The Ontario Educational Communications Authority

Financial Statements
for the year ended
March 31, 2022

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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 determined 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 29, 2022.

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 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 and meets periodically with management, 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:

Jeffrey L. Orridge
Chief Executive Officer

Jennifer Hinshelwood
Chief Operating Officer

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of the Ontario Educational Communications Authority (operating as TVO), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TVO as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of TVO in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

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

Those charged with governance are responsible for overseeing TVO's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TVO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TVO's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause TVO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
June 29, 2022

Susan Klein, CPA, CA, LPA
Assistant Auditor General

Statement of Financial Position

As of March 31, 2022

($000s)	2022	2021 Restated (note 19)
Assets		
Current Assets		
Cash and cash equivalents (note 3)	35,498	17,755
Short term investments (note 3)	10,114	15,664
Accounts receivable (note 3)	1,692	15,815
Prepaid expenses	1,005	1,009
Inventories	18	18
	48,327	**50,261**
Broadcast rights and production costs (note 7)	**20,742**	**20,502**
Investments held for Capital Renewal (note 5)	**3,493**	**3,467**
Capital assets (note 6a)	**10,200**	**11,983**
Total Assets	**82,762**	**86,213**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	14,395	8,225
Deferred revenue (note 8)	8,547	22,099
	22,942	**30,324**
Deferred capital contributions (note 9)	6,565	7,294
Employee future benefits (note 4)	16,006	15,631
Asset retirement obligation (note 6b)	244	234
	22,815	**23,159**
Net Assets		
Invested in broadcast rights and production costs	20,742	20,502
Invested in capital assets	6,882	7,909
Unrestricted	9,381	4,319
	37,005	**32,730**
Total Liabilities and Net Assets	**82,762**	**86,213**

Commitments and contingencies (notes 14 and 17)
See accompanying Notes to Financial Statements.

On behalf of the Board:

Chair **Director**

Statement of Operations

As of March 31, 2022

($000s)	2022	2021 Restated (note 19)
Revenues		
Government operating grants (note 10)	38,303	38,303
Independent Learning Centre, General Education Development and Mathify (note 15a)	9,863	9,698
Earned revenue (note 12)	11,715	11,982
Government project funding (note 11)	14,825	3,061
Amortization of deferred capital contributions (note 9)	867	958
	75,573	**64,002**
Expenses		
Content and programming	16,600	18,436
Technical and production support services	15,321	15,128
Independent Learning Centre, General Education Development and Mathify (note 15b)	13,938	13,114
Online Course Development and Technology Support (note 16b)	13,938	2,501
Management and general expenses	5,845	5,745
Employee future benefits (note 4)	683	521
Cost of earned revenue (note 12)	1,529	2,606
Amortization of capital assets	3,444	3,820
	71,298	**61,871**
Excess of revenues over expenses	**4,275**	**2,131**

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

For the year ended March 31, 2022

($000s)	2022			
	Invested in Broadcast Rights and Production Costs	**Invested in Capital Assets**	**Unrestricted**	**Total**
Balance, beginning of year	**20,502**	**7,909**	**4,319**	**32,730**
Excess/(deficiency) of revenues over expenses	(6,410)	(2,877)	13,562	4,275
Invested in assets during the year	6,650	1,850	(8,500)	-
Balance, end of year	**20,742**	**6,882**	**9,381**	**37,005**

($000s)	2021 Restated (note 19)			
	Invested in Broadcast Rights and Production Costs	**Invested in Capital Assets**	**Unrestricted**	**Total**
Balance, beginning of year	**20,112**	**9,165**	**1,322**	**30,599**
Excess/(deficiency) of revenues over expenses	(6,449)	(2,936)	11,516	2,131
Invested in assets during the year	6,839	1,680	(8,519)	-
Balance, end of year	**20,502**	**7,909**	**4,319**	**32,730**

See accompanying Notes to Financial Statements.

