

ANNUAL REPORT

April 1, 2018 to March 31, 2019



TABLE OF CONTENTS

MESSAGE FROM THE CHAIR.....	1
MESSAGE FROM THE INTERIM EXECUTIVE DIRECTOR & INTERIM REGISTRAR.....	3
MANDATE.....	5
STRATEGIC FRAMEWORK.....	6
Stakeholders.....	6
Vision.....	7
Mission.....	7
Values.....	7
Goals/Critical Success Factors	8
ONTARIO FILM AUTHORITY STRUCTURE.....	10
Organization.....	10
Governance.....	10
Board of Directors.....	11
Organizational Chart.....	14
ONTARIO FILM REVIEW BOARD.....	15
Classification Categories.....	16
ACCOMPLISHMENTS.....	17
OPERATIONAL PERFORMANCE REVIEW.....	21
Licensing.....	21
Film Classification.....	23
COMPLAINT HANDLING PROCESS.....	26
Complaints.....	26
FRENCH LANGUAGE SERVICE.....	27
FINANCIAL REVIEW.....	28
APPENDIX I – Audited Financial Statements.....	30

MESSAGE FROM THE CHAIR



August 21, 2019

The Honourable Lisa M. Thompson
Minister of Government and Consumer Services
College Park, 5th Floor
777 Bay Street
Toronto, ON
M7A 2J3

Dear Minister Thompson,

It is my honour, as the Chair of the Ontario Film Authority's (OFA) Board of Directors (Board), to present the OFA's 2018-2019 Annual Report.

The Board completed a comprehensive strategic planning process in 2018, establishing the organization's mission, vision and values. We committed the organization, at all levels, to operating as a trusted, accountable, collaborative and relevant authority, where Ontarians are provided clear information about film content and can rest assured that movie theatres and film retailers adhere to our mandate.

The OFA continues to strive for regulatory excellence, being mindful of the impact of change on those it regulates, and works continuously to enhance stakeholder engagement. The Board will continue to work with the OFA's management team to ensure that the organization's resources are spent in an effective and efficient manner, and that the OFA will continue to focus on providing timely customer service to its film classification clients and licensees.

With consumers having more viewing choices than ever before, the OFA understands its vital role in ensuring that the movie-going public of Ontario is confident in making informed personal viewing choices. We are committed to the continuous development and consistent application of the film classification guidelines, so Ontarians have trusted information and can choose their entertainment wisely.

The OFA continues to monitor the continuously evolving industry of film distribution and exhibition in Ontario, meeting the challenges of operating on a cost recovery basis and working to minimize administrative burden on industry. The marketplace that existed when the OFA became a Delegated Administrative Authority in 2015 no longer exists. These changes are reflected in the sharp drop in revenues that the OFA has realized from both film classification and licensing in fiscal 2019, which have outpaced the reductions made to operational expenses. The OFA Board and staff are committed to modernizing the organization in fiscal 2019/2020, identifying gaps in both service and information, and in maximizing value to stakeholders. In addition, in order to ensure that the OFA will be able to respond to this rapidly evolving marketplace, the OFA has requested that the Ministry provide both policy guidance and operational assistance so that the OFA is able to provide Ontarians with the information they need to make well-informed viewing choices, and the industry with a clear, predictable marketplace at this critical juncture.

I would like to thank inaugural Executive Director, Abena Buahene, who left the OFA in January of 2019 for her insight and leadership, and to Mary Henricksen, former Chair of the Board of Directors and current Interim Executive Director, for her work during the transition to hiring a permanent Executive Director.

I look forward to working with the Board and staff of the OFA over the next year to continue to address the work and challenges ahead for this organization. It is my privilege to serve as Chair.

Kindest Regards,



Sarah Timlick
Chair of the Board of Directors
Ontario Film Authority

MESSAGE FROM THE INTERIM EXECUTIVE DIRECTOR & INTERIM REGISTRAR



Our 2018-2019 Business Plan provided the road map for the OFA's operational goals, enhancing the organization's professionalism and efficiency. One of our key 2018-2019 activities was the completion of the Authority's first strategic framework, including the creation of our mission, vision and values.

Our Mission Statement reflects our commitment to service, information and responsiveness:

The Ontario Film Authority will be recognized as the trusted authority that promotes and enhances public information, education and confidence in the distribution and exhibition of films in Ontario and effectively carries out its regulatory mandate within an evolving industry so that films are available to the widest appropriate audience.

A newly built office with modern screening rooms and projection facilities have significantly improved the OFA's efficiency to serve its film classification stakeholders. Offering a wide range of viewing formats positively benefits our film distribution clients allowing both choice of preference in the delivery of their film and trust in its receipt within a secure environment.

Technology will play a significant role in ensuring the public, licensees and film classification clients can access OFA services. After significant delays, the OFA looks to launch its new database, classification and licensing submission systems in mid-2019, resulting in streamlined information delivery.

The OFA hired permanent Ontario Film Review Board (OFRB) Chair, Karynn Austin, in mid-2018 and completed the majority of its collective bargaining with the members of the OFRB in early 2019. I want to thank Karynn and the OFRB members for their dedication, professionalism and engagement in ensuring that Ontarians are provided trusted and consistent information about the films they view.

The OFA will continue to seek operational efficiencies with minimum disruption to our stakeholders. The rapidly changing film distribution, exhibition and retail marketplace has meant that many of our services and fees, established when the OFA became a delegated authority in 2015, have not kept pace with our environment. We will work with our partners to create an organization that delivers exceptional service and complete information, while continuing to deliver on our policy and regulatory responsibilities.

I want to thank the OFA Board of Directors, OFA staff, and the Ministry of Government and Consumer Services' oversight team for their support and encouragement during my time as Interim Executive Director. I would also like to thank Abena Buahene, who was the OFA's first Executive Director, for her dedication, support and insight.

Yours truly,

A handwritten signature in black ink, appearing to read 'M. Henricksen', followed by a long horizontal line.

Mary Henricksen
Interim Executive Director & Interim Registrar

MANDATE

The Ontario Film Authority's (OFA) mandate is to administer the *Film Classification Act, 2005* (FCA) and the associated regulation.

The OFA is responsible for

- licensing of film distributors, retailers and exhibitors;
- overseeing the Ontario Film Review Board (OFRB), which is responsible for the classification of films and the approval of adult sex films for public exhibition and distribution in Ontario;
- promoting and enhancing public information, education, confidence and awareness in the film industry in Ontario through, but not necessarily limited to the following activities: film classification, licensing, inspections, investigations, responding to complaints and public education activities; and
- engaging the public, stakeholders and government to enhance consumer protection and foster constructive dialogues.

The OFA supports the Ministry of Government and Consumer Services' (MGCS) mission of protecting the public interest and advancing the principle of ensuring a fair, safe and informed marketplace as it relates to the FCA.

STRATEGIC FRAMEWORK

The OFA's strategic framework reflects our corporate mission, vision and values, and our commitment to our stakeholders to be the trusted authority as we administer the FCA and its associated regulation on behalf of the Government of Ontario.

The OFA's strategic framework focuses on five key goals and lays out the factors that are critical to our success. To assist us in meeting our goals, three-year rolling business plans support the strategic framework and set out strategies and corresponding initiatives/tactics aligned with each of the five goals. Outcomes of the Business Plan for fiscal 2018-2019 are reported in the Accomplishments section (page 17) of this report.



Stakeholders

The strategic framework was developed considering OFA's stakeholders:

- movie-goers in Ontario
- film distributors
- film exhibitors
- film retailers
- Ministry of Government and Consumer Services
- other sector stakeholders

Vision

An Ontario where the film viewing public is confident making informed personal viewing choices.

Mission

The OFA will be recognized as the trusted authority that promotes and enhances public information, education, and confidence in the distribution and exhibition of films in Ontario and effectively carries out its regulatory mandate within an evolving industry so that films are available to the widest appropriate audience.

Values

The core values of the OFA reflect the attitudes, behaviours and culture that we expect across our organization. These values guide our decision-making and the delivery of programs and services.

The OFA team demonstrates their commitment to these core values every day in their work and in their interactions with our licensees, government, the public, and each other.

Trusted

- We act with integrity and professionalism and are guided by the highest standards.
- We are committed to consistently delivering outstanding customer service.

