

Knowledge Network Corporation

2020/21 – 2022/23 SERVICE PLAN

February 2020



BRITISH
COLUMBIA'S

**Knowledge
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Board Chair Accountability Statement



The 2020/21 – 2022/23 Knowledge Network Corporation Service Plan was prepared under the Board’s direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 31, 2020 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, Knowledge Network Corporation’s mandate and goals, and focus on aspects critical to the organization’s performance. The targets in this plan have been determined based on an assessment of Knowledge Network Corporation’s operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink that reads "Maurine Karagianis". The signature is written in a cursive, flowing style.

Maurine Karagianis
Board Chair

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Strategic Direction and Alignment with Government Priorities

The Government of British Columbia remains focused on its three strategic priorities: making life more affordable, delivering better services, and investing in a sustainable economy. Crowns are essential to achieving these priorities by providing quality, cost-effective services to British Columbia families and businesses.

Additionally, where appropriate, the operations of Crowns will contribute to:

- The objectives outlined in the government's newly released A Framework for Improving British Columbians' Standard of Living,
- Implementation of the *Declaration on the Rights of Indigenous Peoples Act* and the Truth and Reconciliation Commission Calls to Action, demonstrating support for true and lasting reconciliation, and
- Putting B.C. on the path to a cleaner, better future – with a low carbon economy that creates opportunities while protecting our clean air, land and water as described in the CleanBC plan.

By adopting the Gender-Based Analysis Plus (GBA+) lens to budgeting and policy development, Crowns will ensure that equity is reflected in their budgets, policies and programs.

The purposes of British Columbia's public educational broadcaster, as identified in the [Knowledge Network Corporation Act](#), are to:

- Carry on the business of broadcasting and communications to provide unique, quality educational programming to British Columbians;
- Promote lifelong learning in British Columbia by providing quality educational programming;
- Inform and educate British Columbians about their province and about issues that are relevant to them;
- Provide British Columbians with a unique television experience; and,
- Collaborate with the independent television and web media productions sectors in British Columbia.

Our 2020/21 [Mandate Letter](#) will inform our actions for the coming year with four priorities:

- Provide quality, freely available and commercial-free television and streaming services to British Columbians.
- Broadcast programming that covers topics of relevance to British Columbians such as: the environment and climate change (e.g. clean and sustainable energy); emergency preparedness; regional perspectives; literacy and early childhood development. Ensure programming reflects and promotes equity, diversity and inclusion.
- Collaborate with B.C.'s independent production sector to create original B.C. stories and leverage federal funding.
- Collaborate with independent, Indigenous filmmakers to create original B.C. Indigenous stories and continue to increase opportunities to share Indigenous perspectives.

Knowledge Network Corporation is aligned with the Government’s key priorities:

Government Priorities	Knowledge Network Corporation Aligns with These Priorities By:
Making life more affordable	<ul style="list-style-type: none"> • Offering a high quality public service (free and commercial free) through any platform British Columbians choose to use (Objective 2.1).
Delivering the services people count on	<ul style="list-style-type: none"> • Enhancing the accessibility and quality of Knowledge Network’s regularly scheduled broadcast service to maintain its relevance and importance to British Columbians (Goal 1). • Strengthening programming to meet the diverse needs of viewers, specifically positive, educational content that fosters learning for young children and their families, and programs that inform and inspire audiences 50+ (Objective 1.1).
A strong, sustainable economy	<ul style="list-style-type: none"> • Championing more B.C. stories and supporting more storytellers (Goal 3). • Creating more B.C. and Canadian stories and strengthening the independent production community through commissioning efforts (Objective 3.1).

In addition, Knowledge Network will be in the final year of its three-year Strategic Plan in 2020/21. The goals and strategies from the Strategic Plan support those reflected in this Service Plan.

