

**BELL BROADCAST AND
NEW MEDIA FUND**

**ANNUAL REPORT
2001**



Bell Fund

OVERVIEW OF THE BELL BROADCAST AND NEW MEDIA FUND

OBJECTIVES

- > To benefit the Canadian broadcasting system by encouraging the development and production of Canadian content for digital media and television; and by stimulating partnerships and learning among members of the new media and television industries.

ELIGIBLE APPLICANTS

- > Must be Canadian, and in the case of a company, must be Canadian-controlled.
- > Must be an independent producer or broadcaster-affiliated production company.

ELIGIBLE PROJECTS

- > Must include both a new media component as well as a television component.
- > The television component must be certified Canadian under the rules of the CRTC.
- > The television component must have a broadcast licence commitment from a Canadian broadcaster.
- > The television component must be designated as a drama, variety, documentary, children's program or educational program.
- > The new media component must exhibit innovation.

FINANCIAL PARTICIPATION

PRODUCTION

- > The new media component is eligible for a grant not to exceed 50% of the costs of production of the new media project, capped at \$250,000.
- > The broadcast component is eligible for a licence fee top-up of 50% of the broadcast fee paid directly by the broadcaster, capped at \$75,000.

DEVELOPMENT

- > Funding is available in the form of grants not to exceed 75% of the costs of development of the new media component only, to a maximum of \$25,000.
- > Professional development grants are available to non-profit industry organizations to provide training and educational services that reflect the objective of the Bell Fund.

BELL BROADCAST AND NEW MEDIA FUND

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www.bellfund.ca

MONTREAL:

1255 Laird Blvd., Suite 275, Ville Mont-Royal, Québec H3P 2T1
Tel: (514) 737-1337 Fax: (514) 737-9008 Email: fondsbell@ipf.ca
www.fondsbell.ca

DEADLINES FOR APPLICATION:

February 1, May 1, October 1

ADMINISTRATION

The Bell Broadcast and New Media Fund is administered by the Independent Production Fund.



Girlstuff Boystuff : Decode Entertainment Inc. www.girlstuffboystuff.com



... FROM THE CHAIR

The Bell Fund has become a permanent player in the funding of new media and television content. Although the new media have become common place, the new business models for producing 21st century content have not yet settled. The biggest change has been the integration of television and website content into a single project from the perspectives of financing, promotion, marketing, and content creation. The Bell Fund is proud to be instrumental in assisting this convergence of new and traditional media.

Different measures of success attest to the strength and viability of recent Bell Fund projects. Among its many accolades, Angela Anaconda's website (angela.com) won the Most Innovative Website at the 2001 Gemini Awards and was critical in launching the television series into the number one spot on German television. Record numbers of users are registering at degrassi.tv which is also selling as a tv/newmedia package internationally. Kingandempire.com has shown the potential of documentary-linked websites to attract their audiences (and ebay's attention!). And in Quebec, the bilingual website for Plein sud (www.trinome.com/pleinsud) is attracting extensive media and user attention.

Thanks to the funding from Bell ExpressVu and the new support from Aliant, the Bell Fund is pleased to continue its role in the creation and production of leading edge and world class Canadian programming.

Paul Hoffert,
Chair

... FROM THE VICE-CHAIR

As the new media landscape continues to develop, the most popular projects funded by the Bell Fund dominate their fields by mastering the same old basic criteria for success: great content and interactivity, which make for a valuable, entertaining user experience. Broadcasters, television and new media producers, have become more enthusiastic about the advantages that television programs and associated websites have to offer. Promotion, branding, leveraging resources, and extending the relationship with audiences are benefits to all partners in this convergence business.

During 2001 the Bell Fund once again increased the dollars invested in Canada's new media and television industries by 50%. A record 23 projects received \$4.6 million in production funding made possible by the growing financial contributions from Bell ExpressVu and our new partner Innovatia. In addition, thanks to the BCE-CTV benefits package, a \$10 million endowment is making a new Development Program a reality, with the first two projects receiving development funding in 2001 and four national CyberPitch prizes awarded by the Bell Fund at the Banff Television Festival, Hot Docs, Baddeck New Media Festival and the Festival international nouveau cinéma nouveau média Montréal. Our latest publication *New Media, New Business: The Producer's Guide* has become the training sourcebook for new media production companies.