Accountable

- We are a fair, objective and transparent regulator and accountable for our decisions.
- We make decisions with the interest of the organization ahead of individual interests.
- We are responsible for our actions and deliver on our commitments to our licensees, and other stakeholders.

Collaborative

- We achieve success through productive relationships with each other and all stakeholders, including our licensees, the public, and government.
- We are informed by our stakeholders' advice, knowledge and expertise and are fully engaged and actively listen to ensure we understand our stakeholders' needs.

Relevant

- We are the first choice for film classification information in Ontario by being innovative, current, and adaptable.
- We are responsive to the rapidly evolving film industry, and ever-changing, emerging societal norms of the film viewing public.

Goals/Critical Success Factors

Highly Skilled and Energized People that are engaged and aligned with our mission and values, and who are nimble and responsive to a rapidly changing environment.

This will be accomplished by:

1. actively engaging our team to identify issues and solutions that will improve our organization to achieve the desired outcomes
2. working to create an environment where everyone's role and contribution is valued and recognized
3. training and supporting learning opportunities that equip the team with the right competencies to champion our vision, values and deliver results
4. being accountable for our team and individual outcomes

Strong Stakeholder Relations driven by mutual respect, trust, cooperation and ongoing dialogue.

This will be accomplished by:

1. working collaboratively with our stakeholders toward the development of flexible and innovative solutions, joint plans of action and accountability
2. seeking to understand the diverse viewpoints of our stakeholders and provide appropriate levels of stakeholder engagement that will inform our decisions
3. continuous improvement and communicating our progress through regular updates

Straightforward Regulatory Compliance Framework that supports a fair and informed marketplace.

As a delegated administrative authority which operates within a regulatory compliance framework that includes legislation and an Administrative Agreement with the Government of Ontario, this will be accomplished by:

1. developing a clear, transparent and flexible approach to educating and enforcing compliance from our licensees and enhancing consumer protection
2. undertaking a risk-informed approach to the delivery of regulatory compliance programs and initiatives
3. working proactively to ensure that our regulatory compliance framework remains relevant and appropriately balanced for all stakeholders

Operational Excellence driven by an evolving business model that is consistently efficient, effective, and exhibits our commitment to accountability and sustainability.

This will be accomplished by:

1. driving value through continuous improvement and innovation of our processes and programs
2. being responsible stewards of our resources (e.g. financial, people) to ensure continued operational sustainability

Superior Customer Experience driven by emerging trends and service needs of our licensees and other stakeholders.

This will be accomplished by:

1. ensuring that our processes and relationships with licensees and other stakeholders are collaborative and transparent
2. ensuring licensees and other stakeholder feedback is used appropriately to improve service delivery and compliance outcomes
3. ensuring that our licensees' and other stakeholders' interactions with the OFA are responsive, timely, consistent and supportive

ONTARIO FILM AUTHORITY STRUCTURE

Organization

The OFA is a not-for-profit corporation which administers the provisions of the FCA and its associated regulation on behalf of the MGCS.

Governance

The Board of Directors (Board) has the authority to direct the OFA in accordance with its Administrative Agreement with the MGCS and all applicable statutes. The Board oversees the management of the OFA's business and affairs including oversight of the operations of the OFRB. The Board is accountable to the Minister through the Chair, for the performance of the OFA. In exercising their fiduciary duty to the OFA, the Directors adhere to a Code of Conduct and Policy on Conflicts of Interest and Confidentiality.

Pursuant to the OFA's Corporate By-law No. 3, the OFA is governed by a seven-member Board comprised of

- three directors appointed by the MGCS (currently the Board includes two Ministry appointed directors and 1 vacancy awaiting appointment);
- three elected directors from designated stakeholder constituencies (exhibitors, non-Canadian major distributors and distributors of Canadian films); and
- one elected director with experience in broadcast codes/standards relating to the distribution of product from the screen-based entertainment sector.

The Board as a whole, is required to possess a variety of the following experience and attributes:

Experience	Governance	Board Experience
		Financial Acumen
		System Thinking and Risk Assessment
		Strategic Direction and Planning
		Government Experience
	Regulatory	Regulatory Governance
		Stakeholder Relations
		Classification / Standards Experience
		Media Literacy
Individual Attributes	All Directors	Independence
		Competence / Consumer Experience
		Communications Skills
		Informed / Business & Professional Judgment
		Integrity / Ethics / Values and Accountability
		Decision Making
		Partnership / Relationship Building

Board of Directors



Sarah Timlick, Chair

Sarah Timlick is currently the Manager of Sales Distribution and Exhibitor Relations at Elevation Pictures Corp., Canada's newest full-service film and television distributor. Sarah is responsible for overseeing in-theatre marketing and leading theatrical sales in both eastern and western Canada, in addition to having worked on the transactional and licensing business.

Sarah has been working in the entertainment industry for 10 years, getting an early start in Distribution at Alliance Films straight out of completing her Bachelor of Fine Arts degree from the University of Toronto. Following the acquisition of Alliance Films by Entertainment One (eOne), she went on to continue to manage the same department and has overseen the success of multiple in-theatre marketing/advertising campaigns for various film franchises and Academy Award-winning films.

Sarah serves as the Canadian Association of Film Distributors and Exporters (CAFDE) representative on the OFA Board of Directors and is the youngest executive to be elected as the Chair of the OFA Board of Directors.



Barbara Motzney, Vice-Chair *

Barbara Motzney is the Assistant Deputy Minister, Policy and Strategic Direction at Western Economic Diversification Canada (WD).

Prior to joining WD in April 2017, Barbara was the first Chief Consumer Officer at the Canadian Radio-television and Telecommunications Commission (CRTC) and head of the Consumer Affairs and Strategic Policy Sector. She provided leadership to key regulatory files such as new wireless and broadcast codes of conduct, introduction of video relay service in Canada, broadcast emergency alerting, accessibility issues, future of pay phones and broadband performance measurement.

Barbara also spent 5 years as a Director and Vice President of the Board of Directors of the Canadian chapter of the International Institute of Communications. In her 26 years with the federal public service, Barbara also held policy and corporate leadership positions with Public Safety Canada, Canadian Heritage, Health Canada and Industry Canada where she has worked on government priorities (including Canada-US Beyond the Border Action Plan, copyright reform legislation, 2010 Olympic & Paralympic Games and UNESCO Convention on Protection and Promotion of the Diversity of Cultural Expressions).

Barbara graduated from the University of Western Ontario with a Bachelor of Arts in Financial and Administrative Studies and holds a Master of Business Administration from Concordia University.

* also appointed as the Statutory Director of the OFA under the FCA



Peter Apostolopoulos, Director

Peter Apostolopoulos is President of TriBro Studios and Managing Partner of his family's international real estate development firm based in Toronto.

Peter has experience in different roles throughout the film and television industry, including writing, acting and producing. He has placed additional focus on what Ontario needs most in this sector, film production studios. With the continuous investments his company places in this specific niche, he will continue to help grow the Ontario film industry and keep Ontario as a

destination of choice for productions. In late 2014, TriBro Studios opened and since then, the studio has been the centrepiece for many important productions. More importantly, back in 2014, Peter wanted to see more women at the helm of productions and to help equal the playing field, he announced an initiative for productions that have women in director roles or show-runner positions.



Nuria Bronfman, Director

Nuria Bronfman is the Executive Director of the Movie Theatre Association of Canada (MTAC), a national trade association representing movie theatre owners across the country, both large circuits and independents.

Nuria has worked in the film industry in Canada for over 25 years. Prior to her current job at MTAC, she held senior management roles at the Toronto International Film Festival (TIFF) and Famous Players movie theatre circuit.

Nuria has served on various industry and community boards including The Canadian Film Centre, National Screen Institute, Motion Picture Theatre Association of Canada, National Association of Theatre Owners, Marketing Advisory of the Feature Film Fund, Variety Village, Easter Seals Canada and the Abilities Festival.



