ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

FINANCIAL STATEMENTS

MARCH 31, 2018

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

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MANAGEMENT'S REPORT

Management of the Ontario French-language Educational Communications Authority (OFLECA) is responsible for the financial statements, the notes to the financial statements and all other financial information contained in this financial report.

Management has prepared the financial statements in accordance with Canadian public sector accounting standards. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and professional judgements were used. Management believes the financial statements present fairly the OFLECA's financial position as at March 31, 2018, as well as the results of its operations and its cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, Management has developed and maintains a system of internal controls designed to provide reasonable assurance that the OFLECA's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Directors is responsible for ensuring that the OFLECA's Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out its responsibility for review of the financial statements principally through the Audit Committee. The Audit Committee meets with Management and the external auditors to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The external auditors have full access to the Audit Committee with or without the presence of Management.

The financial statements for the year ended March 31, 2018 have been audited by Marcil Lavallée, Chartered Professional Accountants, Licensed Public Accountants, the independent external auditors appointed by the members of the OFLECA. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their professional opinion on the financial statements.

Glenn O'Farrell
President and Chief Executive Officer

Lisa Larsen, CPA, CA
Director of Finance responsible for Financial, Legal and Administrative Services

Toronto, Ontario
June 15, 2018

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Ontario French-language Educational Communications Authority

We have audited the accompanying financial statements of the Ontario French-language Educational Communications Authority (OFLECA), which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario French-language Educational Communications Authority as at March 31, 2018, as well as the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Marcil Lavallée

Chartered Professional Accountants, Licensed Public Accountant

Ottawa, Ontario
June 15, 2018

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	**$ 8,589,862**	$ 6,301,711
Accounts receivable (Note 4)	**2,640,935**	2,458,310
Prepaid expenses	**832,505**	1,049,600
	12,063,302	9,809,621
RESTRICTED CASH (Note 5)	**3,035,889**	3,486,866
BROADCASTING RIGHTS (Note 6)	**16,255,871**	15,508,462
IN-HOUSE PROGRAMMING (Note 7)	**17,043,009**	19,557,126
ASSET – EMPLOYEE FUTURE BENEFITS (Note 8)	**2,644,986**	2,232,286
CAPITAL ASSETS (Note 9)	**7,320,710**	8,535,918
	46,300,465	49,320,658
	$ 58,363,767	$ 59,130,279

	2018	2017
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	**$ 7,085,732**	$ 5,280,554
Deferred contributions (Note 11)	**1,501,809**	1,178,978
	8,587,541	6,459,532
LIABILITY – EMPLOYEE FUTURE BENEFITS (Note 8)	**2,379,100**	2,214,700
DEFERRED CONTRIBUTIONS – BROADCASTING RIGHTS (Note 12)	**16,255,871**	16,007,540
DEFERRED CONTRIBUTIONS – IN-HOUSE PROGRAMMING (Note 13)	**17,043,009**	19,557,126
DEFERRED CONTRIBUTIONS – CAPITAL ASSETS (Note 14)	**8,596,237**	9,833,192
	44,274,217	47,612,558
	52,861,758	54,072,090
NET ASSETS		
Internal Restrictions (Note 5)		
- TFO Fund	**1,519,008**	1,519,008
- Pension Fund	**-**	-
Unrestricted	**3,983,001**	3,539,181
	5,502,009	5,058,189
	$ 58,363,767	$ 59,130,279

