

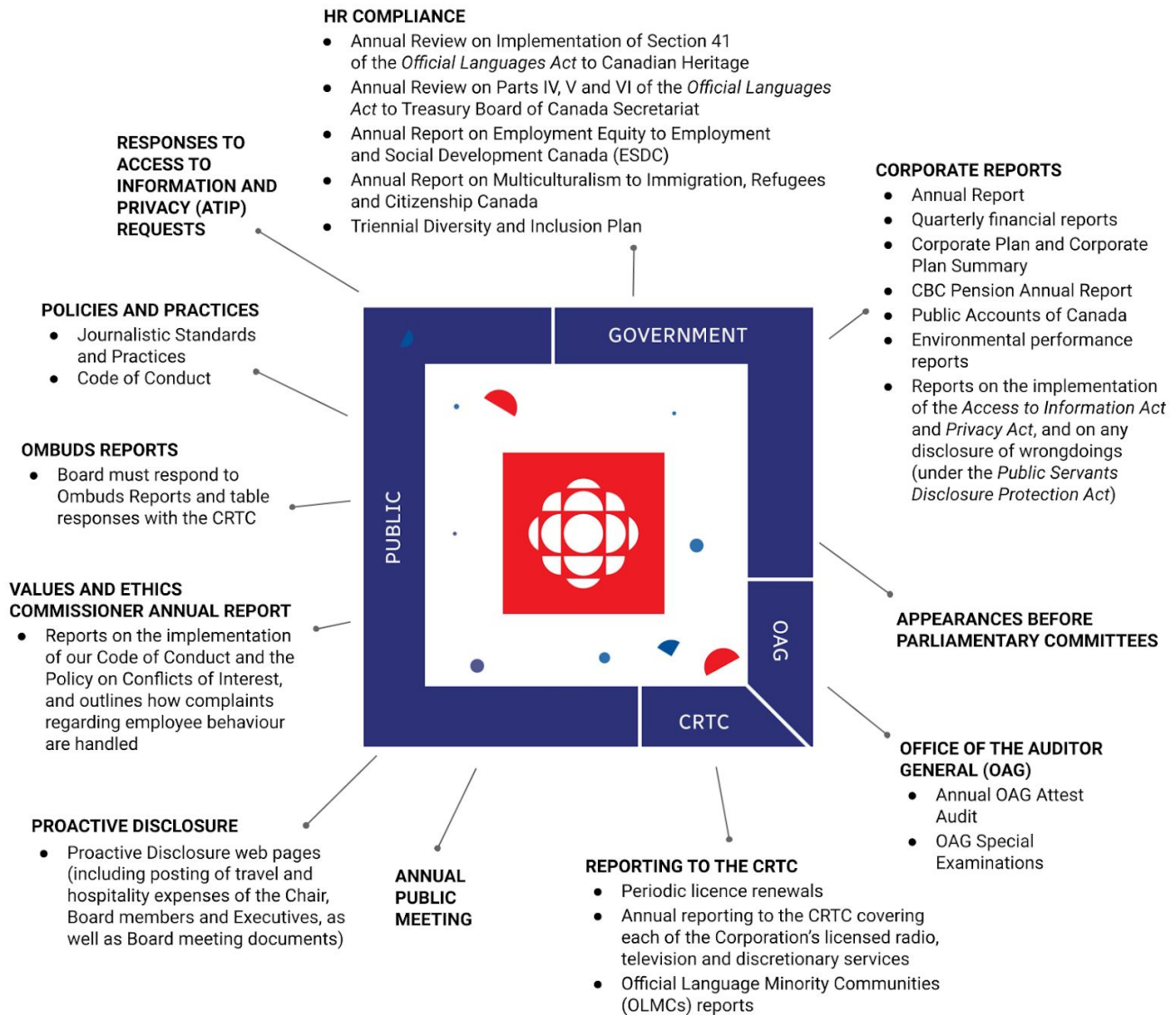
FIRST QUARTER
**FINANCIAL
REPORT**
2020-2021



Q1

CBC/RADIO-CANADA'S COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

As Canada's national public broadcaster, we take very seriously our obligation to be transparent and accountable to Canadians. To meet our responsibilities, we provide access on our [corporate website](#) to information about our activities and the way we manage our public resources. In addition to these activities, we are currently developing an environmental sustainability plan that will be released this fiscal year.



MANAGEMENT DISCUSSION AND ANALYSIS

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. The following Management Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the first quarter of 2020-2021, and should be read in conjunction with our most recent Annual Report. In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the first quarter ended June 30, 2020. We have organized our MD&A in the following key sections:

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In this management's discussion and analysis of financial condition and results of operations (MD&A), "we", "us", "our" and "the Corporation" mean CBC/Radio-Canada. Refer to CBC/Radio-Canada's audited consolidated financial statements for the year ended March 31, 2020 when reading this MD&A. All amounts in this MD&A are in thousands of Canadian dollars, except where noted.

To help you better understand this MD&A, note the following:

SEASONALITY

The majority of our revenue comes from advertising, which follows seasonal patterns based on our programming schedule. It also varies according to market and general economic conditions, as well as schedule performance. Subscriber-based revenue is more stable on a quarter-by-quarter basis. Operating expenses tend to follow a seasonal pattern because they are also influenced by the programming schedule. Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and revenue. These seasonal patterns are currently being impacted by the COVID-19 pandemic.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements about strategy, objectives, and expected financial and operational results. Forward-looking statements are typically identified by words such as "may", "should", "could", "would" and "will", as well as expressions such as "believe", "expect", "forecast", "anticipate", "intend", "plan", "estimate" and other similar expressions. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the *Risk Update* section of this report. However, some risks and uncertainties are by definition difficult to predict and are beyond our control. They include, but are not limited to, economic, financial, advertising market, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements. Given the impact of the evolving COVID-19 pandemic and the related response from the Corporation, governments (federal, provincial and municipal), regulatory authorities and businesses, there is inherently more uncertainty associated with the Corporation's assumptions relative to prior periods.




PERFORMANCE INDICATORS

We rely on data from both internal tools and third parties to measure our performance metrics. While these data are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in collecting this information, particularly as the media industry undergoes a digital transformation. For example, Canadians now consume media content on multiple devices from an ever-growing array of content providers. As media consumption habits change, we are, together with audience measurement suppliers, refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. As a result, changes in the way data are collected could result in certain information provided in future periods not being comparable with information disclosed in prior periods. Since some of these data are used to measure our strategic and operational indicators, we may be required to make adjustments to targets and historical results to enhance comparability of the data and follow industry best practices.

NON-IFRS MEASURE

This report includes the measure "Budget Results", which does not have any standardized meaning according to International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures presented by other companies. Refer to the *Discussion of Results* section for more details.

FINANCIAL HIGHLIGHTS

 <p>REVENUE</p>	<p>Q1</p> <p>2020-2021: \$99M</p> <p>2019-2020: \$114M</p> <p>TOTAL DECREASE</p> <p>\$15M</p>	<p>Revenue decreased by 13.2% this quarter as total Canadian television advertising spending was adversely impacted by the COVID-19 pandemic. Declines in our television advertising and subscription revenue were partly offset by higher digital revenue as audiences increased their use of our digital platforms.</p>
 <p>GOVERNMENT FUNDING</p>	<p>Q1</p> <p>2020-2021: \$284M</p> <p>2019-2020: \$274M</p> <p>TOTAL INCREASE</p> <p>\$10M</p>	<p>Government funding recognized this quarter increased by 3.6%.</p> <p>This increase was consistent with our expected need for operating funding in the quarter. By year-end, our base operating funding recognized into income will be consistent with last year.</p>
 <p>EXPENSES</p>	<p>Q1</p> <p>2020-2021: \$378M</p> <p>2019-2020: \$399M</p> <p>TOTAL DECREASE</p> <p>\$21M</p>	<p>Our expenses decreased by 5.1% this quarter due to the pandemic, as our programming content and scheduling were impacted by cancellations or delays and other operating costs were reduced. These lower expenses were partly offset by incremental costs incurred to ensure the health and safety of our staff. In addition, further digital investments were made compared to last year, consistent with our strategic plan.</p>

For the three months ended June 30	2020	2019	% change
Revenue	99,005	114,100	(13.2)
Government funding	284,039	274,224	3.6
Expenses	(378,391)	(398,932)	(5.1)
Results before other gains and losses	4,653	(10,608)	N/M
Net results under IFRS for the period	4,906	(12,410)	N/M
Budget Results for the period¹	22,455	3,073	N/M

N/M = not meaningful

¹Budget Results is a non-IFRS measure. This measure considers only revenue or expenses included in, or funded by our operating budget. A reconciliation of net results to Budget Results is provided in the *Discussion of results* section of this report.

Net results under IFRS for the period were a gain of \$4.9 million, compared to a loss of \$12.4 million in the first quarter last year. Our results improved by \$17.3 million due primarily to lower expenses by \$20.5 million (5.1%), higher government funding recognized in income by \$9.8 million (3.6%), and lower revenue by \$15.1 million (13.2%).

Budget Results for the period were a gain of \$22.5 million compared to \$3.1 million last year. The improved results this quarter largely reflect our lower costs and the timing of recognizing government funding. Our budget results are normally higher than the IFRS results, which include certain non-cash expenses not funded by our operating budget such as depreciation and non-cash pension expenses.

BUSINESS HIGHLIGHTS

COVID-19 Response

Canada's public broadcaster was facing a vastly different reality at the beginning of the new fiscal year. Our workforce rapidly transitioned to telework in record time, with upwards of 80% of employees working from home on any given day, all while continuing to serve Canadians during an unprecedented crisis.

To help Canadians through the COVID-19 situation, CBC/Radio-Canada delivered special access to content across all of its platforms, including trusted news and information to stay informed, educational resources for kids and parents, and a wide variety of programming to keep Canadians entertained when they need a break.

The COVID-19 pandemic created exceptionally high demand for news content on nearly all platforms. The growth in digital was remarkable. Before the pandemic, CBC/Radio-Canada typically ranked seventh in terms of top digital properties in Canada, used by over 20 million Canadians monthly; by April, it had moved to fourth, used by over 24 million Canadians, behind only foreign Internet giants, Google, Microsoft, and Facebook.¹ Even on traditional television, audiences surged: viewers to CBC's *The National* nearly doubled at its height in late March, while audiences to Radio-Canada's *Téléjournal 22h* were up over 60%.²



Marie-Lou St-Onge, host of *Sur le vif* on ICI PREMIÈRE in Ottawa-Gatineau, broadcasting from home | Radio-Canada

Content and Services

French Services

Since the pandemic began, Radio-Canada has marshalled its full resources to keep French-speaking Canadians informed of developments. Among other initiatives, we made ICI RDI freely available on our television and digital platforms until June 30. Our news teams used data journalism to [shed new light](#) on COVID-19. Rad, our journalism lab, covered the social impact of the crisis in a video series called *Distanciation sociale* (Social Distancing), while MAJ provided [original, relevant coverage](#) of the pandemic for kids and teens. Radio-Canada also launched *BOUGE!*, a new weekday show for youngsters aged 6 to 8 stuck at home to help them stay active and healthy during this unprecedented time. We also kept our audiences entertained; the special Mother's Day broadcast of *En direct de l'univers* hosted by France Beaudoin was watched by nearly 1.5 million viewers on ICI TÉLÉ, the largest audience ever for this show.