In 2001 the Bell Fund also undertook a Review Assessment Study of the projects it has funded. Many lessons have been learned by the industry and the Bell Fund, and many more challenges have been highlighted. As part of its educational mandate, the Bell Fund will share this information with the industry and will encourage discussion, debate and solutions to the issues which arise. For example, it may not surprise you that contests, quizzes and games are the most popular elements of websites; but, did you know that promotion and marketing of websites suffer dramatically from consistently poor use of meta tags and search engine optimization? URL promotion, business models and the relationships between partners remain challenges to be tackled.

Since 1997, the Bell Fund has supported the production of 80 new media projects and their associated television programs and has invested nearly \$15 million in the industry. Many of these projects have established international standards and are global leaders in the new media field. The Bell Fund has had a strong impact on this risky, yet exciting media convergence and we are honoured to be a part of this Canadian success story.

Sheridan Scott,
Vice Chair

BELL FUND BOARD OF DIRECTORS



PAUL HOFFERT - (Chair) is a former President of the Academy of Canadian Cinema and Television and former Chair of the Ontario Arts Council. He holds faculty appointments at York University and Sheridan College. He is author of two best-selling books, *The Bagel Effect: A compass to Navigate our Wired World*, and *All Together Now: How Connected Communities Will change the Way We Work, Play, and Live*. Mr. Hoffert received the Pixel award in 2001 as Canada's New Media Visionary. He was inducted into the Rock and Roll Hall of Fame in 1995 for his success with Lighthouse, winner of four successive Juno Awards as Canada's top rock band. The Financial Post magazine described Mr. Hoffert as one of the New Mandarins, along with Microsoft's Bill Gates.



SHERIDAN SCOTT - (Vice Chair) is Chief Regulatory Officer of Bell Canada. She joined Bell as Vice President, Multimedia Law and Regulation, then became Vice President-Office of the President. Ms. Scott is a communications lawyer and has occupied a number of senior positions in the broadcasting and telecommunications sectors at the CRTC, CBC and Bell Canada. She is Chair of the Internet Content Rating Association, Chair of Canadian Women in Communications and Chair of the President's Council of Opera Lyra Ottawa. She has also authored several articles on communications law.



ANDRÉ H. CARON - Full Professor at the Communication Department of the Université de Montréal, Caron is also past chairman of this department. He is founding director of the Center for Youth and Media Studies, and of the New Technologies Research Laboratory. Past Board Member of the Banff Television Festival and a consultant for the C.R.B. Foundation's Canadian Program, he is presently on the Executive Committee of the Media Awareness Network. He was recently appointed to the National Film Board of Canada's Board of Directors, and has published extensively on the broadcast industry, and the diffusion, impact and appropriation of new technologies.



KEN MURPHY has been President of Discovery Channel since 1999 and was a key member of the team that launched the service in Canada in 1995. Ken also runs three of Canada's new digital channels: CTV Travel, Animal Planet and Discovery Civilization, and is president of one of Canada's most successful non-fiction television production companies, Exploration Production Inc. In addition to his twenty plus years in the television industry, Ken has been heavily involved in web and new media development since 1994.



CHRIS FRANK - (Treasurer) With more than 25 years experience in the broadcasting and telecommunications industries, Chris has held a number of public and private sector positions encompassing business development, regulatory, government and public affairs. He has worked at the Canadian Radio-Television and Telecommunications Commission, the former Department of Communications and the Department of the Secretary of State. Mr. Frank has also held management positions in private consulting firms and at Telesat Canada before joining Bell ExpressVu as a founding officer in 1995. He is now the Vice President of Programming and Government Affairs for Bell ExpressVu.



LOUISE GUAY founded Public Technologies Multimedia - now called My Virtual Model - in 1990. Ms. Guay has been a writer at the CBC, a member of the Advisory Committee of the Canada Council for the Arts, and resident artist at the Center for International Research in Creativity and Animation (CIRCA) in France. She has received the Canadian Woman Entrepreneur of the Year Award from the University of Toronto in 1996 and holds a Bachelor's degree in Philosophy, a Master's degree in Aesthetics from l'Université de Paris (La Sorbonne), and a Ph.D. in Multimedia Communications from l'Université de Paris VIII.



