



It's all about learning!

annual report  
2004 - 2005

**TV**Ontario



## **Vision**

To inspire and enrich the lives of Ontarians.

## **Mission**

To use the power of television, the internet, and other communications technologies to enhance education in English and French — inspiring learning for life.

## **Values**

To be excellent and innovative in everything we do, and to provide access for all people throughout Ontario.

## **TVOntario**

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## **About the cover**

The many faces and dimensions of TVOntario: educational programs and resources — on air, online, and through distance education.

## Message from the Chair and CEO

Today's children are in a unique position. They are at the forefront of a digital generation in which interactive communications technologies are converging at an unprecedented level – dramatically transforming the way they learn.

While it has been the mandate of TVOntario to support the province of Ontario's education priorities since our inception in 1970, these new technological advances are enabling us to move that strategy forward as never before.

TVOntario now links television, the internet, and our printed course materials to deliver a significantly more powerful learning experience for Ontarians.

Our award-winning children's television programs, for example, are now driving kids to our websites to continue learning in an interactive format.

Information on our websites is inspiring visitors to learn more by watching TVO and TFO television. Our websites are also encouraging Ontarians to finish high school by signing up for distance education through our Independent Learning Centre (ILC).

In addition to linking various communications media, we are now merging different media onto the same platform. For example, last year the ILC began digitizing educational television programs and incorporating them directly into its website to further strengthen the learning experience.

This convergence of communications technologies is positioning TVOntario to play an even more powerful role in helping to build a knowledge-based society. It is enabling us to become an even more essential part of the lives of Ontarians.

The key to our success in this role lies in TVOntario combining the strengths of our three divisions: TVO, TFO, and the ILC. With that in mind, we decided this year to take a different approach to our Annual Report: to show how TVOntario – as a whole – has performed against our eight strategic business priorities, versus reporting on each business line separately.

One of the highlights of the past year was the research conducted by the Ontario Institute for Studies in Education of the University of Toronto (OISE/UT). The purpose of the research was to examine the degree to which our interactive educational programs and services are enabling children to learn more and to retain that learning longer. Based on early findings, I am confident that the complete research will further validate our role in delivering high quality educational services.

Isabel Bassett,  
Chair and CEO, TVOntario



Another highlight was the impressive increase in the number of TVOntario Members to over 100,000 from 88,000 the year before. This expanded base of support is a vote of confidence in TVOntario as a valued and important part of the lives of Ontarians.

Also, we expect income generated from an expanded membership base to help TVOntario achieve greater self-sufficiency.

With the financial support of our growing membership, we will continue to strengthen our programs and services, making them equally accessible, any place, any time, to all Ontarians.

TVOntario enters the new fiscal year as a confident, forward-looking organization firmly committed and more ready than ever before to be a vital force in this province's education strategy. This is due to the enormous work undertaken by our employees to transform the objectives of our business plan into action. On behalf of the Board of Directors, I thank them for their dedication.

I also thank our network of voluntary Advisory Councillors, our Board of Directors, the Ministry of Training, Colleges and Universities, the Ministry of Education, the Ministry of Francophone Affairs, and all our corporate sponsors for their support and passion for the programs and services we provide. I also thank the millions of Ontarians who take advantage of our excellent programs and resources, and especially those TVOntario Members who support us financially every year. We value your generosity and appreciate your loyalty.

I look forward to working with all of our stakeholders as TVOntario continues to deliver the best educational programs and resources to the people of Ontario.

A stylized, handwritten signature in dark ink that reads "Isabel Bassett".

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# Delivering on our Commitments

TVOntario continued in fiscal year 2004-05 to play an essential role in helping to build a knowledge-based society for the province of Ontario. Through our three core business divisions – TVO, TFO and the Independent Learning Centre (ILC) – we are delivering lifelong learning opportunities that enhance the societal and economic well-being of Ontarians.

TVOntario made significant progress in fiscal year 2004-05, the second year of our current three-year business plan. We delivered on the eight priority areas identified in that plan, as outlined in the balance of this Report.



## PRIORITY 1

### **Formal Education**

#### **Deliver programs and services that meet the formal education needs of Ontarians.**

Learning is at the core of everything we do. Our goal is to provide unique educational programs and resources that will inspire the minds and enrich the lives of the people of Ontario.

#### **Independent learning**

The Ontario Ministry of Education has designated TVOntario's Independent Learning Centre (ILC) as the province's developer and provider of distance education credit courses, in both French and English, for grades 1 through 12. The ILC served over 18,000 Ontarians in 2004-05.

A major goal for the ILC has been to expand the number of curriculum course offerings. The ILC was on target with its mandate from the Ministry of Education with 24 new secondary curriculum-based courses in English and French added in 2004-05.

The ILC also completed courses for seven out of the eight elementary school grades, with the final grade delivered in the first quarter of 2005-06. This work enabled the ILC to launch an enhanced elementary program for home-school families and parents on foreign work assignments. The program is a convenient and inexpensive way for children to continue their Ontario education.

We expect the new elementary and secondary courses to result in increased enrolment in 2005-06 and beyond.

Significant progress was made this past year attracting more young adults between the ages of 16 and 20 to refocus on their education. Compared with the year before, the ILC had 25% more youth between the ages of 16 and 20 in 2004-05, for a total of over 9,000 students in that age group.

The ILC also reported an 8.8% year-over-year improvement in the success rate of adults writing the General Education Development (GED) high school equivalency test. The GED, which enables adults over the age of 18 to earn their high school equivalency, is available in Ontario only through the ILC.

In 2004-05, the ILC also introduced a broad range of new support tools for students of all ages.

Fifty-eight new Interactive Learning Objects (ILOs) were developed. These online, mini-lessons address specific curriculum concepts in science and math through interactive tutorials.



An *Essay Feedback* tool was added to *Ask a Teacher*, the popular free online homework help service for high school students. The new feature allows students to submit their essays for feedback by certified Ontario teachers.

A *Find a Program* tool was added to the *CareerMATTERS* website. This new feature provides access to information on over 9,000 college, university, career college, apprenticeship, and continuing education programs across the province. In his February 2005 review of Ontario's post-secondary education system, former Premier Bob Rae recognized the value of *CareerMATTERS* in helping students chart a path through educational choices at both the high school and post-secondary level.

In 2004-05, the ILC began offering digitized, curriculum-linked TVO programs to its students as supplemental materials. Students can click onto the ILC website to access course-specific segments from TVO programs such as *Studio 2* and *More to Life*. The ILC plans to incorporate TFO segments in 2005-06. To create further links between ILC courses and our educational television programs, the ILC student newsletter, which is produced in English and French, now includes articles on recommended viewing. Distributed three times last year, the newsletter encourages students to tune in to TVO and TFO programs that will enhance their studies.

**"The TVOKids preschool game Choo-Choo is unique. One really won't find anything quite like it on TV or online ... children are able to nurture their own abilities to empathize with others and to make ethical choices."**

**Barbara Coloroso, Author and Parenting Educator**



#### **More resources for and by teachers**

In 2004-05, TVOntario continued to expand our popular Curriculum Resource Bank (CRB) – a broad range of resources developed in consultation with teachers, for teachers. The CRB provides Ontario teachers with downloadable curriculum videos, digital learning objects, teacher guides, and lesson plans. In 2004-05, the CRB had 1,700 teacher subscribers. Co-developed by TVOntario and the Education Network of Ontario (ENO), the CRB online database offers the best of TVOntario's award-winning, curriculum-linked kindergarten through grade 12 learning resources.

The CRB also has strong revenue-generating potential. The database has been purchased by Télé-Québec, and is attracting interest in the U.S.

TFO's Nouveaux Médias department delivered part of the second phase of *e.Workshop.on.ca* and *atelier.on.ca*. This e-learning website for teachers is produced in the context of the Ministry of Education's Literacy and Numeracy strategy. The goal of the strategy is to provide a rich online resource to help teachers improve literacy and numeracy outcomes for their students.

TFO also produced and distributed the third edition of *TFO à l'école*, a CD-ROM providing an overview of downloadable television programs, websites, and print resources available to teachers, educational administrators and school board management throughout the province.

In September 2004, TVO launched *TVO for Teachers E-News*,



a free monthly electronic newsletter aimed at intermediate and senior teachers. The newsletter lists educational programs on our broadcast schedule that are tied to the curriculum, and provides teachers with accompanying lesson guides, pre- and post-viewing activities for the classroom, student worksheets, and assessment and evaluation tools. The newsletter already has 1,800 subscribers.

TVO created an educational outreach program this past year to tour the province and make the education community more aware of our broad range of educational programs and services. Presentations were made to pre-service teachers to inform them of TVO's free, curriculum-linked resources, and how they can integrate them into the classroom. Research shows that new teachers are leaving the profession in high numbers, and our experience has been that teachers are inspired by the fun, interactive educational resources we have to offer.

We also distributed the *Show Me* CD-ROM to all public schools and public libraries across Ontario. *Show Me* is a searchable catalogue of TVOntario's English-language curriculum resources.

TFO increased the number of resources it produced and made available for teachers through *Enseignants*, including more teacher guides focusing on the complementary use of video, web and print resources. Selected web-based resources were made available on CD-ROM to increase the accessibility of TFO products in all schools.

TFO's educational officers gave training sessions and presentations to teachers and school board personnel, as well as parent groups. Approximately 2,000 people participated over the entire year.

TFO's pedagogical council met for its annual two-day working session in 2004-05 to identify educational resources needed to meet teachers' requirements over the next two to three years.

**"I never have to worry about the educational value of children's programs on TFO. Please continue to entertain our loved ones and let them enjoy a childhood steeped in imagination and play."**

**J. Roberts, TFO Viewer**

### **Innovative children's programming that teaches and inspires**

Parents are the ones who largely choose what their young children watch on television. In Ontario, surveys show that parents continue to decide to make TVO and TFO their destination of choice for educational television and online activities. In fact, TVO was voted "Best Family Station" in 2004 by Toronto's *City Parent* magazine.

Every week in 2004-05, an average of about 450,000 Ontario children aged 2 to 7 tuned into TVO and TFO – up 15% from the year before.

Parents and children clearly value the programming that TVO and TFO offer – a safe environment for children that is completely free from violence or commercial messages, whether on air or online. This is our guarantee to the people of Ontario.

Parents also appreciate the truly educational value of TVOntario's programming. Unlike other children's broadcasters, we have professional teachers on staff to ensure that 100% of our children's programming is directly tied to the province's education curriculum.

