

Broadcasting Participation Fund (BPF), Inc.
Le fonds de Participation à la Radiodiffusion (FPR), Inc.

Annual Report
2017

Presented to BPF Board of Directors
By Welch LLP, Costs Officer
Date: March 01, 2018

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1.0 Corporate Statement of Purpose

The purposes of the corporation, as set out in the Articles of Incorporation, continue to be:

- (a) Provide costs support to public interest groups and consumer groups representing non-commercial user interests and the public interest before the Canadian Radio-television and Telecommunications Commission (CRTC) in broadcasting matters under the Broadcasting Act (Canada), recognizing that English and French language broadcasting, while sharing common aspects, operate under different conditions and may have different requirements;
- (b) Support research, analysis and advocacy in the official language of the applicant's choice in CRTC broadcasting proceedings under the Broadcasting Act (Canada);
- (c) Retain an independent Costs Officer who shall be responsible for the day-to-day operations of the corporation subject to the overriding authority of the Board of Directors of the corporation;
- (d) Provide efficient and accessible service in English and French and make available in both official languages the corporation's documents necessary for potential costs applicants, including policies, costs funding criteria and annual reports; and
- (e) Do all things which are in furtherance of the foregoing.

2.0 Operational Structure of the Corporation

As in prior years, the corporation carried out its responsibilities through a service delivery contract with Welch LLP, Chartered Professional Accountants. Andre Auger, CPA, CGA, CFE (a representative of Welch LLP) continued to act as Costs Officer and Chief Executive Officer (CEO) responsible for the day-to-day administration of the Fund.

The Board of Directors, which consists of three members, met regularly throughout the year and in addition to determining payments in respect of claims awards, ensured that the purposes of the corporation were met.

The Board of Directors and the Costs Officer communicated with each other at least monthly to ensure the smooth operation of the Fund and the costs award process.

Legal counsel was obtained from the law firm Gowling WLG (Canada) LLP on an as needed basis to deal with corporate matters or matters of interpretation related to CRTC requirements and the purpose of the Fund.

3.0 Business activities of the Corporate Officers of the Corporation

The BPF is first and foremost an entity that determines, in an impartial manner, eligibility for costs awards in broadcasting proceedings before the Commission. The Board of three Directors is constituted to ensure that no specific interest is over-represented on the Board. Tasks undertaken by the BPF Board of Directors in 2017 included:

1. Oversaw the BPF operations, including the logistics pertaining to Board meetings, Operational Committee meetings, signing officers, the BPF bank account and investments, and approval and payment of costs awards;
2. Promoted a lean and cost-efficient operation of the BPF;
3. Provided support and advice to the BPF Costs Officer as required;
4. Made decisions via formal Board resolutions with respect to approving or denying costs awards applications;
5. Identified on the BPF's website certain activities by consumer and public interest groups that are not eligible for costs awards;
6. Attended regular BPF Operational Committee meetings;
7. Attended meetings with the CRTC and Heritage Canada as required;
8. Attended the BPF Annual General Meeting; and
9. Addressed other requirements mandated by the CRTC.

4.0 Tasks of the Costs Officer

Welch LLP and its representative Andre Auger, CPA, CGA, CFE act as the Costs Officer and CEO for the BPF. Tasks undertaken by the Costs Officer in 2017 included the following:

4.1 Institution Building

1. Updated BPF costs awards policies, processes, procedures, and funding criteria;
2. Updated official Fund documents and forms as required;
3. Maintained an appropriate control environment for Fund administration;
4. Updated Costs Officer reporting requirements as required;
5. Updated the BPF website; and
6. Participated in BPF Operational Committee meetings.

4.2 General and Active Management of the Fund

1. Managed, reconciled, and reported on the BPF bank account and investments;
2. Provided oversight and supervision of general business activities; and
3. Provided CEO and Costs Officer services in both official languages, including but not limited to: receiving and reviewing costs applications, preparing recommendations for the BPF Board of Directors, communicating BPF decisions to applicants, maintaining proper

application records, engaging with prospective applicants and other stakeholders, and representing the Fund in the public domain.