Statement of Cash Flows

For the year ended March 31, 2022

($000s)	2022	2021 Restated (note 19)
Operating Activities		
Excess of revenues over expenses	4,275	2,131
Add/(deduct) non-cash items:		
Amortization of capital assets	3,444	3,820
Accretion asset retirement obligation (note 6)	10	10
Amortization of deferred capital contributions (note 9)	(867)	(958)
Amortization of broadcast rights and production costs (note 7)	6,410	6,449
Employee future benefits expense (note 4)	683	521
Loss on disposal of capital assets	289	64
Net changes in non-cash working capital:		
Accounts receivable	14,123	(14,623)
Inventories	-	4
Prepaid expenses	4	28
Deferred revenue	(13,552)	14,043
Accounts payable and accrued liabilities	6,170	(612)
Employee future benefits payments	(308)	(149)
Cash provided by operating activities	**20,681**	**10,728**
Capital transactions		
Broadcast rights additions	(6,650)	(6,839)
Capital asset additions	(1,950)	(1,844)
Proceeds from disposal of capital assets	-	1
Cash applied to capital transactions	**(8,600)**	**(8,682)**
Investing and financing transactions		
Purchase of short term investments	-	(10,050)
Redemption of short term investments	5,644	5,889
Interest	(94)	(320)
Current year's deferred capital contributions	112	186
Cash provided by (applied to) investing and financing activities	**5,662**	**(4,295)**
Net increase (decrease) in cash position during the year	**17,743**	**(2,249)**
Cash and cash equivalents, beginning of year	**17,755**	**20,004**
Cash and cash equivalents, end of year	**35,498**	**17,755**

See accompanying Notes to Financial Statements.

Notes to Financial Statements

For the year ended March 31, 2022

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 (the "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 licensed 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, 2015 to August 31, 2022.

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

2. 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 that include the 4200 series of the Public Sector Accounting Standards.

(b) Cash and Cash Equivalents

Cash includes balances with banks, net of any overdrafts. Cash equivalents consist of short-term, high-grade Canadian dollar investments maturing within 90 days.

(c) Inventories Held for Consumption

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

(d) 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	Amortization Period
Building	30 years
Computer Equipment	5 years
Computer Software	3-5 years
In-House Technical Equipment	7 years
Leasehold Improvements	5 years
Office Equipment	10 years
Office Furniture and Fixtures	15 years
Transmitters	17 years
Transmitters - Asset Retirement Obligation	17 years
Transmitter Monitoring Equipment	7 years
Vehicles	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.

Work in progress is not amortized until the completed assets are placed into operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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") and registration fees for General Education Development ("GED") are recognized as revenue at the time of enrolment.

(f) Employee Future Benefits

Pension Benefit Costs

Eligible Authority employees are members of the Public Service Pension Plan (PSPP). The Authority accounts for its participation in the PSPP, which is a multi-employer defined benefit pension plan, as a defined contribution plan.

The Province of Ontario, who is the sole sponsor of the PSPP, determines the Authority's annual payments to the PSPP and is responsible for ensuring that the pension funds are financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Authority. Therefore, the Authority's contributions are accounted for as if the PSPP was a defined contribution plan with the Authority's contributions being expensed in the period they come due.

Post-employment Benefits Plan

The cost of other post-retirement benefits is determined by independent actuaries based on management's best estimate assumptions using the projected benefits method prorated on service. Adjustments to these costs arising from changes in estimates and actuarial experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis.

(g) Broadcast Rights and Production Costs

Broadcast rights and production costs are accounted for as follows:

- Current affairs programming and network promotions 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:

  - Programs licenced: term of contract
  - Programs produced by the Authority: four years

(h) Financial Instruments

The Authority's financial instruments are accounted for as follows:
- Cash and cash equivalents, including investments 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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 the 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.

(j) 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 employee future benefit obligations and useful life of capital assets and broadcast rights. Actual results could differ from those estimates.

(k) 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.

