Quarterly Financial Report

Period ended September 30, 2014

Second quarter of fiscal 2014-2015

Published November 28, 2014

TELEFILM

Canada

TELEFILM CANADA

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1. TELEFILM

Telefilm Canada is a Crown corporation reporting to Parliament through the Department of Canadian Heritage. Telefilm's vision is: audiences everywhere demanding screen-based content created by Canadians - accessible anywhere, anytime and on any platform.

Our mission

Telefilm's mission is to foster and promote the development of the Canadian audiovisual industry by playing a leadership role through financial support and initiatives that contribute to the industry's commercial, cultural and industrial success.

What we do

Telefilm is dedicated to the commercial, cultural and industrial success of the Canadian audiovisual industry. Our funding programs provide financial support to Canadian production and distribution companies that deliver content to audiences. We promote Canadian audiovisual success and talent at festivals, markets and events-regionally, nationally and around the world.

Furthermore, Telefilm administers funding programs for the Canada Media Fund (CMF). We also make recommendations to the Minister of Canadian Heritage regarding certification of audiovisual treaty coproductions. Our head office is located in Montreal and we also have offices in Vancouver, Toronto and Halifax to serve our clients.

2. QUARTERLY FINANCIAL REPORT

This quarterly financial report complies with all requirements of the Standard on *Quarterly Financial Reports for Crown Corporations*[1] 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.

3. IMPORTANT CHANGES

Programs

The Corporation and the Rogers Group of Funds renewed the Theatrical Documentary Program for the 2014-2015 fiscal year. Through this public-private partnership, the Corporation and its partner aim to encourage the success and ensure the future of the Canadian documentary film industry by supporting projects that have a potential for box office earnings, international awards, and prominent festival selections. In addition, the Corporation is very pleased that the Audiovisual Coproduction Treaty with India has come into effect, enabling producers from both countries to combine their creative, technical and financial resources.

1 : www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18789&section=text

3. IMPORTANT CHANGES (CONTINUED)

Activities

During the quarter, the Corporation financed 30 productions for a total of $28.9 million. In August, a feature film and two short films were presented in competition at the 67th Locarno Film Festival. The Corporation also had a strong presence at the San Sebastián International Film Festival, which featured six Canadian films, and the *Focus on Canada* initiative allowed a delegation of Canadian producers to take advantage of various activities at the festival and participate in the 3rd Europe-Latin America Coproduction Forum.

Moreover, the pan-Canadian selection committee, which the Corporation coordinated, chose the feature film *Mommy*, directed by Xavier Dolan, to represent Canada for the Academy Award for Best Foreign Language Film.

The Corporation participated at the Toronto International Film Festival (TIFF) to encourage Canadian cultural success by means of various initiatives such as: the *Birks Diamond Tribute to the Year's Women in Film*, *Canada Lounge*, *Telefilm Canada's Talent to Watch*, *Filmmaker Boot Camp*, *PITCH THIS!*, *TIFF Rising Stars* and *Talent Lab*. For the first time, Los Angeles joined New York as part of TIFF's American pre-Festival promotional activities. In addition, during TIFF, the Corporation put the spotlight on Canadian talent by organizing its first-ever live game show, *ETALK presents The Great Canadian Talent Faceoff* and by renewing the successful *Talent to Watch* series.

The Executive Director spoke at the 2014 CRTC hearing, *Let's Talk TV: A Conversation with Canadians*, during which she discussed the growth and viability of our industry, promotion initiatives as well as audience measurement tools where currently technological developments affecting the television system are having an impact on how Telefilm fulfills its mandate.

Personnel and members of the Board

There was no personnel turnover on the Board of Directors or on the Corporation's Management Committee.

4. GOVERNANCE

Governance of the Corporation is carried out through activities of the Board and its committees and by the Management Committee, chaired by the Executive Director, and its subcommittees. The Board, the Audit and Finance Committee and the Strategic Planning and Communications Committee each held one meeting during the quarter. The Management Committee met six times.

5. RISK MANAGEMENT

The Corporation ensures a good understanding of organizational risks by involving all levels of management representatives of the different administrative and operational sectors. The Corporation conducts ongoing risk assessments and performs a formal review on a semi-annual basis.