JOHN LEWIS - As Executive Director of National New Media at CBC, Mr. Lewis is responsible for the development of the CBC's new media strategy, partnerships, national projects and research and development. Prior to his responsibilities in new media, he headed the CBC's Business Development function.



CATHERINE WARREN has led advances in mass media and new media since 1985, working in the United States, the United Kingdom, Western Europe and Canada. Based in Vancouver, Catherine is a convergence consultant for media and leisure industries worldwide. The former Chief Operating Officer of convergence software company Blue Zone, and European Bureau Chief of the computer magazine publishing house PCI, Catherine has published more than 25 books and magazine series for children and adults on science and computing as well as produced 20 websites and interactive broadcast initiatives. Canadian Women in New Media recognized Catherine as one of the nation's top five female pioneers, and Chatelaine magazine featured her in their millennium cover story: "Heroines: 15 to Watch".



ANNABEL SLAIGHT is President of The Owl Children's Trust Inc., a not-for-profit foundation which has pioneered a number of multiple media initiatives. She Executive Produced several popular children's series including *The Big Comfy Couch*, *Hello Mrs. Cherrywinkle*, and *OWL/TV* for PBS. She is also the founder of *OWL*, *Chickadee*, *Chirp* and Canadian *Tree House FAMILY* magazines. She is Chair of the Board of Directors of the Shaw Television Broadcast Fund, Past-Chair of the Design Exchange, and the recipient of many awards including three for lifetime achievement.

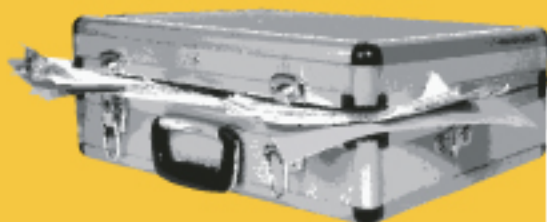
MANAGEMENT

Andra Sheffer
Executive Director

Claire Dion
Associate Director

Charles Zamaria
Financial Director





Production Program

	Number of projects	Amount (\$)	%
New Media projects	23	3,746,129	78.8
Television projects	16	1,005,000	21.2
TOTAL	39	4,751,129	100
English-language projects	15	3,182,500	67
French-language projects	8	1,568,629	33

Development Program

New Media Content Development	50,000
Professional Development	47,500
TOTAL	97,500

WEBSITES

www.degrassi.tv

www.elovetelevision.com

www.ilparleaveclesloups.com

www.izzigo.com

www.madeincanada.ca

www.paradisefalls.ca

www.pixtv.net

www.mysteriouswaystv.com

www.santenet.tv

www.trinome.com/pleinsud

Business was booming at the Bell Fund in 2001! The number of projects funded and the funding commitments made increased more than 50% over the previous year to a record level of 39 individual new media and television projects being awarded grants totaling \$4,751,129.

The first installment of the BCE-CTV Endowment Fund of \$10 million resulted in the launch of a new media Development Program and the funding of the first 2 new media projects in development. In addition, the interest generated by the endowment is used to support professional development projects such as the Bell Fund's sponsorship of four CyberPitch awards at the Banff International Television Festival, Hot Docs International Documentary Festival, the Baddeck International

New Media Festival and the Festival du nouveau cinéma et du nouveau média. The Academy of Canadian Cinema and Television's new Gemini and Prix Gémeaux awards for the most Popular and Most Innovative Websites were also sponsored by the Bell Fund.

The objective of the Bell Fund is to benefit the Canadian broadcasting system by encouraging the development and production of Canadian content for digital media and television, and by stimulating partnerships and learning among members of the new media and television industries. In order to enhance the educational aspect of this mandate, the Bell Fund published *New Media, New Business: The Producer's Guide* which has become the business resource for producers of new media content. The Bell Fund also undertook the first stages of research into the complex technologies required to archive new media content. As well, a Project Review was undertaken by examining a selection of Bell-funded projects. This Report identified issues that the new media industry must address and recommended new directions for the Bell Fund that will be examined with the industry in 2002.