4.3 Reporting Results

1. Prepared the 2017 Annual Report and Business Plan;
2. Provided timely Fund activity reports to the BPF Board of Directors, including monthly financial reports;
3. Prepared the budget for 2018; and
4. Performed other tasks mandated by the BPF Board of Directors.

5.0 The BPF Value Proposition

Since its inception in late 2012, the BPF has been committed to delivering high quality, professional, and timely service to all stakeholders.

5.1 Quality and Professionalism

Quality is a priority for all BPF work. Quality is critical in order to ensure that all BPF work can withstand the scrutiny of affected and interested stakeholders. Compliance with professional standards promulgated by professional accounting and auditing bodies serves as the basis for all BPF work. Finally, quality is achieved through various processes and activities, such as the quality assurance regime embedded in the BPF's claims review process.

5.2 Timely Service

The BPF prides itself on delivering timely responses to all parties applying for a costs award. Compared to 2016, the BPF's turnaround time for receiving, processing, and paying a claim remained between 30 and 45 days. The BPF received a total of 24 costs awards applications, amounting to \$910,681 in 2017. The Board of Directors approved all applications for a total amounting to \$674,821. Comparative figures for previous years are included below:

Fiscal Year	# of Costs Applications	Total Amounts Applied For	# of Costs Applications Approved	Total Amounts Approved
2016	41	\$1,106,041	36	\$769,368
2015	44	\$347,088	44	\$342,527
2014	43	\$838,812	36	\$801,612
2013	29	\$355,811	21	\$330,773

5.3 Engaging the Community

The BPF is in ongoing communication with all interested parties and stakeholders. Assistance with the claims preparation process, providing guidance to applicants, debriefing applicants on the results of their claims, and continuously seeking input from the community are key to maintaining positive business relationships with all parties.

5.4 Transparency

The BPF is committed to being completely transparent with all interested parties. Results of all costs awards decisions, the 2017 BPF audited financial statements, the 2018 budget, and all other key statistics are posted on the BPF website (www.bpf-fpr.ca). The Frequently Asked Questions section of the website is regularly updated to provide guidance on initiatives not eligible for costs support and other matters.

6.0 Risk Management

Risk management is an integral part of the day-to-day affairs of the BPF. The risk framework continues to evolve as the BPF encounters new situations.

The CRTC is currently considering additional funding for the Fund in the current Part 1 Proceeding (application/reference number 2017-056-0) resulting from the submission by Sirius XM Canada of its tangible benefits proposal following Broadcasting Decision CRTC 2017-114. No further funding has been received by the Fund since such initial funding and the outcome of the ongoing review by the Commission of the Sirius tangible benefits proposal is uncertain at this point.

Based on the historical rate of disbursements from the Fund (anticipated five year average of \$621,000), and if no additional funding contributions are forthcoming, the Board currently projects that the Fund could be materially depleted by early 2018, to the point that it is anticipated that funding of cost awards from the Fund could cease in whole or in part prior, on or around such time, dependent upon the number and scope of Commission broadcast proceedings as well as the participation of groups seeking cost awards in those proceedings.

The following table highlights the key risks relating to the BPF and the corresponding mitigation strategies:

Risk	Mitigation Strategy
Independence / Credibility	<ul style="list-style-type: none">• Ensure all policies, procedures, forms, and processes are continuously updated and remain aligned to the extent possible with the CRTC's telecommunications costs awards practices and procedures• Adhere to professional accounting and auditing standards• Maintain 100% transparency with all interested parties and stakeholders
Risk of fraudulent costs awards applications	<ul style="list-style-type: none">• Retain the services of an external audit firm to prepare the annual BPF audited F/S• Contract Welch LLP, Chartered Professional Accountants, to provide administrative and management services, including processes and internal controls• Procedures exist to verify a costs awards applicant's eligibility• Procedures exist to verify the elements of a costs awards application• Ensure the Fund's rules and procedures comply to the extent possible with the

