

Quarterly Financial Report
Period ended December 31, 2020

Third quarter of fiscal 2020-2021
Published March 1st, 2021

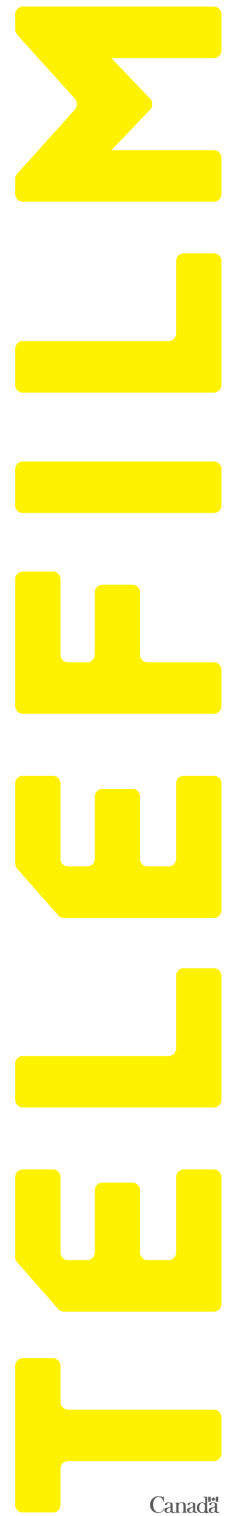




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1. TELEFILM

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's mission is to finance, 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 190 enthusiasts of Canadian media content dedicated to the commercial, cultural and industrial success of Canada's audiovisual industry. Our priority is to 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 a audiovisual treaty coproductions. We also administer the funding programs of the Canada Media Fund (CMF). Our headquarter is located in Montréal and we serve our clients throughout four offices located in Vancouver, Toronto, Montréal and Halifax and since last March in teleworking mode.

Telefilm defined its future orientations in the corporate plan, *Partner of choice*¹, which will guide the organization over the next few fiscal years. The new 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 the context of Covid-19, the Corporation expanded the terms of its Greenlight Financing to increase the number of eligible applicants and respond to an industry need. In addition, the Corporation is providing additional funding of \$10,000 to the **Theatrical Exhibition Program** to accommodate the needs of theatres during a particularly challenging period.

Activities

Canada was country of honour at the Frankfurt Book Fair. The program, developed in partnership with Canadian Heritage, reflects the values Canadians share about our diversity, similarities and uniqueness. Sophie Deraspe's *Antigone* received a special mention at the Frankfurter Buchmesse Film Awards, where three other Canadian films were featured: Atom Egoyan's *Guest of Honour*, Andrew Huculiak's *Ash* and Pascal Plante's *Nadia, Butterfly*.

The Sustainable Production Forum of Vancouver hosted a Corporation-sponsored panel entitled "Going Green for Indie Filmmakers," where filmmakers from across Canada shared their ideas and experiences on how to reduce their carbon footprint and combat climate change in all aspects of their professional lives.

The Corporation opted for a virtual rather than physical presence at all international festivals and markets, including the Canada Pavilion at the European Film Market of Berlin and the Canada House at the South by Southwest Festival, until March 31, 2021. However, Canadian productions and creators will have a strong presence at virtual events and in the digital promotional campaign designed by the Corporation.

Films funded by the Talent to Watch program have been successful, among them *Violation*, directed by Madeleine Sims-Fewer and Dusty Mancinelli, which won the RBC Emerging Artist Award at the Calgary International Film Festival and the Emerging Canadian Director award at the Vancouver International Film Festival, and *Bone Cage*, directed by Taylor Olson, which won four awards at the Atlantic International Film Festival.

Moreover, the Corporation has become a major partner of the Being Black in Canada program of the Fabienne Colas Foundation, the largest mentoring, training and creative program dedicated to Black filmmakers.

In addition, the Diversity and Inclusion (D&I) working groups and subcommittees continued their work during the third quarter. The Black Screen Office is now a member of the D&I Working Group, while the Indigenous Screen Office is now a member of the Indigenous Working Group.

The Corporation confirms that the film *14 jours 12 nuits*, directed by Jean-Philippe Duval and produced by Antonello Cozzolino, will represent Canada in the nomination process for Best International Feature Film at the 93rd Academy Awards, to be held on April 25, 2021.

