

**ONTARIO FRENCH-LANGUAGE EDUCATIONAL
COMMUNICATIONS AUTHORITY (OFLECA)**

FINANCIAL STATEMENTS

MARCH 31, 2023

**ONTARIO FRENCH-LANGUAGE EDUCATIONAL
COMMUNICATIONS AUTHORITY (OFLECA)**

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MANAGEMENT'S REPORT

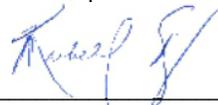
Management of the Ontario French-language Educational Communications Authority (OFLECA) is responsible for the financial statements, the notes to the financial statements and all other financial information contained in this financial report.

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, 2023, as well as the results of its operations and its cash flows for the year then ended.

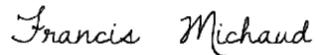
In fulfilling its responsibilities and recognizing the limits inherent in all systems, Management has developed and maintains a system of internal controls designed to provide reasonable assurance that the OFLECA's assets are safeguarded from loss and that the accounting records are a reliable basis 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, 2023 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.



Michelle Séguin, CPA
Chief Executive Officer



Francis Michaud, CPA
Vice-president and Chief Operating Officer

Toronto, Ontario
June 23, 2023

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Ontario French-language Educational Communications Authority (OFLECA)

Opinion

We have audited the financial statements of Ontario French-language Educational Communications Authority (OFLECA) (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 23, 2023

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

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	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,980,577	\$ 9,636,358
Accounts receivable (Note 4)	3,106,488	1,902,978
Prepaid expenses	1,797,337	1,421,374
	7,884,402	12,960,710
RESTRICTED CASH (Note 5)	9,136,912	8,692,449
BROADCASTING RIGHTS (Note 6)	15,582,724	16,576,408
IN-HOUSE PROGRAMMING (Note 7)	6,040,746	8,132,660
ASSET – EMPLOYEE FUTURE BENEFITS (Note 8)	5,487,300	5,059,100
CAPITAL ASSETS (Note 9)	6,461,526	7,556,283
	42,709,208	46,016,900
	\$ 50,593,610	\$ 58,977,610

ON BEHALF OF THE BOARD

Jean Lépine

President of the Board

Dominique O'Rourke

President of the Finance and Audit Committee

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

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	2023	2022
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	\$ 4,871,339	\$ 5,216,595
Deferred contributions (Note 11)	2,584,603	5,849,654
	7,455,942	11,066,249
LIABILITY – EMPLOYEE FUTURE BENEFITS (Note 8)	3,216,500	3,069,500
DEFERRED CONTRIBUTIONS – BROADCASTING RIGHTS (Note 12)	18,890,376	19,976,318
DEFERRED CONTRIBUTIONS – IN-HOUSE PROGRAMMING (Note 13)	6,056,604	8,862,284
DEFERRED CONTRIBUTIONS – CAPITAL ASSETS (Note 14)	7,373,872	8,684,403
	35,537,352	40,592,505
	42,993,294	51,658,754
NET ASSETS		
Internal Restrictions (Note 5)		
- TFO Fund	1,519,008	1,519,008
- Pension Fund	-	-
Unrestricted	6,081,308	5,799,848
	7,600,316	7,318,856
	\$ 50,593,610	\$ 58,977,610

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2023

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	2023	2022
REVENUES		
Contributions		
- Operating grants (Note 15)	\$ 25,945,979	\$ 18,420,116
- Funding for special projects (Note 16)	3,069,431	14,333,553
- Corporate and government (Note 17)	2,656,797	2,746,203
Other revenues (Note 18)	2,198,280	2,060,390
Amortization of deferred contributions		
- Broadcasting rights (Note 12)	5,782,937	6,503,103
- In-house programming (Note 13)	4,552,974	5,728,616
- Capital assets (Note 14)	2,279,271	2,078,184
	46,485,669	51,870,165
EXPENSES		
Content and programming	14,572,822	16,618,450
Production and technology	9,350,224	8,673,148
Administration	8,593,619	10,816,203
Amortization of broadcasting rights	5,782,937	6,503,103
Amortization of in-house programming	4,552,974	5,728,616
Amortization of capital assets	2,279,271	2,078,184
Employee future benefits	1,353,562	1,452,274
	46,485,409	51,869,978
EXCESS OF REVENUES OVER EXPENSES BEFORE NET ACTUARIAL GAINS ON EMPLOYEE FUTURE BENEFITS PLANS	260	187
Net actuarial gains – Employee future benefits plans	281,200	300,600
EXCESS OF REVENUES OVER EXPENSES	\$ 281,460	\$ 300,787