	CRTC rules and procedures for telecommunications costs awards
Risk of internal fraud/mismanagement of funds	<ul style="list-style-type: none"> • Review financials and investments on a regular basis • All cheques require two signatures, including one from a BPF Board member • All investment decisions are approved by the BPF Board • Funds held by BMO Nesbitt Burns, the Fund's investment firm, can only be disbursed by direct transfer to TD Canada Trust, the Fund's bank • The Fund's funds can only be invested in guaranteed investment certificates that are fully insured by the Canada Deposit Insurance Company

7.0 Summary of 2017 Financial Results

The BPF's audited financial statements appear as Appendix I to this report. The Fund incurred expenses of \$864,469 in 2017, including costs awards of \$674,821. Net assets of the Fund at December 31, 2017 were \$1,296,064.

FINANCIAL STATEMENTS
For
BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.
For the year ended
DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Directors

**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.:**

We have audited the accompanying financial statements of Broadcasting Participation Fund (BPF), Inc./Fonds de Participation à la Radiodiffusion (FPR), INC., which comprise the statement of financial position as at December 31, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Broadcasting Participation Fund (BPF), Inc./Fonds de Participation à la Radiodiffusion (FPR), INC. as at December 31, 2017 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the finite nature of the funds of the Fund.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
March 12, 2018.

**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 127,551	\$ 63,547
Investments- note 4	379,981	950,945
Contribution receivable - note 5	285,714	285,714
Interest receivable	277	17,446
Prepaid expenses	<u>3,429</u>	<u>3,429</u>
	796,952	1,321,081
LONG-TERM ASSETS		
Contribution receivable - note 5	<u>571,429</u>	<u>857,143</u>
	<u>\$ 1,368,381</u>	<u>\$ 2,178,224</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - note 6	\$ 15,998	\$ 14,677
Costs awards payable - note 7	<u>40,339</u>	<u>-</u>
	56,337	14,677
DEFERRED CONTRIBUTIONS - note 8	<u>15,980</u>	<u>171,293</u>
	72,317	185,970
NET ASSETS		
Unrestricted	<u>1,296,064</u>	<u>1,992,254</u>
	<u>\$ 1,368,381</u>	<u>\$ 2,178,224</u>

Approved by the Board:

DAVID MCKENDRY
..... Director

LYNNE TOUPIN
..... Director

ROBERT FARMER
..... Director

(See accompanying notes)



**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE		
Contributions - note 8	\$ 155,313	\$ 272,929
Interest	<u>12,966</u>	<u>20,298</u>
	<u>168,279</u>	<u>293,227</u>
EXPENSES		
Costs awards - note 7	<u>674,821</u>	<u>736,920</u>
General and administrative - note 9		
Costs officer	91,514	86,395
Directors' fees	20,075	28,205
Legal	67,690	12,810
Audit	6,300	5,650
Insurance	3,596	3,596
Bank charges	<u>473</u>	<u>658</u>
	<u>189,648</u>	<u>137,314</u>
	<u>864,469</u>	<u>874,234</u>
NET EXPENSE	(696,190)	(581,007)
NET ASSETS AT BEGINNING OF YEAR	<u>1,992,254</u>	<u>2,573,261</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,296,064</u>	<u>\$ 1,992,254</u>

(See accompanying notes)

**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net expense	\$ (696,190)	\$ (581,007)
Changes in level of:		
Contribution receivable	285,714	285,714
Interest receivable	17,169	2,335
Prepaid expenses	-	17,350
Accounts payable and accrued liabilities	1,321	6,213
Costs awards payable	40,339	(32,444)
Deferred contributions	<u>(155,313)</u>	<u>(272,929)</u>
	<u>(506,960)</u>	<u>(574,768)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
BMO broker cash account	(30)	-
Purchase of investments	(433,148)	(522,276)
Proceeds from sale of investments	<u>1,004,142</u>	<u>1,100,000</u>
	<u>570,964</u>	<u>577,724</u>
INCREASE IN CASH	64,004	2,956
CASH AT BEGINNING OF YEAR	<u>63,547</u>	<u>60,591</u>
CASH AT END OF YEAR	<u>\$ 127,551</u>	<u>\$ 63,547</u>

(See accompanying notes)

