Quarterly Financial Report

Period ended December 31, 2016

Third quarter of fiscal 2016-2017

Published March 1, 2017

TELEFILM CANADA

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1. TELEFILM

Telefilm Canada (hereafter "Telefilm" or the "Corporation") is a Crown corporation reporting to Parliament through the Department of Canadian Heritage. Telefilm's vision is audiences everywhere demanding Canadian screen-based content - accessible anywhere, anytime and on any platform.

Our mission

Telefilm's mission is to foster and promote the development of the Canadian audiovisual industry by playing a leadership role through financial support and initiatives that contribute to the industry's commercial, cultural and industrial success.

What we do

Telefilm has a team of some 180 employees dedicated to the success of the Canadian audiovisual industry. On behalf of the Government of Canada, in our capacity as a Crown corporation, we support dynamic companies and creative talents by providing financial assistance to Canadian film projects and by highlighting the value of Canadian audiovisual industry talent at regional, national and international festivals, markets and events.

In addition, the Corporation is implementing its strategic plan, *Inspired by Talent. Viewed Everywhere.*[1], which sets out six priorities:

- Industry recognition: promoting the value of Canadian content;
- Marketing practices: encouraging innovation to reach audiences;
- Market intelligence: deciding with meaningful metrics;
- Industry funding: diversifying sources;
- Ecosystems of companies: delivering together; and
- Organizational excellence: performing in a changing environment.

Finally, we administer the funding programs of the Canada Media Fund (CMF) and are responsible for making recommendations to the Minister of Canadian Heritage regarding certification of audiovisual treaty coproductions. Our head office is located in Montreal and we serve clients through our four offices in Vancouver, Toronto, Montreal and Halifax.

2. QUARTERLY FINANCIAL REPORT

This quarterly financial report complies with all requirements of the Standard on *Quarterly Financial Reports for Crown Corporations* [2] established by the Treasury Board Secretariat and with the *Canadian Public Sector Accounting Standards (CPSAS)*. There is no requirement for an audit or review of the financial statements included in this quarterly financial report and as such the report has not been reviewed or audited by external auditors.

3. IMPORTANT CHANGES

Programs

During the third quarter, the Corporation revised its International Marketing Program – Participation at International Festivals and Events to better fulfill its mission and achieve the industry’s current needs. The program targets the promotion of Canadian talent by means of their presence at international festivals and events and now offers travel grants to producers invited to attend a coproduction market. The Corporation also extended program eligibility to 34 new international festivals. These festivals were selected on the basis of their growing renown and their notable openness to emerging talent. In addition, short films are eligible for increased funding support, in comparison with previous years, and the program’s administrative procedures have been streamlined.

1 : https://telefilm.ca/en/about-telefilm-canada/strategic-plan
2 : www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18789&section=text

3. IMPORTANT CHANGES (CONT.)

Programs (cont.)

Furthermore, the Corporation launched during the quarter the International Marketing Program – Exports. This program aims to finance the foreign distribution of Canadian productions, with a maximum financing grant of $45,000 per film. Applicant companies must specialize in film distribution and own the rights to exploit a qualified project on eligible territories.

Finally, guidelines for the documentary and micro-budget production programs were issued, with each set of guidelines now including new measures aimed at promoting diversity.

Activities

The Corporation funded 24 productions during the quarter for approximative $20 million. Moreover, as part of its MIPCOM activities, the Corporation and the Canada Media Fund (CMF) invited the talent behind the productions *Cardinal*, *Fatale-Station* and *Versailles*—whose expertise and creativity shine on the international scene—to participate in the panel *Talented Voices Drive International Appeal*, where they had the opportunity to discuss the various ways of reaching audiences around the world. Other well-known personalities also attended the panel, including Karine Vanasse and Billy Campbell. At MIPJunior, the Corporation, in partnership with the CMF and the Shaw Rocket Fund, presented three productions at the *It's All About Imagination* session: *Bookaboo*, *Dot* and *The Incredible Tales of Weirdwood Manor*, all of which creatively combine entertainment and education to help children improve their reading skills. In addition, the Corporation released its study *Understanding and Engaging with Audiences* at the *Playback Marketing Summit*. The study offers a wealth of information on Canadian consumers' viewing habits and preferences regarding audiovisual products.

