



2015-2016 Q3 BUDGETARY MANAGEMENT REPORT

TO:	Audit Committee / Board of Directors
MEETING:	February 23-24, 2016
FROM:	Judith Purves, Executive Vice-President and Chief Financial Officer
PURPOSE:	Quarterly information report on budgetary results at December 31, 2015
DATE:	February 10, 2016

SIGNIFICANT POINTS:

- N/A



QUARTERLY BUDGETARY MANAGEMENT REPORT
For the nine-month period ended December 31st, 2015

February 2016

Confidential for Internal Purposes

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QUARTERLY FINANCIAL MANAGEMENT REPORT

For the nine-month period ended December 31, 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 nine-month period ended December 31, 2015, compared to the year-to-date budget, and year-end forecasts. Segmented results are presented for English and French Services, and Other Services.

Financial Highlights
For the nine-month period ended December 31

**Overview of the nine-month period ended December 31
(\$000's)**

	Comparison to Budget (April to December)			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						
<u>Revenues</u>						
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 Services						
Committed Reserves						
TOTAL APPLICATION OF FUNDS						
NET POSITION - Before Downsizing Costs						
Downsizing costs						
NET POSITION						

**Reconciliation to Q3 Financial Report
For the nine-month period ended December 31
(in \$000's)**

	Comparison to Prior Year		
	2015/2016 Actuals	2014/2015 Actuals	Variance
Investment in ARTV ⁽¹⁾			
Revenues (Net of inter-company transactions)	0	9,128	(9,128)
Expenses	0	8,403	8,403
NET POSITION - ARTV	0	725	(725)
Investment in <i>documentary</i> ⁽²⁾			
Revenues (Net of inter-company transactions)	3,055	3,017	38
Expenses	3,090	3,096	6
NET POSITION - <i>documentary</i>	(35)	(79)	44
NET POSITION - Investments	(35)	646	(681)
Gain / (Loss) on disposal of property and equipment	358	7,455	(7,097)
NET POSITION - Including investments			
Results on a current operating basis [*]	(36,126)	(51,958)	15,832

(1) 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.

(2) 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.

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

s.18(a)

s.18(b)

s.68.1

Overview Comments

**Consolidated English Services
For the nine-month period ended December 31
(\$000's)**

	Comparison to Budget (April to December)			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						
Total - Advertising						
Subscriber - CBC News Network						
Subscriber - Curio						
Total - Subscriber						
Miscellaneous - Television						
Miscellaneous - Hockey Rogers VIK						
Miscellaneous - Merchandising						
Miscellaneous - Mobile Productions						
Miscellaneous - PanAm Games *						
Miscellaneous - Radio						
Total - Miscellaneous						
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 nine-month period ended December 31
(\$000's)**

	Comparison to Budget (April to December)			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						
Total - Advertising						
Subscriber - Réseau de l'information						
Subscriber - ARTV						
Subscriber - Explora						
Subscriber - Tou.tv EXTRA						
Subscriber - Curio						
Total - Subscriber						
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

Other Services and Committed Reserves
For the nine-month period ended December 31
(\$000's)

	Comparison to Budget (April to December)			Annual (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						
<u>Miscellaneous Revenues</u>						
CBC Transmission and Distribution	7,732					
Real Estate Services	5,413					
Sirius - Programs Sales	1,575					
Sirius - Dividends	4,113					
Research and Analysis	194					
Canadian Claimant Group Royalties (CCG)	32					
CRRRA	2,250					
Interest and Other Administration Revenues	1,487					
Capital Recoveries	1,658					
Total Miscellaneous Revenues	24,454					
TOTAL SOURCE OF FUNDS	191,456					
APPLICATION OF FUNDS						
Infrastructure and Technology Services	117,722					
General and Administration Services	39,289					
Corporate Expenses	22,020					
Total for Other Services *	179,031					
Committed Reserves	8,210					
TOTAL APPLICATION OF FUNDS	187,241					
NET POSITION						

* See details on next page

Other Services and Committed Reserves Results Comments

**Other Services - Application of funds
For the nine-month period ended December 31
(\$000's)**

	Comparison to Budget (April to December)			Annual (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	67,074					
METS (excluding T&D)	28,477					
CBC Transmission and Distribution	22,092					
Technology Strategy Executive Team	79					
Total - Infrastructure and Technology Services	117,722					
General and Administration Services :						
Office of the President and CEO	851					
Office of the Chairperson and Board of Directors	438					
Branding, Communications and Corporate Affairs	3,322					
Internal Audit	529					
People and Culture	8,671					
Regulatory Affairs	596					
Research and Analysis	3,917					
General Counsel and Corporate Secretariat	7,696					
Corporate Finance and Administration	6,558					
Shared Services	6,173					
Ombudsman - Toronto	264					
Ombudsman - Montreal	274					
Total - General and Administration Services	39,289					
Corporate Expenses :						
Severance Pay and Other Personnel Costs	12,231					
Dental Plan and EAP	2,593					
Training and Development	5,292					
Insurance, Forms, Taxes, Foreign Exchange, etc.	1,904					
Total - Corporate Expenses	22,020					
TOTAL APPLICATION OF FUNDS	179,031					

Committed Reserves (in millions of \$)	2015/2016 Year-to-date (April to December)			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 December 31	2015	2014
	<i>(thousands of dollars)</i>	
Net results for the period on an IFRS basis	(90,841)	(92,728)
Items not generating operating funds		
Employee future benefits	51,216	32,427
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	14,842	16,728
Other provisions for non-cash items	(11,666)	(16,486)
Net position - Investments in ARTV and <i>documentary</i>	(35)	646
Gain on disposal of property and equipment	358	7,455
Results on a current operating basis	(36,126)	(51,958)