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2023

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	Internal Restrictions			2023 Total	2022 Total
	TFO Fund	Pension Fund	Unrestricted		
BALANCE, BEGINNING OF YEAR	\$ 1,519,008	\$ -	\$ 5,799,848	\$ 7,318,856	\$ 7,018,069
Excess of revenues over expenses	-	-	281,460	281,460	300,787
Allocation – Pension Fund	-	-	-	-	-
BALANCE, END OF YEAR	\$ 1,519,008	\$ -	\$ 6,081,308	\$ 7,600,316	\$ 7,318,856

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

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	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 281,460	\$ 300,787
Adjustments for:		
Amortization of broadcasting rights	5,782,937	6,503,103
Amortization of in-house programming	4,552,974	5,728,616
Amortization of capital assets	2,279,271	2,078,184
Net actuarial gains – Employee future benefits Plan	(281,200)	(300,600)
Amortization of deferred contributions – broadcasting rights	(5,782,937)	(6,503,103)
Amortization of deferred contributions – in-house programming	(4,552,974)	(5,728,616)
Amortization of deferred contributions – capital assets	(2,279,271)	(2,078,184)
	260	187
Net change in non-cash working capital items (Note 3)	(5,189,780)	4,551,968
	(5,189,520)	4,552,155
INVESTING ACTIVITIES RELATED TO CAPITAL ASSETS AND INTANGIBLE ASSETS		
Programming grant	4,696,995	5,664,550
In-house programming grant	1,747,294	1,922,413
Capital grant	968,740	2,180,720
Acquisition of broadcasting rights	(4,789,253)	(5,709,296)
Acquisition of in-house programming	(2,461,060)	(1,394,401)
Acquisition of capital assets – net amount	(1,184,514)	(3,753,060)
	(1,021,798)	(1,089,074)
NET INVESTING ACTIVITY		
Net change in restricted cash	(444,463)	553,894
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,655,781)	4,016,975
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,636,358	5,619,383
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,980,577	\$ 9,636,358

Cash and cash equivalents consist of cash.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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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 and other

Revenue from signal subscriptions, sale of services, advertising and distribution, sale of educational products and other 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.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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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/or 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/or services are recorded at the fair value of the supplies and services received.

Financial instruments

On initial recognition, financial instruments are classified either as financial instruments measured at cost or amortized cost, or as financial instruments measured at fair value. Transactions that are not contractual in nature do not generate items considered as financial instruments.

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

For financial assets measured at cost or amortized cost, the Authority determines whether there are indications of possible impairment. When there is an indication of impairment, and the Authority determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Transaction costs

Transaction costs attributable to financial instruments measured at fair value are recognized in operations in the period incurred. Transaction costs related to financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in operations over the life of the instrument using the effective interest rate method.

Cash and cash equivalents

The Authority's policy is to present bank balances under cash and cash equivalents, including bank indebtedness when bank balances that fluctuate frequently from being positive to overdrawn.

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.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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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.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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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 12 years. The average remaining service period of the active employees covered by the other retirement benefit plans is 16 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.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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3. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2023	2022
Accounts receivable	\$ (1,203,510)	\$ 851,855
Prepaid expenses	(375,963)	(240,136)
Accounts payable and accrued liabilities	(345,256)	125,684
Deferred contributions	(3,265,051)	3,814,565
	\$ (5,189,780)	\$ 4,551,968

4. ACCOUNTS RECEIVABLE

	2023	2022
Ministry of Education	\$ 225,667	\$ -
Federal government	295,865	150,014
Corporate and other	1,811,430	643,657
Commodity taxes	773,526	1,109,307
	\$ 3,106,488	\$ 1,902,978

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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5. RESTRICTED CASH