Canada was well represented at the 30th AFI FEST in Hollywood, with the films *It's Only the End of the World* [*Juste la Fin du monde*], by Xavier Dolan, *Les démons*, by Philippe Lesage, *Boris Without Béatrice* [*Boris sans Béatrice*], by Denis Côté, and *Old Stone*, by Johnny Ma, featuring in the prestigious World Cinema section, which each year showcases the best in international cinema. The event marked the U.S. premiere of *It's Only the End of the World*. Furthermore, two Canadian virtual reality projects, *Ka*, by the Cirque du Soleil, and *Through the Ages: President Obama*, by Felix & Paul Studios, were presented at the AFI's Technology Showcase.

In mid-November, the Corporation unveiled several measures, developed with the industry, which aim to promote gender parity in feature-film production funding. The Corporation set a goal of achieving, by 2020, a balanced production portfolio at all budget levels that reflects gender parity in each of the key roles of director, screenwriter and producer.

Finally, the Corporation held its Annual Public Assembly in Vancouver on November 30, 2016, under the theme *Celebrating 50 Years of Talent*.

Personnel

The Corporation announced the appointment of Lori McCurdy as Regional Feature Film Executive – Atlantic Region.

4. GOVERNANCE AND MEMBERS OF THE BOARD

Governance of the Corporation is carried out through activities of the Board and its three subcommittees as well as by the Management Committee, chaired by the Executive Director, and its subcommittees. The Board met twice during the quarter, while the Audit and Finance Committee held one meeting. The Management Committee, for its part, met eight times.

Finally, Elise Orenstein's term as a member of the Corporation's Board ended after her 10 years of service. Ms. Orenstein served as Vice-Chair of the Board and as Chair of the Audit and Finance Committee.

5. RISK MANAGEMENT

The Corporation manages risk through two committees: the Audit and Finance Committee and the Risk Management Committee. An assessment of risks as well as risk components, impacts and mitigation measures are conducted semi-annually.

6. UNADJUSTED DIFFERENCES

Management strives to produce relevant financial information in compliance with CPSAS and within the deadline established by the Receiver General for Canada, namely five business days after the end of the quarter. Accordingly, certain cut-off procedures applicable to the accounts payable and receivable cycles as well as certain adjustments concerning employee future benefits liability, were not carried out at December 31, 2016. Management deems the importance of these adjustments to be immaterial.

TELEFILM CANADA

7. ANALYSIS OF CUMULATIVE RESULTS

Please note that all the amounts shown in the analysis tables are in thousands of dollars.

Assistance Expenses

Overall, assistance expenses to the industry are at a similar level to what they were in the comparative period of last year, but show a slight budgetary saving, due mainly to the Production ($4.8 million) and Marketing ($2.6 million) programs.

For the nine-month period ended December 31, 2016

	Budget		Actual		Variance				
			2016-	2015-	Budget		Actual		
	Annual	Period	**2017**	2016	$	%	$	%	
Production	62,342	47,980	43,196	35,661	4,784	10	7,535	21	1
Development	7,625	5,655	4,182	4,355	1,473	26	(173)	(4)	2
Recommendations for coproduction	509	385	398	370	(13)	(3)	28	8	
	70,476	54,020	47,776	40,386	6,244	12	7,390	18	
Promotion	6,886	6,350	6,233	5,837	117	2	396	7	
Marketing	11,780	7,400	4,814	10,920	2,586	35	(6,106)	(56)	3
International events	4,202	3,100	3,097	2,830	3	-	267	9	
	22,868	16,850	14,144	19,587	2,706	16	(5,443)	(28)	
	93,344	70,870	61,920	59,973	8,950	13	1,947	3	

1 The Production Program is in a cost-saving fiscal position, but shows a cost overrun in comparison to the same period last year. The budgetary variance is attributable to production companies benifiting from the fast-track stream. As at December 31, a number of companies in the fast-track stream had still not signed any contracts. The cost overrun in comparison to December 31 of the previous fiscal year, for its part, is due specifically to the English-language selective component. While the number of projects remained stable, at 42 funded projects, the amount allocated for major projects—that is, projects in which the Corporation's financial participation exceeded $1 million—more than doubled, from $8.5 million in the comparative period of last year to $18.7 million as at December 31, 2016.

2 The Development Program is also in a cost-saving fiscal position. The program is now in its second fiscal year under its current form, that is, with funding awarded on the basis of a calculation that factors in the track records of eligible production companies. To date, use of the allocated amounts has fallen short of budgetary expectations and the Corporation anticipates that savings will be realized at year end.

