Quarterly Financial Report

Period ended September 30, 2017

Second quarter of fiscal 2017-2018

Published November 29, 2017

TELEFILM

Canada

TELEFILM CANADA

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1. TELEFILM

Telefilm Canada is a Crown corporation reporting to Parliament through the Department of Canadian Heritage. 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

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 creators, providing financial support to Canadian film projects as well as promoting and exporting Canadian content at festivals, markets and events - regionally, nationally and around the world.

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 on whether projects can be recognized as audiovisual treaty coproductions. Headquartered in Montreal, we serve our clients through four offices located 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.

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

Programs

Since the beginning of this fiscal year, the Corporation announced that it had invested $4.7 million in 11 new Indigenous productions, exceeding the initial $4.2 million commitment that had been earmarked.

Additionally, the Corporation and the Department of Canadian Heritage signed a $2.5 million agreement to promote and strengthen the position of Canadian creators and content in certain markets, such as Europe and Asia as well as additional funding for international coproductions. This agreement is part of Canadian Heritage's overall effort to promote creative industries abroad.

Activities

During the quarter, the Corporation funded 28 feature films at the production stage, for approximately $8.5 million.

The Corporation again partnered with the Toronto International Film Festival (TIFF) this year to focus on Canadian talent. During this edition of the Festival, four projects recently funded by the Micro-Budget Production Program were presented at the Festival. The following initiatives were back this year: Filmmaker Boot Camp, PITCH THIS!, TIFF Rising Stars and Talent Lab. The Birks Diamond Tribute, now in its fifth year, showcased 12 outstanding Canadian women actors, directors and screenwriters. Moreover, the Eye on TIFF initiative, building on its increasing success, was expanded to target buyers and theatrical programmers of foreign films from London and Paris. Unifrance again partnered with the Corporation to present a showreel of French titles in New York, Los Angeles and Paris. During the quarter, the Corporation organized three panel discussions, one of which featured Canadian women directors - all honorees of the Birks Diamond Tribute - who discussed how they took charge of their careers and built a name for themselves in the industry.

To mark the 150th anniversary of Canadian Confederation, Canada was chosen as country of honor at the 20th Guanajuato International Film Festival in Mexico. The festival spotlighted Canada's most celebrated filmmakers, brightest talents and rising stars, as well as a selection of Canada-Mexico coproductions.

The Canada-Switzerland coproduction 1999 (Wish You Were Here) is the first majority-Canadian coproduction to obtain funding under Eurimages, the *Council of Europe's European Cinema Support Fund*. Canada joined the Council of Europe's cultural support fund last March, becoming the first non-European country to do so.

The four final Movie Nights Across Canada screenings were held during the second quarter of the fiscal year, with screenings in Montréal, Halifax, Calgary and Vancouver of, respectively, the movies *Hochelaga, Land of Souls*, *Long Time Running*, *When They Awake* and *Meditation Park*. A website was launched to highlight the events that were organized.

Finally, the pan-Canadian Oscar-selection committee, organized and chaired by the Corporation, chose François Girard's *Hochelaga, Land of Souls* to represent Canada in the competition leading to the nominations for the Best Foreign Language Film Oscar. To date, projects by François Girard have won more than 100 international awards.

Personnel

Moreover, there were no staff changes with regard to the Corporation's Management Committee during the quarter.

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 and its subcommittees did not meet during the quarter. The Management Committee, for its part, met 11 times.

Michel Roy's term as Chair of the Corporation's Board of Directors will end in October 2017 after ten years of service. G. Grant Machum, Vice-Chair of the Board, will serve as Interim Chair.

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 September 30, 2017. 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.

Assistance Expenses

After the first six months, the assistance expenses show an important delay compared to the budget, but not significant compared with the previous fiscal year. This delay comes mostly from the production programs.

