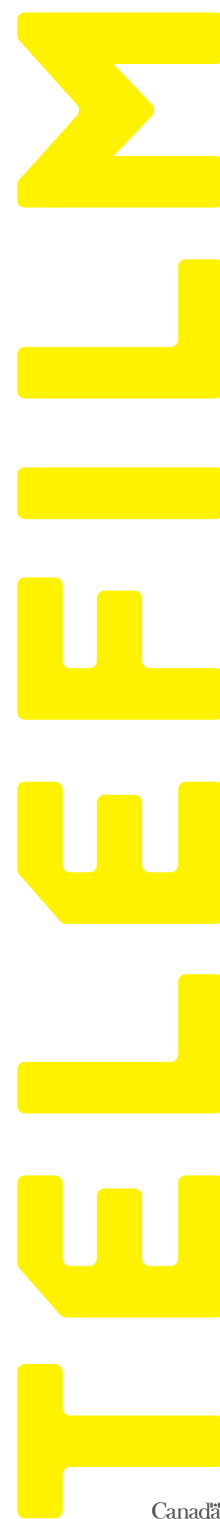


**Quarterly Financial Report**  
Period ended December 31, 2018

Third quarter of fiscal 2018-2019  
Published March 1st, 2019





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## 1. TELEFILM

Telefilm Canada is a Crown corporation reporting to Parliament through the Department of Canadian Heritage and Multiculturalism. Telefilm's vision is Canadian productions, on all consumption platforms, in Canada and abroad.

### 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

First and foremost, we are a team of some 180 enthusiasts of Canadian media content dedicated to the commercial, cultural and industrial success of Canada's audiovisual industry. As a Government of Canada Crown corporation, in the Canadian Heritage portfolio, we support dynamic companies and creators, providing financial support to Canadian film projects as well as promoting and fostering exportation of Canadian content at festivals, markets and events – regionally, nationally and around the world.

Finally, we administer the funding programs of the Canada Media Fund (CMF) and are responsible for making recommendations to the Minister of Canadian Heritage and Multiculturalism on whether projects can be recognized as audiovisual treaty coproductions. Headquartered in Montréal, we serve our clients throughout Canada from our four offices located in Vancouver, Toronto, Montréal and Halifax.

Telefilm defined its future orientations with the launch of its new strategic plan, *See bigger*<sup>1</sup>, which will guide the organization for the next years. The new vision put forward in the strategic plan lies on four pillars:

- Innovate, in the areas of content, business models and management;
- Strengthen, in consolidating the competitiveness of the industry;
- Export, emphasize coproduction and increase the reach at international festivals and markets;
- Excel, adding value and efficiency to stakeholders.

## 2. QUARTERLY FINANCIAL REPORT

This quarterly financial report complies with all requirements of the Standard on *Quarterly Financial Reports for Crown Corporations*<sup>2</sup> 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.

1 : <https://telefilm.ca/wp-content/uploads/strategic-plan-telefilm-2018-2020.pdf>  
2 : <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18789>

### 3. IMPORTANT CHANGES

#### Programs

In December, the Corporation updated its **Talent to Watch Program** guidelines, broadening the program's eligibility criteria and adding to the list of designated partners. The **Export Assistance Program**, for its part, was modified and will henceforth be open to all films funded by the Corporation.

#### Activities

Over the quarter, the Corporation financed 47 productions for a total of approximately \$20 million.

As part of the MIPCOM, the Corporation, the Canada Media Fund (CMF) and CBC/Radio-Canada presented a group of inspiring Canadian women who lead major production companies. Marie-Claude Beauchamp, President and Producer, CarpeDiem Film & TV, Tassie Cameron, Executive Producer and Co-founder, Cameron Pictures, and Christina Jennings, Chair and CEO, Shaftesbury Films, took part in the panel *Showbizz Success in Today's World*, which also featured the participation of several spokespersons representing successful Canadian companies. In addition to this activity, the CMF and Telefilm introduced three renowned Canadian companies at MIPJunior. The three companies presented productions that have achieved international success: *1001 nuits*, *Daniel Tiger's Neighborhood* and *La Pat'Patrouille (PAW Patrol)*.

