

TELEFILM
C A N A D A

**PARTNER
OF ►
CHOICE**

QUARTERLY FINANCIAL REPORT

PERIOD ENDED SEPTEMBER 30, 2021

Second quarter of fiscal 2021-2022

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TELEFILM.CA





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1. TELEFILM

Telefilm Canada is a federal Crown corporation reporting to Parliament through the Department of Canadian Heritage. Telefilm's vision is: Telefilm and Canada, *Partners of choice*.

Our mission

Telefilm Canada'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 bringing Canadian creativity to the world.

What we do

First and foremost, we are a team of some 210 enthusiasts of Canadian media content. We support dynamic companies and creators by providing financial support to Canadian film projects and by promoting and exporting Canadian content at festivals, markets and events - regionally, nationally and around the world.

Furthermore, we are responsible for making recommendations to the Minister of Canadian Heritage on whether projects can be recognized as audiovisual treaty coproductions. We also administer the funding programs of the Canada Media Fund (CMF). Headquartered in Montréal, we serve our clients throughout four offices located in Vancouver, Toronto, Montréal and Halifax and since March 2020 in teleworking mode.

In April 2021, Telefilm revised the timeline for its Corporate Plan *Partner of choice*¹ to condense its planning cycle to an 18-month model. The vision put forward lies on four pillars:

- Attract additional funding and investment;
- Evolve our funding allocation approach;
- Optimize our operational capacity;
- Enhance the values of the "Canada" and "Telefilm" brands;

2. QUARTERLY FINANCIAL REPORT

This quarterly financial report complies with all requirements of the Standard on *Directive on Accounting Standards : GC 5200 Crown Corporations Quarterly Financial Report*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/wp-content/uploads/corporateplan2020en.pdf>

2 : <https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32665>



3. IMPORTANT CHANGES

Programs

In June, the Department of Canadian Heritage announced funding for a Reopening Fund and a Recovery Fund for the arts, culture, heritage and sports sectors that will enable the Corporation to administer \$35 million over two fiscal years: \$21 million in 2021-2022 and \$14 million in 2022-2023. The assistance will include support to exhibitors across the country through our **Theatrical Exhibition Program**, promotional initiatives to encourage Canadian audiences to return to theatres, and to film festivals through the **Promotion Program** to better support their activities. This last program was besides modified during the fiscal year in three distinct streams in order to better sort the different types of promotional activities supported by the Corporation. Finally, the Corporation updated its **Development Program** in order to better meet the industry needs.

Activities

During the quarter, Telefilm announced that it will take over the administration of five audiovisual productions financed under the Harold Greenberg Fund's French-language program. This program, which ends on December 15, 2021 will transfer close to \$1.4 million to Telefilm Canada so that the five productions can receive the investments committed by the Harold Greenberg Fund.

The Harold Greenberg Fund has also made a commitment to the Talent Fund to donate all remaining funds raised by its French-language program by April 30, 2022. With this latest contribution, the Talent Fund will reinvest these funds to finance new French-language audiovisual productions. This donation commemorates the 25th anniversary of Harold Greenberg's death, and pays tribute to this renowned businessman and philanthropist who left his mark on the Canadian audiovisual industry.

Together with Cineplex Entertainment, Telefilm launched a Canadian film showcase on the Cineplex Store. The talent, stories and cinematography that make our cinema unforgettable are on full display for film lovers through a variety of collections and playlists featuring productions ranging from horror films and documentaries to films made by women and emerging talent

In August, Telefilm Canada announced the funding of seven Indigenous projects through the Indigenous Stream of the Theatrical Documentary Program and the Production Program, for a total of over \$3 million. An annual financial commitment of \$4 million is dedicated to creators from Canada's Indigenous communities, with the remainder earmarked for Indigenous projects submitted under the Talent to Watch program and the Development Program.

Once again, Canada had a strong showing at this year's Toronto International Film Festival (TIFF). *Learn to Swim*, *Quickenning* and *Scarborough* (nominated for the Audience Choice Award), funded by the Talent to Watch program were shown, along with 11 Canadian feature films and 15 shorts, including *All my Puny Sorrows*, *Charlotte*, *Drunken Birds*, *Maria Chapdelaine*, *Night Raiders*, *The Middle Man*, *The White Fortress* and *Wildwood*, which were all funded by Telefilm. Telefilm also organized four sessions on diversity, accessibility, inclusion and creating a greener, more sustainable industry.