But viewing patterns tell only part of the story. Interactive programming and the convergence of television with the web is proving to be a far more effective learning tool than just television alone, especially among younger children who tend to prefer online games that are educational.

In 2004-05, TVOntario increased the ways in which we blend on-air and online technologies to provide powerful, interactive learning experiences. *Open Your Ears* (music), *Tumbletown Tales* (math), and *Pêle-mêle* (vocabulary) are all curriculum-based learning tools that are fun and educational for children, and are welcomed classroom support for teachers. They are also designed to be accessible by any household or public library with a basic computer and internet connection.

Research in 2004-05 indicated that children, teachers and parents are using TVO's educational web-based products in record numbers. Every month 400,000 users click onto the *tvokids.com* website. This represents a 43% increase over the previous year.

Our *tfo.org* site has added more educational interactive content for math, French grammar, and other subjects for kindergarten through grade 12 students on sites such as *Gramm-O-l'eau*, *Alphablitz* and *Flash Maths*.

TVOKids launched *ArtBot*, a converged television and online program that focuses on the exciting world of art. By logging onto *tvokids.com*, children can create and submit their own masterpieces. There's even an *ArtBot Jr.* for pre-schoolers.

TVOntario remained committed to our anti-bullying campaign. In 2004-05, TVO developed *Stand Tall* and *Be My Friend* music videos to promote self-esteem by reminding kids they have a voice and to believe in themselves.

*The View From Here* commissioned and aired *Angry Girls*, which followed a group of young women exposed to violence, aggression, and neglect. *Studio 2* produced a special edition exploring the lives of children bullied at school. TVOKids teamed up with The Bell Kids Help Line to launch a monthly live, phone-in segment on *Milton's Hotline* for kids to talk to counselors about bullying, racism, and other issues.

TFO continued to create curriculum content by repurposing segments from in-house productions of *Volt* and *Panorama*. Segments were classified by curriculum for easy use by teachers. We also increased the number of hosted segments of *Mini TFO*, programming dedicated to the 2- to 6-year age group.

TFO continued in 2004-05 to provide a unique service to support French-language education in Ontario. Over 70% of our daily schedule is cleared of rights for use by teachers.



## PRIORITY 2

### ***French as a Second Language***

#### **Increase TVOntario's support of French as a second language in Ontario.**

Ontarians place high value on programs that support French as a second language (FSL). TVOntario is a powerful advocate and teacher of FSL, using broadcast, online, and print media.

TFO continued to ensure all French immersion schools in Ontario had access to TVOntario French-language products. In 2004-05, TFO distributed 4,000 copies of *Horaire scolaire*, a convenient guide listing TFO's educational resources.

TFO also began work on adding a second FSL course to *L'École des langues*.

TVO continued to dedicate an FSL strand in our *TVOKids* morning and afternoon blocks to introduce French to children at an early age. In addition, *tvokids.com* lets kids have fun matching pictures and French words on *Paires-éclair*s.

TVO also introduced *Bonjour Benny*, a new series that jumpstarts learning French for primary grades.

## PRIORITY 3

### ***Diversity***

#### **Better reflect the changing reality of Ontario society.**

The face of Ontario is changing – and TVOntario is changing with it. In 2004-05, we continued to produce programs and services that reflect the social diversity of the province. An example of this was the increased use of experts and opinion leaders from various ethnic backgrounds to bring their perspective to challenging social issues aired on TVO and TFO documentaries and current affairs programs.

TFO's public affairs program, *Panorama*, continues to make ethnic diversity a natural part of its daily lineup, through topics and guests reflecting the changing face of the Franco-Ontarian community.

TVO also dedicated more of its prime-time schedule to productions focusing on cultural diversity.

We introduced *Mosaic Week* during heritage month in February. The week was dedicated to examining what multiculturalism means, and its impact upon us and our world.

TVO commissioned *Hardwood*, an Oscar-nominated, short documentary examining interracial marriage and mixed-race families, and *Continuous Journey*, an investigation of the reasons and ramifications of Canada turning away a ship carrying immigrants from British India in 1914.



## PRIORITY 4

### **Improved Access**

#### **Increase access for Ontarians facing barriers to our programs and services.**

TVOntario is working toward meeting the Canadian Radio-television and Telecommunications Commission (CRTC) requirement for 90% of TVO's broadcast schedule and 75% of TFO's broadcast schedule to be closed-captioned by August 2007.

TVO almost tripled the hours of closed-captioned children's programming to 48% of the children's block this past year.

Faced with greater technical and financial challenges in 2004-05, TFO still managed to increase closed-captioning on its prime-time schedule to 30%, from 25% the year before.

Increasing the number of programs that are closed-captioned will continue to be a priority for TVOntario in 2005-06 for both our English- and French-language programming. We are grateful to the many Members and Sponsors who helped us incorporate this technology to the benefit of the hearing-impaired in Ontario.

The ILC also performed a valuable role in meeting the needs of new Canadians in many ways, from its English as a second language courses, to information on career and training opportunities in Ontario. The ILC is now able to speak to students in 11 languages.

#### **Reflecting Ontario's regional diversity**

TVOntario continued in 2004-05 to tell Ontarians more about themselves by airing programs that showcased this province's regional diversity.

*Panorama*, TFO's popular current affairs program, opened a news bureau in Sudbury to further strengthen its presence in the Franco-Ontarian community.

TVO introduced: *Meet the Mayor*, a monthly phone-out interview show with mayors from all over Ontario; *Ask the Minister*, a chance for Ontarians to get answers to questions affecting their local communities; and *Rookies on the Hill*, a chance for Ontarians to see how they are being represented in Ottawa.

*Studio 2*, TVO's flagship current affairs program, launched the 2004-05 fall season with a ride on the Algoma Central Railway, introducing the province to the people, history, and traditions of communities from Sault Ste. Marie to Hearst.



**"You never know the difference you can make in a person's life. The ILC has made a big one. They opened many of the doors I thought were locked forever."**

**A. Lowe, 2004 ILC Graduate**

## PRIORITY 5

### Partnerships

**Build partnerships with teachers, post-secondary institutions, other provincial agencies, and the private sector that will support our educational mandate.**

TVOntario continued to build partnerships with educational institutions and cultural associations throughout Ontario. Through the power of television, the internet and other communications media, TVOntario is able to make Ontarians much more aware of our partners' programs and activities.

The educational institutions also benefit by being able to incorporate related television programs into their curriculum, further enhancing the learning experience of their students.

TVO has 20 partnerships with colleges and universities, with 31 of our television programs tied to academic courses.

TVO's current affairs program *Diplomatic Immunity*, for example, is an integral component of the curriculum at six Ontario universities, including business at the University of Ottawa, journalism and communications at Carleton University, and world affairs at the University of Guelph.

In addition to tying programs to courses, TVO's *Big Ideas* featured outstanding academic lectures, with plans to launch a "Best Lectures" competition across the province in 2005.

In partnership with Heritage Canada and the Office of Francophone Affairs, TFO produced *Champlain raconte*, a series of eight interstitials on the history of French Canada as part of the 400<sup>th</sup> anniversary of the Champlain exploration. This series is linked to the province's history curriculum.

TFO built partnerships with francophone institutions for *Francœur*, the first Franco-Ontarian drama series ever produced.

TFO continued to partner with school boards and academic institutions by providing teacher-training courses. The courses, which meet the standards of the Ontario College of Teachers, were offered throughout 2004-05, and emphasized integration of TFO's multimedia resources in the classroom.

TFO continued to provide online and telephone homework and career-orientation help through *SOS Devoirs*, a service provided in partnership with the Francophone School Boards of Ontario and Conseil scolaire de district du Centre-Sud-Ouest (CSDCSO). A new partner has also been added. The Service d'apprentissage médiatisé franco-ontarien (SAMFO) project of Centre franco-ontarien de ressources pédagogiques (CFORP) provided over 500 learning objects for grades 11 and 12.

In addition, [tfo.org/macarriere](http://tfo.org/macarriere) was launched in partnership with Regroupement des intervenantes et intervenants francophones en santé et en services sociaux de l'Ontario (RIFSSSO), to provide Franco-Ontarian students with career options and educational opportunities in French.

TFO offered pedagogical support and documentation to specialists hired by the Ministry of Education to develop curriculum guidelines related to specific courses.

TFO's Educational Services team focused on further strengthening its relationship with the two French-language Faculties of Education at the University of Ottawa and Laurentian University. Most students in these faculties received a minimum of one classroom session from TFO. The sessions were designed to make students aware of the broad range of educational programs and resources available through TFO.

This past year, TVO launched a multi-year partnership with the Ontario Institute for Studies in Education of the University of Toronto (OISE/UT). This partnership has brought greater public exposure for both OISE/UT and its professors throughout the province. For example, TVO broadcast several successful television programs on the future of education in Ontario including *Education Week*, and two televised debates on *The Schools We Need* and *The Future of Lifelong Learning and Work*.

TVOKids is also participating with the Institute of Child Study at OISE/UT in a family literacy initiative focusing on how TVO can help develop and motivate home-literacy practices.

TVO partnered with the Ontario Arts Council to commission 40 short television programs highlighting artists and arts organizations of varied cultures and disciplines from across Ontario. This particular partnership clearly illustrates TVOntario's power to showcase the work of Ontario's diverse arts community to people across the province.

In 2004-05, the ILC focused on strengthening its partnership with Contact North to ensure we are making the best use of their facilities to promote TVOntario's products and services throughout the province. It also continued to connect with Ontario's youth through partnerships with the Ontario School Counsellors' Association and the Ontario Association of Youth Employment Centres.

## PRIORITY 6

### Awareness and Use

#### Promote greater awareness and use of TVOntario products.

TVOntario expanded our presence in communities across Ontario through public events, appearances, and outreach programs.

Both TVO and TFO toured the province last year with live stage shows intended to connect TVOntario directly with Ontario's youth by bringing our on air-talent to local communities.

In addition to building awareness of TVOntario programs and services on a community level, stage shows such as *Don't Sit Still*, powered by Scotiabank, *The Reading Rangers*, sponsored by TD Bank Financial Group, and *Méga TFO* and *VOLT* promote literacy and teach the value of a healthy and active lifestyle.

TVOntario's dedicated network of volunteer Advisory Councillors remains an integral part of our outreach strategies. In 2004-05, Advisory Councillors undertook a comprehensive initiative to visit just about every library throughout Ontario to promote our educational programs and services.

