



2015-2016 Q1 BUDGETARY MANAGEMENT REPORT

TO:	Board of Directors / Audit Committee
MEETING:	August 20, 2015
FROM:	Judith Purves, Executive Vice-President and Chief Financial Officer
PURPOSE:	Quarterly information report on budgetary results at June 30, 2015
DATE:	August 10, 2015

SIGNIFICANT POINTS:

- N/A



QUARTERLY BUDGETARY MANAGEMENT REPORT
For the three-month period ended June 30th, 2015

August 2015

Confidential for Internal Purposes

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QUARTERLY FINANCIAL MANAGEMENT REPORT

For the three-month period ended June 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

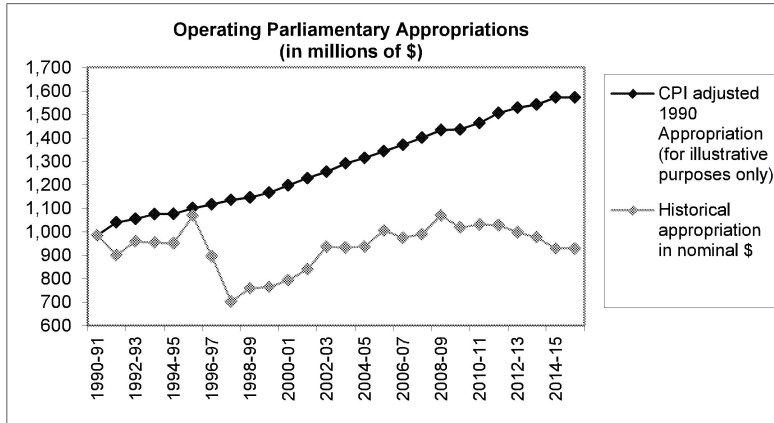
The review and analysis of CBC/Radio-Canada’s financial results for the three months ended June 30, 2015 is presented here on a budget basis.

This report presents and analyses segmented results of operations for the three-month period ended June 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.

In addition, an overview of the capital budget and cash forecast are presented for the three months ended June 30, 2015.

Financial Highlights
For the three-month period ended June 30

Sources of Funds
For the three-month period ended June 30



Expenditures
For the three-month period ended June 30
(Excluding downsizing costs related to strategic initiatives)

**Overview for the three-month period ended June 30
(\$000's)**

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

Overview for the three-month period ended June 30
Net position including ARTV and *documentary* ⁽¹⁾
(in \$000's)

	Comparison to Prior Year		
	2015/2016 Actuals	2014/2015 Actuals	Variance
Investment in ARTV ⁽²⁾			
Revenues (Net of inter-company transactions)	0	3,007	(3,007)
Expenses	0	2,973	2,973
NET POSITION - ARTV	0	34	(34)
Investment in <i>documentary</i>			
Revenues (Net of inter-company transactions)	1,311	1,246	65
Expenses	1,196	948	(248)
NET POSITION - <i>documentary</i>	115	298	(183)
NET POSITION - Investments	115	332	(217)
Gain / (Loss) on disposal of property and equipment	1,070	0	1,070
NET POSITION - Including investments			
Results on a current operating basis [*]	(52,651)	(7,421)	(45,230)

(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 First Quarter Financial Report.

Overview Comments

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

Consolidated English Services
For the three-month period ended June 30
(\$000's)

s.18(a)

s.18(b)

s.68.1

	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2015/2016 Actuals	2015/2016 Budget	Variance	2015/2016 Forecast	2015/2016 Budget	Variance
SOURCE OF FUNDS						
Government Funding and Carryover						
Revenues						
Advertising - Television						
Advertising - Digital Services						
Advertising - Contrats/Value-added						
Advertising - Radio						
Advertising - PanAm Games *						
Advertising - CBC News Network						
Subscriber and other revenue - CBC News Network						
Subscriber and other revenue - Curio						
Miscellaneous - Television						
Miscellaneous - Hockey Rogers VIK						
Miscellaneous - Merchandising						
Miscellaneous - Mobile Productions						
Miscellaneous - PanAm Games *						
Miscellaneous - Radio						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
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						
TOTAL APPLICATION OF FUNDS						
NET POSITION						