As in previous years, the 2021 edition of the FIN Atlantic International Film Festival showcased the richness of Atlantic Canadian film production, including seven Telefilm-supported films: *Wildhood* (opening night film), *Dawn*, *Her Dad & The Tractor*, *Peace by Chocolate*, *Tin Can*, *8:37 Rebirth*, *The Righteous* and *A Small Fortune*.

At the end of August, Telefilm launched Season 2 of the *Sortez le popcorn* podcast, which featured exclusive interviews with some of the biggest names in French-language cinema, including Michel Côté, Émile Gaudreault and many others. This follows the first season of *Maple Popcorn*, that was launched earlier this year.



3. IMPORTANT CHANGES (CONT.)

Personnel

Telefilm and the Talent Fund are very pleased to welcome Sandi Treliving, a member of the Talent Fund Advisory Committee, as the Fund's new Chair. Sandi Treliving succeeds Christine Magee as Chair of the Talent Fund. Christine Magee, who had served in this role since December 2018, will continue to passionately support emerging creators in the screen industry on the Advisory Committee. In addition, Nathan Yeung has joined the Advisory Committee. Nathan Yeung is a versatile entrepreneur who has worked for over a decade to create, grow, and advise SMEs in industries as diverse as entertainment, oil and gas, consumer products and professional services.

Cathy Wong (she) was hired for the position of Vice President, Equity, Diversity and Inclusion and Official Languages at Telefilm Canada. She will begin her newly created position on November 8, and will be based in the Montreal office upon its reopening.



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;
- Communications and Public and Governmental Affairs Committee.

Governance is also ensured by the Executive Leadership Team, chaired by the Executive Director and CEO, and its subcommittees:

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

During the quarter, the Board of Directors and the Audit and Finance Committee met two times. The Communications and Public and Governmental Affairs Committee and the Nominating, Evaluation and Governance Committee met once. The executive leadership team met 11 times.

Moreover, there were no changes with regard to the Board of Directors.

5. RISK MANAGEMENT

The Corporation manages risk through two committees: the Board of Directors and the Risk Management Committee. The Corporation has established a modernization of its risk management during the year 2020-2021. This modernization includes simplification, consolidation and optimization of risk management, and determination of its risk appetite and tolerance. An assessment of risks as well as the impacts and mitigation measures is conducted regularly by the Risk Management Committee. The risk assessment has been refined with greater details in terms of impact and likelihood.

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, 2021. Management deems the importance of these adjustments to be immaterial.



7. ANALYSIS OF CUMULATIVE RESULTS

Please note that amounts in the analysis tables are presented in thousands of dollars. Variances that require explanation are based on thresholds defined by the Audit and Finance Committee. The analysis tables present the initial budget approved by the Board of Directors on March 26, 2021, and the revised budget approved by the Board of Directors on July 7, 2021. For more details regarding budget adjustments, please refer to note 2 to the financial statements.