Hafeez Rupani, Director

Hafeez Rupani is Vice-President, Legal Affairs at the Motion Picture Association - Canada (MPA-Canada), an organization that serves as the voice and advocate of the major international producers and distributors of movies, home entertainment and television programming in Canada. MPA-Canada is an affiliate of the Motion Picture Association of America, Inc. (MPAA) and the motion picture studios served are Walt Disney Studios Motion Pictures, Netflix Inc., Paramount Pictures Corporation, Sony Pictures Entertainment Inc.,

Universal City Studios LLC and Warner Bros. Entertainment Inc.

Hafeez is responsible for providing strategic and operational advice to MPA-Canada on a wide variety of legal and public policy issues that affect the MPAA member companies and their domestic affiliates in Canada, including film and television production and distribution matters, copyright, broadcasting, and issues surrounding new technologies and the Internet.

Prior to joining MPA-Canada, Hafeez was a Partner at the law firm Borden Ladner Gervais LLP where he served as Regional Leader of both the Intellectual Property Litigation Group and the Advertising, Marketing & Sponsorship Group.

Hafeez also has extensive volunteer experience and presently serves as the Chairperson for the Arts & Culture Portfolio on the Aga Khan Ismaili Council for Ontario and as a Board Member for the Ismaili Centers Management Board.



Monique Van Remortel, Director

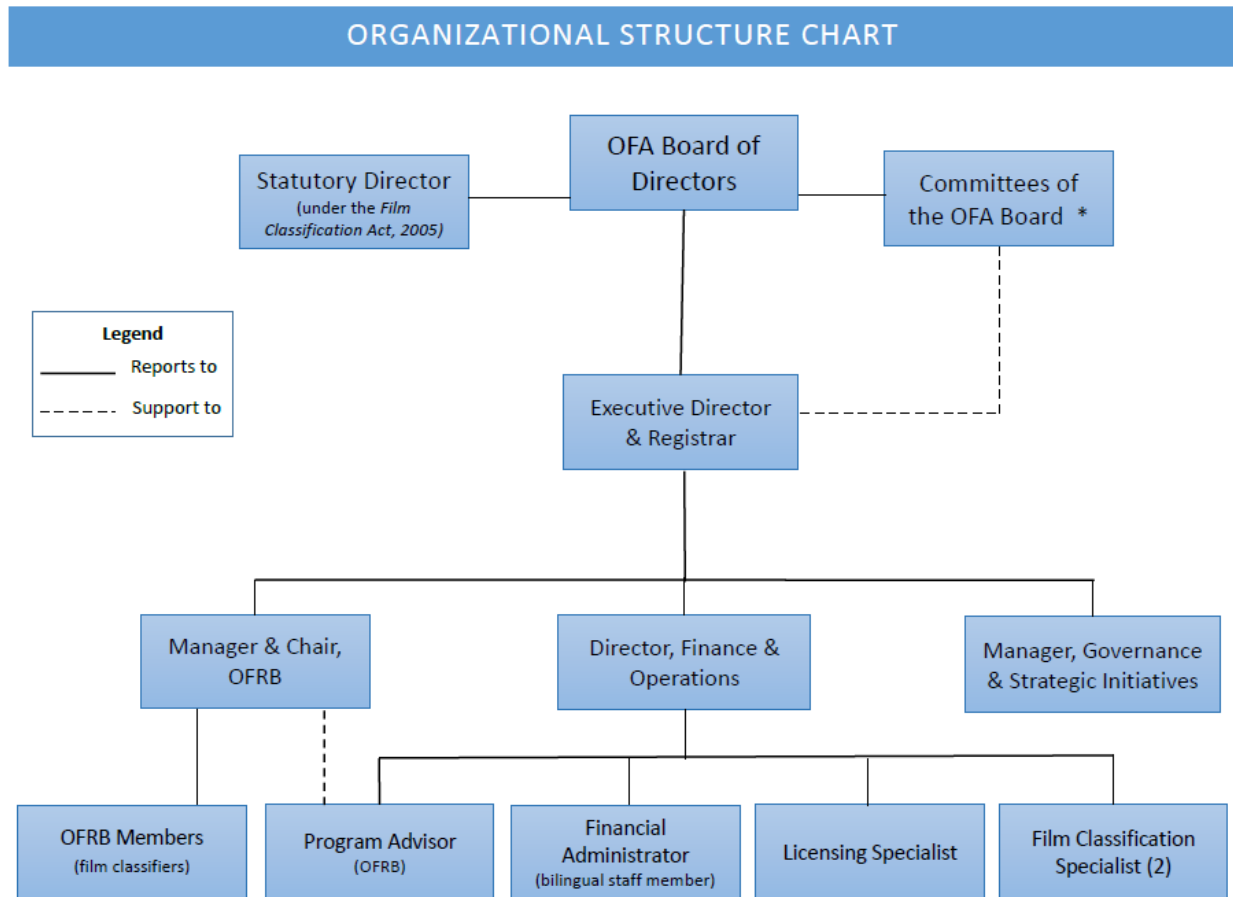
Monique Van Remortel is the Senior Director, Business & Rights - Unscripted Programming at the Canadian Broadcasting Corporation (CBC), Canada's national public broadcaster and one of Canada's largest cultural institutions.

Monique oversees the business deals for the development and production of CBC and Documentary Channel's commissioned documentaries as well as CBC's commissioned Factual and Arts programming. Monique and her team work closely with independent producers to navigate the complexities of the

Canadian Media Fund, tax credits, and other sources of external funding to ensure a project's financing structure and rights package make sense for the broadcaster in a rapidly changing media landscape. Prior to working in Unscripted, Monique spent several years working in the Scripted side of CBC's business group, on deals for its comedy, drama and children's programming.

Before joining CBC in 2004, Monique was in a boutique arts and entertainment law practice where she represented writers, artists, photographers, producers, and talent. She also spent several years as duty counsel for Artists Legal Advice Services (ALAS), advising creators on a variety of intellectual property and entertainment law matters. Monique is a former Chair of the board of Artists & Lawyers for the Advancement of Creativity, the non-profit organization that operates ALAS.

Organizational Chart



* currently one committee established – Executive Committee

ONTARIO FILM REVIEW BOARD

The OFRB is a division within the OFA with the specific mandate to review and classify or approve films in accordance with the FCA and established OFRB guidelines so that Ontarians can make informed viewing choices for themselves and their families.

The OFRB consists of individuals who come from a variety of diverse backgrounds, and vary in age, gender, vocation, race and cultural background.

Subject to a few specific exceptions, for a film to be distributed or exhibited in Ontario, it must first be classified or approved by the OFRB. In addition to determining a classification category, the OFRB provides content advisories and detailed observations about a film.

From April 1, 2018 to March 31, 2019, the OFRB classified 2,248 films, screening a total of 194,800 minutes of film. In addition, the OFRB classified another 1,786 films by way of documentation (films rated based on a written application process rather than screened). For more detailed information on classification statistics, please refer to pages 23 to 25.

The classification guidelines are reviewed and updated periodically to ensure that they maintain the integrity of the film classification process, harmonize with other provincial boards and reflect current societal norms for language, nudity, sex, violence, etc. Information on how the OFRB classifies films can be found on the OFA's website (www.ontariofilmauthority.ca).

In late 2017, the OFA received a complaint from an industry stakeholder group stating that Ontario's film ratings were incongruent with the ratings of other provinces. In response, in 2018, the OFA engaged a third-party research consultant to conduct an analysis of OFRB's decisions to determine how Ontario film classifications compared to those in other provinces. The research indicated that Ontario did frequently render more stringent classification decisions. Subsequently, the Chair of the OFRB held focus groups with parents and educators in order to sample the opinion of the general public on ratings of films that had been previously classified. As a result, the guidelines and content advisories were revised which improved harmonization of ratings with the other provincial boards.

Classification Categories

Elements that contribute to the film classification include language, violence, nudity, sexual activity, horror and psychological impact. Ontario Regulation 452/05 under the FCA gives the OFRB the authority to review and classify films into one of five classification categories (ratings):



Suitable for viewers of all ages.



Parental Guidance is advised. Theme or content may not be suitable for all children.



Suitable for viewing by persons 14 years of age and older. Persons under 14 must be accompanied by an adult. May contain violence, coarse language, and/or sexually suggestive themes.



Suitable for persons 18 years of age and older. Persons under 18 may attend but must be accompanied by an adult. May contain: explicit violence, frequent coarse language, sexual activity and/or horror.



