

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

Annual Report  
2022

Prepared by BPF Board of Directors and

**Welch** LLP<sup>®</sup>

# Table of Contents

Report from the BPF Board of Directors

Costs Officer's Report

- 1.0 Corporate Statement of Purpose
- 2.0 Operational Structure of the Corporation
- 3.0 Business Activities of the Corporate Officers of the Corporation
- 4.0 Tasks of the Costs Officer
  - 4.1 Institution Building
  - 4.2 General and Active Management of the Fund
  - 4.3 Reporting Results
- 5.0 The BPF Value Proposition
  - 5.1 Quality and Professionalism
  - 5.2 Timely Service
  - 5.3 Engaging the Community
  - 5.4 Transparency

Risk Management Review

2022 Financial Information Summary

Appendix I - 2022 Audited F/S

Appendix II - 2022 Claims' Summary

Appendix III - 2023 Budget

Appendix IV - Chronology of Key Events

## REPORT FROM THE BPF BOARD OF DIRECTORS

While the BPF Board's energies continued to be focused in 2022 on the Fund's depletion, our attention had to be divided among several other important issues: the Rogers acquisition of Shaw; *Bill C-11, the Online Streaming Act*; *Bill C-18, An Act respecting online communications platforms that make news content available to persons in Canada*; the refinement of the definition of a Public Interest and Consumer Group; consultations with the CRTC and the Department of Canadian Heritage on funding and how to assess that all claimants are reflecting the public values of inclusion and diversity of Canadian society.

The Directors and Welch staff continued to monitor accounts and cash flow each month. Efforts were made to forecast forthcoming claim demands on the Fund. Various strategic options on how to deal with diminishing fund allocations were studied. The topic of the imposition and timing of a potential hiatus on the Fund was a constant item for discussion at meetings. The strategy approved in late 2021 of paying \$0.75 on the dollar on claims received for work performed after October 1, 2021 was applied. In May, we approved a motion to return to the 100% reimbursement of claims on a retroactive basis once the Rogers purchase of Shaw is approved with at least \$725,000 in tangible benefits accruing to the BPF over the next three years. When a decision regarding the Rogers-Shaw merger was delayed into 2023 and a hiatus of the BPF looked more likely, it was decided to pay back the 25 cents on the dollar to those claims received during the year. Board members met with Department of Canadian Heritage officials to make them aware of the BPF's financial situation, its fundraising efforts and to gather information about the timing of the implementation of Bill C-11.

In order to strengthen the BPF's due diligence processes, the Board met with officials from CRTC and the Department of Canadian Heritage and refined and expanded its definition of a Public Interest and Consumer Group. In addition, the BPF instituted additional criteria which requires information about the legal status of the claimant, the names of its Board of Directors, and who the organization represents.

In carrying out its core business, Fund personnel met 11 times to process and reviewed 11 applications for a total of \$141,405 in new cost award expenses. It participated in the CRTC's February 3, 2022 Consultation Roundtable and planning started for a meeting with Stakeholders in January 2023. The term of Penny McCann as the Consumer/Public Interest Director was renewed for another three years.

The BPF board members are indebted to André Auger, the BPF's Cost Officer and Chief Executive Officer and Bryden McMaster of the accounting firm Welch LLP who oversees and monitors the BPF's finances.

The BPF remains committed to the belief that public participation in regulatory proceedings is critical to the democratic process. We will continue our efforts to ensure that public interest and consumer groups representing non-commercial user interests have the needed financial support to intervene before the CRTC in broadcasting matters.

Robin Jackson, Chair  
Penny McCann, Consumer/Public Interest Director  
William Atkinson, Broadcasting Industry Director

# COST OFFICER'S REPORT – 2022

## André Auger, Welch LLP

### 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. André 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 or under-represented on the Board. Tasks undertaken by the BPF Board of Directors in 2022 included:

- 3.1.1 Oversight of 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;
- 3.1.2 Promotion of a lean and cost-efficient operation of the BPF;
- 3.1.3 Provision of support and advice to the BPF Costs Officer as required;
- 3.1.4 Making decisions via formal Board resolutions with respect to approving or denying costs awards applications;
- 3.1.5 Identifying on the BPF's website certain activities by consumer and public interest groups that are not eligible for costs awards;
- 3.1.6 Attending regular BPF Operational Committee meetings;
- 3.1.7 Attending meetings with the CRTC and Heritage Canada as required;
- 3.1.8 Attending the BPF Annual General Meeting;
- 3.1.9 Addressing other requirements mandated by the CRTC; and
- 3.1.10 Communicating with Stakeholders