Indigenous cultural diversity is reflected in Knowledge Network’s programming strategies, in support of BC’s *Declaration on the Rights of Indigenous Peoples Act* as well as the Province’s commitment to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Operating Environment

Knowledge Network is federally licenced by the Canadian Radio-television and Telecommunications Commission (CRTC) and provincially mandated by the Government of British Columbia. Knowledge Network is also a registered charity with the Canada Revenue Agency, engaging in fundraising activities through Knowledge Partners and the Knowledge Endowment Fund. Our Service Plan supports both our federal and provincial commitments, and identifies the opportunities and risks we face moving forward.

Performance Plan

Knowledge Network values our relationship with the Ministry of Tourism, Arts and Culture. We regularly engage with and update the Ministry on strategic priorities and new opportunities.

Note that due to the dynamic nature of creative documentaries that relate to timing of projects over multiple years, as well as Knowledge Network’s Canada Media Fund allocation, targets can shift year-to-year. Where this has occurred it is noted in both footnotes and then clarified in the resulting discussion section.

Goal 1: Enhance the accessibility and quality of Knowledge Network’s television service to maintain its relevance and importance to British Columbians.

The rapid proliferation of new devices and web channels is changing the way television is watched. Regularly scheduled TV programming, however, continues to garner the majority of Knowledge Network viewing, especially for older audiences. Knowledge Network’s scheduled television service – delivered on cable, satellite, web and mobile apps – is the popular and vital foundation on which our growth is built.

Objective 1.1: Strengthen programming to meet the diverse needs of viewers, specifically positive, educational content that fosters learning for young children and their families, and programs that inform and inspire audiences 50+.

Key Strategies:

- Distribute 24/7 regularly scheduled television service to all British Columbians by every common platform, including: cable; satellite; Internet Protocol TV (e.g. TELUS Optik, Bell Fibe); and live streaming through Knowledge websites and apps.
- Continue to strengthen the primetime schedule with high quality arts, culture, social issue, history and natural history documentaries, performing arts and drama from B.C., Canada and the world.
- Invest in programming that promotes literacy and numeracy for young children.

Performance Measures		2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
1.1a Total Reach (People)	Knowledge Primetime/Overnight	3,018,000	3,000,000	3,000,000	3,000,000	3,000,000
	Knowledge Kids	2,173,000	2,000,000	1,900,000 ¹	1,900,000 ¹	1,900,000 ¹
1.1b Total Share	Knowledge Primetime	4.5%	4.5%	4.5%	4.5%	4.5%

Data Source: Numeris Canada.

1.1a Unduplicated number (number of people exposed) of those viewing at least one minute of programming in the Vancouver Extended Market and Western Prairie Balance Market for Knowledge Primetime/Overnight (viewers 2+, 6pm to 4am) and Knowledge Kids (viewers 2+, 6am to 6pm, M-F; 6am to 12pm, Sat-Sun).

¹ Changed from the previous 2019/20-2021/22 Service Plan targets. Please see Discussion section for more information.

1.1b The proportion of individuals viewing a specific program or daypart compared to the total number of individuals watching TV during the same interval of time. Vancouver Extended Market for Knowledge Primetime (viewers 2+, 7pm to 11pm, M-S). Total share for Knowledge Kids is not included in this measure, as the growth opportunity for this demographic is not on television, but on our Knowledge Kids website and apps. The audience sample for this audience segment is also small, creating significant swings in market share from week to week.

Linking Performance Measures to Objectives:

- 1.1a Total Reach is an indicator of the relevance, quality and accessibility of Knowledge Network’s regularly scheduled broadcast service for adults and kids through a demonstration of steady viewership.
- 1.1b Total Share in primetime is the proportion of individuals viewing Knowledge Network compared to the total number of individuals watching TV during the evening period.

Discussion:

Knowledge Network anticipates meeting its total reach 2019/20 targets. Total Reach measures the estimated total number of different people who watch Knowledge Network on television during a fiscal year. Knowledge Network has a significant reach and is very successful with viewers in our market. Knowledge Primetime programming is primarily for adults, specifically targeting audiences 50+. While the majority of viewers in this demographic continue to watch programs on television, we are seeing growth in viewership on our streaming services. Maintaining our current television audience, at existing levels, is an ongoing challenge in a competitive broadcast environment with more viewers choosing to watch programs on streaming platforms. Future targets have been set accordingly.