In honour of the 20<sup>th</sup> anniversary of the release of the film *The Red Violin*, the Honourable Pablo Rodriguez, Minister of Canadian Heritage and Multiculturalism, hosted a special screening of the film, accompanied by a live orchestra, at the National Arts Centre in Ottawa. The event, was a resounding success, drawing more than 2,000 people.

In October, the Corporation and 12 Indigenous community representatives gathered together for a meeting of the Indigenous Working Group to discuss challenges to be met and assess possible solutions. Furthermore, the Corporation took part in the Sommet international sur une politique d'égalité, held at the Université de Montréal, during which influential decision-makers, financial donors and academics discussed new solutions. Furthermore, our Executive Director, Christa Dickenson, kicked off the Women on Top series at a networking luncheon that addressed gender equity prioritization and women's presence in the media. The event was held as part of the Whistler Film Festival.

At the beginning of November, the Corporation awarded the Guichet d'or prize to those behind the film *De père en filic 2* : director Émile Gaudreault and his co-writers, Sébastien Ravary and Eric K. Boulianne. The Golden Box-Office prize was awarded to Eric Warin and Eric Summer, co-directors and co-writers of *Ballerina*.

#### Personnel

In November, Catherine Émond joined the Corporation as Director of Public and Governmental Affairs, in replacement of Jean-Claude Mahé who retired in December.



#### **4. GOVERNANCE AND MEMBERS OF THE BOARD**

Governance of the Corporation is carried out through activities of the Board and its three subcommittees:

- Audit and Finance Committee;
- Nominating, Evaluation and Governance Committee;
- Strategic Planning and Communications Committee.

Governance is also ensured by the Management Committee, chaired by the Executive Director, and its subcommittees:

- Operational Committee;
- Human Resources Committee;
- Risk Management Committee;
- Appeal Committee;
- Information Security Committee.

During the quarter, the Board held six meetings. The Strategic Planning and Communications Committee, the Audit and Finance Committee and the Nominating, Evaluation and Governance Committee met one time. For its part the Management Committee met ten times.

The appointment to the Telefilm Canada Board of Etoile Stewart from Winnipeg, Manitoba was announced on November 5<sup>th</sup> 2018. Ram Raju, Board member and Acting Chair of the Corporation's Audit and Finance Committee, stepped down in December. G. Grant Machum, Acting Chair of the Board and Chair of the Nominating, Evaluation and Governance Committee has since been appointed by the Board as Acting Chair of the Audit and Finance Committee. There are currently three vacant positions on Telefilm's Board.

#### **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 is conducted twice a year.

#### **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, 2018. Management deems the importance of these adjustments to be immaterial.

## 7. ANALYSIS OF CUMULATIVE RESULTS

Please note that all the amounts shown in the analysis tables are in thousands of dollars. Variances requiring an explanation are based on thresholds set by the Audit and Finance Committee.

### Assistance Expenses

Overall, the Corporation's assistance expenses are in a good position when compared with those of the comparative fiscal year, showing higher level of expenses in most programs.

For the nine-month period ended December 31, 2018

	Budget		Actual		Variance				
	Annual	Period	2018- 2019	2017- 2018	Budget		Actual		
					\$	%	\$	%	
Production programs	62,749	39,000	45,722	34,714	(6,722)	(17)	11,008	32	1
Development program	7,625	4,950	5,228	4,685	(278)	(6)	543	12	2
Talent to Watch program	6,250	4,750	4,230	1,402	520	11	2,828	202	3
Contribution to the Council of Europe's cultural fund, Eurimages	1,500	1,500	1,632	1,415	(132)	(9)	217	15	4
Theatrical documentary program	2,000	1,800	1,546	1,473	254	14	73	5	5
Administration of recommendations for audiovisual coproduction	537	406	294	396	112	28	(102)	(26)	
Indigenous Screen Office	-	-	22	-	(22)	-	22	-	
Innovation program - Production	1,000	600	-	200	600	100	(200)	(100)	6
	81,661	53,006	58,674	44,285	(5,668)	(11)	14,389	32	
Marketing program	8,503	3,750	6,428	926	(2,678)	(71)	5,502	594	7
Promotion program and national promotional activities	7,936	7,036	5,317	7,108	1,719	24	(1,791)	(25)	8
International promotional activities	5,135	3,914	4,122	4,265	(208)	(5)	(143)	(3)	
Theatrical exhibition program	600	300	387	-	(87)	(29)	387	-	9
International marketing program	1,000	560	290	377	270	48	(87)	(23)	10
Export assistance program	800	250	77	29	173	69	48	166	11
Innovation program - Promotion	1,000	600	-	213	600	100	(213)	(100)	12
	24,974	16,410	16,621	12,918	(211)	(1)	3,703	29	
	106,635	69,416	75,295	57,203	(5,879)	(8)	18,092	32	

