



BPF | FPR

**Broadcasting Participation Fund
Le Fonds de Participation à la Radiodiffusion**

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

**Annual Report
2023**

Prepared by BPF Board of Directors and

Welch LLP[®]

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REPORT FROM THE BPF BOARD OF DIRECTORS

Broadcasting Participation Fund Directors Report 2023

In the year under review, the BPF Directors continued to wrestle with the depletion of the Fund. Throughout the year, the Directors and Welch staff closely monitored accounts and the diminishing cash flow each month. In carrying out its core business, Fund personnel met ten times to process and review applications for a total of \$189,601 in new cost awards.

After a prolonged period of financial uncertainty, the year concluded on a more optimistic note. The approval of the Rogers-Shaw merger in the first quarter of 2023 resulted in the allocation over three years of \$725,439 in tangible benefits to the BPF. In late 2023, discussions with Canadian Heritage resulted in a two-year grant contribution of \$650,000 to assist with supporting public participation in broadcasting matters before the CRTC. This injection of funds from Rogers and the Department of Canadian Heritage will allow the BPF to operate with more certainty in 2024 and 2025.

The following is a chronological recounting of the actions taken by the BPF Directors to safeguard the Fund:

January 2023: A Stakeholders meeting was held to discuss the financial situation of the BPF. We reported to the Stakeholders that we had made submissions to the CRTC, Canadian Heritage, Department of Finance, the Standing Committee on Canadian Heritage and the Minister of Innovation, Science and Economic Development Canada. We also had several meetings with the CRTC and Canadian Heritage about the financial situation of the BPF. The withholding of the \$0.25 on the dollar and the additional measure of a potential hiatus was debated and Stakeholders made suggestions on how a hiatus might be implemented. Stakeholders also inquired if we could approach Rogers to ask that they pay the

entire tangible benefit of \$725,000 all at once instead of spreading it out over three years. The Directors followed up on this last suggestion with Rogers and the CRTC.

February 2023: The BPF AGM was held at which Barry Chapman became the new Broadcast Industry Director. Barry brings valuable experience to the BPF, having served as Vice President, Regulatory Affairs at Bell Canada between 1989 and 2017. Barry replaced Bill Atkinson to whom the Fund owes much gratitude for his insightful input and expertise.

April 2023: The BPF issued a [press release](#) outlining the BPF's perilous financial situation, and that the 2023 Rogers' payment would be insufficient to support the requests anticipated by the Fund's this year; similarly, the remaining two payments would also be insufficient to operate the BPF in 2024 and 2025. The Board stated in the release:

“Unless funding sufficient to meet its mandate is made available by August 2023, the Board of Directors of the BPF will suspend operations and may permanently close in 2024. It regrets the necessity to take such steps, especially when key new legislation and regulatory proceedings appear to be imminent. If increased participation by and deeper insights on behalf of the Canadian public are expected in CRTC proceedings launched to implement Parliament's new communications laws, immediate and stable funding for the BPF is required.”

May 2023: The CRTC announced public consultations on its plans to modernize the broadcasting system. In light of the fact that section 47 of CRTC 2023-138 mentioned the BPF, the Fund submitted comments. In our comments, we pointed out the fact that the BPF's intervention should not be interpreted as making a case for the continuation of the BPF in its present form. Nor should the comments be taken as supporting a particular funding system. Rather, it was hoped that its remarks might contribute to the consideration of how a mechanism for supporting public interest participation in broadcasting could be developed and improved. The intervention took the opportunity to highlight the depletion of the Fund. It suggested that the new funding model should be stable and predictable with adequate funding to allow public interest and consumer groups to undertake research, retain the necessary experts and develop in-house expertise. The submission also emphasized that it is essential

to the democratic process that public interest and consumer groups representing non-commercial user interests have the necessary financial support to make legal and properly researched interventions on broadcasting matters before the CRTC.

June 2023: After confirmation of the Rogers funding, the Board moved \$55,000 from its reserve fund to free up cashflow.