Assistance Expenses

For the six-month period ended September 30, 2021

	Budget				Actual		Variance				
	Annual		Period		2021- 2022	2020- 2021	Revised Budget		Actual		
	Initial	Revised	Initial	Revised			\$	%	\$	%	
Production programs	52,350	76,450	22,200	23,375	11,174	1,768	12,201	52	9,406	532	1
Screen Offices	400	400	100	100	100	90	-	-	10	11	
Administration of recommendations for audiovisual coproduction	357	357	183	183	185	162	(2)	(1)	23	14	
Development program	6,875	7,875	-	-	1,360	556	(1,360)	-	804	145	2
Talent to Watch program	2,200	2,200	200	200	-	150	200	100	(150)	(100)	3
Theatrical documentary program	2,100	3,000	600	800	220	415	580	73	(195)	(47)	4
Contribution to the Council of Europe's cultural fund, Eurimages	1,700	1,700	-	-	-	-	-	-	-	-	
	65,982	91,982	23,283	24,658	13,039	3,141	11,619	47	9,898	315	
Promotion program and national and international promotional activities	10,535	19,656	5,018	6,012	3,731	3,210	2,281	38	521	16	5
Marketing program	6,986	9,046	1,500	1,800	1,668	556	132	7	1,112	200	6
Export assistance program	800	800	150	150	202	37	(52)	(35)	165	446	7
Theatrical exhibition program	1,000	12,000	-	-	-	22	-	-	(22)	(100)	
International Promotion Program	650	650	25	25	36	41	(11)	(44)	(5)	(12)	
Contingency	-	800	-	-	-	-	-	-	-	-	
	19,971	42,952	6,693	7,987	5,637	3,866	2,350	29	1,771	46	
	85,953	134,934	29,976	32,645	18,676	7,007	13,969	43	11,669	167	
Contingency	-	2,447	-	-	-	-	-	-	-	-	
Short-Term Compensation Fund	-	-	-	-	118	-	(118)	-	118	-	
COVID-19 Emergency Relief Fund	-	-	-	-	-	28,204	-	-	(28,204)	(100)	8
	85,953	137,381	29,976	32,645	18,794	35,211	13,851	42	(16,417)	(47)	



7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Assistance Expenses (Cont.)

1	Production programs	Current period ↘ than budget	\$12,201	The high volume of funding applications and the change in the evaluation process (advisory committee made up of external and internal representatives), account for this temporary variance.
		Current period ↗ than previous	\$9,406	
2	Development program	Current period ↗ than budget	\$1,360	Improved processes resulting from new guidelines sped up the signing of contracts in the pre-qualified stream.
		Current period ↗ than previous	\$804	
3	Talent to Watch program	Current period ↘ than budget	\$200	As a temporary gap, the Talent to Watch program will focus its efforts this year on supporting projects that have received a Telefilm contribution over the past three years which are still in progress and that have been negatively affected by the COVID-19 pandemic.
		Current period ↘ than previous	\$150	
4	Theatrical documentary program	Current period ↘ than budget	\$580	The decisions announced two months later explain the temporary gap in the signing of contracts.
		Current period ↘ than previous	\$195	
5	Promotion program and national and international promotional activities	Current period ↘ than budget	\$2,281	The process review for facilitating access to organizations under the new guidelines has caused delays in opening the Limited Edition Stream of the promotion program.
		Current period ↗ than previous	\$521	
6	Marketing program	Current period ↗ than previous	\$1,112	Variance is explained by a negative amendment of \$1.1 million in 2020-2021.
7	Export assistance program	Current period ↗ than previous	\$165	Due to the COVID 19, the program did not open in 2020-2021.
8	COVID-19 Emergency Relief Fund	Current period ↘ than previous	\$28,204	Fund available for the 2020-2021 fiscal year only to support the Canadian audiovisual sector during the COVID-19 pandemic.



7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Operating and Administrative Expenses

Operating and administrative expenses were lower than the revised budget and higher than the comparative period.

For the six-month period ended September 30, 2021

	Budget				Actual		Variance			
	Annual		Period		2021- 2022	2020- 2021	Revised Budget		Actual	
	Initial	Revised	Initial	Revised			\$	%	\$	%
Salaries and employee benefits	23,285	23,731	11,574	11,727	10,684	9,110	1,043	9	1,574	17
Professional services	3,211	4,144	1,545	2,010	1,357	601	653	32	756	126
Information technology	1,765	1,765	1,298	1,298	1,201	1,116	97	7	85	8
Rent, taxes, heating and electricity	2,134	2,134	1,040	1,040	984	1,005	56	5	(21)	(2)
Amortization of tangible capital assets	1,003	1,003	486	486	503	410	(17)	(3)	93	23
Office expenses	790	790	348	348	384	239	(36)	(10)	145	61
Publications	174	174	104	104	135	97	(31)	(30)	38	39
Travel	293	293	-	-	-	7	-	-	(7)	(100)
	32,655	34,034	16,395	17,013	15,248	12,585	1,765	10	2,663	21