TVOntario increased our presence this past year at events such as the Toronto District School Board Anti-Bullying Conference (where TVO's documentary, *Angry Girls*, was screened and discussed), the OISE/UT Peacemaking Conference and Odyssey 2004, and the Ontario Principals' Conference. We also strengthened our focus on parents, with presentations made to home-schooling associations and parent councils.

TVO partnered in 2004-05 with the Spelling Bee of Canada as the exclusive broadcaster and producer of the Ontario Spelling Bee Championship. Sponsored by AIC Limited, the Ontario Championship brought together children and families from a broad range of backgrounds across the province. We also continued our partnership with RBC Financial Group, which supported our *Ask a Teacher* homework help website.

TFO participated at major educational events for French-language schools. Kiosks were set up to inform participants of TFO resources. In addition, we distributed 10,000 welcome kits to parents enrolling their children in junior kindergarten.

TVOntario undertook internal steps this past year to better support our marketing efforts. We combined our marketing, communications, sales and licensing, and fundraising teams to ensure a more integrated and effective approach to everything we do. This new department began work in 2004-05 on TVOntario's first strategic marketing and communications plan, to be delivered in early 2005. One of the new initiatives will be a comprehensive Speakers Bureau designed to raise awareness and membership for TVOntario throughout Ontario.



**"Whenever I mention TVOntario productions to my advisory group they always say 'buy that program'. Without a doubt, all of TVOntario's programming is superior and meets the high standards set by Thirteen/WNET."**

**Toni Schefflin, Manager, Instructional Television Thirteen/WNET, New York, NY**

## PRIORITY 7

### ***Financial Self-Sufficiency***

**Build a stable, renewable resource base that is the foundation for greater financial self-sufficiency.**

TVOntario understands that government can no longer do it all, and that we are responsible for building on the \$48-million in base funding that we received from the province in 2004-05. This means we must continue to make a strong case for all Ontarians to become financial partners in TVOntario, the same way they are with hospitals, universities, and cultural institutions.

There has been encouraging news in this area. In 2004-05, TVOntario's membership increased to 100,299, a 13.6% jump over the previous year, and the largest number of Members since we launched the first membership drive in 1982.

In terms of financial support, Members contributed \$6.6 million, or 8.6% of TVOntario's total budget of \$76.1 million for 2004-05. But Members enrich TVOntario beyond their generous donations. Each membership in TVOntario is a vote of confidence in the programs and services we deliver.

Last year, we also took steps to secure more, large private-sector donations through initiatives such as The TVOntario Foundation.

We are confident that the results of these efforts will be realized during 2005-06. One early success, for example, has been the creation of the Peter G. Bowers Legacy Fund in memory of TVOntario's first General Manager. Established in 2004-05 by a friend of Peter Bowers, the Fund has already raised over \$76,000 for children's programming on TVO and TFO.

TVOntario also continues to raise additional revenue from operational activities such as the distribution of the TFO signal outside of Ontario and the rental of transmission towers.

We also raised money from government funding for specific projects such as the Ministry of Education's early reading and early math initiative with TFO. Special project funding represents a growth area for TVOntario, and reinforces our strong relationship with the provincial government.

Finally, the sale and licensing of TVOntario products also continue to generate revenue. There is a great deal of respect for TVOntario's learning tools in world markets.

The international respect for our traditional analog educational products, especially in the U.S., gives TVOntario a ready market to introduce a new generation of interactive, digital learning tools such as *Tumbletown Tales*, *Open Your Ears*, and a package of curriculum learning objects for high school math and science.

We expect that as the trend toward convergent learning develops, so too, will the sale of our innovative educational products in both existing and new markets.



## PRIORITY 8

### **An Innovative Learning Organization**

#### **Increase innovation and efficiency across the organization.**

TVOntario's stakeholders, including taxpayers and our more than 100,000 Members, deserve an organization that delivers value for the dollars invested – in the quality of programs and services we deliver, and in the way we manage the business.

Three years ago, TVOntario launched a process to make certain a cost-effective infrastructure was in place to support the activities of our three business lines, and to map out a strategic plan to support our vision for technical convergence and transition to a digital environment.

In 2004-05, we concentrated on three key business areas: process improvement, preparation for new technologies, and employee training.

#### **Process improvement**

Every year, TVOntario must report to the Society of Composers, Authors and Music Publishers of Canada (SOCAN), information about the thousands of pieces of music we use annually on TVO and TFO. As a result of investments made in automation in 2004-05, what was once a costly, labour and paper intensive function is now satisfied with the push of a button.

An added benefit to the new reporting system was to equip producers with a more efficient platform to manage music, while building on-air and online programs. This speaks directly to one of the key drivers of our technology agenda: to put systems in place that allow our business units to dedicate more time to producing content.

#### **Preparation for new technology**

TVOntario spends considerable time generating, storing, retrieving, and reusing our programs and courses. The more we know about our assets, the better they can be shared with all our business lines and accessed by the public.

A call for proposals was issued for digital asset management that will enable us to more efficiently manage our digital assets across the three business lines. The Digital Asset Management System will continue to be a priority for the organization over the next three to five years.

#### **Employee training**

TVOntario employees are central to our commitment to build a more cost-efficient, results-driven organization. Our employees need to have the skills and knowledge to succeed. Over the last three years, we have been working on a professional development strategy – the largest component of which is training and new skills development. In 2004-05, we implemented a new development program for middle managers to assist their teams during this transition period. In addition, we continued with skills training for employees involved with new technologies.

To ensure a safe and healthy workforce, we also undertook a series of training sessions built around our health and safety programs.



**"I am an ESL/Literary teacher. I am dealing with students with either no English or gaps in their schooling – they now watch TVO."**

**V. Jolly, TVOntario Member**

# The Road Ahead

The ground has shifted considerably since TVOntario first introduced our three-year plan in 2002-03.

There is now an even greater proliferation of digital cable options, a commitment to education and academic excellence by the government, and pressure on the public purse.

To better manage the expectations placed on TVOntario in this changing environment, we determined that it was necessary to revisit the original plan for the purpose of placing greater emphasis on key priorities.

This updated version of the plan recognizes that more than at any other time in our 35-year history, TVOntario has to aggressively define our market niche as Ontario's educational network, and motivate all Ontarians to become partners in helping us to realize greater financial self-sufficiency. Our mission continues to be to use the power of television, the internet and other communications technologies to enhance education in Ontario, in both English and French – inspiring learning for life.

Our vision is to inspire and enrich the lives of Ontarians.

Our new business plan consolidates our priorities into the following four key goals and supporting objectives:

**Establish TVOntario as essential to building a knowledge-based society in Ontario by:** providing unique, relevant, high quality programs and services that meet the educational and lifelong learning needs of key target audiences; reflecting the regional and societal diversity of Ontario; increasing the awareness, access and usage of our programs and services; and, dedicating resources required to support a digital future.

**Provide a safe, non-violent, commercial-free educational service for children across Ontario by:** continuing to lead in the effective use of on-air, online, and print media for educational purposes.

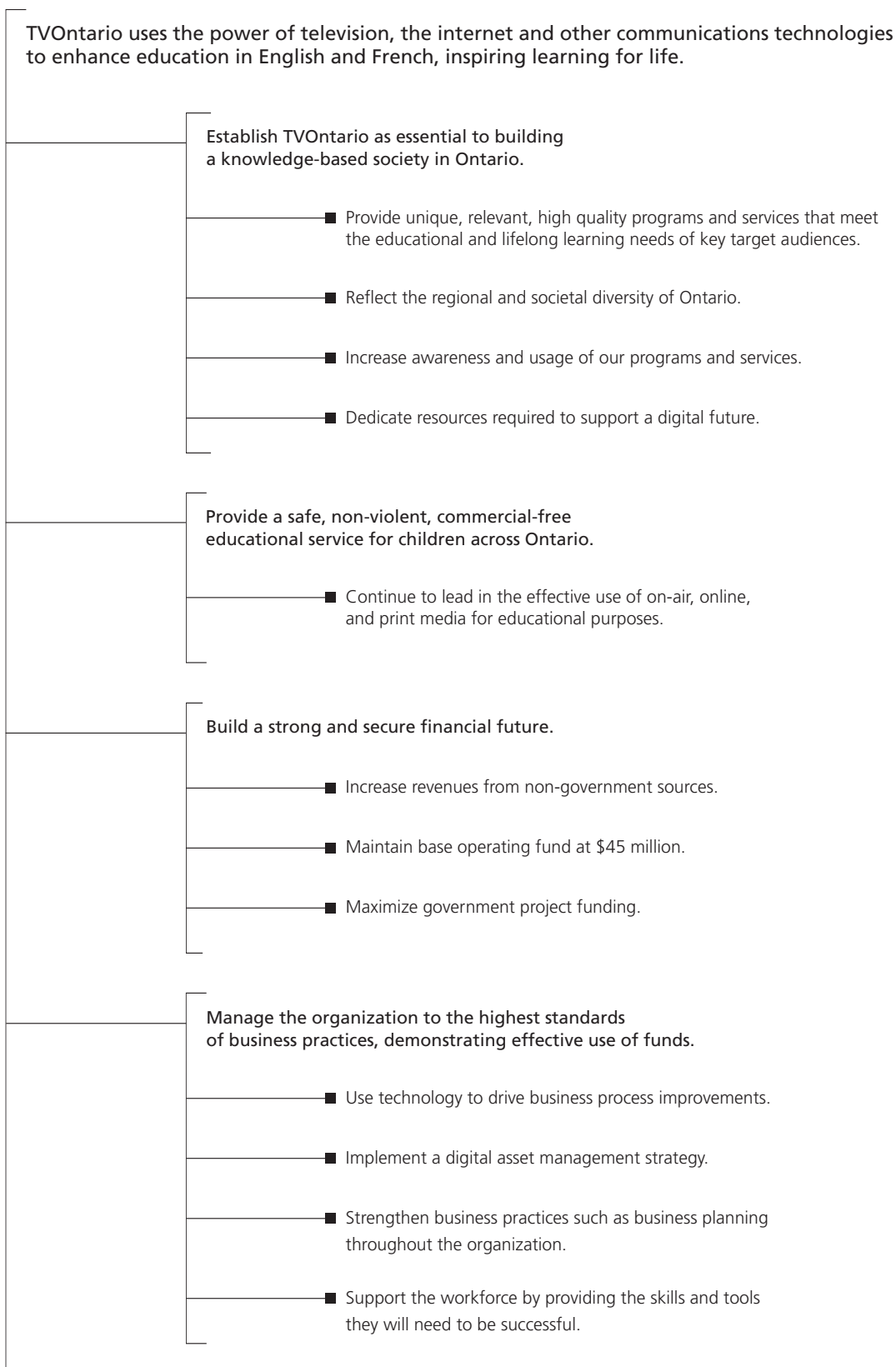
**Build a strong and secure financial future by:** increasing revenues from non-government sources; maintaining our base operating funding at \$45 million; and, maximizing government project funding.