6. UNADJUSTED DIFFERENCES

Management strives to produce relevant financial information in compliance with CPSAS and within the deadline established by the Receiver General of Canada, namely five business days after the end of the quarter. Accordingly, Management uses methods that enable it to identify the required adjustments. To this extent, certain cut-off procedures applicable to the accounts payable and receivable cycles as well as certain adjustments concerning liabilities for employee future benefits were not carried out at September 30, 2014. The importance of these adjustments is deemed immaterial by Management.

7. ANALYSIS OF CUMULATIVE RESULTS

The analysis tables show rounded amounts and must be read in conjuction with the financial statements for greater accuracy.

Assistance Expenses

For the six-month period ended September 30, 2014

	Budget ($M)		Actual ($M)		Variance			
			2014-	2013-	Budget		Actual	
	Annual	Period	**2015**	2014	$	%	$	%
Production	59.8	33.7	37.0	30.8	(3.3)	(10)	6.2	20
Development	7.8	4.0	1.8	3.0	2.2	55	(1.2)	(40)
	67.6	37.7	38.8	33.8	(1.1)	(3)	5.0	15
Marketing	11.3	3.1	4.0	2.0	(0.9)	(29)	2.0	100
Promotion	6.9	4.3	3.8	4.3	0.5	12	(0.5)	(12)
International events	2.2	1.3	1.2	1.3	0.1	8	(0.1)	(8)
	20.4	8.7	9.0	7.6	(0.3)	(3)	1.4	18
	88.0	46.4	47.8	41.4	(1.4)	(3)	6.4	15

Despite the delay in funding experienced during the first quarter, the half-year objectives as well as the comparative data were exceeded, mainly for the production and marketing programs.

As for the production program, the overage as well as that for the results of the previous fiscal year is fully attributable to the new fast track stream. Given that this stream provides eligible clients with greater latitude when submitting their application as well as faster decision-making, it was difficult to predict the rate at which funding applications would be filed. Meanwhile, the regular stream did not meet its projections and is lower than the results of the comparative six-month period. This can be explained by the fact that the production projects are failing to successfully complete their financial structures, which is a condition at the signing of contract. Note that the production program's lower budget projects experienced a greater volume of applications than expected, requiring adjustments in the analysis process in order not to hinder decision-making.

While the budget has increased this year to include part of the fast track stream, the development program is lagging compared with both the budget and the previous year's results. The main reason is that many significant portfolios were not signed by September 30. Moreover, in order to comply with the annual budgetary constraints, the amounts disbursed have been decreased in order to help finance a larger number of portfolios.

The funding allocated for the marketing program doubled compared with the comparative period last year. The budget was underestimated mainly because of some large-scale projects such as *The Grand Seduction*, *Le vrai du faux* and *La Petite Reine*, whose financing represents 59% of funds committed during the first half. The expenditure overruns for this program are also attributable to a sharp increase in financing allocated to international marketing activities. The support given to successful productions like *Maps to the Stars* and *Mommy*, to name just a few, has helped ensure a Canadian presence in international festivals such as Cannes, where they were bestowed honours.

Meanwhile, the promotion program is experiencing a budget surplus. This program budget was determined on an average of historical results, as the program has undergone changes these last two years. In light of the significant delays experienced during the first quarter, it is possible to expect that things will return to normal. The variance with the comparative data is due in particular to financing applications for festivals, which, having received our financial support at the same time last year, are now being analyzed at the end of this quarter and to funding granted to an important film festival during the first half of 2013-2014.

Despite the delays in the development and promotion programs, the overall funding of the different programs is well positioned to finish on budget and on time.