For the six-month period ended September 30, 2017

	Budget		Actual		Variance				
			2017-	2016-	Budget		Actual		
	Annual	Period	**2018**	2017	$	%	$	%	
Production programs	63,322	26,130	18,389	21,616	7,741	30	(3,227)	(15)	1
Development program	7,825	1,570	1,583	1,565	(13)	(1)	18	1	
Theatrical documentary program	2,000	1,100	1,123	98	(23)	(2)	1,025	1,046	2
Micro-budget production program	4,000	2,200	765	2,198	1,435	65	(1,433)	(65)	3
Administration of recommendations for audiovisual coproduction	492	249	266	257	(17)	(7)	9	4	
Contribution to the Council of Europe's cultural fund, Eurimages	1,500	-	-	-	-	-	-	-	
	79,139	31,249	22,126	25,734	9,123	29	(3,608)	(14)	
Promotion program and national promotional activities	8,136	5,000	5,096	4,524	(96)	(2)	572	13	4
International promotional activities	5,185	2,850	3,010	1,967	(160)	(6)	1,043	53	5
Marketing program	10,780	2,500	674	1,653	1,826	73	(979)	(59)	6
International marketing program	1,150	350	142	217	208	59	(75)	(35)	7
Export assistance program	800	200	28	-	172	86	28	-	8
Innovation Program	2,000	500	-	-	500	100	-	-	9
	28,051	11,400	8,950	8,361	2,450	21	589	7	
	107,190	42,649	31,076	34,095	11,573	27	(3,019)	(9)	

1 The **Production Programs** shows a drop of 30% with respect to the budget and 15% with respect to the same period of last year. The temporary budgetary variance is explained by several major projects that are now close to being completed. The variance with respect to the previous fiscal year stems from the fact that, while a higher number of projects are being funded, the amount granted to each project has decreased.

2 Expenses stemming from the **Theatrical Documentary Program** are much higher than they were in the first six months of 2016-2017. Expense levels last year were unusually low, as a result of a delay in opening up the program on the new collaborative online platform, Dialogue. For this quarter, the higher level of expenses corresponds to the program's planned budgetary increase; the program's budget has doubled over the last fiscal year.

3 At mid-year, the **Micro-Budget Production Program** shows a budgetary surplus and a significant decrease with respect to the same period of last fiscal year. At this time last year, all projects funded under the program had been signed, in comparison to six projects signed so far this year. These signing delays will be remedied over the next few months.

4 Expenses related to the **Promotion Program and national promotional activities** are higher in comparison to those recorded during the same six-month period of the previous fiscal year. As provided for in the budget, a number of promotional activities were added this year, among them *Movie Nights Across Canada*.

5 The **international promotional activities** are on the rise in this quarter compared with the previous fiscal year as anticipated. This is due to the fact that, for fiscal 2017-2018, the budget for these activities was increased to allow for the addition of several initiatives, among them *Canada Now* and new *Eye on TIFF* events in London and Paris.

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Assistance Expenses (Cont.)

6 Expenses for the **Marketing Program** are more than 73% lower than budgeted and more than 59% lower than for the same period of last fiscal year. The funding for marketing is difficult to predict because funding requests are tied to a given project's theatrical release. Furthermore, the films that were released theatrically were expected to perform well, and so did not require funding from Telefilm. This program is expected to generate budgetary savings.

7 For the **International marketing Program**, the expenses are lower than budgeted by more than 59%. Expenses for this program are difficult to predict as the funding depends entirely on the selection of Canadian feature films in international festivals.

8 Last year, the Corporation launched its new **Exportation Program**. Awareness of this program from the industry is still growing and communication efforts are being put forward.

9 The Innovation Program is a new program launched by the Corporation for the 2017-2018 fiscal year and applications received are still at an evaluation stage.

Operating and Administrative Expenses

Operating and administrative expenses remained similar to the budgeted amount and to that of the same period last year.

For the six-month period ended September 30, 2017

	Budget		Actual		Variance				
			2017-	2016-	Budget		Actual		
	Annual	Period	**2018**	2017	$	%	$	%	
Salaries and employee benefits	18,382	9,234	8,618	8,279	616	7	339	4	
Information technology	1,690	1,305	1,383	1,289	(78)	(6)	94	7	
Rent, taxes, heating and electricity	1,855	891	923	894	(32)	(4)	29	3	
Professional services	1,823	778	557	878	221	28	(321)	(37)	1
Amortization of tangible capital assets	760	272	269	206	3	1	63	31	2
Office expenses	568	262	255	328	7	3	(73)	(22)	3
Travel and hospitality	546	254	243	235	11	4	8	3	
Advertising and publications	330	143	102	124	41	29	(22)	(18)	
	25,954	13,139	12,350	12,233	789	6	117	1	

1 **Professional fees** are lower than both the budgeted and the comparative period. The variance with the budget stems from consulting services in I.T. that were not delivered at the planned time or pace. The variance with the first six month of last fiscal year is mostly due, for its part, to a study on the consumption habit of Canadians produced at the same period last year.

2 **Amortization** expenditures are higher in comparison with the same period last year, due to the start of the amortization period for new assets related to the information system redesign project.

3 **Office expenses** are lower compared with the same period last year, due to maintenance-related cost savings resulting from changes made to the Corporation's telephone system and to lower training expenses, as expected.