July 2023: In response to the request for comments from the Department of Canadian Heritage on the Government of Canada's proposed policy directions to the CRTC on the implementation of the new Broadcasting Act, the BPF made a submission which again highlighted the need for sustainable funding.

August 2023: In its efforts to stabilize the Fund, the BPF explored the possibility of bridge financing, and spoke with our bank to inquire about obtaining financing. Even with the tangible benefits coming from Rogers over the next three years, the bank determined that it was too far outside their lending parameters to offer some kind of financing without an additional layer of security. The Business Development Bank of Canada (BDC) was approached and it reiterated that the cash flow and reliance on the Rogers payments were issues for their organization as well.

September 2023: A note was sent out to the Stakeholders reporting receipt of the first payment of the Rogers tangible benefits payment in the amount of \$241,813. In light of this funding, the BPF Board moved at its Sept. 8th meeting to halt the 25% holdback on claims and to pay out deferred holdbacks to all affected applicants.

During the Fall of 2023, several discussions were held with officials at the CRTC and the Department of Canadian Heritage about the financial situation of the BPF.

October 2023: Upon receipt of the Part 1 application - ***Proposal for regulations to provide financial support to the Broadcasting Participation Fund (BPF), Inc./Le fonds de participation à la radiodiffusion (FPR)*** filed by several public interest

and consumer groups, the Fund began a review of the recommendations contained in the application, developing a workplan to address some of the recommendations.

December 2023: The Department of Canadian Heritage advised the BPF that it was working on a Contributions Agreement to provide \$650,000 in funding for 2023-2025. The funding will ensure that Canadian public interest and consumer groups have the necessary financial support to make legal and properly researched interventions in the CRTC's broadcasting hearings. This contribution will enable the articulation of Canadians' concerns to the CRTC on such important matters as creating a modernized regulatory framework for the new Online Streaming Act.

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 oversee and monitor the BPF's finances. Both have demonstrated high standards in performing their duties with respect to carrying out the mandate of the BPF.

Robin Jackson, Chair

Penny McCann, Consumer/Public Interest Director

Barry Chapman, Broadcasting Industry Director

COST OFFICER'S REPORT -2023

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 Canadian Heritage 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 Organizing and attending the Stakeholders' 2023 meeting.

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 2023 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. Preparing the 2023 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 2024; 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. Compared to 2022, the BPF's turnaround time for receiving, processing, and paying a claim remained between 45 days and 60 days

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 via annual Stakeholders' meetings 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 2023 BPF audited financial statements, the 2024 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.

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:

Risk	Mitigation Strategy
Risk of Fund Exhaust	<ul style="list-style-type: none"> • Monitor the Fund’s financial situation on a regular basis • Meetings held with the CRTC and Canadian Heritage to keep them abreast of the BPF’s financial situation • New Contribution Agreement signed with Canadian Heritage • New 1 year Limitation Period for accepting claims
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 Management - Cont'd.

<p>Risk of internal fraud/mismanagement of funds</p>	<ul style="list-style-type: none">• Review financials and investments on a regular basis• All payments 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
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SUMMARY OF 2023 FINANCIAL RESULTS

The BPF's audited financial statements appear as Appendix 1 to this report. In 2023, the Fund incurred expenses of \$327,833 (\$274,607 in 2022), including costs awards of \$167,331 (\$141,405 in 2022). Net assets of the Fund at December 31, 2023 were \$859,256 (\$448,138 at December 31, 2022).

The BPF reviewed a total of 17 new cost award applications in 2023 totaling, \$178,248 and processed and paid an additional 4 applications received late in 2022 totaling \$68,611 for a combined total of \$246,860 of claims for payment during the year. Two claims were adjusted and 1 claim was denied in the year. A total of \$189,601 was paid out of the fund with \$46,342 accrued at December 31, 2023 for claims received late in the year to be paid out in 2024.

