

TELEFILM
C A N A D A

**PARTNER
OF ▶
CHOICE**

QUARTERLY FINANCIAL REPORT

PERIOD ENDED DECEMBER 31, 2021

Third 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 223 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

During the quarter, Telefilm relaunched the **Production Programs**, the **Theatrical Documentary Program** and **Talent to Watch Program**. Two major changes were made to these three programs. First, a new phase of data collection was put in place to capture data relating to all directors, writers, producers, co-producers, and executive producers. Data is collected on a voluntary basis and covers Indigenous identity, racial and ethnic identity, gender identity and expression, belonging to an 2SLGBTQIA+ community, disability status, and belonging to an Official Language Minority Community. Secondly, these three programs were adapted to allow projects produced primarily in a language other than French, English or an Indigenous language for artistic imperatives to be considered eligible.

Activities

In October, Canada was the Guest of Honour during the prestigious Frankfurt Book Fair, a collaboration between the Government of Canada, Canada FBM 2020/2021 and the Canada Council for the Arts. Canadian arts and culture were showcased in cities across Germany as Canada celebrated its presence as Guest of Honour. Telefilm Canada also participated in the promotion of Canadian creativity by contributing to the programming, especially in regard to the audiovisual industry.

During the Sustainable Production Forum, Telefilm Canada and the Indigenous Screen Office partnered on the panel Telling Stories on the Land | Indigenous Screen Storytelling and the Environment, moderated by Jesse Wenthe, who was joined by leading Indigenous creators. This discussion helped bring insights into maintaining a respectful relationship with the land.

In October, over 60 Canadian delegates were back in Cannes for MIPCOM (Marché International des Programmes de Communication / International Market of Communications Programmes). Canada returned physically to MIPCOM this year after being forced to a virtual presence in 2020, and presented its new eco-friendly Canada Pavilion, connecting homegrown producers and production companies with the international market for networking, financing, co-production, acquisitions and sales opportunities.

In October, Telefilm Canada announced that *Les oiseaux ivres*, by director and co-writer Ivan Grbovic and co-writer Sara Mishara, would be representing Canada in the nomination process for Best International Feature Film at the 94th Academy Awards, to be held on March 27, 2022.

Finally, French-language content took the global spotlight at the Rencontres de coproduction francophone (RCF), where four of the 22 selected projects were Canadian. The 17th edition of this annual event took place in Brussels. The RCF event facilitated 100 meetings which included a panel with the funds present, and 300 meetings between project leaders. These connections facilitate international coproduction and enable future success.

Personnel

Telefilm Canada welcomed Mehernaz Lentin as the new National Director, Feature Film – English Market, for a five-year term starting on December 6, 2021.



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 met twice and the Audit and Finance Committee met once. The Communications and Public and Governmental Affairs Committee met once and the Nominating, Evaluation and Governance Committee met twice. The executive leadership team met 12 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 December 31, 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 December 14, 2021. For more details regarding budget adjustments, please refer to note 2 to the financial statements.

