



## 2015-2016 Q2 BUDGETARY MANAGEMENT REPORT

<b>TO:</b>	Audit Committee / Board of Directors
<b>MEETING:</b>	November 24-25, 2015
<b>FROM:</b>	Judith Purves, Executive Vice-President and Chief Financial Officer
<b>PURPOSE:</b>	Quarterly information report on budgetary results at September 30, 2015
<b>DATE:</b>	November 9, 2015

### SIGNIFICANT POINTS:

- N/A





**QUARTERLY BUDGETARY MANAGEMENT REPORT**  
**For the six-month period ended September 30<sup>th</sup>, 2015**

November 2015

Confidential for Internal Purposes

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## **QUATERLY FINANCIAL MANAGEMENT REPORT**

**For the six-month period ended September 30, 2015**

### **Financial Reporting Basis**

CBC/Radio-Canada is required to submit Annual Reports to the Minister of Canadian Heritage containing audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). The Corporation also prepares quarterly financial reports on the same basis.

In addition, for management purposes, CBC/Radio-Canada reports its financial results on a budget basis, which differs from IFRS. Certain non-cash items such as accrued pension plan expenses and other employee future benefits and amortisation are not recognised on a budget basis.

### **Financial Review and Analysis Content**

The review and analysis of CBC/Radio-Canada’s financial results is presented here on a budget basis.

This report presents and analyses segmented results of operations for the six-month period ended September 30, 2015, compared to the year-to-date budget, and year-end forecasts. Segmented results are presented for English and French Services, and Non-Media Services.

**Financial Highlights**  
**For the six-month period ended September 30**

s.18(a)  
s.18(b)

**Overview of the six month period ended September 30  
(\$000's)**

	Comparison to Budget (April to September)			Annual Basis (April to March)		
	2015/2016 Actuals	2015/2016 Budget	Variance	2015/2016 Forecast	2015/2016 Budget	Variance
<b>SOURCE OF FUNDS</b>						
<b>Government Funding and Carryover</b>						
Parliamentary Appropriation - Drawdown						
Prior Year Carryover						
<b>Government Funding and Carryover</b>						
<b>Revenues</b>						
<b>Advertising Revenues</b>						
English Services						
French Services						
<b>Advertising Revenues</b>						
<b>Miscellaneous Revenues</b>						
English Services						
French Services						
Others						
<b>Miscellaneous Revenues</b>						
<b>Subscriber Revenues</b>						
CBC News Network						
Réseau de l'information						
ARTV						
Explora						
Tou.tv						
Curio						
<b>Subscriber Revenues</b>						
<b>Total Revenues</b>						
<b>TOTAL SOURCE OF FUNDS</b>						
<b>APPLICATION OF FUNDS</b>						
<b>Expenditures</b>						
English Services						
French Services						
Other Non-Media Services						
Committed Reserves						
<b>TOTAL APPLICATION OF FUNDS</b>						
<b>NET POSITION - Before Downsizing Costs</b>						
Downsizing costs						
<b>NET POSITION</b>						

Note : Proceeds of \$33.5 million from the sale of Sirius shares in July 2014, are included in the prior year carryover.

**Overview of the six month period ended September 30**  
**Net position including ARTV and *documentary* <sup>(1)</sup>**  
**(in \$000's)**

	Comparison to Prior Year		
	2015/2016 Actuals	2014/2015 Actuals	Variance
<b>Investment in ARTV <sup>(2)</sup></b>			
Revenues (Net of inter-company transactions)	0	6,209	(6,209)
Expenses	0	5,823	5,823
<b>NET POSITION - ARTV</b>	<b>0</b>	<b>386</b>	<b>(386)</b>
<b>Investment in <i>documentary</i></b>			
Revenues (Net of inter-company transactions)	1,924	1,744	180
Expenses	2,255	2,167	(88)
<b>NET POSITION - <i>documentary</i></b>	<b>(331)</b>	<b>(423)</b>	<b>92</b>
<b>NET POSITION - Investments</b>	<b>(331)</b>	<b>(37)</b>	<b>(294)</b>
<b>Gain / (Loss) on disposal of property and equipment</b>	<b>2,175</b>	<b>5,467</b>	<b>(3,292)</b>
<b>NET POSITION - Including investments</b>			
<b>Results on a current operating basis <sup>*</sup></b>	<b>(34,392)</b>	<b>(67,352)</b>	<b>32,960</b>

(1) This overview is intended to identify the impact of CBC/Radio-Canada's share in non wholly-owned specialty services, which is included in the consolidated Financial Statements in accordance with IFRS but not included in the financial reports on a budgetary basis.