To protect our employees and the general public, we adapted our production workflows for shows such as *Tout le monde en parle*, *Infoman* and *Bonsoir bonsoir!*. In a special [Coup de chapeau](#) (Hats Off) day, all ICI PREMIÈRE radio programs paid tribute to people who have made a difference during the COVID-19 pandemic. To support music artists through this difficult period, we also put on [Le petit Festival ICI Musique](#), featuring virtual performances, Montreal Symphony Orchestra concerts and the much-anticipated announcement of our Révélations Radio-Canada for 2020–2021.

This first quarter was highlighted by our international coverage of the Black Lives Matter movement against racial inequality. We also strengthened Radio-Canada's Community Inclusion team with the appointment of [Dorothy Alexandre](#) and [Isabelle Picard](#) to help connect diverse talent with Radio-Canada and promote close, productive labour relations with traditionally underrepresented communities, including Indigenous peoples and visible minorities. To [celebrate National Indigenous Peoples Day](#) in June, Radio-Canada presented a content lineup that illustrated the often untold history of Canada's Indigenous peoples as well as their contemporary challenges and achievements. Lastly, we created an internship program for people with disabilities aimed at increasing their representation in our workforce and making the workplace more accommodating so as to improve retention of these employees.

¹ Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly unique visitors, Canada.

² Source: Numeris PPM, persons aged 2+.

Teams from all our regional centres joined forces to launch a Canada-wide digital initiative called *Empreintes*, a collection of engaging human-interest stories set in different parts of the country. Finally, we reached beyond our borders to sign a [partnership](#) with RTBF, Belgium's French-language public broadcaster, to bring homegrown productions such as *District 31*, *Ruptures*, *Trop* and *Les bogues de la vie* to a wider audience. The deal also saw 10 Belgian productions, including digital originals, documentaries and newsmagazines, added to the ICI TOU.TV EXTRA premium VOD lineup.

English Services

Keeping Canadians informed, enlightened and entertained under challenging circumstances in the first quarter of the year was our number one priority. At the outset of the COVID-19 crisis in Canada, we offered CBC News Network to all viewers with or without a cable subscription. Canadians in different regions stayed connected with public CBC town halls on topics like COVID-19 and anti-Black racism. National events – including the first ever all-virtual JUNO Awards, virtual Canada Day celebrations, and the [vigil](#) for the victims of the mass shooting in April in Nova Scotia – were broadcast live, helping Canadians come together in times of celebration, and in times of grief. In March, CBC News made the difficult decision to temporarily scale back local supperhour newscasts for operational reasons due to the surge in COVID-19 related live news stories across the country. This was a temporary measure to ensure stability in our news service to Canadians. By June 15, all local weekday CBC TV newscasts across the country were back on-air.

To support Canada's hard-hit creative community, we [announced](#) that 119 original Canadian projects had been selected to receive immediate support through THE CBC CREATIVE RELIEF FUND, exceeding the initial commitment with \$2.2 million in development and production funding confirmed across three programming streams. With close to 9,000 submissions, 99 projects were selected for development funding and 20 for production funding, including 43% (or 51 projects) from self-identified Black, Indigenous and People of Colour (BIPOC) creators.

Canadians also bid farewell to Michael Enright after a 20 year career on CBC Radio. Piya Chattopadhyay will take over as the [new host](#) of Sunday mornings on CBC Radio One, starting this fall. Chattopadhyay and the team will develop a new format for the program on CBC Radio One and the CBC Listen app.

CBC celebrated Indigenous History Month across all of our platforms and announced a new position in English Services dedicated to Indigenous Engagement and Inclusion. We launched our next session of CBC Abilicrew Placements for Excellence – a national program to support workplace experience for young Canadians with disabilities, which will start in September 2020. Pride was also celebrated across our platforms including a CBC Gem selection of programming, and *They & Us*, a new [podcast on gender identity](#) hosted by journalist Faith Fundal launched by CBC British Columbia. Finally, CBC announced the imminent launch of an expanded [Being Black in Canada](#) website, featuring the stories and experiences of Black Canadians, and highlighting narratives that matter to Black communities, including relevant news pieces, individual successes, and historical content.

Technology and Infrastructure

COVID-19 response

During the first quarter of 2020-2021, our Technology and Facility Management teams were heavily involved in keeping our content on air and our employees safe in the face of the global COVID-19 pandemic. Working closely with BGIS, our national facility management contractor, our teams ensured that facilities were thoroughly cleaned, and new protocols and guidelines were rapidly put in place. The safety of employees required to work in our locations across the country continues to be the highest priority.

The new Maison de Radio-Canada

Despite the pandemic, work continued this quarter on the new Maison de Radio-Canada (MRC) – CBC/Radio-Canada's new, state-of-the-art broadcast centre in Montreal. Even with very few people on site, our project team was able to configure equipment to allow remote-controlled operations thanks to the IP and IT technologies in the new MRC. Real-time audio/video signal streaming allowed engineers and technicians to continue configuring systems while working from home.

Construction and installation progressed, and part of the newsroom infrastructure was ready to undergo end-to-end operational testing. Several radio studios are now operational, and final checks will be done in anticipation of the first broadcasts planned for the end of the summer. Migration to new servers used for post-production was completed in May 2020 for the news and television operations, and editing suites are now in use. Furniture installation resumed and small project-related teams will be the first ones to move into the new premises over the summer.

People and Culture

COVID-19 response

People and Culture actively supported employees and their families during the pandemic through the Employee Assistance Program (EAP) and the newly-launched virtual healthcare service “Dialogue”, which gives employees online access to healthcare professionals. We continued to provide HR support to our employees whether they are working from home or the office. We have also kept in regular contact with unions and organizations that represent our employees to ensure open communication and collaboration.

Diversity and Inclusion

Recent events have brought the issue of racism, especially anti-Black and anti-Indigenous racism, to the forefront of much of our work at CBC/Radio-Canada and highlighted the need to accelerate progress on our Diversity and Inclusion Plan, which was launched in 2018.

To respond to the current context, the Corporation’s Diversity and Inclusion Working Group [announced](#) ambitious new hiring, retention and promotion goals to build a more representative and inclusive workforce. Across CBC/Radio-Canada, by 2021–2022, half of all new hires for executive and senior management positions will be Indigenous people, visible minorities, or people with disabilities, and retention and promotion rates for people from these three groups will be doubled. These new representation objectives are supported by related diversity and inclusion activities, including making unconscious bias training mandatory for people leading people, including senior management, and available on demand to any employee; and committing resources to better identify internal and external candidates from three target groups (Indigenous people, visible minorities, and people with disabilities) for our hiring pool. In addition, we are continuing to provide training on inclusive newsrooms, the impact of unconscious bias on our content, and reporting in Indigenous communities.

Other Business Matters

The Minister of Canadian Heritage [announced the appointment](#) of two new members of the CBC/Radio-Canada Board of Directors on June 4, 2020. The nominations of Bill Tam and Sandra Mason were effective immediately. The appointments were guided by the work of the Independent Advisory Committee on Appointments to the CBC/Radio-Canada Board of Directors, established by the government in 2017. One appointment was a replacement for Harley Finkelstein who resigned from the Board after serving for more than two years. The other appointment was for Edward Boyd’s position as he had completed two full terms as a CBC/Radio-Canada Director.

In light of the COVID-19 pandemic, the CRTC administratively renewed our licences until August 31, 2021 and postponed our licence renewal hearing from May 25, 2020 to January 11, 2021. The hearing is scheduled to take place over a 10-day period and will consider CBC/Radio-Canada’s applications to renew the broadcasting licences for its various English- and French-language audio and audio-visual programming services.

PERFORMANCE UPDATE

Our Performance – *Your Stories, Taken to Heart*

Below are the Key Performance Indicators (KPI) that measure and track our progress with respect to our strategy, *Your Stories, Taken to Heart*, and its five strategic priorities: customized digital services, engaging with young audiences, prioritizing our local connections, reflecting contemporary Canada and taking Canada to the world.³ These priorities are shaping our strategic initiatives for the next two years.

Targets are specific to the markets we operate in and consider a number of factors such as market realities, competition and service penetration rate. This year's targets and results outlined below are discussed further in the CBC and Radio-Canada sections on the following pages.

Annual targets for 2020-2021 were established using our best estimates of the impacts of the COVID-19 pandemic. The first quarter results vary from our annual targets due to the severe impact of the pandemic that continued throughout the period. We anticipate that performance metrics may remain volatile throughout 2020-2021, as the duration and severity of the pandemic remains unknown.

INDICATORS	MEASUREMENTS	TARGETS 2020-2021	RESULTS APR 1 TO JUN 30, 2020
Customized digital services			
1. Digital reach of CBC/Radio-Canada ⁴	Monthly average unique visitors	21.5M	23.9M
2. Digital engagement with CBC/Radio-Canada ⁵	Monthly average minutes per visitor	43 min/vis	56 min/vis
Engaging with young audiences			
3. Digital visits to CBC/Radio-Canada kids content ⁶	Monthly average visits	2,066K	3,184K
Prioritizing our local connections			
4. Digital engagement with CBC News/Regions ⁵	Monthly average minutes per visitor	25 min/vis	29 min/vis
5. Digital engagement with Radio-Canada Info/Régions ⁵	Monthly average minutes per visitor	16 min/vis	26 min/vis
Reflecting contemporary Canada			
6. Employment equity representation ⁷	% of new external hires	38.4%	18.6%

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices from an ever-growing array of content providers. As media consumption habits change, measurement suppliers and the Corporation are refining and introducing new methodologies to ensure accuracy and completeness of data. Since some of these are used to measure our strategic and operational performance, adjustments to targets and historical results may be required to enhance comparability.

Customized digital services

The first quarter of 2020-2021 has been highly impacted by the COVID-19 pandemic. As a result of Canadians turning to our digital services in large numbers to get informed and entertained in this time of crisis, our digital reach and digital engagement are trending above target.

³ The KPIs for *Your Stories, Taken to Heart* is the complete measurement framework for the Corporation, and replaces our KPIs and Accountability Plan from the previous strategic plan. Our fifth strategic priority – taking Canada to the world – is measured via an internal KPI.

⁴ Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly unique visitors, April to March, Canada. Unduplicated reach of CBC/Radio-Canada digital platforms.

⁵ Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly minutes per visitor to CBC/Radio-Canada digital platforms | CBC News/Regions | Radio-Canada Info/Régions, April to March, Canada.

⁶ Source: Adobe Analytics, average of monthly visits to kids content on Zone Jeunesse, ICI TOU.TV, CBC Kids sites, CBC Kids News and CBC Gem, April to March.

⁷ This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.

