

Sent by Electronic Mail

July 6, 2005

Mr. Nick Ketchum
Director, English-language Radio & TV Policy
Canadian Radio-television and
Telecommunications Commission
1 Promenade du Portage
Ottawa, Ontario
K1A 0N2

Dear Mr. Ketchum,

Re: CKVU-TV Vancouver Annual Report 2004

Further to our letter of January 7, 2005, and as requested by the Commission in your letter of June 11, 2002, please find enclosed our Auditor's Report on Tangible Benefits Expenditures to August 31, 2004 realized as a result of CHUM's acquisition of CKVU-TV.

Please note that there is a \$750,000 variance in the Canadian Drama expenditures for 2004 as between this audited report and the report we filed with the Commission on January 7, 2005. The primary reason for this difference is that in the initial report we included a tax credit loan for financing a film production and for which, as of the date of the preliminary report, there was considerable doubt as to its recoverability. In the last six months, this doubt has been largely eliminated, such that these amounts could be removed from the drama expenditures claimed in the initial report.

Consistent with the manner in which the Commission has treated this report and others in the past, CHUM respectfully requests that the detailed information relating to the licence fee paid for individual productions to independent producers be treated as confidential. An abridged version for examination by the public is attached.

We trust the enclosed is satisfactory.

Sincerely,



Peter Miller
Vice-President, Planning and Regulatory Affairs
Radio & Television
CHUM Limited

att.

April 18, 2005

Auditors' Report

**To the Directors of
CHUM Limited**

We have audited the Report on Tangible Benefits Expenditures to August 31, 2004 (the Report) related to Decision CRTC 2001-647 included as Attachment 2 to the CKVU-TV Vancouver Annual Report 2004. The financial information is based on the criteria set out in Decision CRTC 2001-647 dated October 15, 2001, the letter from the CRTC to Mr. Miller, Vice President Planning and Regulatory Affairs CHUM Television, dated June 11, 2002 addressing the format and accounting methodology (the Reporting Criteria) and the interpretation of the Reporting Criteria as set out in note 1 to the Report. This financial information is the responsibility of the management of CHUM Limited. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this Report presents fairly, in all material respects, the amounts spent to August 31, 2004 by CHUM Limited in accordance with the Reporting Criteria.

PricewaterhouseCoopers LLP

Chartered Accountants

Report on Tangible Benefit Expenditures to August 31, 2004
related to Decision CRTC 2001-647

Initiative	Total amount Committed for 7 Years (\$)	Amount Spent to Aug 31/03 (\$)	Amount Spent in 2004(\$)	Amount Spent to Date (\$)	Balance As of August 31, 2004 (\$)
Local News	2,200,000	2,043,076	810,414	2,853,490	(653,490) (over)
Local non-News	3,600,000	1,828,925	1,546,542	3,375,467	224,533
Script and Concept Development	230,000	(17,452)	115,760	98,308	131,692

Initiative	Total amount Committed for 7 Years (\$)	Cumulative Committed To Aug. 31/04 (incl.Spent)	Amount Spent to Aug 31/03 (\$)	Amount Spent in 2004(\$)	Amount Spent to Date (\$)	Balance (\$)
Canadian Drama	7,000,000	7,970,840	Nil	5,677,047	5,677,047	1,322,953
Vancouver's Other Stories	800,000		64,000	171,048	235,048	564,952
APTN	150,000		7,075	75,000	82,075	67,925
BCIT	175,000		72,000	8,000	80,000	95,000
Pearson-Shoyama	140,000		50,000		50,000	90,000
Scanning the Media	200,000		40,656		40,656	159,344
Media Literacy Teacher Training	150,000		75,112		75,112	74,888
Praxis Development	130,000		17,999	19,995	37,994	92,006
Media Awareness Network	25,000		10,000	15,000	25,000	0

(continued) Initiative	Total amount Committed for 7 Years (\$)	Amount Committed Not Spent Aug. 31/03	Amount Spent to Aug 31/03 (\$)	Amount Spent in 2004(\$)	Amount Spent to Date (\$)	Balance Unspent (\$)
Historical Teens	25,000		0		0	25,000
Descriptive Video	350,000		178,505	96,000	274,505	75,495
Vancouver Film Festival	175,000		50,000	25,898	75,898	99,102