3 Marketing Program expenses, for their part, show a lag with respect to both the budget and the comparative period of last year. A good part of this variance stems from the fact that several major projects were signed at the very end of the previous fiscal year, whereas no major projects obtained significant funding during this quarter. At this point in time, we expect that the Corporation will have a year-end budget surplus for this program.

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Operating and Administrative Expenses

Operating and administrative expenses show significant budgetary savings due mainly to salaries and benefits, but are comparable to the same period last year.

For the nine-month period ended December 31, 2016

	Budget		Actual		Variance				
			2016-	2015-	Budget		Actual		
	Annual	Period	**2017**	2016	$	%	$	%	
Salaries & wages	18,660	13,880	12,329	13,039	1,551	11	(710)	(5)	1
Information technology	1,660	1,401	1,435	1,119	(34)	(2)	316	28	2
Rent	1,819	1,366	1,307	1,313	59	4	(6)	-	
Professional services	1,770	1,293	1,174	966	119	9	208	22	3
Office expenses	595	455	455	400	-	-	55	14	
Travel	578	434	435	337	(1)	-	98	29	4
Amortization	650	459	306	242	153	33	64	26	5
Advertising & publications	259	195	212	114	(17)	(9)	98	86	6
	25,991	19,483	17,653	17,530	1,830	9	123	1	

1 Salaries and benefits show a major budgetary surplus, mainly due to two factors: positions that have been vacant since the start of the fiscal year, mainly in the information technology sector bearing on resources assigned to a capitalizable project, and a favourable variance between the budgeted employee benefits rate and the actual benefits costs.

2 The information technology component is higher than the comparative period expenses as some expenses, such as cloud computing services, were incurred more quickly than in the previous year.

3 Professional fees are higher than in the comparative period, due, among other reasons, to studies conducted on the feature-film consumption habits of Canadians and staffing activities. In addition, external resources were required for work on IT systems architecture.

4 Travel expenses are higher than in the comparative period last year, due to travels incurred for new events, to a higher number of travels made for human resources, and by the optimization of our purchasing through the use of travel passes.

5 The budgetary variance for amortization expenses is explained by the lower-than-expected capitalized software costs related to the information systems redesign project as well as to work in progress on the new business management process platform, for which the amortization period has not yet started. The variance with respect to the comparative period of the last year stems, for its part, from the amortization of IT systems that were capitalized last year.

6 Expenses for the advertising and publications component are higher in comparison with the comparative quarter, due, among other reasons, to a need for additional graphic design work; for communication tools relative to the Corporation's *50th anniversary*, for the annual report and for the renewal of the coproduction prospectus, which is offered in several languages; and for the use of a business intelligence service targeting social media and web applications.

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Government Funding and Revenues

Overall, there was no significant variance regarding revenues, including government funding, relative to both the budget and to the comparative period.

For the nine-month period ended December 31, 2016

	Budget		Actual		Variance				
	Annual	Period	**2016-2017**	2015-2016	Budget $	%	Actual $	%	
Parliamentary appropriation	95,454	86,021	72,952	71,351	(13,069)	(15)	1,601	2	1
Investment revenues and recoveries	10,000	5,850	10,222	6,889	4,372	75	3,333	48	2
Management fees from the CMF	11,461	7,515	7,292	7,247	(223)	(3)	45	1	
Talent Fund	2,165	1,443	1,188	1,455	(255)	(18)	(267)	(18)	3
Contributions to promotional support activities	817	600	1,021	581	421	70	440	76	4
Interest and other revenues	100	75	86	86	11	15	-	-	
	119,997	101,504	92,761	87,609	(8,743)	(9)	5,152	6	

1 The parliamentary appropriation shows a lower use of funds than our budgetary forecast. This under-use strongly correlates with a drop in investments flowing from our funding programs, as a result of which there was a decrease in payment on commitments for the current fiscal year.

2 After three quarters, investment revenues and recoveries on advances are an unprecedented level in several years. Several international coproductions, such as *Room* and *Brooklyn*, performed extremely well, bringing in significant earnings. Furthermore, advances from the Marketing Program generated 56% more in recoveries than in the previous fiscal year. Broadly speaking, investment revenues and recoveries are directly linked to the performance of funded films and, as such, are difficult to forecast.

3 Talent Fund revenues are lower relative to the budgeted amount and to revenues of the comparative period last year. This decrease stems from a drop in the number of donors to the Fund, even though the average donation was higher than in the previous year. Amounts received under the Fund's contribution agreements also decreased in comparison with the previous year, because a portion has not yet been received. It should be noted that it is difficult to anticipate the amount as well as the timetable for use of funding that stems from contribution agreements.