Knowledge Kids primarily targets children 2-8 years of age and their parents and caregivers. Since the 2019/20-2021/22 Service Plan, future targets have been adjusted down. We are projecting a 5% decrease for Knowledge Kids Total Reach on our scheduled television service, as children are consuming more content on multiple platforms (computers, mobile and tablets). However, we anticipate moderate growth in viewership on Knowledge Kids streaming platforms, as demonstrated in performance measures 2.1b and 2.1c.

Total share demonstrates Knowledge Network’s share of the total viewing audience. Knowledge Network is regularly the 4th most watched broadcaster in primetime in British Columbia.² This performance measure is strongly influenced by the actions of other broadcasters in our market.

Goal 2: Improve the audience experience for video on demand by increasing the number of available programs and through the development of next generation apps and platforms.

As new devices and operating systems proliferate, Knowledge Network is working to ensure that our programming service is available on any platforms adopted by our audiences. We are also committed to a high-quality experience on all platforms.

² Based on market share in the Vancouver Extended Market. Data source: Numeris Canada.

Objective 2.1: Our public service is available on any platforms our audiences use and the experience is high quality.

Key Strategies:

- Build a new generation Knowledge app (for adults) for Apple and Android devices, based on the Knowledge website technology.
- Build the second generation Knowledge Kids app (for kids 2-8) for Apple and Android devices.
- Develop Knowledge and Knowledge Kids apps in partnership with Samsung Canada for its Smart TV app store.

Performance Measures		2018/19 Actuals	2019/20 Forecast	2020/21 Target ³	2021/22 Target ³	2022/23 Target ³	
2.1a	Total Subscribers	Knowledge.ca and Knowledge App	77,714	125,000	135,000	145,000	155,000
2.1b	Total App Downloads	Knowledge Apps	20,784	38,000	48,000	58,000	68,000
		Knowledge Kids Apps	96,143	108,000	118,000	123,000	128,000
2.1c	Videos Played	Knowledge.ca and Knowledge Apps	1,355,764	1,400,000	1,450,000	1,500,000	1,550,000
		KnowledgeKids.ca and Knowledge Kids Apps	6,674,551	6,840,000	6,900,000	6,950,000	7,000,000

Data Sources:

2.1a Knowledge.ca website database. Tracks total users who complete registration for a Knowledge account (cumulative).

2.1b Google Play Console (Android), iTunes Connect (Apple) and Samsung Smart TV Analytics. Tracks lifetime downloads (cumulative) for each fiscal year.

2.1c Google Analytics. Tracks total videos played across web and mobile platforms in a fiscal year.

Linking Performance Measures to Objectives:

- 2.1a The Total Subscribers captures the number of new users of video on demand collections and programs.
- 2.1b Total App Downloads represents the installed base of users for the Knowledge and Knowledge Kids apps. This measure reflects that our services are available on common platforms adopted by our audiences. It also demonstrates that audiences are successfully discovering the apps.
- 2.1c Videos Played tracks the number of videos played on web and mobile platforms for children and adults. This measure demonstrates that audiences are watching programs outside of the regularly scheduled television service.

Discussion:

Knowledge Network’s streaming platforms for children and adults serve the growing number of viewers who are increasingly accessing content through websites and apps. Our streaming platforms provide British Columbians with a free alternative to paid subscription and ad-supported media services and present new opportunities for audience growth. Specifically, we are seeing significant

³ Changed from the previous 2019/20-2021/22 Service Plan targets. Please see Discussion section for more information.

growth in subscribers on our Knowledge Network website and apps and have increased our future targets accordingly.