### **4.0 Tasks of the Costs Officer**

Welch LLP and its representative André Auger, CPA, CGA, CFE act as the Costs Officer and CEO for the BPF. Tasks undertaken by the Costs Officer in 2022 included the following:

#### **4.1 Institution Building**

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

#### **4.2 General and Active Management of the Fund**

- 1. Managing, reconciling, and reporting on the BPF bank account and investments;
- 2. Providing oversight and supervision of general business activities; and
- 3. Providing 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. Assisting in the preparation of the 2022 Annual Report and Business Plan;
2. Providing timely Fund activity reports to the BPF Board of Directors, including monthly financial reports;
3. Posting a quarterly financial report to the BPF website;
4. Preparing the budget for 2023; and
5. Performing 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. With the exception of one claim pending review, the BPF's turnaround time for receiving, processing, and paying a claim remained between 45 days and 60 days during 2022.

#### **5.3 Engaging the Community**

The BPF is in ongoing communication with all interested parties and stakeholders. The BPF provides guidance during the claims preparation process and debriefs applicants on the results of their claims. The BPF website provides updates to policies and procedures approved by the Board of Directors and gives quarterly updates as to the financial status of the fund

#### **5.4 Transparency**

The BPF is committed to being completely transparent with all interested parties. Results of all costs awards decisions, the 2022 BPF audited financial statements, the 2023 budget, and all other key statistics are posted on the BPF website ([www.bpf-fpr.ca](http://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.

## RISK MANAGEMENT REVIEW

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

<b>Risk</b>	<b>Mitigation Strategy</b>
Risk of Fund Exhaust	<ul style="list-style-type: none"> <li>• Monitor the Fund’s financial situation on a regular basis</li> <li>• Without further funding, (e.g. new tangible benefits from a CRTC decision) the Fund will likely be exhausted during 2023</li> <li>• Meetings held with the CRTC and Heritage Canada to keep them abreast of the situation</li> <li>• Letters to CRTC and Department of Canadian Heritage, including in-depth financial analyses/projections of the rate of fund exhaust</li> <li>• New 1 year Limitation Period for accepting claims</li> <li>• An Internal restricted reserve of \$115,000 has been established to cover the costs in the event of a hiatus or if the BPF is ultimately unable to secure sufficient ongoing funding and is required to be wound down</li> <li>• The BPF may go into hiatus if the cash level becomes too low</li> <li>• Application of paying \$0.75 on the dollar on claims received for work performed after October 1, 2021.</li> <li>• Investigation of Fund hiatus</li> </ul>
Independence / Credibility	<ul style="list-style-type: none"> <li>• 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</li> <li>• Adhere to professional accounting and auditing standards</li> <li>• Maintain 100% transparency with all interested parties and stakeholders</li> <li>• Based on low number of claims received during 2022, the board reviewed the policy of paying \$0.75 on the dollar for claims received and paid withheld funds at year end</li> </ul>

<p>Risk of fraudulent costs awards applications</p>	<ul style="list-style-type: none"> <li>• Retain the services of an external audit firm to prepare the annual BPF audited F/S</li> <li>• Contract Welch LLP, Chartered Professional Accountants, to provide administrative and management services, including processes and internal controls</li> <li>• Procedures exist to verify a costs awards applicant's eligibility</li> <li>• Procedures exist to verify the elements of a costs awards application</li> <li>• Ensure the Fund's rules and procedures comply to the extent possible with the CRTC rules and procedures for telecommunications costs awards</li> </ul>
<p>Risk of internal fraud/mismanagement of funds</p>	<ul style="list-style-type: none"> <li>• Review financials and investments on a regular basis</li> <li>• All payments require two signatures, including one from a BPF Board member</li> <li>• All investment decisions are approved by the BPF Board</li> <li>• 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</li> <li>• The Fund's funds can only be invested in guaranteed investment certificates that are fully insured by the Canada Deposit Insurance Company.</li> </ul>



## SUMMARY OF 2022 FINANCIAL RESULTS

The BPF's audited financial statements appear as Appendix I to this report. In 2022, the Fund incurred expenses of \$ 274,607 (\$ 710,980 in 2021), including cost awards of \$ 141,405 (\$576,262 in 2021). Net assets of the Fund at December 31, 2022 were \$ 448,138 (\$ 716,489 as at December 31, 2021).