ON BEHALF OF THE BOARD

President of the Board

President of the Finance and Audit Committee

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
Contributions		
- Operating grants (Note 15)	**$ 18,153,804**	$ 16,805,450
- Funding for special projects (Note 16)	**492,129**	1,058,698
- Corporate and government (Note 17)	**3,270,834**	3,251,838
Other revenue (Note 18)	**2,884,019**	3,107,333
Amortization of deferred contributions		
- Broadcasting rights (Note 12)	**5,766,877**	6,578,952
- In-house programming (Note 13)	**10,163,709**	10,147,202
- Capital assets (Note 14)	**2,981,764**	2,809,779
	43,713,136	43,759,252
EXPENSES		
Content and programming	**9,647,566**	9,849,393
Production and technology	**6,141,916**	5,816,382
Administration	**8,076,255**	7,908,988
Write-off of capital assets	**5,191**	409,101
Amortization of broadcasting rights	**5,766,877**	6,578,952
Amortization of in-house programming	**10,163,709**	10,147,202
Amortization of capital assets	**2,981,764**	2,809,779
Employee future benefits	**734,338**	274,379
	43,517,616	43,794,176
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE NET ACTUARIAL GAINS ON EMPLOYEE FUTURE BENEFITS PLANS	**195,520**	(34,924)
Net actuarial gains – Employee future benefits plans	**248,300**	702,886
EXCESS OF REVENUE OVER EXPENSES	**$ 443,820**	$ 667,962

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	Internal Restrictions				
	TFO Fund	**Pension Fund**	**Unrestricted**	**2018 Total**	2017 Total
BALANCE, BEGINNING OF YEAR	**$ 1,519,008**	**$ -**	**$ 3,539,181**	**$ 5,058,189**	$ 4,390,227
Excess of revenue over expenses	**-**	**-**	**443,820**	**443,820**	667,962
BALANCE, END OF YEAR	**$ 1,519,008**	**$ -**	**$ 3,983,001**	**$ 5,502,009**	$ 5,058,189

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	**$ 443,820**	$ 667,962
Adjustments for:		
Amortization of broadcasting rights	**5,766,877**	6,578,952
Amortization of in-house programming	**10,163,709**	10,147,202
Amortization of capital assets	**2,981,764**	2,809,779
Net actuarial gains – Employee future benefits Plan	**(248,300)**	(702,886)
Amortization of deferred contributions – broadcasting rights	**(5,766,877)**	(6,578,952)
Transfer – deferred contributions – broadcasting rights	**(518,078)**	(204,850)
Amortization of deferred contributions – in-house programming	**(10,163,709)**	(10,147,202)
Amortization of deferred contributions – capital assets	**(2,981,764)**	(2,809,779)
Transfer – deferred contributions capital assets	**(297,274)**	(4,275)
Loss on write-off of capital assets	**5,191**	409,101
	(614,641)	165,052
Net change in non-cash working capital items (Note 3)	**2,162,479**	(2,745,668)
	1,547,838	(2,580,616)
INVESTING ACTIVITIES RELATED TO CAPITAL ASSETS AND INTANGIBLE ASSETS		
Programming grant	**6,533,286**	4,672,712
In-house programming grant	**7,649,592**	9,462,392
Capital grant	**2,042,083**	2,463,595
Acquisition of broadcasting rights	**(6,514,286)**	(4,145,507)
Acquisition of in-house programming	**(7,649,592)**	(9,462,392)
Acquisition of capital assets – net amount	**(1,776,989)**	(2,591,488)
Proceeds from disposal of capital assets	**5,242**	16,066
	289,336	415,378
NET INVESTING ACTIVITY		
Net change in restricted cash	**450,977**	366,251
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,288,151**	(1,798,987)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**6,301,711**	8,100,698
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 8,589,862**	$ 6,301,711

1. STATUTE AND NATURE OF OPERATIONS

The Ontario French-language Educational Communications Authority (the Authority) is a Crown corporation created by a decree on April 1, 2007. The Authority is an independent French language broadcasting network and a charitable organization under the Income Tax Act and, as such, is exempt from income tax.

The Authority's main objectives are to provide French language educational broadcasting and telecommunications to the general public, to provide for the francophone community's interests and needs, and to develop the knowledge and skills of this community.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS-GNFPO). The Authority has elected to apply Section SP 4200 series for government not-for-profit organizations. The accounting policies are set out below:

Management estimates

The preparation of financial statements in compliance with the PSAS-GNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods covered. Actual amounts could differ from these estimates. The main estimates relate to the useful life of capital assets, broadcasting rights and capitalized in-house programming costs and to the evaluation of certain provisions. Estimates also include the basis of allocating expenses used to capitalize the portion of the salaries and other expenses related to in-house programming. Estimates also include assets and liabilities related to employee future benefits.

