



2013-2014 Q1 BUDGETARY MANAGEMENT REPORT

TO:	Board of Directors / Audit Committee
MEETING:	August 22, 2013
FROM:	Suzanne Morris, Vice-President and CFO
PURPOSE:	Quarterly information report on budgetary results at June 30, 2013
DATE:	August 14, 2013

SIGNIFICANT POINTS:

- N/A



QUARTERLY BUDGETARY MANAGEMENT REPORT
For the quarter ending June 30th, 2013

August 22, 2013

Confidential for Internal Purposes

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QUARTERLY FINANCIAL MANAGEMENT REPORT

For the quarter ended June 30, 2013.

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 quarter ended June 30, 2013 is presented here on a budget basis.

This report presents and analyses segmented results of operations for the quarter ended June 30, 2013, compared to the year-to-date budget and year-end forecasts. Segmented results are presented for English and French media services, and Other Services.

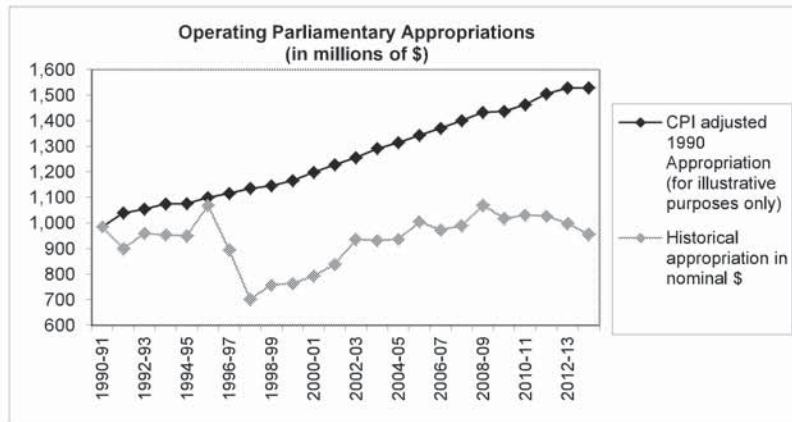
In addition, an overview of the capital budget and cash forecast are presented for the three months ended June 30, 2013.

The Financial statements prepared on a IFRS basis for the period ended June 30, 2013 and compared with the results for the same period in 2012/2013 are presented separately in the First Quarter Financial Report.

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Financial Highlights
For the first three months ending June 30
Excluding Olympics

Sources of Funds
For the first three months ending June 30
Excluding Olympics



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Expenditures
For the first three months ending June 30
Excluding Olympics

**Overview for the first three months ended June 30
(in \$000's)**

	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance	2013/2014 Forecast	2013/2014 Budget	Variance
	SOURCE OF FUNDS					
Government Funding and Carryover						
Parliamentary Appropriation - Drawdown (Used for) generated by working capital						
Parliamentary Appropriation						
Prior Year Carryover						
Government Funding and Carryover						
Transfer (to)/from Capital						
Local Programming Improvement Fund						
English Television						
French Television						
Local Programming Improvement Fund						
Revenues						
Advertising Revenues						
English Services						
French Services						
Advertising Revenues						
Miscellaneous Revenues-Regular Operations						
English Services						
French Services						
Others						
Miscellaneous Revenues-Regular Operations						
Revenues-Specialty Services:						
CBC News Network						
Réseau de l'information						
Explora						
Revenues-Specialty Services						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
Expenditures						
English Services						
French Services						
Other Services						
Committed Reserve						
TOTAL APPLICATION OF FUNDS						
NET POSITION - Excluding Olympics						
OLYMPICS						
Advertising Revenues						
Miscellaneous Revenues						
Total Olympics Revenues						
Expenses						
NET POSITION - Olympics						
NET POSITION - Including Olympics						

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Overview of the first three months ending June 30
Net position including ARTV and Documentary Channel
(in \$000's)

	Comparison to Prior Year		
	2013/2014 Actuals	2012/2013 Actuals	Variance
Budgetary Source of funds			
Budgetary Application of funds			
Net position - Olympics			
NET POSITION - Excluding investments (from previous page)			
Investments in ARTV			
Revenues (Net of inter-company transactions)	3,792	3,838	(46)
Expenses	3,348	3,359	11
NET POSITION - ARTV	444	479	(35)
Investments in Documentary Channel			
Revenues (Net of inter-company transactions)	1,213	1,153	60
Expenses	1,019	917	(102)
NET POSITION - Documentary Channel	194	236	(42)
NET POSITION - Investments	638	715	(77)
NET POSITION - Including investments			

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Overview Comments

Advertising Revenue Update

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**Consolidated English Services
For the first three months ending June 30
(\$000's)**