(l) 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 90 days and had an average yield of 0.786% (2021 – 1.23%).

Short term investments

The Authority's short term investments consist of high-grade Canadian dollar investments that have a maturity date greater than 90 days. All the investments were purchased with a term of 1 year or less.

Accounts receivable

($000s)	**2022**	**2021**
Ministry of Education (note 18)	-	14,705
ILC earned revenue, donations, sales and licensing, tower rentals and transmitter maintenance fees	1,432	823
HST rebate	261	267
Others	(1)	20
	1,692	**15,815**

The accounts receivable are current in nature and expected to be received within 90 days of the year end.

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 $1.0 million (2021 – $1.0 million). The line of credit is unsecured and bears interest at the bank's prime lending rate. As at March 31, 2022, no amount (2021 – $0) was outstanding under the facility.

3. FINANCIAL INSTRUMENTS (CONT'D)

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. 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, 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 approximates fair value and as a result 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 risk.

There has been no change to the above risk exposures from 2021.

4. EMPLOYEE FUTURE BENEFITS

Pension Benefit Costs

The PSPP is a contributory defined benefit plan. PSPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB).

The Agency's full-time employees participate in the Public Service Pension Plan (PSPP) which is a defined benefit pension plan for employees of the Province and many provincial agencies. The Agency's annual payment of $2.327 million (2021 - $2.103 million) is included in expenses of each department in the Statement of Operations and in employee benefits in Note 13.

Post-employment Benefits Plan:

The Authority offers post-employment benefits such as health care, dental care, and life insurance on a shared cost basis to persons hired before January 1, 2018. This plan is no longer offered to staff hired on or after January 1, 2018.

The most recent actuarial valuation for funding purposes of the other post-employment benefits plans was performed as of December 31, 2021.

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

4. EMPLOYEE FUTURE BENEFITS (CONT'D)

	Post-employment Benefit Plan	
($000s)	**2022**	**2021**
Accrued benefit obligation	12,016	15,676
Balance of unamortized actuarial losses/(gains) as of January 1	4,067	(8)
Contributions – Jan 1 to Mar 31	(77)	(37)
Employee future benefits liability as at March 31	**16,006**	**15,631**

	Post-employment Benefit Plan	
($000s)	**2022**	**2021**
Expenses for the year:		
Service cost (employer portion)	458	373
Amortization of actuarial gains	(173)	(294)
Interest cost on accrued benefit obligation	398	442
Total expenses	**683**	**521**
Contributions made to the plans:		
Contributions - Authority	251	261

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

	Post-employment Benefit Plan	
	2022	**2021**
Discount rate to determine the accrued benefit obligation	3.10%	2.50%
Discount rate to determine the benefit cost	3.10%	2.50%
Health cost rate increase	4.50%	4.50%
Drug cost rate increase	5.60%	5.70%
Dental cost rate increase	4.50%	4.50%
Employee average remaining service lifetime (years)	11	12

The drug cost rate increase assumption is expected to decrease to 4.5% by 2040.

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 (CRF) was established in 1984. Up to fiscal 2008/09, the Authority set aside up to 2% of the funding received as a 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 0.77% (2021 – 1.68%) during the fiscal year. The changes in the fund are as follows:

($000s)	**2022**	**2021**
Balance, beginning of year	3,467	3,459
Project expenses – Utilization of CRF	-	(50)
Interest earned	26	58
	3,493	**3,467**

6. CAPITAL ASSETS AND ASSET RETIREMENT OBLIGATION

(a) Capital Assets

Capital assets consist of the following:

