution entrusted to us.

Corporate and Community Supporters

We gratefully acknowledge the generosity of our corporate supporters and community partners who invest in TVO and who empower Ontarians through educational media.

- BlackBerry
- BlackRock iShares
- Collette Vacations
- Elgin County Railway Museum
- Chartered Professional Accountants of Ontario
- Insurance Bureau of Canada
- KIDDE Canada
- Manulife
- Rullingnet Corp.
- Shaw Festival
- TD Bank Group
- Toronto Region Conservation Authority (TRCA)



The Value of TVO— A Donor's Perspective

As a full-time teacher and mother of two, Anika is constantly juggling her work and her family. As a teacher, she knows the importance of a strong educational foundation, and makes learning a priority in her household.

"TVO definitely makes my life easier," she says. "It entertains my children while educating them. I can trust that what they're watching is educational." Anika encourages other parents to support TVO: "TVO provides everything our family needs."

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

- Aboriginal HIPPY Canada
- Andrew Fleck Child Care Services
- Boys and Girls Clubs of Canada
- Brampton Georgetown Montessori School
- Centennial College
- e-Learning Ontario
- Family Day Care Services
- 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
- Ontario Association of Food Banks
- Ontario Dental Association
- Ontario Fire Marshall
- Ontario Institute for Studies in Education
- Ontario Library Association
- Ontario Ministry of Transportation – Road Safety
- Ontario Science Centre
- Peel District School Board
- People For Education
- Perimeter Institute for Theoretical Physics
- Royal Ontario Museum
- Toronto Catholic District School Board
- Toronto District School Board
- University of Toronto– Munk Centre for International Affairs
- Waterloo Global Science Initiative
- Wilfrid Laurier– Media Lab University
- YMCA
- York Region School Board

Board of Directors 2013 – 2014

Peter O'Brian

President, Independent Pictures Inc. (Toronto)

Chair of the Board, Governance Committee, Audit Committee

First term: Nov. 1, 2005 – Oct. 31, 2008

Second term: Nov. 1, 2008 – Oct. 31, 2011

Third term: Nov. 1, 2011 – Oct. 31, 2012

Fourth term: Nov. 1, 2012 – Oct. 31, 2014

Diane Kelly

Retired, former General Counsel

Queen's University (Kingston)

Vice-Chair, Governance Committee Chair

First term: May 30, 2007 – May 30, 2010

Second term: May 31, 2010 – May 30, 2013

Third term: May 31, 2013 – May 29, 2016

Nana Barnor

Pediatrician, Humber River Regional Hospital (Toronto)

Member, Governance Committee

First term: Aug. 12, 2009 – Aug. 11, 2012

Second term: Aug. 12, 2012 – Aug. 11, 2014

Gary Comerford

Executive Vice-President and Chief Marketing Officer

Reinsurance Group of America International (Oakville)

Member, Audit Committee

First term: June 19, 2013 – June 18, 2016

Toby Jenkins

President, Columbia Lake Development (Waterloo)

Member, Audit Committee

First term: June 20, 2012 – June 10, 2015

Jim Marchbank

Retired, former CEO, Science North (Sudbury)

Member, Governance Committee

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

Kristin Morch

LLB (Toronto)

Member, Governance Committee

First term: June 19, 2013 – June 18, 2016

Geetu Pathak

Business Executive (Toronto)

Member, Audit Committee Chair

First term: May 3, 2010 – May 2, 2013

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

Mark Wakefield

CA (Markham)

Member, Audit Committee

First term: June 19, 2013 – June 18, 2016

The total honorarium paid to the Board in 2013–2014 was \$25,000 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 board is composed of committed individuals from 30 communities across Ontario and is an integral part of the organization's community outreach. We are thankful to the following individuals for their time and valuable feedback.