In addition, the Corporation administers now the Short-Term Compensation Fund for Canadian Audiovisual Productions (STCF), which is budgeted at up to \$50 million, and applications were accepted as of October 30, 2020. It should be noted that the Honourable Steven Guilbeault has since announced a \$100 million extension of the STCF until March 31, 2022.

Finally, in January, the Corporation held its annual public meeting in virtual mode.

Personnel

The Corporation hired a new member to its management team, Amadou Dia, who has served as Head of Project Management since November 30, 2020.



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 its subcommittees:

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

During the quarter, the Board of Directors met three times. The Audit and Finance Committee, the Communications and Public and Governmental Affairs Committee and the Nominating, Evaluation and Governance Committee met twice. The executive leadership team met 19 times.

5. RISK MANAGEMENT

The Corporation manages risk through two committees: the Board of Directors 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, 2020. 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, COVID-19 has had significant impacts on support expenditures, which, if the COVID-19 Emergency Relief fund is excluded, are below budget and below the comparative period, mainly for production programs.

For the nine-month period ended December 31, 2020

	Budget		Actual		Variance				
	Annual	Period	2020- 2021	2019- 2020	Budget		Actual		
					\$	%	\$	%	
Production programs	55,730	25,100	14,060	36,297	11,040	44	(22,237)	(61)	1
Development program	5,981	3,000	4,179	2,156	(1,179)	(39)	2,023	94	2
Talent to Watch program	2,400	1,000	2,000	3,105	(1,000)	(100)	(1,105)	(36)	3
Contribution to the Council of Europe's cultural fund, Eurimages	1,700	1,700	1,614	1,649	86	5	(35)	(2)	
Theatrical documentary program	2,100	900	1,410	720	(510)	(57)	690	96	4
Administration of recommendations for audiovisual coproduction	350	264	250	394	14	5	(144)	(37)	
Screens Offices	200	200	200	90	-	-	110	122	
	68,461	32,164	23,713	44,411	8,451	26	(20,698)	(47)	
Promotion program and national and international promotional activities	10,469	6,175	5,691	9,803	484	8	(4,112)	(42)	5
Marketing program	7,590	2,750	1,868	3,332	882	32	(1,464)	(44)	6
Theatrical exhibition program	500	400	51	407	349	87	(356)	(87)	7
Participation to international festivals and events support program	300	65	41	224	24	37	(183)	(82)	8
Export assistance program	50	50	37	523	13	26	(486)	(93)	9
Innovation program - Promotion	-	-	-	100	-	-	(100)	(100)	
	18,909	9,440	7,688	14,389	1,752	19	(6,701)	(47)	
	87,370	41,604	31,401	58,800	10,203	25	(27,399)	(47)	
Contingencies	37	-	-	-	-	-	-	-	
COVID-19 Emergency Relief Fund (Phases 1 and 2)	29,755	29,755	29,654	-	101	-	29,654	-	10
	117,162	71,359	61,055	58,800	10,304	14	2,255	4	

1	Production programs	Current period ↘ than budget	\$11,040	COVID-19 has had a significant impact in terms of budget achievement. A general slowdown in the implementation of filming schedules explains the low level of activity.
		Current period ↘ than previous	\$22,237	

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Assistance expenses (Cont.)