($000s)			2022			2021
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	186	-	186	186	-	186
Building	2,018	1,952	66	1,988	1,949	39
Transmitters	7,967	4,800	3,167	8,669	5,228	3,441
Transmitters - asset retirement obligation	557	506	51	557	497	60
Transmitter monitoring equipment	1,724	1,574	150	1,744	1,644	100
In house technical equipment	22,007	19,543	2,464	21,215	19,315	1,900
Leasehold improvements	1,087	584	503	1,087	374	713
Computer equipment	7,209	6,111	1,098	7,087	5,958	1,129
Office furniture and fixtures	1,695	1,192	503	1,695	1,082	613
Office equipment	2	2	-	2	2	-
Vehicles	220	200	20	220	176	44
Computer software	9,307	7,315	1,992	12,660	8,920	3,740
Work-in-progress – software	-	-	-	18	-	18
Total	**53,979**	**43,779**	**10,200**	**57,128**	**45,145**	**11,983**

Work-in-progress - software is related to the Online Course Development and Technology Support project.

(b) Asset Retirement Obligation

The Authority recognized a liability for future decommissioning of its transmitter 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 (2021 – $316,000).

($000s)	2022	2021
Opening balance	234	224
Accretion expense	10	10
Closing balance	**244**	**234**

7. BROADCAST RIGHTS AND PRODUCTION COSTS

Broadcast rights and production costs consist of the following:

($000s)			2022			2021
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Broadcast rights and completed productions	99,382	81,842	17,540	93,081	75,432	17,649
Work in progress	3,202	-	3,202	2,853	-	2,853
	102,584	**81,842**	**20,742**	**95,934**	**75,432**	**20,502**

Amortization expense for the year was $6,410,130 (2021 – $6,448,934) and is included in content and programming expense.

8. DEFERRED REVENUE

($000s)	2022	2021
ILC – Ministry of Education grant and provincial project funding (note 15)	5,757	5,479
ILC Enrolments – Paid in Advance	474	456
Gift to be utilized for Ontario Hubs (note 12a)	1,291	2,083
Gift to be utilized for ILC (note 12b)	100	67
Individual contributions allocated to specific projects	615	615
Transmitter tower rental and maintenance	193	196
Sponsorship revenue	92	126
Other	25	46
Funding for Elementary Course Development	-	5,557
Funding for Online Secondary Course Development and Technology Support	-	7,474
	8,547	**22,099**

Expenditures related to the above deferrals, have been budgeted for the 2023 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)			2022
	Unamortized Capital Contributions	Unspent Funds	Total
Deferred capital contributions, beginning of year	**3,827**	**3,467**	**7,294**
Centralized Learning (note 16)	9	-	9
Online Secondary Course Development Technology Support (note 16)	29	-	29
Elementary Course Development (note 16)	50	-	50
Secondary Course Development (note 16)	24	-	24
Interest earned	-	26	26
Amortization of deferred capital contributions to revenue	(867)	-	(867)
Deferred capital contributions, end of year	**3,072**	**3,493**	**6,565**

($000s)			2021
	Unamortized Capital Contributions	Unspent Funds	Total
Deferred capital contributions, beginning of year	**4,598**	**3,460**	**8,058**
Davis Studio modifications and lighting	40	(40)	-
600MHz transmitter line replacement	11	(11)	-
Online Secondary Course Development Technology Support (note 16)	18	-	18
Elementary Course Development (note 16)	93	-	93
Secondary Course Development (note 16)	25	-	25
Interest earned	-	58	58
Amortization of deferred capital contributions to revenue	(958)	-	(958)
Deferred capital contributions, end of year	**3,827**	**3,467**	**7,294**

10. GOVERNMENT OPERATING GRANTS

($000s)	2022	2021
Ontario Ministry of Education		
Base grant	36,767	36,767
Capital maintenance grant	1,536	1,536
	38,303	**38,303**

11. GOVERNMENT PROJECT FUNDING

($000s)	2022	2021
Provincial project funding Ministry of Education		
Funding for operations of Over the Air Transmitters	1,000	1,000
Funding for Online Secondary Course Development and Technology Support (note 16a)	7,860	954
Funding for Online Secondary Course Development and Technology Support deferred (note 9)	(62)	(43)
Funding for Elementary Course Development (note 16a)	6,077	1,243
Funding for Elementary Course Development deferred (note 9)	(50)	(93)
Total government project funding	**14,825**	**3,061**