	2023			
	Balance, beginning of year	Additions	Utilization	Balance, end of year
Reserves				
- Capital renewal ^(a)	\$ -	\$ 912,346	\$ -	\$ 912,346
- TFO Fund ^(b)	1,519,008	-	-	1,519,008
- French-language Elementary Remote Learning Course Packs ^(c)	283,991	-	(268,006)	15,985
- Online courses ^(d)	1,372,930	-	(365,000)	1,007,930
- AODA ^(e)	258,866	181,552	(258,866)	181,552
- In-house programming (CMF) ^(f)	729,624	-	(713,766)	15,858
- Corporate priorities ^(g)	-	2,087,707	-	2,087,707
- Special projects – outside the Ministry of Education ^(h)	-	88,875	-	88,875
Commitments				
- Broadcasting rights	3,399,910	2,975,209	(3,067,468)	3,307,651
- Capital assets	1,128,120	-	(1,128,120)	-
	\$ 8,692,449	\$ 6,245,689	\$ (5,801,226)	\$ 9,136,912

	2022			
	Balance, beginning of year	Additions	Utilization	Balance, end of year
Reserves				
- Capital renewal ^(a)	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
- TFO Fund ^(b)	1,519,008	-	-	1,519,008
- French-language Elementary Remote Learning Course Packs ^(c)	1,255,010	283,991	(1,255,010)	283,991
- Online courses ^(d)	-	1,372,930	-	1,372,930
- AODA ^(e)	125,597	258,866	(125,597)	258,866
- In-house programming (CMF) ^(f)	201,612	528,012	-	729,624
Commitments				
- Broadcasting rights	3,444,656	2,286,308	(2,331,054)	3,399,910
- Capital assets	1,700,460	1,128,120	(1,700,460)	1,128,120
	\$ 9,246,343	\$ 5,858,227	\$ (6,412,121)	\$ 8,692,449

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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5. RESTRICTED CASH (continued)

- (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) The Ministry of Education has mandated the Authority to develop an online learning resource package covering the entire French-language elementary curriculum in Ontario to support teachers, students and parents. The balance of \$15,985 is recorded as an amount to be returned to the Ministry and as an addition to restricted cash.
- (d) The Ministry of Education has mandated the Authority to develop a coordinated and effective online learning system in Ontario in which students have broad access to high quality and accessible online learning options, regardless of where they live or go to school. The balance of \$1,007,930 is recorded as an amount to be returned to the Ministry and as an addition to restricted cash.
- (e) 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 \$181,552 was recognized as deferred revenue and as an addition to restricted cash.
- (f) The Canada Media Fund (CMF) finances certain in-house programming. The balance of \$15,858 is recorded as a deferred contribution and as an addition to restricted cash.
- (g) A portion of the operating budget has been allocated to projects categorized as corporate priorities. The balance of \$2,087,707 is recorded as a deferred contribution and as an addition to restricted cash.
- (h) Three partners called on the Authority for the projects "Série de balados sur la francophonie", "Capsules Autochtones des 5 peuples de l'Ontario" and online courses. The balance of \$88,875 is recorded as a deferred contribution and as an addition to restricted cash.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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6. BROADCASTING RIGHTS

	2023			
	Balance, beginning of year	Additions	Disposals	Balance, end of year
Cost of broadcasting rights and completed productions	\$ 28,160,191	\$ 4,789,253	\$ (5,681,313)	\$ 27,268,131
Accumulated amortization	(11,583,783)	(5,782,937)	5,681,313	(11,685,407)
Net value	\$ 16,576,408			\$ 15,582,724

	2022			
	Balance, beginning of year	Additions	Disposals	Balance, end of year
Cost of broadcasting rights and completed productions	\$ 30,085,479	\$ 5,792,256	\$ (7,717,544)	\$ 28,160,191
Accumulated amortization	(12,715,264)	(6,503,103)	7,634,584	(11,583,783)
Net value	\$ 17,370,215			\$ 16,576,408

7. IN-HOUSE PROGRAMMING

	2023			
	Balance, beginning of year	Additions	Disposals	Balance, end of year
Cost of in-house programming	\$ 19,071,794	\$ 2,461,060	\$ (5,612,993)	\$ 15,919,861
Accumulated amortization	(10,939,134)	(4,552,974)	5,612,993	(9,879,115)
Net value	\$ 8,132,660			\$ 6,040,746

	2022			
	Balance, beginning of year	Additions	Disposals	Balance, end of year
Cost of in-house programming	\$ 26,934,336	\$ 1,394,401	\$ (9,256,943)	\$ 19,071,794
Accumulated amortization	(14,467,461)	(5,728,616)	9,256,943	(10,939,134)
Net value	\$ 12,466,875			\$ 8,132,660

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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 \$1,353,562 (2022: \$1,452,274).