4 Contributions relating to promotional support activities, for their part, are higher than budgeted revenues and revenues from the comparative period last year, mainly due to new sponsorships connected to *Movie Nights Across Canada* events.

8. ANALYSIS OF RESULTS FOR THE THIRD QUARTER

	Actual		Variance		
	2016-2017	2015-2016	$	%	
Assistance expenses	27,825	22,653	5,172	23	1
Operating and administrative expenses	5,420	5,531	(111)	(2)	
Revenues	4,277	4,228	49	1	
Parliamentary appropriation	27,838	25,664	2,174	8	
Surplus (deficit)	(1,130)	1,708	(2,838)	(166)	

1 Support expenditures are higher than they were in the comparative quarter of last year, driven by the level of expenditure under the Production Program. This represents, in fact, a catching-up process, given that, after the first semester, expenditures under this program were lower than they had been in the previous year. This increase is offset by a decrease in expenditures under the Marketing Program, and is explained by the fact that no major funding was granted during the quarter, whilst there were three major funding initiatives in the comparative quarter of last year.

9. ANALYSIS OF FINANCIAL POSITION

The Corporation's financial position is strong, as shown by the level of its net assets.

	Actual		Variance		
	Dec. 31 2016	March 31, 2016	$	%	
Financial assets					
Due from Consolidated Revenue Fund	65,811	57,150	8,661	15	1
Cash - Talent Fund	693	985	(292)	(30)	2
Accounts receivable	3,216	2,318	898	39	3
Receivable from CMF	2,592	3,303	(711)	(22)	4
Loan	655	655	-	-	
	72,967	64,411	8,556	13	
Liabilities					
Accounts payable	1,933	2,664	(731)	(27)	5
Deferred revenues - Talent Fund	335	2	333	16,650	6
Financial assistance program obligations	34,786	39,596	(4,810)	(12)	7
Liabilities for employee future benefits	805	756	49	6	
Net financial assets	35,108	21,393	13,715	64	
Non-financial assets					
Tangible capital assets	3,643	2,350	1,293	55	8
Prepaid expenses	545	2,365	(1,820)	(77)	9
Accumulated surplus	39,296	26,108	13,188	51	

1 Cash flow has risen since March 31, 2016, due, notably, to the receipt of project revenues and recoveries. This increase should diminish during the last quarter of the fiscal year.

2 The decrease in the Cash - Talent Fund component stems mainly by the use, at the beginning of the year, of the available balance for payment of financial assistance program obligations as at March 31, 2016, and by the increased use of contributions received during the current fiscal year.

3 The increase in accounts receivable is due mainly to a higher amount of taxes receivable compared with the situation as at March 31, 2016. During the last two months of this quarter, disbursements on investments were higher than they were in the latter months of the previous fiscal year, thus leading to a higher amount of taxes receivable.

4 The amount receivable from the Canada Media Fund shows a decline, due mainly to costs tied to the information systems redesign project invoiced as at March 31, 2016, and to the 13% Harmonized Sales Tax applicable on the delivery of program services included as at March 31.

5 The decrease in accounts payable is due mainly to comprehensive end-of-year cut-off procedures that cannot be undertaken during a quarterly period, in particular as these pertain to administrative expenses.

6 Deferred revenues increased, due to the fact a portion of the Bell Media contribution remains unused. The Bell Media contribution is subject to external restrictions and, as such, is recorded on the Statement of Operations only when it is used for the stated purpose.

7 The decrease in financial assistance program obligations stems from the fact that 58% of the balance as at March 31, 2016, has been disbursed since the start of fiscal and that this amount has not yet been compensated for by new obligations.

8 The increase in tangible capital assets stems from capital costs related to work in progress currently underway on the information systems redesign project.

9. ANALYSIS OF FINANCIAL POSITION (CONT.)

9 Prepaid expenses from the previous year were recorded in the current fiscal year's expenses, and the new balance is attributed to rents for the month of January and to expenses incurred for international events that will take place during the next quarter.

10. RECONCILIATION OF COST OF OPERATIONS AND PARLIAMENTARY APPROPRIATION

The Corporation receives most of its funding through an annual parliamentary appropriation. Items recognized in the Statement of Operations and the Statement of Financial Position may have been funded through a parliamentary appropriation approved in either a previous or the current fiscal year. Some of the items in the reconciliation calculation cannot be linked directly to the financial statements, the parliamentary appropriation being calculated using a modified cash basis accounting method.