1	Salaries and employee benefits	Current period ↗ than previous	\$1,574	The increase in salaries and benefits is mostly due to the hiring of resources so that the sectors can better respond to the evolution and demands of the organization.
2	Professional services	Current period ↘ than budget	\$653	Predominantly a temporary gap following the budget amount increased with the revised budget for the administration of the Recovery Fund and the Reopening Fund, procurement services and payroll outsourcing.
		Current period ↗ than previous	\$756	Primarily due to the use of external services for human resources activities, advisory committees and projects.
3	Amortization of tangible capital assets	Current period ↗ than previous	\$93	Amortization related to the capitalization for computer and technology equipment in the last fiscal year.
4	Office expenses	Current period ↗ than previous	\$145	The increase is mainly due to non-recurring expenses for office equipment and new training offered to employees.



7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Government Funding and Revenues

For the six-month period ended September 30, 2021

	Budget				Actual		Variance				
	Annual		Period		2021- 2022	2020- 2021	Revised Budget		Actual		
	Initial	Revised	Initial	Revised			\$	%	\$	%	
Parliamentary appropriation	104,908	148,356	38,079	40,520	33,243	53,725	(7,277)	(18)	(20,482)	(38)	①
Management fees from the Canada Media Fund	10,808	10,808	5,404	5,404	5,531	4,917	127	2	614	12	②
Investment revenues and recoveries	2,200	2,200	1,300	1,300	3,968	2,962	2,668	205	1,006	34	③
Talent Fund	500	500	175	175	215	279	40	23	(64)	(23)	④
Contributions to promotional support activities	325	325	50	50	67	-	17	34	67	-	
Interest and other revenues	60	60	30	30	34	31	4	13	3	10	
	118,801	162,249	45,038	47,479	43,058	61,914	(4,421)	(9)	(18,856)	(30)	

①	Parliamentary appropriation	Current period ↘ than budget	\$7,277	Temporary variance in the Parliamentary appropriation usage, related to the time lag in the Production Program.
		Current period ↘ than previous	\$20,482	As of September 30, 2020, higher usage resulting from payments for the COVID-19 Emergency Fund.
②	Management fees from the Canada Media Fund	Current period ↗ than previous	\$614	Stemming from increased services provided for administration and program delivery.
③	Investment revenues and recoveries	Current period ↗ than budget	\$2,668	Given the uncertainty related to COVID-19, the 2021-2022 fiscal year forecast for investment revenues and recoupment of advances was conservative.
		Current period ↗ than previous	\$1,006	Investment revenues and recoveries were up from last fiscal, year which was heavily affected by the pandemic.
④	Talent Fund	Current period ↘ than previous	\$64	Revenues declined as a result of contribution agreements that expired on March 31, 2021



8. ANALYSIS OF RESULTS FOR THE SECOND QUARTER

	Actual		Variance		
	2021- 2022	2020- 2021	\$	%	
Assistance expenses	12,866	8,715	4,151	48	①
Operating and administrative expenses	7,241	5,900	1,341	23	②
Revenues	6,596	5,271	1,325	25	③
Parliamentary appropriation	21,941	16,548	5,393	33	④
Surplus	8,430	7,204	1,226	17	

- | | | | | |
|---|----------------------------------------------|-----------------------------------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ① | Assistance expenses | Current period
↗ than previous | \$4,151 | In 2020-2021, COVID-19 brought filming to a halt and the lack of insurance coverage prevented new filming from starting. Moreover, theatres were closed. |
| ② | Operating and administrative expenses | Current period
↗ than previous | \$1,341 | The growth is primarily due to annual salary increases and the inclusion of positions to expand organizational capacity that were planned in the budget, as well as the use of outsourcing services for projects and staffing. |
| ③ | Revenues | Current period
↗ than previous | \$1,325 | Investment and recovery revenues as well as management fee revenues were higher than last year due to increased activity. |
| ④ | Parliamentary appropriation | Current period
↗ than previous | \$5,393 | Increased parliamentary appropriations mainly due to greater assistance expenses, particularly for production programs. |