**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

1. NATURE OF OPERATIONS

In March of 2011, the Canadian Radio-television and Telecommunications Commission ("CRTC") released CRTC Broadcasting Decision 2011-163 which established the Broadcasting Participation Fund (the "Fund"). The mandate of the Fund was set out in CRTC Broadcasting Regulatory Policy Decision CRTC 2012-181 to: provide costs support to public interest groups and consumer groups representing non-commercial user interests and the public interest before the CRTC in broadcasting matters under the Broadcasting Act; support research, analysis and advocacy in both official languages directly related to ongoing CRTC broadcasting proceedings under the Broadcasting Act; retain an independent costs officer who shall be responsible for the day-to-day operations of the Fund subject to the overriding authority of the Board; and do all things which are in furtherance of the forgoing.

The Fund has received finite funds as a result of CRTC Decisions that determined that an applicant, desiring to change the control, or effective control, of a broadcasting undertaking, should provide financial contributions to this Fund. The timing and amount of future funding is not determinable by the Fund. The existing funds are finite and, as a result, the Fund may lack sufficient funds to approve and pay costs awards in respect of costs awards applications received by the Fund.

The Broadcasting Participation Fund (BPF), Inc./Fonds de Participation à la Radiodiffusion (FPR), INC. ("BPF") was incorporated without share capital under the Canada Not-for-profit Corporations Act on September 6, 2012 to operate the Fund. BPF began accepting costs awards applications in April of 2013 in respect of costs incurred on or after March 26, 2012.

The Fund operates on a not-for-profit basis and, as such is exempt from income tax pursuant to section 149(1)(l) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as found in Part III of the CPA Handbook.

Revenue recognition

The organization follows the deferral method of accounting for contributions.

Contributions to the Fund are legislated from time to time by CRTC Decisions. Unrestricted contributions are recognized as revenue as of the date of the relevant CRTC Decision. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Some contributions may be payable by the contributor in multiple instalments spanning several reporting periods. Contributions that are unpaid as of the date of the financial statements are recognized as contributions receivable in the Statement of Financial Position.

Interest income consists of interest earned on the Fund's bank account and investments, and is recognized as revenue when earned.

Costs awards payable

Organizations applying for costs awards have no deadline by which the application must be submitted. As a result, costs awards are recognized as an expense and as a liability of the Fund only upon receipt of the submission by the Costs Officer and in an amount that is most likely to be approved for funding by the Fund's Board of Directors, determined as at the date of the financial statements. Any over or under provision for costs awards is recognized as an adjustment to costs awards expense in the year the award is paid.



NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Financial instruments

The Fund's financial assets and liabilities are initially recognized at fair value and are subsequently measured at amortized cost at the financial statement date.

Transaction costs associated with the acquisition and disposal of investments are expensed as incurred.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Management makes estimates regarding costs awards and costs awards payable. The amounts estimated could differ from the final settlement costs awards and these differences could be material.

3. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Fund is exposed to and manages various financial risks resulting from its operations and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Fund's main financial risk exposure and its financial management policies are as follows:

Credit risk

The fund is exposed to credit risk in respect of its cash, contributions receivable and its investments. The Fund's cash and guaranteed investment certificates are deposited with a Canadian chartered bank and, as result, management believes the risk of loss on these items to be remote. Contributions to the fund are receivable from only one corporation. There is a risk that the contributor may default on their financial obligation prior to paying their contribution in full. Management believes the risk of default is minimal given that fulfilment of the funding obligation is required in order for the contributor to maintain good standing with its regulatory body, the CRTC.

Liquidity risk

Liquidity risk is the risk that the Fund cannot meet a demand for cash or fund its obligations as they become due. As of the release date of these financial statements, the working capital of the Fund is diminished to the point that it is likely that costs awards may need to be suspended within the coming year unless new sources of funding are approved by the CRTC or are obtained through other sources. There are no committed new sources of funding known to the Fund at this time. The Fund manages its financial obligations carefully and will not incur any liabilities, including the approval of costs awards, beyond the availability of its working capital.