7. ANALYSIS OF CUMULATIVE RESULTS (CONTINUED)

Operating and Administrative Expenses

For the six-month period ended September 30, 2014

	Budget ($M)		Actual ($M)		Variance			
			2014-	2013-	Budget		Actual	
	Annual	Period	**2015**	2014	$	%	$	%
Salaries & wages	18.6	9.3	8.4	10.1	0.9	10	(1.7)	(17)
Information technology	1.4	0.9	1.0	0.8	(0.1)	(11)	0.2	25
Rent	1.8	0.9	0.9	1.1	-	-	(0.2)	(18)
Professional services	2.1	1.0	0.7	0.6	0.3	30	0.1	17
Amortization	0.5	0.3	0.3	0.4	-	-	(0.1)	(25)
Office expenses	0.6	0.3	0.3	0.2	-	-	0.1	50
Travel	0.6	0.3	0.2	0.2	0.1	33	-	-
Advertising & publications	0.3	0.1	0.1	0.1	-	-	-	-
	25.9	13.1	11.9	13.5	1.2	9	(1.6)	(12)

Overall, the Corporation shows favourable variances, namely a budget surplus position and a decrease in expenditures compared to the same period of last year. As for salary expenditures and employee benefits, the variance with respect to the comparable half is entirely attributable to the voluntary employee severance pay program that was abolished in 2013-2014. The budget surplus is explained by certain positions having remained temporarily vacant during the period and by employee benefits, which the budget had not taken into account since, following the abolition of the severance pay program, some employees had maxed out certain contributions faster than usual.

Information technologies show an increase in expenses compared with the first half of the previous fiscal year. This variation is attributable mainly to changes in the IT systems and work related to the outsourcing of servers. As for rent expenses, the decrease in spending as compared to the comparative period is due to savings from the relocation of the Vancouver and Halifax offices and favourable conditions related to the renewal of the lease at the headquarters in Montreal. Professional fees also show a budget surplus that is related to plan expenditures for projects, a part of which was postponed to be included in the redesign of the information system technologies.

Finally, travel expenses show a budget surplus that is attributable mainly to international travels planned for senior management members that did not take place. Note that part of the budgeted travels may be postponed or cancelled to better attain operational objectives, such as whether or not Canadian films are presented at international festivals.

7. ANALYSIS OF CUMULATIVE RESULTS (CONTINUED)

Government Funding and Revenues

For the six-month period ended September 30, 2014

	Budget ($M)		Actual ($M)		Variance			
			2014-	2013-	Budget		Actual	
	Annual	Period	**2015**	2014	$	%	$	%
Parliamentary appropriation	95.5	55.5	50.8	51.3	(4.7)	(8)	(0.5)	(1)
Investment revenues and recoveries	10.0	4.6	5.7	6.7	1.1	24	(1.0)	(15)
Management fees from the CMF	10.0	5.0	4.8	5.0	(0.2)	(4)	(0.2)	(4)
Talent Fund	-	-	0.2	0.1	0.2	-	0.1	(100)
Interest and other revenues	0.1	-	0.2	-	0.2	-	0.2	-
	115.6	65.1	61.7	63.1	(3.4)	(5)	(1.4)	(2)

Overall, the revenues for the six-month period ended September 30, show quite a stable situation, both compared with the same period from the previous fiscal year and compared with the budget. The budget variance in government funding is explained by disbursements that took place later than had been estimated at the beginning of the year however, all in all, are similar to those of the comparable quarter. As for income earned from the Corporation's investments, they show a favourable budgetary position although there is a decrease compared with the same quarter of last year. This is explained by a decline in the number of projects that had significant remittances for the most recent exploitation report production period. Lastly, the increase in revenues from the Talent Fund is attributable mainly to the start of the use of annual contributions from Bell Media and Corus Entertainment for the current fiscal year. (See Note 2)

8. ANALYSIS OF RESULTS FOR THE SECOND QUARTER

	Actual ($M)		Variance	
	2014-2015	2013-2014	$	%
Assistance expenses	37.6	17.7	19.9	112
Operating and administrative expenses	5.8	6.8	(1.0)	(15)
Revenues	7.7	8.8	(1.1)	(13)
Parliamentary appropriation	32.8	27.7	5.1	18
Surplus	(2.9)	12.0	(14.9)	(124)

The industry assistance expenses show a significant increase with regard to the comparative data. This upsurge is mainly due to our production program. The financial commitments of the second quarter of 2014-2015 include several large-scale projects, notably under the new fast track stream. Note that the effect is compounded by the fact that the second quarter of 2013-2014 was not particularly successful in this regard.