Admission restricted to persons 18 years of age and older. Content not suitable for minors. May contain: frequent use of sexual activity, brutal/graphic violence, intense horror and/or other disturbing content.

ACCOMPLISHMENTS

The OFA's key accomplishments are highlighted in both the Message from the Chair and Message from the Interim Executive Director/Interim Registrar. Summarized below are more details on the OFA's significant accomplishments during the 2018-2019 fiscal year.

Highly Skilled and Energized People	Performance Measures	Accomplishments
	Build and strengthen employee engagement.	A new OFRB Chair was recruited and appointed. A Memorandum of Understanding, which sets out the accountability framework between the OFRB Chair and the OFA Board was signed. A strategic framework that sets out the OFA's vision, mission, values and strategic objectives was developed, approved and implemented. The strategic framework was presented and communicated across the organization at the "Leading Through Change" kick-off meeting. An annual team meeting was held for an opportunity to engage together in cross-functional team building/professional development day. The Collective Agreement with OFRB classifiers/members was ratified, effective January 2, 2019. An interim Executive Director/interim Registrar was appointed during the transition to hiring a permanent Executive Director/Registrar. Recruitment firms were invited to respond to a Request for Proposal to recruit for the permanent Executive Director/Registrar position.
	Foster a culture of continuous improvement among functional teams (OFRB, administration and management).	Ongoing training (e.g. information technology systems, film classification, etc.) was conducted across the organization. Conducted regular meetings at the management and operations staff level to communicate and discuss concerns, issues, initiatives, etc. OFA and OFRB staff were trained on the updated film classification program.

Strong Stakeholder Relations	Performance Measures	Accomplishments
	Increase awareness of the OFA and its mandate.	Survey firms were invited to respond to a Request for Proposal to conduct a client satisfaction/general public survey including questions on overall awareness of the OFA and its mandate.
	Develop opportunities to foster interaction and dialogue with the public.	Solicited input from the movie-going public by conducting focus groups to obtain feedback on movie-goers' decision-making processes, to verify whether OFA's classification guidelines are in sync with movie-goer viewpoints and to support the changes made to the guidelines, advisories, policies and procedures.
	Develop opportunities to foster interaction and dialogue with film industry stakeholders.	Research was conducted to determine if Ontario applied more stringent classifications than other provinces; as a result, OFRB classification guidelines and content advisories were updated to achieve improved harmonization with those of other jurisdictions. OFA's Strategic Framework, OFRB's revised film classification guidelines and an overview of the proposed new online system to submit film classification/licensing applications were presented to film industry stakeholders. The OFA Executive Director attended CinemaCon, an annual conference of the national association of theatre owners, in order to be aware and responsive to emerging stakeholder needs and challenges.
	Enhance Ministry collaboration and relations.	Continued ongoing dialogue with MGCS to ensure that priorities and issues are shared, and mutually desirable goals are achieved. Supported and contributed to the Ministry's consumer protection initiatives as applicable to the OFA. Participated in stakeholder oversight meetings, the Administrative Authority's Collaboration Council meetings and its functional sub-committees.

Straightforward Regulatory Compliance Framework	Performance Measures	Accomplishments
	Support and advance legislative and regulatory reform.	Recommendations to the Ministry for legislative and regulatory enhancements were provided regarding the proposed changes to the fee schedule.
Operational Excellence	Identify, monitor and mitigate enterprise risks.	Staff were trained to ensure backup for all critical roles.
	Performance Measures	Accomplishments
	Ensure reliable systems and processes for core business activities are implemented.	Commenced development of OFA's new information and data management system (database). Film classification and licensee data was copied from the legacy system to the new system. Moved into a new purpose-built office environment with modern screening rooms and projection facilities.
	Ensure internal policies and procedures are developed and maintained.	The Procurement policy and Access and Privacy policy were revised and updated. A draft of the Accessibilities for Ontarians with Disabilities Policy (AODA) was completed. A communication protocol was developed to provide clarification on the internal complaints process for significant or contentious enquiries/complaints from industry stakeholders.
	Allocate funds to support strategic and operational priorities to ensure the long-term financial sustainability of the OFA.	Long-term revenues and expenditures were monitored using a variety of financial forecasting models. Current classification and licensing fees made under the FCA were reviewed and analyzed. A line of credit was secured.

Superior Customer Experience	Performance Measures	Accomplishments
	Assess stakeholders' understanding of the role of the OFA and their satisfaction with the OFA's services (classification, licensing, enquiry and complaints handling, etc.).	A survey firm was selected to commence a client/general public survey with questions on client satisfaction, value and overall awareness of the OFA. Conducted focus groups with the movie-going public to obtain feedback on their decision-making processes and to verify whether OFA's classification guidelines are in sync with their viewpoints.
	Focus on innovation and improvement.	The complaints and enquiry handling process was reviewed and revised to improve service standards.

Business plan initiatives pertaining to the client satisfaction survey, risk management framework/plan and records retention/destruction policy were not completed in fiscal 2018/19 due to limited resources and the departure of the Executive Director in February 2019. Communication and training initiatives in relation to the implementation of the new database were not completed due to significant delays in completing the new database. These initiatives will be carried over and included in the business plan for fiscal 2019/20.

OPERATIONAL PERFORMANCE REVIEW

Licensing



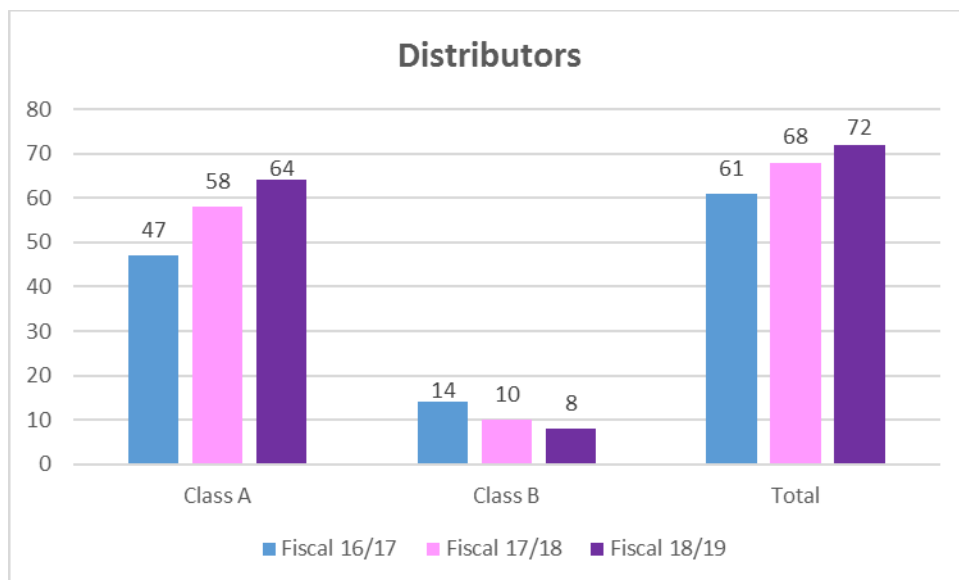
Distributing or exhibiting a film in Ontario requires a licence under the FCA. As of March 31, 2019, the OFA has issued a total of 1,980 licences in seven classes. Please refer to the charts below for a breakdown of the classes of licences.

Licence renewal and expiry letters are sent out to licensees, 60 days prior to the license expiry date. A licence is typically issued within three business days.

All phone and/or email enquiries are answered within one business day.