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 Eckler as at March 31, 2023 and is a data extrapolation and evaluation based on the complete actuarial valuation dated March 31, 2020.

The next full valuation, as at March 31, 2023, is currently underway. The final full actuarial valuation report was not available at the date of approval of the financial statements.

Defined contribution plan

The total expense recognized in relation with the defined contribution plan amounts to \$297,171 (2022: \$323,592).

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

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

	2023		
	Funded Pension Benefit Plan	Other Unfunded Retirement Benefit Plans	Total
Accrued benefit obligations	\$ 16,411,000	\$ 2,270,600	\$ 18,681,600
Fair value of plan assets	(22,464,900)	-	(22,464,900)
Funded status – plan deficit (surplus)	(6,053,900)	2,270,600	(3,783,300)
Unamortized net actuarial gain	566,600	945,900	1,512,500
Accrued pension liability (asset)	\$ (5,487,300)	\$ 3,216,500	\$ (2,270,800)

	2022		
	Funded Pension Benefit Plan	Other Unfunded Retirement Benefit Plans	Total
Accrued benefit obligations	\$ 18,395,000	\$ 2,440,200	\$ 20,835,200
Fair value of plan assets	(22,573,100)	-	(22,573,100)
Funded status – plan deficit (surplus)	(4,178,100)	2,440,200	(1,737,900)
Unamortized net actuarial gain (loss)	(881,000)	629,300	(251,700)
Accrued pension liability (asset)	\$ (5,059,100)	\$ 3,069,500	\$ (1,989,600)

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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:

	2023	2022
	%	%
Asset category		
Equity securities	60	62
Debt securities	40	38
Other	-	-
	100	100

Employee future benefit costs recognized in the year and benefits paid

	2023	
	Pension Benefit Plan	Other Benefit Plans
Employee future benefits costs recognized	\$ 900,700	\$ 180,600
Benefits paid, reimbursements and transfers	\$ 1,184,200	\$ 33,600
	2022	
	Pension Benefit Plan	Other Benefit Plans
Employee future benefits costs recognized	\$ 639,700	\$ 193,600
Benefits paid, reimbursements and transfers	\$ 922,200	\$ 30,400

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

Employee future benefits costs recognized consists of the following:

	Pension Benefit Plan		Other Benefit Plans	
	2023	2022	2023	2022
Current service benefits' costs	\$ 1,068,300	\$ 921,500	\$ 136,500	\$ 148,400
Amortization of net actuarial losses (gains)	59,700	(23,900)	(38,000)	(25,100)
Interest costs of pension benefits	996,700	927,900	-	-
Actuarial loss (gain) related to the expected return on plan assets	(1,224,000)	(1,185,800)	82,100	70,300
	\$ 900,700	\$ 639,700	\$ 180,600	\$ 193,600

Significant assumptions

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

	2023	
	Pension Benefit Plan	Other Benefit Plans
Accrued benefit obligations	%	%
Discount rate	6.20	4.10
Rate of compensation increase:		
Non-unionized employees	2.5 per year	-
Unionized employees	2.5 per year	-
Employee future benefits costs		
Discount rate	6.20	4.10
Expected long-term rate of return on plan assets	6.20	-
Rate of compensation increase:		
Non-unionized employees	2.5 per year	-
Unionized employees	2.5 per year	-

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

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

Significant assumptions (continued)

	2022	
	Pension Benefit Plan	Other Benefit Plans
	%	%
Accrued benefit obligations		
Discount rate	5.40	3.30
Rate of compensation increase:		
Non-unionized employees	2.5 per year	-
Unionized employees	2.5 per year	-
Employee future benefits costs		
Discount rate	5.40	4.71
Expected long-term rate of return on plan assets	5.40	-
Rate of compensation increase:		
Non-unionized employees	2.5 per year	-
Unionized employees	2.5 per year	-