(2) As of 2015/2016, ARTV is now owned entirely by CBC/Radio-Canada and , as such, its results are included in the financial reports on a budgetary basis.

\* These amounts are shown in the MD&A section of the Second Quarter Financial Report.



Overview Comments

s.18(a)  
s.18(b)  
s.68.1

s.18(a)

s.18(b)

Advertising Revenue Update (Based on September 1, 2015 TVB report)

**Consolidated English Services  
For the six-month period ended September 30  
(\$000's)**

	Comparison to Budget (April to September)			Annual Basis		
	2015/2016 Actuals	2015/2016 Budget	Variance	2015/2016 Forecast	2015/2016 Budget	Variance
<b>SOURCE OF FUNDS</b>						
<b>Government Funding and Carryover</b>						
<b>Revenues</b>						
Advertising - Television						
Advertising - Digital Services						
Advertising - Contrats/Value-added						
Advertising - Radio						
Advertising - PanAm Games *						
Advertising - CBC News Network						
<b>Total - Advertising</b>						
Subscriber - CBC News Network						
Subscriber - Curio						
<b>Total - Subscriber</b>						
Miscellaneous - Television						
Miscellaneous - Hockey Rogers VIK						
Miscellaneous - Merchandising						
Miscellaneous - Mobile Productions						
Miscellaneous - PanAm Games *						
Miscellaneous - Radio						
<b>Total - Miscellaneous</b>						
<b>Total Revenues</b>						
<b>TOTAL SOURCE OF FUNDS</b>						
<b>APPLICATION OF FUNDS</b>						
Sports (excluding hockey and FIFA)						
Hockey (Rogers deal)						
PanAm Games *						
Arts and Entertainment						
News and Current affairs						
CBC News Network						
Talk Radio						
Music						
Media Library and Archives						
Technical Services						
Mobiles						
Communications and Research						
Revenue Group						
General Administration						
Other Programming and Commitments						
<b>TOTAL APPLICATION OF FUNDS</b>						
<b>NET POSITION</b>						

\* PanAm Games results reflect consolidated French and English media activities

**Consolidated English Services Results Comments**

**Consolidated French Services  
For the six-month period ended September 30  
(\$000's)**

	Comparison to Budget (April to September)			Annual Basis		
	2015/2016 Actuals	2015/2016 Budget	Variance to Budget	2015/2016 Forecast	2015/2016 Budget	Variance
<b>SOURCE OF FUNDS</b>						
<b>Government Funding and Carryover</b>						
<u>Revenues</u>						
Advertising - Television						
Advertising - Digital Services						
Advertising - Contrats/Value-added						
Advertising - Radio						
Advertising - Réseau de l'information						
Advertising - ARTV						
Advertising - Explora						
<b>Total - Advertising</b>						
Subscriber - Réseau de l'information						
Subscriber - ARTV						
Subscriber - Explora						
Subscriber - Tou.tv EXTRA						
Subscriber - Curio						
<b>Total - Subscriber</b>						
Miscellaneous - Television						
<b>Total Revenues</b>						
<b>TOTAL SOURCE OF FUNDS</b>						
<b>APPLICATION OF FUNDS</b>						
Sports						
Arts and Entertainment						
News and Current affairs						
Réseau de l'information						
Talk Radio						
Music						
ARTV						
Explora						
Media Library and Archives						
Technical Services						
Communications and Research						
Revenue Group						
General Administration						
Other Programming and Commitments						
<b>TOTAL APPLICATION OF FUNDS</b>						
<b>NET POSITION</b>						