Engaging with young audiences

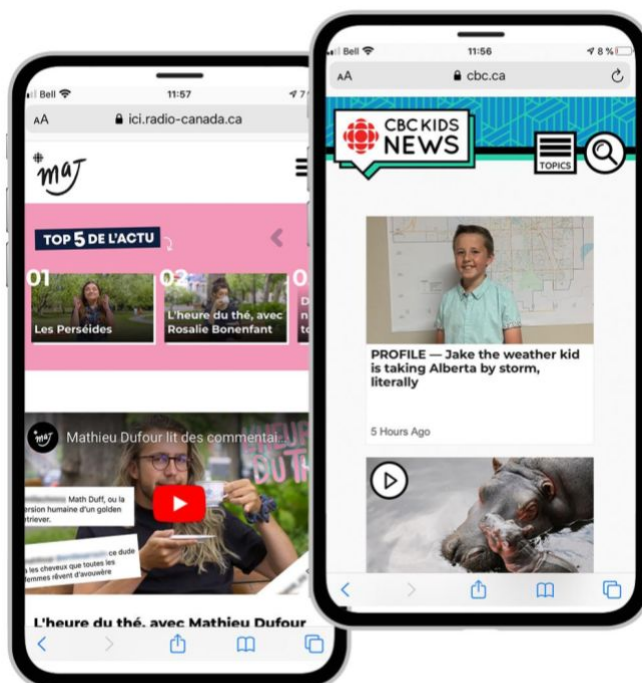
Traffic to our overall digital offering for kids content has also been impacted by the pandemic, as many young Canadians and parents turned to our youth programming during the period. The result is currently trending above target with over 3 million visits per month.

Prioritizing our local connections

Digital engagement for our news, info and regions sections is currently trending above target for both CBC and Radio-Canada, due to the coverage of major news events, such as the COVID-19 pandemic, the shootings in Nova Scotia and the coverage of the anti-Black racism protests.

Reflecting contemporary Canada

In the first quarter of 2020-21, employment equity representation of our new employees is tracking behind target but is expected to grow throughout the year as we continue to implement our [Diversity and Inclusion Plan](#) across the Corporation.



CBC Kids News and Radio-Canada's MAJ provided coverage of the pandemic for kids and teens.



CBC's Being Black in Canada project highlights stories of the Black experience in Canada.

Our Performance – Media Lines

We use Media Lines reporting to measure performance against our operational targets, which mostly focus on audience reach and share through our various platforms and revenue across all our services. While the Corporation continues to monitor the performance of its discretionary television services, we have not reported our subscriber data for competitive reasons.

Annual targets for 2020-2021 were established using our best estimates of the impacts of the COVID-19 pandemic. The first quarter results vary from our annual targets due to the severe impact of the pandemic that continued throughout the period. We anticipate that performance metrics may remain volatile throughout 2020-2021, as the duration and severity of the pandemic remains unknown.

Our first quarterly report contains a partial list of KPIs because many of the principal targets are measured starting in September each year. KPIs are not available for ICI TÉLÉ, ICI PREMIÈRE, ICI MUSIQUE, CBC Television, CBC Radio One and CBC Music until the fall, and are consequently not presented until our third quarterly report.

Radio-Canada 2020-2021 Results

INDICATORS	MEASUREMENTS	TARGETS 2020-2021	RESULTS APR 1 TO JUNE 30, 2020
Customized digital services			
Digital reach ⁸	Monthly average unique visitors	5.1M	6.5M
Digital engagement ⁹	Monthly average minutes per visitor	47 min/vis	66 min/vis
Engaging with young audiences			
Digital visits to kids content ¹⁰	Monthly average visits	379K	676K
Prioritizing our local connections			
Digital engagement with Radio-Canada Info/Régions ⁹	Monthly average minutes per visitor	16 min/vis	26 min/vis
Reflecting contemporary Canada			
Employment equity representation ¹¹	% of new external hires	21.7%	11.1%
Television			
ICI RDI, ICI ARTV and ICI EXPLORA ¹²	All-day audience share	5.3%	7.2%
Revenue			
Total revenue ¹³	Conventional, discretionary, online	\$184M	\$44M

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Refer to page 7 for more information on our methodologies.

Customized digital services

The impact of COVID-19 and sustained consumption of digital content marked the first quarter. As a result, our digital reach and engagement are above target.

⁸ Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly unique visitors, April to March, Canada. Unduplicated reach of Radio-Canada digital platforms.

⁹ Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly minutes per visitor to Radio-Canada | Radio-Canada Info/Régions, April to March, Canada.

¹⁰ Source: Adobe Analytics, average of monthly visits to kids content on Zone Jeunesse and ICI TOU.TV, April to March.

¹¹ This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.

¹² Source: Numeris PPM, francophones in Quebec aged 2+, April to March.

¹³ Includes Radio-Canada advertising revenue, subscription revenue and other revenue (e.g., content sales).

Engaging with young audiences

For the same reasons, digital visits to youth content are also at a high level. New content offered on ICI TOU.TV in this context, such as [Bouge!](#) and [Demande donc à Rosalie](#) therefore contributed to this performance.

Prioritizing our local connections

Digital engagement with regional information and content is very high thanks to a large supply of regional content, especially related to COVID-19 coverage.

Reflecting contemporary Canada

This quarter, employment equity representation of our new employees was tracking below the annual target. We will continue working on various Diversity and Inclusion initiatives throughout the year, and anticipate improvement with the recent appointments of Dorothy Alexandre as Senior Specialist and Outreach Coordinator in the Community Inclusion Team and Isabelle Picard as Senior Specialist in Indigenous Affairs.

Television

Since the start of the year, the combined share of our three specialty channels has been tracking well ahead of our annual target, mostly due to ICI RDI's free preview period and COVID-19 coverage.

Revenue

After the first quarter, revenue is tracking towards the 2020-2021 target which considers the expected impacts of the pandemic.



Wildinette Paul, journalist with ACADIE TÉLÉ on ICI Radio-Canada | Radio-Canada

CBC 2020-2021 Results

INDICATORS	MEASUREMENTS	TARGETS 2020-2021	RESULTS APR 1 TO JUN 30, 2020
Customized digital services			
Digital reach ¹⁴	Monthly average unique visitors	18.1M	20.3M
Digital engagement ¹⁵	Monthly average minutes per visitor	35 min/vis	41 min/vis
Engaging with young audiences			
Digital visits to kids content ¹⁶	Monthly average visits	1,687K	2,508K
Prioritizing our local connections			
Digital engagement with CBC News/Regions ¹⁵	Monthly average minutes per visitor	25 min/vis	29 min/vis
Reflecting contemporary Canada			
Employment equity representation ¹⁷	% of new external hires	47.7%	15.4%
Television and Radio			
CBC News Network ¹⁸	All-day audience share	1.7%	2.7%
Revenue			
Total revenue ¹⁹	Conventional, discretionary, online	\$184M	\$44M

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Refer to page 7 for more information on our methodologies.

Customized digital services

At the onset of the COVID-19 pandemic, CBC saw increased traffic to its digital platforms. As a result of these gains we have successfully exceeded our digital reach and engagement targets this quarter.

Engaging with young audiences

Digital visits to CBC Kids content continues to see strong growth as children, families, teachers, and school boards across Canada turned to our CBC Kids, CBC Kids News and CBC Parents sites looking for e-learning resources. In particular, CBC Kids saw a spike in visitors aided in part by the launch of a brand-new games section on cbckids.ca offering new curation opportunities and improved discoverability of our large library of ad-free games.

Prioritizing our local connections

Digital engagement with CBC News/Regions is tracking above target after the first quarter. Overall we continue to see growth in engagement from the coverage of major news stories (e.g., COVID-19, Black Lives Matter movement, Nova Scotia shooting).

Reflecting contemporary Canada

Employment equity representation of our new employees is tracking behind the target for this quarter. We expect results to grow over the course of the year as we continue to explore new initiatives and implement our [Diversity and Inclusion Plan](#) across the Corporation.

¹⁴ Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly unique visitors, April to March, Canada. Unduplicated reach of CBC digital platforms.

¹⁵ Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly minutes per visitor to CBC | CBC News/Regions, April to March, Canada.

¹⁶ Source: Adobe Analytics, average of monthly visits to kids content on CBC Kids sites, CBC Kids News and CBC Gem, April to March.

¹⁷ This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.

¹⁸ Source: Numeris PPM, persons aged 2+, April to March.

¹⁹ Includes CBC advertising revenue, subscription revenue and other revenue (e.g., content sales).

Television

CBC News Network is tracking above the annual target primarily driven by coverage of the pandemic early in the first quarter. The decision to make CBC News Network free to all Canadians also contributed to an increase in viewership. Audiences are, as expected in the second quarter, slowly returning to levels typically experienced during the summer months.

Revenue

After the first quarter of the fiscal year, revenue is tracking towards the 2020-2021 target which considers the expected impacts of the pandemic.



All platforms shared content on June 21 for National Aboriginal Day | CBC/Radio-Canada

Measuring our Canadian Content

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC), which sets conditions of license for ICI TÉLÉ and CBC Television. As shown in the table below, in the current broadcast year-to-date and in the previous full broadcast year, ICI TÉLÉ and CBC Television exceeded the CRTC's Canadian content conditions of license, both over the whole day and in prime time.

	YEARLY CONDITIONS OF LICENSE	RESULTS SEP 1, 2017 TO AUG 31, 2018	RESULTS SEP 1, 2018 TO AUG 31, 2019
ICI TÉLÉ			
Broadcast day	75%	79%	79%
Prime time	80%	92%	91%
CBC Television			
Broadcast day	75%	82%	78%
Prime time	80%	87%	84%



CBC Vancouver's Tina Lovgreen reporting from the field – all safety precautions met | CBC

DISCUSSION OF RESULTS

The following discussion provides a more detailed analysis of our financial performance.

Results under IFRS and Budget Results

For the three months ended June 30	2020	2019	% change
Revenue	99,005	114,100	(13.2)
Government funding	284,039	274,224	3.6
Expenses	(378,391)	(398,932)	(5.1)
Results before other gains and losses	4,653	(10,608)	N/M
Other gains and losses	253	(1,802)	N/M
Net results under IFRS for the period	4,906	(12,410)	N/M
Items not included in our operating budget			
Pension and other employee future benefits	9,913	14,333	(30.8)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	3,910	3,858	1.3
Other provisions for non-cash items	3,726	(2,708)	N/M
Budget Results for the period¹	22,455	3,073	N/M

N/M = not meaningful

¹Budget Results is a non-IFRS measure. An explanation of Budget Results is provided below.

Net results under IFRS for the period

Net results under IFRS for the period were a gain of \$4.9 million, an increase of \$17.3 million, due to:

- Lower expenses by \$20.5 million (↓ 5.1%) as a result of the COVID-19 pandemic. Programming content costs decreased as various shows and productions were delayed or cancelled. We also reduced other operating costs such as all non-essential travel and training. In addition, expenses in the same quarter last year were comparatively higher as we covered provincial elections. These decreases were partly offset by incremental costs during the pandemic related to health and safety and facilities management. In addition, we also made additional digital investments this quarter consistent with our strategic plan.
- Higher government funding recognized in income this quarter by \$9.8 million (↑ 3.6%).
- Other gains and losses related to the retirement of assets in the regular course of our operations improved by \$2.1 million.

