Quarterly Financial Report

Period ended December 31, 2015

Third quarter of fiscal 2015-2016
Published February 29, 2016 *

TELEFILM

Canada

* Version amended March 18, 2016

TELEFILM CANADA

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TELEFILM CANADA

1. TELEFILM

Telefilm Canada is a Crown corporation reporting to Parliament through the Department of Canadian Heritage. Telefilm's vision is audiences everywhere demanding Canadian screen-based content - 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 has a team of some 180 employees dedicated to the success of the Canadian audiovisual industry. On behalf of the Government of Canada, in our capacity as a Crown corporation, we support dynamic companies and creative talents by providing financial assistance to Canadian film projects and by highlighting the value of Canadian audiovisual industry talent at regional, national and international festivals, markets and events.

In addition, the Corporation is implementing its new strategic plan, *Inspired by Talent. Viewed Everywhere.*[1], which sets out six priorities:

- Industry recognition: promoting the value of Canadian content;
- Marketing practices: encouraging innovation to reach audiences;
- Market intelligence: deciding with meaningful metrics;
- Industry funding: diversifying sources;
- Ecosystems of companies: delivering together; and
- Organizational excellence: performing in a changing environment.

Finally, we administer the funding programs of the Canada Media Fund (CMF) and are responsible for making recommendations to the Minister of Canadian Heritage regarding certification of audiovisual treaty coproductions. Our head office is located in Montreal and we serve clients through our four offices in Vancouver, Toronto, Montreal and Halifax.

2. QUARTERLY FINANCIAL REPORT

This quarterly financial report complies with all requirements of the Standard on *Quarterly Financial Reports for Crown Corporations* [2] established by the Treasury Board Secretariat and with the *Canadian Public Sector Accounting Standards (CPSAS)*. There is no requirement for an audit or review of the financial statements included in this quarterly financial report and as such the report has not been reviewed or audited by external auditors.

3. IMPORTANT CHANGES

Programs

No significant changes were made to our funding programs during the quarter.

1 : www.telefilm.ca/en/telefilm/corporate-publications/corporate-plan
2 : www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18789&section=text

3. IMPORTANT CHANGES (CONT.)

Activities

During the quarter, the Corporation funded 24 new productions for a total of more than $9 million. This past October, the Corporation turned out in force at MIPJunior and MIPCOM[3], offering a captivating program that notably focused on scientific content aimed at children. Canada presented four multiplatform edutainment productions: *L'Académie Secrète*, *Annedroids*, *Look Kool* and *Prime Radicals*. In addition, as part of its business information-sharing strategy, Telefilm released a report titled *Audiences in Canada: Trend Report* at the Playback Marketing Summit in Toronto. This comprehensive study looked, in particular, at the platforms that consumers use to watch movies, at trends in movie-theatre attendance and at Canadians' movie-watching preferences.

Finally, Telefilm, in partnership with the National Film Board of Canada and the Société de développement des entreprises culturelles du Québec, presented the event The Shortest Day. This year, the event featured 28 shorts organized into four thematic programs: Kids, Family, Musical and Dramas and Comedies. The 2015 edition also featured a partnership with Air Canada, which presented a selection on all domestic flights. This event was presented in more than 50 countries and offered free screenings in more than 60 different venues across Canada, among them movie theatres, cultural centres, schools, cafés, shopping malls, hospitals and public libraries.

Personnel

The Corporation wishes to recognize the achievement of Jean-Claude Mahé, Director, Public and Governmental Affairs, who will be awarded a Meritorious Service Cross (Civil Division) by the Governor General of Canada for his work in the defense of French-language education in Canada. This distinction recognizes an innovative deed or activity that brings honour to Canada, that has been performed in an outstandingly professional manner, and that improves the quality of life of communities.

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

4. GOVERNANCE AND MEMBERS OF THE BOARD

Governance of the Corporation is carried out through activities of the Board and its three subcommittees as well as by the Management Committee, chaired by the Executive Director, and its subcommittees. The Board met twice during the quarter, while the Audit and Finance Committee met once. The Management Committee, for its part, met 10 times. It should be noted that Marie-Linda Lord was appointed during the quarter to serve on the Audit and Finance Committee.