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Government Funding and Revenues

The Corporation's different funding sources are similar to budgetary expectations and the comparative period of 2016-2017.

For the six-month period ended September 30, 2017

	Budget		Actual		Variance				
			2017-	2016-	Budget		Actual		
	Annual	Period	**2018**	2017	$	%	$	%	
Parliamentary appropriation	100,454	56,838	51,288	45,114	(5,550)	(10)	6,174	14	1
Investment revenues and recoveries	10,000	5,100	6,800	9,208	1,700	33	(2,408)	(26)	2
Management fees from the Canada Media Fund	9,553	4,777	4,642	4,916	(135)	(3)	(274)	(6)	
Talent Fund	2,165	722	825	869	103	14	(44)	(5)	
Contributions to promotional support activities	1,200	870	732	482	(138)	(16)	250	52	3
Interest and other revenues	100	50	54	57	4	8	(3)	(5)	
	123,472	68,357	64,341	60,646	(4,016)	(6)	3,695	6	

1 The Corporation used a smaller portion of its **parliamentary appropriation** than forecast in the budget, though this portion was higher than the one it used in the first six months of the previous fiscal year. The under-utilization of the parliamentary appropriation stems mainly from a decrease in payments following the low level of commitments this year. The variance with regard to the same semester last year stems mainly from the increased disbursements required to fulfil our funding program obligations relative to contracts signed in previous quarters.

2 **Investment revenues and recoveries on advances** are higher than anticipated but lower than they were in the same period last year. Revenues were extraordinarily high during the first six months of the previous fiscal year, due notably to major international sales of coproductions. Revenues in the first half of the year are higher than budgeted, however, and, with the exception of the previous semester, are at a higher level than they were during the past seven fiscals, galvanized by such projects as *Brooklyn*, *Room* and *Hyena Road*.

3 Contributions relating to **promotional support activities**, for their part, are higher than they were in same period last year, mainly because of sponsorships connected to Movie Nights Across Canada events.

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8. ANALYSIS OF RESULTS FOR THE SECOND QUARTER

	Actual		Variance		
	2017-2018	2016-2017	$	%	
Assistance expenses	17,144	16,851	293	2	
Operating and administrative expenses	5,591	5,585	6	-	
Revenues	9,500	12,055	(2,555)	(21)	1
Parliamentary appropriation	29,984	22,856	7,128	31	2
Surplus	16,749	12,475	4,274	34	

1 **Revenues** for the second quarter of the previous fiscal year were unusually high, due, among other reasons, to the level of revenues from the Production Program.

2 The increase in our **parliamentary appropriation**, for its part, was justified by disbursements required to fulfil our funding-program obligations from the previous fiscal year.

9. ANALYSIS OF FINANCIAL POSITION

	Actual		Variance		
	Sept. 30 2017	March 31, 2017	$	%	
Financial assets					
Due from Consolidated Revenue Fund	69,681	61,709	7,972	13	1
Cash - Talent Fund	2,215	649	1,566	241	2
Accounts receivable	1,977	2,977	(1,000)	(34)	3
Receivable from the Canada Media Fund	2,334	3,262	(928)	(28)	4
Loan	240	240	-	-	
	76,447	68,837	7,610	11	
Liabilities					
Accounts payable and accrued liabilities	2,488	3,234	(746)	(23)	5
Deferred revenues - Talent Fund	1,367	-	1,367	-	6
Financial assistance program obligations	30,533	45,172	(14,639)	(32)	7
Liabilities for employee future benefits	766	783	(17)	(2)	
Net financial assets	41,293	19,648	21,645	110	
Non-financial assets					
Tangible capital assets	5,947	4,662	1,285	28	8
Prepaid expenses	260	2,275	(2,015)	(89)	9
Accumulated surplus	47,500	26,585	20,915	79	

1 The **Due from Consolidated Revenue Fund** position rose, due mainly to receipt of project revenues and recoveries.

2 The **Talent Fund's cash position** rose, due to receipt of the Bell Media and Corus Entertainment contributions, which have still not been fully used.

3 The decrease in **accounts receivable** stems mainly from two sources. On one hand, the taxes receivable amount is lesser, due to disbursements on investments for this quarter lower than those at the end of the previous fiscal year. On the other hand, there is a decrease in receivables from our exploitation reports, explained by the fact that, at year-end, thorough cut-off procedures are carried out to ensure the integrality of the transactions.

4 The **amount receivable from the Canada Media Fund** shows a decline, due mainly to costs tied to the information system redesign (ISR) project invoiced at March 31, 2017, and to the 13% Harmonized Sales Tax applicable on the delivery of program services included at March 31.