9. ANALYSIS OF FINANCIAL POSITION

	Actual		Variance	
	Sept 30, 2021	Sept 30, 2020	\$	%
Financial assets				
Due from Consolidated Revenue Fund	71,635	62,286	9,349	15 ¹
Cash - Talent Fund	310	2,445	(2,135)	(87) ²
Accounts receivable	1,699	1,690	9	1
Receivable from the Canada Media Fund	225	-	225	-
	73,869	66,421	7,448	11
Liabilities				
Accounts payable and accrued liabilities	1,678	1,565	113	7
Deferred revenues - Talent Fund	-	1,517	(1,517)	(100) ³
Financial assistance program obligations	30,720	36,025	(5,305)	(15) ⁴
Liabilities for employee future benefits	764	739	25	3
Net financial assets	40,707	26,575	14,132	53
Non-financial assets				
Tangible capital assets	4,822	5,034	(212)	(4)
Prepaid expenses	286	164	122	74
Accumulated surplus	45,815	31,773	14,042	44

- ¹ **Due from Consolidated Revenue Fund** ↗ \$9,349 Higher balance related to the fact that the Corporation did not use cash flows generated by its revenues in the 2020-2021 fiscal year to finance its operations, unlike the 2019-2020 fiscal year.
- ² **Cash - Talent Fund** ↘ \$2,135 The decrease is mainly due to the closing of long-term financing agreements.
- ³ **Deferred revenues - Talent Fund** ↘ \$1,517 The lack of a balance is due to the fact that the Corporation has no amount to commit from the long-term financing agreements that ended on March 31, 2021.
- ⁴ **Financial assistance program obligations** ↘ \$5,305 The lower balance is mainly attributable to a low level of commitments in the previous 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>	Sept 30, 2021	Sept 30, 2020
Cost of operations	34,042	47,796
Adjustment affecting the use of Parliamentary appropriation :		
Assistance expenses adjustment where Parliamentary appropriation eligibility criteria have been met	6,111	11,439
Assistance expenses funded by the Talent Fund	(146)	(247)
Contributions to promotional support activities	(67)	-
Prepaid expenses	(663)	(339)
Operating expenses funded by the CMF	(5,531)	(4,917)
Other administrative adjustments	-	300
Acquisitions of property and equipment	-	92
Salary recovery for payment in arrears transition	(14)	(17)
Amortization	(503)	(410)
Employee future benefits	14	28
Use of Parliamentary appropriation at September 30	33,243	53,725
Parliamentary appropriation planned for subsequent quarters	115,113	77,909
Parliamentary appropriation planned	148,356	131,634

The Parliamentary appropriation planned is derived from the 2021-2022 Main Estimates and includes \$2,447,122 related to a request for a carry forward of funds from 2020-2021, \$2,000,000 for the administration of the Short-Term Compensation Fund in Supplementary Estimates (A), and an amount of \$20,000,000 authorized in November by the Treasury Board (TB) submission. The planned amount of Parliamentary appropriation also include \$21,000,000 in recovery and reopening support announced at the end of June by the federal government.



11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2021

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's* Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, 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.

Christa Dickenson
Executive Director & CEO

Patrick Bédard, CPA, CA, MBA
Vice President, Finance

Montréal, Canada
November 29., 2021



Quarterly Statement of Operations

For the three-month period ended September 30, 2021

<i>In thousands of Canadian dollars</i>	Schedule	Quarter ended Sept. 30	
		2021	2020
Assistance expenses			
Development of the Canadian audiovisual industry			
Production programs		7,135	1,768
Development program		1,360	556
Theatrical documentary program		220	415
Administration of recommendations for audiovisual treaty coproduction		87	83
Talent to Watch program		-	150
		8,802	2,972
Promotional support in Canada and abroad			
Promotion program and national and international promotional activities		2,812	2,321
Marketing program		942	436
Export assistance program		156	37
International Promotion Program		36	36
Theatrical exhibition program		-	15
		3,946	2,845
Short-Term Compensation Fund		118	-
COVID-19 Emergency Relief Fund		-	2,898
		12,866	8,715
Operating and administrative expenses	A	7,241	5,900
Cost of operations		20,107	14,615
Revenues			
Management fees from the Canada Media Fund		2,884	2,474
Investment revenues and recoveries		3,511	2,562
Talent fund		123	204
Contributions to promotional support activities		65	-
Interest and other revenues		13	31
		6,596	5,271
Net cost of operations before government funding		13,511	9,344
Government funding			
Parliamentary appropriation		21,941	16,548
Surplus		8,430	7,204
Accumulated surplus, beginning of period		37,385	24,569
Accumulated surplus, end of period		45,815	31,773