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

	2023	2022
	%	%
Combined medical care:		
Initial medical care cost trend rate	4.89	4.89
Cost trend rate declines to	3.57	3.57
Year that the rate reaches the rate it is assumed to remain at	2040	2040
Dental care:		
Initial dental care cost trend rate	4.00	4.00
Cost trend rate declines to	3.57	3.57
Year that the rate reaches the rate it is assumed to remain at	2040	2040

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9. CAPITAL ASSETS

	2023			Balance, end of year
	Balance, beginning of year	Additions	Disposals	
Cost of capital assets				
Mobility	\$ 243,053	\$ 3,848	\$ (11,919)	\$ 234,982
Office equipment	1,251,266	37,428	(51,423)	1,237,271
Office infrastructure	562,253	259,927	-	822,180
Production equipment	18,364,625	837,876	-	19,202,501
Computerized production equipment	13,959,022	23,528	-	13,982,550
Office furniture and equipment	2,143,286	-	-	2,143,286
Leasehold improvements	7,498,727	102,030	-	7,600,757
Other goods	118,114	(48,864)	-	69,250
	44,140,346	1,215,773	(63,342)	45,292,777
Accumulated amortization				
Mobility	230,249	10,300	(10,891)	229,658
Office equipment	894,296	244,650	(21,192)	1,117,754
Office infrastructure	561,890	32,854	-	594,744
Production equipment	14,177,474	1,075,636	-	15,253,110
Computerized production equipment	12,679,785	546,483	-	13,226,268
Office furniture and equipment	1,647,228	136,740	-	1,783,968
Leasehold improvements	6,364,580	222,587	-	6,587,167
Other goods	28,561	10,021	-	38,582
	36,584,063	2,279,271	(32,083)	38,831,251
Net value	\$ 7,556,283			\$ 6,461,526

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

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MARCH 31, 2023

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9. CAPITAL ASSETS (continued)

	2022			Balance, end of year
	Balance, beginning of year	Additions	Disposals	
Cost of capital assets				
Mobility	\$ 234,057	\$ 12,804	\$ (3,808)	\$ 243,053
Office equipment	1,106,878	170,636	(26,248)	1,251,266
Office infrastructure	562,253	-	-	562,253
Production equipment	15,057,188	3,307,437	-	18,364,625
Computerized production equipment	13,762,444	196,578	-	13,959,022
Office furniture and equipment	2,143,286	-	-	2,143,286
Leasehold improvements	7,483,232	15,495	-	7,498,727
Other goods	68,004	50,110	-	118,114
	40,417,342	3,753,060	(30,056)	44,140,346
Accumulated amortization				
Mobility	208,336	25,721	(3,808)	230,249
Office equipment	711,353	209,191	(26,248)	894,296
Office infrastructure	561,083	807	-	561,890
Production equipment	13,328,805	848,669	-	14,177,474
Computerized production equipment	12,062,422	617,363	-	12,679,785
Office furniture and equipment	1,506,106	141,122	-	1,647,228
Leasehold improvements	6,138,690	225,890	-	6,364,580
Other goods	19,140	9,421	-	28,561
	34,535,935	2,078,184	(30,056)	36,584,063
Net value	\$ 5,881,407			\$ 7,556,283

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9. CAPITAL ASSETS (continued)

	2023	2022
Net value		
Mobility	\$ 5,324	\$ 12,804
Office equipment	119,517	356,970
Office infrastructure	227,436	363
Production equipment	3,949,391	4,187,151
Computerized production equipment	756,282	1,279,237
Office furniture and equipment	359,318	496,058
Leasehold improvements	1,013,590	1,134,147
Other goods	30,668	89,553
	\$ 6,461,526	\$ 7,556,283

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trades payable and accrued charges	\$ 3,315,402	\$ 4,002,604
Accrued wages and benefits	1,383,248	1,016,428
Government remittances	172,689	197,563
	\$ 4,871,339	\$ 5,216,595