5 The decrease in **accounts payable** is mainly due to the thorough end-of-year cut-off procedures that cannot be carried out during a quarterly period, particularly related to administrative expenses.

6 The Bell Media and Corus Entertainment contributions are subject to external restrictions and, as such, are recorded on the Statement of Operations only when used for the stated purpose. Accordingly, **deferred revenues** rose due to receipt of the Bell Media and Corus Entertainment contributions, which have still not been fully used.

7 The decrease in **financial assistance program obligations** derives from the fact that nearly half of the balance at March 31, 2017, has been disbursed since the start of the fiscal year and has not yet been compensated for by new obligations.

8 The increase in **tangible capital assets** stems from capital costs related to work currently underway on the ISR project.

9 **Prepaid expenses** declined significantly, owing to the fact that almost all prepaid expenses from the previous quarter were expensed in the 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	**Sept. 30 2017**	**Sept. 30 2016**
Cost of operations	43,426	46,328
Adjustment affecting the use of parliamentary appropriation :		
Assistance expenses adjustment where parliamentary appropriation eligibility criterias have been met	14,629	6,398
Assistance expenses funded by the Talent Fund	(681)	(1,126)
Contributions to promotional support activities	(732)	(482)
Prepaid expenses	(2,016)	(1,847)
Contractual claims	(9)	(10)
Operating expenses funded by the CMF	(4,642)	(4,916)
Acquisitions of property and equipment	1,554	968
Salary recovery for payment in arrears transition	(20)	-
Amortization	(269)	(206)
Employee future benefits	48	7
Use of Parliamentary appropriation at September 30	51,288	45,114
Parliamentary appropriation available for subsequent quarters	49,166	50,340
Parliamentary appropriation authorized	100,454	95,454

The amount of the Parliamentary appropriation comes from the 2017-2018 Main Estimates.

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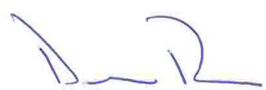
11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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
November 29, 2017

TELEFILM CANADA

Quarterly Statement of Operations

For the three-month period ended September 30, 2017

In thousands of Canadian dollars	Schedule	Quarter ended Sept. 30 2017	2016
Assistance expenses			
Development of the Canadian audiovisual industry			
Production programs		8,565	8,597
Development program		1,583	1,369
Theatrical documentary program		1,048	-
Micro-budget production program		765	2,198
Administration of recommendations for audiovisual treaty coproduction		143	130
		12,104	12,294
Promotional support in Canada and abroad			
Promotion program and national promotional activities		3,588	3,142
International promotional activities		912	458
Marketing program		460	852
International marketing program		80	105
		5,040	4,557
		17,144	16,851
Operating and administrative expenses	A	5,591	5,585
Cost of operations		22,735	22,436
Revenues			
Investment revenues and recoveries		6,253	8,501
Management fees from the Canada Media Fund		2,224	2,508
Talent fund		800	865
Contributions to promotional support activities		191	149
Interest and other revenues		32	32
		9,500	12,055
Net cost of operations before government funding		13,235	10,381
Government funding			
Parliamentary appropriation		29,984	22,856
Surplus		16,749	12,475
Accumulated surplus, beginning of period		30,751	27,951
Accumulated surplus, end of period		47,500	40,426

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

Statement of Operations

For the six-month period ended September 30, 2017

In thousands of Canadian dollars	Schedule	Period ended Sept. 30 Cumulative Budget	Cumulative 2017	Cumulative 2016
Assistance expenses				
Development of the Canadian audiovisual industry				
Production programs		26,130	18,389	21,616
Development program		1,570	1,583	1,565
Theatrical documentary program		1,100	1,123	98
Micro-budget production program		2,200	765	2,198
Administration of recommendations for audiovisual treaty coproduction		249	266	257
		31,249	22,126	25,734
Promotional support in Canada and abroad				
Promotion program and national promotional activities		5,000	5,096	4,524
International promotional activities		2,850	3,010	1,967
Marketing program		2,500	674	1,653
International marketing program		350	142	217
Export assistance program		200	28	-
Innovation Program		500	-	-
		11,400	8,950	8,361
		42,649	31,076	34,095
Operating and administrative expenses	B	13,139	12,350	12,233
Cost of operations		55,788	43,426	46,328
Revenues				
Investment revenues and recoveries		5,100	6,800	9,208
Management fees from the Canada Media Fund		4,777	4,642	4,916
Talent Fund		722	825	869
Contributions to promotional support activities		870	732	482
Interest and other revenues		50	54	57
		11,519	13,053	15,532
Net cost of operations before government funding		44,269	30,373	30,796
Government funding				
Parliamentary appropriation		56,838	51,288	45,114
Surplus		12,569	20,915	14,318
Accumulated surplus, beginning of period		26,585	26,585	26,108
Accumulated surplus, end of period		39,154	47,500	40,426