The decline in operating and administrative expenses is due primarily to the decrease in salaries and employee benefits following the abolition of the severance pay program, whose impact was accounted for during the second quarter of 2013-2014.

Revenues show a decrease compared with those of the second quarter of the previous fiscal year stemming from recovered advances and returns on investments. During the previous fiscal year, some distributors had made higher remittances during the second quarter, including that for the film *Goon*, which represented more than 16% of revenues.

Lastly, funding from our parliamentary appropriation shows a significant increase compared with 2013-2014, which is attributable mainly to disbursements of the assistance expenses that were higher representing a catch-up from the first quarter, that was below expectation.

9. ANALYSIS OF FINANCIAL POSITION

	Actual ($M)		Variance	
	Sept. 30, 2014	March 31, 2014	$	%
Financial assets				
Due from Consolidated Revenue Fund	55.5	49.1	6.4	13
Cash - Talent Fund	2.1	0.2	1.9	950
Accounts receivable	3.8	3.1	0.7	23
Receivable from CMF	2.4	2.7	(0.3)	(11)
Loan	0.7	-	0.7	-
	64.5	55.1	9.4	17
Liabilities				
Accounts payable	2.5	2.0	0.5	25
Deferred revenues - Talent Fund	1.7	-	1.7	-
Financial assistance programs obligations	39.4	35.8	3.6	10
Liabilities for employee future benefits	0.8	1.0	(0.2)	(20)
Net financial assets	20.1	16.3	3.8	23
Non-financial assets				
Tangible capital assets	1.8	1.8	-	-
Prepaid expenses	0.5	2.2	(1.7)	(77)
Accumulated surplus	22.4	20.3	2.1	10

The Corporation shows a solid financial position as revealed by the level of its net financial assets. The most important financial asset, cash, has increased since March 31, 2014, through investment revenues and recoveries that have been recorded but not yet used. The rise in the Cash—Talent Fund stems mainly from the receipt of contributions from Corus Entertainment and Bell Média. Meanwhile, the increase in receivables is due to the presence of significant accounts receivables and the transition to the payment in arrears method. To lessen the impact of this measure on employees, it was decided that the amounts paid at the time of transition would be withheld from their final pay. In addition, on an exceptionnal basis, a loan was granted to a production company. Lastly, the amount receivable from the Canada Media Fund shows a decrease resulting from the 13% Harmonized Sales Tax. The time allocated for producing financial information allows this amount to be accounted for March 31.

The increase in liabilities is attributable to higher accrued salaries following the transition to the payment in arrears. Furthermore, the increase in obligations related to financial aid programs stems from the fact that a large number of contracts were signed in the last week of September and were not disbursed at the end of the period. The decrease in liabilities for employee future benefits is mainly due to the payment of severance benefits for employees who were absent as at March 2014.

Finally, prepaid expenses decreased significantly due to the recording to expenditures of almost all prepayments from the previous fiscal year.

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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.

In million of Canadian dollars	**Sept. 30, 2014**	**Sept. 30, 2013**
Cost of operations	59.7	55.0
Adjustments affecting cost of operations :		
Amortization	(0.3)	(0.4)
Employee future benefits	0.3	(1.0)
Adjustments affecting the use of Parliamentary appropriation :		
Adjustment related to eligibility criteria of assistance expenses	(3.7)	3.5
Operating expenses funded by the CMF	(4.8)	(5.0)
Acquisition of prepaid administrative expenses	0.1	0.1
Use of prepaid administrative expenses	(1.2)	(1.1)
Loan	0.6	-
Payment Talent Fund	(0.2)	-
Acquisitions of property and equipment	0.3	0.2
	(8.9)	(3.7)
Use of Parliamentary appropriation at September 30	50.8	51.3
Parliamentary appropriation available for subsequents quarters	44.7	48.6
Parliamentary appropriation authorized	95.5	99.9

The amount of the Parliamentary appropriation comes from the 2014-2015 Main Estimates.

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11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2014

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the *Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations* and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations, change in net financial assets and cash flows of the Corporation, as at the date of and for the periods presented in the quarterly financial statements.