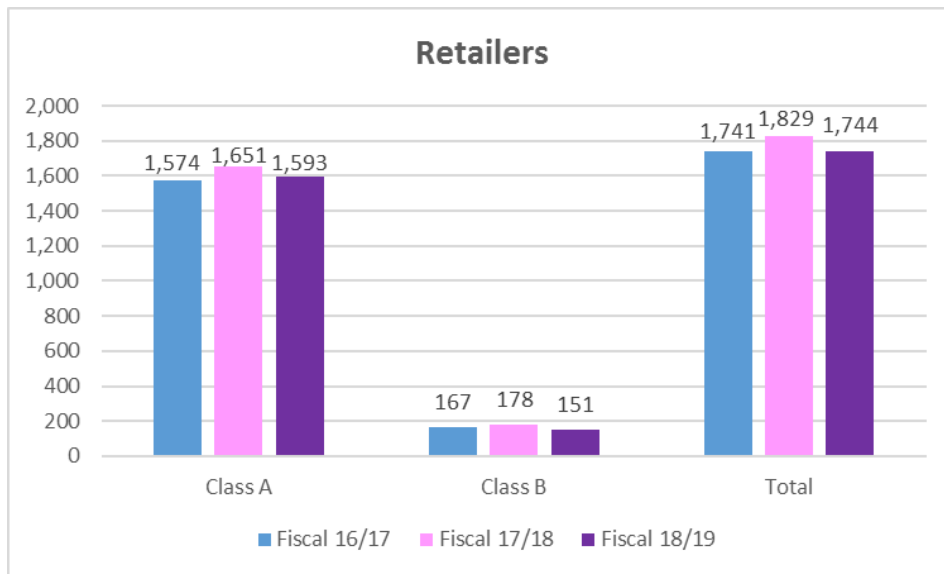
A total of 72 distributor licences were issued in the following two classes:

- Class A Distributor (64) - authorized to distribute films other than adult sex films
- Class B Distributor (8) - authorized to distribute films or adult sex films only to a Class B distributor, Class B exhibitor or Class B retailer licensee



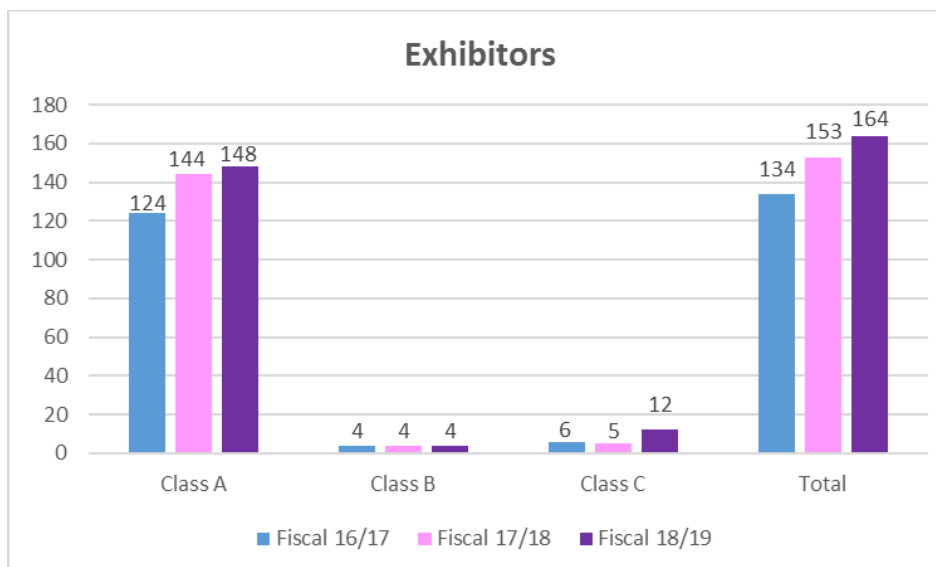
A total of 1,744 retailer licences were issued in the following two classes:

- Class A Retailer (1,593) - authorized to distribute films other than adult sex films to the public
- Class B Retailer (151) - authorized to distribute films, including adult sex films to the public



A total of 164 exhibitor licences were issued in the following three classes:

- Class A Exhibitor (148) - authorized to exhibit films other than adult sex films at the premises specified in the licence
- Class B Exhibitor (4) - authorized to exhibit adult sex films at the premises specified in the licence
- Class C Exhibitor (12) - authorized to exhibit films other than adult films at premises commonly known as drive-in theatres



Film Classification

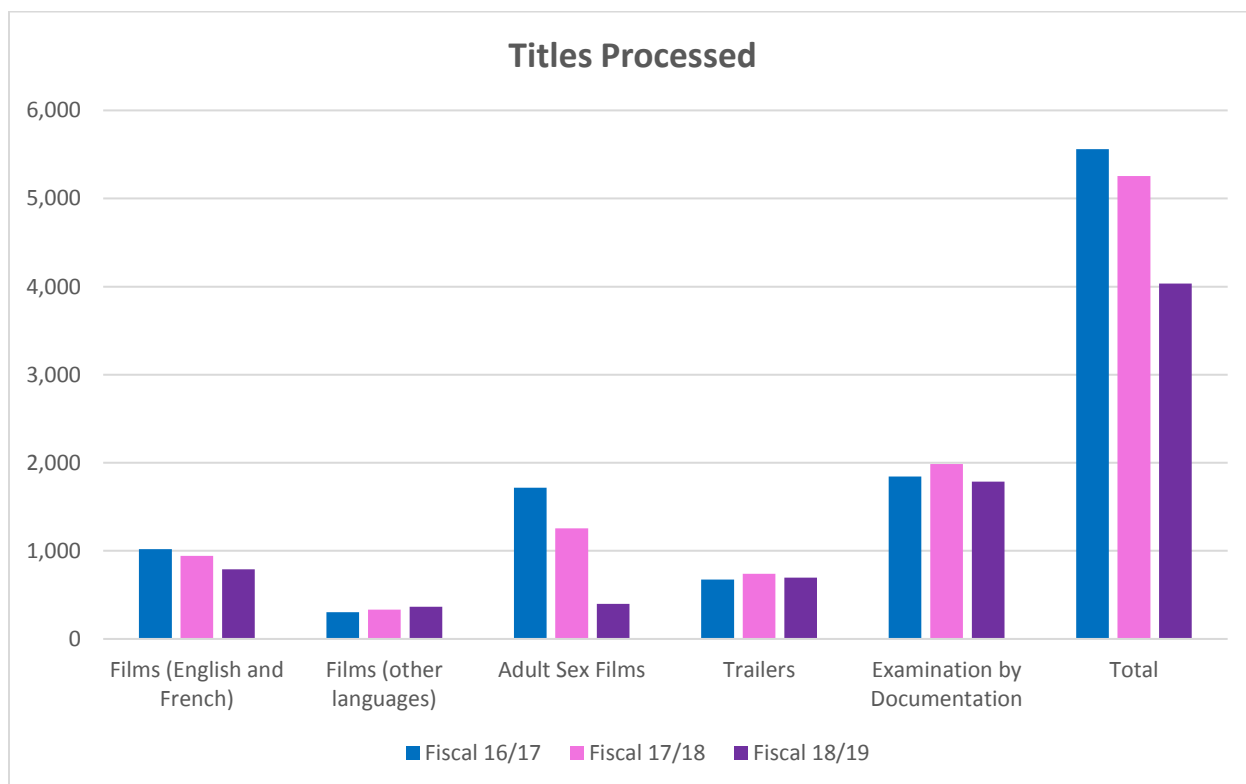
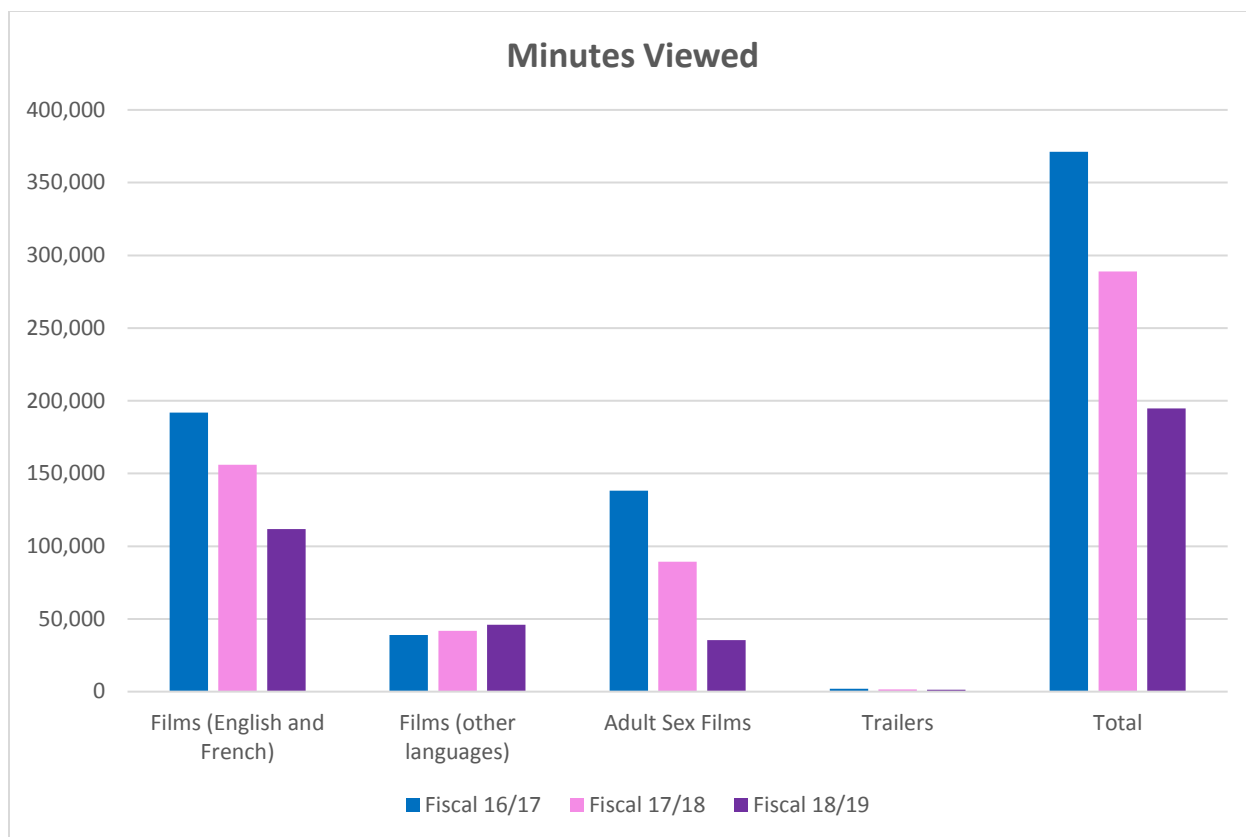
The OFRB issues a certificate of classification for every film it reviews and classifies. All approved adult sex films (ASF) are also issued a certificate of classification.