**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Cont'd.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Fund is not exposed to foreign currency risk as all funds are received, held and payable in Canadian dollars.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The Fund manages this risk through the implementation of prudent investment policies.

The Fund receives interest, calculated with respect to the Bank's composite prime interest rate, on its daily bank balance. The Fund's investments in high interest savings accounts have variable market interest rates.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated therewith will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Fund is not exposed to significant other price risk.

Changes in risk

There have been no significant changes in the Fund's risk exposures from the prior year.

4. INVESTMENTS

The Fund's investments are as follows:

	2017		2016	
	Cost	Fair value	Cost	Fair value
Cash held for reinvestment	\$ 30	\$ 30	\$ -	\$ -
High Interest Savings Accounts	379,951	379,951	550,945	550,945
Guaranteed Investment Certificates	-	-	400,000	417,640
	<u>\$ 379,981</u>	<u>\$ 379,981</u>	<u>\$ 950,945</u>	<u>\$ 968,585</u>



**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

5. CONTRIBUTION RECEIVABLE

At December 31, 2013, there was a contribution receivable of \$2,000,000, from BCE Inc. or its affiliates, as a result of Broadcasting Decision CRTC 2013-310. The contribution is to be received in seven equal annual instalments from 2014 to 2020. The portion of the contribution to be received within 12 months of the statement of financial position date is therefore \$285,714 and has been shown as a current asset. The remainder of the contribution receivable is shown as a long-term asset.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances owing of \$Nil (2016 - \$Nil).

7. COSTS AWARDS

The status of Costs Awards for the year is as follows:

	<u>2017</u>	<u>2016</u>
Claims received, approved and paid	\$ 634,482	\$ 736,920
Claims received, not approved and accrued as payable	<u>40,339</u>	<u>-</u>
Total Costs awards expense for the year	<u>\$ 674,821</u>	<u>\$ 736,920</u>

Since December 31, 2017 and prior to the release date of these financial statements, claims totalling a further \$134,000 have been received.

8. DEFERRED CONTRIBUTIONS

Deferred contributions relate to funding received from BCE Inc. or its affiliates, as a result of Broadcasting Decision CRTC 2013-310 for English and French costs awards and related expenses which is not recognized as revenue until the related expenses are incurred. Changes in the deferred contributions balance are as follows:

	2017			2016		
	English	French	Total	English	French	Total
Balance, beginning of year	\$ -	\$ 171,293	\$ 171,293	\$ -	\$ 444,222	\$ 444,222
Less amount recognized as revenue in the year	<u>-</u>	<u>(155,313)</u>	<u>(155,313)</u>	<u>-</u>	<u>(272,929)</u>	<u>(272,929)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 15,980</u>	<u>\$ 15,980</u>	<u>\$ -</u>	<u>\$ 171,293</u>	<u>\$ 171,293</u>



**BROADCASTING PARTICIPATION FUND (BPF), INC./
FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2017

9. GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses (net of interest income) are allocated against English and French contributions based on the percentage of English and French costs awards in the year. French awards totalled \$123,511 or 18% of the total costs awards resulting in an additional allocation of general and administrative expenses net of interest income of \$31,802 to the charge against deferred revenue.

10. COMMITMENTS

The Fund has entered into a contract with a company to perform Costs Officer services and other day-to-day administrative functions related to the operation of the Fund. The contract terminates on December 31, 2018 and calls for annual payments of \$74,667 plus HST.