Comparative figures for previous years are included below:

Fiscal Year	# of Costs Applications	Total Amounts Applied For	# of Costs Applications Approved	Total Amounts Approved
2023	17	\$ 178,248	16	\$ 189,600
2022	11	\$ 240,013	10	\$ 123,072
2021	23	\$ 943,129	22	\$ 569,891
2020	21	\$ 1,033,510	18	\$ 651,771
2019	6	\$ 221,266	8	\$ 313,403
2018	16	\$ 278,540	11	\$ 230,354
2017	24	\$ 910,681	24	\$ 674,821
2016	41	\$ 1,106,041	36	\$ 769,368
2015	44	\$ 347,088	44	\$ 342,527

Appendix I

2023 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, 2023

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, 2023, and the statements of changes in net assets, operations 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, 2023 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
April 23, 2024



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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 291,119	\$ 203,688
Investments - note 4	145,208	211,948
Contributions receivable - note 5	241,813	-
Interest receivable	<u>1,389</u>	<u>1,163</u>
	679,529	416,799
LONG-TERM ASSETS		
Contributions receivable - note 5	<u>241,813</u>	<u>119,332</u>
	<u>\$ 921,342</u>	<u>\$ 536,131</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - note 6	\$ 15,744	\$ 19,382
Costs awards payable - note 7	<u>46,342</u>	<u>68,611</u>
	<u>62,086</u>	<u>87,993</u>
NET ASSETS		
Unrestricted	799,256	333,138
Internally restricted reserve - note 8	<u>60,000</u>	<u>115,000</u>
	<u>859,256</u>	<u>448,138</u>
	<u>\$ 921,342</u>	<u>\$ 536,131</u>

Approved by the Board:

ROBIN JACKSON
..... Director

PENNY MCCANN
..... Director

BARRY CHAPMAN
..... 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, 2023

	2023		
	<u>Unrestricted</u>	<u>Internally Restricted Reserve</u>	<u>Total</u>
Balance at beginning of year	\$ 333,138	\$ 115,000	\$ 448,138
Net revenue	411,118	-	411,118
Transfer from (to) internally restricted reserve - note 8	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>
Balance at end of year	<u>\$ 799,256</u>	<u>\$ 60,000</u>	<u>\$ 859,256</u>

	2022		
	<u>Unrestricted</u>	<u>Internally Restricted Reserve</u>	<u>Total</u>
Balance at beginning of year	\$ 601,489	\$ 115,000	\$ 716,489
Net expenses	<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>

(See accompanying notes)



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

**STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
REVENUE		
Contributions - note 5	\$ 725,439	\$ -
Interest	<u>13,512</u>	<u>6,256</u>
	<u>738,951</u>	<u>6,256</u>
 EXPENSES		
Costs awards - note 7	<u>167,331</u>	<u>141,405</u>
General and administrative		
Costs officer	84,750	95,067
Directors' fees	16,679	16,086
Legal	43,558	9,227
Audit	6,554	6,430
Insurance	8,268	5,701
Bank charges	<u>693</u>	<u>691</u>
	<u>160,502</u>	<u>133,202</u>
	<u>327,833</u>	<u>274,607</u>
 NET REVENUE (EXPENSES)	 <u>\$ 411,118</u>	 <u>\$ (268,351)</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, 2023**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Net revenue (expenses)	\$ 411,118	\$ (268,351)
Changes in level of:		
Interest receivable	(226)	(1,077)
Contributions receivable	(364,294)	119,333
Accounts payable and accrued liabilities	(3,638)	6,036
Costs awards payable	<u>(22,269)</u>	<u>18,333</u>
	<u>20,691</u>	<u>(125,726)</u>
INVESTING ACTIVITIES		
BMO high interest savings account - reinvested	(8,260)	(4,397)
Proceeds from sale of investments	<u>75,000</u>	<u>200,000</u>
	<u>66,740</u>	<u>195,603</u>
INCREASE IN CASH	87,431	69,877
CASH AT BEGINNING OF YEAR	<u>203,688</u>	<u>133,811</u>
CASH AT END OF YEAR	<u>\$ 291,119</u>	<u>\$ 203,688</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, 2023

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, 2023

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 high interest savings account 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, 2023

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 identify new sources of funding, 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.

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.