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	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance	2013/2014 Forecast	2013/2014 Budget	Variance
SOURCE OF FUNDS						
Parliamentary Appropriation						
Prior Year Carryover						
Government Funding and Carryover						
Local Programming Improvement Fund						
<u>Revenues</u>						
English Television - Advertising - Television						
English Television - Advertising - Digital Services						
English Television - Advertising - Contrats/Value-added						
English Radio - Advertising						
English Television - Miscellaneous						
CBC News Network - Advertising						
CBC News Network - Subscriber and other revenue						
Merchandising - Miscellaneous						
Mobile Productions						
English Radio - Miscellaneous						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
English Television - Programming and Production						
English Television - Technical						
English Television - Regional Operations						
CBC News Network						
English Radio - Programming and Production						
English Radio - Technical						
English Radio - Regional Operations						
Sales and Marketing						
Merchandising						
Mobile Productions						
Programming and Other Commitments						
Media Management						
TOTAL APPLICATION OF FUNDS						
NET POSITION - Excluding Olympics						
OLYMPICS						
Advertising Revenues						
Miscellaneous Revenues						
Total Olympics Revenues						
Expenses						
NET POSITION - Olympics						
NET POSITION - Including Olympics						

Consolidated English Services Results Comments

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**Consolidated French Services
For the first three months ending June 30
(\$000's)**

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	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance to Budget	2013/2014 Forecast	2013/2014 Budget	Variance
SOURCE OF FUNDS						
Parliamentary Appropriation						
Prior Year Carryover						
Total Government Funding and Carryover						
Local Programming Improvement Fund						
Revenues						
French Television - Advertising - Television						
French Television - Advertising - Digital Services						
French Television - Advertising - Contrats/Value-added						
French Radio - Advertising						
French Television - Miscellaneous						
Réseau de l'information - Advertising						
Réseau de l'information - Subscriber and Other Revenue						
Explora - Advertising						
Explora - Miscellaneous						
Merchandising - Miscellaneous						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
French Television - Programming and Production						
French Television - Technical						
French Television - Regional Operations						
Réseau de l'information						
Explora						
French Radio - Programming and Production						
French Radio - Technical						
French Radio - Regional Operations						
Radio Canada International						
Revenue Group (excluding RDI)						
Merchandising						
Programming and Other Commitments						
Media Management						
TOTAL APPLICATION OF FUNDS						
NET POSITION						

Consolidated French Services Results Comments

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**Olympics
Forecast at June 30th
(in \$000's)**

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	Annual Basis (April to March)		
	2013/2014 Forecast	2013/2014 Budget	Variance
<u>REVENUES</u>			
Advertising Revenues			
English Services			
French Services			
Advertising Revenues			
Miscellaneous Revenues			
English Services			
French Services			
Miscellaneous Revenues			
TOTAL REVENUES			
<u>EXPENDITURES</u>			
Production costs			
English Services			
French Services			
Production costs			
Sales & Promotion			
English Services			
French Services			
Sales & Promotion			
Rights fees			
IOC Profit Share			
Withholding Tax			
TOTAL EXPENDITURES			
NET POSITION			

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Other Services and Committed Reserves
For the first three months ending June 30
(\$000's)

	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance to Budget	2013/2014 Forecast	2013/2014 Budget	Variance
SOURCES OF FUNDS						
Parliamentary Appropriation	52,149					
Prior Year Carryover	0					
Total Government Funding and Carryover	52,149					
Transfer (to) / from Capital	0					
<u>Miscellaneous Revenues</u>						
CBC Transmission and Distribution	2,465					
Real Estate Services	1,597					
Sirius - Programs Sales	525					
Sirius - Dividends	1,473					
Corporate Research	0					
Canadian Claimant Group Royalties	11					
CRRA	749					
Interest and Other Administration Revenues	359					
Capital Recoveries	1,437					
Total Miscellaneous Revenues	8,616					
TOTAL SOURCE OF FUNDS	60,765					
APPLICATION OF FUNDS						
Other Services (see details on next page)	61,560					
Committed Reserves	469					
TOTAL APPLICATION OF FUNDS	62,029					
NET POSITION	(1,264)					

Other Services - Application of funds
For the first three months ending June 30
(\$000's)