These improvements in our results were partly offset by lower revenue by \$15.1M (↓ 13.2%) as our TV advertising revenue was adversely impacted by the economic slowdown during the pandemic which significantly reduced TV advertising spending.

Budget Results for the period

We define Budget Results as Net results under IFRS less the adjustments for revenue or expenses not included in our operating budget. This measure is used by management to help monitor performance and balance the Corporation's budget with parliamentary appropriations. We believe this measure provides useful complementary information to readers, while recognizing that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

Adjustments include the elimination of non-cash pension and other employee future benefit costs, which represent the excess of the IFRS expense over the actual cash contribution for the period. Adjustments are also made for other non-cash items such as the depreciation, amortization and decommissioning of capital assets; the amortization of deferred capital funding; and non-budgetary annual leave.

Our Budget Results for the period improved by \$19.4 million to a gain of \$22.5 million. The improved results this quarter largely reflect our lower expenses and the timing of government funding recognized into income.

Revenue

For the three months ended June 30	2020	2019	% change
Advertising			
English Services	22,764	24,129	(5.7)
French Services	25,000	31,902	(21.6)
	47,764	56,031	(14.8)
Subscriber fees			
English Services	15,664	16,109	(2.8)
French Services	15,575	14,962	4.1
	31,239	31,071	0.5
Financing, investment and other income			
English Services	6,053	11,289	(46.4)
French Services	3,167	4,317	(26.6)
Corporate Services	10,782	11,392	(5.4)
	20,002	26,998	(25.9)
TOTAL	99,005	114,100	(13.2)

Our revenue decreased by \$15.1 million (↓ 13.2%), as described below.

Advertising (↓ 14.8%)

Our advertising revenue depends on the different events of significant importance we cover throughout the quarter, the overall health of the advertising market and the success of our programming schedule. Conventional television advertising revenue is experiencing downward pressure as consumer content consumption habits are increasingly shifting towards digital platforms.

For the three months ended June 30	2020	2019	% change
TV advertising	38,530	48,173	(20.0)
Digital advertising	9,234	7,858	17.5
	47,764	56,031	(14.8)

The decrease in TV advertising revenue this quarter resulted from lower TV advertising sales for both CBC and Radio-Canada by \$9.6 million (↓ 20.0%), driven by lower demand during the COVID-19 outbreak. These declines were partly offset by higher digital advertising revenue of \$1.4 million (↑ 17.5%) as video traffic and usage of our platforms increased during the pandemic.

Subscriber fees (↑ 0.5%)

Our subscriber revenue is driven by the rates and the number of subscribers for our services. Subscribers to our discretionary TV platforms are declining due to the adverse effects of the cord-shaving trend affecting the cable industry.

For the three months ended June 30	2020	2019	% change
Discretionary TV platforms	26,406	27,918	(5.4)
Digital platforms	4,833	3,153	53.3
	31,239	31,071	0.5

Our subscriber revenue remained nearly flat relative to the same period last year. Revenue from discretionary TV platforms decreased due to subscriber base decreases on CBC News Network, ICI RDI and ICI ARTV. This was offset by growth on our digital platforms, notably ICI TOU.TV EXTRA and CBC Gem.

Financing, investment and other income (↓ 25.9%)

Financing, investment and other income depends on the different events and transactions throughout the quarter as it includes production revenue from host broadcasting services and revenue from the sale of content. It also reflects revenue from our rentals, sponsorships and retransmission rights. More information about our revenue streams is provided in note 13 Revenue of our Interim Financial Statements.

The \$7.0 million (↓ 25.9%) decrease in financing, investment and other income during the first quarter was due to lower production revenue from providing facilities and services to third parties during the pandemic.

These decreases were partly offset by higher program licence sales by \$1.6 million, and higher social media sales due to increased digital audiences during the pandemic.

Operating expenses

For the three months ended June 30	2020	2019	% change
Television, radio and digital services costs			
English Services	196,531	203,759	(3.5)
French Services	159,257	171,742	(7.3)
	355,788	375,501	(5.2)
Other operating expenses			
Transmission, distribution and collection	13,171	14,721	(10.5)
Corporate management	2,507	2,911	(13.9)
Finance costs	6,925	5,799	19.4
	22,603	23,431	(3.5)
TOTAL	378,391	398,932	(5.1)

Our total operating expenses decreased by \$20.5 million (↓ 5.1%) compared to the same period last year, with the main variances noted below.

Television, radio and digital services costs (↓ 5.2%)

Television, radio and digital services costs depend on the different events of importance we cover throughout the quarter and on our ongoing programming schedule. They represent the costs we incur in relation to the production of our programs, including the cost of our technical labour and facilities.

The \$19.7 million (↓ 5.2%) decrease in television, radio and digital services costs resulted from:

- Lower content expenses as COVID-19 restrictions resulted in several shows, events and productions being either delayed or cancelled, as well as reduced travel costs;
- Lower royalty expenses following the rendering of a tariff decision by the Copyrights Board of Canada this quarter; and
- In the first quarter of last year expenses were comparatively higher as we incurred additional costs to cover provincial elections and the lead up to the 2019 Canadian federal election.

These decreases were partly offset by higher digital costs as we continued to invest in our digital content and expand our technical capabilities in accordance with our strategic plan. We also incurred incremental costs this quarter to respond to the COVID19 outbreak as we purchased additional protective personal equipment, made adjustments within our facilities, and increased our cleaning procedures.

Other operating expenses (↓ 3.5%)

Other operating expenses include costs related to the broadcasting of the Corporation's programs ("transmission, distribution and collection costs"), corporate management costs, and finance costs.

Other operating expenses decreased by \$0.8 million (↓ 3.5%), mainly due to lower **transmission, distribution and collection costs** from reduced consultant spending and travel costs due to COVID-19 restrictions. This was partly offset by higher **finance costs** recognized for accounting purposes primarily related to real estate leases.

Government funding

For the three months ended June 30	2020	2019	% change
Parliamentary appropriations for operating expenditures	259,304	246,889	5.0
Parliamentary appropriations for working capital	1,000	1,000	-
Amortization of deferred capital funding	23,735	26,335	(9.9)
TOTAL	284,039	274,224	3.6

Parliamentary appropriations for operating expenditures are recognized based on our expected needs, according to budgeted revenue and expenditures for the period.

Capital funding is recorded as **deferred capital funding**. It is amortized and recognized as revenue over the same periods as the related property, equipment and intangible assets are used in CBC/Radio-Canada's operations.

Parliamentary appropriations for operating expenditures was higher by \$12.4 million (↑ 5.0%). Our government funding recognized in the first quarter was higher due to the timing of our expected needs between quarters. Our overall annual base appropriation levels have remained unchanged in 2020-2021, with the exception of the receipt of retroactive salary inflation funding.

Amortization of deferred capital funding was lower by \$2.6 million (↓ 9.9%), consistent with our expectations.

Other gains and losses

For the three months ended June 30	2020	2019	% change
Gain (loss) on disposal of property and equipment and intangibles	253	(1,802)	N/M
TOTAL	253	(1,802)	N/M

N/M = not meaningful

Other gains and losses improved by \$2.1 million overall. The gain of \$0.3 million this quarter and the loss of \$1.8 million in the first quarter last year were related to the retirement of assets in the regular course of our operations.

Total comprehensive income (loss)

For the three months ended June 30	2020	2019	% change
Net results for the period	4,906	(12,410)	N/M
Other comprehensive income (loss)			
Remeasurements of defined benefit plans	(403,525)	(169,329)	N/M
Total comprehensive income (loss) for the period	(398,619)	(181,739)	N/M

N/M = not meaningful

Remeasurements of defined benefit plans are driven by significant non-cash fluctuations in our pension plans' obligations and assets that occur when actual results or interest rates differ from our actuarial assumptions. We recognize these movements immediately in other comprehensive income each period.

Total comprehensive loss recognized this quarter was \$398.6 million, compared to \$181.7 million in the same period last year. In addition to our net results, total comprehensive income includes remeasurements of pension plans as described above.

The decline of the pension plans' net position of \$403.5 million this quarter was mostly due to a 104 basis-point (bp) decrease in the discount rate to 2.75%, which increased the value of plan obligations by \$1.2 billion. This was offset by a gain on plan assets of \$798.5 million from a higher return on assets than estimated in our actuarial assumptions. This significant decrease in the discount rate was driven by a decrease in Canadian corporate bond yields, as well as a decrease in credit spreads during the quarter as financial markets continue to be volatile over the course of the pandemic.

In the same period last year, the decrease of the pension plans' net position of \$169.3 million was mostly due to a 35 bp decrease in the discount rate to 2.97%, which increased the value of plan obligations by \$412.2 million, offset by a gain on plan assets of \$242.9 million from a higher return on assets than estimated in our actuarial assumptions.

CAPITAL RESOURCES, FINANCIAL CONDITION AND LIQUIDITY

Revenue and Other Sources of Funds

We have four sources of direct funding: government appropriations for operating and capital expenditures, advertising revenue, subscriber fees, and financing and other income.

Government funding: This quarter, operating funding recognized in income was \$259.3 million, capital funding recognized was \$23.7 million and working capital funding recognized was \$1.0 million.

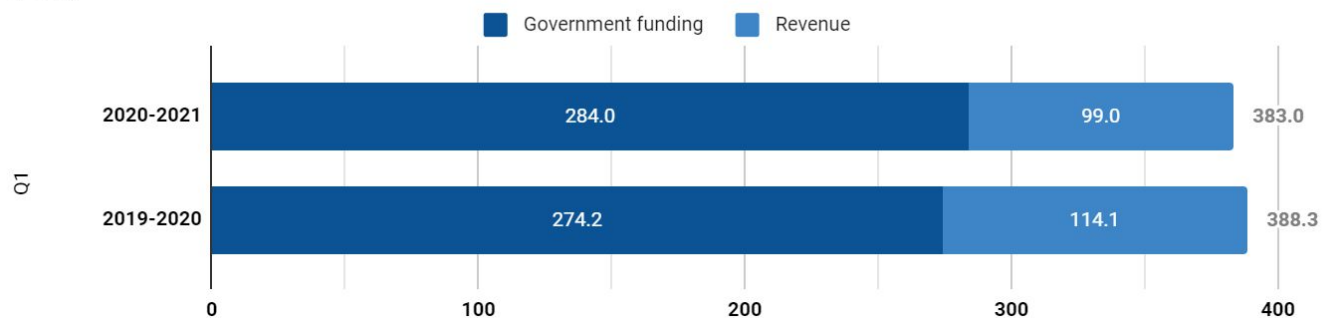
Advertising revenue: This includes ongoing sales of advertising on our conventional television channels, digital platforms, discretionary television services and other platforms. As a result of the market's shift away from conventional advertising platforms, TV advertising revenue is decreasing as a proportion of our total source of funds, while digital advertising on our OTT and news platforms is increasing.