1	<b>Production programs</b>	Current period	\$6,722	The activity level is the highest it has been in the last four years due to 21 films financed over \$1 million compared with 14 for the comparative period.
		↗ than budget		
2	<b>Development program</b>	Current period	\$11,008	Companies admissible to the fast track stream triggered more development projects for higher amounts in comparison to the last fiscal year.
		↗ than previous	\$543	



**7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)**

**Assistance Expenses (Cont.)**

<b>3</b>	<b>Talent to Watch program</b>	Current period ↘ than budget	\$520	Program activities will not reach the overall established budget. Budgetary savings is expected.
		Current period ↗ than previous	\$2,828	The number of films planned to be funded increased intentionally from 18 to 44. As of December, 34 contracts were signed in comparison to 12 from last fiscal.
<b>4</b>	<b>Contribution to the Council of Europe's cultural fund, Eurimages</b>	Current period ↗ than previous	\$217	The raise is mainly due to the Eurimages multiple variables cost calculation methodology.
<b>5</b>	<b>Theatrical documentary program</b>	Current period ↘ than budget	\$254	This is a temporary variance, the program is expected to go over budget and would require a funding reallocation.
<b>6</b>	<b>Innovation program - Production</b>	Current period ↘ than budget	\$600	Telefilm is currently reviewing its promotional efforts to solicit industry to launch truly innovative projects.
<b>7</b>	<b>Marketing program</b>	Current period ↗ than budget	\$2,678	Program expenses are at an exceptionally high level, bolstered by <i>Little Italy</i> , <i>Sharkwater : Extinction</i> and <i>Indian Horse</i> marketing campaign. This program fluctuates from a year to another with little predictability.
		Current period ↗ than previous	\$5,502	Major marketing campaigns were supported this fiscal of which three were in the neighbourhood of \$1 million each. Of note, this program saw an unusually low level of activity for the same period last fiscal year.
<b>8</b>	<b>Promotion program and national promotional activities</b>	Current period ↘ than budget	\$1,719	Budgetary surplus is primarily due to the fact certain expenses were carried over to a later time, particularly the Toronto International Film Festival contribution.
		Current period ↘ than previous	\$1,791	The decrease stems from expenses being carried over to the next quarter as well as to non-recurring activities held for the Canada's 150 <sup>th</sup> anniversary.
<b>9</b>	<b>Theatrical exhibition program</b>	Current period ↗ than previous	\$387	This new program experienced lower requests for funding than anticipated. The program is expected to generate savings.
<b>10</b>	<b>International marketing program</b>	Current period ↘ than budget	\$270	Program expenses are directly affected by the selection of Canadian films at international festivals. The program is expected to generate budgetary savings.
<b>11</b>	<b>Export assistance program</b>	Current period ↘ than budget	\$173	Program results do not meet expectations. New guidelines were issued in December, to compensate for the situation, whereby the program's eligibility criteria were broadened to encompass all films funded by the Corporation.
<b>12</b>	<b>Innovation program - Promotion</b>	Current period ↘ than budget	\$600	Telefilm is currently reviewing its promotional efforts to solicit industry to launch truly innovative projects; and anticipates positive momentum in the next quarter.
		Current period ↘ than previous	\$213	

## 7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

### Operating and Administrative Expenses

As a whole, operating and administrative expenses are on par with budget and higher in comparison to last year figures.