2	Development program	Current period ↗ than budget	\$1,179	The opening of the program in the second quarter compared with the third quarter last year explains in particular the increase.
		Current period ↗ than previous	\$2,023	
3	Talent to Watch program	Current period ↗ than budget	\$1,000	This budget variance will be confirmed in the last quarter and is due to new applications under the fast-track stream.
		Current period ↘ than previous	\$1,105	The initial budget was reduced compared to the previous fiscal year.
4	Theatrical documentary program	Current period ↗ than budget	\$510	This budget variance will be confirmed in the last quarter, with signed projects exceeding the initial budget due to Indigenous projects and the fast-track component.
		Current period ↗ than previous	\$690	Increase in the average amounts signed per project, while the number of projects funded remains relatively stable.
5	Promotion program and national and international promotional activities	Current period ↘ than previous	\$4,112	Changes to the Promotion Program guidelines, and the COVID-19 context, resulted in a delay in the receipt of funding applications. In addition, the cancellation of face-to-face international events and the holding of virtual celebrations resulted in a significant decrease in expenditures.
6	Marketing program	Current period ↘ than budget	\$882	A negative amendment of \$1.1 million and the negative impacts due to COVID-19, i.e. the closure of movie theatres, resulted in a decrease in funding for national marketing campaigns.
		Current period ↘ than previous	\$1,464	
7	Theatrical exhibition program	Current period ↘ than budget	\$349	Temporary variance: the program opened at the end of the third quarter following an update of the guidelines.
		Current period ↘ than previous	\$356	
8	Participation to international festivals and events support program	Current period ↘ than previous	\$183	Due to COVID-19, international festivals and events took place virtually, resulting in fewer funding requests for the program. The program will not open until the fourth quarter.
9	Export assistance program	Current period ↘ than previous	\$486	Due to COVID-19, the program will not be available in 2020-2021. The amount represents projects carried over from the previous fiscal year.
10	COVID-19 Emergency Relief Fund (Phases 1 and 2)	Current period ↗ than previous	\$29,654	The Government of Canada announced a COVID-19 Emergency Relief Fund and asked the Corporation to administer funds to support the Canadian audiovisual sector.

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Operating and Administrative Expenses

Operating and administrative costs were below budget and lower than in the comparative period.

For the nine-month period ended December 31, 2020

	Budget		Actual		Variance			
	Annual	Period	2020- 2021	2019- 2020	Budget		Actual	
					\$	%	\$	%
Salaries and employee benefits	20,026	14,546	14,077	13,786	469	3	291	2
Rent, taxes, heating and electricity	2,030	1,482	1,505	1,495	(23)	(2)	10	1
Information technology	1,403	1,251	1,362	1,348	(111)	(9)	14	1
Professional services	2,415	1,247	919	1,100	328	26	(181)	(16) ¹
Amortization of tangible capital assets	845	634	615	620	19	3	(5)	(1)
Office expenses	935	495	434	338	61	12	96	28 ²
Publications	242	145	136	90	9	6	46	51
Travel	631	380	8	407	372	98	(399)	(98) ³
	28,527	20,180	19,056	19,184	1,124	6	(128)	(1)

¹ Professional services	Current period ↘ than budget	\$328	Mainly due to COVID-19, which led to delays in the execution of professional services.
	Current period ↘ than previous	\$181	Mainly due to non-recurring expenses from one period to the next and to COVID-19, which led to a refocusing of consultant-related priorities and needs.
² Office expenses	Current period ↗ than previous	\$96	Telework facilities due to COVID-19, and additional training costs and subscriptions.
³ Travel	Current period ↘ than budget	\$372	Significant reduction in travel expenses due to COVID-19.
	Current period ↘ than previous	\$399	

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Government Funding and Revenues

For the nine-month period ended December 31, 2020

	Budget		Actual		Variance				
	Annual	Period	2020- 2021	2019- 2020	Budget		Actual		
					\$	%	\$	%	
Parliamentary appropriation	134,202	90,951	81,657	79,292	(9,294)	(10)	2,365	3	1
Management fees from the Canada Media Fund	10,137	7,603	7,353	7,339	(250)	(3)	14	-	
Investment revenues and recoveries	-	-	4,503	6,749	4,503	-	(2,246)	(33)	2
Talent Fund	1,951	1,332	1,430	1,798	98	7	(368)	(20)	3
Interest	40	30	52	111	22	73	(59)	(53)	
Contributions to promotional support activities	230	85	-	683	(85)	(100)	(683)	(100)	4
	146,560	100,001	94,995	95,972	(5,006)	(5)	(977)	(1)	

1	Parliamentary appropriation	Current period ↘ than budget	\$9,294	In general, significant decrease in payments on contracts for the Corporation's regular funding programs due to COVID-19.
2	Investment revenues and recoveries	Current period ↗ than budget	\$4,503	The Corporation has not anticipated any investment income or recoveries for fiscal 2020-2021 due to the uncertainty surrounding COVID-19.
		Current period ↘ than previous	\$2,246	
3	Talent Fund	Current period ↘ than previous	\$368	The decrease is mainly due to a decrease in donations due to COVID-19.
4	Contributions to promotional support activities	Current period ↘ than previous	\$683	No partnership income has been recognized since the beginning of the year as a result of international festivals and events held virtually due to COVID-19.