Assistance Expenses

For the nine-month period ended December 31, 2021

	Budget				Actual		Variance				
	Annual		Period		2021- 2022	2020- 2021	Revised Budget		Actual		
	Initial	Revised	Initial	Revised			\$	%	\$	%	
Production programs	52,350	78,089	37,035	45,385	31,399	14,060	13,986	31	17,339	123	1
Development program	6,875	7,875	3,500	4,000	7,058	4,179	(3,058)	(76)	2,879	69	2
Theatrical documentary program	2,100	3,000	1,300	1,800	1,770	1,410	30	2	360	26	3
Contribution to the Council of Europe's cultural fund, Eurimages	1,700	1,700	1,700	1,700	1,467	1,614	233	14	(147)	(9)	4
Talent to Watch program	2,200	2,200	1,900	1,900	779	2,000	1,121	59	(1,221)	(61)	5
Administration of recommendations for audiovisual coproduction	357	357	271	272	274	250	(2)	(1)	24	10	
Screen Offices	400	400	100	100	100	200	-	-	(100)	(50)	
	65,982	93,621	45,806	55,157	42,847	23,713	12,310	22	19,134	81	
Theatrical exhibition program	1,000	11,500	1,000	11,500	10,810	51	690	6	10,759	21,096	6
Promotion program and national and international promotional activities	10,535	21,956	6,976	13,388	8,196	5,691	5,192	39	2,505	44	7
Marketing program	6,986	9,046	3,500	4,700	2,755	1,868	1,945	41	887	47	8
International Promotion Program	650	650	325	325	324	41	1	-	283	690	9
Export assistance program	800	800	250	250	311	37	(61)	(24)	274	741	10
	19,971	43,952	12,051	30,163	22,396	7,688	7,767	26	14,708	191	
	85,953	137,573	57,857	85,320	65,243	31,401	20,077	24	33,842	108	
Short-Term Compensation Fund	-	-	-	-	281	-	(281)	-	281	-	11
COVID-19 Emergency Relief Fund	-	-	-	-	-	29,654	-	-	(29,654)	(100)	12
	85,953	137,573	57,857	85,320	65,524	61,055	19,796	23	4,469	7	



7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Assistance Expenses (Cont.)

1	Production programs	Current period ↘ than budget	\$13,986	Despite a high volume of applications received, the results are below the expectation following, among other reasons, the postponement of a number of filming due to labor shortage and the difficulty of closing the financial structures of the projects. The Corporation expects this budgetary gap to reduce significantly by the end of the fiscal year.
		Current period ↗ than previous	\$17,339	In 2020-2021, COVID-19 caused a general slowdown in the audiovisual industry, which explains the low level of activity and the absence of significant projects.
2	Development program	Current period ↗ than budget	\$3,058	The changes to the guidelines allowed Telefilm to put in place various administrative improvements to the process in order to accelerate the signing of contracts.
		Current period ↗ than previous	\$2,879	
3	Theatrical documentary program	Current period ↗ than previous	\$360	The increase in the number of signed projects is directly linked to the budget increase.
4	Contribution to the Council of Europe's cultural fund, Eurimages	Current period ↘ than budget	\$233	Budgetary savings on Canada's contribution to Eurimages due mostly to a lower foreign exchange.
5	Talent to Watch program	Current period ↘ than budget	\$1,121	The Corporation is focussing 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	\$1,221	
6	Theatrical exhibition program	Current period ↗ than previous	\$10,759	The program scope changed significantly with the addition of \$11M in budget from the Department of Canadian Heritage (PCH) through the Recovery Fund.
7	Promotion program and national and international promotional activities	Current period ↘ than budget	\$5,192	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 and then during the signature process of funding applications.
		Current period ↗ than previous	\$2,505	In 2021-2022, international face-to-face events have resumed, including MIPCOM and the Frankfurt Book Fair 2021: Canada as Guest of Honour. The increase in assistance expenses is also attributable to the addition of new funds from 2021 Federal Budget and the transfer from PCH for Recovery and Reopening.
8	Marketing program	Current period ↘ than budget	\$1,945	Funding applications did not progress as planned due to a slowdown in production and closure of movie theaters.
		Current period ↗ than previous	\$887	Variance is explained by a negative amendment of \$1.1 million in 2020-2021.
9	International Promotion Program	Current period ↗ than previous	\$283	The variance is directly related to the fact that the program only opened in the last quarter of last year.



7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Assistance Expenses (Cont.)