Compared to our last published report⁴, we anticipate exceeding the 2019/20 target of 20,000 for Knowledge app downloads and 105,000 for Knowledge Kids app downloads. We also anticipate exceeding the 2019/20 target of 1,396,436 for the number of videos played at Knowledge.ca and on the Knowledge Apps.

There are two key factors informing our anticipated lower number of videos played on Knowledge Kids streaming platforms for 2019/20 compared to our target of 8,550,000 as presented in our last published report. The successful launch of the Knowledge Kids App in 2015 with the support of Apple Canada resulted in a significant short-term spike in streaming activity, as it was featured on the App Store front page. The initial 2019/20 target was set to match this original level of engagement. Combined with an increasingly competitive landscape, future targets have now been adjusted down to reflect what is achievable in this continuously evolving environment.

The App is designed for young children (ages 2-8 years), who age out over time. This requires the acquisition of new users every year, and an entire new cohort every six years. Acquiring new users was an advantage when the App was launched with substantial viewership achieved as an entire new audience was available. Based on the demographic cycle for the App, gains and losses will increasingly average out as viewers age into and out of the App.

Goal 3: Champion more B.C. stories and support more storytellers.

Knowledge Network's investment in documentaries and children's programs produced by independent filmmakers leverages funding from federal and provincial, public and private sources. Increased investment in independent productions will support the creation of more B.C. stories and help develop skills within the community.

Objective 3.1: Create more B.C. and Canadian stories and strengthen the independent production community through commissioning efforts.

Key Strategies:

- Invest in one-off documentaries, shorts and series in partnership with B.C.'s independent production sector.
- Develop and commission more B.C. Indigenous stories told by Indigenous storytellers.
- Encourage skills development and mentorship of emerging B.C. filmmakers in partnership with Creative BC and other federal and provincial organizations.
- Commemorate British Columbia's entry into Confederation in 2021 with the B.C. 150 History Project which will include a four-part history series and short films from independent B.C. filmmakers.
- Increase the number of original Canadian content programs in partnership with filmmakers and other broadcasters across Canada.

⁴ Our last published report is the 2018/19 Annual Service Plan Report.

- Increase the profile of commissioned documentary series in select markets outside B.C. in order to qualify for production financing from national funding bodies.

Performance Measures	2018/19 Actuals	2019/20 Forecast	2020/21 Target ⁵	2021/22 Target ⁵	2022/23 Target
3.1a Direct Investment in Multi-Platform Content	\$2,091,800	\$1,256,780	\$2,000,000	\$2,100,000	\$2,200,000
3.1b Indirect Investment in Multi-Platform Content (CMF envelope, other CMF funding, Independent production funds, tax credits)	\$20,218,767	\$9,000,000	\$9,000,000	\$9,500,000	\$10,000,000
3.1c B.C. Independent Production Budgets Supported by Knowledge Network	\$25,176,476	\$7,000,000	\$7,000,000	\$7,100,000	\$7,150,000

Data Sources:

3.1a Letters of Intent, short-form commission/lead agreement, or long form commission/lead agreement entered into with independent producers in a fiscal year. Knowledge Network directs funds from its budget for original content rights. This measure includes Knowledge Network investment in television and online original content for both children and adults. Targets may be adjusted due to the non-cyclical nature of content production in future reports.

3.1b Financing plans for projects where Knowledge Network has issued a Letter of Intent, short-form commission/lead agreement, or long form commission/lead agreement in a fiscal year. As a licensed broadcaster, Knowledge Network can help B.C. independent producers trigger funding for B.C. independent productions from third-party funding sources. Includes certified Canadian independent production funds, the Canada Media Fund (CMF), and federal and provincial tax credits. Based on Knowledge Network’s investment, funding is generated from independent production funds towards B.C. and Canadian projects.

3.1c Project budgets submitted by independent producers where Knowledge Network has issued Letters of Intent, short-form commission/lead agreements, or long form commission/lead agreements. It represents all contributions to independent production budgets, including those committed by Knowledge Network in a fiscal year (includes certified Canadian independent production funds, the Canada Media Fund, and federal and provincial tax credits).