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

NOTES TO THE FINANCIAL STATEMENTS

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11. DEFERRED CONTRIBUTIONS

	2023		
	Ministry of Education	Others	Total
<i>Deferred Contributions</i>			
Balance, beginning of year	\$ 3,925,134	\$ 237,966	\$ 4,163,100
Add: Amount received	1,909,452	221,586	2,131,038
Less: Amount recognized as revenue	(3,565,327)	(191,083)	(3,756,410)
Balance, end of year	2,269,259	268,469	2,537,728
<i>Special projects</i>			
Balance, beginning of year	1,686,554	-	1,686,554
Add: Amount received	728,000	1,500,000	2,228,000
Less: Amount recognized as revenue	(1,390,640)	(1,453,125)	(2,843,765)
Less: Amount to return to the Ministry of Education	(1,023,914)	-	(1,023,914)
Balance, end of year	-	46,875	46,875
Total	\$ 2,269,259	\$ 315,344	\$ 2,584,603

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11. DEFERRED CONTRIBUTIONS (continued)

	2022		
	Ministry of Education	Others	Total
<i>Deferred contributions</i>			
Balance, beginning of year	\$ 465,597	\$ 160,675	\$ 626,272
Add: Amount received	3,922,257	77,291	3,999,548
Less: Amount recognized as revenue	(462,720)	-	(462,720)
Balance, end of year	3,925,134	237,966	4,163,100
<i>Special projects</i>			
Balance, beginning of year	1,408,817	-	1,408,817
Add: Amount received	14,227,267	-	14,227,267
Less: Amount recognized as revenue	(13,949,530)	-	(13,949,530)
Balance, end of year	1,686,554	-	1,686,554
Total	\$ 5,611,688	\$ 237,966	\$ 5,849,654

12. DEFERRED CONTRIBUTIONS – BROADCASTING RIGHTS

	2023	2022
Balance, beginning of year	\$ 19,976,318	\$ 20,814,871
Add:		
Acquisitions financed by amount received during the year	1,721,786	3,431,802
Reserved funds – Ministry of Education	2,900,209	2,240,708
Reserved funds – Other funds	75,000	75,000
Less:		
Disposal	-	(82,960)
Amortization – Amount recognized as revenue	(5,782,937)	(6,503,103)
Balance, end of year	\$ 18,890,376	\$ 19,976,318

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

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13. DEFERRED CONTRIBUTIONS – IN-HOUSE PROGRAMMING

	2023	2022
Balance, beginning of year	\$ 8,862,284	\$ 12,668,487
Add:		
Acquisitions financed by amount received during the year	1,747,294	1,394,402
Reserved funds – Other funds (CMF)	-	528,011
Less:		
Amortization – Amount recognized as revenue	(4,552,974)	(5,728,616)
Balance, end of year	\$ 6,056,604	\$ 8,862,284

14. DEFERRED CONTRIBUTIONS – CAPITAL ASSETS

	2023	2022
Balance, beginning of year	\$ 8,684,403	\$ 8,581,867
Add:		
Acquisitions financed by amount received during the year	208,493	1,052,600
Reserved funds – Ministry of Education	760,247	1,128,120
Less:		
Amortization – Amount recognized as revenue	(2,279,271)	(2,078,184)
Balance, end of year	\$ 7,373,872	\$ 8,684,403

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

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15. CONTRIBUTIONS – OPERATING GRANTS

	2023	2022
<i>Received in current year</i>		
Grant – core	\$ 22,850,404	\$ 21,653,072
Grant – core – AODA	657,300	657,300
Grant – capital and support for capital assets	1,750,000	1,750,000
Grant – broadcasting rights	4,621,995	5,672,510
Grant – in-house programming	960,001	1,106,818
<i>Total received in current year: Ministry of Education</i>	30,839,700	30,839,700
Revenue recognized from contributions carried forward from previous years	7,562,683	5,393,236
Transfer to deferred contributions – committed funds	(5,569,908)	(7,291,086)
Transfer to deferred contributions – future amortization	(6,886,496)	(10,521,734)
	\$ 25,945,979	\$ 18,420,116

