

**BROADCASTING ACCESSIBILITY  
FUND (BAF), INC.**

**Financial Statements**

**Year ended December 31, 2021**

**BROADCASTING ACCESSIBILITY FUND (BAF), INC.**

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**December 31, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Broadcasting Accessibility Fund (BAF), Inc.

### *Opinion*

We have audited the financial statements of Broadcasting Accessibility Fund (BAF), Inc., which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Opinion*

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

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

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT - cont'd**

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

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

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
Date to be determined

**BROADCASTING ACCESSIBILITY FUND (BAF), INC.**

**Statement of Financial Position**

**December 31, 2021**

	2021	2020
<b>Assets</b>		
Current		
Cash	\$ 183,497	\$ 190,739
Investments (Note 3)	1,623,865	2,344,646
Investment income receivable	2,608	4,412
Prepaid expenditures	-	802
	<u>1,809,970</u>	<u>2,540,599</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	5,909	7,207
Grants payable (Note 4)	741,855	891,399
	<u>747,764</u>	<u>898,606</u>
Grants payable (Note 4)	53,762	76,720
	<u>801,526</u>	<u>975,326</u>
Net assets	<u>\$ 1,008,444</u>	<u>\$ 1,565,273</u>
<b>Net assets represented by</b>		
Unrestricted surplus fund	<u>\$ 1,008,444</u>	<u>\$ 1,565,273</u>

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**BROADCASTING ACCESSIBILITY FUND (BAF), INC.**

**Statement of Changes in Net Assets**

**Year ended December 31, 2021**

	2021	2020
<b>Balance, beginning of year</b>	\$ 1,565,273	\$ 2,190,082
<b>Excess of expenditures over revenue</b>	(556,829)	(624,809)
<b>Balance, end of year</b>	\$ 1,008,444	\$ 1,565,273

**BROADCASTING ACCESSIBILITY FUND (BAF), INC.****Statement of Operations****Year ended December 31, 2021**

	2021	2020
<b>Revenue</b>		
Realized and unrealized gains on investments (Note 5)	\$ 73,507	\$ 93,393
Dividends and other investment income	43,043	17,416
Interest income	94	3,178
Funding (Note 6)	-	12,015
	116,644	126,002
<b>Expenditures</b>		
Grants (Note 7)	379,176	442,521
Salaries, contractors and related benefits	228,429	223,059
Investment management fees	23,577	42,716
Professional fees	13,563	13,165
Office and website	12,126	10,225
Translation and interpretation fees	6,205	9,043
Board honorariums (Note 7)	4,506	5,186
Insurance	4,054	3,243
Accounting fees	1,837	1,653
	673,473	750,811
<b>Excess of expenditures over revenue</b>	<b>\$ (556,829)</b>	<b>\$ (624,809)</b>

**BROADCASTING ACCESSIBILITY FUND (BAF), INC.****Statement of Cash Flows**

Year ended December 31, 2021

	2021	2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of expenditures over revenue	\$ (556,829)	\$ (624,809)
Gains on investments	(73,507)	(93,393)
	(630,336)	(718,202)
Changes in		
Investment income receivable	1,804	(4,412)
Prepaid expenditures	802	(802)
Astral funding receivable	-	88,571
Accounts payable and accrued liabilities	(1,298)	2,504
Grants payable	(172,502)	(119,570)
Astral deferred contribution	-	(12,015)
	(801,530)	(763,926)
<b>Investing activities</b>		
Purchase of investments	(100,249)	(1,399,912)
Proceeds on sale of investments	894,537	1,330,119
	794,288	(69,793)
<b>Change in cash position</b>	(7,242)	(833,719)
<b>Cash, beginning of year</b>	190,739	1,024,458
<b>Cash, end of year</b>	\$ 183,497	\$ 190,739



# **BROADCASTING ACCESSIBILITY FUND (BAF), INC.**

## **Notes to Financial Statements**

**Year ended December 31, 2021**

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### **1. Nature of operations**

Broadcasting Accessibility Fund (BAF), Inc. ("Fund") was incorporated under the Canada Not-for-profit Corporations Act on October 10, 2012 and is a not-for-profit organization that is exempt from income taxes under the Income Tax Act.

The Fund was formed to:

- a) act as an independent and impartial funding body to support and fund innovative projects that provide platform-neutral solutions to promote accessibility of all broadcasting content in Canada;
- b) fund only projects that are incremental to the existing regulatory obligations of the broadcasting industry in Canada;
- c) fund projects which provide practical solutions that tangibly increase accessibility in broadcasting and which, whenever possible, make use of inclusive design principles to promote accessibility at the earliest stages and in the most cost-effective manner for new technologies and applications in Canada;
- d) retain an independent Funding Officer who shall be responsible for the day-to-day operations of the Fund subject to the overriding authority of the Board of Directors of the Fund;
- e) provide efficient and accessible service in English and French and make available in both official languages the Fund's documents necessary for potential applicants, including policies, funding criteria and annual reports; and
- f) do all things which are in furtherance of the foregoing.

# **BROADCASTING ACCESSIBILITY FUND (BAF), INC.**

## **Notes to Financial Statements**

**Year ended December 31, 2021**

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### **2. Summary of significant accounting policies**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Fund's management and Directors to make estimates and assumptions that affect the reported amount of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. These estimates and assumptions are reviewed periodically, and adjustments are reported in the Statement of Operations in the year in which they become known. Significant accounting policies are as follows:

#### **Fund accounting**

The accounts of the Fund are maintained in accordance with the principles of fund accounting and accordingly the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held as follows:

Unrestricted surplus fund - This fund includes unrestricted revenue sources received from funders and investment income and day-to-day operating expenditures.