**Manage the organization to the highest standards of business practices, demonstrating effective use of funds by:** using technology to drive business process improvements; implementing a digital asset management strategy; strengthening business practices throughout the organization; and supporting the workforce by providing the skills, tools, and information they need to be successful.

Focusing on these four goals, we will secure the road ahead for TVOntario and the people we serve throughout this province.



# Strategy Map 2005-08



# Advisory Councils

TVOntario's unique province-wide volunteer advisory network of Regional Councillors is integral to our community outreach. Councillors provide invaluable support at the community level, helping to deliver our educational message to Ontarians far and wide, and providing local community feedback on the effectiveness of programs and services. They are our pipeline to regional interest groups such as educational institutions, community associations and friendship centres, and their dedication is much appreciated.

## Northwestern Regional Council

Cyndi Cossais, Dryden  
Sabrina DeGagne, Atikokan (until June 2004)  
Paul Filteau, Thunder Bay (Vice Chair)  
Tony Gaspar, Manitouwadge  
Eugene Lefrancois, Kaministiquia (from November 2004)  
Hubert O'Hearn, Thunder Bay  
Jocelyn Paquette, Thunder Bay  
Paul Pirie, Fort Frances (Chair)  
Kim Pirie-Milko, Kenora  
Brenda Small, Thunder Bay (from November 2004)

## Northeastern Regional Council

Peter Desilets, Sudbury (until June 2004)  
Debora Fleming, Moose Factory (until June 2004)  
Rick McCutcheon, Little Current (Chair)  
Lise Moore Asselin, Mattawa (Vice-Chair)  
Laurie Philip, Moose Factory (from July 2004)  
Martina Schroer, Huntsville (from July 2004)  
David Shier, Sault Ste. Marie  
Mark Mannisto, Sudbury (from October 2004)  
Bruce MacLeod Thomson, Bracebridge (until June 2004)

## Southwestern Regional Council

Elise Harding-Davis, Harrow  
Rachel Hayes, London (Vice-Chair)  
Chester Langille, London  
Stephen Maxwell, Kitchener  
Rosemary Rognvaldson, Gorri (Chair)  
Stewart Wayne Sinclair, Chatham  
Graham Steeves, Port Elgin

## Southcentral Regional Council

Jorge Campos, Willowdale (Vice-Chair)  
Adrian Cece, Maple (from July 2004)  
Heather Kenny, Bailieboro  
Gerry Manno, Oakville (until June 2004)  
Cynthia Meyrick, Penetanguishene  
Sharon Summers, Kirkfield (Chair)  
Charlene Tehkummah, Toronto

## Eastern Regional Council

Calvin Bowry, Kingston  
Keith Clingen, Martintown (Vice-Chair)  
Gregory Dunlop, Nepean (until June 2004)  
Narda Kathaleen Iulig, Deseronto (Chair)  
Sheila Soden, Belleville  
Gail Lynn Sproul, Plainfield (until June 2004)  
Marc St. Germain, Ottawa (from July 2004)  
Ivy Williams, Nepean (from July 2004)  
Angela Woollam, Pembroke (from July 2004)

## Francophone Advisory Council

Lise Marie Baudry, Toronto (from December 2004)  
Yvon Desroches, Cochrane (Vice-Chair)  
Evelyn Dutrisac, Sudbury (from December 2004)  
François Guérin, Toronto (until June 2004)  
Nathalie Lalonde, Rockland (Chair)  
Dina Quenneville, Geraldton  
Daniel Sigouin, Hearst (from November 2004)  
Johanne Sylvain, Sarnia  
André Thibodeau, Orléans (until February 2005)  
Francine Umulisa, Toronto (from October 2004)  
Nicole Wirtz, Dundas (until June 2004)



## Awards

With nearly 900 awards to our credit, TVOntario continued to accumulate accolades and prizes at home and around the world in recognition of our high quality educational programming and Websites.

Awards for 2004-05 include:

Genie Award  
Best Documentary  
TVO *The Corporation*

Gemini Award  
Best Interactive  
TVOKids *Time Trackers*

Gemini Award  
Best Picture Editing | Documentary or Series  
TVO *Dying at Grace*

Gemini Award  
Best Direction | Documentary  
TVO *The World Stopped Watching*

Gemini Award  
Best Writing | Documentary or Series  
TVO *Crimes of the Heart*

Donald Brittain Award  
Best Social/Political Documentary Program  
TVO *Dying at Grace*

Alliance for Children and Television (ACT) Awards  
Award of Excellence | Animation, Ages 3 - 5  
TVOKids *Peep and the Big Wide World* (co-production)

Alliance for Children and Television (ACT) Awards  
Best Program  
TVOKids *This is Daniel Cook* (acquisition)

Alliance for Children and Television (ACT) Awards  
Award of Excellence | Best Program  
TVOKids *This is Daniel Cook* (acquisition)

Alliance for Children and Television (ACT) Awards  
Award of Excellence | All Genres, Ages 3 - 5  
TVOKids *This is Daniel Cook* (acquisition)

Banff Rockie Awards  
Hors Concours Award, Family and Youth Programs  
TFO *renegade:press.com*

New York Festivals  
Bronze WorldMedal, Educational Instructional  
TFO *Milo*

Les Prix Communications et Société  
Children's Television Production  
TFO *Les Capsules Zérolimit* (co-production)

AMTEC  
Award of Excellence (Interactive)  
TFO *Les Dessins-mystères de Méli-Fleur*

De l'Encre à l'Écran Festival  
La Lanterna Magica for Best Documentary  
TFO *Mary Shelley* (pre-purchase)

21ST Chicago International Children's Film Festival Awards  
Best Live Action Television Program  
TFO *SNOB* (acquisition)

Les Prix Communications et Société 2005  
Communications et Société, Radio and Television  
TFO *Les Capsules Zérolimit* (coproduction)



## Stars Members

Stars Members are our leading level of donors, playing a significant role in furthering the excellence of TVOntario's educational programming and resources. We are pleased to recognize the following TVOntario Stars:

Katherine Adams  
Firoz Ahmed  
Robert Alexander  
Clive & Barbara Allen  
Eileen Altman  
E. Anderson  
H. Neil Anderson  
Anne-Marie H. Applin  
Valerie Armstrong  
Alexandra & James Arnett  
Robert Arthur  
Edward Atienza  
Barrow Baldwin  
Maryll Ballantyne  
Robert & Dorothy Baragar  
Francine & Robert Barrett  
Isabel Bassett  
Marion Bassett  
Kenneth Batt  
Beryl Bayne  
Gary Beamish  
Geoffrey M. Beechey  
Thomas Beechy  
George Bellamy  
John Bellamy  
Robert Bellamy  
Gordon Bennett  
Christie Bentham  
Dr. Robert Hugh Best  
Peter Bird  
Peter Birnie  
Myrtle Blair  
Susan Blue  
Ann & Douglas Bodley  
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Betty Brent  
Robert & Gail Brent  
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Elizabeth Brown  
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Shirley Buckley  
E.J. Bunclark  
Josephine & Thomas Bunker  
Jane Burnett  
C.R. Burtchall  
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 N. A. Taylor Foundation  
 Too Many Toys Inc.  
 Uniglobe Plus Travel Group

Anonymous donors



# Corporate Funders

In 2004-05, TVOntario received tremendous support from our corporate and community partners across Ontario. We would like to thank those companies and organizations that have helped enrich the lives of Ontarians of all ages through their commitment to lifelong learning at TVOntario.

## **TVOntario Lead Partners**

### **Lead Corporate Education Partners**

*TVOntario recognizes the following corporations for their outstanding leadership and commitment to our mandate of providing quality educational programming, both on-air and online:*

#### **Career Partner**

BMO Financial Group is the proud partner of TVOntario's acclaimed *CareerMATTERS* website. A free exploration website backed by a comprehensive database, *CareerMATTERS* features a complete, online reference guide to high school courses, apprenticeship training, and post-secondary institutions and resources throughout Ontario. The site helps young people both in and out of school discover the many options available to chart their future.

#### **Online Education Partner**

RBC Financial Group is the proud presenting partner of TVOntario's *Ask a Teacher*. This free online service provides high-school students with homework help from certified teachers. Chat Rooms offer one-on-one tutorials, and the Brain Bank has thousands of grade-specific practice exercises and tips. The new *Essay Feedback* Tool enables students to submit their assignments for assessment by English teachers and to hone their writing skills.

#### **Healthy Minds – Healthy Bodies Partner**

Scotiabank is the proud presenting partner of the TVOKids *Don't Sit Still Tour*, which takes TVOKids hosts across Ontario to present a free live stage show that promotes a healthy and active lifestyle to kids of all ages. The high-energy, interactive stage performance inspires children — and even their parents — to get moving and stay active!

#### **Children's Literacy Partner**

TD Bank Financial Group is the proud presenting partner of TVOKids *Reading Rangers*. This entertaining on-air and online series promotes books, reading, and libraries to the children of Ontario. Boosting literacy, language skills, and social development, the series features TVO's popular TVOKids hosts as Reading Rangers — daring and dauntless heroes of the Wild West who, as reading enthusiasts, make books their business!

#### **Nutrition Partner**

The Dairy Farmers of Canada is the presenting partner of TVO's *The Bod Squad*, a series of short, creative programs that promote healthy eating among children. With the help of the Bod Squad — TVO's cool ambassadors of good nutrition — young viewers learn about the rewards and how-to's of good nutrition.

#### **TFO Lead Partner**

The Ministry of Education is a lead partner in TFO's educational programming and online products and services for children and youth. Other educational products include resources for the classroom of francophone and immersion schools throughout Ontario.

#### **Tourism Partner**

The Ontario Tourism Marketing Partnership Corporation is proud to partner with TVOntario in presenting the province's tourism campaign that showcases Ontario as a dynamic year-round travel destination.