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16. CONTRIBUTIONS – FUNDING FOR SPECIAL PROJECTS

	2023		
	Ministry of Education	Others	Total
Funding received in current year	\$ 953,667	\$ 1,500,000	\$ 2,453,667
Funding recognized	1,686,553	-	1,686,553
Less: Deferred contributions	(1,023,914)	(46,875)	(1,070,789)
	\$ 1,616,306	\$ 1,453,125	\$ 3,069,431

	2022		
	Ministry of Education	Others	Total
Funding received in current year	\$ 14,765,097	-	\$ 14,765,097
Funding recognized	1,255,010	-	1,255,010
Less: Deferred contributions	(1,686,554)	-	(1,686,554)
	\$ 14,333,553	-	\$ 14,333,553

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17. CONTRIBUTIONS – CORPORATE AND GOVERNMENT

	2023	2022
Ministry of Education		
Funding received in current year	\$ 2,605,000	\$ 2,605,000
Canada Media Fund		
Funding received in current year	787,293	869,595
Revenue recognized from contributions carried forward from previous years	713,765	287,584
Less: Deferred contributions – committed funds – in-house programming	-	(815,595)
Less: Deferred contributions – future amortization – in-house programming	(1,533,459)	(287,584)
Other Ontario agencies		
Funding received in current year	16,000	23,520
Other provinces		
Funding received in current year – broadcasting rights	75,000	75,000
Revenue recognized from contributions carried forward from previous years	46,132	130,400
Less: Deferred contributions – committed funds – broadcasting rights	(75,000)	(75,000)
Less: Deferred contributions – future amortization – broadcasting rights	(46,132)	(130,400)
Funding received in current year	115,517	84,600
Less: Contributions deferred to the next fiscal year	(47,319)	(20,917)
	\$ 2,656,797	\$ 2,746,203

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

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18. OTHER REVENUES

	2023	2022
Signal subscriptions	\$ 1,063,454	\$ 1,193,166
Sale of services	265,443	139,901
Promotion and distribution	15,347	59,379
Sale of educational material	174,773	185,730
Sublease	154,635	150,604
Interest	378,126	137,648
Donations received in the form of services	114,353	187,464
Donations and other	32,149	6,498
	\$ 2,198,280	\$ 2,060,390

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.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

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20. FINANCIAL INSTRUMENTS (continued)

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 not exposed to any significant credit risk with respect to a specific debtor or any counterparty.

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, 2023, cash and cash equivalents in US dollars totalled USD \$197,238 (CAD \$266,922) (2022: USD \$70,207 (CAD \$87,662)).

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 fulfill its obligations, the Authority's management establishes budgets, but does not prepare cash flow forecasts.

As at March 31, 2023, the Authority has a cash and cash equivalents and restricted cash balance of \$12,117,489 (2022: \$18,328,807). All the Authority's financial liabilities totalling \$3,847,425 (2022: \$5,216,595) have contractual maturities of less than 365 days.

ONTARIO FRENCH-LANGUAGE EDUCATIONAL COMMUNICATIONS AUTHORITY (OFLECA)

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21. CONTRACTUAL OBLIGATIONS

The Authority has entered into operating lease agreements, expiring December 31, 2028, which call for payments of \$4,420,781 for the rental of office space. The minimum lease payments for the next five years are \$949,383 for the year ending March 31, 2024, \$951,811 for the year ending March 31, 2025, \$959,098 for the year ending March 31, 2026, \$961,527 for the year ending March 31, 2027 and \$489,113 for the year ending March 31, 2028.

The Authority has entered into other operating agreements expiring in 2026-2027 to pay a total amount of \$736,817 for control room services. The minimum payments for the next four years are \$194,533 for the year ending March 31, 2024, \$199,397 for the year ending March 31, 2025, \$204,381 for the year ending March 31, 2026 and \$138,506 for the year ending March 31, 2027.

As at March 31, 2023, the Authority had committed an amount of \$2,107,651 for the purchase of broadcasting rights, of which \$1,789,021 will be paid during the year ending March 31, 2024, \$291,130 during the year ending March 31, 2025 and \$27,500 during the year ending March 31, 2026.

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, 2023, management has not been informed of any potential refund, with the exception of amounts to be returned that have already been recognized.

23. COMPARATIVE FIGURES

Certain figures for 2022 have been reclassified to conform to the presentation adopted in 2023.