For the nine-month period ended December 31, 2018

	Budget		Actual		Variance			
	Annual	Period	2018- 2019	2017- 2018	Budget		Actual	
					\$	%	\$	%
Salaries and employee benefits	19,232	14,362	13,806	12,915	556	4	891	7
Professional services	1,917	1,514	1,797	902	(283)	(19)	895	99 <b>1</b>
Rent, taxes, heating and electricity	1,865	1,416	1,566	1,391	(150)	(11)	175	13 <b>2</b>
Information technology	1,690	1,520	1,464	1,513	56	4	(49)	(3)
Amortization of tangible capital assets	830	623	568	394	55	9	174	44 <b>3</b>
Office expenses	573	408	546	383	(138)	(34)	163	43 <b>4</b>
Travel and hospitality	619	453	508	435	(55)	(12)	73	17
Advertising and publications	218	160	179	143	(19)	(12)	36	25
	26,944	20,456	20,434	18,076	22	-	2,358	13

<b>1 Professional services</b>	Current period ↗ than budget	\$283	IT consultants incurred for the Dialogue's platform. The budget planning were expecting capitalized tangible assets costs.
	Current period ↗ than previous	\$895	IT consultants were incurred mainly for system maintenance and data conversion in comparison with the last fiscal year where these expenses were for Dialogue's platform capitalizable work.
<b>2 Rent, taxes, heating and electricity</b>	Current period ↗ than budget	\$150	Mainly related to raises in operating expenses, property taxes and rent on office space as well as unexpected fees for temporary premises in relation to the Toronto's office flood.
	Current period ↗ than previous	\$175	
<b>3 Amortization of tangible capital assets</b>	Current period ↗ than previous	\$174	Amortization tied to capitalization of \$3.3 million in assets for the Dialogue platform stemming from March 31, 2018.
<b>4 Office expenses</b>	Current period ↗ than budget	\$138	Professional development expenses stemming from Dialogue's platform and coaching needs exceed forecasted budget in addition to office implements purchases in relation to the Toronto's office flood.
	Current period ↗ than previous	\$163	New training activities were delivered, and recurring training activities were held earlier than last fiscal year. Additionally, new services in relation to data analysis and fees related to telecommunication were incurred.





**7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)**

**Government Funding and Revenues**

For the nine-month period ended December 31, 2018

	Budget		Actual		Variance				
	Annual	Period	2018- 2019	2017- 2018	Budget		Actual		
					\$	%	\$	%	
Parliamentary appropriation	101,867	95,468	97,333	78,971	1,865	2	18,362	23	1
Management fees from the Canada Media Fund	10,207	7,655	7,440	6,964	(215)	(3)	476	7	
Investment revenues and recoveries	10,000	6,130	6,703	7,603	573	9	(900)	(12)	2
Talent Fund	2,165	1,485	1,836	1,511	351	24	325	22	3
Contributions to promotional support activities	950	710	660	958	(50)	(7)	(298)	(31)	4
Interest and other revenues	100	75	84	80	9	12	4	5	
	125,289	111,523	114,056	96,087	2,533	2	17,969	19	

- 1 Parliamentary appropriation** Current period  $\nearrow$  than previous \$18,362 The level of disbursement for current year contracts is higher than it was last year, mainly due to the outstanding level of activity in our production program.
- 2 Investment revenues and recoveries** Current period  $\searrow$  than previous \$900 Revenues in the comparative period were still moderately higher than usual, with past hit films like *Room* and *Hyena Road* that continued to generate sizable remittances in the past year. The only film that generated comparable revenues during the current year was *Ballerina*.
- 3 Talent Fund** Current period  $\nearrow$  than budget \$351  
 Current period  $\nearrow$  than previous \$325 Donations to the Talent Fund greatly fluctuate and so far have not been budgeted. These donations explain overall the variances.
- 4 Contributions to promotional support activities** Current period  $\searrow$  than previous \$298 Decrease in sponsorship directly tied to activities surrounding celebrations marking the 150<sup>th</sup> anniversary of Canada's Confederation.

**8. ANALYSIS OF RESULTS FOR THE THIRD QUARTER**

	Actual		Variance		
	2018- 2019	2017- 2018	\$	%	
Assistance expenses	33,028	26,127	6,901	26	①
Operating and administrative expenses	6,540	5,726	814	14	②
Revenues	4,859	4,063	796	20	③
Parliamentary appropriation	45,196	27,683	17,513	63	④
Surplus (deficit)	10,487	(107)	10,594	(9,901)	

- ① **Assistance expenses** Current period  $\nearrow$  than previous \$6,901 The increase over the comparative quarter stems mainly from the Talent to Watch Program and the Marketing Program, which both saw significant increase in their level of activity during the current quarter.
- ② **Operating and administrative expenses** Current period  $\nearrow$  than previous \$814 The variance stems mainly, among others, from IT consultant fees that are recorded as expenses, whereas these costs were capitalizable for the comparative quarter.
- ③ **Revenues** Current period  $\nearrow$  than previous \$796 Increase in contribution agreements revenues directly correlated with an increase in the Talent Fund assistance expenses. The Fund finances, among other things, the Talent to Watch Program.
- ④ **Parliamentary appropriation** Current period  $\nearrow$  than previous \$17,513 Significant increase in payment amounts, particularly with respect to 2018-2019 contractual commitments.