10	Export assistance program	Current period ↗ than previous	\$274	Due to the COVID-19, the program did not open in 2020-2021.
11	Short-Term Compensation Fund	Current period ↗ than budget	\$281	Fund created in Q3 2020-2021 to compensate for the lack of insurance coverage in the audiovisual industry during the COVID-19 pandemic. No budget is planned since the number of interruptions due to COVID-19 is impossible to predict.
		Current period ↗ than previous	\$281	
12	COVID-19 Emergency Relief Fund	Current period ↘ than previous	\$29,654	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 nine-month period ended December 31, 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	17,312	17,629	16,116	14,077	1,513	9	2,039	14	①
Professional services	3,211	3,944	2,401	3,039	2,064	919	975	32	1,145	125	②
Rent, taxes, heating and electricity	2,134	2,134	1,574	1,574	1,482	1,505	92	6	(23)	(2)	
Information technology	1,765	1,765	1,454	1,454	1,360	1,362	94	6	(2)	-	
Amortization of tangible capital assets	1,003	1,003	734	734	755	615	(21)	(3)	140	23	③
Office expenses	790	790	550	550	595	434	(45)	(8)	161	37	④
Publications	174	174	139	139	161	136	(22)	(16)	25	18	
Travel	293	293	94	94	19	8	75	80	11	138	⑤
	32,655	33,834	24,258	25,213	22,552	19,056	2,661	11	3,496	18	

①	Salaries and employee benefits	Current period ↗ than previous	\$2,039	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	\$975	Certain foreseen costs, mostly for projects, will not take place and there were delay in billing for external services.
		Current period ↗ than previous	\$1,145	Mainly due to the use of external services for human resources activities, for advisory committees and for corporate projects.
③	Amortization of tangible capital assets	Current period ↗ than previous	\$140	Increase in amortization related to the capitalization for computer and technology equipment in the last fiscal year.
④	Office expenses	Current period ↗ than previous	\$161	The increase is mainly due to non-recurring expenses for office equipment and additional subscriptions.
⑤	Travel	Current period ↘ than budget	\$75	Due to COVID-19, travel did not resume in the third quarter as anticipated and a budget gap is expected in the fourth quarter.



7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Government Funding and Revenues

For the nine-month period ended December 31, 2021

	Budget				Actual		Variance				
	Annual		Period		2021- 2022	2020- 2021	Revised Budget		Actual		
	Initial	Revised	Initial	Revised			\$	%	\$	%	
Parliamentary appropriation	104,908	148,356	70,579	94,393	80,620	81,657	(13,773)	(15)	(1,037)	(1)	①
Management fees from the Canada Media Fund	10,808	10,808	8,106	8,106	7,908	7,353	(198)	(2)	555	8	
Investment revenues and recoveries	2,200	2,200	1,500	1,500	4,796	4,503	3,296	220	293	7	②
Contributions to promotional support activities	325	525	125	500	491	-	(9)	(2)	491	-	③
Talent Fund	500	292	300	175	244	1,430	69	39	(1,186)	(83)	④
Interest and other revenues	60	60	45	45	113	52	68	151	61	117	
	118,801	162,241	80,655	104,719	94,172	94,995	(10,547)	(10)	(823)	(1)	

- ① **Parliamentary appropriation** Current period \searrow than budget \$13,773 Variance in the use of Parliamentary appropriations related to the delay in the Production Programs and the Promotion Program. Several measures were taken to reduce this gap in the fourth quarter.
- ② **Investment revenues and recoveries** Current period \nearrow than budget \$3,296 Given the uncertainty related to COVID-19, the 2021-2022 fiscal year budget for investment revenues and recoupment of advances was conservative.
- ③ **Contributions to promotional support activities** Current period \nearrow than previous \$491 Since most of the physical presence of the Corporation in international events were either cancelled or virtual during last fiscal, no contributions were generated from these activities.
- ④ **Talent Fund** Current period \searrow than previous \$1,186 Revenues declined as a result of contribution agreements that expired on March 31, 2021.