* PanAm Games results reflect consolidated French and English media activities

Consolidated English Services Results Comments

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

	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2015/2016 Actuals	2015/2016 Budget	Variance to Budget	2015/2016 Forecast	2015/2016 Budget	Variance
SOURCE OF FUNDS						
Government Funding and Carryover						
Revenues						
Advertising - Television						
Advertising - Digital Services						
Advertising - Contrats/Value-added						
Advertising - Radio						
Advertising - Réseau de l'information						
Advertising - ARTV						
Advertising - Explora						
Subscriber and Other Revenue - Réseau de l'information						
Subscriber and Other Revenue - ARTV						
Subscriber and Other Revenue - Explora						
Subscriber and Other Revenue - Tou.tv EXTRA						
Subscriber and Other Revenue - Curio						
Miscellaneous - Television						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
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						
TOTAL APPLICATION OF FUNDS						
NET POSITION						

Consolidated French Services Results Comments

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

	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2015/2016 Actuals	2015/2016 Budget	Variance to Budget	2015/2016 Forecast	2015/2016 Budget	Variance
SOURCES OF FUNDS						
Government Funding and Carryover						
Miscellaneous Revenues						
CBC Transmission and Distribution	2,480					
Real Estate Services	2,394					
Sirius - Programs Sales	525					
Sirius - Dividends	1,371					
Research and Analysis	29					
Canadian Claimant Group Royalties (CCG)	0					
CRRA	750					
Interest and Other Administration Revenues	544					
Capital Recoveries	538					
Total Miscellaneous Revenues	8,631					
TOTAL SOURCE OF FUNDS	62,683					
APPLICATION OF FUNDS						
Infrastructure and Technology Services	40,547					
General and Administration Services	13,231					
Corporate Expenses	6,988					
Total for Non-Media Services *	60,766					
Committed Reserves *	1,997					
TOTAL APPLICATION OF FUNDS	62,763					
NET POSITION						

* See details on separate schedules

Non-Media Services and Committed Reserves Results Comments

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

	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2015/2016 Actuals	2015/2016 Budget	Variance to Budget	2015/2016 Forecast	2015/2016 Budget	Variance
APPLICATION OF FUNDS						
Infrastructure and Technology Services :						
Real Estate Services	23,844					
METS (excluding T&D)	10,188					
CBC Transmission and Distribution	6,473					
Technology Strategy Executive Team	42					
Total - Infrastructure and Technology Services	40,547					
General and Administration Services :						
Office of the President and CEO	256					
Office of the Chairperson and Board of Directors	137					
Branding, Communications and Corporate Affairs	1,129					
Internal Audit	160					
People and Culture	2,791					
Regulatory Affairs	182					
Research and Analysis	1,434					
General Counsel and Corporate Secretariat	2,774					
Corporate Finance and Administration	2,103					
Shared Services	2,108					
Ombudsman - Toronto	78					
Ombudsman - Montreal	79					
Total - General and Administration Services	13,231					
Corporate Expenses :						
Severance Pay and Other Personnel Costs	3,707					
Dental Plan and EAP	927					
Training and Development	1,928					
Insurance, Forms, Taxes, Foreign Exchange, etc.	426					
Total - Corporate Expenses	6,988					
TOTAL APPLICATION OF FUNDS	60,766					

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

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:

For the period ended June 30	2015	2014
	<i>(thousands of dollars)</i>	
Net results for the period on an IFRS basis	(76,054)	(33,569)
Items not generating operating funds		
Employee future benefits	17,888	12,399
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,094	5,077
Other provisions for non-cash items	(764)	8,340
Net position - Investments in ARTV and <i>documentary</i>	115	332
Loss on disposal of property and equipment	1,070	-
Results on a current operating basis	(52,651)	(7,421)

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Cash Flows
For the Year Ended March 31, 2016 (As at June 30, 2015)