The BPF reviewed a total of seven new cost award applications received in 2022 totaling \$ 141,405 and processed and paid an additional three applications received late in 2021 totaling \$ 50,278 for a combined total of \$ 191,683 of claims for payment during the year. Two claims were recalculated and adjusted and one claim remains under review. A total of \$ 123,072 was paid out of the fund with \$ 68,613 accrued at December 31, 2022 for claims received late in the year to be paid out in early 2023.

Comparative figures for previous years are included below:

Fiscal Year	# of Costs Applications	Total Amounts Applied For	Total Amounts Expensed
2022	7	\$ 137,311	\$ 141,405
2021	16	\$ 590,056	\$ 576,262
2020	18	\$ 910,998	\$ 610,981
2019	6	\$ 221,266	\$ 227,410
2018	16	\$ 278,540	\$ 316,799
2017	24	\$ 910,681	\$ 674,821
2016	41	\$ 1,106,041	\$ 736,920

# Appendix I

## 2022 Audited Financial Statements

**FINANCIAL STATEMENTS**  
**For**  
**BROADCASTING PARTICIPATION FUND (BPF), INC./**  
**FONDS DE PARTICIPATION À LA RADIODIFFUSION (FPR), INC.**  
**For the year ended**  
**DECEMBER 31, 2022**

## **INDEPENDENT AUDITOR'S REPORT**

To the directors of

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

### *Opinion*

We have audited the financial statements of Broadcasting Participation Fund (BPF), Inc./Fonds de participation à la radiodiffusion (FPR), INC. (the Fund), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OHCID LLP

Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
February 23, 2023.



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

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 203,688	\$ 133,811
Investments - note 4	211,948	407,551
Interest receivable	<u>1,163</u>	<u>86</u>
	416,799	541,448
<b>LONG-TERM ASSETS</b>		
Contributions receivable - note 5	<u>119,332</u>	<u>238,665</u>
	<u>\$ 536,131</u>	<u>\$ 780,113</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities - note 6	\$ 19,382	\$ 13,346
Costs awards payable - note 7	<u>68,611</u>	<u>50,278</u>
	<u>87,993</u>	<u>63,624</u>
<b>NET ASSETS</b>		
Unrestricted	333,138	601,489
Internally restricted reserve - note 8	<u>115,000</u>	<u>115,000</u>
	<u>448,138</u>	<u>716,489</u>
	<u>\$ 536,131</u>	<u>\$ 780,113</u>

Approved by the Board:

ROBIN JACKSON  
..... Director

PENNY MCCANN  
..... Director

WILLIAM ATKINSON  
..... Director

(See accompanying notes)



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

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2022**

	2022		
	<u>Unrestricted</u>	<u>Internally Restricted Reserve</u>	<u>Total</u>
Balance at beginning of year	\$ 601,489	\$ 115,000	\$ 716,489
Net expense	<u>(268,351)</u>	<u>-</u>	<u>(268,351)</u>
Balance at end of year	<u>\$ 333,138</u>	<u>\$ 115,000</u>	<u>\$ 448,138</u>
	2021		
	<u>Unrestricted</u>	<u>Internally Restricted Reserve</u>	<u>Total</u>
Balance at beginning of year	\$ 1,423,147	\$ -	\$ 1,423,147
Net expense	(706,658)	-	(706,658)
Transfer to internally restricted reserve - note 8	<u>(115,000)</u>	<u>115,000</u>	<u>-</u>
Balance at end of year	<u>\$ 601,489</u>	<u>\$ 115,000</u>	<u>\$ 716,489</u>

(See accompanying notes)