Linking Performance Measures to Objectives:

- 3.1a Direct Investment in Multi-Platform Content reflects Knowledge Network’s financial support for B.C. and Canadian stories.
- 3.1b Indirect Investment in Multi-Platform Content demonstrates how Knowledge Network’s investment in B.C. and Canadian projects leverages funding for independent producers from certified Canadian independent production funds, the Canada Media Fund, and federal and provincial tax credits.
- 3.1c B.C. Independent Production Budgets Supported by Knowledge Network represents all contributions to independent production budgets, including those committed by Knowledge Network in a fiscal year. It demonstrates the economic activity generated by independent production projects supported by Knowledge Network. Independent production budgets are comprised of funding from many sources, including domestic and international broadcasters, the Canada Media Fund, independent production funds and B.C. and Canada tax credits.

⁵ Changed from the previous 2019/20-2021/22 Service Plan targets. Please see Discussion section for more information.

Discussion:

The number of projects Knowledge Network commissions or pre-licenses varies significantly from year to year. It is dependent on when projects have completed development and when they are ready to move forward into production. Each documentary production is a unique creation, with many variables influencing timing: from developing the story to securing the financing. Production budgets also vary depending on the scale and nature of the project. There are significant variations with budgets for children's series due to the genre, volume and involvement of international partners. Typically, about half of projects in development move forward to production financing. As a result, targets are revised annually based on the most recent information we have on the status of independent production projects.

Direct Investment in Multiplatform Content: A correction has been made to the 2018/19 actual for direct investment in multi-platform content compared to our 2018/19 Annual Service Plan Report. The original number of \$2,268,966 included development projects previously accounted for, and so should not have been reflected in the calculation. The correct number is \$2,091,800. Our 2019/20 forecast is lower than the \$2,200,000 target due to an unexpected increase in our Canada Media Fund envelope in 2019. This enabled us to allocate more funding from our Canada Media Fund allocation, thereby reducing the amount of direct investment from our budget.

Indirect Investment in Multiplatform Content: Knowledge Network receives an allocation from the Canada Media Fund each year for the creation of Canadian programming which contributes to our indirect investment performance measure. The amount of this allocation varies year to year depending on a number of factors. Independent production financing is often dependent on Knowledge Network's annual Canada Media Fund allocation; it also requires funding from other public and private independent production funds, as well as federal and provincial tax credits. Together, these funding sources leveraged by Knowledge Network are considered our indirect investment. We are anticipating a lower indirect investment in multi-platform content than the \$14,000,000 target expressed in the 2019/20-2021/22 Service Plan as timelines have been adjusted for some projects while others are not moving forward. The 2018/19 actuals for indirect investment and B.C. independent production budgets (see below) includes an exceptionally large budget for an international, animated children's production based in B.C. Projects of this scale are not the norm. Targets for future years for both of these performance measures have been adjusted down to reflect what is achievable based on the size of projects we typically support.

BC Independent Production Budgets Supported by Knowledge Network: This reflects the total budgets of B.C. productions where Knowledge Network has made an investment. These budgets generate economic activity by supporting B.C. talent including directors, producers, editors, production crews, animators, graphic artists, writers, and musicians.

Goal 4: Connect with more viewers to enlarge the donor base and grow the Endowment Fund.

Knowledge Network's current donor base is both loyal and generous. It is, however, vital to our long-term sustainability that we continue to attract new donors, as well as increase donations and long-term support through legacy giving in the Knowledge Endowment Fund.

Objective 4.1: Attract new donors to offset attrition and to increase donations and long-term support for B.C.’s public broadcaster.

Key Strategies:

- Increase the number of new donors through a fundraising campaign across B.C. that celebrates Knowledge Network’s 40th anniversary, in 2021.
- Utilize the capabilities of the Knowledge.ca website to cultivate viewers and convert them to donors.
- Host an estate planning seminar series for Knowledge Partners.