#### **Presenting Partners**

*TVOntario would like to thank the following companies and organizations for their support in helping TVOntario present quality educational programming to the people of Ontario:*

AIC Limited  
Bell Canada, Ontario Regional Division  
Caisses populaires de l'Ontario /  
Région St-Laurent-Outaouais  
Canadian Heritage  
Canadian Media Guild  
CB Richard Ellis  
Communications, Energy, & Paperworkers' Union  
of Canada, Ottawa  
Communications, Energy, & Paperworkers' Union  
of Canada, Local 72M  
Conseil scolaire de district du Centre-Sud-Ouest  
Crayola  
Desjardins  
Elementary Teachers' Federation of Ontario  
Fondation franco-ontarienne  
Group Telecom  
Historica Foundation



The Institute of Chartered Accountants of Ontario  
The Kiwanis Club of Casa Loma  
The Kiwanis Club of Toronto  
Maxell Canada  
Newfoundland and Labrador Tourism  
Office of Francophone Affairs  
Ontario English Catholic Teachers' Association  
Ontario Ministry of Health  
The Sprott Foundation  
United Counties of Prescott and Russell  
Urbacon Limited

### **Community Partners**

*TVOntario would like to thank the following companies and organizations for their generous support over the past year through donations towards TVOntario's Membership campaign:*

Bell Canada  
Canada's National History Society  
Canadian Geographic  
Epoca Hair Group  
Henry of Pelham Family Estate  
Hot Docs Canadian International Documentary  
Film Festival  
Kolter Property Company  
Lake Superior Visits  
Lee Valley Tools Ltd.  
Metro Toronto Convention Centre  
Miele  
The Millcroft Inn and Spa  
Mountain Equipment Co-Op  
Munk Centre for International Studies  
Mysteriously Yours Dinner Theatre  
National Ballet of Canada  
OISE  
Oliver Bonacini Restaurants  
Ontario Parks  
Penrose Fish and Chips  
Pizza Pizza  
The Corporation of Massey Hall and Roy Thomson Hall  
Salon Piaff  
Sunquest  
Tim Hortons  
The Toronto International Film Festival Group  
The Toronto Zoo  
University of Toronto  
Via Rail Canada  
Vika Spa  
YMCA

## The Ontario Educational Communications Authority Board of Directors

April 1, 2004 to March 31, 2005

Isabel Bassett

Chair and CEO, Toronto  
(ex-officio member of all Board Committees)

Gisèle Chrétien

Vice Chair, Sudbury  
Présidente, Collège Boréal  
Committees: 1, 4-VC

Anne-Marie H. Applin

Toronto  
President, Applin Marketing and Communications  
Committees: 3-C, 5

\*Pierre C. Bélanger

Toronto (appointed January 13, 2005)  
Professor, Department of Communication, University of Ottawa

Vala Monestime Belter

Mattawa  
Director of Nursing / Assistant Administrator, Algonquin Nursing Home  
Committees: 3, 4

Stephen R. Coxford

Toronto  
President, Gresham & St. Andrew Inc.  
Committees: 1-C (as of September 2004), 5

\*Diane Desaulniers

Ottawa (appointed January 13, 2005)  
President, Groupe Vision Management Consulting

\*L. Anne Gagné

Penetanguishene (appointed October 7, 2004)  
Educator  
Committees: 2, 4

\*\*Michel Gingras

Alfred (until June 2004)  
Directeur général, Caisse Populaire d'Alfred Limitée  
Committees: 1-C, 2-C, 5

Mitzie J. Hunter

Toronto  
Vice-President, Marketing, Goodwill  
Committees: 1 (as of March 1, 2005),  
3 (until February 28, 2005), 4

Rebecca Ling

Markham  
Principal, Rebecca Ling Chartered Accountants Professional Corporation  
Committees: 2-C (as of January 2005), 4 (as of January 2005)

Ravi Seethapathy

Toronto  
Audit Associate Manager, Hydro One Networks Inc.  
Committees: 1 (until February 28, 2005),  
2, 3 (as of March 1, 2005), 5-C

\*\*Diane Simard

Toronto (until October 2004)  
Vice President and Manager, Dave Broadfoot Productions  
Committees: 3, 4

Nancy Smith

Toronto  
Chief Executive Officer, The NextMedia Company Limited  
Committees: 3, 4-C, 5

Olga Kuplowska

Board Secretary and Director, Board Secretariat,  
Councils and Research

Total honorarium paid to board members (exclusive of the Chair) during the 2004-05 fiscal year was \$16,719. This amount corresponds to recommended levels of remuneration set by the Lieutenant Governor in Council.

### Legend

\* New Appointments in 2004-05

\*\* Departures in 2004-05

### Board Committees served on:

- 1 Finance
- 2 Audit
- 3 Development, Marketing & Communications  
(formerly Revenue & Development)
- 4 Programming
- 5 Strategic Planning & Priorities
- C Committee Chair
- VC Committee Vice-Chair

### Salary Disclosure\*

Mary Ammendolia

Host/Producer  
Salary Paid: \$107,641  
Taxable Benefits: \$1,952

Clara Arnold

Director, Human Resources  
Salary Paid: \$111,484  
Taxable Benefits: \$933

Isabel Bassett

Chair and Chief Executive Officer  
Salary Paid: \$115,000  
Taxable Benefits: \$13,437

Russell Blackburn

(Professional name: Pierre Granger)  
Host/Producer  
Salary Paid: \$140,901  
Taxable Benefits: \$765

Rudy Buttignol

Creative Head, Documentaries, Drama and Network  
Salary Paid: \$117,125  
Taxable Benefits: \$980

Yvonne Carey-Lee

Director, Finance and Administration  
Salary Paid: \$100,020  
Taxable Benefits: \$837

Nancy Chapelle

Managing Director, TVO  
Salary Paid: \$133,360  
Taxable Benefits: \$3,448

Pat Ellingson  
Creative Head, Children's and Daytime Programming  
Salary Paid: \$120,053  
Taxable Benefits: \$1,005

Doug Grant  
Creative Head, Current Affairs  
Salary Paid: \$125,764  
Taxable Benefits: \$1,052

Sarah Irwin  
Managing Director, Independent Learning Centre  
Salary Paid: \$111,988  
Taxable Benefits: \$938

Raymond Newell  
Director, Operations and Technology  
Salary Paid: \$100,393  
Taxable Benefits: \$7,163

Steve Paikin  
Host/Producer  
Salary Paid: \$181,977  
Taxable Benefits: \$3,293

Claudette Paquin  
Managing Director, TFO  
Salary Paid: \$123,739  
Taxable Benefits: \$1,034

Gisèle Quenneville  
Host/Producer  
Salary Paid: \$111,191  
Taxable Benefits: \$866

Lee Robock  
General Manager and Chief Operating Officer  
Salary Paid: \$141,650  
Taxable Benefits: \$3,518

Pamela J. Taylor  
Director, Legal Services and General Counsel  
Salary Paid: \$118,485  
Taxable Benefits: \$991

Paula Todd  
Host/Producer  
Salary Paid: \$179,764  
Taxable Benefits: \$3,432

\* In 1996, the government of Ontario instituted the Public Sector Salary Disclosure Act. Under the provisions of this Act, TVOntario is required to post the total compensation package of employees earning over \$100,000 for the calendar year of 2004. Prepared under the Public Salary Disclosure Act, 1996.  
Date: March 31, 2005

## **TVOntario Planning and Priorities Group**

April 1, 2004 to March 31, 2005

Isabel Bassett  
Chair and Chief Executive Officer

Lee L. Robock  
General Manager and Chief Operating Officer

Nancy Chapelle  
Managing Director, TVO

Blair Dimock  
Director, Strategic Planning

Robert Garcia  
(Acting) Managing Director, Revenue and Development to June 1, 2004

Sarah Irwin  
Managing Director, Independent Learning Centre

Olga Kuplowska  
Director, Board Secretariat, Councils and Research

Ian Mishkel  
Managing Director, Development, Marketing and Communications from May 17, 2004

Claudette Paquin  
Managing Director, TFO

Susan Perren  
Executive Director, TVOntario Foundation until June 25, 2004



## The TVOntario Foundation Honorary Board of Directors

The Hon. William G. Davis  
Former Premier of Ontario

Dr. Frederick L. Jackman

Norman Jewison  
Film Director

Elwy Yost  
Former Host, *Saturday Night at the Movies*

## The TVOntario Foundation Board of Directors

Angela Ferrante, Chair  
Toronto  
COO, Ontario Energy Board

Anne-Marie H. Applin  
Toronto  
President, Applin Marketing & Communications

Isabel Bassett  
Toronto  
Chair & CEO, TVOntario

Navin Chandaria  
Toronto (until May 2004)  
President & CEO, Canros Corporations

Stephen R. Coxford  
Toronto  
President, Gresham & St. Andrew Inc.

André Galipeault  
Toronto  
The Galipeault Group Inc.

Rebecca Ling  
Markham  
Principal, Rebecca Ling Chartered Accountants Professional Corporation

Hon. Margaret Norrie-McCain  
Toronto

Erin Rankin-Nash  
London

Gerry Schwartz  
Toronto (until September 2004)  
President, Chairman & CEO, Onex Corporation

Pamela J. Taylor  
Board Secretary



## Auditor's Report

Office of the  
Auditor General  
of Ontario



Bureau du  
vérificateur général  
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2  
B.P. 105, 15<sup>e</sup> étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2  
(416) 327-2381 Fax: (416) 327-9862

### To the Ontario Educational Communications Authority and the Minister of Training, Colleges and Universities

I have audited the statement of financial position of The Ontario Educational Communications Authority as at March 31, 2005 as well as the statement of operations and equity, the statement of changes in equity and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "G. Peall".

Gary R. Peall, CA  
Deputy Auditor General  
Toronto, Ontario  
June 6, 2005

## Management's Responsibility for Financial Statement

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 6, 2005.

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

The OECA Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Board has appointed an Audit Committee from among its own members. The audit committee meets periodically with management, Internal Audit, and the Office of the Auditor General of Ontario to discuss audit, internal control, accounting policy, and financial reporting matters. The financial statements were reviewed jointly by the Audit and Finance Committees before approval by the Board of Directors.

The Office of the Auditor General of Ontario conducts an annual audit in accordance with Section II of the Ontario Educational Communications Authority Act. The auditor's report outlines the scope of the auditor's examination and opinion.

A handwritten signature in black ink, appearing to read "Isabel Bassett".

