



2014-2015 Q3 BUDGETARY MANAGEMENT REPORT

TO:	Board of Directors / Audit Committee
MEETING:	February 24, 2015
FROM:	Michael Mooney, Acting Vice-President and CFO
PURPOSE:	Quarterly information report on budgetary results at December 31, 2014
DATE:	February 13, 2015

SIGNIFICANT POINTS:

- N/A



QUARTERLY BUDGETARY MANAGEMENT REPORT
For the nine-month period ended December 31st, 2014

February 2014

Confidential for Internal Purposes

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QUARTERLY FINANCIAL MANAGEMENT REPORT

For the nine-month period ended December 31, 2014

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

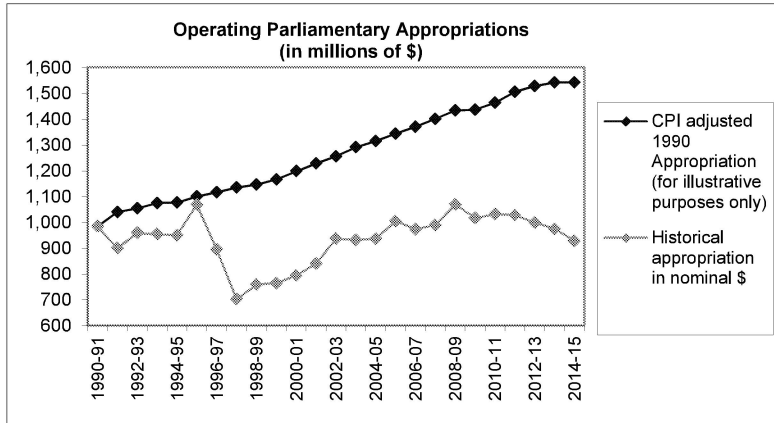
The review and analysis of CBC/Radio-Canada's financial results for the nine months ended December 31, 2014 is presented here on a budget basis.

This report presents and analyses segmented results of operations for the nine-month period ended December 31, 2014, 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 a cash forecast are presented for the nine months ended December 31, 2014.

Financial Highlights
For the nine-month period ended December 31
(Excluding SiriusXM share sale)

Sources of Funds
For the nine-month period ended December 31
(Excluding SiriusXM share sale)



* Includes Sirius special dividends.

s.18(a)

s.18(b)

Expenditures

For the nine-month period ended December 31

(Excluding downsizing costs related to the \$45 million planned reductions)

(Includes downsizing costs related to \$130 million planned reductions)

Overview of the first nine months ended December 31
Net position including ARTV and Documentary Channel
(in \$000's)

	Comparison to Prior Year		
	2014/2015 Actuals	2013/2014 Actuals	Variance
NET POSITION			
Investments in ARTV			
Revenues (Net of inter-company transactions)	9,128	10,348	(1,220)
Expenses	8,403	10,050	1,647
NET POSITION - ARTV	725	298	427
Investments in Documentary Channel			
Revenues (Net of inter-company transactions)	3,017	2,576	441
Expenses	3,096	2,779	(317)
NET POSITION - Documentary Channel	(79)	(203)	124
NET POSITION - Investments	646	95	551
Gain / (Loss) on disposal of property and equipment	7,455	0	7,455
NET POSITION - Including investments			
Results on a current operating basis *	(51,958)	(6,988)	(44,970)

This overview is intended to identify the impact of CBC/Radio-Canada's share in ARTV and Documentary Channel, which is included in the consolidated Financial Statements in accordance with IFRS but not included in the financial reports on a budgetary basis, as these are not wholly owned.