	Comparison to Budget (April to June)			Annual Basis (April to March)		
	2013/2014 Actuals	2013/2014 Budget	Variance to Budget	2013/2014 Forecast	2013/2014 Budget	Variance
APPLICATION OF FUNDS						
Office of the President and CEO	389					
Office of the Chairperson and Board of Directors	141					
Branding, Communications and Corporate Affairs	1,329					
Office of VP Strategy and Business Partnerships	0					
Internal Audit	223					
Training and Development	528					
People and Culture	3,216					
Severance Pay and Other Personnel Costs	5,263					
Dental Plan, EAP and Crisis Management	864					
Information Technology	6,633					
Business Development	249					
Regulatory Affairs	327					
Corporate Research	1,339					
General Counsel and Corporate Secretariat	2,018					
Corporate Finance and Administration	2,251					
Insurance, Forms, Taxes, Foreign Exchange, etc.	230					
Shared Services	2,650					
Ombudsman - Toronto	94					
Ombudsman - Montreal	92					
Real Estate Services	23,140					
Broadcast and Telecommunication	3,440					
CBC Transmission and Distribution	6,993					
Technology Strategy Board	151					
TOTAL APPLICATION OF FUNDS	61,560					

Other Services Results Comments

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Corporate Reserve (in millions of \$)	2013/2014 Year-to-date (April to June)			2013/2014 Annual Basis (April to March)		
	Actuals	Budget	Variance	Forecast	Budget	Variance

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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 Condensed Consolidated Statement of Income in one year may be funded through Parliamentary appropriations in other years. Accordingly, the Corporation's net results of operations for the period 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	2013	2012
	<i>(thousands of dollars)</i>	
Net results for the period on an IFRS basis	(30,381)	(39,393)
Items not generating operating funds		
Amortization of deferred capital funding	(27,856)	(55,435)
Loss on disposal of property and equipment	1,515	496
Parliamentary appropriation for working capital	(1,000)	(1,000)
Specialty services consolidated revenue (ARTV & Documentary)	(5,005)	(4,991)
Accretion of promissory notes and Stock options	(11)	14
Other	(955)	(690)
	(33,312)	(61,606)
Items not requiring operating funds		
Depreciation and impairment of property and equipment and amortization of intangible assets	32,591	60,123
Indirect costs allocated to programming assets	(2,411)	(2,473)
Pension plans and other employee future benefits	16,085	14,973
Annual leave	11,578	13,072
Specialty services consolidated expenses (ARTV & Documentary)	4,367	4,276
(Loss)/Gain on investment in Sirius	(291)	553
Decommissioning liability	(27)	5,388
Other	573	487
	62,465	96,399

**Cash Flows
as at June 30, 2013**

2013/2014 Forecast					
	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
Opening balance ⁽¹⁾	45,339	60,024	70,659	64,996	45,339
Inflows					
Appropriations received ⁽²⁾	300,000				
Revenues ⁽³⁾	192,370				
Dividend from Sirius XM	1,473				
Sale of capital assets	536				
Sale of Bold!	-				
Outflows					
Expenditures	(479,694)				
Ending balance ⁽¹⁾	60,024				
	⁽⁴⁾				

2012/2013 Actual					
	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
Opening balance ⁽¹⁾	56,836	67,200	40,612	56,526	56,836
Inflows					
Appropriations received ⁽²⁾	305 000	225 000	302 200	274 319	1,106,519
Revenues ⁽³⁾	196 075	192 804	159 229	186 179	734,287
Dividend from Sirius XM	-	-	-	4,420	4,420
Sale of capital assets	-	-	-	19,569	19,569
Sale of Bold!	-	-	-	10,795	10,795
Outflows					
Expenditures	(490 711)	(444 392)	(445 515)	(506 469)	(1,887,087)
Ending balance ⁽¹⁾	67,200	40,612	56,526	45,339	45,339

Note 1:

Note 2:

Note 3:

Note 4: The first three months of 2013/2014 are actual results.

Note 5:

Note 6:

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Capital Budget Overview as at June 30, 2013

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2013/2014 Capital Budget Overview as at June 30,2013
(\$000's)

<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 New Media (ENM)					
French New Media (FNM)					
Information Technology (IT)					
Real Estate (RE)					
Capital Leases					
Telecommunication (TEL)					
Transmission Division (T&D)					
Human Resources (HR)					
Corporate Components					
Fleet Management					
Mobile Division					
Minor Capital					
Enterprise Wide (EW):					
Media Asset Management					
On-Air Core					
Calgary Rebuild					
Halifax					
Others					
Corporate Contingency					
Impact of approved plan being higher than available capital **					
Total	—	—			
	% of Available Capital				
* Includes repayment of bonds payable for TBC lease					

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2013/2014 Capital Budget Overview as at June 30, 2013
Variance Analysis by Component

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)

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

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Board approved projects with forecasted deficits
as at June 30, 2013
('000\$)

Projects	Component	Original Budget Approved by Board Resolution	Total Budget Approved by BOD Resolution	Other sources of funds	Budget Released	Total Forecasted Expenditures as at June 30, 2013	Total Forecasted Surplus/ (Deficit), including other sources of funds	Supplemental Funds Required
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