**BROADCASTING PARTICIPATION FUND (BPF)
SUMMARY OF CLAIMS - 2017F
AS AT DECEMBER 31, 2017**

APPLICANT	PROCEEDING #	CLAIM #	CLAIMED		CLAIM DENIED	APPROVED AMOUNTS	PENDING REVIEW	ENGLISH	FRENCH	DATE REC'D	DATE PROCESSED	DATE OF	DATE OF	DATE	CHEQUE #	COMMENTS
			AMOUNTS	ADJUSTMENTS								WELCH APPROVAL	BOARD APPROVAL	PAID		
ReQIS	2016-225	18288-155	5,232			5,231.75			5,232	Jan 09/17	Jan 13/17	Feb 06/17	Feb 21/17	Mar 01/17	187	
FRPC	2016-225	18288-156	78,781	-422		78,358.85		78,359		Jan 09/17	Jan 13/17	Feb 06/17	Feb 21/17	Mar 01/17	188	
PIAC	2016-225	18288-157	18,191	-2,304		15,887.33		15,887		Jan 23/17	Jan 27/17	Feb 06/17	Feb 21/17	Mar 01/17	189	
PIAC	2016-225	18288-157		2,243		2,243.50		2,244		Apr 11/17	Apr 11/17	Apr 11/17	May 31/17	June 05/17	195	Per CRTC 2017-95
CMAC	2016-465	18288-158	1,811			1,810.86		1,811		Feb 17/17	Feb 21/17	Mar 27/17	May 31/17	June 05/17	196	
Canadian Association of the deaf (CAD)	2015-325	18288-159	23,727				23,727			Mar 03/17	To PS Mar 07/17					Awaiting additional info.
Csur la télé	2016-0098-2	18288-160	39,968			39,968.19		39,968		Mar 10/17	Mar 24/17	Mar 27/17	May 31/17	June 05/17	197	
PIAC	2017-50	18288-161	750			750.00		750		Apr 21/17	Apr 28/17	May 23/17	May 31/17	June 05/17	195	
Media Access Canada (MAC)	2016-225	18288-162	50,632			50,632.02		50,632		Jun 14/17	Jun 28/17	Aug 18/17	Sept 14/17	Nov 10/17	211	
CACTUS	2016-0067-7	18288-163	29,658	-4,710		24,947.98		24,948		Jun 14/17	Aug 14/17	Aug 28/17	Oct 19/17	Dec 07/17	218	
CACTUS	2016-0065-1	18288-164	22,548	-4,181		18,366.58		18,367		Jun 14/17	July 26/17	Aug 28/17	Oct 19/17	Dec 07/17	218	
CACTUS	2016-0064-3	18288-165	74,597	-10,397		64,200.04		64,200		Jun 14/17	Aug 14/17	Aug 28/17	Oct 19/17	Dec 07/17	218	
CACTUS	2016-0063-5	18288-166	109,951	-12,980		96,970.94		96,971		Jun 14/17	Aug 14/17	Aug 28/17	Oct 19/17	Dec 07/17	218	
CACTUS	2015-421	18288-167	346,530	-193,086		153,433.86		76,717	76,717	July 17/17	Aug 15/17	Aug 28/17	Dec 08/17	Dec 21/17	223	
CMAC	2017-1	18288-168	28,431			28,430.71		28,431		July 18/17	Aug 15/17	Aug 28/17	Dec 08/17	Dec 21/17	224	
CMAC	2015-399	18288-169	49,538			49,537.58		49,538		July 27/17	Aug 15/17	Aug 28/17	Nov 06/17	Dec 07/17	219	
PIAC	2017-0560	18288-170	1,944			1,943.68		1,944		Sept 11/17	Sept 13/17	Nov 28/17	Dec 08/17	Dec 21/17	225	
PIAC	2017-520	18288-171	1,111			1,111.12		1,111		Sept 15/17	Sept 18/17	Nov 28/17	Dec 08/17	Dec 21/17	225	
CMAC	2017-0685	18288-172	6,726	-5,174		1,552.00		1,552		Oct 01/17	Oct 03/17	Dec 04/17	Dec 08/17	Dec 21/17	224	
CMAC	2017-0560	18288-173	3,622	-2,070		1,552.00		1,552		Oct 01/17	Oct 03/17	Dec 04/17	Dec 08/17	Dec 21/17	224	
Télévision Communautaire Frontenac	2017-160	18288-174	321	-33		288.14			288	Nov 14/17	Nov 17/17	Dec 04/17	Dec 08/17	Dec 21/17	226	
Union des Consommateurs	2017-160	18288-175	1,305				1,305		1,305	Dec 04/17	Dec 06/17					
PIAC	2017-160	18288-176	14,038				14,038	14,038		Dec 05/17	Dec 06/17					
PIAC	2017-0909	18288-177	1,269				1,269	1,269		Dec 15/17	To PS Dec 15/17					
	2016-102	18288-140		-2,735		(2,735.23)		(2,735.23)								
			910,681	(235,849)	0	634,481.90	40,339	551,311	123,510							
						674,832	674,821	674,821								