**9. ANALYSIS OF FINANCIAL POSITION**

	Actual		Variance	
	Dec. 31, 2018	Dec. 31, 2017	\$	%
<b>Financial assets</b>				
Due from Consolidated Revenue Fund	69,621	69,417	204	-
Cash - Talent Fund	1,662	1,901	(239)	(13)
Accounts receivable	3,809	2,621	1,188	45 <sup>1</sup>
Receivable from the Canada Media Fund	2,503	2,354	149	6
Loan	240	240	-	-
	<u>77,835</u>	<u>76,533</u>	<u>1,302</u>	<u>2</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	1,648	3,523	(1,875)	(53) <sup>2</sup>
Deferred revenues - Talent Fund	626	735	(109)	(15)
Financial assistance program obligations	40,778	30,693	10,085	33 <sup>3</sup>
Liabilities for employee future benefits	767	735	32	4
	<u>34,016</u>	<u>40,847</u>	<u>(6,831)</u>	<u>(17)</u>
<b>Net financial assets</b>				
<b>Non-financial assets</b>				
Tangible capital assets	5,802	6,395	(593)	(9)
Prepaid expenses	599	151	448	297 <sup>4</sup>
	<u>40,417</u>	<u>47,393</u>	<u>(6,976)</u>	<u>(15)</u>
<b>Accumulated surplus</b>				

- <sup>1</sup> **Accounts receivable** ↗ \$1,188 Increase in amount of taxes receivable directly correlated with increase in taxable disbursements related to contractual investments made during the third quarter.
- <sup>2</sup> **Accounts payable and accrued liabilities** ↘ \$1,875 Eurimages' contribution was recorded as an accrued liability at December 31, 2017.
- <sup>3</sup> **Financial assistance program obligations** ↗ \$10,085 Significant increase in the level of commitments - of over \$17 million - for fiscal 2018-2019 in relation to the comparative period. Presence of a high level of contractual commitments at the beginning of fiscal 2018-2019 and for which amounts remain to be disbursed.
- <sup>4</sup> **Prepaid expenses** ↗ \$448 The Corporation paid fees in connection with recurring international promotional events that will be held over the next fiscal year.



## 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, since the Parliamentary appropriation is calculated using a modified cash basis accounting method.

<i>In thousands of Canadian dollars</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>
<b>Cost of operations</b>	95,729	75,279
Adjustment affecting the use of Parliamentary appropriation :		
Assistance expenses adjustment where Parliamentary appropriation eligibility criteria have been met	13,151	13,039
Assistance expenses funded by the Talent Fund	(2,254)	(1,038)
Contributions to promotional support activities	(660)	(958)
Prepaid expenses	(990)	(2,124)
Contractual claims	-	(11)
Operating expenses funded by the CMF	(7,440)	(6,964)
Acquisitions of property and equipment	402	2,127
Salary recovery for payment in arrears transition	(34)	(33)
Amortization	(568)	(394)
Employee future benefits	(3)	48
<b>Use of Parliamentary appropriation at December 31</b>	<b>97,333</b>	<b>78,971</b>
<b>Parliamentary appropriation available for subsequent quarter</b>	<b>4,566</b>	<b>23,983</b>
<b>Parliamentary appropriation authorized</b>	<b>101,899</b>	<b>102,954</b>

The amount of the Parliamentary appropriation comes from the 2018-2019 Main Estimates and Supplementary Estimates (A).

**11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2018****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.

A handwritten signature in black ink that reads "Christa Dickenson".

Christa Dickenson  
Executive Director

A handwritten signature in blue ink that reads "Patrick Bédard".