The main items for which significant estimates were made are the defined benefits assets and liabilities for the accrued benefit pension plan and other retirement benefits plan. To estimate these amounts, management is required to make various assumptions that it considers reasonable, including with respect to inflation rates, discount rates and mortality rates. Management also takes into account future salary increases and the retirement age of employees. Any changes to the assumptions could have a significant impact on the Authority's results and financial position. The staff pension benefit expense could increase or decrease in upcoming years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contribution receivable

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Revenue recognition

Contributions

The Authority follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the statement of operations when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions which are, explicitly or implicitly, externally restricted for the purchase of capital assets or broadcasting rights or internally developed television broadcasting subject to amortization (in-house programming) are deferred in the statement of financial position and recognized as revenue in the statement of operations on the same basis and over the same periods as the related assets.

Contributions which are, explicitly or implicitly, externally restricted for specific expenses to be incurred in future years (in-house programming and others) are deferred in the statement of financial position and recognized as revenue in the statement of operations in the period in which the related expenses are incurred.

Subscriptions

Revenue from signal subscriptions is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income

Interest income is recognized as revenue when it becomes due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contributions received in the form of supplies and services

The Authority accounts for the contributions received in the form of supplies and services when the fair value of these contributions can be reasonably estimated, and when the Authority would have obtained the supplies and services for its regular operations in another manner. Contributions received in the form of supplies and services are recorded at the fair value of the supplies and services received.

Financial instruments

Measurement of financial instruments

The Authority initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Authority subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, accounts receivable and restricted cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Transaction costs

The Authority recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Cash and cash equivalents

The Authority's policy is to present unrestricted cash and investments with a term equal to or less than three months in cash and cash equivalents.

In-house programming, broadcasting rights and production costs

In-house programming, broadcasting rights and production costs are accounted for as follows:

In-house programming

In-house programming is defined as internally developed television broadcasting. Completed and in-progress programming having a future economic value through rebroadcasting and the use of web-based interactive tools is accounted for on an individual basis at cost, deducted from accumulated amortization and cumulative loss in value. Cost includes the cost of supplies and services and the portion of the labour and other direct expenses related to programming. Programming costs are recognized in the statement of operations with the television and new media services expense using the straight-line method over a period of four years or when programming is sold or unusable.

Broadcasting rights and production costs

Broadcasting rights and productions under co-production, pre-purchase and acquisition contracts are accounted for at cost. Broadcasting rights are amortized over a period of four years on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost, net of accumulated amortization.

Amortization is calculated using the straight-line method over the estimated useful lives of assets over the following periods:

	Periods
Mobility (tablets and smart phones)	2 years
Office equipment	3 years
Office infrastructure	4 years
Computerized production equipment	5 years
Production equipment	7 years
Office furniture and equipment	10 years
Leasehold improvements	Duration of the lease

Write-down of capital assets, broadcasting rights and in-house programming

When capital assets, broadcasting rights and in-house programming no longer contribute to the Authority's ability to provide services, the excess of the carrying amount of such assets over their residual value, if any, is recognized in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits

The Authority accrues its obligations under the employee defined benefit plans, net of the fair value of plan assets. In order to do so, the Authority has adopted the following policies:

- The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. This determination incorporates management's best estimate of future salary levels, discount rate, other cost escalation, retirement ages of employees and other actuarial factors;
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value;
- An actuarial gain (loss) arises from the difference between the actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligations. Actuarial gains (losses) for each period are recognized on a systematic basis and are amortized over the average remaining service life of active employees covered by the pension plan, which is 13 years. The average remaining service period of the active employees covered by the other retirement benefit plans is 17 years.

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of expenses relating to non-monetary assets and liabilities, which are translated at the historical rate. Exchange gains and losses are recognized in the current year's operations.

Excess financing

Government ministries can require the reimbursement of any excess funding. All such reimbursements will be accounted for in the financial year in which they occur.

3. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2018	2017
Accounts receivable	**$ (182,625)**	$ 249,074
Prepaid expenses	**217,095**	13,480
Accounts payable and accrued liabilities	**1,805,178**	(2,044,718)
Deferred contributions	**322,831**	(963,504)
	$ 2,162,479	$ (2,745,668)

4. ACCOUNTS RECEIVABLE

	2018	2017
Ministry of Education	**$ 12,968**	$ 43,631
Governments and government agencies	**962,001**	967,332
Subscriptions (cable broadcasting and educational subscriptions)	**217,899**	200,049
Commodity taxes	**671,183**	886,714
Others	**776,884**	360,584
	$ 2,640,935	$ 2,458,310

5. RESTRICTED CASH

	2018	2017
Reserves		
- Capital renewal [a]	**$ 1,000,000**	$ 1,000,000
- TFO Fund [b]	**1,519,008**	1,519,008
- Broadcasting rights	**-**	400,000
- Transition	**55,011**	55,011
- AODA [c]	**186,343**	116,495
Commitments		
- Broadcasting rights	**-**	99,078
- Capital assets	**275,527**	297,274
	$ 3,035,889	$ 3,486,866

[a] A portion of the funding received annually can be set aside to ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced.

[b] During the 2008-2009 year, the Authority decided to restrict contributions obtained from the dissolution of the TVOntario Foundation, which were received during the previous year. To this effect, these restricted funds may be used for purposes determined by the Board of Directors from time to time, and only with the approval of the Board.

[c] Annually, a portion of the operating budget is specifically allocated to meet the requirements of the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA). The balance of $186,343 was recognized as deferred revenue and as an addition to the restricted cash. This amount will be used during the year ended March 31, 2019.

6. BROADCASTING RIGHTS

	2018		
	Cost	**Accumulated amortization**	**Net value**
Broadcasting rights and completed productions	**$ 30,368,633**	**$ 16,951,105**	**$ 13,417,528**
Broadcasting rights written off during the year	**(5,179,957)**	**(5,179,957)**	**-**
	25,188,676	**11,771,148**	**13,417,528**
Work in progress	**2,838,343**	**-**	**2,838,343**
	$ 28,027,019	**$ 11,771,148**	**$ 16,255,871**

	2017		
	Cost	Accumulated amortization	Net value
Broadcasting rights and completed productions	$ 31,711,653	$ 19,948,549	$ 11,763,104
Broadcasting rights written off during the year	(8,164,321)	(8,164,321)	-
	23,547,332	11,784,228	11,763,104
Work in progress	3,745,358	-	3,745,358
	$ 27,292,690	$ 11,784,228	$ 15,508,462

7. IN-HOUSE PROGRAMMING

	2018		
	Cost	**Accumulated amortization**	**Net value**
In-house programming	**$ 48,842,668**	**$ 31,799,659**	**$ 17,043,009**
In-house programming completely amortized and written off during the year	**(9,090,044)**	**(9,090,044)**	**-**
	$ 39,752,624	**$ 22,709,615**	**$ 17,043,009**

	2017		
	Cost	Accumulated amortization	Net value
In-house programming	$ 48,588,672	$ 29,031,546	$ 19,557,126
In-house programming completely amortized and written off during the year	(7,395,596)	(7,395,596)	-
	$ 41,193,076	$ 21,635,950	$ 19,557,126

8. ASSET AND LIABILITY – EMPLOYEE FUTURE BENEFITS

Description of pension and other retirement benefit plans

The Authority has a number of funded and unfunded defined benefit plans, as well as defined contribution plans, that provide pension, other retirement and post-employment benefits to most of its employees.

The pension plan to which most of the Authority's employees contribute is made up of two components. The first component consists of a defined benefit plan entirely funded by the Authority. According to this plan, pension benefits are based on the number of years of service and the employee's salary at the end of their career. Every year, the pension benefits are grossed-up in accordance with the rate of inflation, up to a maximum of 3%. The second component consists in a defined contribution plan, with contributions paid by both the Authority and the participants. Other retirement benefit plans are contributory health care, dental and life insurance plans.

Total cash payments

Cash payments made for future employee benefits, consisting of cash contributed by the Authority to its funded pension plan, cash payments directly to beneficiaries on account of its unfunded other retirement benefit plans, and cash contributed to its defined contribution plans, amount to $1,095,963 (2017: $1,723,605).