TOTAL CLAIMS BY CRTC PROCEEDINGS

Licence Renewals By large Ownership Groups	2016-225	5				152,353.00										
Giima Giigidoowin Communications	2016-465	1				1,811.00										
English Language Closed Captioning Quality Standard	2015-325	1														
Non-compliance Complaint Against Vidéotron	2016-0098-2	1				39,968.00										
Call for Comments	2017-50	1				750.00										
Non-compliance Complaint Against COGECO	2016-0067-7	1				24,948.00										
Non-compliance Complaint Against Eastlink	2016-0065-1	1				18,367.00										
Non-compliance Complaint Against Rogers	2016-0064-3	1				64,200.00										
Non-compliance Complaint Against Shaw	2016-0063-5	1				96,971.00										
Local and Community TV Policy Review	2015-421	1				153,444.00										
Indigenous Broadcasting Licences	2017-1	1				28,431.00										
Call for Radio Applications re: Aboriginal Urban Communities	2015-399	1				49,538.00										
Sirius XM Canada	2017-560	2				3,496.00										
Cogeco Connexion - Amendment to Licence	2017-520	1				1,111.00										
OMNI Quebec	2017-0685	1				1,552.00										
Renewal of Licences for Terrestrial Broadcasting Distribution	2017-160	3				288.00										
Ebox Inc.	2017-0909	1														
	2016-102					(2,735.23)										
		24				634,492.77										

BROADCASTING PARTICIPATION FUND**CHRONOLOGY OF KEY EVENTS**

Date (2017)	Key Event
Feb 21	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 3 claims approved totalling \$99,477.93
Mar 01	BPF Annual General Meeting: <ul style="list-style-type: none"> • Approval of the Annual Report and Business Plan; • Approval of the audited financial statements; and • Appointment of the external auditors
May 31	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 4 claims approved totalling \$44,772.55
Jun 07	The fourth of 7 annual installments from Bell in the amount of \$285,714.29 deposited to the BPF bank account
Sept 14	BPF Operational Committee meeting <ul style="list-style-type: none"> • 1 claim approved totalling \$50,632.02
Oct 19	BPF Operational Committee meeting <ul style="list-style-type: none"> • 5 claims approved totalling \$254,023.12
Oct 30	Caution note posted to the BPF website alerting stakeholders that based on current estimates, a significant risk exists that the Fund will not be in a financial position to award costs in early 2018.
Dec 08	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 7 claims approved totalling \$188,321.51

**The Broadcasting Participation Fund (BPF), Inc./
Le Fonds de Participation à la Radiodiffusion (FPR), Inc.**

2018 Budget

		<u>Notes</u>		
Expenditures				
Costs officer	1		\$	91,000
Directors' fees	2			20,000
Legal	3			67,200
Audit	4			5,700
Insurance	5			3,600
Bank charges	6			500
Total budgeted expenditures				188,000
 Known Revenues				
Interest on investments and bank balance	7			4,000
Net budgeted expenditures before costs awards				184,000
 Funding available for costs awards at December 31, 2017				
Unrestricted net assets	8			1,296,064
Restricted contributions for French language market	8			15,980
				1,312,044
Less contributions receivable not to be collected until after 2018	9			571,429
				740,615
 Amounts available for costs awards in 2018	 10		 \$	 556,615

Notes

- 1 Costs officer fee based on current contract
- 2 Same fees as previous year
- 3 Assumed 100% of 2017 actual
- 4 Same fee as previous year
- 5 Same fee as previous year
- 6 Same amount as previous year
- 7 Assumed same interest rate as 2017
- 8 Per 2017 audited financial statements
- 9 Final contributions of \$285,714 are receivable in Spring 2019 and 2020
- 10 Impossible to predict exact level of claims awards which were \$674,821 in 2017