8. ANALYSIS OF RESULTS FOR THE THIRD QUARTER

	Actual		Variance		
	2021- 2022	2020- 2021	\$	%	
Assistance expenses	46,730	25,844	20,886	81	①
Operating and administrative expenses	7,304	6,471	833	13	②
Revenues	3,737	5,149	(1,412)	(27)	③
Parliamentary appropriation	47,377	27,932	19,445	70	④
Surplus (deficit)	(2,920)	766	(3,686)	(481)	

- ① **Assistance expenses** Current period \nearrow than previous \$20,886 In 2020-2021, COVID-19 brought filming to a halt and the lack of insurance coverage prevented new filming from starting. On the other hand, the addition of new funds from the 2021 Federal Budget and from PCH for Recovery & Reopening allowed this increase in support expenditures in 2021-2022.
- ② **Operating and administrative expenses** Current period \nearrow than previous \$833 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 \searrow than previous \$1,412 The decrease is mainly due to the Talent Fund, as a result of contribution agreements coming to an end.
- ④ **Parliamentary appropriation** Current period \nearrow than previous \$19,445 Increase in parliamentary appropriation due to increased support expenditures, particularly for the Theatrical Exhibition Program.



9. ANALYSIS OF FINANCIAL POSITION

	Actual		Variance		
	Dec. 31, 2021	Dec. 31, 2020	\$	%	
Financial assets					
Due from Consolidated Revenue Fund	73,371	63,469	9,902	16	1
Cash - Talent Fund	779	1,728	(949)	(55)	2
Cash - Harold Greenberg Fund	1,389	-	1,389	-	3
Accounts receivable	1,502	1,626	(124)	(8)	
Receivable from the Canada Media Fund	19	-	19	-	
	77,060	66,823	10,237	15	
Liabilities					
Accounts payable and accrued liabilities	3,585	2,075	1,510	73	4
Deferred revenues - Talent Fund	600	416	184	44	
Financial assistance program obligations	33,960	36,028	(2,068)	(6)	
Liabilities for employee future benefits	778	757	21	3	
	38,137	27,547	10,590	38	
Net financial assets					
Non-financial assets					
Tangible capital assets	4,570	4,829	(259)	(5)	
Prepaid expenses	188	163	25	15	
	42,895	32,539	10,356	32	

- 1 **Due from Consolidated Revenue Fund** ↗ \$9,902 Increased balance related to the fact that the Corporation did not use cash flows generated by its revenues in fiscal year 2020-2021 to fund its operations, unlike in fiscal year 2019-2020.
- 2 **Cash - Talent Fund** ↘ \$949 The decrease, resulting from the closing of long-term funding agreements, was mitigated by a significant donation from the Harold Greenberg Fund (HGF).
- 3 **Cash - Harold Greenberg Fund** ↗ \$1,389 Amount resulting from the assumption of responsibility for the administration of audiovisual productions as part of the HGF's French-language program.
- 4 **Accounts payable and accrued liabilities** ↗ \$1,510 The increase is mainly due to the amount received from the HGF for the administration of French-language audiovisual productions.



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, 2021	Dec. 31, 2020
Cost of operations	88,076	80,111
Adjustment affecting the use of Parliamentary appropriation:		
Assistance expenses adjustment where Parliamentary appropriation eligibility criteria have been met	2,848	10,491
Assistance expenses funded by the Talent Fund	(305)	(1,013)
Contributions to promotional support activities	(491)	-
Prepaid expenses	(761)	(340)
Operating expenses funded by the CMF	(7,908)	(7,353)
Operating expenses funded by the HGF	(69)	-
Other administrative adjustments	-	300
Acquisitions of property and equipment	-	92
Salary recovery for payment in arrears transition	(15)	(26)
Amortization	(755)	(615)
Employee future benefits	-	10
Use of Parliamentary appropriation at December 31	80,620	81,657
Parliamentary appropriation planned for subsequent quarter	67,736	52,545
Parliamentary appropriation planned	148,356	134,202

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), an amount of \$20,000,000 following the 2021 Federal budget and \$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 DECEMBER 31, 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.