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

**STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>REVENUE</b>		
Interest	\$ <u>6,256</u>	\$ <u>4,322</u>
<b>EXPENSES</b>		
Costs awards - note 7	<u>141,405</u>	<u>576,262</u>
General and administrative		
Costs officer	95,067	98,565
Directors' fees	16,086	16,082
Legal	9,227	8,598
Audit	6,430	6,226
Insurance	5,701	4,546
Bank charges	<u>691</u>	<u>701</u>
	<u>133,202</u>	<u>134,718</u>
	<u>274,607</u>	<u>710,980</u>
<b>NET EXPENSE</b>	\$ <u>(268,351)</u>	\$ <u>(706,658)</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, 2022**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net expense	\$ (268,351)	\$ (706,658)
Changes in level of:		
Interest receivable	(1,077)	4,700
Contributions receivable	119,333	149,167
Accounts payable and accrued liabilities	6,036	(732)
Costs awards payable	<u>18,333</u>	<u>(316,963)</u>
	<u>(125,726)</u>	<u>(870,486)</u>
<b>INVESTING ACTIVITIES</b>		
BMO high interest savings account - reinvested	(4,397)	(816)
Purchase of investments	-	(406,841)
Proceeds from sale of investments	<u>200,000</u>	<u>928,034</u>
	<u>195,603</u>	<u>520,377</u>
<b>INCREASE (DECREASE) IN CASH</b>	69,877	(350,109)
<b>CASH AT BEGINNING OF YEAR</b>	<u>133,811</u>	<u>483,920</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 203,688</u>	<u>\$ 133,811</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, 2022**

**1. NATURE OF OPERATIONS AND FINITE NATURE OF FUNDS**

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. This is outlined in more detail within the liquidity risk section of Note 3.

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.



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

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2022**

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

*Costs awards payable*

Organizations must apply for costs awards no later than 12-months after the day fixed by the CRTC for the filing of final representations. Costs awards are recognized as an expense and as a liability of the Fund 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.

*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 two corporations. There is a risk that the contributors may default on their financial obligations 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.



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

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2022**

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

*Liquidity risk*

Liquidity risk is the risk that the Fund cannot meet a demand for cash or fund its obligations as they become due. The Fund is subject to liquidity risk as both the contributions into the fund as well as costs award paid from the fund are unpredictable in both their amounts and timing.

The Fund manages liquidity risk by preparing cash flow projections using historical averages and continues to implement various mechanisms to preserve cash flow. These have included establishing the ability to declare a hiatus to reduce the Fund's expenses to the minimal administrative costs required to operate the fund (insurance, audit and to meet other such compliance requirements), the establishment of an internally restricted reserve (refer to note 8), which will be used to cover fixed administrative costs during a period of hiatus and ensure the discharge of any terminal liabilities should the fund need to be wound up, and the ability to reduce payments on costs awards to 75% of costs claimed during periods of low balance for the Fund.

If additional contributions are not received into the fund, further measures may be required to ensure the longevity of the Fund. The Fund continues to manage its financial obligations carefully and will not incur any liabilities, including the approval of costs awards, beyond the availability of its working capital.

*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.



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

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2022**

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

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*

With the exception of the changes previously noted related to liquidity risk, there have been no other significant changes in the Fund's risk exposures from the prior year.

**4. INVESTMENTS**

The Fund's investments are as follows:

	2022		2021	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash held for reinvestment	\$ 1	\$ 1	\$ 1	\$ 1
High Interest Savings Accounts	<u>211,947</u>	<u>211,947</u>	<u>407,550</u>	<u>407,550</u>
	<u>\$ 211,948</u>	<u>\$ 211,948</u>	<u>\$ 407,551</u>	<u>\$ 407,551</u>

**5. CONTRIBUTIONS RECEIVABLE**

CRTC's Broadcasting Decision CRTC 2018-91 required Sirius XM Canada Inc. to contribute a total of \$1,596,667 to the Fund. The contribution was to be received in seven annual instalments from 2018 to 2024. As at December 31, 2022, all but one of these payments have been received. This payment is to be received no later than:

May 24, 2024 \$ 119,332

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities include government remittances owing of \$Nil (2021 - \$Nil).



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

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2022**

**7. COSTS AWARDS**

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

	<u>2022</u>	<u>2021</u>
Claims paid during year	\$ 123,072	\$ 893,225
Add unapproved claims at year end	68,611	50,278
Less unapproved claims at start of year	<u>(50,278)</u>	<u>(367,241)</u>
Total Costs Awards expense for the year	<u>\$ 141,405</u>	<u>\$ 576,262</u>

Since December 31, 2022 and prior to the release date of these financial statements, claims totaling a further \$Nil have been received.