Defined benefit plans

The Authority measures its accrued defined benefit obligations and the fair value of the plan assets as at March 31 of each year. The most recent actuarial valuation of the pension plan, for funding purposes, was prepared by Mercer as at March 31, 2018 and is a data extrapolation and evaluation based on the complete actuarial valuation dated March 31, 2017.

8. ASSET AND LIABILITY – EMPLOYEE FUTURE BENEFITS (continued)

Reconciliation of the funded status of the benefit plans to amounts recorded in the financial statements

	2018		
	Funded Pension Benefit Plan	**Other Unfunded Retirement Benefit Plans**	**Total**
Accrued benefit obligations	**$ 13,442,600**	**$ 1,986,300**	**$ 15,428,900**
Fair value of plan assets	**(17,009,600)**	**-**	**(17,009,600)**
Funded status – plan deficit (surplus)	**(3,567,000)**	**1,986,300**	**(1,580,700)**
Unamortized net actuarial gain (loss)	**922,000**	**392,800**	**1,314,800**
Accrued pension liability (asset)	**$ (2,645,000)**	**$ 2,379,100**	**$ (265,900)**

	2017		
	Funded Pension Benefit Plan	Other Unfunded Retirement Benefit Plans	Total
Accrued benefit obligations	$ 12,364,300	$ 1,780,400	$ 14,144,700
Fair value of plan assets	(15,897,000)	-	(15,897,000)
Funded status – plan deficit (surplus)	(3,532,700)	1,780,400	(1,752,300)
Unamortized net actuarial gain (loss)	1,300,414	434,300	1,734,714
Accrued pension liability (asset)	$ (2,232,286)	$ 2,214,700	$ (17,586)

8. ASSET AND LIABILITY – EMPLOYEE FUTURE BENEFITS (continued)

Pension plan asset components

At the measurement date of March 31, the pension plan assets consist of the following:

	2018	2017
	%	%
Asset category		
Equity securities	**60**	60
Debt securities	**40**	40
Other	**-**	-
	100	100

Employee future benefit costs recognized in the year and benefits paid

	2018	
	Pension Benefit Plan	**Other Benefit Plans**
Employee future benefits costs recognized	**$ 386,100**	**$ 198,800**
Benefits paid, reimbursements and transfers	**$ 756,100**	**$ 34,400**

	2017	
	Pension Benefit Plan	Other Benefit Plans
Employee future benefits costs recognized	$ 547,400	$ 227,400
Benefits paid, reimbursements and transfers	$ 810,300	$ 24,200

8. ASSET AND LIABILITY – EMPLOYEE FUTURE BENEFITS (continued)

Employee future benefits costs recognized consists of the following:

	Pension Benefit Plan		Other Benefit Plans	
	2018	2017	**2018**	2017
Current service benefits' costs	**$ 716,000**	$ 667,000	**$ 160,700**	$ 151,600
Amortization of net actuarial losses (gains)	**(125,100)**	(30,200)	**(19,100)**	7,600
Interest costs of pension benefits	**717,600**	691,100	**-**	68,200
Actuarial loss (gain) related to the expected return on plan assets	**(922,400)**	(780,500)	**57,200**	-
	$ 386,100	$ 547,400	**$ 198,800**	$ 227,400

Significant assumptions

The significant assumptions used are as follows (weighted average):

	2018	
	Pension Benefit Plan	**Other Benefit Plans**
	%	**%**
Accrued benefit obligations		
Discount rate	**5.65**	**3.00**
Rate of compensation increase:		
Non-unionized employees	**1.50 until 2019**	**-**
Non-unionized employees	**2.50 2020 and after**	**-**
Unionized employees	**2.50 per year**	**-**
Employee future benefits costs		
Discount rate	**5.75**	**3.20**
Expected long-term rate of return on plan assets	**5.75**	**-**
Rate of compensation increase:		
Non-unionized employees	**1.50 until 2019**	**-**
Non-unionized employees	**2.50 2020 and after**	**-**
Unionized employees	**2.50 per year**	**-**