5. RISK MANAGEMENT

The Corporation manages risk through two committees: the Audit and Finance Committee and the Risk Management Committee. An assessment of risks as well as risk components, incidence and mitigation measures is conducted semi-annually. An assessment was carried out during the quarter. Furthermore, the Corporation notes that, in general, there is a decreased residual risk[5] associated with identified risks.

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, 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, 2015. Management deems the importance of these adjustments to be immaterial.

3 : www.mipjunior.com et www.mipcom.com
4 : www.telefilm.ca/document/en/01/17/Audiences_in_Canada_Trend_Report.pdf
5 : Residual risk is the remaining level of risk after taking into consideration risk mitigation measures and controls in place.

7. ANALYSIS OF CUMULATIVE RESULTS

All figures shown are rounded and the line items variance calculations are based on the figures of the financial statements.

Assistance Expenses
For the nine-month period ended December 31, 2015

	Budget ($M)		Actual ($M)		Variance			
			2015-2016	2014-2015	Budget		Actual	
	Annual	Period			$	%	$	%
Production	61.5	50.5	35.7	48.9	14.8	29	(13.2)	(27)
Development	7.6	7.3	4.4	3.8	3.0	41	0.6	15
	69.1	57.8	40.1	52.7	17.8	31	(12.6)	(24)
Marketing	11.3	8.3	10.9	8.1	(2.6)	(31)	2.8	34
Promotion	7.3	5.9	5.8	5.3	-	-	0.6	11
International events	2.2	1.8	2.2	2.1	(0.4)	(25)	0.2	8
	20.8	16.0	18.9	15.5	(3.0)	(19)	3.6	23
	89.9	73.8	59.0	68.2	14.8	20	(9.0)	(13)

Our overall assistance expenses show a temporary budgetary surplus close to $15 million, that is 20% of the budget. Furthermore, these expenses declined by $9 million, or 13%, in comparison with the same period last year. This is due mainly to a significant drop in the number of activities funded through the Production Program, especially activities generated by production companies able to access the program's fast-track stream. These companies, having demonstrated a capacity to produce successful projects, benefit from access to reserved funding and dispose of two fiscal years to submit their application for funding. The deferral use of this kind of funding accounts for more than 80% of the Production Program's budgetary surplus. This also explains the drop of production-related expenses by $13.2 million from the previous year. In 2014-2015, funding support to English-language projects was particularly stimulated by such notable films as *Remember* and *Beeba Boys*.

The Development Program also presents a budgetary surplus, in the order of $3 million. This program was redesigned and now allocates most of its funding on the basis of films' theatrical release and performance. The Corporation expected a higher demand for development funding, which in the end did not materialize. Incidentally, the Corporation expects that this program will record a budgetary surplus as at March 31, 2016, which will allow for the reallocation of available funding. In addition, this program's level of activity is similar to the last fiscal year, especially in terms of projects funded, with 199 development projects having been supported as at December 31, 2015.

Furthermore, there was a significant budgetary overrun of $3 million for expenditures related to promotional activities, with these expenditures also being higher than those in the previous year. There has been strong demand for funding under the Marketing Program to date, and indeed most of the program's annual budget has been used, especially by English-language remarkable projects such as *Room*, *Brooklyn* and *Hyena Road*. In addition, several initiatives received funding under the Promotion Program ahead of schedule, accounting for a temporary increase of $0.6 million in current expenditures when compared to the same period last year. Finally, expenditures related to international promotional activities also present a budget overrun of $0.4 million. This deficit is in line with the authorized budgetary overrun of $0.6 million planned to compensate for increased expenditures stemming from new initiatives and for costs related to foreign currency transactions.