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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2023

4. INVESTMENTS

The Fund's investments are as follows:

	2023		2022	
	Cost	Fair value	Cost	Fair value
Cash held for reinvestment	\$ 1	\$ 1	\$ 1	\$ 1
High Interest Savings Accounts	145,207	145,207	211,947	211,947
	\$ 145,208	\$ 145,208	\$ 211,948	\$ 211,948

5. CONTRIBUTIONS RECEIVABLE

CRTC's Broadcasting Decision CRTC 2022-76 required Rogers Communications Inc. and Shaw Communications Inc. to contribute a total of \$725,439 to the Fund. The contribution was to be received in three annual instalments from 2023 to 2025. As at December 31, 2023, one of these payments was received. The remaining payments are to be received:

August 31, 2024 (current)	\$ 241,813
August 31, 2025 (long-term)	241,813
Total	\$ 483,626

At December 31, 2023, the 2022 contribution receivable from Sirius XM Canada Inc. (Broadcasting Decision CRTC 2018-91) was fully received.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances owing of \$Nil (2022 - \$Nil).

7. COSTS AWARDS

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

	2023	2022
Claims paid during year	\$ 189,600	\$ 123,072
Add unapproved claims at year end	46,342	68,611
Less unapproved claims at start of year	(68,611)	(50,278)
Total Costs Awards expense for the year	\$ 167,331	\$ 141,405

Since December 31, 2023 and prior to the release date of these financial statements, claims totaling a further \$196,613 (2022 - \$Nil) have been received.



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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2023

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.

In June 2023 and in conjunction with confirmation from Rogers of their intention to make tangible benefits payments over a three year period, the Board approved the reduction of the internally restricted fund to \$60,000. This reduced balance is intended to ensure a sufficient cash reserve is available to fund certain operating expenses while awaiting the receipt of the deferred portions of the tangible benefit payments.

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.

10. SUBSEQUENT EVENTS

On January 25, 2024, subsequent to the Fund's fiscal year-end, the Fund signed a contribution agreement with the department of Canadian Heritage to receive funding up to a maximum of \$650,000 of cost awards for the two year period from April 1, 2023 to March 31, 2025. As this agreement was not in place until after the Fund's fiscal year-end, these amounts have not been included nor accrued in these financial statements.