8. ASSET AND LIABILITY – EMPLOYEE FUTURE BENEFITS (continued)

Significant assumptions (continued)

	2017	
	Pension Benefit Plan	Other Benefit Plans
	%	%
Accrued benefit obligations		
Discount rate	5.75	3.10
Rate of compensation increase:		
Non-unionized employees	1.50 until 2019	-
Non-unionized employees	2.50 2020 and after	-
Unionized employees	2.50 per year	-
Employee future benefits costs		
Discount rate	5.70	3.20
Expected long-term rate of return on plan assets	5.70	-
Rate of compensation increase:		
Non-unionized employees	1.50 until 2019	-
Non-unionized employees	2.50 2020 and after	-
Unionized employees	2.50 per year	-

The assumed health care cost trend rates are based on the following:

	2018	2017
	%	**%**
Growth rate of health care costs	**5.28**	5.46
Prescription medication:		
Initial health care cost trend rate	**6.5**	6.5
Cost trend rate declines to	**4.5**	4.5
Year that the rate reaches the rate it is assumed to remain at	**2030**	2030
Hospitalization cost, eye care, dental care and other medical care	**Between 0 and 5.00**	Between 0 and 5.00

Defined contribution plan

The total expense recognized in relation with the defined contribution plan amounts to $262,727 (2017: $244,957).

9. CAPITAL ASSETS

	2018		
	Cost	**Accumulated amortization**	**Net value**
Mobility	**$ 204,482**	**$ 90,708**	**$ 113,774**
Office equipment	**651,062**	**355,014**	**296,048**
Office infrastructure	**562,253**	**345,406**	**216,847**
Production equipment	**13,782,516**	**11,452,381**	**2,330,135**
Computerized production equipment	**12,207,491**	**9,775,750**	**2,431,741**
Office furniture and equipment	**1,991,512**	**1,062,901**	**928,611**
Leasehold improvements	**6,316,218**	**5,312,664**	**1,003,554**
	$ 35,715,534	**$ 28,394,824**	**$ 7,320,710**

	2017		
	Cost	Accumulated amortization	Net value
Mobility	$ 89,025	$ 44,148	$ 44,877
Office equipment	523,529	170,584	352,945
Office infrastructure	558,022	205,643	352,379
Production equipment	13,468,839	10,849,740	2,619,099
Computerized production equipment	11,301,493	8,637,794	2,663,699
Office furniture and equipment	1,773,743	851,495	922,248
Leasehold improvements	6,271,579	4,690,908	1,580,671
	$ 33,986,230	$ 25,450,312	$ 8,535,918

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trades payable and accrued charges	**$ 5,640,515**	$ 4,000,957
Accrued wages and benefits	**1,136,748**	987,817
Government remittances	**308,469**	291,780
	$ 7,085,732	$ 5,280,554

11. DEFERRED CONTRIBUTIONS

	2018		
	Ministry of Education	**Others**	**Total**
Deferred Contributions			
Balance, beginning of year	**$ 607,067**	**$ 90,002**	**$ 697,069**
Add: Amount received	**938,120**	**65,744**	**1,003,864**
Less: Amount recognized as revenue	**(375,208)**	**(55,167)**	**(430,375)**
Balance, end of year	**1,169,979**	**100,579**	**1,270,558**
Special projects			
Balance, beginning of year	**80,792**	**401,117**	**481,909**
Add: Amount received	**43,750**	**75,000**	**118,750**
Less: Amount recognized as revenue	**(80,792)**	**(288,616)**	**(369,408)**
Balance, end of year	**43,750**	**187,501**	**231,251**
Total	**$ 1,213,729**	**$ 288,080**	**$ 1,501,809**

11. DEFERRED CONTRIBUTIONS (continued)

	2017		
	Ministry of Education	Others	Total
Deferred contributions			
Balance, beginning of year	$ 2,043,593	$ 37,492	$ 2,081,085
Add: Amount received	396,495	101,916	498,411
Less: Amount recognized as revenue	(1,833,021)	(49,406)	(1,882,427)
Balance, end of year	607,067	90,002	697,069
Special projects			
Balance, beginning of year	54,750	6,647	61,397
Add: Amount received	789,387	401,117	1,190,504
Less: Amount recognized as revenue	(763,345)	(6,647)	(769,992)
Balance, end of year	80,792	401,117	481,909
Total	$ 687,859	$ 491,119	$ 1,178,978