Performance Measures	2018/19 Actuals	2019/20 Forecast	2020/21 Target ⁶	2021/22 Target ⁶	2022/23 Target
4.1a Knowledge Partner Donations	\$4,831,352	\$4,794,000	\$4,825,000	\$4,875,000	\$5,000,000
4.1b Legacy Circle Donors	825	885	935	985	1035

Data Sources: Blackbaud donor database.

4.1a Tracks total Knowledge Partner donations received each year.

4.1b Tracks total number of individuals who have notified us that they have left a gift to Knowledge Network in their will each fiscal year (cumulative).

Linking Performance Measures to Objectives:

- 4.1a Knowledge Partner Donations performance measure reflects donations to the Annual Fund received from new, renewing and recovered donors in a fiscal year.
- 4.1b Legacy Circle Donors performance measure reflects a commitment from donors to support the long-term sustainability of Knowledge Network through bequests.

Discussion:

Knowledge Network has seen moderate but consistent growth in annual donations, and is on track to meet our 2019/20 target. To continue this positive trend, our strategies are designed to attract new donors and steward the current donor base to increase levels of giving.

Gifts to the Knowledge Endowment Fund are an investment in the future of public broadcasting in British Columbia. Due to the nature of endowment revenue, it is difficult to predict the annual pace of growth. However, growth of donors who have made a commitment to leave a gift is the best indicator for measuring growth in legacy giving. Legacy Circle Partners are donors who have made a provision in their will to leave a bequest to Knowledge Network. We are expecting to exceed the 2019/20 target (850) and have increased future targets accordingly.

⁶ Changed from the previous 2019/20-2021/22 Service Plan targets. Please see Discussion section for more information.

Financial Plan

Summary Financial Outlook

(Consolidated, Reported in \$000)	2019/20 Forecast	2020/21 Budget	2021/22 Plan	2022/23 Plan
REVENUE				
Province of BC Operating Grant	6,708	6,611	6,611	6,611
Specified Grant for BC150	-	150 ¹²	-	-
Deferred Specified Grant for BC150	-	(150)	-	-
Donations and Sponsorships	4,819	4,875	4,900	5,025
Revenue from Subsidiary Operations	-	-	-	-
Amortization of Deferred Contributions	320	333	366	366
Endowment Investment Income	250	275	275	275
Other Revenue ⁷	25	25	25	25
Total Revenue	12,122	12,119	12,177	12,302
EXPENSES				
Programming and Presentation	2,195	2,185	2,215	2,265
Marketing and Development	2,073	2,035	2,085	2,125
Broadcast Platforms and Web Channels	2,063	2,024	2,044	2,074
Amortization of Broadcast Rights	3,614	3,906	3,967	3,999
Expenses from Subsidiary Operations	-	-	-	-
General ⁸	449	375	425	425
Administration:				
President's Office	355	350	350	350
Board of Directors	33	33	33	33
Finance	487	432	432	432
Facilities	304	304	264	264
Human Resources	204	184	184	184
Other Expenses ⁹	68	90	55	28
Total Expenses	11,847	11,918	12,054	12,179
Annual Surplus from Operations¹⁰	275	201	123	123
Endowment Contributions Received (held in trust) ¹¹	900	950	950	950

⁷ Includes realized investment income and other income.

⁸ Includes amortization of equipment.

⁹ Contingency for strategic priorities.

¹⁰ Represents income growth within the Endowment Fund.

¹¹ Endowment Fund contributions are held in trust and not treated as operating revenue.

¹² Previous 2019/20 forecast of \$450,000 grant not approved in final forecast and subsequently removed.