8. ANALYSIS OF RESULTS FOR THE THIRD QUARTER

	Actual		Variance	
	2020- 2021	2019- 2020	\$	%
Assistance expenses	25,844	30,306	(4,462)	(15) 1
Operating and administrative expenses	6,471	5,813	658	11 2
Revenues	5,149	4,538	611	13 3
Parliamentary appropriation	27,932	28,678	(746)	(3)
Surplus (deficit)	766	(2,903)	3,669	(126)

- 1 Assistance expenses** Current period \searrow than previous \$4,462 This is mainly due to a COVID-19-related delay in the signing of contracts for production programs.
- 2 Operating and administrative expenses** Current period \nearrow than previous \$658 Relate to an increase in the salaries and employee benefits expense item.
- 3 Revenues** Current period \nearrow than previous \$611 Investment revenues and recoveries of the current quarter were propelled by three projects with significant returns.

9. ANALYSIS OF FINANCIAL POSITION

	Actual		Variance	
	Dec. 31, 2020	Dec. 31, 2019	\$	%
Financial assets				
Due from Consolidated Revenue Fund	63,469	63,193	276	-
Cash - Talent Fund	1,728	1,633	95	6
Accounts receivable	1,626	3,511	(1,885)	(54) ¹
Receivable from the Canada Media Fund	-	2,484	(2,484)	(100) ²
	66,823	70,821	(3,998)	(6)
Liabilities				
Accounts payable and accrued liabilities	2,075	1,990	85	4
Deferred revenues - Talent Fund	416	369	47	13
Financial assistance program obligations	36,028	41,687	(5,659)	(14) ³
Liabilities for employee future benefits	757	722	35	5
Net financial assets	27,547	26,053	1,494	6
Non-financial assets				
Tangible capital assets	4,829	5,527	(698)	(13) ⁴
Prepaid expenses	163	219	(56)	(26)
Accumulated surplus	32,539	31,799	740	2

- ¹ **Accounts receivable** ↘ \$1,885 Decrease in investment and recovery revenues receivable and taxes due to COVID-19.
- ² **Receivable from the Canada Media Fund** ↘ \$2,484 Management fees are now billed and collected monthly.
- ³ **Financial assistance program obligations** ↘ \$5,659 Significant decrease in the signing of contracts for regular funding programs owing to COVID-19.
- ⁴ **Tangible capital assets** ↘ \$698 Annual amortization of the Dialogue platform.



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>	Dec. 31, 2020	Dec. 31, 2019
Cost of operations	80,111	77,984
Adjustment affecting the use of Parliamentary appropriation :		
Assistance expenses adjustment where Parliamentary appropriation eligibility criteria have been met	10,491	12,144
Assistance expenses funded by the Talent Fund	(1,013)	(1,408)
Contributions to promotional support activities	-	(683)
Prepaid expenses	(340)	(935)
Operating expenses funded by the CMF	(7,353)	(7,339)
Other administrative adjustments	300	-
Acquisitions of property and equipment	92	122
Salary recovery for payment in arrears transition	(26)	(44)
Amortization	(615)	(620)
Employee future benefits	10	71
Use of Parliamentary appropriation at December 31	81,657	79,292
Parliamentary appropriation available for subsequent quarter	52,545	30,087
Parliamentary appropriation expected	134,202	109,379

The parliamentary appropriation for the year came from the 2020-2021 Main Estimates and from statutory appropriations of \$30.1 million for the establishment of the Emergency Support Fund for cultural organizations in the context of COVID-19 under the *Public Health Events of National Concern Payments Act*. In addition, the parliamentary appropriation includes an amount of \$2.2 million subject to the Supplementary Estimates C mechanism.