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



Statement of Operations

For the six-month period ended September 30, 2021

In thousands of Canadian dollars	Schedule	Period ended Sept. 30		
		Cumulative Budget	Cumulative 2021	Cumulative 2020
Assistance expenses				
Development of the Canadian audiovisual industry				
Production programs		22,200	11,174	1,768
Development program		-	1,360	556
Theatrical documentary program		600	220	415
Administration of recommendations for audiovisual treaty coproduction		183	185	162
Screen Offices		100	100	90
Talent to Watch program		200	-	150
		23,283	13,039	3,141
Promotional support in Canada and abroad				
Promotion program and national and international promotional activities		5,018	3,731	3,210
Marketing program		1,500	1,668	556
Export assistance program		150	202	37
International Promotion Program		25	36	41
Theatrical exhibition program		-	-	22
		6,693	5,637	3,866
Short-Term Compensation Fund		-	118	-
COVID-19 Emergency Relief Fund		-	-	28,204
		29,976	18,794	35,211
Operating and administrative expenses	B	16,395	15,248	12,585
Cost of operations		46,371	34,042	47,796
Revenues				
Management fees from the Canada Media Fund		5,404	5,531	4,917
Investment revenues and recoveries		1,300	3,968	2,962
Talent Fund		175	215	279
Contributions to promotional support activities		50	67	-
Interest and other revenues		30	34	31
		6,959	9,815	8,189
Net cost of operations before government funding		39,412	24,227	39,607
Government funding				
Parliamentary appropriation		38,079	33,243	53,725
Surplus (deficit)		(1,333)	9,016	14,118
Accumulated surplus, beginning of period				
		36,799	36,799	17,655
Accumulated surplus, end of period		35,466	45,815	31,773

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



Statement of Financial Position

	Sept 30, 2021	March 31, 2021
<i>In thousands of Canadian dollars</i>		
Financial assets		
Due from Consolidated Revenue Fund	71,635	67,986
Cash - Talent Fund	310	365
Accounts receivable	1,699	2,608
Receivable from the Canada Media Fund	225	671
	73,869	71,630
Liabilities		
Accounts payable and accrued liabilities	1,678	2,980
Deferred revenues - Talent Fund	-	117
Financial assistance program obligations	30,720	37,230
Liabilities for employee future benefits	764	778
	33,162	41,105
Net financial assets	40,707	30,525
Non-financial assets		
Tangible capital assets	4,822	5,325
Prepaid expenses	286	949
	5,108	6,274
Accumulated surplus	45,815	36,799

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



Statement of Changes in Net Financial Assets

For the six-month period ended September 30, 2021

<i>In thousands of Canadian dollars</i>	Sept 30, Budget	Sept 30, 2021	March 31, 2021
Surplus (déficit)	(1,333)	9,016	19,144
Tangible capital asset transactions			
Amortization	486	503	854
Acquisitions	(211)	-	(827)
Other transactions			
Acquisitions of prepaid expenses	(165)	(164)	(949)
Use of prepaid expenses	700	827	503
Increase (decrease) in net financial assets	(523)	10,182	18,725
Net financial assets, beginning of year	30,525	30,525	11,800
Net financial assets, end of period	30,002	40,707	30,525