Annual Surplus	1,175	1,150	1,072	1,072
Total Liabilities	1,372	1,464	1,373	1,282
Accumulated Surplus (Invested in Broadcast Rights & Capital Assets, Endowment Fund)	23,789	24,612	25,643	26,241
Capital Expenditures	4,888	3,835	3,850	3,850

Key Forecast Assumptions, Risks and Sensitivities

Knowledge Network has experienced an upward trend in charitable donations, even as charitable giving in Canada continues to decline amidst a growing number of charities seeking support¹³. Combined with changing demographics and viewing habits, we expect donations to Knowledge Network’s annual fund to eventually plateau. However, legacy giving to endowments in Canada is experiencing an opposite trend, with growth expected to continue for the next decade.

Acquiring programs for Knowledge Network’s streaming platforms continues to be a challenge, as global competitors operating in Canada, but not subject to the same regulatory requirements as Canadian broadcasters, increase costs and availability of programs. Knowledge Network has been participating in the review of the Canadian Communications Legislative Framework to highlight some of these challenges, and help inform future policy objectives.

There are five primary risks that may have an impact on our service in 2020/21:

Area of Risk	Risk Factors and Sensitivities	Mitigation Strategies
Multi-platform Broadcast Rights (high risk)	The growth in online streaming services is creating increased competition for programs and their multi-platform rights, increasing costs and availability of content.	Pursue opportunities to increase investment for: <ul style="list-style-type: none"> • Original programming to ensure extended streaming rights. • International pre-license titles to ensure extended streaming rights. • Program acquisitions to ensure extended streaming rights.
Audience Behaviour Knowledge Primetime (medium risk) Knowledge Kids (high risk)	Migration of viewers away from scheduled television to streaming platforms. Significant growth in PVR use (personal video recorder) increases consumption of programs by viewers of scheduled television.	Invest in building streaming platforms and improve performance. Promote content to capture audiences migrating from scheduled television. Invest in more programs and evolve new scheduling strategies.
Discoverability of Knowledge Network streaming platforms	Competition for audiences from an increasing number of streaming services and a variety of Internet entertainment options.	Develop strategies to build brand awareness and retain audiences.

¹³ Blackbaud Index Canada has reported a 3.6% decrease in overall charitable giving from October 2018 to October 2019.

Revenue from Charitable Giving (medium risk)	Charitable giving in Canada continues to decline amidst a growing number of charities seeking support.	Steward the current donor base to increase levels of giving. Build the legacy giving program to secure a greater number of bequests. Increase giving at the top tier of major gifts.
New Donors (medium risk)	Shrinking donor base due to fewer donors giving to charities in Canada.	Increase investment in donor acquisition to offset attrition of the donor base. Develop a special acquisition campaign to mark the 40 th anniversary of Knowledge Network in 2021. Leverage targeted messaging on streaming platforms to convert online viewers to donors. Engage in prospect research for major donors.

Management’s Perspective on the Financial Outlook

Knowledge Network's success is built on a foundation of support from our 40,000 donors and the Government of British Columbia. While we have seen consistent growth in annual donations, our operating expenses have also been increasing including contributions towards BCIT building upgrades, digital platform upgrades and staff salaries and benefits.

Amortization expenses will increase significantly over the next three years due to increased investment in original programming. We are required to capitalize our investment in programming, with amortization of broadcast rights typically spread out over four to six years.

Appendix A: Additional Information

Corporate Governance

Knowledge Network is governed by a Board of Directors that is responsible to the Minister of Tourism, Arts and Culture. The Ministry is responsible for policy direction while the Board is responsible for operational policy and setting the strategic direction of the organization. The President and CEO is responsible for the day-to-day leadership and management of Knowledge Network. Please [click here](#) for more information on Knowledge Network's corporate governance.

Organizational Overview

British Columbia's Knowledge Network is a viewer-supported public broadcaster. Our mission is to provide all British Columbians with a trusted alternative for the commercial-free exploration of life, connecting them to the world through television and streaming platforms. Please [click here](#) to learn more about Knowledge Network.

Appendix B: Subsidiaries and Operating Segments

Inactive Subsidiaries

Knowledge-West Communications Corporation (KWCC) was incorporated in 1981. KWCC owned and operated BBC Kids, a Canadian children's subscription channel, which closed in December 2018.