2015/2016 Forecast						2014/2015 Actual/Forecast				
	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
Opening balance ⁽¹⁾	206,485					53,466	130,724	82,865	110,148	53,466
Inflows										
Appropriations received ⁽²⁾	155,000					245 000	125 000	300 006	368 018	1,038,024
Revenues ⁽³⁾	175,400					286 919	216 648	173 847	159 700	837,114
Sale of XM Sirius shares	-					-	33,548	-	-	33,548
Outflows										
Expenditures ⁽³⁾	(442,079)					(454 661)	(423 055)	(446 570)	(431 381)	(1,755,667)
Ending balance ⁽¹⁾	94,806					130,724	82,865	110,148	206,485	206,485
	a	f	f	f		a	a	a	a	

Note 1: The bank balances include the corporate bank accounts in Canadian and US dollars as well as short-term investments, as the case may be. Foreign bureau accounts and production and petty cash funds are not included since they are funded from the corporate accounts.

Note 2: Appropriation drawdowns are planned with the objective of keeping a bank balance sufficient to meet the requirements of the Corporation's activities.

Note 3:

The forecasted amounts of inflows and outflows are derived from the business forecasts and capital plan for the 2015-2016, adjusted for non-cash and special transactions (changes in prepaid expenses and deferred revenues for example), for the effect of commodity taxes and for historical trends.

Capital Budget Report as at June 30, 2015

2015/2016 Capital Budget Overview as at June 30, 2015
(\$000's)

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

<u>Investment Class</u>	<u>Capital Plan</u>	<u>Forecasted Expenditures</u>	<u>Surplus/ (Deficit)</u>	<u>Actual Expenditures to Date</u>	<u>As % of Forecast</u>
Mission Critical					
Efficiency Projects					
Transmission Strategy					
Growing the Business					
Legal and Regulatory					
Payback Projects					
Minor Capital					
Corporate Contingency					
Impact of approved plan being higher than available capital					
Total	—	—			

<u>Component</u>	<u>Capital Plan</u>	<u>Forecasted Expenditures</u>	<u>Surplus/ (Deficit)</u>	<u>Actual Expenditures to Date</u>	<u>As % of Forecast</u>
English Television (ETN)					
French Television (FTN)					
English Radio (ERN)					
French Radio (FRN)					
English Digital Infrastructure					
French Digital Infrastructure					
Information Technology (IT)					
Real Estate (RE)					
Canadian Broadcasting Centre Capital Lease					
Telecommunication (TEL)					
Transmission Division (T&D)					
Corporate Components					
Fleet Management					
Minor Capital					
Enterprise Wide (EW):					
<i>Moncton Consolidation</i>					
<i>Media Asset Management</i>					
<i>On-Air Core Upgrade</i>					
Halifax Consolidation					
Relocation Sudbury					
Relocation Charlottetown					
Relocation Iqaluit					
<i>Others</i>					
Corporate Contingency					
Impact of approved plan being higher than available capital					
Subtotal	—	—			
Capital Leases (for accounting purposes)					
Total	—	—			

* Includes repayment of bonds payable for TBC lease

2015/2016 Capital Budget Overview as at June 30, 2015
Variance Analysis by Component

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- 5
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Capital Investment Plan
Board of Directors Projects > \$5 million (in \$000's)
Forecasted Expenditures to Project Completion (including related operating expenditures)

PROJECTS APPROVED								
Projects	Component	Original Budget Approved by Board Resolution	Latest Approval Date	Project Closing Forecast/ Actual Date	Total Budget Approved by BOD Resolution	Budget Released	Total Forecasted Expenditures	Total Forecasted Surplus/ (Deficit)

PROJECTS PLANNED								
Projects	Component		Approval by BOD - Forecasted date	Ready for Operation - Forecasted date	Planned Budget Approved by BOD	Budget Released	Total Forecasted Expenditures	Total Forecasted Surplus/ (Deficit)

Capital Investment Plan
Board of Directors Approved Projects > \$5 million - Notes
Forecasted Expenditures to Project Completion (including relayed operating expenditures)
Status Update

Benefit Tracking
Board of Directors Projects
Forecasted Benefits as of June 30, 2015