David Allen, Etobicoke

Steve Andrusiak, London

Lesley Bell, Thunder Bay

Michael Boos, Sioux Lookout

Jorge Campos, Willowdale

Jae Chong, Richmond Hill

Keith Clingen, Martintown

Susan Code McDougall, Perth

Angela Wei Djao, Toronto

Tony Gaspar, Manitouwadge

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

Upali Obeyesekere, Toronto

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

Audited Financial Statements 2013–2014

Management's Responsibility for Financial Statements

Independent Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to Financial Statements

The logo for TVO, consisting of the lowercase letters 'tvo' in a white, sans-serif font, centered within a solid black square.

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 judgment, 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 26, 2014.

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 Canadian public sector accounting standards. 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:

A handwritten signature in black ink, appearing to read "Lisa de Wilde", is written over a horizontal line.

Lisa de Wilde
Chief Executive Officer

2180 Yonge Street, Box 200, Station Q, Toronto ON, Canada M4T 2T1 t. 416.484.2600



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 statement of financial position as at March 31, 2014 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, 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 audit. I conducted my audit 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 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, 2014 and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Gary Peall, CPA, CA, LPA
Deputy Auditor General

Toronto, Ontario
June 26, 2014

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www.auditor.on.ca

Statement of Financial Position

As of March 31, 2014

(\$000s)	2014	2013
Assets		
Current Assets		
Cash and cash equivalents (note 3)	20,482	18,023
Accounts receivable (note 3)	2,326	1,111
Prepaid expenses	671	649
Inventories	143	148
	23,622	19,931
Broadcast rights and production costs (note 7)	19,926	18,236
Investments held for Capital Renewal (note 5)	5,271	5,642
Net Capital Assets (note 6)	12,458	13,808
Total Assets	61,277	57,617
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	8,978	10,148
Deferred revenue (note 8)	2,414	2,023
	11,392	12,171
Deferred capital contributions (note 9)	10,868	12,794
Employee future benefits (note 4)	20,520	19,597
Asset retirement obligation (note 6)	173	368
	31,561	32,759
Net Assets		
Invested in broadcast rights and production costs	19,924	18,233
Invested in capital assets	6,668	6,242
Internally restricted (note 13)	1,821	-
Unrestricted	(10,089)	(11,788)
	18,324	12,687
Total Liabilities and Net Assets	61,277	57,617

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

On behalf of the Board:



Chair



Director

Statement of Operations

For the year ended March 31, 2014

(\$000s)	2014	2013
Revenues		
Government operating grants (note 10)	40,046	43,069
Independent Learning Centre (note 16)	13,188	12,964
Other earned revenue (note 12)	7,476	7,443
Bequest (note 13)	1,821	-
Government and corporate project funding (note 11)	189	905
Amortization of deferred capital contributions (note 9)	1,813	2,526
	64,533	66,907
Expenses		
Content and programming	18,451	23,634
Technical and production support services	12,802	13,762
Independent Learning Centre (note 16)	11,319	11,548
Management and general expenses	6,475	6,905
Cost of other earned revenue (note 12)	2,550	3,152
Amortization of capital assets and accretion expense (note 6)	3,530	3,482
Employee future benefits (note 4)	3,769	4,316
	58,896	66,799
Excess of revenues over expenses	5,637	108

See accompanying Notes to Financial Statements

Statement of Changes in Net Assets

For the year ended March 31, 2014

(\$000s)	2014				
	Invested in Broadcast Rights and Production Costs	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
Balance, beginning of year	18,233	6,242		(11,788)	12,687
Excess/(deficiency) of revenues over expenses	(6,543)	(1,720)	-	13,900	5,637
Invested in assets during the year	8,234	2,146	-	(10,380)	-
Interfund transfers (note 13)	-	-	1,821	(1,821)	-
Balance, end of year	19,924	6,668	1,821	(10,089)	18,324

(\$000s)	2013			
	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)	-
Balance, end of year	18,233	6,242	(11,788)	12,687