Carolle Brabant, FCPA, CA, MBA
Executive Director

Denis Pion
Director - Administration and Corporate Services

Montréal, Canada
November 28, 2014

TELEFILM CANADA

Quarterly Statement of Operations

For the three-month period ended September 30, 2014

In thousands of Canadian dollars	Schedule	Quarter ended Sept. 30 2014	2013
Assistance expenses			
Development of the Canadian audiovisual industry			
Production assistance		29,004	11,055
Development assistance		1,833	2,756
		30,837	13,811
Promotional support in Canada and abroad			
Distribution and marketing assistance		3,207	752
Promotion		3,197	2,593
Participation in international events		385	574
		6,789	3,919
		37,626	17,730
Operating and administrative expenses	A	5,808	6,757
Cost of operations		43,434	24,487
Revenues			
Investment revenues and recoveries		5,094	6,354
Management fees from the Canada Media Fund		2,318	2,381
Talent fund		230	-
Interest and other revenues		26	27
		7,668	8,762
Net cost of operations before government funding		35,766	15,725
Government funding			
Parliamentary appropriation		32,813	27,706
Surplus (deficit)		(2,953)	11,981
Accumulated surplus, beginning of period		25,257	12,290
Accumulated surplus, end of period		22,304	24,271

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

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Statement of Operations

For the six-month period ended September 30, 2014

In thousands of Canadian dollars	Schedule	Semester ended Sept. 30 Cumulative Budget	Cumulative 2014	Cumulative 2013
Assistance expenses				
Development of the Canadian audiovisual industry				
Production assistance		33,650	37,033	30,822
Development assistance		3,980	1,833	3,015
		37,630	38,866	33,837
Promotional support in Canada and abroad				
Distribution and marketing assistance		3,100	3,977	1,981
Promotion		4,309	3,770	4,272
Participation in international events		1,250	1,183	1,299
		8,659	8,930	7,552
		46,289	47,796	41,389
Operating and administrative expenses	B	13,086	11,860	13,580
Cost of operations		59,375	59,656	54,969
Revenues				
Investment revenues and recoveries		4,626	5,666	6,741
Management fees from the Canada Media Fund		5,001	4,750	4,981
Talent Fund		-	234	100
Interest and other revenues		43	229	49
		9,670	10,879	11,871
Net cost of operations before government funding		49,705	48,777	43,098
Government funding				
Parliamentary appropriation		55,465	50,825	51,300
Surplus		5,760	2,048	8,202
Accumulated surplus, beginning of period			20,256	16,069
Accumulated surplus, end of period			22,304	24,271

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

Statement of Financial Position

In thousands of Canadian dollars	**September 30, 2014**	**March 31, 2014**
Financial assets		
Due from Consolidated Revenue Fund	55,513	49,137
Cash - Talent Fund	2,128	170
Accounts receivable	3,843	3,054
Receivable from the Canada Media Fund	2,366	2,720
Loan	654	-
	64,504	55,081
Liabilities		
Accounts payable and accrued liabilities	2,509	2,025
Deferred revenues - Talent Fund	1,725	-
Financial assistance programs obligations	39,416	35,779
Liabilities for employee future benefits	796	1,000
	44,446	38,804
Net financial assets	20,058	16,277
Non-financial assets		
Tangible capital assets	1,769	1,817
Prepaid expenses	477	2,162
	2,246	3,979
Accumulated surplus	22,304	20,256

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

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Statement of Changes in Net Financial Assets

For the six-month period ended September 30, 2014

In thousands of Canadian dollars	**September 30, Budget**	**September 30, 2014**	**March 31, 2014**
Surplus	5,760	2,048	4,187
Tangible capital asset transactions			
Amortization	322	333	737
Acquisitions	(954)	(291)	(969)
Writeoff	-	6	-
Other transactions			
Acquisitions of prepaid expenses	-	(137)	(2,162)
Use of prepaid expenses	1,820	1,822	1,724
Increase in net financial assets	6,948	3,781	3,517
Net financial assets, beginning of year	16,277	16,277	12,760
Net financial assets, end of period	23,225	20,058	16,277