**8. INTERNALLY RESTRICTED RESERVE FUND**

On July 22, 2021, the Board of Directors for the Broadcasting Participation Fund approved the internal restriction of \$115,000. These restricted funds have been set aside to cover expenses related to the ongoing costs of running the fund should the fund go into an extended hiatus and will ensure that sufficient funds remain available to cover final expenses in the event that the fund is ultimately unable to secure sufficient ongoing funding and is required to be wound down.

**9. 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, 2024 and calls for annual payments of \$75,000 plus HST. As described in Note 3, however, during a period of hiatus, these payments are reduced to cover only required expenses to maintain the operation of the Fund.



## Appendix II

### 2022 Claims Summary

**BROADCASTING PARTICIPATION FUND (BPF)**

**SUMMARY OF CLAIMS - 2022F**

**AS AT DECEMBER 31, 2022**

	<u>APPLICANT</u>	<u>PROCEEDING #</u>	<u>CLAIM #</u>	<u>CLAIMS</u>		<u>CLAIM DENIED</u>	<u>PAID DURING YEAR</u>	<u>ACCRUED DEC 31 2022</u>	<u>EXPENSED IN 2022</u>	<u>ENGLISH</u>	<u>FRENCH</u>	
				<u>ACCRUED DEC 31 2021</u>	<u>RECEIVED IN YEAR</u>							<u>ADJUSTMENTS</u>
<i>Ineligible Claim</i>		2019-379	18288-228	1,292.50		-1,292.50	-					
National Campus and Community Radio Association (NCRA)		2020-336	18288-229	1,410.00			1,410.00			1,410.00		
FRPC		2021-281	18288-230	48,868.24		7,796.86	56,665.10		7,796.86	28,332.55	28,332.55	
PIAC		2021-860	18288-231		2,792.57		2,792.57		2,792.57	2,792.57		
PIAC		2021-784	18288-232		3,813.14		3,813.14		3,813.14	3,813.14		
PIAC/NPF		2021-281	18288-233		58,391.35		58,391.35		58,391.35	29,195.68	29,195.67	
FRPC		2022-267	18288-235		44,814.86			44,814.86	44,814.86	44,814.86		
PIAC		2022-272	18288-236		6,020.00			6,020.00	6,020.00	6,020.00		
PIAC		2022-267	18288-237		5,541.06			5,541.06	5,541.06	5,541.06		
CACTUS		2021-281	18288-238		15,938.68	(3,702.47)		12,236.21	12,236.21	6,118.11	6,118.10	
<b>APPEALS</b>					-	-	-	-	-	-	-	
				<b>51,570.74</b>	<b>137,311.66</b>	<b>4,094.39</b>	<b>(1,292.50)</b>	<b>123,072.16</b>	<b>68,612.13</b>	<b>141,406.05</b>	<b>128,037.97</b>	<b>63,646.32</b>

**TOTAL CLAIMS BY CRTC PROCEEDINGS**

Renewal of CBC Licences	2020-379	1					-				
Call for Comments on an Application by CAB	2021-336	1					1,410.00				
Rogers Acquisition of Shaw - Notice of Hearing	2021-281	3					115,056.45		78,424		
BCE vs Videotron	2021-860	1					2,792.57		2,793		
Part 1 Application by Stingray Group	2021-784	1					3,813.14		3,813		
Call for Comments - Increase of Maximym Retail Price of Basic Service	2022-267	2							50,355.92		
Call for Comments - Application by TVA to Remove Time Limit on Discretionary Service	2022-272	1							6,020.00		
		<b>10</b>					<b>123,072.16</b>		<b>141,406.05</b>		

\* In addition to the claims received and processed above, at December 31, 2022 there was one claim which was received and is currently under review.