See accompanying Notes to Financial Statements

Statement of Cash Flows

For the year ended March 31, 2014

(\$000s)	2014	2013
Operating Activities		
Excess of revenues over expenses	5,637	108
Add/(deduct) non-cash items:		
Amortization of capital assets	3,725	4,104
Drawdown of asset retirement obligation	(195)	(622)
Amortization of deferred capital contributions	(1,813)	(2,526)
Amortization of broadcast rights and production costs	6,544	6,994
Employee future benefits	923	1,530
Loss on disposal of capital assets	3	411
Net changes in non-cash working capital:		
Accounts receivable	(1,215)	(65)
Inventories	5	(5)
Prepaid expenses	(22)	195
Deferred revenue	391	(619)
Accounts payable and accrued liabilities	(1,170)	1,194
Cash provided by operating activities	12,813	10,699
Capital transactions		
Broadcast rights additions	(8,234)	(8,680)
Proceeds from disposal of capital assets	11	54
Capital asset additions	(2,389)	(1,679)
Cash applied to capital transactions	(10,612)	(10,305)
Investing and financing transactions		
Current year's deferred capital contributions	258	159
Cash provided by investing and financing activities	258	159
Net increase in cash position during the year	2,459	553
Cash and cash equivalents, beginning of year	18,023	17,470
Cash and cash equivalents, end of year	20,482	18,023

See accompanying Notes to Financial Statements

Notes to Financial Statements

For the year ended March 31, 2014

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. 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 for Government Not-for-Profit Organizations.

(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 and 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, contributions and bequests are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants, contributions and bequests 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 Education 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

Audited Financial Statements 2013-14

(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.

(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 related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or 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 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.

3. FINANCIAL INSTRUMENTS

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 1.6% (2013 – 1.8%).

Accounts receivable

(\$000s)	2014	2013
ILC earned revenue, donations, sales and licensing, tower rentals and transmitter maintenance fees	1,492	496
HST rebate	784	460
Private sector funding	-	3
Others	50	152
	2,326	1,111

Operating line of credit

As part of its financial arrangements, the Authority negotiated a demand revolving line of credit with CIBC. The maximum available credit under the facility is \$1 million (2013 - \$1 million). The line of credit is unsecured and bears interest at the bank's prime lending rate. As at March 31, 2014, no amount (2013 - \$0) was outstanding under the facility.

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 monitoring 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 maintains a U.S. dollar bank account. Its balance was not large enough at any time during the year to expose the Authority to significant currency risks.

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

4. 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 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.

Audited Financial Statements 2013-14

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 defined benefit pension plans was as of January 1, 2014. The next valuation for funding purposes is no later than as of January 1, 2017.

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	
	2014	2013	2014	2013	2014	2013	2014	2013
Plan deficit as of January 1:								
Accrued benefit obligation	95,612	88,666	953	1,066	11,102	11,592	107,667	101,324
Fair value of plan assets	(93,146)	(83,530)	-	-	-	-	(93,146)	(83,530)
	2,466	5,136	953	1,066	11,102	11,592	14,521	17,794
Balance of unamortized actuarial (gains)/losses as of January 1	3,125	(53)	348	76	3,149	2,388	6,622	2,411
Contributions – Jan 1 to Mar 31	(538)	(538)	-	-	(85)	(70)	(623)	(608)
Employee future benefits Liability as at March 31	5,053	4,545	1,301	1,142	14,166	13,910	20,520	19,597

(\$000s)	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Expenses for the year:								
Defined benefit plan:								
Service cost (employer portion)	2,214	2,089	166	161	345	466	2,725	2,716
Amortization of actuarial (gains)/losses	25	219	(8)	(7)	(184)	(7)	(167)	205
Interest cost on accrued benefit obligation	5,282	5,149	45	37	435	486	5,762	5,672
Expected return on plan assets	(4,905)	(4,679)	-	-	-	-	(4,905)	(4,679)
Total defined benefit expense	2,616	2,778	203	191	596	945	3,415	3,914
Defined contribution plan	354	402	-	-	-	-	354	402
Total expenses	2,970	3,180	203	191	596	945	3,769	4,316
Contributions made to the plans:								
Pension plan contributions - Authority	2,462	2,497	44	6	-	-	2,506	2,503
Pension plan contributions - employees	873	918	-	-	-	-	873	918
Payments made from all the plans as of January 1:								
Pension benefits paid	4,693	4,328	-	-	-	-	4,693	4,328
Termination benefits paid	3,222	3,916	-	-	-	-	3,222	3,916