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



Statement of Cash Flows

For the period ended September 30, 2021

	Period ended Sept. 30	
	2021	2020
<i>In thousands of Canadian dollars</i>		
Operating activities		
Surplus	9,016	14,118
Items not affecting cash:		
Decrease in liabilities for employee future benefits	(14)	(28)
Amortization of tangible capital assets	503	410
	9,505	14,500
Changes in non-cash financial items:		
Decrease in accounts receivable	909	1,054
Decrease in receivable from the Canada Media Fund	446	2,792
Decrease in accounts payable and accrued liabilities	(1,302)	(1,449)
Increase (decrease) in deferred revenues - Talent Fund	(117)	1,517
Decrease of financial assistance program obligations	(6,510)	(11,792)
Decrease in prepaid expenses	663	339
	3,594	6,961
Capital activities		
Cash outflows to acquire tangible capital assets	-	(100)
Increase in due from Consolidated Revenue Fund and cash - Talent Fund	3,594	6,861
Due from Consolidated Revenue Fund and cash - Talent Fund, beginning of period	68,351	57,870
Due from Consolidated Revenue Fund and cash - Talent Fund, end of period	71,945	64,731
Additional information presented in operating activities		
Variance in accounts payable and accrued liabilities for capital projects	-	8

The accompanying notes and the schedule 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 the *Directive on Accounting Standards : GC 5200 Crown Corporations Quarterly Financial Report* established by the Treasury Board Secretariat and with the *Canadian Public Sector Accounting Standards (CPSAS)*. They must be read in conjunction with the most recent annual audited financial statements as at March 31, 2021. The significant accounting policies used in these quarterly financial statements are similar to those used in the annual financial statements of March 31, 2021.

2. Budget information

Budget data by period provided for comparison purposes in the financial statements results from the initial annual budget which was approved by the Board of Directors on March 26, 2021. As part of the analysis of the results of the quarterly financial report, the Corporation presents the initial annual budget approved by the board of directors on March 26, 2021 and also the revised annual budget approved by the Board of Directors on July 7, 2021. These budgetary data are then broken down by period. The revised annual budget derives from the 2021 federal budget which includes additional government funding of \$ 105,000,000 over three fiscal years, including an amount of \$ 20,000,000 for the 2021-2022 fiscal year. It also comprises an additional government funding of \$35,000,000 over two fiscal years for a Reopening Fund and a Recovery Fund for Arts, Culture, Heritage and Sport sectors, from which \$ 21,000,000 is allocated in fiscal year 2021-2022. The following table shows the adjustments of the initial annual budget.

	Initial annual Budget	Adjustments	Revised annual Budget
Production programs	52,350	24,100	76,450
Development program	6,875	1,000	7,875
Talent to Watch program	2,200	-	2,200
Theatrical documentary program	2,100	900	3,000
Contribution to the Council of Europe's cultural fund, Eurimages	1,700	-	1,700
Screen Offices	400	-	400
Administration of recommendations for audiovisual coproduction	357	-	357
	65,982	26,000	91,982
Promotion program and national and international promotional activities	10,535	9,121	19,656
Marketing program	6,986	2,060	9,046
Theatrical exhibition program	1,000	11,000	12,000
Export assistance program	800	-	800
International Promotion Program	650	-	650
Contingency	-	800	800
	19,971	22,981	42,952
	85,953	48,981	134,934
Contingency	-	2,447	2,447
	85,953	51,428	137,381
Administration	32,655	1,379	34,034
Cost of operations	118,608	52,807	171,415
Parliamentary appropriation	104,908	43,448	148,356
Management fees from the Canada Media Fund	10,808	-	10,808
Investment revenues and recoveries	2,200	-	2,200
Talent Fund	500	-	500
Contributions to promotional support activities	325	-	325
Interest and other revenues	60	-	60
	118,801	43,448	162,249
Surplus (Deficit)	193	(9,359)	(9,166)



Schedule A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Sept. 30	
	2021	2020
Salaries and employee benefits	5,226	4,491
Professional services	867	356
Rent, taxes, heating and electricity	469	524
Amortization of tangible capital assets	251	205
Information technology	207	138
Office expenses	179	120
Publications	42	65
Travel	-	1
	7,241	5,900

B - Cumulative operating and administrative expenses

	Cumulative Budget	Period ended Sept. 30	
		2021	2020
Salaries and employee benefits	11,574	10,684	9,110
Professional services	1,545	1,357	601
Information technology	1,298	1,201	1,116
Rent, taxes, heating and electricity	1,040	984	1,005
Amortization of tangible capital assets	486	503	410
Office expenses	348	384	239
Publications	104	135	97
Travel	-	-	7
	16,395	15,248	12,585