Subscriber fees: These are fees from our discretionary services: CBC News Network, documentary, CBC Gem, ICI EXPLORA, ICI ARTV, ICI RDI, ICI TOU.TV EXTRA and Curio.ca. Subscriber fees from our traditional platforms are experiencing downward pressure from the continuing cord-cutting and cord-shaving trends.

Financing and other income: This includes ongoing income from activities such as the rental of real estate assets, content sales, leasing of space at our transmission sites, host broadcasting sports events such as World Championships and contributions from the Canada Media Fund.

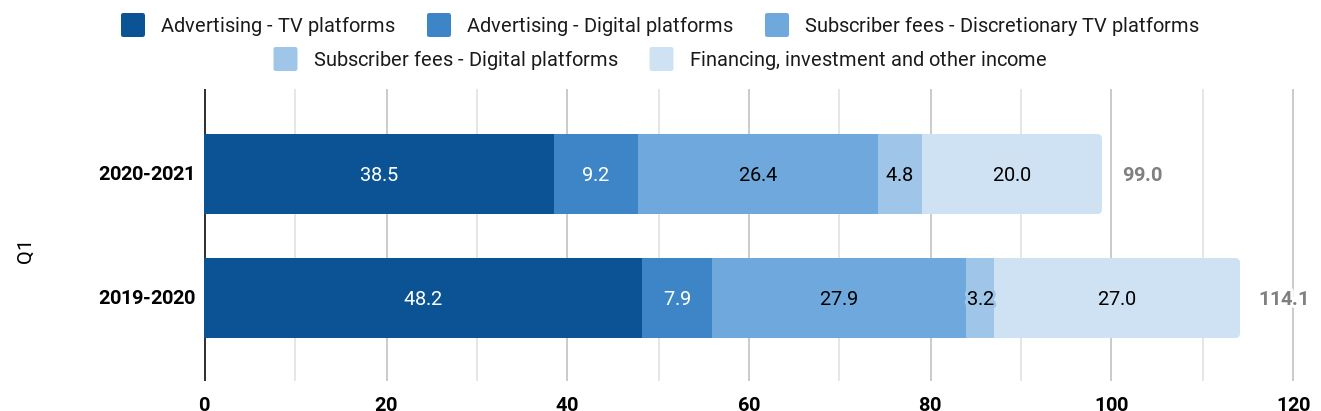
Sources of funding

(in \$M)



Revenue

(in \$M)



Financial Condition, Cash Flows and Liquidity

We rely on parliamentary appropriations and the cash generated from our operations to fund our operating activities and our capital needs in an environment highly dependent on technology. Specifically, our main sources of liquidity are parliamentary appropriations for operating, capital and working capital requirements, and revenue such as the sale of advertising on our various platforms.

Cash position

For the three months ended June 30	2020	2019	% change
Cash - beginning of the period	72,386	89,697	(19.3)
Changes in the period			
Cash from (used in) operating activities	43,685	(45,672)	N/M
Cash used in financing activities	(29,087)	(26,519)	9.7
Cash from investing activities	9,001	82,061	(89.0)
Net change	23,599	9,870	N/M
Cash - end of the period	95,985	99,567	(3.6)

N/M = not meaningful

Cash from (used in) operating activities

Cash from operating activities was \$43.7 million this year, compared to \$45.7 million used in operating activities for the same period last year. Fluctuations in working capital have a significant impact on cash received or disbursed in the course of our operations. Cash receipts were higher compared to the same period last year due to the timing of parliamentary appropriations for operating expenditures.

Cash used in financing activities

Cash outflows for financing activities increased by \$2.6 million compared to the same period last year. The increase is mostly explained by higher payments for lease obligations, because the lease for the new Maison de Radio-Canada started in the fourth quarter of 2019-2020.

Cash from investing activities

Cash inflows from investing activities decreased by 73.1 million because during the first quarter of fiscal year 2019-2020, several Canada Mortgage Bonds held by the Corporation matured. There were no similar transactions this quarter.

Borrowing plan

The *Broadcasting Act*, section 46.1, confers on CBC/Radio-Canada the authority to borrow up to \$220.0 million, or such greater amount as may be authorized by parliament, subject to approval of the Minister of Finance. Section 54.(3.1) of the *Act* requires that our borrowing plan be included in our Corporate Plan. Borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47.(1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. Therefore, our assets and liabilities are the assets and liabilities of the Government of Canada.

RISK UPDATE

As Canada's national public broadcaster, we occupy an important place in the Canadian broadcasting system and face a unique set of risks to our plans and operations. Like all broadcasters, we must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. Given our statutory mandate to serve all Canadians, we also face unique public expectations and financial challenges.

It is our policy to develop, implement and practise effective risk management to ensure risks and opportunities that impact our strategies, objectives and operations are identified, assessed and managed appropriately.

A full assessment of risks, potential impacts and our risk mitigation strategies is provided in our 2019-2020 Annual Report. There have been no significant changes to our risk profile since year-end, noting our continued management of the COVID-19 pandemic's impact on the Corporation discussed throughout this report.

We are taking a measured approach to the reintegration of employees to our work sites. Most employees continue to work remotely, with less than 20% of employees – mainly those involved with essential operations such as news presentation and newsgathering – reintegrated into our offices.

We have implemented a financial contingency plan which includes reductions of operating expenses, significant postponement of capital expenditures, and management of programming expenses to offset expected revenue losses. The duration of the pandemic may adversely impact the ability of the Corporation to meet all of its programming obligations.

It is anticipated that the effects of COVID-19 will persist into fiscal year 2021-2022, including continuing economic pressures and programming disruptions. We will need to continue to serve Canadians with vital news, information and entertainment programming during this unprecedented crisis while keeping our staff safe amid ongoing health and safety concerns.

One other update to the risks identified in the 2019-2020 Annual Report is provided below:

Government's cultural policies modernization and CRTC Licence renewal

COVID-19 has resulted in the delay of the CRTC's public hearing, originally scheduled for May 2020. The CRTC has administratively renewed our licences for one year to August 31, 2021 and has rescheduled the public hearing for our licence renewals to begin on January 11, 2021.



Adapting our way of working at the outset of the pandemic to stay on air to serve Canadians | CBC

FINANCIAL REPORTING DISCLOSURE

Our first quarter condensed interim consolidated financial statements (“interim financial statements”) were prepared in accordance with IFRS, as issued by the IASB, under IAS 34 – *Interim Financial Reporting* and adopted by the Accounting Standards Board (AcSB). They were approved by the Corporation’s Board of Directors on August 25, 2020. These interim financial statements were prepared using the same basis of presentation and accounting policies as outlined under Note 2 of our audited annual financial statements for the year ended March 31, 2020 (“2020 audited annual financial statements”). Our interim financial statements do not include all of the notes required in the 2020 audited annual financial statements.

Discussion and analysis of our financial condition and results of operations are based upon our interim financial statements.

Future Accounting Standards

Refer to Note 3 of the interim financial statements for information pertaining to accounting pronouncements effective in 2020-2021 and in future periods.

At the date of this report, there were no future accounting standards or amendments issued by the IASB that are expected to significantly impact our consolidated financial statements.

Key Accounting Estimates and Critical Judgments

The preparation of these interim financial statements requires management to make estimates and judgments about the future. Estimates and judgments are based on historical experience and other factors, and are continually evaluated. Actual results could differ from those estimates.

There have been no material changes to our critical accounting estimates in the first three months of 2020-2021. Our key accounting estimates and critical judgments are disclosed in the relevant notes to our 2020 audited annual financial statements.

Transactions with defined benefit plans

We made employer contributions to defined benefit plans as discussed in Note 11. We also provided management and administrative services to our defined benefit pension plans.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements ("interim financial statements") in accordance with IAS 34 – *Interim Financial Reporting*, and for such internal controls as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the interim financial statements.

Based on our knowledge, these unaudited interim financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the interim financial statements.



Catherine Tait
President and Chief Executive Officer

Ottawa, Canada
August 25, 2020



Michael Mooney
Acting Executive Vice-President and Chief Financial Officer



INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

FIRST QUARTER
**FINANCIAL
REPORT**
2020-2021



Q1

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		As at June 30	As at March 31
(in thousands of Canadian dollars)		2020	2020
NOTE			
ASSETS			
Current			
Cash		95,985	72,386
Marketable securities		3,735	-
Bonds receivable	4,16	56,711	85,680
Promissory notes receivable		3,559	3,498
Trade and other receivables	5,16	131,245	138,398
Programming	6	320,247	319,475
Prepaid expenses		44,291	37,215
Investment in finance lease		3,943	3,878
Derivative financial instruments		492	1,410
Assets classified as held for sale	7	78	46
		660,286	661,986
Non-current			
Bonds receivable	4,16	28,404	-
Property and equipment	7	791,687	797,997
Intangible assets	8	23,530	24,861
Right-of-use (ROU) assets	9	356,432	358,501
Pension plan asset	11	301,032	689,590
Promissory notes receivable		26,942	27,855
Programming	6	105,394	79,966
Investment in finance lease		29,336	30,346
Deferred charges		28,861	29,142
		1,691,618	2,038,258
TOTAL ASSETS		2,351,904	2,700,244
LIABILITIES			
Current			
Accounts payable and accrued liabilities		72,234	115,968
Provisions	10	23,875	29,745
Pension plans and employee-related liabilities	11	209,124	200,609
Financial obligations		31,024	34,607
Lease liabilities	12	18,220	18,296
Deferred revenue and other liabilities		20,845	17,092
Deferred operating vote drawdown	14	83,696	-
		459,018	416,317
Non-current			
Deferred revenue and other liabilities		32,673	36,715
Pension plans and employee-related liabilities	11	259,329	234,492
Financial obligations		216,376	230,823
Lease liabilities	12	329,028	330,063
Deferred capital funding	14	532,175	529,910
		1,369,581	1,362,003
TOTAL LIABILITIES		1,828,599	1,778,320
EQUITY			
Retained earnings		522,577	921,214
Total equity attributable to the Corporation		522,577	921,214
Non-controlling interests		728	710
TOTAL EQUITY		523,305	921,924
TOTAL LIABILITIES AND EQUITY		2,351,904	2,700,244

Contingent liabilities (NOTE 10) and Commitments (NOTE 18)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME (LOSS) (UNAUDITED)

		For the three months ended June 30	
(in thousands of Canadian dollars)	NOTE	2020	2019
REVENUE	13		
Advertising		47,764	56,031
Subscriber fees		31,239	31,071
Other income		18,152	24,189
Financing and investment income		1,850	2,809
		99,005	114,100
GOVERNMENT FUNDING	14		
Parliamentary appropriation for operating expenditures		259,304	246,889
Parliamentary appropriation for working capital		1,000	1,000
Amortization of deferred capital funding		23,735	26,335
		284,039	274,224
EXPENSES			
Television, radio and digital services costs		355,788	375,501
Transmission, distribution and collection costs		13,171	14,721
Corporate management costs		2,507	2,911
Finance costs		6,925	5,799
		378,391	398,932
Results before other gains and losses		4,653	(10,608)
OTHER GAINS AND LOSSES			
Gain (loss) on disposal of property and equipment and intangibles		253	(1,802)
Net results for the period		4,906	(12,410)
Net results attributable to:			
The Corporation		4,888	(12,399)
Non-controlling interests		18	(11)
		4,906	(12,410)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