Isabel Bassett  
Chair and Chief Executive Officer  
Ontario Educational Communications Authority  
June 6, 2005

# The Ontario Educational Communications Authority

Financial Statements for the year ended March 31, 2005

## Statement of Financial Position

as at March 31, 2005

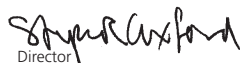
|                                               | 2005<br>(\$000s) | 2004<br>(\$000s) |
|-----------------------------------------------|------------------|------------------|
| <b>Assets</b>                                 |                  |                  |
| <b>Current Assets</b>                         |                  |                  |
| Cash and short-term investments (note 3)      | 12,637           | 8,436            |
| Accounts receivable (note 4)                  | 2,640            | 4,698            |
| Prepaid expenses                              | 1,074            | 758              |
| Inventories                                   | 476              | 467              |
|                                               | <b>16,827</b>    | <b>14,359</b>    |
| Accrued pension asset (note 5)                | <b>2,751</b>     | <b>3,410</b>     |
| Investments held for Capital Renewal (note 6) | <b>3,293</b>     | <b>4,046</b>     |
| Net Capital Assets (note 7)                   | <b>19,389</b>    | <b>21,431</b>    |
| <b>Total Assets</b>                           | <b>42,260</b>    | <b>43,246</b>    |
| <b>Liabilities and Equity</b>                 |                  |                  |
| <b>Current Liabilities</b>                    |                  |                  |
| Accounts payable and accrued liabilities      | 7,532            | 7,599            |
| Deferred revenue (note 8)                     | 8,673            | 5,248            |
| Lease obligations (note 9)                    | 21               | 38               |
|                                               | <b>16,226</b>    | <b>12,885</b>    |
| <b>Non-Current Liabilities</b>                |                  |                  |
| Lease obligations (note 9)                    | 52               | 0                |
| Employee future benefits (note 5)             | 3,420            | 2,495            |
| Deferred capital contributions (note 10)      | 16,214           | 18,170           |
|                                               | <b>19,686</b>    | <b>20,665</b>    |
| <b>Equity</b>                                 |                  |                  |
| Invested in capital assets                    | 6,395            | 7,269            |
| Restricted – Accrued pension asset (note 5)   | 2,751            | 3,410            |
| Unrestricted                                  | (2,798)          | (983)            |
|                                               | <b>6,348</b>     | <b>9,696</b>     |
| <b>Total Liabilities and Equity</b>           | <b>42,260</b>    | <b>43,246</b>    |

Commitments and Contingencies (notes 14 and 17)

See accompanying Notes to Financial Statements.

On behalf of the Board:

  
Chair

  
Director

## Statement of Operations and Equity

for the year ended March 31, 2005

|                                                          | 2005<br>(\$000s) | 2004<br>(\$000s) |
|----------------------------------------------------------|------------------|------------------|
| <b>Revenues</b>                                          |                  |                  |
| Government operating grants (note 11)                    | 53,476           | 55,026           |
| Government and corporate project funding (note 12)       | 5,998            | 5,663            |
| Other earned revenue (note 13)                           | 13,733           | 14,306           |
| Amortization of deferred capital contributions (note 10) | 2,988            | 2,361            |
|                                                          | <b>76,195</b>    | <b>77,356</b>    |
| <b>Expenses</b>                                          |                  |                  |
| TVO programming services                                 | 23,405           | 22,997           |
| TFO programming services                                 | 15,537           | 14,633           |
| Independent Learning Centre (note 16)                    | 8,966            | 9,015            |
| Technical and production support services                | 15,613           | 16,421           |
| Management and general expenses                          | 4,882            | 4,942            |
| Cost of other earned revenue (note 13)                   | 4,729            | 4,981            |
| Amortization of capital assets                           | 4,319            | 3,537            |
| Employee future benefits                                 | 2,092            | 1,941            |
|                                                          | <b>79,543</b>    | <b>78,467</b>    |
| <b>Excess of expenses over revenues</b>                  | <b>(3,348)</b>   | <b>(1,111)</b>   |
| <b>Equity, beginning of year</b>                         | <b>9,696</b>     | <b>10,807</b>    |
| <b>Equity, end of year</b>                               | <b>6,348</b>     | <b>9,696</b>     |

See accompanying Notes to Financial Statements.

## Statement of Changes in Equity

for the year ended March 31, 2005

|                                          | 2005<br>(\$'000s)             |                                     |              | 2004<br>(\$'000s) |         |
|------------------------------------------|-------------------------------|-------------------------------------|--------------|-------------------|---------|
|                                          | Invested in<br>Capital Assets | Restricted Accrued<br>Pension Asset | Unrestricted | Total             | Total   |
| Balance, beginning of year               | 7,269                         | 3,410                               | (983)        | 9,696             | 10,807  |
| Excess of expenses over revenues         | (1,584)                       | (1,109)                             | (655)        | (3,348)           | (1,111) |
| Contribution to the defined benefit plan | -                             | 450                                 | (450)        | -                 | -       |
| Investment in Capital assets             | 710                           | -                                   | (710)        | -                 | -       |
| Balance, end of year                     | 6,395                         | 2,751                               | (2,798)      | 6,348             | 9,696   |

## Statement of Cash Flows

for the year ended March 31, 2005

|                                                                 | 2005<br>(\$000s) | 2004<br>(\$000s) |
|-----------------------------------------------------------------|------------------|------------------|
| <b>Operating Activities</b>                                     |                  |                  |
| Excess of expenses over revenues                                | (3,348)          | (1,111)          |
| Add/(deduct) non-cash items:                                    |                  |                  |
| Amortization of capital assets                                  | 4,319            | 3,537            |
| Amortization of deferred capital contributions                  | (2,706)          | (2,361)          |
| Pension expense                                                 | 659              | 1,169            |
| Post retirement benefits                                        | 925              | 725              |
| Gain on disposal of capital assets                              | (29)             | (4)              |
| Net change in non-cash working capital:                         |                  |                  |
| Accounts receivable                                             | 2,058            | (1,349)          |
| Inventories                                                     | (9)              | (16)             |
| Prepaid expenses                                                | (316)            | (237)            |
| Deferred revenue                                                | 3,425            | 2,025            |
| Accounts payable and accrued liabilities                        | (67)             | (2,349)          |
| <b>Cash provided by operating activities</b>                    | <b>4,911</b>     | <b>29</b>        |
| <b>Investing And Financing Activities</b>                       |                  |                  |
| Capital asset additions                                         | (2,361)          | (4,043)          |
| Current year's deferred capital contributions                   | 1,503            | 955              |
| Proceeds from disposal of capital assets                        | 113              | 34               |
| Lease obligations                                               | 35               | (64)             |
| <b>Cash used in investing and financing activities</b>          | <b>(710)</b>     | <b>(3,118)</b>   |
| <b>Net increase/(decrease) in cash position during the year</b> | <b>4,201</b>     | <b>(3,089)</b>   |
| <b>Cash and short-term investments, beginning of year</b>       | <b>8,436</b>     | <b>11,525</b>    |
| <b>Cash and short-term investments, end of year</b>             | <b>12,637</b>    | <b>8,436</b>     |

See accompanying Notes to Financial Statements

## Notes to Financial Statements

March 31, 2005

### 1. Authority And Mandate

The Ontario Educational Communications Authority (the Authority) is a provincial Crown Corporation that was created in June 1970 by the Ontario Educational Communications Authority Act. In accordance with the Act, the Authority's main objective is to initiate, acquire, produce, distribute, exhibit or otherwise deal in programs and materials in the educational broadcasting and communications fields.

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

### 2. Summary Of Significant Accounting Policies

#### (a) Basis of accounting

The financial statements of the Authority have been prepared by management in accordance with Canadian generally accepted accounting principles.

#### (b) Inventories

Program support materials are valued at the lower of cost or net realizable value where cost is determined on a weighted average basis. Stores and supplies are valued at cost, where cost is determined on a first in, first out basis and is net of an allowance for obsolescence. Video and audio tapes are valued at the lower of cost or net realizable value, where cost is determined on a first in, first out basis.

#### (c) Capital Assets

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

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

#### (d) Revenue recognition

1. Revenue from the licensing of program material is recognized when the rights to the program material are sold.

2. Membership contributions are recorded on a cash basis. Contributions from corporate sponsors are recognized when the contract is signed, except multi-year contributions that are recognized when the cash is received.

3. Grants and revenues received in the year for special purposes are deferred until the related expenses have been incurred.

4. Revenue from grants and contributions restricted for the purchase of capital assets is deferred and amortized over the same period as the related capital asset.

5. Student fees for courses and General Education Development testing are recognized as revenues at the time of registration.

#### e) Employee Future Benefits

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

1. The cost of pension benefits and other post retirement benefits is actuarially determined by independent actuaries using the projected benefit method and management's best estimate assumptions.

2. Past service cost and transitional asset or obligation are amortized over the expected average remaining service period of active plan members.

3. Actuarial gains (losses) are recognized to the extent that they exceed 10% of the greater of the accrued benefit obligation and the market value of plan assets. Amounts recognized are amortized over the average remaining service period of active plan members.

4. Pension fund assets are valued at market value.

#### (f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. Actual results could differ from those estimates.

### 3. Cash And Short-term Investments

The Authority's investment policy restricts short-term investments to securities issued by or guaranteed as to principal and interest by Ontario, any other province of Canada, Canada or the United Kingdom, securities issued by the United States of America or deposit receipts, deposit notes, certificates of deposit, acceptances and other similar instruments issued or endorsed by any chartered bank to which the Bank Act (Canada) applies.

Cash and short-term investments of \$12,637,000 (2004 - \$8,436,000) include \$11,593,000 (2004 - \$7,137,000) of investments maturing within 90 days, yielding 2.2% (2004 - 2.5%) on average during the year, with a market value that approximates carrying value.

### 4. Accounts Receivable

|                 | 2005<br>(\$000s) | 2004<br>(\$000s) |
|-----------------|------------------|------------------|
| Project funding | 1,200            | 2,934            |
| Trade           | 855              | 1,015            |
| Other           | 585              | 749              |
|                 | <b>2,640</b>     | <b>4,698</b>     |

### 5. Employee Future Benefits

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

Registered pension plans: Most employees of the Authority are members of the Main Pension Plan which consists of a non-contributory defined benefits, best average earnings and years of service element and a contributory defined contribution element. Contract employees can only participate in a non-contributory defined contribution element within the Main Pension Plan. Certain eligible executives are members of an Executive Pension Plan which only has a non-contributory defined benefits, best average earnings element.

Unfunded retirement plan: The non-contributory defined benefits plan was adopted to preserve pension benefits in excess of the Federal Income Tax Act maximum accrued under the registered pension plans.

Post retirement benefit plan: The Authority offers non-pension post retirement benefits such as health care, dental care, and life insurance through defined benefits plans on a cost-sharing basis.

The most recent valuation of the defined benefit pension plans and the post retirement benefit plan was as of January 1, 2004.