12. EARNED REVENUE AND COST

($000s)			2022			2021 Restated (note 19)
	Revenue	**Cost**	**Net Revenue**	**Revenue**	**Cost**	**Net Revenue**
Individual and corporate donations and sponsorships	5,005	1,529	3,476	5,358	2,606	2,752
Ontario Hubs - gifts utilized (note 12a)	1,056	-	1,056	626	-	626
ILC earned revenue	3,858	-	3,858	4,049	-	4,049
Tower rental and transmitter maintenance	1,026	-	1,026	998	-	998
Interest income	367	-	367	472	-	472
Sales and licensing	135	-	135	142	-	142
Property tax rebate program for charities	158	-	158	234	-	234
Asset disposal	-	-	-	1	-	1
Broadcasting Distribution Undertakings affiliate fees	88	-	88	100	-	100
TVO Arts	20	-	20	-	-	-
Others	2	-	2	2	-	2
	11,715	**1,529**	**10,186**	**11,982**	**2,606**	**9,376**

(a) Green Family Gift and Other Contributions to be Utilized for Ontario Hubs

In December 2016, the Authority received a $2,000,000 gift to be utilized in the set up and operation of 4 journalistic local hubs (“Ontario Hubs”) in the province to provide in-depth current affairs journalism in regions across Ontario. An additional $2,000,000 was pledged by the Barrie and Laurie Green Family Charitable Trust in fiscal 2019 and the contribution received by the Authority in 2022 was $250,000 (2021 $844,000; 2020 $843,000; 2019 $833,000). Revenue will be recognized when expenditures are incurred for the set up and operation of the Ontario Hubs. There were expenditures of $1,055,773 for the year ended March 31, 2022 (2021 $626,000; 2020 $798,000; 2019 $896,000).

12. EARNED REVENUE AND COST (CONT'D)

($000s)	2022	2021
Balance, beginning of year	**2,083**	**1,289**
Contributions received – Green Foundation	250	844
Contributions received – Individual Donor gifts	14	576
Utilization of gifts	(1,056)	(626)
Balance, end of year	**1,291**	**2,083**

(b) Barry and Laurie Green Family Charitable Trust

The Barry and Laurie Green Family Charitable Trust gifted $100,000 to the Authority over 3 years to develop awareness of educational initiatives. The contribution received by the Authority in 2022 was $33,333 (2021 $33,333; 2020 $33,334).

13. 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)	2022	2021
Current affairs, documentaries and digital learning	640	1,216
Technical and production support services	851	43
Independent Learning Centre	799	755
Management and general	497	604
Cost of other earned revenue	33	95
	2,820	**2,713**

(b) Expenses by Type

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

($000s)	2022	2021 Restated (note 19)
Salaries and wages	38,951	32,497
Employee benefits	8,599	6,672
Employee future benefits	683	521
Licences and other	10,149	8,062
Other services	3,601	3,006
Amortization of capital assets and accretion expense	3,454	3,830
Facilities	3,345	3,600
Transportation and communication	1,181	1,350
Advertising	1,150	2,079
Supplies and equipment	185	254
	71,298	**61,871**

14. 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
2023	918	826	1,744
2024	938	433	1,371
2025	938	260	1,198
2026	938	137	1,075
2027	938	27	965
2028	391	-	391
	5,061	**1,683**	**6,744**

The lease of head office space expires on August 31, 2027 with options to extend the lease to August 31, 2047.

15. THE INDEPENDENT LEARNING CENTRE, GENERAL EDUCATION DEVELOPMENT AND MATHIFY

The Independent Learning Centre (ILC) provides a wide range of distance education courses, in English and in French that allow students 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 Authority also provides General Education Development (GED) paper based and computer based testing. The GED certificate is the Ontario high school equivalency certificate for adult learners to demonstrate high school-level knowledge and skills, without having completed a formal secondary school program.