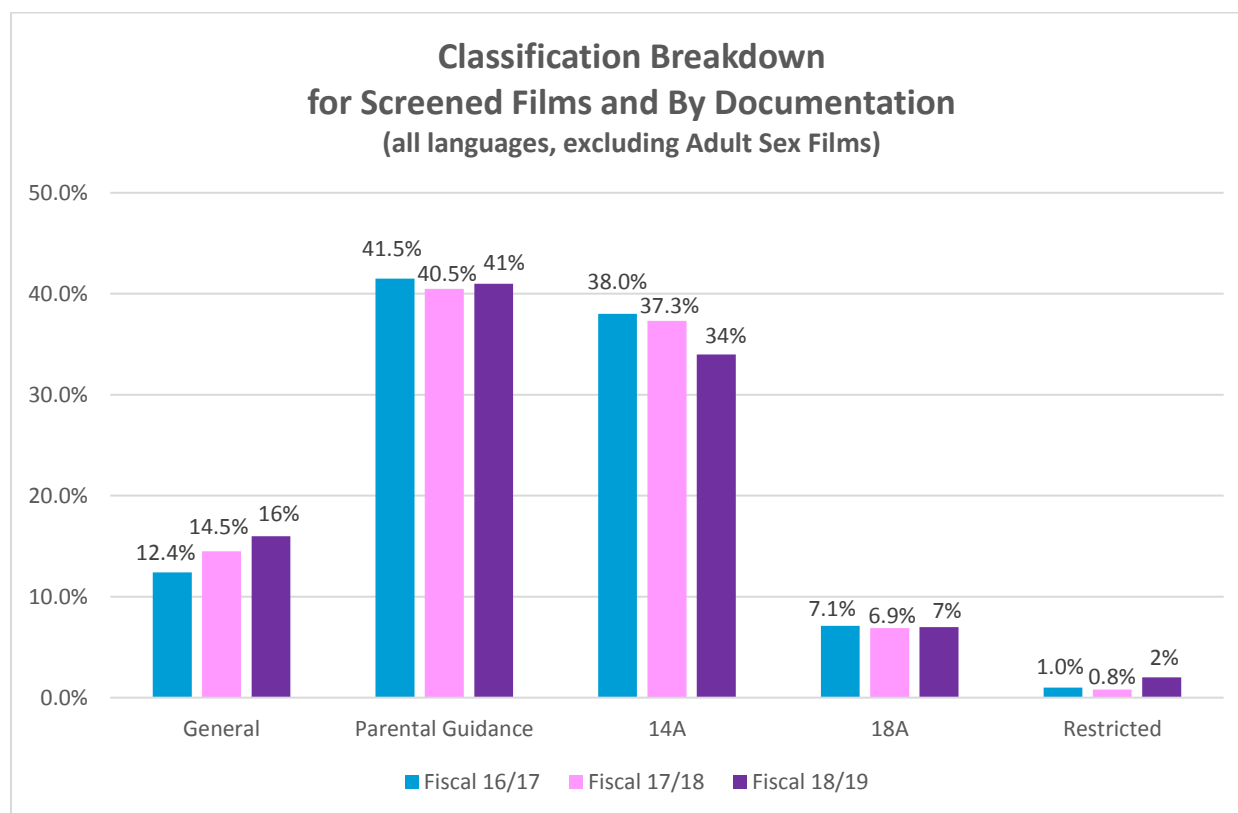
There is an appeal process outlined in the FCA. If the original applicant for a certificate of classification disagrees with the classification rating the OFRB has issued or disagrees with the OFRB's non-approval of an adult sex film, the applicant may appeal that decision (within 14 days of receipt of a certificate of classification) and resubmit the film to the OFRB.

If a member of the public is dissatisfied with a classification rating and submits a complaint to the OFA, this complaint may trigger the OFA Statutory Director's authority to order a reconsideration of the film by the OFRB. In both instances (appeals and reconsiderations), the film would be screened and classified by OFRB members who did not participate in the initial classification decision.

APRIL 1 - MARCH 31	Fiscal 16/17	Fiscal 17/18	Fiscal 18/19
Minutes Viewed			
Films (English and French)	191,978	156,064	111,881
Films (other languages)	38,898	41,914	46,090
Adult Sex Films (ASF)	138,279	89,435	35,435
Trailers	2,091	1,453	1,394
Total:	371,246	288,866	194,800
Titles Processed			
Films (English and French)	1,019	942	789
Films (other languages)	305	334	366
Adult Sex Films (ASF)	1,716	1,256	397
Trailers	676	739	696
Total:	3,716	3,271	2,248
Appeals *			
Classification– decision changed	10	19	16
Approval– decision changed	0	0	0
Classification– decision upheld	10	8	8
Approval– decision upheld	0	0	0
Total:	20	27	24
Reconsiderations *	0	1	2
Cumulative Decisions *	4	11	7
Adult Sex Film Non-Approval Decisions	34	24	10
Examination by Documentation	1,844	1,984	1,786

* Reconsideration and types of panels (normal, cumulative, appeal) are defined on the OFA website at www.ontariofilmauthority.ca/en/classifications/ofrb.





Requests for classification by screening are typically made via email and submitted with the application form for classification. Screening dates for all films are provided within three business days.

Once the OFRB has screened and classified a film, the turnaround time to issue a certificate of classification for exhibition is within two business days.

Home DVD and adult sex films are screened and issued a classification within ten business days.

All phone and/or email enquiries are answered within one business day.

COMPLAINT HANDLING PROCESS

Customers, stakeholders and the public may submit enquiries and complaints to the OFA by telephone, fax, mail, email or by a completed “Inquiry, Comment or Complaint” form. Where possible, complaints are dealt with at the source in a timely manner and may be resolved in a few hours over the telephone. Some complaints may take a few days to a few weeks to address. The length of time may vary depending on the complexity of the issues, and the feedback and documentation required to deal with the complaint. The OFA encourages two-way communication at all levels to ensure it is continually improving service quality. Further information on the complaints process is available on the OFA’s website at www.ontariofilmauthority.ca/en/contact/complaints.