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	
	2014	2013	2014	2013	2014	2013
Discount rate to determine the accrued benefit obligation	6.00%	6.00%	4.50%	3.70%	4.50%	3.70%
Discount rate to determine the benefit cost	6.00%	6.00%	3.70%	3.60%	3.70%	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%	8.00%
Dental cost rate increase	N/A	N/A	N/A	N/A	4.50%	4.50%
Average remaining service lifetime (years)	11	11-12	10	11	12	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

	2014	2013
Asset category		
Equity securities	56%	56%
Debt securities	39%	38%
Real estate fund	5%	6%

The actual investment return on pension plan assets was 16.1% in 2014 (2013 – 8.7%).

5. 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 1.4% (2013 – 1.5%) during the fiscal year. The changes in the fund are as follows:

(\$000s)	2014	2013
Balance, beginning of year	5,642	6,566
Project expenses – Digital Over The Air	(446)	(1,013)
Interest earned	75	89
	5,271	5,642

Audited Financial Statements 2013-14

6. CAPITAL ASSETS AND ASSET RETIREMENT OBLIGATION

Capital assets consist of the following:

(\$000s)	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	186	-	186	186	-	186
Buildings	2,268	2,136	132	2,276	2,114	162
Transmitters	11,995	8,778	3,217	13,415	10,333	3,082
Transmitter monitoring equipment	3,102	2,432	670	3,046	2,327	719
In house technical equipment	22,136	18,107	4,029	24,058	18,582	5,476
Leasehold improvements	8,507	8,448	59	8,507	8,290	217
Computer equipment	5,931	4,290	1,641	5,467	3,909	1,558
Office furniture and fixtures	1,937	1,100	837	1,892	987	905
Office equipment	975	923	52	974	910	64
Vehicles	364	309	55	557	463	94
Computer software	2,884	1,304	1,580	2,227	882	1,345
Total	60,285	47,827	12,458	62,605	48,797	13,808

Amortization expense for the year was \$3,725,000 (2013 - \$4,104,000) 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 which was required under their respective 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 \$316,000 (2013 - \$368,000).

(\$000s)	2014	2013
Opening balance	368	990
Accretion expense	7	-
Retirement of LPRTs	(202)	(622)
Closing balance	173	368

7. BROADCAST RIGHTS AND PRODUCTION COSTS

Broadcast rights and production costs consist of the following:

(\$000s)	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Broadcast rights and completed productions	43,203	26,375	16,828	34,311	19,831	14,480
Work in progress	3,098	-	3,098	3,756	-	3,756
	46,301	26,375	19,926	38,067	19,831	18,236

Amortization expense for the year was \$6,544,000 (2013 - \$6,994,000) and is included in Content and Programming expense.

8. DEFERRED REVENUE

(\$000s)	2014	2013
ILC – Ministry of Education grant and provincial project funding (note 16)	1,534	1,534
Bequest (note 13)	607	-
Transmitter tower rental and maintenance	135	147
Sponsorship revenue	83	278
Corporate project funding (note 11)	2	3
Other	53	61
	2,414	2,023

Expenditures related to the above deferrals, except for the bequest, have been budgeted for the 2015 fiscal year.

9. 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)	2014	2013
Deferred capital contributions, beginning of year	12,794	16,086
Capital assets funded by Ministry of Education grant		
Digital Over The Air project	258	159
Project funding deferred to next year		
Project funding – Digital Over The Air project (note 11)	75	521
Project funding deferred from prior year	(521)	(1,535)
Interest earned	75	89
Amortization of deferred capital contributions to revenue	(1,813)	(2,526)
Deferred capital contributions, end of year	10,868	12,794

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.