* These amounts are shown in the MD&A section of the December 31st Quarterly Report

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

	Comparison to Budget (April to December)			Annual Basis (April to March)		
	2014/2015 Actuals	2014/2015 Budget	Variance	2014/2015 Forecast	2014/2015 Budget	Variance
SOURCE OF FUNDS						
Government Funding and Carryover						
Parliamentary Appropriation - Drawdown (Used for) generated by working capital						
Parliamentary Appropriation						
Local Programming Improvement Fund						
English Television						
French Television						
Local Programming Improvement Fund						
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						
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 (1)						
NET POSITION - For the Fiscal Year						
Downsizing costs related to \$45 million shortfall and strategy (3)						
Prior Year Carryover						
NET POSITION - Before Proceeds (Sirius shares)						
Net proceeds from sale of Sirius shares (2)						
NET POSITION						

Overview Comments

s.18(a)

s.18(b)

s.68.1

s.18(a)

s.18(b)

s.68.1

Advertising Revenue Update (Based on December 2014 TVB report)

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

	Comparison to Budget					
	Comparison to Budget (April to December)			Annual Basis (April to March)		
	2014/2015 Actuals	2014/2015 Budget	Variance	2014/2015 Forecast	2014/2015 Budget	Variance
SOURCE OF FUNDS						
Parliamentary Appropriation						
Prior Year Carryover						
Government Funding and Carryover						
Local Programming Improvement Fund						
Revenues						
Advertising - Television						
Advertising - Digital Services						
Advertising - Hockey (TV / Digital Services)						
Advertising - Contrats/Value-added						
Advertising - Radio						
Advertising - FIFA						
Miscellaneous - Television						
Miscellaneous - Hockey						
Miscellaneous - Hockey Rogers WIK						
Advertising - CBC News Network						
Subscriber and other revenue - CBC News Network						
Subscriber and other revenue - Curio						
Miscellaneous - Merchandising						
Miscellaneous - Mobile Productions						
Miscellaneous - FIFA						
Miscellaneous - Radio						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
Sports (excluding hockey and FIFA)						
Hockey (rights and production)						
Hockey (Rogers deal)						
FIFA						
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						
Revenue Reserve						
Other Programming and Commitments						
TOTAL APPLICATION OF FUNDS						
NET POSITION						

Consolidated English Services Results Comments

s.18(a)

s.18(b)

s.68.1

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

	Comparison to Budget					
	Comparison to Budget (April to December)			Annual Basis (April to March)		
	2014/2015 Actuals	2014/2015 Budget	Variance to Budget	2014/2015 Forecast	2014/2015 Budget	Variance
SOURCE OF FUNDS						
Parliamentary Appropriation						
Prior Year Carryover						
Total Government Funding and Carryover						
Local Programming Improvement Fund						
Revenues						
Advertising - Television						
Advertising - Digital Services						
Advertising - Contrats/Value-added						
Advertising - radio						
Advertising - FIFA						
Miscellaneous - Television						
Advertising - Réseau de l'information						
Subscriber and Other Revenue - Réseau de l'information						
Advertising - Explora						
Subscriber and Other Revenue - Explora						
Subscriber and Other Revenue - Tou.tv EXTRA						
Subscriber and Other Revenue - Curio						
Miscellaneous - FIFA						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
Sports						
FIFA						
Arts and Entertainment						
News and Current affairs						
Réseau de l'information						
Talk Radio						
Music						
Explora						
Media Library and Archives						
Technical Services						
Communications and Research						
Revenue Group						
General Administration						
Training						
Revenue Reserve						
Other Programming and Commitments						
TOTAL APPLICATION OF FUNDS						
NET POSITION						

NOTE: Excludes ARTV as it is not wholly owned

Consolidated French Services Results Comments

s.18(a)

s.18(b)

s.68.1

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

	Comparison to Budget (April to December)			Annual Basis (April to March)		
	2014/2015 Actuals	2014/2015 Budget	Variance to Budget	2014/2015 Forecast	2014/2015 Budget	Variance
SOURCES OF FUNDS						
Parliamentary Appropriation						
Prior Year Carryover						
Total Government Funding and Carryover						
Miscellaneous Revenues						
CBC Transmission and Distribution	7,588					
Real Estate Services	5,053					
Sirius - Programs Sales	1,575					
Sirius - Dividends	15,567					
Research and Analysis	409					
Canadian Claimant Group Royalties (CCG)	688					
CRRA	3,934					
Interest and Other Administration Revenues	1,636					
Capital Recoveries	1,546					
Total Miscellaneous Revenues	37,996					
TOTAL SOURCE OF FUNDS	204,252					
APPLICATION OF FUNDS						
Infrastructure and Technology Services	120,080					
General and Administration Services	42,491					
Corporate Expenses	19,704					
Total for Non-Media Services *	182,275					
Committed Reserves *	5,205					
TOTAL APPLICATION OF FUNDS	187,480					
NET POSITION						