Most enquiries, comments or complaints are sent to the OFA via email and typically pertain to film classification decisions. The complaints are generally from members of the public/consumers who are dissatisfied with a rating for a movie that they or their children have viewed in a theatre. For example, they may question why a film was rated PG instead of 14A. The OFRB Chair responds in writing typically within two business days, to all enquiries and complaints dealing with film classification decisions, outlining the classification process and providing an explanation of how the rating was arrived at.

When a complaint involves allegations of non-compliance with the FCA, the Registrar will undertake the necessary compliance and enforcement activities.

Complaints

The OFA received 13 complaints (up from 8 received in the previous fiscal year) from individuals who were unhappy with the classification of a film or trailer.

Four of the complaints related to the same film which was rated G. Public concern, primarily generated in the United States and amplified online and via social media, focused on a single scene in the movie that some viewers said normalized aspects of grooming children for sexual abuse. Independent of complaints to the OFA, the film’s distributor recut the film and the film was re-released. There was no change to the Ontario classification from the original version to the re-released version.

One complaint to the OFA was regarding a trailer, and resulted in the need to launch the reconsideration process. The result was a change in the trailer’s original rating of Parental Guidance to a final rating of 14A.

Under the FCA, an applicant for a certificate of classification may appeal the OFRB's classification decision or appeal the OFRB's refusal to approve an adult sex film. Appeals and reconsiderations are not included in the above complaint statistics (refer to page 23 for statistics on appeals and reconsiderations).

During fiscal 2018-2019, the OFA undertook the development of a new film classification and licensing database and transfer of data from the Ministry's Consumer Affairs Tracking System (CATS) to the new OFA database. In September 2018, access to the CATS database including the search function for classified films and licensees was taken offline, with a return to full operation anticipated within several weeks. However, significant design delays meant the database remained incomplete and the search function was unavailable through the remainder of the fiscal year. As a result, the OFA received approximately 100 telephone and email requests (not formally tracked) for film classification information. As the delay continued, a small but increasing number of these requests, notably from stakeholders, were critical of the OFA and its inability to make the information available online in a timely manner.

Appeals against the Registrar's administrative decisions, such as the denial or revocation of a licence, may proceed as appropriate to the Licence Appeal Tribunal. There were no such appeals.

FRENCH LANGUAGE SERVICE

The OFA can respond to enquiries received in French, whether oral or written. The nature and level of service the OFA provides in French is determined on an as required basis.

During this period, the OFA did not receive any enquiries which required a response in French.

FINANCIAL REVIEW

The financial overview is based on the April 1, 2018 to March 31, 2019 audited financial statements which reflects the OFA's third full year of operations as a delegated administrative authority.

The OFA continues to primarily rely on two revenue streams: film classification and licensing fees in accordance with a fee structure set out under the Minister's Order made under the FCA. Fees for film classification services are generally applied by the language of the content submitted, either in English or French, or in a foreign language. Licensing fees are charged depending on the class of licence an exhibitor, distributor or retailer may require. Revenue is primarily derived from Canadian sources.

As in fiscal 2017/18, the OFA has seen declining revenues, with the pace of that decline increasing in fiscal 2018/2019. Revenues declined more than \$500,000 in fiscal 2018/2019. Given the experience of the past two years, it is not expected that revenues will rebound. Further declines in revenues are expected.

2018/19 notable observations include:

- 28% decrease in minutes viewed for English/French language films but only a 16% decrease in number of film titles
- 10% increase in minutes viewed for foreign language films with a 10% increase in film titles
- 4% decrease in trailer minutes and 6% decrease in trailer titles
- 60% decrease in minutes viewed for Adult Sex Films and 68% decrease in Adult Sex Films titles
- overall decrease of 33% in minutes and 31% decrease in titles

Based on the last two fiscal years, there is a trend emerging of:

- a decrease in minutes viewed for English/French language films; and
- a near-elimination of Adult Sex Films submitted for classification.

In addition to general operational expenses incurred in administering the FCA, the OFA incurred one-time costs (including capital assets) related to office relocation and the replacement of the existing film classification and licensing database¹.

¹ As per the Administrative Agreement with the Ministry of Government and Consumer Services (MGCS), the OFA was granted access to MGCS' Consumer Affairs Tracking System (CATS) database for a period of 3 years ending September 30, 2018. The OFA is responsible for replacing CATS with its own database.

In response to the dramatic drop in revenues experienced in fiscal 2018/2019, the OFA continues to review its expenses and has decreased overall spending by more than \$300,000 (not including amortization charges) in this fiscal year. The OFA continues to look for cost efficiencies, but changes in the revenue model and to the underlying legislative and regulatory framework are needed in order to allow the OFA to respond appropriately to the evolving marketplace.

In the next fiscal year, the OFA will be pursuing changes to its fee structure.



ONTARIO FILM AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2019

ONTARIO FILM AUTHORITY

INDEX

MARCH 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-13



INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Film Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ontario Film Authority, which comprise the statement of financial position, 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario Film Authority as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Organization incurred a net loss of \$444,636 during the year ended March 31, 2019 and, as of that date, the Organization's current liabilities exceeded its total assets by \$391,451. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

August 21, 2019

Sloan Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

**ONTARIO FILM AUTHORITY
STATEMENT OF FINANCIAL POSITION**

As at March 31	2019	2018
ASSETS		
Current		
Cash	\$ 161,147	\$ 299,973
Short-term investments	150,000	1,185,000
Accounts receivable	78,343	14,973
Prepaid expenses	71,340	71,340
	<u>460,830</u>	1,571,286
Capital assets (Note 4)	976,695	178,360
Intangible asset (Note 5)	198,665	73,800
	<u>\$ 1,636,190</u>	<u>\$ 1,823,446</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 240,300	\$ 316,548
Deferred revenue (Note 6)	611,981	678,824
Deferred contributions - capital assets (Note 7)	400,471	-
	<u>1,252,752</u>	995,372
NET ASSETS		
Invested in capital assets	774,889	252,160
Unrestricted net assets	(391,451)	575,914
	<u>383,438</u>	828,074
	<u>\$ 1,636,190</u>	<u>\$ 1,823,446</u>

Approved by:

Director: Stimlick

Director:

**ONTARIO FILM AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS**

Year ended March 31	2019	2018
NET ASSETS CONSIST OF:		
Unrestricted net assets		
Balance, beginning of year	\$ 575,914	911,257
Excess of expenses over revenue	(328,520)	(70,080)
Purchase of capital assets	(513,980)	(191,463)
Purchase of intangible asset	(124,865)	(73,800)
Balance, end of year	(391,451)	575,914
Invested in capital assets		
Balance, beginning of year	252,160	47,053
Amortization	(116,116)	(60,156)
Purchase of capital assets	513,980	191,463
Purchase of intangible asset	124,865	73,800
Balance, end of year	774,889	252,160
NET ASSETS, end of year	\$ 383,438	\$ 828,074

**ONTARIO FILM AUTHORITY
STATEMENT OF OPERATIONS**

Year ended March 31	2019	2018
REVENUE		
Classification fees	\$ 1,157,246	\$ 1,290,679
Licensing fees	461,997	812,200
Amortization of deferred contributions	21,077	-
Interest income	8,146	12,196
Gain on disposal of capital assets	3,350	-
Other revenue	-	80,470
	1,651,816	2,195,545
EXPENSES		
Salaries and benefits	879,407	802,152
OFRB classification services	410,395	591,264
Occupancy costs	138,387	246,535
Subcontractors	113,849	81,214
Oversight fee	111,000	111,000
Legal fees	100,167	163,571
Office and general	94,448	162,230
Insurance	44,269	44,394
Professional fees	29,962	24,109
Board of director remuneration	24,651	17,673
Interest and bank charges	11,836	19,697
Bad debt	888	105
Memberships and licenses	-	1,681
Amortization	137,193	60,156
	2,096,452	2,325,781
EXCESS OF EXPENSES OVER REVENUES	\$ (444,636)	\$ (130,236)