**11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2020****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.

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, 2021



Quarterly Statement of Operations

For the three-month period ended December 31, 2020

<i>In thousands of Canadian dollars</i>	Schedule	Quarter ended Dec. 31	
		2020	2019
Assistance expenses			
Development of the Canadian audiovisual industry			
Production programs		12,292	18,569
Development program		3,623	2,145
Talent to Watch program		1,850	2,230
Contribution to the Council of Europe's cultural fund, Eurimages		1,614	1,649
Theatrical documentary program		995	275
Screens Offices		110	90
Administration of recommendations for audiovisual treaty coproduction		88	127
		20,572	25,085
Promotional support in Canada and abroad			
Promotion program and national and international promotional activities		2,481	2,776
Marketing program		1,312	1,656
Theatrical exhibition program		29	407
Export assistance program		-	194
Innovation program - Promotion		-	100
Participation to international festivals and events support program		-	88
		3,822	5,221
COVID-19 Emergency Relief Fund (Phases 1 and 2)		1,450	-
		25,844	30,306
Operating and administrative expenses	A	6,471	5,813
Cost of operations		32,315	36,119
Revenues			
Management fees from the Canada Media Fund		2,436	2,431
Investment revenues and recoveries		1,541	940
Talent fund		1,151	927
Interests		21	11
Contributions to promotional support activities		-	229
		5,149	4,538
Net cost of operations before government funding		27,166	31,581
Government funding			
Parliamentary appropriation		27,932	28,678
Surplus (deficit)		766	(2,903)
Accumulated surplus, beginning of period		31,773	34,702
Accumulated surplus, end of period		32,539	31,799

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, 2020

<i>In thousands of Canadian dollars</i>	Schedule	Period ended Dec. 31		
		Cumulative Budget	Cumulative 2020	Cumulative 2019
Assistance expenses				
Development of the Canadian audiovisual industry				
Production programs		25,100	14,060	36,297
Development program		3,000	4,179	2,156
Talent to Watch program		1,000	2,000	3,105
Contribution to the Council of Europe's cultural fund, Eurimages		1,700	1,614	1,649
Theatrical documentary program		900	1,410	720
Administration of recommendations for audiovisual treaty coproduction		264	250	394
Screens Offices		200	200	90
		32,164	23,713	44,411
Promotional support in Canada and abroad				
Promotion program and national and international promotional activities		6,175	5,691	9,803
Marketing program		2,750	1,868	3,332
Theatrical exhibition program		400	51	407
Participation to international festivals and events support program		65	41	224
Export assistance program		50	37	523
Innovation program - Promotion		-	-	100
		9,440	7,688	14,389
COVID-19 Emergency Relief Fund (Phases 1 and 2)		29,755	29,654	-
		71,359	61,055	58,800
Operating and administrative expenses	B	20,180	19,056	19,184
Cost of operations		91,539	80,111	77,984
Revenues				
Management fees from the Canada Media Fund		7,603	7,353	7,339
Investment revenues and recoveries		-	4,503	6,749
Talent Fund		1,332	1,430	1,798
Interest		30	52	111
Contributions to promotional support activities		85	-	683
		9,050	13,338	16,680
Net cost of operations before government funding		82,489	66,773	61,304
Government funding				
Parliamentary appropriation		90,951	81,657	79,292
Surplus		8,462	14,884	17,988
Accumulated surplus, beginning of period		17,655	17,655	13,811
Accumulated surplus, end of period		26,117	32,539	31,799

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>	Dec. 31, 2020	March 31, 2020
Financial assets		
Due from Consolidated Revenue Fund	63,469	56,974
Cash - Talent Fund	1,728	896
Accounts receivable	1,626	2,744
Receivable from the Canada Media Fund	-	2,792
	66,823	63,406
Liabilities		
Accounts payable and accrued liabilities	2,075	3,022
Deferred revenues - Talent Fund	416	-
Financial assistance program obligations	36,028	47,817
Liabilities for employee future benefits	757	767
	39,276	51,606
Net financial assets	27,547	11,800
Non-financial assets		
Tangible capital assets	4,829	5,352
Prepaid expenses	163	503
	4,992	5,855
Accumulated surplus	32,539	17,655