Patrick Bédard, CPA, CA, MBA  
Director of Finance

Montréal, Canada  
March 1st, 2019



### Quarterly Statement of Operations

For the three-month period ended December 31, 2018

<i>In thousands of Canadian dollars</i>	Schedule	Quarter ended Dec. 31	
		2018	2017
<b>Assistance expenses</b>			
Development of the Canadian audiovisual industry			
Production programs		16,021	16,325
Development program		4,536	3,102
Talent to Watch program		3,605	637
Contribution to the Council of Europe's cultural fund, Eurimages		1,632	1,415
Theatrical documentary program		250	350
Administration of recommendations for audiovisual treaty coproduction		99	130
Indigenous Screen Office		(72)	-
Innovation program - Production		-	200
		26,071	22,159
Promotional support in Canada and abroad			
Marketing program		3,719	252
Promotion program and national promotional activities		1,644	2,012
International promotional activities		1,173	1,255
Theatrical exhibition program		187	-
International marketing program		175	235
Export assistance program		59	1
Innovation program - Promotion		-	213
		6,957	3,968
		33,028	26,127
<b>Operating and administrative expenses</b>	A	6,540	5,726
<b>Cost of operations</b>		39,568	31,853
<b>Revenues</b>			
Management fees from the Canada Media Fund		2,364	2,322
Talent fund		1,272	686
Investment revenues and recoveries		1,090	803
Contributions to promotional support activities		200	226
Interest and other revenues		27	26
Indigenous screen office		(94)	-
		4,859	4,063
<b>Net cost of operations before government funding</b>		34,709	27,790
<b>Government funding</b>			
Parliamentary appropriation		45,196	27,683
<b>Surplus (deficit)</b>		10,487	(107)
<b>Accumulated surplus, beginning of period</b>		29,930	47,500
<b>Accumulated surplus, end of period</b>		40,417	47,393

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



## Statement of Operations

For the nine-month period ended December 31, 2018

<i>In thousands of Canadian dollars</i>	Schedule	Period ended Dec. 31		
		Cumulative Budget	Cumulative 2018	Cumulative 2017
<b>Assistance expenses</b>				
Development of the Canadian audiovisual industry				
Production programs		39,000	45,722	34,714
Development program		4,950	5,228	4,685
Talent to Watch program		4,750	4,230	1,402
Contribution to the Council of Europe's cultural fund, Eurimages		1,500	1,632	1,415
Theatrical documentary program		1,800	1,546	1,473
Administration of recommendations for audiovisual treaty coproduction		406	294	396
Indigenous Screen Office		-	22	-
Innovation program - Production		600	-	200
		53,006	58,674	44,285
Promotional support in Canada and abroad				
Marketing program		3,750	6,428	926
Promotion program and national promotional activities		7,036	5,317	7,108
International promotional activities		3,914	4,122	4,265
Theatrical exhibition program		300	387	-
International marketing program		560	290	377
Export assistance program		250	77	29
Innovation program - Promotion		600	-	213
		16,410	16,621	12,918
		69,416	75,295	57,203
<b>Operating and administrative expenses</b>	B	20,456	20,434	18,076
<b>Cost of operations</b>		89,872	95,729	75,279
<b>Revenues</b>				
Management fees from the Canada Media Fund		7,655	7,440	6,964
Investment revenues and recoveries		6,130	6,703	7,603
Talent Fund		1,485	1,836	1,511
Contributions to promotional support activities		710	660	958
Interest and other revenues		75	84	80
		16,055	16,723	17,116
<b>Net cost of operations before government funding</b>		73,817	79,006	58,163
<b>Government funding</b>				
Parliamentary appropriation		95,468	97,333	78,971
<b>Surplus</b>		21,651	18,327	20,808
<b>Accumulated surplus, beginning of period</b>		22,090	22,090	26,585
<b>Accumulated surplus, end of period</b>		43,741	40,417	47,393