TVO Mathify provides a seamless school-to-home learning experience for learners with free 1:1 online afterschool math tutoring with an Ontario Certified Teacher. It also offers educators an enriched online classroom tool that enables interactive math lessons and activities, personalized learning and easy sharing between teachers, students and tutors to facilitate seamless learning and math support for students.

The Authority receives funding for these activities pursuant to contracts with the Ministry of Education to provide services. The portion of the funding that has been identified for specific projects is deferred until the related expenses have been incurred.

(a) TVO recognized the following revenue in respect of these contracts:

($000s)	2022	2021
ILC, GED and Mathify revenue		
ILC/GED	6,140	6,140
Mathify	4,000	4,000
GED computer based testing	1	184
Funding deferred from prior year (note 8)	5,479	4,853
Funding deferred to a future year (note 8)	(5,757)	(5,479)
ILC, GED and Mathify revenue recognized during the year	**9,863**	**9,698**

(b) The ILC and Mathify incurred the following expenses in respect of these contracts:

($000s)	2022	2021
ILC, GED and Mathify expenses		
Salaries and benefits	12,240	11,639
Allocated general expenses (note 13a)	799	755
Licences	577	519
Services	229	89
Supplies, equipment and others	72	56
Transportation and communication	21	56
Total ILC, GED and Mathify expenses recognized during the year	**13,938**	**13,114**

16. ONLINE COURSE DEVELOPMENT AND TECHNOLOGY SUPPORT

The majority of the funding for these projects was provided by the Ministry of Education and is reported in Government Project Funding (note 11).

(a) TVO recognized the following revenue in respect of these projects:

($000s)	**2022**	**2021**
Online Course Development and Technology Support revenue		
Online Secondary Course Development and Technology Support	7,860	954
Elementary Course Development	6,077	1,243
Capital expenditure - deferred from prior year (note 9)	136	-
Capital expenditure - deferred to a future year (note 9)	(112)	(136)
Total Online Course Development and Technology Support revenue recognized	**13,961**	**2,061**

(b) TVO incurred the following expenses in respect of these projects:

($000s)	**2022**	**2021**
Online Secondary Course Development Technology Support	422	454
Elementary Course Development	6,078	1,243
Secondary Course Development	6,788	804
Centralized Learning	650	-
Total Online Course Development and Technology Support expenses incurred	**13,938**	**2,501**

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 or against 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. These transactions were recorded at exchange amounts agreed to by the related parties.

The Authority received revenue from Ontario school boards for Independent Learning Centre (ILC) course fees.
Non-grant revenue received from related parties during the year are as follows:

($000s)	**2022**	**2021**
School boards	662	1,075

Amounts to be returned to the Ministry of Education for project contracts (note 11) where the funding exceeded the expenses are as follows:

($000s)	**2022**	**2021**
Accounts payable and accrued liabilities - Ministry of Education	4,197	-

Amounts committed to be paid to the Authority as government project funding (note 11) are as follows:

($000s)	**2022**	**2021**
Accounts receivable - Ministry of Education (note 3)	-	14,705

19. PRIOR PERIOD ADJUSTMENT

Amounts expensed for employee benefit premiums in 2021 and prior years have been determined to be overcontributions. As such, 2021 has been restated to: reverse the overcontribution from management and general expenses; recognize the overcontributed funds as an asset in cash and cash equivalents; recognize interest earned on the funds in earned revenue, and record the net impact to unrestricted net assets. As a result, the prior year restatement has the following impact:

($000s)	2021	Adjustment Increase/ (Decrease)	2021 Restated
Unrestricted Net Assets, beginning of year	141	1,181	1,322
Cash and cash equivalents	16,326	1,429	17,755
Earned revenue	11,973	9	11,982
Management and general expenses	5,984	(239)	5,745
Unrestricted Net Assets, end of year	2,890	1,429	4,319