		For the three months ended June 30	
(in thousands of Canadian dollars)	NOTE	2020	2019
COMPREHENSIVE INCOME (LOSS)			
Net results for the period		4,906	(12,410)
Other comprehensive income (loss) - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	11	(403,525)	(169,329)
Total comprehensive income (loss) for the period		(398,619)	(181,739)
Total comprehensive income (loss) attributable to:			
The Corporation		(398,637)	(181,728)
Non-controlling interests		18	(11)
		(398,619)	(181,739)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2020		921,214	710	921,924
Changes during the period				
Net results for the period		4,888	18	4,906
Remeasurements of defined benefit plans	11	(403,525)	-	(403,525)
Total comprehensive income for the period		(398,637)	18	(398,619)
Balance as at June 30, 2020		522,577	728	523,305

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2019		719,556	636	720,192
Changes during the period				
Net results for the period		(12,399)	(11)	(12,410)
Remeasurements of defined benefit plans	11	(169,329)	-	(169,329)
Total comprehensive income for the period		(181,728)	(11)	(181,739)
Balance as at June 30, 2019		537,828	625	538,453

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

		For the three months ended June	
			30
(in thousands of Canadian dollars)	NOTE	2020	2019
CASH FLOWS FROM (USED IN)			
OPERATING ACTIVITIES			
Net results for the period		4,906	(12,410)
Adjustments for:			
(Gain) loss on disposal of property and equipment and intangibles		(253)	1,802
Financing and investment income	13	(1,850)	(2,809)
Finance costs		6,925	5,799
Change in fair value of financial instruments designated as fair value through profit and loss	16	918	416
Depreciation and amortization	7,8,9	27,646	30,386
Change in deferred charges		280	(324)
Net change in programming asset	6	(25,193)	(842)
Amortization of deferred capital funding	14	(23,735)	(26,335)
Change in deferred appropriations for operating expenditures		83,696	26,111
Change in deferred revenue and other liabilities [non-current]		(4,278)	-
Change in pension plan asset	11	388,558	177,323
Change in pension plans and employee-related liabilities	11	(369,357)	(152,510)
Amortization of bond premium		80	49
Movements in working capital	15	(44,659)	(92,328)
		43,684	(45,672)
FINANCING ACTIVITIES			
Payment of lease liabilities	12	(4,358)	(3,132)
Repayment of financial obligations		(13,541)	(12,682)
Interest paid		(11,188)	(10,705)
		(29,087)	(26,519)
INVESTING ACTIVITIES			
Parliamentary appropriations for capital funding	14	26,000	27,000
Additions to property and equipment and intangible assets	7,8	(17,447)	(32,185)
Acquisition of bonds receivable	4	(28,422)	(40,654)
Acquisition of marketable securities		(3,735)	-
Net proceeds from disposal of property and equipment	7	360	51
Collection of financial assets	4	30,620	125,087
Interest received		1,626	2,762
		9,002	82,061
Change in cash		23,599	9,870
Cash, beginning of the period		72,386	89,697
Cash, end of the period		95,985	99,567

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2020 (UNAUDITED)

BUSINESS AND ENVIRONMENT

This Section sets out the basis of preparation of these condensed interim financial statements when compared to the Corporation's latest complete set of audited annual financial statements for the year ended March 31, 2020. This section also shows new and future changes in policies and whether they are effective in 2020 or later years. We explain how these changes are expected to impact the financial position and performance of the Corporation.

1. GENERAL INFORMATION

CBC/Radio-Canada (the Corporation, We, Us, Our) was first established by the 1936 *Broadcasting Act*. The Corporation, a federal Crown Corporation domiciled in Canada, is an agent of Her Majesty and all assets and liabilities are those of the Government. Our registered office is located at 181 Queen Street, Ottawa ON K1P 1K9. The Corporation is accountable to Parliament through the Minister of Canadian Heritage and in accordance with section 85(1.1) of the *Financial Administration Act*, the Corporation is exempt from certain sections from Divisions I to IV of Part X of this Act.

As the national public broadcaster, we provide radio, television and digital services in both official languages, delivering predominantly and distinctly Canadian programming to reflect Canada and its regions to national and regional audiences.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

The Corporation has prepared these condensed interim consolidated financial statements as required by Section 131.1 of the *Financial Administration Act* which requires most parent Crown Corporations to prepare and make public quarterly financial reports in compliance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations. These condensed interim consolidated financial statements also comply with IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (IASB) and adopted by the Accounting Standards Board (AcSB).

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on August 25, 2020.

All amounts are in Canadian dollars, which is our functional currency, and rounded to the nearest thousand, unless otherwise noted.

B. Significant Items in the Current Period

COVID-19 Pandemic

This quarter, the COVID-19 pandemic continued to impact certain financial information and related estimates and judgments disclosed in these condensed interim consolidated financial statements. We reviewed the June 30, 2020 statement of financial position, and results of operations for the first quarter then ended, for all known effects of the pandemic. The most critical areas of review and any resulting impacts include:

Programming assets

The COVID-19 pandemic resulted in certain programming activities being delayed or cancelled. There was no change made to the measurement of the licence we hold with Rogers to broadcast NHL hockey given that the playoffs are now in process for the 2019-2020 season.

Advertising sales and trade receivables

Our main source of advertising revenue is derived from agreements with large agencies. The global advertising industry continues to be affected by the economic slowdown resulting from the COVID-19 pandemic since this industry is closely linked to macroeconomic activity. Management is monitoring the credit ratings of large advertising agencies. In addition, we continue to carefully monitor the aging and collection performance of our accounts receivable, especially as small to medium sizes agencies and direct advertisers are particularly challenged by the current economic environment. As a result, we have updated the risk ratings for those accounts. This did not result in a significant increase in our estimated expected credit losses (ECL) during the quarter.

Pension accounting

Canadian corporate bond yields have significantly decreased since March 2020. Long term government bond yields have decreased as the COVID-19 spread continues to push out economic recovery hopes. In addition, credit spreads have decreased relative to March as further information on the short-term economic impacts has become available.

As a result our pension discount rate has decreased by more than 100 basis-points (bp) when compared to our March 31 year-end. In the meantime, global equity markets have rallied since March but they continue to experience significant volatility. A sustained economic slowdown could impact actuarial assumptions and pension plan valuations.

C. Basis of Preparation

Basis of Presentation

As permitted under IAS 34, these interim consolidated financial statements are presented on a condensed basis and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the Corporation's latest complete set of audited annual financial statements for the year ended March 31, 2020 ("2020 audited annual financial statements"). Accordingly, they should be read in conjunction with the 2020 audited annual financial statements.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except as permitted by International Financial Reporting Standards (IFRS) and as otherwise indicated within these notes.

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those disclosed in the Corporation's 2020 audited annual financial statements.

The accounting policies have been applied consistently to all periods presented, unless otherwise noted.

Seasonality

Excluding government appropriations, approximately 50% of the Corporation's revenue comes from advertising revenue that tends to follow seasonal patterns, with the second quarter typically being the lowest as the summer season typically attracts fewer viewers. Advertising revenue also varies according to market and general economic conditions and the programming schedule. By contrast, subscriber-based revenue is less volatile on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern, as they are influenced by the programming schedule.

This year, seasonal trends are being impacted by COVID-19 and may not be reflective of past results.

Key Sources of Estimation Uncertainty and Critical Judgments

The preparation of these condensed interim consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of such financial statements and the reported amounts of revenue and expenses recorded during the period, as well as all related disclosures.

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in our Condensed Interim Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates. Similarly, critical judgments are reassessed at each reporting date. Refer to Note 2.B for a discussion of the effect of the pandemic on estimates and judgments.

3. NEW AND FUTURE CHANGES IN ACCOUNTING POLICIES

A. Adoption of New and Revised International Financial Reporting Standards

At the date of this report, there were no new pronouncements issued by the IASB or the IFRS Interpretations Committee that impacted these condensed interim consolidated financial statements.

B. Future Accounting Changes

At the date of this report, there were no future accounting standards or amendments issued by the IASB that are expected to significantly impact our consolidated financial statements.

ASSETS AND LIABILITIES

This section shows the assets used to fulfill our mandate and the liabilities incurred as a result. Only significant items are discussed below.

4. BONDS RECEIVABLE

We hold Canada Mortgage Bonds in order to fund future commitments.

The following table presents the contractual maturity profile of bonds receivable based on carrying value:

	June 30, 2020	March 31, 2020
Less than one year	56,711	85,680
Later than one year but not later than five years	28,404	-
Total	85,115	85,680

Interest income related to bonds receivable included in the current year's revenue and presented as finance income was \$0.2 million (2019 – \$0.7 million).

5. TRADE AND OTHER RECEIVABLES

	June 30, 2020	March 31, 2020
Trade receivables	118,075	125,639
Allowance for doubtful accounts	(869)	(384)
Other	14,039	13,143
	131,245	138,398

Trade receivables disclosed above include amounts that are past due at the end of the reporting period.

Trade receivables are subject to credit risk which is further discussed in Note 16.B.