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

Christa Dickenson
Executive Director & CEO

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

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

Montréal, Canada
March 1, 2022



Quarterly Statement of Operations

For the three-month period ended December 31, 2021

<i>In thousands of Canadian dollars</i>	Schedule	Quarter ended Dec. 31	
		2021	2020
Assistance expenses			
Development of the Canadian audiovisual industry			
Production programs		20,225	12,292
Development program		5,698	3,623
Theatrical documentary program		1,550	995
Contribution to the Council of Europe's cultural fund, Eurimages		1,467	1,614
Talent to Watch program		779	1,850
Administration of recommendations for audiovisual treaty coproduction		89	88
Screen Offices		-	110
		29,808	20,572
Promotional support in Canada and abroad			
Theatrical exhibition program		10,810	29
Promotion program and national and international promotional activities		4,465	2,481
Marketing program		1,087	1,312
International Promotion Program		288	-
Export assistance program		109	-
		16,759	3,822
Short-Term Compensation Fund		163	-
COVID-19 Emergency Relief Fund		-	1,450
		46,730	25,844
Operating and administrative expenses	A	7,304	6,471
Cost of operations		54,034	32,315
Revenues			
Management fees from the Canada Media Fund		2,377	2,436
Investment revenues and recoveries		828	1,541
Contributions to promotional support activities		424	-
Interest and other revenues		79	21
Talent fund		29	1,151
		3,737	5,149
Net cost of operations before government funding		50,297	27,166
Government funding			
Parliamentary appropriation		47,377	27,932
Surplus (deficit)		(2,920)	766
Accumulated surplus, beginning of period		45,815	31,773
Accumulated surplus, end of period		42,895	32,539

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, 2021

<i>In thousands of Canadian dollars</i>	Schedule	Period ended Dec. 31		
		Cumulative Budget	Cumulative 2021	Cumulative 2020
Assistance expenses				
Development of the Canadian audiovisual industry				
Production programs		37,035	31,399	14,060
Development program		3,500	7,058	4,179
Theatrical documentary program		1,300	1,770	1,410
Contribution to the Council of Europe's cultural fund, Eurimages		1,700	1,467	1,614
Talent to Watch program		1,900	779	2,000
Administration of recommendations for audiovisual treaty coproduction		271	274	250
Screen Offices		100	100	200
		45,806	42,847	23,713
Promotional support in Canada and abroad				
Theatrical exhibition program		1,000	10,810	51
Promotion program and national and international promotional activities		6,976	8,196	5,691
Marketing program		3,500	2,755	1,868
International Promotion Program		325	324	41
Export assistance program		250	311	37
		12,051	22,396	7,688
Short-Term Compensation Fund		-	281	-
COVID-19 Emergency Relief Fund		-	-	29,654
		57,857	65,524	61,055
Operating and administrative expenses	B	24,258	22,552	19,056
Cost of operations		82,115	88,076	80,111
Revenues				
Management fees from the Canada Media Fund		8,106	7,908	7,353
Investment revenues and recoveries		1,500	4,796	4,503
Contributions to promotional support activities		125	491	-
Talent Fund		300	244	1,430
Interest and other revenues		45	113	52
		10,076	13,552	13,338
Net cost of operations before government funding		72,039	74,524	66,773
Government funding				
Parliamentary appropriation		70,579	80,620	81,657
Surplus (deficit)		(1,460)	6,096	14,884
Accumulated surplus, beginning of period		36,799	36,799	17,655
Accumulated surplus, end of period		35,339	42,895	32,539

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, 2021	March 31, 2021
Financial assets		
Due from Consolidated Revenue Fund	73,371	67,986
Cash - Talent Fund	779	365
Cash - Harold Greenberg Fund	1,389	-
Accounts receivable	1,502	2,608
Receivable from the Canada Media Fund	19	671
	77,060	71,630
Liabilities		
Accounts payable and accrued liabilities	3,585	2,980
Deferred revenues - Talent Fund	600	117
Financial assistance program obligations	33,960	37,230
Liabilities for employee future benefits	778	778
	38,923	41,105
Net financial assets	38,137	30,525
Non-financial assets		
Tangible capital assets	4,570	5,325
Prepaid expenses	188	949
	4,758	6,274
Accumulated surplus	42,895	36,799