To celebrate and promote outstanding new media successes, the Bell Fund participated in two high-profile launches in Ottawa and Montreal of *For King and Empire* and *Hugo et le dragon*. Internationally, the sales of Canadian websites linked to Canadian television programming are becoming valued by broadcasters and are even beginning to generate new potential for business models.

BROADCAST

AUTOPSY OF A FILM DIRECTOR

In Extremis Images inc.
P: Jean Pierre Vézina
CBC 1 x 60 min. documentary

An objective examination of the cinematic style and methods of Robert Lepage.

BRACEFACE

Nelvana Limited & Jade Animation
P: Marilyn McAuley
Teletoon 26 x 30 minutes - animated series

Sharon Spitz is in 8th grade and has just got braces. On top of worries about smiling, food getting caught and constant pain, Sharon's braces pick up cell phone calls, open locks and screw up answering machine messages.

CIRCUIT DES ARTS

Productions Léa Pascal Inc.
P: Léa Pascal
ARTV 13 x 30 minutes - educational

This series on visual arts visits different painters, explores new themes, conducts polls on various topics and instructs amateur painters.

CORNEMUSE V

Téléfiction Productions inc.
P: Lucie Veillet, Carmen Bourassa
Télé-Québec 25 x 30 minutes - children's series

A children's series promoting social and emotional wellbeing, self-esteem and education.

DEGRASSI - THE NEXT GENERATION

Epitome Pictures
P: Linda Schuyler
CTV 13x30 minutes - dramatic series

This generation of kids is into body piercing, hip-hop and the Internet, but still faces the timeless issues of growing up.



NEW MEDIA

ANAMORPHOSIS/ANAMORPHOSES

In Extremis Images inc.
P: Stéphanne Choquette

Website and DVD. Through games and interactive modules, users can access three-dimensional story boards and re-edit sequences of Lepage's films and compare them with his work.

BRACEFACE: CHICKSPEAK

Medium One Productions

ChicSpeak digisodes employ computers, wireless devices, cell phones and the Web, allowing girls to participate in the world of the TV show, create their own digisodes, and interact with the characters on the TV show.

CIRCUIT DES ARTS

Icari Studio
P: Andrée Beaulieu-Green

A virtual gallery permitting upcoming artists to promote and sell their work, it provides information on regional artists and offers interactive games to encourage understanding of the visual arts.

CORNEMUSE.COM

Téléfiction
P: Lucie Veillet, Carmen Bourassa

Interactive games and tools and iTV create supportive relationships between children and their parents.

DEGRASSI ONLINE

SNAP Media
P: Raja Khanna

Students enroll in Degrassi, create their own web pages, send email, join clubs and receive official school announcements from Degrassi characters.



eLOVE

Cineflix Productions & eLOVE Productions
P: Glen Salzman, André Barro, Cesca Eaton
WTN 13 x 30 minutes - lifestyle series

Voyeuristic television geared to the reality television crowd, eLOVE meets up with couples as they make the leap from online romance to face-to-face encounters.



eLOVE ONLINE

Cineflix Inc.
P: Glen Salzman

This is a site where people interested in online dating, romance and fun can be entertained by people's dating stories, try online dating themselves and find information useful in their everyday lives.

GIRLSTUFF BOYSTUFF

Decode Entertainment Inc.
P: Elana Adair
YTV 13x30 minutes - youth series

"Tweens" in an urban neighbourhood explore their metropolis and worry about dates, school and fitting in.



GIRLSTUFF BOYSTUFF ONLINE

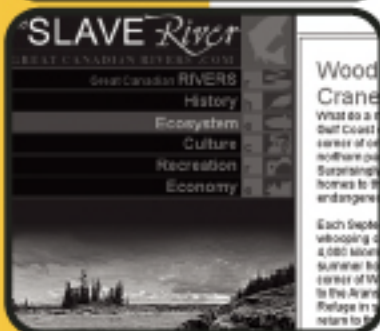
Decode Entertainment Inc.
P: Dan Fill

Users create a digital identity to customize online episodes, mix music and create graphics.

GREAT CANADIAN RIVERS

Good Earth Productions
P: Deborah Burgess
Discovery Channel 13x30 minutes -
documentary series

Canada's most spectacular rivers, their diverse geography, history and wildlife are explored.



GREAT CANADIAN RIVERS ONLINE

Digital Wizards Inc.
P: Diane Williamson

A 3D fictional explorer will guide users to each river, its history, wildlife, transportation, recreation, ecology and environment.