In thousands of Canadian dollars	**Dec. 31 2016**	**Dec. 31 2015**
Cost of operations	79,573	77,503
Adjustment affecting the use of parliamentary appropriation :		
Assistance expenses adjustment where parliamentary appropriation eligibility criterias have been met	3,816	3,855
Assistance expenses funded by the Talent Fund	(1,629)	(1,563)
Contributions to promotional support activities	(1,021)	(581)
Prepaid expenses	(1,820)	(1,293)
Contractual claims	(17)	(15)
Operating expenses funded by the CMF	(7,292)	(7,247)
Acquisitions of property and equipment	1,599	886
Transition payment	-	6
Amortization	(306)	(242)
Employee future benefits	49	42
Use of Parliamentary appropriation at December 31	72,952	71,351
Parliamentary appropriation available for subsequent quarter	22,502	24,103
Parliamentary appropriation authorized	95,454	95,454

The amount of the Parliamentary appropriation comes from the 2016-2017 Main Estimates.

11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2016

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the *Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations* and for such internal controls as management determines is necessary to enable the preparation of quarterly 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 quarterly financial statements.

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

Carolle Brabant, FCPA, FCA, MBA
Executive Director

Denis Pion
Director - Administration and Corporate Services

Montréal, Canada
March 1, 2017

Quarterly Statement of Operations

For the three-month period ended December 31, 2016

In thousands of Canadian dollars	Schedule	Quarter ended Dec. 31 2016	2015
Assistance expenses			
Development of the Canadian audiovisual industry			
Production assistance		19,284	9,110
Development assistance		2,617	3,132
Administration of recommendations for audiovisual treaty coproduction		141	119
		22,042	12,361
Promotional support in Canada and abroad			
Distribution and marketing assistance		2,944	7,622
Promotion		1,709	1,458
Participation in international events		1,130	1,212
		5,783	10,292
		27,825	22,653
Operating and administrative expenses	A	5,420	5,531
Cost of operations		33,245	28,184
Revenues			
Management fees from the Canada Media Fund		2,376	2,384
Investment revenues and recoveries		1,014	944
Contributions to promotional support activities		539	170
Talent fund		319	703
Interest and other revenues		29	27
		4,277	4,228
Net cost of operations before government funding		28,968	23,956
Government funding			
Parliamentary appropriation		27,838	25,664
Surplus (deficit)		(1,130)	1,708
Accumulated surplus, beginning of period		40,426	33,571
Accumulated surplus, end of period		39,296	35,279

The accompanying notes and the schedules are an integral part of these financial statements.

TELEFILM CANADA

Statement of Operations

For the nine-month period ended December 31, 2016

		Period ended Dec. 31		
In thousands of Canadian dollars	**Schedule**	**Cumulative Budget**	**Cumulative 2016**	**Cumulative 2015**
Assistance expenses				
Development of the Canadian audiovisual industry				
Production assistance		47,980	43,196	35,661
Development assistance		5,655	4,182	4,355
Administration of recommendations for audiovisual treaty coproduction		385	398	370
		54,020	47,776	40,386
Promotional support in Canada and abroad				
Promotion		6,350	6,233	5,837
Distribution and marketing assistance		7,400	4,814	10,920
Participation in international events		3,100	3,097	2,830
		16,850	14,144	19,587
		70,870	61,920	59,973
Operating and administrative expenses	B	19,483	17,653	17,530
Cost of operations		90,353	79,573	77,503
Revenues				
Investment revenues and recoveries		5,850	10,222	6,889
Management fees from the Canada Media Fund		7,515	7,292	7,247
Talent Fund		1,443	1,188	1,455
Contributions to promotional support activities		600	1,021	581
Interest and other revenues		75	86	86
		15,483	19,809	16,258
Net cost of operations before government funding		74,870	59,764	61,245
Government funding				
Parliamentary appropriation		86,021	72,952	71,351
Surplus		11,151	13,188	10,106
Accumulated surplus, beginning of period		26,108	26,108	25,173
Accumulated surplus, end of period		37,259	39,296	35,279

The accompanying notes and the schedules are an integral part of these financial statements.