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

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Statement of Cash Flows

For the period ended September 30, 2014

	Quarter ended Sept. 30		Semester ended Sept. 30	
In thousands of Canadian dollars	**2014**	**2013**	**2014**	**2013**
Operating activities				
Surplus (deficit)	(2,953)	11,981	2,048	8,202
Items not affecting cash:				
Increase (decrease) in liabilities for employee future benefits	(46)	922	(204)	1,028
Amortization of tangible capital assets	154	180	333	355
	(2,845)	13,083	2,177	9,585
Changes in non-cash financial items:				
Decrease (increase) in accounts receivable	(1,884)	242	(789)	164
Decrease in receivable from the Canada Media Fund	66	190	354	563
Increase in loan	(654)	-	(654)	-
Increase (decrease) in accounts payable and accrued liabilities	1,014	(446)	484	(1,006)
Increase in deferred revenues - Talent Fund	1,725	-	1,725	-
Decrease in special termination benefits payable as a result of downsizing	-	(24)	-	(322)
Increase (decrease) of financial assistance programs obligations	9,023	(6,802)	3,637	(3,866)
Decrease in prepaid expenses	3	339	1,685	1,592
	6,448	6,582	8,619	6,710
Capital activities				
Acquisitions	(170)	(224)	(291)	(228)
Writeoff	6	-	6	-
	(164)	(224)	(285)	(228)
Increase in Due from Consolidated Revenue Fund and Cash - Talent Fund	6,284	6,358	8,334	6,482
Due from Consolidated Revenue Fund and Cash - Talent Fund, beginning of period	51,357	45,721	49,307	45,597
Due from Consolidated Revenue Fund and Cash - Talent Fund, end of period	57,641	52,079	57,641	52,079

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 *Canadian Public Sector Accounting Standards* (CPSAS) pursuant to the Standard on *Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada. They must be read in conjunction with the most recent annual audited financial statements as at March 31, 2014. The accounting and calculation methods used in these quarterly financial statements are identical to those used in the annual financial statements of March 31, 2014, except those mentioned in Note 2.

Annual financial statements of March 31, 2014

2. New accounting policies

Talent Fund

The Talent Fund (the "Fund") was created in March 2012 and its operations are an integral part of the Corporation's activities. The aim of the Fund is to support and promote Canadian works and talent through the Corporation's programs. The Fund's revenues consist of donations from individuals and companies. These donations are deposited into a separate bank account and are presented under Cash - Talent Fund in the statement of financial position. Donations that have no external restriction are recorded as revenue during the period in which they are received. Meanwhile, donations that have external restrictions are recorded as revenue during the period in which they are are used for prescribed purposes. In addition, donations that have external restrictions and are not used are shown as deferred revenues in the statement of financial position. Under the *Telefilm Canada Act*, investment revenues and recoveries generated by projects funded by the Fund are made available to the Corporation to finance it's assistance expenses.

During the quarter, the Corporation recorded donations that have external restricitions of $1.9 million and $200,000 in revenues from these donations.

Loan

The Corporation made a loan to a production company in the amount of $650,000. The loan is recorded at the lesser of the cost or the net recoverable amount. Interest revenue is recognized as a receivable when earned.

The loan bears interest at the rate of the Royal Bank of Canada plus a prime of 2% and is calculated on a daily basis. The loan will be repayable in seven equal installments starting on February 15, 2017, while the interest will be repayable as of November 15, 2014.

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Schedules A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Sept. 30	
	2014	2013
Salaries and employee benefits	4,153	5,254
Rent, taxes, heating and electricity	454	535
Information technology	415	143
Professional services	320	407
Amortization of tangible capital assets	154	180
Office expenses	139	86
Travel and hospitality	111	96
Advertising and publications	62	56
	5,808	6,757

B - Cumulative operating and administrative expenses

	Semester ended Sept. 30		
	Cumulative Budget	2014	2013
Salaries and employee benefits	9,257	8,435	10,129
Information technology	937	982	818
Rent, taxes, heating and electricity	864	904	1,105
Professional services	983	655	633
Amortization of tangible capital assets	322	333	355
Office expenses	268	250	222
Travel and hospitality	312	222	222
Advertising and publications	143	79	96
	13,086	11,860	13,580