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, 2021

<i>In thousands of Canadian dollars</i>	Dec. 31, Budget	Dec. 31, 2021	March 31, 2021
Surplus (deficit)	(1,460)	6,096	19,144
Tangible capital asset transactions			
Amortization	734	755	854
Acquisitions	(316)	-	(827)
Other transactions			
Acquisitions of prepaid expenses	(165)	(188)	(949)
Use of prepaid expenses	700	949	503
Increase (decrease) in net financial assets	(507)	7,612	18,725
Net financial assets, beginning of year	30,525	30,525	11,800
Net financial assets, end of period	30,018	38,137	30,525

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



Statement of Cash Flows

For the period ended December 31, 2021

	Period ended Dec. 31	
	2021	2020
<i>In thousands of Canadian dollars</i>		
Operating activities		
Surplus	6,096	14,884
Items not affecting cash:		
Decrease in liabilities for employee future benefits	-	(10)
Amortization of tangible capital assets	755	615
	6,851	15,489
Changes in non-cash financial items:		
Decrease in accounts receivable	1,106	1,118
Decrease in receivable from the Canada Media Fund	652	2,792
Increase (decrease) in accounts payable and accrued liabilities	605	(939)
Increase in deferred revenues - Talent Fund	483	416
Decrease of financial assistance program obligations	(3,270)	(11,789)
Decrease in prepaid expenses	761	340
	7,188	7,427
Capital activities		
Cash outflows to acquire tangible capital assets	-	(100)
Increase in due from Consolidated Revenue Fund and cash of Talent Fund and Harold Greenberg Fund	7,188	7,327
Due from Consolidated Revenue Fund and cash of Talent Fund and Harold Greenberg Fund, beginning of period	68,351	57,870
Due from Consolidated Revenue Fund and cash of Talent Fund and Harold Greenberg Fund, end of period	75,539	65,197
Additional information presented in operating activities		
Variance in accounts payable and accrued liabilities for capital projects	-	8

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



Notes to the Quarterly Financial Statements

1. Basis of financial statements presentation

These unaudited quarterly financial statements have been prepared by the Corporation's Management in accordance with 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 December 14, 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	25,739	78,089
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	27,639	93,621
Promotion program and national and international promotional activities	10,535	11,421	21,956
Marketing program	6,986	2,060	9,046
Theatrical exhibition program	1,000	10,500	11,500
Export assistance program	800	-	800
International Promotion Program	650	-	650
	19,971	23,981	43,952
Administration	32,655	1,179	33,834
Cost of operations	118,608	52,799	171,407
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	(208)	292
Contributions to promotional support activities	325	200	525
Interest and other revenues	60	-	60
	118,801	43,440	162,241
Surplus (Deficit)	193	(9,359)	(9,166)



Schedule A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Dec. 31	
	2021	2020
Salaries and employee benefits	5,432	4,967
Professional services	707	318
Rent, taxes, heating and electricity	498	500
Amortization of tangible capital assets	252	205
Office expenses	211	195
Information technology	159	246
Publications	26	39
Travel	19	1
	7,304	6,471

B - Cumulative operating and administrative expenses

	Cumulative Budget	Period ended Dec. 31	
		2021	2020
Salaries and employee benefits	17,312	16,116	14,077
Professional services	2,401	2,064	919
Information technology	1,454	1,360	1,362
Rent, taxes, heating and electricity	1,574	1,482	1,505
Amortization of tangible capital assets	734	755	615
Office expenses	550	595	434
Publications	139	161	136
Travel	94	19	8
	24,258	22,552	19,056