12. DEFERRED CONTRIBUTIONS – BROADCASTING RIGHTS

	2018	2017
Balance, beginning of year	**$ 16,007,540**	$ 18,118,630
Add:		
Amount received this year – Ministry of Education	**3,550,239**	3,694,426
Amount received prior year – Ministry of Education	**-**	-
Amount received – Others	**2,483,969**	978,286
Less:		
Transfer	**(19,000)**	(204,850)
Amortization – Amount recognized as revenue	**(5,766,877)**	(6,578,952)
Balance, end of year	**$ 16,255,871**	$ 16,007,540

13. DEFERRED CONTRIBUTIONS – IN-HOUSE PROGRAMMING

	2018	2017
Balance, beginning of year	**$ 19,557,126**	$ 20,241,936
Add:		
Amount received – Ministry of Education	**6,827,936**	8,678,754
Amount received – Canadian Media Fund	**821,656**	783,638
Less:		
Amortization – Amount recognized as revenue	**(10,163,709)**	(10,147,202)
Balance, end of year	**$ 17,043,009**	$ 19,557,126

14. DEFERRED CONTRIBUTIONS – CAPITAL ASSETS

	2018	2017
Balance, beginning of year	**$ 9,833,192**	$ 10,183,651
Add:		
Amounts added to deferred contributions – Ministry of Education	**2,042,083**	2,463,595
Less:		
Transfer	**(297,274)**	(4,275)
Amortization – Amount recognized as revenue	**(2,981,764)**	(2,809,779)
Balance, end of year	**$ 8,596,237**	$ 9,833,192

15. CONTRIBUTIONS – OPERATING GRANTS

	2018	2017
Received in current year		
Grant – core	**$ 18,054,225**	$ 15,235,943
Grant – core – AODA	**657,300**	657,300
Grant – capital	**1,750,000**	2,475,000
Grant – broadcasting rights	**3,550,239**	3,517,703
Grant – in-house programming	**6,827,936**	8,678,754
Received in prior year		
Capital	**297,274**	4,275
Broadcasting rights	**400,000**	176,723
AODA	**116,495**	201,977
Dedicated projects	**258,713**	1,091,045
Transfer to deferred contributions		
Broadcasting rights	**(3,950,239)**	(3,694,426)
In-house programming	**(6,827,936)**	(8,678,754)
Capital assets	**(2,042,083)**	(2,463,595)
Dedicated projects	**(751,776)**	(280,000)
Dedicated projects – AODA	**(186,344)**	(116,495)
	$ 18,153,804	$ 16,805,450

16. CONTRIBUTIONS – FUNDING FOR SPECIAL PROJECTS

	2018		
	Ministry of Education	**Others**	**Total**
Funding received in current year	**$ 455,087**	**$ 75,000**	**$ 530,087**
Funding recognized	**80,792**	**-**	**80,792**
Less: Deferred contributions	**(43,750)**	**(75,000)**	**(118,750)**
	$ 492,129	**$ -**	**$ 492,129**

	2017		
	Ministry of Education	Others	Total
Funding received in current year	$ 1,078,093	$ -	$ 1,078,093
Funding recognized	54,750	6,647	61,397
Less: Deferred contributions	(80,792)	-	(80,792)
	$ 1,052,051	$ 6,647	$ 1,058,698

17. CONTRIBUTIONS – CORPORATE AND GOVERNMENT

	2018	2017
Ministry of Education		
Funding received in current year	**$ 2,605,000**	$ 2,605,000
Canada Media Fund		
Funding received in current year	**1,167,863**	1,605,099
Less: Deferred contributions – in-house programming	**(821,656)**	(783,638)
Less: Deferred contributions – other	**(112,500)**	(401,117)
Other Ontario agencies		
Funding received in current year	**2,818,969**	982,632
Funding recognized from prior years	**99,078**	34
Less: Deferred contributions – broadcasting rights	**(2,583,047)**	(978,078)
Other provinces		
Funding received in current year	**118,631**	137,589
Funding recognized from prior years	**31,634**	4,120
Less: Deferred contributions	**(63,244)**	-
Corporate		
Funding received in current year	**10,106**	78,197
Funding recognized from prior years	**-**	2,208
Less: Contributions deferred to the following year	**-**	(208)
	$ 3,270,834	$ 3,251,838