Information about the Authority's pension and other benefit plans is as follows:

|                                                         | Registered<br>Pension Plans |                  | Unfunded<br>Retirement Plan |                  | Post Retirement<br>Plan |                  |
|---------------------------------------------------------|-----------------------------|------------------|-----------------------------|------------------|-------------------------|------------------|
|                                                         | 2005<br>(\$000s)            | 2004<br>(\$000s) | 2005<br>(\$000s)            | 2004<br>(\$000s) | 2005<br>(\$000s)        | 2004<br>(\$000s) |
| Market value of plan assets                             | 82,236                      | 76,975           | 0                           | 0                | 0                       | 0                |
| Accrued benefit obligation                              | 82,359                      | 75,162           | 225                         | 169              | 7,361                   | 6,440            |
| Plan surplus/(deficit)                                  | <b>(123)</b>                | <b>1,813</b>     | <b>(225)</b>                | <b>(169)</b>     | <b>(7,361)</b>          | <b>(6,440)</b>   |
| Balance of unamortized amounts:                         |                             |                  |                             |                  |                         |                  |
| Net transition (asset)/obligation                       | (8,745)                     | (9,634)          | 0                           | 0                | 2,316                   | 2,547            |
| Past service cost                                       | 1,099                       | 1,210            | 15                          | 19               | 0                       | 0                |
| Actuarial (gains)/losses                                | 10,548                      | 10,137           | 2                           | 0                | 1,601                   | 1,373            |
|                                                         | <b>2,902</b>                | <b>1,713</b>     | <b>17</b>                   | <b>19</b>        | <b>3,917</b>            | <b>3,920</b>     |
| Contributions - prior year                              | 94                          | 0                | 0                           | 0                | 24                      | 25               |
| Use of surplus - prior year                             | (122)                       | (116)            | 0                           | 0                | 0                       | 0                |
| Accrued benefit asset/(obligation)                      | <b>2,751</b>                | <b>3,410</b>     | <b>(208)</b>                | <b>(150)</b>     | <b>(3,420)</b>          | <b>(2,495)</b>   |
| Disclosed in the Statement of Financial<br>Position as: |                             |                  |                             |                  |                         |                  |
| Accrued pension asset                                   | 2,751                       | 3,410            |                             |                  |                         |                  |
| Accounts payable and accrued liabilities                |                             |                  | (208)                       | (150)            |                         |                  |
| Employee future benefits                                |                             |                  |                             |                  | (3,420)                 | (2,495)          |
| Expenses for the year:                                  |                             |                  |                             |                  |                         |                  |
| Defined benefit plan                                    | 623                         | 680              | 58                          | 46               | 925                     | 726              |
| Defined contribution plan                               | 486                         | 489              | 0                           | 0                | 0                       | 0                |
|                                                         | <b>1,109</b>                | <b>1,169</b>     | <b>58</b>                   | <b>46</b>        | <b>925</b>              | <b>726</b>       |
| Contributions to the defined benefit plan               | <b>450</b>                  | <b>0</b>         | <b>0</b>                    | <b>0</b>         | <b>0</b>                | <b>0</b>         |
| Benefits paid                                           | <b>2,754</b>                | <b>2,520</b>     | <b>0</b>                    | <b>0</b>         | <b>184</b>              | <b>159</b>       |

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

|                                    | Registered Pension Plans |       | Unfunded Retirement Plan |           | Post Retirement Plan |       |
|------------------------------------|--------------------------|-------|--------------------------|-----------|----------------------|-------|
|                                    | 2005                     | 2004  | 2005                     | 2004      | 2005                 | 2004  |
| Discount rate                      | 5.75%                    | 6.00% | 5.75%                    | 6.00%     | 5.75%                | 6.00% |
| Investment return                  | 8.00%                    | 8.00% | N/A                      | N/A       | N/A                  | N/A   |
| Salary rate increase               | 4.50%                    | 4.50% | 0.0%-4.5%                | 0.0%-4.5% | N/A                  | N/A   |
| Health cost rate increase          | N/A                      | N/A   | N/A                      | N/A       | 8.50%                | 9.00% |
| Dental cost rate increase          | N/A                      | N/A   | N/A                      | N/A       | 4.50%                | 4.50% |
| Average remaining service lifetime | 9-12                     | 11-12 | 2-6                      | 3-7       | 16                   | 15    |

Defined benefit plan assets as at December 31 measurement date consist of:

|                   | Percentage of Plan Asset |      |
|-------------------|--------------------------|------|
|                   | 2004                     | 2003 |
| Asset category    |                          |      |
| Equity securities | 67%                      | 67%  |
| Debt securities   | 33%                      | 33%  |

Eligible members of the employee plan and executive plan may also take advantage of an early retirement window that provides unreduced pension and bridging benefits if they retire between January 1, 2005 and December 31, 2005. The impact of this early retirement window is still undetermined and is not included as part of the plan experience.

## 6. Investments Held For Capital Renewal

Since 1984, a portion of the funding received each year has been set aside to ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced when needed. Available funds were invested in short-term deposits that earned an average interest rate of 2.2% (2004 – 2.8%) during the fiscal year. The changes in the fund were as follows:

|                                                                                     | 2005<br>(\$000s) | 2004<br>(\$000s) |
|-------------------------------------------------------------------------------------|------------------|------------------|
| Balance, beginning of year                                                          | 4,046            | 3,811            |
| Allocation of grants - Ministry of Training,<br>Colleges and Universities (note 11) | 961              | 961              |
| - Ministry of Education (note 11)                                                   | 0                | 128              |
| Interest earned                                                                     | 71               | 101              |
| Drawing for capital acquisitions                                                    | (1,785)          | (955)            |
| Balance, end of year                                                                | <b>3,293</b>     | <b>4,046</b>     |

## 7. Net capital assets

Capital assets consist of the following:

|                                     | 2005<br>(\$000s)            | 2004<br>(\$000s)     |
|-------------------------------------|-----------------------------|----------------------|
| Cost                                | Accumulated<br>Amortization | Net<br>Book<br>Value |
| Land                                | 236                         | 236                  |
| Buildings                           | 4,782                       | 1,581                |
| Transmitters                        | 27,306                      | 3,702                |
| Transmitter monitoring<br>equipment | 1,105                       | 195                  |
| In house technical<br>equipment     | 26,391                      | 6,202                |
| Leasehold improvements              | 7,908                       | 3,299                |
| Computer equipment                  | 6,859                       | 2,362                |
| Office furniture and<br>fixtures    | 2,803                       | 935                  |
| Office equipment                    | 1,158                       | 127                  |
| Vehicles                            | 536                         | 125                  |
| Construction in Progress            | 625                         | 294                  |
| <b>79,709</b>                       | <b>60,320</b>               | <b>19,389</b>        |
|                                     |                             | <b>21,431</b>        |

## 8. Deferred revenue

|                                      | 2005<br>(\$000s) | 2004<br>(\$000s) |
|--------------------------------------|------------------|------------------|
| Government grants (note 11)          | 1,194            | 635              |
| Government project funding (note 12) | 6,864            | 4,548            |
| Corporate project funding (note 12)  | 399              | 19               |
| Other                                | 216              | 46               |
|                                      | <b>8,673</b>     | <b>5,248</b>     |

Expenditures related to the above deferrals have been budgeted for the 2006 fiscal year.

## 9. Lease obligations

Lease obligations represent the balance of the commitments made under capital leases. The changes in the lease obligations balance are as follows:

|                                                | 2005<br>(\$000s) | 2004<br>(\$000s) |
|------------------------------------------------|------------------|------------------|
| Lease obligations, beginning of year           | 38               | 102              |
| Add: Capital leases additions                  | 89               | 0                |
| Less: Payments made on existing capital leases | (54)             | (64)             |
| Lease obligations, end of year                 | <b>73</b>        | <b>38</b>        |
| Current lease obligations                      | 21               | 38               |
| Non-current lease obligations                  | 52               | 0                |
|                                                | <b>73</b>        | <b>38</b>        |

## 10. Deferred capital contributions

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

|                                                   | 2005<br>(\$000s) | 2004<br>(\$000s) |
|---------------------------------------------------|------------------|------------------|
| Deferred capital contributions, beginning of year | 18,170           | 19,341           |
| Add: Allocation of grants                         |                  |                  |
| - Ministry of Training, Colleges and Universities | 961              | 961              |
| - Ministry of Education                           | 0                | 128              |
| Interest earned                                   | 71               | 101              |
|                                                   | <b>19,202</b>    | <b>20,531</b>    |
| Less: Drawing for capital acquisitions            | (282)            | -                |
| Amortization of capital contributions             | (2,706)          | (2,361)          |
| Deferred capital contributions, end of year       | <b>16,214</b>    | <b>18,170</b>    |

## 11. Government operating grants

|                                                     | 2005<br>(\$000s) | 2004<br>(\$000s) |
|-----------------------------------------------------|------------------|------------------|
| <b>Provincial</b>                                   |                  |                  |
| Ministry of Training, Colleges and Universities     |                  |                  |
| - Base Grant                                        | 48,040           | 48,040           |
| Less: Amount allocated for capital renewal (note 6) | (961)            | (961)            |
|                                                     | <b>47,079</b>    | <b>47,079</b>    |
| Ministry of Education                               |                  |                  |
| - Independent Learning Centre grant*                | 6,956            | 6,421            |
| Less: Amount allocated for capital renewal (note 6) | 0                | (128)            |
| Funding deferred from prior year                    | 635              | 2,289            |
| Funding deferred to future year (note 8)*           | (1,194)          | (635)            |
|                                                     | <b>6,397</b>     | <b>7,947</b>     |
| <b>Total government grants</b>                      | <b>53,476</b>    | <b>55,026</b>    |

\*2005 Independent Learning Centre grant includes prepayment of April 2005 remittance of \$535,000 which was received in March 2005. This amount is deferred to 2006.