IL PARLE AVEC LES LOUPS

Production Nova Média inc.
P: Yves Lafontaine
SRC,TV5 1 x 60 minutes - documentary

A man's exceptional relationship with wild animals at a refuge for sick animals is documented as the seasons change.



IL PARLE AVEC LES LOUPS

Productions Nova Média inc. and Studios ArtMédia inc.
P: Yves Lafontaine, Pierre Moisan

Little known aspects of animal behaviour are explored through interactive videos, illustrations, games, photos and text.

LOFTY IDEAS

Mountain Road Productions Ltd.
P: Tim Alp
HGTV 13x30 minutes - lifestyle series

Lofts with unique and imaginative design solutions for open concept living are profiled.



LOFTY IDEAS ONLINE

GAPC Productions
P: Ken Stewart

The site provides in-depth information on furnishings and accessories, gives users an interactive experience through 360-degree QuickTime panoramas, and offers links to e-commerce capabilities.



MADE IN CANADA

Salter Street Films
P: Michael Donovan, Gerald Lunz
CBC 16 x 30 minutes - série de comédie

Une comédie satirique sur l'industrie canadienne du film et de la télévision. Made in Canada présente les aléas d'une petite compagnie fictive de Toronto, Pyramid Prodigy Productions.

MIXMANIA

Zone3 inc.
P: André Lauzon
Vrak TV 10 x 60 minutes - Série pour enfants

Série à caractère événementiel destinée aux 9-12 ans. Partout au Québec, d'intenses auditions sont organisées pour trouver des jeunes chanteurs intéressés à connaître la célébrité.

MYSTERIOUS WAYS

Lions Gate Entertainment
P: David Wilson, Harold Tichenor, Carl Binder
CTV 22 x 60 min. - série dramatique

Un couple mal assorti enquête sur des phénomènes miraculeux.

PARADISE FALLS

Breakthrough Films & Television Inc.
P: Paula J. Smith
Showcase 52 x 30 min. - série dramatique

Téléroman ironique qui se nourrit de scandales, de rancunes familiales, de triangles amoureux et de bonne vieilles histoires de sexe.

PLEIN SUD, LE GRAND VOYAGE

P: Pierre Blais et autres
TV5 13 x 60 minutes - documentaire

La célèbre journaliste globe-trotter Madeleine Poulin part à la découverte des Amériques accompagnée d'un ami originaire d'Haïti.



PYRAMIDPRODIGY.COM

SNAP Media
P: Raja Khanna, Roma Khanna

Le site est en fait le site corporatif de la compagnie fictive et les utilisateurs peuvent même y faire des demandes d'emploi.

MIXMANIA

Zone3 inc.
P: André Lauzon

Les utilisateurs sont mis à contribution pour créer les paroles des chansons, choisir les noms des groupes, leurs styles, etc... tout en les suivant sur la route de la fortune et de la gloire.

MYSTERIOUSWAYSTV.COM

SNAP Media
P: Roma Khanna, Raja Khanna

Le site propose une façon améliorée de raconter des histoires. Les utilisateurs peuvent se joindre à des groupes de discussion ou participer à des concours.

PARADISEFALLS.CA

Trapeze Media Inc.
P: Dorothy Vreeker, Mike Kaspro

En y ajoutant des répliques particulières, le site met en scène les gens d'affaires et les citoyens de l'étrange ville de Muskoka. En brouillant les répliques réelles et imaginaires, le site vise à recréer la Chambre de Commerce de Paradise Falls.

PLEIN SUD, LE GRAND VOYAGE

Trinôme Inc.
P: Pierre-Paul Larivière

Le site "docu-web" nous présente le résultat de recherches approfondies sur la politique, la langue et la culture des lieux visités.



THE SEEN

Smiley Guys Studios Inc.
P: Jeremy Diamond, Adrian Carter, Denny Silverthorne
The Comedy Network 6 x 30 minutes - série d'animation

À l'âge de 25 ans, Jack Ryder retourne vivre chez papa et maman et s'inscrit à une agence de placement temporaire. Il se retrouve dans des situations cocasses en présence de drôles de personnages.