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

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Statement of Financial Position

In thousands of Canadian dollars	**Sept. 30 2017**	**March 31, 2017**
Financial assets		
Due from Consolidated Revenue Fund	69,681	61,709
Cash - Talent Fund	2,215	649
Accounts receivable	1,977	2,977
Receivable from the Canada Media Fund	2,334	3,262
Loan	240	240
	76,447	68,837
Liabilities		
Accounts payable and accrued liabilities	2,488	3,234
Deferred revenues - Talent Fund	1,367	-
Financial assistance program obligations	30,533	45,172
Liabilities for employee future benefits	766	783
	35,154	49,189
Net financial assets	41,293	19,648
Non-financial assets		
Tangible capital assets	5,947	4,662
Prepaid expenses	260	2,275
	6,207	6,937
Accumulated surplus	47,500	26,585

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

Statement of Changes in Net Financial Assets

For the six-month period ended September 30, 2017

In thousands of Canadian dollars	**Sept. 30 Budget**	**Sept. 30 2017**	**March 31, 2017**
Surplus	12,569	20,915	477
Tangible capital asset transactions			
Amortization	272	269	486
Acquisitions	(1,200)	(1,554)	(2,798)
Other transactions			
Acquisitions of prepaid expenses	-	(151)	(2,275)
Use of prepaid expenses	2,200	2,166	2,365
Increase (decrease) in net financial assets	13,841	21,645	(1,745)
Net financial assets, beginning of year	19,648	19,648	21,393
Net financial assets, end of period	33,489	41,293	19,648

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

TELEFILM CANADA

Statement of Cash Flows

For the period ended September 30, 2017

	Quarter ended Sept. 30		Period ended Sept. 30	
In thousands of Canadian dollars	**2017**	**2016**	**2017**	**2016**
Operating activities				
Surplus	16,749	12,475	20,915	14,318
Items not affecting cash:				
Decrease in liabilities for employee future benefits	1	19	(17)	7
Amortization of tangible capital assets	133	101	269	206
	16,883	12,595	21,167	14,531
Changes in non-cash financial items:				
Decrease in accounts receivable	771	567	1,000	258
Decrease in receivable from the Canada Media Fund	143	(142)	928	705
Increase (decrease) in accounts payable and accrued liabilities	417	(1,018)	(746)	(645)
Increase (decrease) in deferred revenues - Talent Fund	10	(855)	1,367	490
Decrease of financial assistance program obligations	(8,872)	(4,519)	(14,639)	(6,906)
Decrease in prepaid expenses	-	-	2,015	1,847
	9,352	6,628	11,092	10,280
Capital activities				
Cash outflows to acquire tangible capital assets	(687)	(470)	(1,155)	(764)
Change in accounts payable and accrued liabilities for capital projects	(202)	(54)	(399)	(204)
	(889)	(524)	(1,554)	(968)
Increase in due from Consolidated Revenue Fund and cash - Talent Fund	8,463	6,104	9,538	9,312
Due from Consolidated Revenue Fund and cash - Talent Fund, beginning of period	63,433	61,343	62,358	58,135
Due from Consolidated Revenue Fund and cash - Talent Fund, end of period	71,896	67,447	71,896	67,447

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

TELEFILM CANADA

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 2016-2017 figures have been reclassified to conform to the presentation adopted for 2017-2018.

Schedules A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Sept. 30	
	2017	**2016**
Salaries and employee benefits	4,068	4,082
Rent, taxes, heating and electricity	468	447
Information technology	375	264
Professional services	285	388
Amortization of tangible capital assets	133	101
Office expenses	117	153
Travel and hospitality	101	112
Advertising and publications	44	38
	5,591	5,585

B - Cumulative operating and administrative expenses

	Period ended Sept. 30		
	Cumulative Budget	**2017**	**2016**
Salaries and employee benefits	9,234	8,618	8,279
Information technology	1,305	1,383	1,289
Rent, taxes, heating and electricity	891	923	894
Professional services	778	557	878
Amortization of tangible capital assets	272	269	206
Office expenses	262	255	328
Travel and hospitality	254	243	235
Advertising and publications	143	102	124
	13,139	12,350	12,233