#### **Investments**

Investments are recorded at fair value. Fair values are referenced to published price quotations in an active market at year-end.

Transaction costs associated with the acquisition of investments and investment fees are expensed when incurred.

#### **Grants payable**

Grants payable are recognized on signing of the grant application contract as it is this event that creates the obligation. The grants payable is based on approved contract letters. While contract payments made may be lower due to non-completion or performance, the difference between actual amounts paid and the agreements are not material and will be reflected in the Statement of Operations in the year that it is known. Any expenditure over the approved amount is the responsibility of the grant recipients.

# **BROADCASTING ACCESSIBILITY FUND (BAF), INC.**

## **Notes to Financial Statements**

**Year ended December 31, 2021**

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### **2. Summary of significant accounting policies - cont'd**

#### **Revenue recognition**

The Fund follows the deferral method of accounting for externally restricted contributions.

Revenue from unrestricted funding contributions are recognized as revenue of the unrestricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as deferred revenue and will be recognized as revenue in the Statement of Operations in the year the related expenditures are incurred.

Interest income, dividend and other investment income is recognized in the year it is earned. Realized investment gains and losses are recognized in the year the sale occurs. Unrealized gains and losses on investments are recognized at year-end based on the fair market value of the investments held.

#### **Foreign exchange**

The Fund's foreign currency operations are translated using the current rate method. Under this method, foreign denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rates in effect at the Statement of Financial Position date. Revenue and expenditures are translated at the rates of exchange in effect at their transaction dates. Exchange gains or losses arising on the translation are included in the Statement of Operations.

#### **Financial instruments**

The Fund initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amounts as appropriate.

The Fund subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations in the year incurred.

Financial assets measured at amortized cost on a straight line basis include cash and investment income receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and grants payable.

**BROADCASTING ACCESSIBILITY FUND (BAF), INC.**

**Notes to Financial Statements**

**Year ended December 31, 2021**

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**3. Investments**

	2021	2020
Fixed income pooled funds	\$ 1,228,191	\$ 1,756,462
Equity	395,674	588,184
	<u>\$ 1,623,865</u>	<u>\$ 2,344,646</u>

The costs of fixed income and equity instruments are \$1,242,986 (2020 - \$1,727,546) and \$298,673 (2020 - \$517,969), respectively.

**4. Grants payable**

	2021	2020
Total grant payable	\$ 795,617	\$ 968,119
Less current portion	(741,855)	(891,399)
	<u>\$ 53,762</u>	<u>\$ 76,720</u>

Expected repayments are as follows:

2022	\$ 741,855
2023	53,762
	<u>795,617</u>

## BROADCASTING ACCESSIBILITY FUND (BAF), INC.

### Notes to Financial Statements

Year ended December 31, 2021

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#### 5. Realized and unrealized gains on investments

	2021	2020
Unrealized gains (losses) on investments	\$ (1,151)	\$ 14,923
Realized gains on sale and maturity of investments	74,658	78,470
	<u>\$ 73,507</u>	<u>\$ 93,393</u>

#### 6. Astral funding receivable and deferred contribution

In 2014, the Fund was the recipient of funding from the Astral merger with BCE, in the amount of \$620,000 which was paid to the Fund in equal installments of \$88,571 from 2014 to 2020. This funding was externally restricted for use in French language projects and was deferred until the related qualifying expenditures were incurred. In the current year, \$Nil (2020 - \$12,015) was recognized as funding revenue in the Statement of Operations. The funding was fully spent at the end of the previous fiscal year.

#### 7. Established expenditure thresholds and related party transactions

The Fund was initiated as a result of Broadcasting Regulatory Policy CRTC 2012-430. In that policy and in the Fund's by-laws based on that policy, administrative expenditures are limited to 5.00% of total contributions received by the Fund and Board expenditures are limited to 1.00% of annual capital (exclusive of the costs of accommodating Directors with disabilities). In the current and prior year, the Fund's administrative and Board expenditures were within the established expenditure thresholds.

During the current year, the Fund paid to Board members \$12,652 (2020 - \$18,155) for services provided to the Fund. These transactions were recorded in grants and board honorariums expenditures. These transactions are recorded at the exchange amount which is the amount agreed to by the related parties.

## BROADCASTING ACCESSIBILITY FUND (BAF), INC.

### Notes to Financial Statements

Year ended December 31, 2021

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#### 8. Financial instruments

(a) Foreign exchange risk

Currency risk is the risk to the Fund's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Fund does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2021, the Fund had the following assets denominated in the US currency and translated to Canadian dollars at the year-end exchange rate:

	USD	CAD
Cash	\$ 73,422	\$ 93,085
Investments	220,971	280,147

(b) Market risk

The Fund mitigates its credit, market and other price risks and volatility through its investment policy which limits the type of investments it can invest in to Federal and Provincial government securities and utilities, banking institutions bankers acceptance, guaranteed investments certificates and term deposit receipts with chartered banks and a one-time approval of investing in a limited amount of fixed income and equity securities.

The Fund's management does not believe it is exposed to significant credit and liquidity risks arising from financial instruments.

#### 9. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. The Fund faces the potential risk as a result of the pandemic of a significant change in operational costs. Any change has been reflected in the financial statements.