THE SEEN

Smiley Guys Studios Inc.
P: Jonas Diamond

Désignée la première des premières «sit com», sur le site de The Seen on aura accès à des jeux de carrière ainsi qu'à des pages d'accueil personnalisées.

SGB-TV

Bitcasters
P: Nathon Gunn
Family Channel 13 x 3 minutes - infodivertissement

Ces capsules de 3 minutes mettent en scène des personnages animés qui interviewent des animateurs et journalistes réels.



SGB-TV LIVE CHAT

Bitcasters
P: Nathon Gunn

Des personnages animés apparaissent pendant les sessions de clavardage, interrogent des vedettes et répondent aux questions des enfants.

THE SHOPPING BAGS

Force Four Productions
P: Rob Bromley
WTN 26 x 30 minutes - série d'information

Tout ce que vous voulez savoir avant d'acheter un produit: information présentée dans un style éducatif et divertissant.



THE SHOPPING BAGS

Communicopia.net
P: Rob Bromley

Un groupe interactif de discussion ainsi qu'un élément sans fil permettront aux consommateurs d'avoir accès à l'information tout en faisant leur marché.

THE TALL SHIP CHRONICLES

Topsail Entertainment / TSC Productions Inc.
P: Edward Peill
Life Network 13 x 60 minutes - série documentaire

Une série «réalité» qui accompagne des aventuriers dans leur voyage autour du monde à bord d'un grand bateau.



THE TALL SHIP CHRONICLES

Topsail Entertainment
P: Edward Peill

Les visiteurs pourront choisir les mésaventures à bord du bateau et converser avec d'autres utilisateurs. Ils exploreront le bateau avec un moteur VR, navigueront un modèle 3D du bateau dans diverses conditions atmosphériques et pourront visionner les «bloopers» de l'équipage.

TOP SANTÉ AVEC MARCEL MAROIST

Les Productions M.A.R.A. inc.
P: Marcel Maroist
TQS 60 x 30 minutes - série éducative

Émissions de mise en forme et d'information sur la santé avec Marcel Maroist, champion olympique et ceinture noire en Taekwondo.



SANTENET.TV

Les Productions M.A.R.A. inc.
P: Marcel Maroist

Format E-zine qui propose un programme d'entraînement physique personnalisé en plus d'enseigner les bonnes habitudes de vie et d'alimentation.

PROJECTS Cont'd



TRACKER

Lions Gate Films

P: Elaine Scott

City TV 22 x 60 minutes - dramatic series

A sci-fi adventure series that follows hero Cole, an alien from a far-off solar system who comes to earth to track down otherworldly convicts.



TRACKER: THE HUNT FOR ZIN

SNAP Media

P: Roma Khanna

Game users adopt the role of the lead character and search for alien fugitives.

XTREMIS

Macumba International inc.

P: Robert Cornellier, Patricio Henriquez,

Raymonde Provencher

Télé-Québec 3 x 60 minutes - documentary series

Extreme conditions faced by people around the world are revealed in an effort to expose serious social issues.



XTREMIS

Macumba International inc.

P: Robert Cornellier, Patricio Henriquez,

Raymonde Provencher

Reference and journalistic database provides exchange of information opportunities, contextual info on socio-political issues, portraits and journals.

NEW in 2001!

The Bell Fund Supports Project Development!

BROADCAST

NEW MEDIA

TOM STONE

Tom Stone Productions Inc. (Alberta Filmworks)

P: Jordy Randall, Tom Cox

CBC 13 x 60 minutes - dramatic series

TOMSTONE.TV

Tom Stone Productions Inc. (Alberta Filmworks)

P: Jordy Randall, Tom Cox

WHAT'S YOUR SIGN?

Marble Media Inc.

P: Mark Bishop

TVO / TVOkids 10 interstitials - game show for children

DEAFPLANET.COM

Marble Media Inc.