Appendix III  
2023 BUDGET

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

**2023 Budget**

	<u>Notes</u>		
<b>Expenditures</b>			
Costs officer	1	\$	85,000
Directors' fees	2		16,000
Legal	3		12,000
Communications	4		10,000
Audit	5		6,000
Insurance	6		7,500
Bank charges	7		500
<b>Total budgeted expenditures</b>			<b>137,000</b>
 <b>Known Revenues</b>			
Interest on investments and bank balance	8		7,000
<b>Net budgeted expenditures before costs awards</b>			<b>130,000</b>
 <b>Funding available for costs awards at December 31, 2022</b>			
Net assets	9		448,138
Less contributions receivable not to be collected until after 2022	10		(119,333)
Less: Internally Restricted Reserve for Hiatus/Windup	11		(115,000)
			<b>213,805</b>
 <b>Amounts available for costs awards in 2023</b>		 <b>\$</b>	 <b>83,805</b>

**Notes**

- 1 Costs officer fee based on current contract
- 2 Estimate based on 2022 Directors Fees
- 3 Estimate based on historical average
- 4 Estimated costs related 2023 communications related to fund exhaust
- 5 Estimate based on 2022 Actual
- 6 Fee increased based on revised policy premium from insurer for 2023 coverage
- 7 Similar fees to 2022
- Increased interest reflective of higher interest rates in 2023 (partially offset by lower investment balance). Assumes no Rogers/Shaw Funding received
- 8 Per 2022 audited financial statements
- 9 Made up of final payment due from Sirius (March 2024) \$ 119,333.00
- 10 On July 22, 2021, the Board of Directors approved the internal restriction of \$115,000. These restricted funds have been set aside to cover expenses related to the ongoing costs of running the fund should the fund go into an extended hiatus and will ensure that sufficient funds remain available to cover final expenses in the event that the fund is ultimately unable to secure sufficient ongoing funding and is required to be wound down.

*The above figures do not include the \$725,439 in tangible benefits to be received by the BPF over 3 consecutive broadcast years as provided in Broadcasting Decision CRTC 2022-76 dated March 24, 2022. The Competition Tribunal has dismissed an application from Canada's competition watchdog seeking to block Rogers Communications' proposed purchase of Shaw Communications. However, the transaction still requires approval from Innovation, Science and Economic Development Canada.*

Claims Payment Expenses over past years:

	2022	141,405
	2021	576,262
	2020	610,981
	2019	227,410
	2018	316,799
	2017	674,821
	2016	736,920

## Appendix IV

### CHRONOLOGY OF KEY EVENTS

<b>Date (2022)</b>	<b>Key Event</b>
Jan 06	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• 1 claim approved for \$1,410.00</li> <li>• Draft 2021 financial statements reviewed</li> </ul>
Feb 03	BPF attends the CRTC virtual roundtable. <ul style="list-style-type: none"> <li>• The discussion mainly dealt with how to reach out to new groups and the barriers to participation.</li> </ul>
Feb 15	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• Initial discussion of a potential hiatus given the financial situation</li> <li>• 1 claim approved for \$48,868.24</li> <li>• Review of 2021 Annual Report</li> </ul>
Mar 31	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• Presentation/discussion of Rogers/Shaw CRTC decision</li> <li>• Financial update</li> </ul>
Mar 31	BPF Annual General Meeting: <ul style="list-style-type: none"> <li>• Approval of the Annual Report and Business Plan;</li> <li>• Approval of the audited financial statements;</li> <li>• Appointment of the external auditors; and</li> <li>• Re-election of Ms. Penny McCann as Consumer/Public Interest Director of the BPF</li> </ul>
May 10	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• 3 claims approved for \$58,648.21</li> <li>• Motion to return to the 100% reimbursement of claims, on a retroactive basis, once the Rogers purchase of Shaw is finally approved with at least \$725,000 in tangible benefits accruing to the BPF over the next 3 years</li> </ul>
Jun 30	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• Financial update</li> </ul>
Aug 2	BPF BOD meeting with Canadian Heritage
Sept 15	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• Financial update</li> </ul>
Sept 27	BPF meeting with Senator Paula Simons' office regarding Bill C-11
Oct 22	Meeting of Board of Directors
Oct 27	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• Revised definition of Public Interest Group and Consumer Group</li> <li>• Financial update</li> </ul>
Nov 10	Meeting of Board of Directors
Nov 16	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• Financial update</li> <li>• Discussion re: potential hiatus of the BPF</li> <li>• BPF Stakeholders' Meeting set for January 19, 2023</li> </ul>
Nov 24	BPF Operational Committee Meeting <ul style="list-style-type: none"> <li>• Financial update</li> <li>• AGM set for February 28, 2023</li> </ul>
Dec 20	BPF Operational Committee meeting <ul style="list-style-type: none"> <li>• Financial update</li> <li>• Insurance renewal</li> </ul>