6. PROGRAMMING

A. Programming by Category

	June 30, 2020	March 31, 2020
Completed programs	170,212	178,875
Programs in process of production	104,325	100,712
Broadcast rights available for broadcast within the next twelve months	45,710	39,888
	320,247	319,475
Broadcast rights not available for broadcast within the next twelve months	105,394	79,966
	425,641	399,441

B. Movement in Programming

	June 30, 2020	March 31, 2020
Opening balance	399,441	316,356
Additions	298,987	1,198,534
Programs broadcast	(272,787)	(1,115,449)
Balance, end of period	425,641	399,441

Programs broadcast include programming write-offs for the three months ended June 30, 2020 of \$0.7 million (2019 – \$0.7 million). Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

7. PROPERTY AND EQUIPMENT

A. Cost and Accumulated Depreciation

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2020	107,790	459,590	182,739	977,756	148,652	90,639	1,967,166
Additions	-	-	-	1,622	1,550	10,580	13,752
Transfers (refer to Note 8)	-	1,352	(74)	1,689	1,212	(3,792)	387
Assets classified as held for sale	(32)	-	-	-	-	-	(32)
Disposals and write-offs	100	(172)	-	(7,498)	(1,156)	-	(8,726)
Cost as at June 30, 2020	107,858	460,770	182,665	973,569	150,258	97,427	1,972,547
Accumulated depreciation as at March 31, 2020	-	(260,652)	(41,585)	(758,470)	(108,462)	-	(1,169,169)
Depreciation for the period	-	(4,976)	(1,985)	(10,542)	(2,808)	-	(20,311)
Reclassification of depreciation on disposals and write-offs	-	85	-	7,379	1,156	-	8,620
Accumulated depreciation as at June 30, 2020	-	(265,543)	(43,570)	(761,633)	(110,114)	-	(1,180,860)
Net carrying amount as at June 30, 2020	107,858	195,227	139,095	211,936	40,144	97,427	791,687

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2019	107,746	476,560	69,895	1,013,947	158,140	122,400	1,948,688
Additions	-	21	-	12,631	5,375	106,398	124,425
Transfers (refer to Note 8)	-	10,032	116,403	8,711	7,697	(138,159)	4,684
Assets classified as held for sale	44	(12)	-	16	-	-	48
Disposals and write-offs	-	(27,011)	(3,559)	(57,549)	(22,560)	-	(110,679)
Cost as at March 31, 2020	107,790	459,590	182,739	977,756	148,652	90,639	1,967,166
Accumulated depreciation as at March 31, 2019	-	(254,443)	(40,290)	(761,823)	(118,843)	-	(1,175,399)
Depreciation for the year	-	(26,568)	(4,344)	(51,916)	(12,053)	-	(94,881)
Reclassification of depreciation on assets classified as held for sale	-	12	-	(5)	-	-	7
Reclassification of depreciation on disposals and write-offs	-	20,347	3,049	55,274	22,434	-	101,104
Accumulated depreciation as at March 31, 2020	-	(260,652)	(41,585)	(758,470)	(108,462)	-	(1,169,169)
Net carrying amount as at March 31, 2020	107,790	198,938	141,154	219,286	40,190	90,639	797,997

The contractual commitments for the acquisition of property and equipment were \$35.4 million as at June 30, 2020 (March 31, 2020 - \$10.6 million).

B. Impairment and Other Charges

There were no impairment losses recorded or reversed during the three months ended June 30, 2020 (2019 – nil).

C. Assets Classified as Held for Sale

Consistent with our financial plan to reduce our real estate footprint, properties were classified as held for sale for accounting purposes as at June 30, 2020 with a total carrying value of \$0.1M (March 31, 2020 - \$0.1M). These properties are expected to be sold on a site by site basis over the next twelve months.

D. Disposals

There were no significant disposals during the first quarter of 2020-2021.

The small net gain during the three months ended June 30, 2020 resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

8. INTANGIBLE ASSETS

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2020	139,504	51,603	5,220	196,327
Additions	-	-	783	783
Transfers (refer to Note 7)	71	407	(865)	(387)
Disposals and write-offs	(4,200)	(68)	-	(4,268)
Cost as at June 30, 2020	135,375	51,942	5,138	192,455
Accumulated amortization as at March 31, 2020	(137,450)	(34,016)	-	(171,466)
Amortization for the period	(212)	(1,514)	-	(1,726)
Reclassification of amortization on disposals and write-offs	4,200	67	-	4,267
Accumulated amortization as at June 30, 2020	(133,462)	(35,463)	-	(168,925)
Net carrying amount as at June 30, 2020	1,913	16,479	5,138	23,530

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2019	142,311	46,823	5,668	194,802
Additions	-	1,014	13,279	14,293
Transfers (refer to Note 7)	1,087	7,956	(13,727)	(4,684)
Disposals and write-offs	(3,894)	(4,190)	-	(8,084)
Cost as at March 31, 2020	139,504	51,603	5,220	196,327
Accumulated amortization as at March 31, 2019	(140,335)	(32,532)	-	(172,867)
Amortization for the year	(1,009)	(5,667)	-	(6,676)
Reclassification of amortization on disposals and write-offs	3,894	4,183	-	8,077
Accumulated amortization as at March 31, 2020	(137,450)	(34,016)	-	(171,466)
Net carrying amount as at March 31, 2020	2,054	17,587	5,220	24,861

The contractual commitments for the acquisition of intangible assets were \$1.1 million as at June 30, 2020 (March 31, 2020 - \$2.6 million).

There were no impairment losses recorded or reversed during the three months ended June 30, 2020 (2019 – nil).

9. RIGHT-OF-USE (ROU) ASSETS

ROU assets consist primarily of real estate leases for the rental of office and production space and technical equipment for transmission activities. The lease of office and production space typically runs for periods between 2 and 37 years, and lease of technical equipment (including transmission assets) for 5 to 35 years.

As at June 30, 2020	Land	Buildings	Leasehold improvements	Technical equipment	Total
Net carrying amount for the period	2,233	332,017	4,663	17,519	356,432
Depreciation charge for the period	88	4,403	150	968	5,609

As at March 31, 2020	Land	Buildings	Leasehold improvements	Technical equipment	Total
Net carrying amount for the year	2,270	333,527	4,813	17,891	358,501
Depreciation charge for the year	344	11,551	602	3,859	16,356

Additions to the ROU assets during the first quarter of 2020-2021 were \$3.5 million (\$0.4 million in 2019-2020).

10. PROVISIONS AND CONTINGENT LIABILITIES

	Legal and other	Environmental	Total
Opening balance	29,472	273	29,745
Additional provisions recognized	1,392	-	1,392
Provisions utilized	(1,757)	-	(1,757)
Reductions resulting from remeasurement or settlement without cost	(5,505)	-	(5,505)
Balance, end of period	23,602	273	23,875

Various claims and legal proceedings have been asserted or instituted against us. Some of these claims demand large monetary damages or other forms of relief, and could result in significant expenditures. These claims consist mainly of copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims where the outcome cannot be determined with certainty or the cash outflows are not probable are considered to be a contingency, with no provision recorded on our condensed interim consolidated financial statements.

At June 30, 2020, we had legal and other provisions amounting to \$23.6 million (March 31, 2020 – \$29.5 million). All matters are classified as current because, where estimable, we are working to resolve these matters within 12 months.

11. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES

A. Pension Plans Asset/Liabilities and Employee-Related Liabilities

Employee-related asset/liabilities recognized and presented in our Condensed Interim Consolidated Statement of Financial Position are as follows:

	Current		Non-current	
	June 30, 2020	March 31, 2020	June 30, 2020	March 31, 2020
Pension plan asset	-	-	301,032	689,590
Pension plans liability	-	-	137,502	120,375
Other post-employment plans	-	-	121,827	114,117
Vacation pay	76,056	68,136	-	-
Termination benefits	6,305	6,231	-	-
Salary-related liabilities	126,763	126,242	-	-
Total pension plans and employee-related liabilities	209,124	200,609	259,329	234,492

The amount included in our Condensed Interim Consolidated Statement of Financial Position arising from our obligation in respect of our defined benefit plans is as follows:

	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
	June 30, 2020			March 31, 2020		
Fair value of plan assets	8,286,096	-	-	7,470,541	-	-
Defined benefit obligation	7,985,064	137,502	121,827	6,780,951	120,375	114,117
Net asset (liability) arising from defined benefit obligation	301,032	(137,502)	(121,827)	689,590	(120,375)	(114,117)

B. Significant Actuarial Assumptions

As disclosed in Note 15 *Pension Plans and employee-Related Liabilities* of the Corporation's 2020 audited annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period to ensure that the net defined benefit (liability) asset recognized in the financial statements is updated for significant changes arising from non-recurring events. The impact on the net defined benefit (liability) asset arising from any such changes in assumptions is recognized in other comprehensive income as a remeasurement for the period.

The significant actuarial assumptions used for the purposes of determining the defined benefit obligation and pension benefit costs were:

Assumptions – annual rates	June 30, 2020	March 31, 2020
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.79%	3.32%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	2.75%	3.79%
Discount rate - long service gratuity	2.26%	3.48%
Discount rate - LTD benefit	2.26%	3.48%
Discount rate - life insurance	2.67%	3.75%

C. Total Cash Payments

Our cash payments for pension, other post-employment and other long-term benefits were as follows:

For the three months ended June 30	2020	2019
Benefits paid directly to beneficiaries	2,944	3,356
Employer regular contributions to pension benefit plans	13,913	13,943
Total cash payments for defined benefit plans	16,857	17,299

The Canadian Broadcasting Corporation Pension Plan (the "Plan") is funded on the basis of actuarial valuations, which are made on an annual basis. Employees are required to contribute a percentage of their pensionable salary to the Plan. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

D. Defined Benefit Obligation

Movements in the present value of the defined benefit obligation were as follows:

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
	June 30, 2020		March 31, 2020	
Opening defined benefit obligation	6,901,326	114,117	7,192,327	122,580
Current service cost	27,251	1,055	124,783	5,398
Interest cost	64,629	859	236,484	3,685
Contributions from employees	12,475	-	61,423	-
Remeasurements:				
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	106,831	1,943
Actuarial (gains)/losses arising from changes in financial assumptions	1,198,227	8,740	(531,049)	(4,531)
Actuarial (gains)/losses arising from experience adjustments	(4,282)	-	30,856	-
Benefits paid	(77,060)	(2,944)	(320,329)	(14,958)
Closing defined benefit obligation	8,122,566	121,827	6,901,326	114,117

E. Fair Value of Plan Assets

Movements in the fair value of the plan assets were as follows:

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
	June 30, 2020		March 31, 2020	
Opening fair value of plan assets	7,470,541	-	7,566,902	-
Administration fees (other than investment management fees)	(2,000)	-	(7,000)	-
Interest income on plan assets	69,772	-	247,736	-
Return on plan assets, excluding interest income	798,455	-	(134,645)	-
Contributions from employees	12,475	-	61,423	-
Contributions from the Corporation	13,913	2,944	56,454	14,958
Benefits paid	(77,060)	(2,944)	(320,329)	(14,958)
Closing fair value of plan assets	8,286,096	-	7,470,541	-

F. Defined Benefit Plans Costs

Amounts recognized in Other Comprehensive Income (Loss)

For the three months ended June 30	2020	2019
Current service cost	28,306	32,261
Administration fees (other than investment management fees)	2,000	1,750
Interest cost on defined benefit obligation	65,488	59,906
Interest income on plan assets	(69,772)	(61,934)
Other	705	151
Expense recognized in net results	26,727	32,134
Less:		
Remeasurements recognized in other comprehensive income (loss)	403,525	169,329
Total	430,252	201,463

Retained earnings include \$770.3 million of cumulative actuarial gains as at June 30, 2020 (March 31, 2020 gains – \$1,173.8 million).

Expense recognized in net results

For the three months ended June 30	2020	2019
Television, radio and digital services costs	25,658	30,849
Transmission, distribution and collection costs	802	964
Corporate management costs	267	321
Total	26,727	32,134

12. LEASE LIABILITIES

	June 30, 2020	March 31, 2020
Land	2,173	2,198
Buildings	321,199	321,270
Leasehold improvements	5,041	5,195
Technical equipment	18,835	19,696
Total	347,248	348,359

Maturity Analysis

	June 30, 2020	March 31, 2020
Contractual undiscounted cash flows		
Less than one year	20,681	27,498
One to five years	93,202	99,854
More than five years	369,413	354,513
Total undiscounted lease liabilities	483,296	481,865
Lease liabilities included in the Condensed Interim Consolidated Statement of Financial Position	347,248	348,359

Amounts recognized in our Condensed Interim Consolidated Statement of Cash Flows

For the three month period ended June 30, 2020, total cash outflows for leases amounted to \$6.7 million (2019 - \$4.1 million). Interest expense related to lease liabilities included in current period's expenses and presented as finance costs was \$2.5 million (2019 - \$1.1 million).