**ONTARIO FILM AUTHORITY
STATEMENT OF CASH FLOWS**

Year ended March 31	2019	2018
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of expenses over revenue	\$ (444,636)	\$ (130,236)
Item not affecting cash:		
Amortization	137,193	60,156
Amortization of deferred contributions	(21,077)	-
Gain on disposal of capital assets	(3,350)	-
Changes in non-cash working capital:		
Accounts receivable	(63,370)	11,474
HST PSB rebate recoverable	-	34,256
Prepaid expenses	-	(46,388)
Accounts payable and accrued liabilities	(76,248)	130,559
Deferred revenue	(66,843)	19,016
	<u>(538,331)</u>	<u>78,837</u>
INVESTING		
Purchase of capital assets	(943,478)	(191,463)
Proceeds from sale of capital assets	11,300	-
Purchase of intangible asset	(124,865)	(73,800)
Purchase of short term investments	-	(400,105)
Proceeds from sale of short term investments	1,035,000	-
	<u>(22,043)</u>	<u>(665,368)</u>
FINANCING		
Amounts received for capital assets (Note 7)	421,548	-
NET DECREASE IN CASH	(138,826)	(586,531)
CASH, beginning of year	299,973	886,504
CASH, end of year	\$ 161,147	\$ 299,973

**ONTARIO FILM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

PURPOSE OF THE ORGANIZATION

The Ontario Film Authority (the "Organization") was established to administer the Film Classification Act, 2005 (the "FCA") and its associated regulation made pursuant to it and any other legislation and regulations as may be designated and delegated to the Organization under the Safety and Consumer Statutes Administration Act, 1996 as amended from time to time and any other legislation or regulations under which responsibilities are designated to the Organization in the future. The Organization will oversee the licensing of film theatres and the operations, including the film classification and approval activities of the Ontario Film Review Board, or any successor organization. The Organization will also promote and enhance public information, education, confidence and awareness in the film industry in Ontario through, but not necessarily limited to the following activities: film classification, licensing, inspections, investigations, responding to complaints, and public education activities.

The Organization was incorporated without share capital under the laws of the Province of Ontario on September 25, 2013. It is carried on without the purpose of gain for its members, and any profits or other accretions to the corporation shall be used in promoting its objects, and as such, is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant by the Organization.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of prepaid expenses, book value of capital assets, accruals for accounts payable and accrued liabilities, and deferral of revenues.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

ONTARIO FILM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Film projection equipment	40%	declining balance
Computer equipment	45%	declining balance
Leasehold improvements	10 years	straight-line over term of lease

The Organization regularly reviews its capital assets to eliminate obsolete items and fully amortize items no longer in service.

Intangible asset

The intangible asset is stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Database	10 years	straight-line

The amortization method and the estimate of useful life of the intangible asset is reviewed annually. As the database is not ready for use, there is no amortization.

Revenue Recognition

(i) Grant revenue

The Organization follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized in revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions are allocated to the purpose to which they relate. If the contributor makes no designation, they are allocated to general purposes. Grants are recognized in the period to which the related project occurs. Grants are recorded in revenue when the corresponding conditions for receipt of the funds received are met, or the period for which the funds are designated has passed.

Grants received in excess of the amount to be recognized in revenue for the year are recorded as deferred revenue.

**ONTARIO FILM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Classification fees

Fees charged for reviewing and classifying films in accordance with the FCA. Classification fees are recognized when the film has been classified.

(iii) Licensing fees

Fees charged for licensing retailers, distributors, and exhibitors are for a one, two, five, or ten year period. They are recognized evenly over the duration of the license. Unearned fees are recorded as deferred revenue.

Deferred tenant inducement

In 2019, the Organization entered into a 10 year lease for its head office. Under that agreement, the landlord funded renovations to the space as tenant inducements. This tenant inducement is deferred, as deferred contribution - capital assets and amortized on a straight-line basis over the term of the related lease.

Deferred rent

Under the organization's head office lease, there are increases in base rent each year. The base rent cost over the full lease term, including free rent periods, has been determined and is amortized on a straight-line basis over the term of the related lease.

2. GOING CONCERN

The Fiscal 2019 financial statements have been prepared on the basis of management's assessment of the organization's ability to continue as a going concern. In determining whether the assessment is appropriate, management has considered available information from the 12 months from the issuance of the Fiscal 2019 financial statements. In response to the recurring losses and negative cash flows from operating activities, the Organization has taken a number of actions to improve profitability and fund ongoing operations.

If the going concern assumption was not appropriate, then adjustments might be necessary to the financial statements.

ONTARIO FILM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

3. CAPITAL MANAGEMENT

When managing capital, the Organization's objectives are to ensure that the entity continues as a going concern as well as to maintain optimal benefits to its stakeholders. Management adjusts the capital structure as necessary, in order to support the operational requirements of the organization. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain future development of the organization. The Organization defines capital to include its working capital position and the net assets of the organization.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Organization, is appropriate.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Film projection equipment	\$ 234,456	\$ 67,187	\$ 167,269	72,721
Computer equipment	169,560	114,818	54,742	99,531
Leasehold improvements	795,047	40,363	754,684	6,108
	<u>\$ 1,199,063</u>	<u>\$ 222,368</u>	<u>\$ 976,695</u>	<u>\$ 178,360</u>

5. INTANGIBLE ASSET

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Database	\$ 198,665	\$ -	\$ 198,665	\$ 73,800

ONTARIO FILM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

6. DEFERRED REVENUE

	2019	2018
Continuity of deferred revenue:		
Deferred revenue, beginning	\$ 678,824	\$ 659,808
License fees received	417,261	490,071
Classification fees received	1,135,139	1,631,824
	2,231,224	2,781,703
Licensing fee revenues	(461,997)	(812,200)
Classification fee revenues	(1,157,246)	(1,290,679)
Deferred revenue, ending	\$ 611,981	\$ 678,824
Deferred revenue consists of:		
Licensing fees received in advance	249,144	391,968
Classification fees received in advance	362,837	286,856
	\$ 611,981	\$ 678,824

7. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2019	2018
Balance - beginning of year	\$ -	\$ -
Amount received	421,548	-
Accumulated amortization	(21,077)	-
	\$ 400,471	\$ -

The amounts received in 2019 related to the cash due under the terms of the lease for new premises to pay for leasehold improvements. It is amortized into income on the same basis as the related leasehold improvements which is the term of the lease.

ONTARIO FILM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

8. INVESTED IN CAPITAL ASSETS

a) Net assets invested in capital assets, which represent internally financed capital assets, are calculated as follows:

	2019	2018
Capital assets and intangible assets, net	\$1,175,360	\$ 252,160
Less: Unamortized deferred contributions - capital assets	(400,471)	-
	<u>\$ 774,889</u>	<u>\$ 252,160</u>

b) The net change in net assets invested in capital assets is calculated as follows:

	2019	2018
Amortization of deferred contributions	\$ 21,077	\$ -
Less: Amortization	(137,193)	(60,156)
	<u>\$ (116,116)</u>	<u>\$ (60,156)</u>

9. FINANCIAL INSTRUMENTS

In accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale, or other financial liabilities. The classification determines the accounting treatment of the instrument. The classification is determined by the organization when the financial instrument is initially recorded, based on the underlying purpose of the instrument. The financial assets and financial liabilities of the organization are classified and measured as follows:

<u>Financial assets/liabilities</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Receivables	Loans and receivables	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Fair value

The Organization's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of a financial instrument is the estimated amount that the organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

ONTARIO FILM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

10. CREDIT FACILITY

The Company has a revolving demand credit facility comprised of an operating loan to a maximum \$ 500,000; interest is calculated at prime rate + 2.40%.

The facility is secured by:

- a) General Security Agreement issued by the Organization representing a First charge on all the Borrower's present and after acquired personal property.
- b) Assignment of Fire insurance issued by the Organization.

11. COMMITMENTS

The Organization is committed to lease its premises at 40 Sheppard Avenue West, Suite 400, Toronto, Ontario M2N 6K9 until September 30, 2028. The lease includes commitments for minimum rent and the Organizations proportionate share of operating costs. As the operating costs are fairly consistent year over year and were estimated by the landlord, the operating costs have been included in the commitments. The future minimum annual lease payments including estimated annual operating costs are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2020	119,671
2021	239,341
2022	239,341
2023	239,341
2024 and thereafter	<u>1,375,056</u>
	<u><u>\$ 2,212,750</u></u>

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's method of presentation.

ontario
film
authority

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