## 12. Government and corporate project funding

|                                                       | 2005<br>(\$000s) | 2004<br>(\$000s) |
|-------------------------------------------------------|------------------|------------------|
| <b>Provincial project funding</b>                     |                  |                  |
| Ministry of Education                                 |                  |                  |
| - Early Reading and Early Math grant                  | 4,177            | 5,848            |
| - Other MED project funding                           | 476              | 473              |
| Other provincial project funding                      | 115              | 212              |
| Funding deferred from prior year (note 8)             | 4,548            | 809              |
| Funding deferred to future year (note 8)              | (6,864)          | (4,548)          |
|                                                       | <b>2,452</b>     | <b>2,794</b>     |
| <b>Federal project funding</b>                        |                  |                  |
| Heritage Canada                                       | 2,160            | 2,350            |
| Other                                                 | 0                | 6                |
|                                                       | <b>2,160</b>     | <b>2,356</b>     |
| <b>Corporate project funding</b>                      |                  |                  |
| Funding received during the year                      | 1,766            | 461              |
| Funding deferred from prior year (note 8)             | 19               | 71               |
| Funding deferred to future year (note 8)              | (399)            | (19)             |
|                                                       | <b>1,386</b>     | <b>513</b>       |
| <b>Total government and corporate project funding</b> | <b>5,998</b>     | <b>5,663</b>     |

### 13. Other earned revenue and cost

|                                    | 2005<br>(\$000s) |              |                | 2004<br>(\$000s) |              |                |
|------------------------------------|------------------|--------------|----------------|------------------|--------------|----------------|
|                                    | Revenue          | Cost         | Net<br>Revenue | Revenue          | Cost         | Net<br>Revenue |
| Development and Marketing          |                  |              |                |                  |              |                |
| Sales and Licensing                | 931              | 1,283        | (352)          | 1,369            | 1,311        | 58             |
| Membership and corporate donations | 7,288            | 3,407        | 3,881          | 7,527            | 3,629        | 3,898          |
| Total Development and Marketing    | <b>8,219</b>     | <b>4,690</b> | <b>3,529</b>   | <b>8,896</b>     | <b>4,940</b> | <b>3,956</b>   |
| Cable revenue                      | 2,142            | 39           | 2,103          | 2,170            | 41           | 2,129          |
| ILC revenues                       | 1,962            | 0            | 1,962          | 2,003            | 0            | 2,003          |
| Others                             | 1,410            | 0            | 1,410          | 1,237            | 0            | 1,237          |
|                                    | <b>13,733</b>    | <b>4,729</b> | <b>9,004</b>   | <b>14,306</b>    | <b>4,981</b> | <b>9,325</b>   |

### 14. Commitments

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

| Year ending March 31        | (\$000s)     |
|-----------------------------|--------------|
| 2006                        | 1,533        |
| 2007                        | 1,068        |
| 2008                        | 523          |
| 2009                        | 93           |
| 2010                        | 83           |
|                             | <b>3,300</b> |
| 2011 and beyond             | 323          |
| Total future lease payments | <b>3,623</b> |

The building lease expires in August 2007. Negotiations for its renewal are underway.

### 15. Contributed materials and services

The Authority uses the services of volunteers to assist primarily in the membership area. The Authority also receives contributions of materials for use mainly in fund raising activities. Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

### 16. The Independent Learning Centre

Under the terms of an agreement executed March 7, 2002 with the Ministry of Education and the Ministry of Training, Colleges and Universities, the Independent Learning Centre (ILC) was transferred to the Authority effective April 1, 2002.

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

Funding for these activities includes a grant from the Ministry of Education and ILC earned revenues. The portion of the grant that has been identified for specific projects (course development) is deferred to the future year until the projects have been completed.

|                                            | 2005<br>(\$000s) | 2004<br>(\$000s) |
|--------------------------------------------|------------------|------------------|
| Activities were funded by:                 |                  |                  |
| Ministry of Education ILC grant (note 11)  | 6,956            | 6,421            |
| Funding deferred from prior year           | 635              | 2,289            |
| Funding deferred to future year            | (1,194)          | (635)            |
| Funding allocated to capital renewal fund  | 0                | (128)            |
| ILC grant recognized                       | <b>6,397</b>     | <b>7,947</b>     |
| ILC earned revenues (note 13)              | 1,962            | 2,003            |
| <b>Total ILC grant and earned revenues</b> | <b>8,359</b>     | <b>9,950</b>     |

Expenditures related to the above deferrals have been budgeted for the 2006 fiscal year.

### 17. Contingencies

Contingencies refer to possible legal claims that have been made by or against the Authority, the ultimate outcome of which cannot be predicted with certainty. Adequate provisions have been made for those claims against the Authority that in the opinion of management may result in future settlements. Differences between provisions and actual settlements will be accounted for at the time of settlement. No amounts have been recognized in the accounts for claims made by the Authority. Any settlements will be accounted for at the time of settlement.

### 18. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current presentation.

## 19. The TVOntario Foundation

The TVOntario Foundation was constituted as a public foundation under the Canada Corporations Act effective April 1, 1998. The Board of Directors of the Foundation is appointed by the Board of Directors of the Authority, with the members of the Foundation being comprised exclusively of members of the Board of Directors of the Authority. The Foundation is a registered charity under the Income Tax Act, whose objectives are to receive and maintain a fund or funds and to pay all or part of the principal and income to the Authority provided that the Authority maintains its status as a registered charity and continues to have as its objective the promotion of educational and/or children's programming.

In accordance with Canadian generally accepted accounting principles, the accounts of the Foundation are not consolidated in the financial statements of the Authority. The financial position and results of operations for the year ended March 31, 2005 were as follows:

### Financial Position as at March 31st

|                                     | Unrestricted<br>Fund<br>(\$000s) | Matching<br>Gift Fund<br>(\$000s) | 2005<br>Total<br>(\$000s) | 2004<br>Total<br>(\$000s) |
|-------------------------------------|----------------------------------|-----------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                       |                                  |                                   |                           |                           |
| Current assets                      |                                  |                                   |                           |                           |
| Cash and short term investments     | 637                              | 2,837                             | 3,474                     | 3,524                     |
| <b>Total assets</b>                 | <b>637</b>                       | <b>2,837</b>                      | <b>3,474</b>              | <b>3,524</b>              |
| <b>Liabilities and Equity</b>       |                                  |                                   |                           |                           |
| Liabilities                         |                                  |                                   |                           |                           |
| Accrued liabilities                 | -                                | 38                                | 38                        | 128                       |
|                                     | -                                | 38                                | 38                        | 128                       |
| Equity                              | 637                              | 2,799                             | 3,436                     | 3,396                     |
| <b>Total liabilities and equity</b> | <b>637</b>                       | <b>2,837</b>                      | <b>3,474</b>              | <b>3,524</b>              |

### Results of operations for the year ended March 31st

|                                                     | Unrestricted<br>Fund<br>(\$000s) | Restricted Funds<br>Matching<br>Gift Fund<br>(\$000s) | Other<br>Restricted<br>(\$000s) | 2005<br>Total<br>(\$000s) | 2004<br>Total<br>(\$000s) |
|-----------------------------------------------------|----------------------------------|-------------------------------------------------------|---------------------------------|---------------------------|---------------------------|
| <b>Revenues</b>                                     |                                  |                                                       |                                 |                           |                           |
| Donations                                           | 89                               | -                                                     | 150                             | 239                       | 101                       |
| Interest income                                     | 74                               | -                                                     | -                               | 74                        | 93                        |
|                                                     | 163                              | -                                                     | 150                             | 313                       | 194                       |
| Contribution to the Authority                       | -                                | 273                                                   | -                               | 273                       | 128                       |
| <b>Excess of revenues over contribution to OECA</b> | <b>163</b>                       | <b>(273)</b>                                          | <b>150</b>                      | <b>40</b>                 | <b>66</b>                 |
| <b>Interfund transfer</b>                           | <b>150</b>                       | <b>-</b>                                              | <b>(150)</b>                    | <b>0</b>                  | <b>0</b>                  |
| <b>Equity, beginning of year</b>                    | <b>324</b>                       | <b>3,072</b>                                          | <b>-</b>                        | <b>3,396</b>              | <b>3,330</b>              |
| <b>Equity, end of year</b>                          | <b>637</b>                       | <b>2,799</b>                                          | <b>-</b>                        | <b>3,436</b>              | <b>3,396</b>              |

### Changes in equity for the year ended March 31st

|                                                        | Unrestricted<br>Fund<br>(\$000s) | Restricted Equity<br>Matching<br>Gift<br>(\$000s) | Other<br>Restricted<br>(\$000s) | 2005<br>Total<br>(\$000s) | 2004<br>Total<br>(\$000s) |
|--------------------------------------------------------|----------------------------------|---------------------------------------------------|---------------------------------|---------------------------|---------------------------|
| Balance, beginning of year                             | 78                               | 3,318                                             | -                               | 3,396                     | 3,330                     |
| Excess revenues over contributions to the Authority    | 163                              | (273)                                             | 150                             | 40                        | 66                        |
| Reclassification of 2003 and 2004 interest income      | 118                              | (118)                                             | -                               | 0                         | 0                         |
| Reclassification of 2004 contribution to the Authority | 128                              | (128)                                             | -                               | 0                         | 0                         |
| Interfund transfer                                     | 150                              | 0                                                 | (150)                           | 0                         | 0                         |
| <b>Balance, end of year</b>                            | <b>637</b>                       | <b>2,799</b>                                      | <b>-</b>                        | <b>3,436</b>              | <b>3,396</b>              |

The Board of Directors of the Authority has approved the funding of the Foundation's operating expenditures through the Authority until March 31, 2007. The Foundation's net expenditures absorbed by the Authority were \$42,000 during the year ended March 31, 2005 (2004- \$101,000).

On December 2, 2004, the Deed of Gift was amended to clarify that the repayment obligation of the Matching Gift Fund to the Authority is limited to the capital amount of the fund and the fund will be reduced through disbursements to the Authority. Based on this resolution, the accumulated interest income on the Matching Gift Fund from inception is transferred from the Fund to unrestricted equity. The reclassification of 2003 and 2004 interest income increased the unrestricted equity balance and reduced the Fund balance by \$118,000.

In compliance with the Income Tax Act, the Foundation recognized its current year disbursement quota of \$235,000 (2004-\$128,000) as a contribution to the Authority. An additional amount of \$38,000 was also recognized to meet the commitment to match current year donations with funds from the Matching Gift Fund. The 2004 contribution to the Authority was originally charged to the unrestricted fund. On December 2, 2004 through the Deed of Gift amendment, the Board of Directors of the Foundation approved the payment of the current year as well as prior year disbursement quotas from the Matching Gift Fund. The reclassification increased the unrestricted equity balance and reduced the Fund balance by \$128,000.

A restricted gift of \$150,000 was received from the Alan Tanenbaum Family Trust in December 2004. The gift was designated by the donor to underwrite the licensing of Modigliani documentary for broadcast by the Authority. The total amount of the gift was disbursed through the 2005 contribution to the Authority from the Matching Gift Fund.

Short-term investments earned an average interest rate of 2.2% (2004 – 2.9%) during the fiscal year.