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10. GOVERNMENT OPERATING GRANTS

(\$000s)	2014	2013
Ontario Ministry of Education		
Base grant	38,446	40,469
Capital maintenance grant	1,600	1,600
One-time digital over the air transmission operations grant	-	1,000
	40,046	43,069

11. GOVERNMENT AND CORPORATE PROJECT FUNDING

(\$000s)	2014	2013
Provincial project funding		
Ministry of Education		
Digital Over The Air – Funding deferred to future year (note 9)	(75)	(521)
Deferred capital contributions	263	1,376
	188	855
Corporate project funding		
Funding deferred from prior year (note 8)	3	53
Funding deferred to future year (note 8)	(2)	(3)
	1	50
Total government and corporate project funding	189	905

12. OTHER EARNED REVENUE AND COST

(\$000s)	2014			2013		
	Revenue	Cost	Net Revenue	Revenue	Cost	Net Revenue
Individual and corporate donations	5,448	2,550	2,898	5,107	3,152	1,955
Revenue from OFECA (note 18)	-	-	-	61	-	61
Tower rental and transmitter maintenance	980	-	980	1,162	-	1,162
Interest income and foreign exchange gain and loss	396	-	396	454	-	454
Sales and Licensing	332	-	332	322	-	322
Property tax rebate program for charities	244	-	244	247	-	247
Asset disposal	11	-	11	54	-	54
Others	65	-	65	36	-	36
	7,476	2,550	4,926	7,443	3,152	4,291

13. BEQUEST

During the year, The Authority received a significant bequest totalling \$2,428,000 from the estate of a TVO viewer. The donor stipulated in his will that 25% (\$607,000) of the bequest be applied toward *The Agenda* program. This restricted portion of the bequest is included in Deferred revenue in the Statement of Financial Position. Revenue will be recognized in future years when expenditures are incurred toward new projects associated with *The Agenda*.

The Authority has internally restricted the remaining 75% (\$1,821,000) of the bequest for new projects or enhancement of existing products or services as approved by the Board of Directors. This amount is recognized as Bequest revenue in the Statement of Operations and as Internally restricted Net Assets in the Statement of Financial Position.

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)	2014	2013
Content and programming	1,683	1,639
Technical and production support services	1,093	1,068
Independent Learning Centre	657	662
Management and general	601	590
Cost of other earned revenue	89	110
	4,123	4,069

b) Expenses by Type

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

(\$000s)	2014	2013
Salaries and wages	26,173	27,700
Employee benefits	4,473	8,221
Employee future benefits	3,769	4,316
Licences and other	5,323	6,052
Facilities	4,672	4,873
Transportation and Communication	1,929	2,172
Other services	7,897	8,620
Supplies and equipment	1,130	1,363
Amortization of capital assets and accretion expense	3,530	3,482
	58,896	66,799

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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
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	1,385	-	1,385
2020 and beyond	12,035	-	12,035
	18,749	2,078	20,827

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

16. THE INDEPENDENT LEARNING CENTRE

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 Education 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)	2014	2013
Activities were funded by:		
Ministry of Education ILC grant	6,421	6,421
Homework Help project	4,000	2,900
Funding deferred from prior year (note 8)	1,534	2,319
Funding deferred to a future year (note 8)	(1,534)	(1,534)
ILC grant and project funding recognized	10,421	10,106
ILC earned revenues	2,767	2,858
Total ILC grant, project funding and earned revenue	13,188	12,964
Expenses during the year:		
Salaries and benefits	7,037	7,370
Transportation and communication	373	520
Services	2,848	2,555
Allocated general expenses (note 14)	657	662
Licences	249	304
Supplies, equipment and others	155	137
Total ILC expenses	11,319	11,548
ILC contribution to overhead	1,869	1,416

Direct expenses related to the funding deferred to a future year have been budgeted for the 2015 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.

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. Specifically, the Authority received 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)	2014	2013
School boards	960	1,026
OFECA (note 12)	-	61
	960	1,087

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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