Table of B.C. Films Commitments and Expenditures

Film Title	Producer's Name	Head Office	Commitments to Aug. 31/03 (\$)	Commitments to Aug. 31/04 (\$)	Expenditures To Aug. 31/04 (\$)
See Grace Fly	See Grace Fly Productions	Vancouver			
The Wild Guys	MVP productions	Vancouver			
Moving Malcolm	Moving Malcolm Productions	Vancouver			
Long Life, Happiness & Prosperity	Massey Productions Ltd.	North Vancouver			
Punch	Punch Films Inc.	Vancouver			
White Noise	Brightlight Pictures	Vancouver			
Crossing	Relevision Productions	Vancouver			
Eve and the fire Horse	Red Storm Productions	Vancouver			
Emile	Carl Bessai	Vancouver			
Rage to Reason	R to R Productions	Vancouver			
Rhino Brothers	Rhino Productions Inc.	Vancouver			
Snow Walker	Infinity International Entertainment	Vancouver			
The Suspect	SoapBox Productions	Vancouver			
Deluxe Combo Platter	Deluxe Combo Films Inc.	West Vancouver			
Eighteen	Producers on Davie	Vancouver			
Marker	Marker Productions Inc.	Vancouver			
Pink Ludoos	Pink Ludoos Productions	Vancouver			
Pursued	Insight Film and Video Prod.	Vancouver			
Stone of Destiny	Infinity Media Inc.	Vancouver			
Trash: Life & Times of Gillian Guess	The Juror Productions Inc.	Vancouver			
Going The Distance	Brightlight Pictures	Vancouver			
	TOTALS		1,403,110	6,567,730	5,677,047

Initiative: Local News

Commitment: \$2,200,000 over 7 years measured against an annual baseline of \$7,386,008.

Expenditure 2003/04:	\$8,196,422
Baseline:	<u>\$7,386,008</u>
Commitment Amount	\$ 810,414
Balance b/f	<u>2,043,076</u>
Total Commitment to Date	\$2,853,490
Total Commitment	<u>\$2,200,000</u>
Balance still to be met (over)	<u>\$ (653,490)</u>

Initiative: Local Non-News

Commitment: \$3,600,000 over 7 years measured against an annual baseline of \$1,810,159.

Expenditure 2003/04:	\$3,356,701
Baseline:	<u>\$1,810,159</u>
Commitment Amount	\$1,546,542
Balance b/f	<u>\$1,828,925</u>
Total Commitment to Date	\$3,375,467
Total Commitment	<u>\$3,600,000</u>
Balance still to be met	<u>\$ 224,533</u>

Initiative: Canadian Drama

Commitment: \$7,000,000 over 7 years measured against an annual baseline of \$4,244,966 expenditure on CITY, CKVR, CFPL, CHWI, CKNX, CHRO and CKVU.

Expenditure 2003/04:	\$6,174,683	
less prior years consistency adjustment	<u>508,656</u>	
Expenditure for Tangible Benefits Report	\$5,666,027	
Baseline:	<u>\$4,244,996</u>	
Baseline Excess	<u>\$1,421,031</u>	
Qualifying Expenses to August 31, 2003	\$ -	
Qualifying Expenses for 2003/04	<u>\$5,677,047</u>	(see Note 1 below)
Qualifying Expenses to August 31, 2004	\$5,677,047	
Total Commitment	<u>\$7,000,000</u>	
Balance still to be met	<u>\$1,322,953</u>	

Note 1: The \$_____ expenditure in respect of _____ which is included in the Qualifying Expenses of \$_____ for 2003/04 was in two components: \$_____ for Canadian cable, satellite and free broadcast rights and \$_____ for worldwide distribution rights (excluding Canada). These amounts were paid by CHUM in advance of production commencing and were necessary for production to occur.

Initiative: Script and Concept Development

Commitment: \$230,000 over 7 years measured against an annual baseline of \$86,917.

Expenditure 2003/04:	\$202,677	
Baseline:	<u>\$ 86,917</u>	
Commitment Amount	\$115,760	
Balance b/f	<u>(17,452)</u>	
Total Commitment to Date	\$ 98,308	
Total Commitment	<u>\$ 230,000</u>	
Balance still to be met	<u>\$ 131,692</u>	