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


**Statement of Financial Position**

<i>In thousands of Canadian dollars</i>	<b>Dec. 31, 2018</b>	<b>March 31, 2018</b>
<b>Financial assets</b>		
Due from Consolidated Revenue Fund	69,621	66,421
Cash - Talent Fund	1,662	1,465
Accounts receivable	3,809	2,469
Receivable from the Canada Media Fund	2,503	2,952
Loan	240	240
	<b>77,835</b>	<b>73,547</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,648	2,949
Deferred revenues - Talent Fund	626	9
Financial assistance program obligations	40,778	55,292
Liabilities for employee future benefits	767	764
	<b>43,819</b>	<b>59,014</b>
<b>Net financial assets</b>	<b>34,016</b>	<b>14,533</b>
<b>Non-financial assets</b>		
Tangible capital assets	5,802	5,968
Prepaid expenses	599	1,589
	<b>6,401</b>	<b>7,557</b>
<b>Accumulated surplus</b>	<b>40,417</b>	<b>22,090</b>

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, 2018

<i>In thousands of Canadian dollars</i>	<b>Dec. 31, Budget</b>	<b>Dec. 31, 2018</b>	<b>March 31, 2018</b>
<b>Surplus (deficit)</b>	21,651	18,327	(4,495)
<b>Tangible capital asset transactions</b>			
Amortization	623	568	747
Acquisitions	(815)	(402)	(2,124)
Write-down of tangible capital assets	-	-	71
<b>Other transactions</b>			
Acquisitions of prepaid expenses	-	(599)	(1,589)
Use of prepaid expenses	1,400	1,589	2,275
<b>Increase (decrease) in net financial assets</b>	<b>22,859</b>	<b>19,483</b>	<b>(5,115)</b>
<b>Net financial assets, beginning of year</b>	14,533	14,533	19,648
<b>Net financial assets, end of period</b>	<b>37,392</b>	<b>34,016</b>	<b>14,533</b>

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



### Statement of Cash Flows

For the period ended December 31, 2018

<i>In thousands of Canadian dollars</i>	Quarter ended Dec. 31		Period ended Dec. 31	
	2018	2017	2018	2017
<b>Operating activities</b>				
Surplus (deficit)	10,487	(107)	18,327	20,808
Items not affecting cash:				
Increase (decrease) in liabilities for employee future benefits	4	(31)	3	(48)
Amortization of tangible capital assets	182	125	568	394
	10,673	(13)	18,898	21,154
Changes in non-cash financial items:				
Decrease (increase) in accounts receivable	692	(644)	(1,340)	356
Decrease (increase) in receivable from the Canada Media Fund	52	(20)	449	908
Increase (decrease) in accounts payable and accrued liabilities	(809)	1,212	(1,330)	67
Increase (decrease) in deferred revenues - Talent Fund	(1,221)	(632)	617	735
Increase (decrease) of financial assistance program obligations	(10,526)	160	(14,514)	(14,479)
Decrease (increase) in prepaid expenses	(323)	109	990	2,124
	(1,462)	172	3,770	10,865
<b>Capital activities</b>				
Cash outflows to acquire tangible capital assets	(352)	(750)	(373)	(1,905)
<b>Increase (decrease) in due from Consolidated Revenue Fund and cash - Talent Fund</b>	(1,814)	(578)	3,397	8,960
<b>Due from Consolidated Revenue Fund and cash - Talent Fund, beginning of period</b>	73,097	71,896	67,886	62,358
<b>Due from Consolidated Revenue Fund and cash - Talent Fund, end of period</b>	71,283	71,318	71,283	71,318
<b>Additional information presented in operating activities</b>				
Change in accounts payable and accrued liabilities for capital projects	174	177	(29)	222

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



## Note 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, 2018. The significant accounting policies used in these quarterly financial statements are similar to those used in the annual financial statements of March 31, 2018.

## Schedules A and B - Other Information

### A - Operating and administrative expenses

	Quarter ended Dec. 31	
	2018	2017
Salaries and employee benefits	4,499	4,297
Professional services	700	345
Rent, taxes, heating and electricity	521	468
Travel and hospitality	227	192
Office expenses	200	128
Amortization of tangible capital assets	182	125
Information technology	129	130
Advertising and publications	82	41
	6,540	5,726

### B - Cumulative operating and administrative expenses

	Cumulative Budget	Period ended Dec. 31	
		2018	2017
Salaries and employee benefits	14,362	13,806	12,915
Professional services	1,514	1,797	902
Rent, taxes, heating and electricity	1,416	1,566	1,391
Information technology	1,520	1,464	1,513
Amortization of tangible capital assets	623	568	394
Office expenses	408	546	383
Travel and hospitality	453	508	435
Advertising and publications	160	179	143
	20,456	20,434	18,076