Appendix II

2023 Claims Summary

BROADCASTING PARTICIPATION FUND (BPF)											
SUMMARY OF CLAIMS - 2023F											
AS AT DECEMBER 31, 2023											
APPLICANT	PROCEEDING #	CLAIM #	CLAIMS			CLAIM DENIED	PAID DURING YEAR	ACCRUED DEC 31 2023	EXPENSED IN 2023	ENGLISH	FRENCH
			ACCRUED DEC 31 2022	RECEIVED IN YEAR	ADJUSTMENTS						
FRPC	2022-267	18288-235	44,814.86				44,814.86				
PIAC	2022-272	18288-236	6,020.00				6,020.00				
PIAC	2022-267	18288-237	5,541.06				5,541.06				
CACTUS	2021-281	18288-238	12,236.21				12,236.21				
FRPC	2022-272	18288-239		13,385.79			13,385.79	13,385.79	13,385.79		
FRPC	2022-331	18288-240		4,844.88			4,844.88	4,844.88	4,844.88		
FRPC	2022-267-3	18288-241		6,290.33			6,290.33	6,290.33	3,145.17	3,145.17	
<i>ineligible claim</i>	2020-374	18288-242		3,337.00	(3,337.00)		-	0.00			
PIAC	2022-267-3	18288-243		2,408.71			2,408.71	2,408.71	1,204.36	1,204.36	
PIAC	2022-331	18288-244		3,302.85			3,302.85	3,302.85	3,302.85		
FRPC	2022-76	18288-245		25,768.71			25,768.71	25,768.71	25,768.71		
FRPC	2023-210	18288-246		9,642.67			9,642.67	9,642.67	9,642.67		
FRPC / PIAC	Part 1 Corus	18288-247		11,690.79			11,690.79	11,690.79	11,690.79		
FRPC	2023-0300	18288-248		4,647.13			4,647.13	4,647.13	4,647.13		
FRPC	2023-139	18288-249		20,386.42			20,386.42	20,386.42	10,193.21	10,193.21	
FRPC	2023-140	18288-250		6,558.71			6,558.71	6,558.71	3,279.36	3,279.36	
PIAC	2023-139	18288-251		5,405.70			5,405.70	5,405.70	2,702.85	2,702.85	
PIAC	2023-140	18288-252		6,656.52			6,656.52	6,656.52	3,328.26	3,328.26	
FRPC	Part 1 BPF	18288-253		39,757.17				39,757.17	39,757.17	39,757.17	
<i>ineligible claim</i>	2023-138	18288-254		3,491.62		(3,491.62)		-	0.00	0.00	
U Multicultural Inc.	2023-138	18288-255		10,673.31	(4,088.00)			6,585.31	6,585.31	3,292.66	3,292.66
			68,612.13	178,248.31	(7,425.00)	(3,491.62)	189,601.34	46,342.48	167,331.69	140,185.84	27,145.85
APPEALS											167,331.69
		New Claims Received	Claims Paid in				Paid				
TOTAL CLAIMS BY CRTC PROCEEDINGS											
		<u>in Year</u>	<u>Year</u>				<u>in Year</u>				
Rogers Acquisition of Shaw - Notice of Hearing	2021-281		1				12,236.21				
Call for Comments - Increase of Maximum Retail Price of Basic Service	2022-267	2	4				59,054.96				
Call for Comments - Application by TVA to Remove Time Limit on Discretionary Service	2022-272	1	2				19,405.79				
Pattison Media Inc. Proposed Acquisition of CKLF-FM and CKLQ-FM	2022-331	2	2				8,147.73				
Commercial Radio Policy Framework Review	2020-374	1	1				-				
Part 1 Application to Amend CRTC 2022-76	2022-76	1	1				25,768.71				
Part 1 Application to Prohibit the Broadcast of FOX News in Canada	2023-210	1	1				9,642.67				
Part 1 Application to address crisis in local news service	Part 1	1	1				11,690.79				
Part 1 Application to address Corus' request for eligibility	2023-0300	1	1				4,647.13				
Call for Comments - Proposed Regulations for Online Streaming Services	2023-139	2	2				25,792.12				
Call for Comments - Conditions of Service for Online Undertakings	2023-140	2	2				13,215.23				
Part 1 Application re: Funding of the BPF	O/S	1									
The Path Forward	2023-138	2									
			17	18			189,601.34				

Appendix III

2024 BUDGET

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

2024 Budget

	<u>Notes</u>	<u>Net</u>	<u>HST</u>	<u>Total Estimated Cost</u>
Expenditures				
Costs officer	1	\$ 65,000	\$ 8,450	\$ 73,450
Directors' fees (no HST)	2	16,000	-	16,000
Legal	3	10,500	1,365	11,865
Audit	4	6,000	780	6,780
Insurance (PST only as no GST on insurance)	5	10,500	840	11,340
Bank charges (no HST)	6	700	-	700
Total budgeted expenditures		\$ 108,700	\$ 11,435	120,135
Known Revenues				
Interest on investments and bank balance	7			19,000
Net budgeted expenditures before costs awards				101,135
Funding available for costs awards at December 31, 2023				
Net assets as at December 31, 2023	8			859,256
Canadian Heritage Funding Agreement - Signed January 2024 (2-year funding totalling \$650,000 - must be spent by March 31, 2025)	9			650,000
Less contributions receivable not to be collected until after 2024	10			(241,813)
Less: Internally Restricted Reserve for Hiatus/Windup	11			(60,000)
				1,207,443
Amounts available for costs awards in 2024	12			\$ 1,106,308