Statement of Financial Position

In thousands of Canadian dollars	**Dec. 31, 2016**	**March 31, 2016**
Financial assets		
Due from Consolidated Revenue Fund	65,811	57,150
Cash - Talent Fund	693	985
Accounts receivable	3,216	2,318
Receivable from the Canada Media Fund	2,592	3,303
Loan	655	655
	72,967	64,411
Liabilities		
Accounts payable and accrued liabilities	1,933	2,664
Deferred revenues - Talent Fund	335	2
Financial assistance program obligations	34,786	39,596
Liabilities for employee future benefits	805	756
	37,859	43,018
Net financial assets	35,108	21,393
Non-financial assets		
Tangible capital assets	3,643	2,350
Prepaid expenses	545	2,365
	4,188	4,715
Accumulated surplus	39,296	26,108

The accompanying notes and the schedules are an integral part of these financial statements.

Statement of Changes in Net Financial Assets

For the nine-month period ended December 31, 2016

In thousands of Canadian dollars	**Dec. 31, Budget**	**Dec. 31, 2016**	**March 31, 2016**
Surplus	11,151	13,188	935
Tangible capital asset transactions			
Amortization	459	306	371
Acquisitions	(2,250)	(1,599)	(671)
Write-down of tangible capital assets	-	-	531
Other transactions			
Acquisitions of prepaid expenses	-	(545)	(2,365)
Use of prepaid expenses	780	2,365	1,893
Increase in net financial assets	10,140	13,715	694
Net financial assets, beginning of year	21,393	21,393	20,699
Net financial assets, end of period	31,533	35,108	21,393

The accompanying notes and the schedules are an integral part of these financial statements.

Statement of Cash Flows

For the period ended December 31, 2016

	Quarter ended Dec. 31		Period ended Dec. 31	
In thousands of Canadian dollars	**2016**	**2015**	**2016**	**2015**
Operating activities				
Surplus (deficit)	(1,130)	1,708	13,188	10,106
Items not affecting cash:				
Increase (decrease) in liabilities for employee future benefits	42	(30)	49	(88)
Amortization of tangible capital assets	100	81	306	242
	(988)	1,759	13,543	10,260
Changes in non-cash financial items:				
Decrease (increase) in accounts receivable	(1,156)	855	(898)	1,649
Decrease in receivable from the Canada Media Fund	6	79	711	998
Decrease in accounts payable and accrued liabilities	(86)	(720)	(731)	(679)
Increase (decrease) in deferred revenues - Talent Fund	(157)	153	333	1,037
Increase (decrease) of financial assistance program obligations	2,096	(744)	(4,810)	(3,859)
Decrease (increase) in prepaid expenses	(27)	(85)	1,820	1,293
	(312)	1,297	9,968	10,699
Capital activities				
Acquisitions	(631)	(254)	(1,599)	(886)
Increase in due from Consolidated Revenue Fund and cash - Talent Fund	(943)	1,043	8,369	9,813
Due from Consolidated Revenue Fund and cash - Talent Fund, beginning of period	67,447	56,918	58,135	48,148
Due from Consolidated Revenue Fund and cash - Talent Fund, end of period	66,504	57,961	66,504	57,961

The accompanying notes and the schedules are an integral part of these financial statements.

Notes to the Quarterly Financial Statements

1. Basis of financial statements presentation

These unaudited quarterly financial statements have been prepared by the Corporation's Management in accordance with *Canadian Public Sector Accounting Standards* (CPSAS) pursuant to the Standard on *Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada. They must be read in conjunction with the most recent annual audited financial statements as at March 31, 2016. The significant accounting policies used in these quarterly financial statements are similar to those used in the annual financial statements of March 31, 2016.

2. Comparative figures

Certain 2015-2016 figures have been reclassified to conform to the presentation adopted for 2016-2017.

Schedules A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Dec. 31	
	2016	**2015**
Salaries and employee benefits	4,050	4,323
Rent, taxes, heating and electricity	413	427
Professional services	296	193
Travel and hospitality	200	152
Information technology	146	180
Office expenses	127	133
Amortization of tangible capital assets	100	81
Advertising and publications	88	42
	5,420	5,531

B - Cumulative operating and administrative expenses

	Period ended Dec. 31		
	Cumulative Budget	**2016**	**2015**
Salaries and employee benefits	13,880	12,329	13,039
Information technology	1,401	1,435	1,119
Rent, taxes, heating and electricity	1,366	1,307	1,313
Professional services	1,293	1,174	966
Office expenses	455	455	400
Travel and hospitality	434	435	337
Amortization of tangible capital assets	459	306	242
Advertising and publications	195	212	114
	19,483	17,653	17,530