Some of the real estate leases in which we are the lessee contain variable lease payments that are linked to an index or rate. These types of payments are common in the real estate industry.

INCOME, EXPENSES AND CASH FLOWS

This Section focuses on our results and cash flows. On the following pages you will find disclosures explaining the Corporation's revenue and government funding for the period and supplemental cash flow information.

13. REVENUE

For the three months ended June 30	2020	2019
TV advertising ¹	38,530	48,173
Digital advertising	9,234	7,858
Subscriber fees	31,239	31,071
Production revenue ²	1,865	8,687
Program license sales	6,584	4,979
Retransmission rights	2,029	1,052
Program sponsorship	55	396
Other services	386	391
Revenue from contracts with customers	89,922	102,607
Foreign exchange gain	693	125
Net loss from the change in fair value of financial instruments	(918)	(416)
Leasing income	7,458	7,656
Financing and investment income	1,850	2,809
Other gains and losses	-	1,319
Other sources of income*	9,083	11,493
	99,005	114,100

* Out of scope of IFRS 15 - *Revenue from Contracts with Customers*.

¹ For the period ended June 30, 2020, TV advertising included revenue from exchange of services of \$0.2 million (2019 - \$0.5 million).

² For the period ended June 30, 2020, Production revenue included revenue from exchange of services of \$0.1 million (2019 - \$5.4 million).

Advertising Revenue

For the three months ended June 30	2020	2019
English services	22,764	24,129
French services	25,000	31,902
Total advertising revenue	47,764	56,031

Subscriber Revenue

For the three months ended June 30	2020	2019
English services	15,664	16,109
French services	15,575	14,962
Total subscriber revenue	31,239	31,071

Other Income

For the three months ended June 30	2020	2019
Production revenue		
English services	288	5,885
French services	1,577	2,802
Total production revenue	1,865	8,687
Program license sales		
English services	4,874	3,481
French services	1,710	1,498
Total program license sales	6,584	4,979
Leasing income*	7,458	7,656
Retransmission rights	2,029	1,052
Program sponsorship	55	396
Other services	386	391
Other gains and losses*	-	1,319
Foreign exchange gain*	693	125
Net loss from the change in fair value of financial instruments*	(918)	(416)
	9,703	10,523
Total other income	18,152	24,189

* Out of scope of IFRS 15 - Revenue from Contracts with Customers

Contract Balances

Contract assets represent our right to consideration in exchange for services that have already been transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets primarily comprise usage-based royalties from retransmission rights arrangements related to previously satisfied performance obligations. As a copyright owner of radio and TV programming, we are entitled to revenue from retransmission rights as distant signals are retransmitted in Canada or overseas. Our right to consideration is dependent upon the tariff set by the Copyright Board of Canada and our share within various retransmission rights collectives.

Contract assets are presented under "Trade and Other Receivables" in our Condensed Interim Consolidated Statement of Financial Position. Trade and Other Receivables include \$10.2 million of contract assets as at June 30, 2020 (March 31, 2020 – \$9.1 million). There was no impairment loss in relation to contract assets for the periods considered.

Contract liabilities primarily relate to cash payments received in advance of our performance, mostly related to host broadcasting and program sponsorship revenue streams. Contract liabilities are presented as current liabilities under "Deferred Revenue" in our Condensed Interim Consolidated Statement of Financial Position. Deferred Revenue include \$7.2 million of contract liabilities as at June 30, 2020 (March 31, 2020 - \$7.7 million).

14. GOVERNMENT FUNDING

We receive a substantial portion of our funding from the Government of Canada.

A. Government funding received

Parliamentary appropriations approved and the amounts we received are as follows:

For the three months ended June 30	2020	2019
Operating funding received	343,000	273,000
Capital funding received	26,000	27,000
Working capital funding	1,000	1,000
	370,000	301,000

B. Deferred operating vote drawdown

Parliamentary appropriation for operating expenditures is recognized in our Condensed Interim Consolidated Statement of Income (Loss) based on the net difference between quarterly budgeted expenses and revenue.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenue.

	June 30, 2020	March 31, 2020
Operating funding received during the period	343,000	1,098,114
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during the period	(259,304)	(1,098,114)
	83,696	-

C. Deferred capital funding

Capital Funding received is recorded as Deferred Capital Funding in our Condensed Interim Consolidated Statement of Financial Position, with income being recognized in our Condensed Interim Consolidated Statement of Income (Loss) over the same basis and over the same periods as the assets acquired using the appropriations.

	June 30, 2020	March 31, 2020
Opening balance	529,910	528,170
Government funding for capital expenditures	26,000	108,684
Amortization of deferred capital funding	(23,735)	(106,944)
Balance, end of period	532,175	529,910

15. MOVEMENTS IN WORKING CAPITAL

For the three months ended June 30	2020	2019
Changes in Working Capital are comprised of:		
Trade and other receivables	7,230	6,462
Programming asset	(772)	(45,671)
Prepaid expenses	(7,131)	(6,741)
Accounts payable and accrued liabilities	(40,821)	(33,669)
Provisions	(5,870)	1,619
Pension plans and employee-related liabilities	(820)	(6,440)
Programming liability	-	(5,659)
Deferred revenue and other liabilities	3,525	(2,229)
	(44,659)	(92,328)

OTHER

This section discloses information related to our financial instruments, related parties and commitments.

16. FINANCIAL INSTRUMENTS

A. Fair Value

The carrying values and fair values of our remaining financial assets and financial liabilities are listed in the following table:

	June 30, 2020		March 31, 2020			
	Carrying values	Fair values	Carrying values	Fair values	Method ¹	Note
Financial instruments measured at fair value through profit and loss on a recurring basis:						
Cash	95,985	95,985	72,386	72,386	Level 1	(a)
Marketable securities	3,735	3,735	-	-	Level 1	(a)
Derivative financial instruments	492	492	1,410	1,410	Level 2	(c)
Financial assets	100,212	100,212	73,796	73,796		
Financial instruments measured at amortized cost:						
Bonds receivable (current)	56,711	56,793	85,680	86,090	Level 2	(b)
Promissory notes receivable (current)	3,559	3,559	3,498	3,498	Level 2	(a)
Trade and other receivables	131,245	131,245	138,398	138,398	Level 2	(a)
Investment in finance lease (current)	3,943	3,943	3,878	3,878	Level 2	(a)
Bonds receivable (non-current)	28,404	28,420	-	-	Level 2	(b)
Promissory notes receivable (non-current)	26,942	30,698	27,855	31,682	Level 2	(c)
Investment in finance lease (non-current)	29,336	35,182	30,346	36,216	Level 2	(c)
Financial assets	280,140	289,840	289,655	299,762		
Accounts payable and accrued liabilities	72,234	72,234	115,968	115,968	Level 2	(a)
Financial obligations (current)	31,024	31,024	34,607	34,607	Level 2	(a)
Financial obligations (non-current)	216,376	260,424	230,823	279,374	Level 2	(d)
Financial liabilities	319,634	363,682	381,398	429,949		

¹Method refers to the hierarchy levels described in Note 2.C of our 2020 audited annual financial statements. Each level is based on the availability of observable inputs used to measure the fair values of assets and liabilities.

There have been no transfers between levels during the quarter ended June 30, 2020.

(a) The fair values approximate their carrying value due to the current nature of these instruments.

(b) The fair values for bonds that trade in markets that are not considered to be active are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the credit worthiness of the various counterparties.

(d) The fair values related to our various financial liabilities were determined using the expected future cash flows and were discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects our credit worthiness.

B. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. We record allowances for potential credit losses based on an ECL model in accordance with IFRS 9. Actual losses have not exceeded management's expectations in the past. Our maximum exposure to credit risk at June 30, 2020 and March 31, 2020 is the carrying value of the assets they relate to.

i) Trade and other receivables

The tables below provide an aging of our customer trade and other receivables and additional information related to the allowance for doubtful accounts.

Trade and other receivables over 30 days	June 30, 2020	March 31, 2020
31 - 60 days	3,819	24,321
61 - 90 days	13,789	13,700
Over 90 days	31,364	16,906
Total	48,972	54,927

Movement in allowance for doubtful accounts	June 30, 2020	March 31, 2020
Opening balance	(384)	(506)
Amounts written off during the period as uncollectible	4	281
Net increase in allowance for new impairments	(489)	(159)
Balance, end of period	(869)	(384)

ii) Bonds receivable

The Corporation holds Canada Mortgage Bonds that carry a determined fixed rate coupon comprised between 1.15% to 2.55% payable twice a year. The Corporation intends to hold these bonds until maturity. These government bonds have maturity dates ranging between December 2020 and December 2023. None of these assets had been past due or impaired at the end of the reporting period.

17. RELATED PARTIES

We enter into transactions with related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. We record these transactions at fair value. The following transactions were carried out with related parties:

For the three months ended June 30	Rendering of services		Receipt of services	
	2020	2019	2020	2019
Other related entities ¹	33	33	-	144
	33	33	-	144

¹ Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

In addition, cash payments for the Corporation's contributions to the defined benefit plans are disclosed in Note 11.C.

A. Transactions with Related Parties Excluding Government-Related Entities

There are no amounts owing to related parties and no amounts owing by related parties at June 30, 2020 (March 31, 2020 – nil) and no expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

B. Transactions with Government-Related Entities

We are a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). We have transactions with other government-related entities including but not limited to sales and purchases of goods and rendering and receiving of services.

The Corporation has elected to take an exemption under IAS 24 *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

Canada Mortgage Bonds

As described in Note 4, \$85.1 million was invested in Canada Mortgage Bonds (CMB) during the period (March 31, 2020 - \$85.7 million). CMB are issued by Canada Housing Trust (CHT), a special purpose trust guaranteed by CMHC, another Crown Corporation, and backed by the Government of Canada.

Contract with other Government-Related Entity

We will be designing and implementing a free virtual language learning platform for all Canadians, in support of bilingualism. We have received \$5.0 million from the Government of Canada for the provision of services required to create this new platform and acquire content which we recorded as deferred revenue. Through the program, Canadians will have access to a virtual learning environment, materials based on current events in Canada, Canadian cultural and artistic content, educational resources to help learners progress from a basic to an advanced level, and stimulating teaching tools to improve second-language comprehension and expression.

18. COMMITMENTS

Commitments are discussed in Note 27 *Commitments* of the Corporation's 2020 audited annual financial statements. Commitments for the purchase of property and equipment and intangible assets this quarter are disclosed within Note 7.A Property and Equipment and Note 8 Intangible assets of this report. There were no other material changes to commitments during the first quarter of 2020-2021.