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, 2020

<i>In thousands of Canadian dollars</i>	Dec. 31, Budget	Dec. 31, 2020	March 31, 2020
Surplus	8,462	14,884	3,844
Tangible capital asset transactions			
Amortization	634	615	828
Acquisitions	(205)	(92)	(201)
Write-down of tangible capital assets	-	-	46
Other transactions			
Acquisitions of prepaid expenses	-	(163)	(503)
Use of prepaid expenses	656	503	1,154
Increase in net financial assets	9,547	15,747	5,168
Net financial assets, beginning of year	11,800	11,800	6,632
Net financial assets, end of period	21,347	27,547	11,800

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



Statement of Cash Flows

For the period ended December 31, 2020

	Quarter ended Dec. 31		Period ended Dec. 31	
	2020	2019	2020	2019
<i>In thousands of Canadian dollars</i>				
Operating activities				
Surplus (deficit)	766	(2,903)	14,884	17,988
Items not affecting cash:				
Increase (decrease) in liabilities for employee future benefits	18	(37)	(10)	(71)
Amortization of tangible capital assets	205	204	615	620
	989	(2,736)	15,489	18,537
Changes in non-cash financial items:				
Decrease (increase) in accounts receivable	64	(514)	1,118	229
Decrease in receivable from the Canada Media Fund	-	18	2,792	544
Increase (decrease) in accounts payable and accrued liabilities	510	(216)	(939)	(669)
Increase (decrease) in deferred revenues - Talent Fund	(1,101)	(599)	416	369
Increase (decrease) of financial assistance program obligations	3	3,836	(11,789)	(12,195)
Decrease in prepaid expenses	1	407	340	935
	466	196	7,427	7,750
Capital activities				
Cash outflows to acquire tangible capital assets	-	(71)	(100)	(243)
Increase in due from Consolidated Revenue Fund and cash - Talent Fund	466	125	7,327	7,507
Due from Consolidated Revenue Fund and cash - Talent Fund, beginning of period	64,731	64,701	57,870	57,319
Due from Consolidated Revenue Fund and cash - Talent Fund, end of period	65,197	64,826	65,197	64,826
Additional information presented in operating activities				
Variance in accounts payable and accrued liabilities for capital projects	-	10	8	121

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

The variance in accounts payable and accrued liabilities for capital projects, the increase in accounts payable and accrued liabilities and the cash outflows to acquire tangible capital assets for the period ended December 31, 2019 have been restated by \$128,000.



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 *Directive on Accounting Standards : GC 5200 Crown Corporations Quarterly Financial Report* 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, 2020. The significant accounting policies used in these quarterly financial statements are similar to those used in the annual financial statements of March 31, 2020. The annual financial statements of March 31, 2020 will be attached once they are available.

2. Contingent liabilities

As at December 31, 2020, the Corporation has active contracts for a hedge amount of \$34.5 million under the Short-Term Compensation Fund for Canadian Audiovisual Productions (STCF).

The Corporation launched the STCF on October 30, 2020 as a temporary measure whose purpose is to minimize the consequences of the void created by the lack of insurance coverage for interruptions in filming and the abandonment of productions caused by the COVID-19 pandemic in the sector of audiovisual production. Eligible companies must enter into a pre-eligibility agreement with the Corporation before the onset of any case of COVID-19 infection within the film crew in order to benefit from the compensation offered under the STCF.

As at December 31, 2020, it is impossible to determine the number of productions that will be interrupted due to the limited history of the program, the evolution of the pandemic and its impact on interruptions in filming. Accordingly, a contingent liability will be recognized when an interruption in filming occurs and the amount involved can be reasonably estimated.

Schedules A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Dec. 31	
	2020	2019
Salaries and employee benefits	4,967	4,243
Rent, taxes, heating and electricity	500	498
Professional services	318	427
Information technology	246	112
Amortization of tangible capital assets	205	204
Office expenses	195	112
Publications	39	15
Travel	1	202
	6,471	5,813

B - Cumulative operating and administrative expenses

	Cumulative Budget	Period ended Dec. 31	
		2020	2019
Salaries and employee benefits	14,546	14,077	13,786
Rent, taxes, heating and electricity	1,482	1,505	1,495
Information technology	1,251	1,362	1,348
Professional services	1,247	919	1,100
Amortization of tangible capital assets	634	615	620
Office expenses	495	434	338
Publications	145	136	90
Travel	380	8	407
	20,180	19,056	19,184