* See details on separate schedules

Non-Media Services and Committed Reserve Results Comments

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

	Comparison to Budget (April to December)			Annual Basis (April to March)		
	2014/2015 Actuals	2014/2015 Budget	Variance to Budget	2014/2015 Forecast	2014/2015 Budget	Variance
APPLICATION OF FUNDS						
Infrastructure and Technology Services :						
Real Estate Services	69,562					
METS (excluding T&D)	29,165					
CBC Transmission and Distribution	21,285					
Technology Strategy Executive Team	68					
Total - Infrastructure and Technology Services	120,080					
General and Administration Services :						
Office of the President and CEO	890					
Office of the Chairperson and Board of Directors	344					
Branding, Communications and Corporate Affairs	3,745					
Internal Audit	905					
People and Culture	9,510					
Regulatory Affairs	1,124					
Research and Analysis	3,816					
General Counsel and Corporate Secretariat	7,407					
Corporate Finance and Administration	7,278					
Shared Services	6,956					
Ombudsman - Toronto	243					
Ombudsman - Montreal	273					
Total - General and Administration Services	42,491					
Corporate Expenses :						
Severance Pay and Other Personnel Costs	11,226					
Dental Plan and EAP	2,890					
Training and Development	3,591					
Insurance, Forms, Taxes, Foreign Exchange, etc.	1,997					
Total - Corporate Expenses	19,704					
TOTAL APPLICATION OF FUNDS	182,275					

Committed Reserve (in millions of \$)	2014/2015 Year-to-date (April to December)			2014/2015 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 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:

Net results for the period on an IFRS basis	(92,728)	(65,357)
Items not generating operating funds		
Employee future benefits	32,427	44,175
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	16,728	12,662
Non-budgetary annual leave	4,652	11,294
Other	(21,138)	(9,857)
Net position - Investments in ARTV and <i>documentary</i>	646	95
Gain on disposal of property and equipment	7,455	-
Results on a current operating basis	(51,958)	(6,988)

**Cash Flows
as at December 31, 2014**

	2014/2015 Forecast					2013/2014 Actual				
	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
Opening balance ⁽¹⁾	53,466	130,724	82,865	110,148	53,466	45,339	60,024	71,859	30,582	45,339
Inflows										
Appropriations received ⁽²⁾	245,000	125,000	300,006			300 000	250 000	248 699	284 769	1,083,468
Revenues ⁽³⁾	274,598	214,773	172,471			192 906	192 850	162 537	216 684	764,977
Dividend from XM Sirius	12,321	1,875	1,376			1,473	1,875	1,875	1,875	7,098
Sale of XM Sirius shares	-	33,548	-			-	-	-	-	-
Outflows										
Expenditures ⁽³⁾	(454,661)	(423,055)	(446,570)			(479 694)	(432 890)	(454 388)	(480 444)	(1,847,416)
Ending balance ⁽¹⁾	130,724	82,865	110,148			60,024	71,859	30,582	53,466	53,466
	(4)	(4)	(4)	(5)						

Note 1:

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:

Note 4: The first nine months of 2014/2015 are actual results.

Note 5: The forecast amounts from January to March 2015 were obtained from the following sources:

Cash Inflows: Revenues are forecasted by Shared Services - accounts receivable and French and English Services. They include advertising and subscriber revenues as well as other sources of income such as investment income.

Cash Outflows: Forecasts are provided by English Services, French Services, Shared Services - Payroll, Corporate Finance, Real Estate Division and other components.

Capital Budget Report as at December 31, 2014

2014/2015 Capital Budget Overview as at December 31, 2014
(\$000's)

2014/2015 Capital Budget Overview as at December 31, 2014
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)

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PROJECTS APPROVED									
Projects	Project #	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

- 1 The Allied project was approved by the Board in March 2012 for a maximum cost of \$10 million. By the time Governor in Council approval was granted in June 2012,

Benefit Tracking
Board of Directors Projects
Forecasted Benefits as of December 31, 2014