Consolidated French Services Results Comments

**Non-Media Services and Committed Reserves  
For the six-month period ended September 30  
(\$000's)**

	Comparison to Budget (April to September)			Annual		
	2015/2016 Actuals	2015/2016 Budget	Variance to Budget	2015/2016 Forecast	2015/2016 Budget	Variance
<b>SOURCES OF FUNDS</b>						
<b>Government Funding and Carryover</b>						
<b>Miscellaneous Revenues</b>						
CBC Transmission and Distribution						
Real Estate Services						
Sirius - Programs Sales						
Sirius - Dividends						
Research and Analysis						
Canadian Claimant Group Royalties (CCG)						
CRRRA						
Interest and Other Administration Revenues						
Capital Recoveries						
<b>Total Miscellaneous Revenues</b>						
<b>TOTAL SOURCE OF FUNDS</b>						
<b>APPLICATION OF FUNDS</b>						
Infrastructure and Technology Services						
General and Administration Services						
Corporate Expenses						
<b>Total for Non-Media Services *</b>						
Committed Reserves						
<b>TOTAL APPLICATION OF FUNDS</b>						
<b>NET POSITION</b>						

\* See details on next page



**Non-Media Services and Committed Reserves Results Comments**

**Non-Media Services - Application of funds**  
**For the six-month period ended September 30**  
**(\$000's)**

	Comparison to Budget (April to September)			Annual		
	2015/2016 Actuals	2015/2016 Budget	Variance to Budget	2015/2016 Forecast	2015/2016 Budget	Variance
<b>APPLICATION OF FUNDS</b>						
<b>Infrastructure and Technology Services :</b>						
Real Estate Services	43,863					
METS (excluding T&D)	19,342					
CBC Transmission and Distribution	13,575					
Technology Strategy Executive Team	57					
<b>Total - Infrastructure and Technology Services</b>	<b>76,837</b>					
<b>General and Administration Services :</b>						
Office of the President and CEO	570					
Office of the Chairperson and Board of Directors	330					
Branding, Communications and Corporate Affairs	2,371					
Internal Audit	286					
People and Culture	5,687					
Regulatory Affairs	391					
Research and Analysis	2,451					
General Counsel and Corporate Secretariat	5,696					
Corporate Finance and Administration	4,436					
Shared Services	4,123					
Ombudsman - Toronto	161					
Ombudsman - Montreal	173					
<b>Total - General and Administration Services</b>	<b>26,675</b>					
<b>Corporate Expenses :</b>						
Severance Pay and Other Personnel Costs	8,550					
Dental Plan and EAP	1,759					
Training and Development	3,629					
Insurance, Forms, Taxes, Foreign Exchange, etc.	1,445					
<b>Total - Corporate Expenses</b>	<b>15,383</b>					
<b>TOTAL APPLICATION OF FUNDS</b>	<b>118,895</b>					

<b>Committed Reserves</b> (in millions of \$)	<b>2015/2016</b> <b>Year-to-date</b> <b>(April to September)</b>			<b>2015/2016</b> <b>Annual Basis</b> <b>(April to March)</b>		
	<b>Actuals</b>	<b>Budget</b>	<b>Variance</b>	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>

**Reconciliation of Net Results of Operations IFRS to Budget Basis**

The Corporation receives a significant portion of its funding through Parliamentary appropriations, based primarily on cash flow requirements. Expenses recognized in the Consolidated Statement of Income (Loss) in one year may be funded through Parliamentary appropriations in other years. Accordingly, the Corporation's net results of operations for the year on a budget basis differ from those on an International Financial Reporting Standards basis. The differences are outlined below:

<b>For the period ended September 30</b>	<b>2015</b>	<b>2014</b>
	<i>(thousands of dollars)</i>	
<b>Net results for the period on an IFRS basis</b>	<b>(63,760)</b>	<b>(86,776)</b>
<b>Items not generating operating funds</b>		
Employee future benefits	35,674	23,883
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	10,534	11,122
Other provisions for non-cash items	(18,684)	(21,011)
Net position - Investments in ARTV and <i>documentary</i>	(331)	(37)
Gain on disposal of property and equipment	2,175	5,467
<b>Results on a current operating basis</b>	<b>(34,392)</b>	<b>(67,352)</b>