18. OTHER REVENUE

	2018	2017
Signal subscriptions	**$ 1,664,436**	$ 2,069,093
Promotion, donations and other	**720,976**	447,361
Sublease	**121,113**	89,009
Interest	**100,303**	88,670
Donations received in the form of services	**277,191**	413,200
	$ 2,884,019	$ 3,107,333

19. RELATED PARTY TRANSACTIONS BETWEEN RELATED ORGANIZATIONS

As sponsor of the Ontario French-language Educational Communications Authority Pension Plan, the Authority has undertaken to pay certain costs of the pension plan, including compensation of employees, professional fees and costs associated with the use of premises and other associated costs.

20. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Authority is exposed to various financial risks resulting from both its operations and its investment activities. The Authority's management manages financial risks.

The Authority does not enter into financial agreements including derivative financial instruments for speculative purposes.

Financial risks

The Authority's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk of financial loss for the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise mainly from certain financial assets held by the Authority consisting of cash and cash equivalents and accounts receivable.

The Authority is exposed to credit risk attributable to its accounts receivable. The credit risk is assessed as low mainly due to the type of debtor, for the most part comprised of the government.

The Authority is exposed to concentration risk attributable to cash and cash equivalents and restricted cash since it only trades with one financial institution. The Authority manages its credit risk by dealing with a reputable bank.

20. FINANCIAL INSTRUMENTS (continued)

Exchange risk

The Authority is exposed to exchange risk due to cash and cash equivalents and accounts receivable denominated in US dollars. As at March 31, 2018, cash and cash equivalents in US dollars totalled USD $170,889 (CAD $220,344) (2017: USD $113,997 and CAD $151,623).

The Authority does not enter into forward exchange contracts to cover its exchange risk exposure. The Authority believes that it is not subject to significant foreign exchange risk from its financial instruments.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents. To ensure that the Authority has the necessary funds to fulfil its obligations, the Authority's management establishes budgets, but does not prepare cash flow forecasts.

As at March 31, 2018, the Authority has a cash and cash equivalents and restricted cash balance of $11,625,751 (2017: $9,788,577). All the Authority's financial liabilities totalling $7,085,732 (2017: $5,280,554) have contractual maturities of less than 365 days.

21. CONTRACTUAL OBLIGATIONS

The Authority has entered into operating lease agreements, expiring August 31, 2027, which call for payments of $7,542,427 for the rental of office space. The minimum lease payments for the next five years are $798,447 for the year ended March 31, 2019, $753,816 for the year ended March 31, 2020, $777,285 for the year ended March 31, 2021, $777,285 for the year ended March 31, 2022 and $803,570 for the year ended March 31, 2023.

The Authority has entered into other operating lease agreements expiring in 2018-2019 which call for monthly lease payments of $23,386 for access to communication services. The minimum lease payments for the next two years amount to $405,631 for the year ended March 31, 2019 and $190,792 for the year ended March 31, 2020.

21. CONTRACTUAL OBLIGATIONS (continued)

As at March 31, 2018, the Authority had committed an amount of $5,560,503 for the purchase of broadcasting rights, of which $4,005,222 will be paid during the year ending March 31, 2019 and $1,555,281 during the year ending March 31, 2020.

As at March 31, 2018, the Authority had committed an amount of $275,527 for the purchase of capital assets for the 2018-2019 year.

The Authority has also entered into other contracts for an amount of $46,588 which will be paid during the 2018-2019 year.

22. CONTINGENCY

The funding received from government ministries may be refunded following an audit if the funding received is identified as a surplus based on the funding arrangements agreed between the parties. As at March 31, 2018, management has not been informed of any potential refund.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.