Notes

- 1 Costs officer fee lower than previous years based on current contract of \$75,000 per year plus a one-time courtesy annual fee reduction of \$10,000 for 2024
- 2 Estimate based on 2023 Directors Fees
- 3 Estimate based on historical average
- 4 Estimate based on 2023 Actual
- 5 Fee increased based on revised policy premium from insurer for 2024 coverage and estimate for liability insurance
- 6 Estimate based on 2023 Actual
- 7 Increased interest reflective of higher interest rates and higher bank balance due to Canadian Heritage Funding
- 8 Per 2023 audited financial statements
- 9 2-year funding totalling \$650,000 - must be spent by March 31, 2025

10 Made up of:

Rogers/Shaw - Final Payment to be Received in August 2025	<u>\$ 241,813</u>
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- 11 On July 22, 2021, the Board of Directors for the Broadcasting Participation Fund approved the internal restriction of \$115,000. These restricted funds were 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.

In June 2023 and in conjunction with confirmation from Rogers of their intention to make tangible benefits payments over a three year period, the Board approved the reduction of the internally restricted fund to \$60,000. This reduced balance is intended to ensure a sufficient cash reserve is available to fund certain operating expenses while awaiting the receipt of the deferred portions of the tangible benefit payments.

- 12 Impossible to predict exact level of claims awards, however Claims Payment Expenses over past years were as follows:

2023	\$ 167,331
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

Date (2023)	Key Event
Jan 17	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 4 claims approved for \$68,612.13 • Board members discussed a potential hiatus given the Fund’s finances
Jan 19	BPF Stakeholders’ Meeting <ul style="list-style-type: none"> • Reimbursement of claims to remain at \$0.75 on the dollar until significant new funds are received • Discussion of potential Fund hiatus March 01, 2023 • Consideration given to a potential Part 1 Application to the CRTC re: funding of the BPF
Jan 26	BPF Stakeholders Meeting <ul style="list-style-type: none"> • Further discussion of possible fund diminishment and the possibility of Stakeholders filing a Part 1 with the CRTC • Discussion of what constitutes a Public Interest/Consumer Group and revision of the verb “reflect “ public values of inclusion and diversity to “support”
Feb 06	BPF Operational Committee Meeting <ul style="list-style-type: none"> • Review of 2022 financial statements, 2023 budget, and 2022 Annual Report • Letters to Heritage and CRTC re: ongoing reviews related to funding of the BPF
Feb 23	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 2022 audited financial statements approved • Financial update
Feb 28	BPF Annual General Meeting: <ul style="list-style-type: none"> • Approval of the Annual Report and Business Plan; • Approval of the audited financial statements; • Appointment of the external auditors; and • Appointment of Barry Chapman as Broadcasting Industry Director
April 04	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 3 claims approved for \$18,390.75 • Financial update • 25% holdback on claims to remain

April 12	BPF Public Statement released to stakeholders and media
May 30	BPF Operational Committee Meeting <ul style="list-style-type: none"> • Financial update • 2 claims approved for \$4,283.67
June 20	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 1 claim approved for \$19,326.53 • Financial update • \$55,000 transferred from reserve fund to operations • 1st payment from Rogers confirmed
July 13	BPF Operational Committee Meeting <ul style="list-style-type: none"> • Financial update • 1 claim approved for \$7,232.00
July 24	Meeting with CRTC to explore potential bridge financing
Aug 08	BPF Operational Committee Meeting <ul style="list-style-type: none"> • Financial update • 2 claims approved for \$12,253.43
Aug 14	Meeting with TD Bank to explore potential line of credit
Sept 08	BPF Operational Committee Meeting <ul style="list-style-type: none"> • 4 claims approved for \$39,007.35 • Payment of holdbacks for \$20,495.48 • Financial update
Sept 14	1 st payment from Rogers for \$241,813
Sept 19	Note to BPF Stakeholders re: 1 st payment from Rogers and financial update
Sept 25	Conversation with Canadian Heritage re: BPF financial situation
Nov 16	BPF Board Meeting to review Part 1 Application re: funding of the BPF
Dec 05	BPF Operational Committee Meeting <ul style="list-style-type: none"> • Financial update • Part 1 Application re: funding of the BPF
Dec 19	Meeting with Canadian Heritage re: Contribution Agreement to fund the BPF
Dec 21	Draft Contribution Agreement sent to Canadian Heritage