P: Mark Bishop





FINANCIAL STATEMENTS - Auditor's Report

To the Directors of the Bell Broadcast and New Media Fund

We have audited the balance sheet of the Bell Broadcast and New Media Fund [the "Organization"] as at December 31, 2001 and the statement of operations and changes in operating fund for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2001 and the results of its operations and the changes in operating fund for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
January 29, 2002

Good & Partners LLP
Chartered Accountants

BALANCE SHEET

December 31	2001 \$	2000 \$
ASSETS		
Cash	51,229	2,491,511
Investments, at cost	7,435,629	-
Amounts receivable [note 3]	862,946	570,973
Prepaid expenses	-	1,250
	<u>8,349,804</u>	<u>3,063,734</u>
LIABILITIES		
Accrued liabilities	<u>13,235</u>	<u>15,835</u>
Net assets [note 4]		
Restricted Development Fund	4,000,000	-
Operating Fund	<u>4,336,569</u>	<u>3,047,899</u>
Total Fund balances	<u>8,336,569</u>	<u>3,047,899</u>
	<u>8,349,804</u>	<u>3,063,734</u>

see accompanying notes

Approved by the Board:

Paul Hoffert, Director
Sheridan Scott, Director

STATEMENT OF OPERATIONS AND CHANGES IN OPERATING FUND

Year ended December 31	2001 \$	2000 \$
Revenue		
Contributions	4,464,498	2,853,583
Interest income	<u>220,226</u>	<u>137,355</u>
	<u>4,684,724</u>	<u>2,990,938</u>
Expenses		
Operating	121,207	102,828
Administrative	<u>163,097</u>	<u>94,361</u>
	<u>284,304</u>	<u>197,189</u>
Income from operations before funding distributions	4,400,420	2,793,749
Funding distributions	<u>3,111,750</u>	<u>2,665,418</u>
Income from operations for the year	1,288,670	128,331
Operating Fund, beginning of year	3,047,899	2,919,568
Operating Fund, end of year	<u>4,336,569</u>	<u>3,047,899</u>

see accompanying notes



December 31, 2001

1. NATURE OF ORGANIZATION

Bell Broadcast and New Media Fund [the "Organization"] was incorporated as a not-for-profit corporation under the Canada Business Corporations Act on September 2, 1997.

The Organization is dependent upon financial contributions from Bell ExpressVu and Aliant and was established to encourage and increase the production of Canadian content for the domestic new media and broadcasting marketplace with a particular emphasis on encouraging the linkages between these two sectors, producing interactive content that reflects current and emerging industry needs and practices and professional development activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Investments

Investments are recorded at cost. The investments consist of banker's acceptances with maturities of less than 365 days.

Revenue recognition

The Organization uses accrual accounting whereby interest revenue is recognized as earned and contribution revenue from Bell ExpressVu and Aliant is recognized based on their monthly commitments.

Funding distributions

The financing agreements entered into by the Organization with independent production companies and professional development organizations contain specific milestones that must be achieved by the companies and organizations in order for them to be entitled to funds. The Organization recognizes, as funding distribution expense in the Statement of Operations and Changes in Operating Fund its obligations under those agreements when the specific milestones have been achieved. Funding commitments for projects with unachieved milestones are reflected in the commitment note to the financial statements.

3. ACCOUNTS RECEIVABLE

The accounts receivable are due from Bell ExpressVu and Aliant.

4. FUNDS

The Organization is comprised of a Restricted Development Fund and an Operating Fund. The Restricted Fund of \$4,000,000 is restricted by the Board.

Income earned on the Restricted Fund is used to fund the Organization's grants and consequently, is included in the Operating Fund.

The operations of the Organization, which include investment income, operating and administrative expenses and funding distributions, are recorded through the Operating Fund.

5. RELATED PARTY TRANSACTIONS

During the year, the Organization paid professional fees of \$3,000 (2000 - \$10,000) to a Director.

6. ADMINISTRATIVE EXPENSES

During the year, the Organization paid \$20,400 (2000 - \$16,620) to Independent Production Fund for administration.

7. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

8. COMMITMENTS

During 2001, the Organization authorized funding for ongoing projects that were not completed. As a result, at December 31, 2001, there existed commitments to pay certain amounts as follows:

	\$
Funding authorized in 2001	
Television grants	1,005,000
New Media grants	3,746,129
Development grants	97,500
	<u>4,848,629</u>
Paid during the year for 2001	<u>1,467,240</u>
Funding authorized in 2001 not yet paid	3,381,389
Funding authorized in 2000 not yet paid	674,375
Funding authorized in 1999 not yet paid	127,875
	<u>4,183,639</u>