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Operating and Administrative Expenses

For the nine-month period ended December 31, 2015

	Budget ($M)		Actual ($M)		Variance			
			2015-	2014-	Budget		Actual	
	Annual	Period	**2016**	2015	$	%	$	%
Salaries & wages	18.8	14.0	13.4	12.6	0.6	4	0.9	7
Rent	1.7	1.3	1.3	1.3	(0.1)	(4)	-	(2)
Information technology	1.5	1.2	1.1	1.2	0.1	5	(0.1)	(9)
Professional services	2.0	1.3	1.0	1.3	0.3	25	(0.4)	(28)
Office expenses	0.6	0.5	0.4	0.5	0.1	15	(0.1)	(13)
Travel	0.6	0.4	0.3	0.4	0.1	20	(0.1)	(17)
Amortization	0.3	0.2	0.2	0.4	-	(9)	(0.2)	(45)
Advertising & publications	0.2	0.2	0.1	0.1	0.1	42	-	(13)
	25.7	19.1	17.8	17.8	1.2	6	-	-

Results in terms of operating and administrative expenses were good for the first nine months of the fiscal year, with an overall budgetary surplus of 6% and a stable level of expenditures from one fiscal to another. The salary component of the operating budget generated the greatest savings, especially with regard to the sector responsible for administering the Canada Media Fund services agreement: significant savings stemmed from unfilled positions combined with the effects of replacement positions. In addition, payroll expenses increased over last fiscal, mainly due to wage increases and planned staffing requirements.

Other notable variances flow from professional and consulting fees, which present a favourable picture, recording a budgetary surplus and lower expenditures when compared with the same fiscal period last year. The budgetary surplus stems mainly from savings tied to the achievement of corporate projects. Indeed, the Corporation deferred certain costs and also made judicious use of internal human resources to advance certain projects ahead. It should also be noted that certain budgeted expenses will be incurred in the next quarter. Furthermore, the decrease of professional and consulting fees incurred during this fiscal, in comparison with the same fiscal last year, are due to the fact that costs associated with the development of new business process management software were recorded as fixed assets.

In addition, travel expenses recorded a budgetary surplus, stemming mainly from the cancellation of certain planned trips both in Canada and abroad. Moreover, amortization expenses decreased over the same period last year due to the fact that certain assets—mainly leasehold improvements—were fully amortized. Finally, the advertising and publications function also presents a budgetary surplus owing mainly to the use of internal resources for media analyses, which yielded tangible cost savings, and to the postponement of expected costs for graphic design work related to the production of a corporate website.

7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Government Funding and Revenues

For the nine-month period ended December 31, 2015

	Budget ($M)		Actual ($M)		Variance			
			2015-2016	2014-2015	Budget		Actual	
	Annual	Period			$	%	$	%
Parliamentary appropriation	95.5	79.7	71.4	83.8	(8.3)	(10)	(12.5)	(15)
Management fees from the CMF	10.0	7.5	7.2	7.1	(0.3)	(4)	0.1	2
Investment revenues and recoveries	10.0	5.8	6.9	6.6	1.0	18	0.3	5
Talent Fund	2.0	1.1	1.5	0.8	0.4	32	0.6	75
Interest and other revenues	0.1	0.1	0.1	0.3	-	15	(0.2)	(67)
	117.6	94.2	87.1	98.6	(7.2)	(8)	(11.7)	(12)

Use of our parliamentary appropriation was lower than budgeted and also lower than it was in comparison to the same period last year. This was mainly due to a significant drop in funding used for activities related to the Production Program, particularly with regard to film production funding contracts for the current year that have not met expectations. It should be noted that the Corporation expects this situation to rectify itself in the next quarter. Revenues and recoveries from funded projects were higher than budgeted for and were propelled, notably by receipts for the films *Enemy* and *The Captive*, which generated cash inflows of close to $2 million.

Income generated by the Talent Fund was also higher, both in terms of budget and in comparison to the previous year. It should be noted that it is difficult to anticipate when donations will be received and when funds obtained from contribution agreements will be used for project funding. Furthermore, the increase in Fund revenues in comparison to the same period last year is due in equal measure to the two Talent Fund funding streams: the increased receipt from major donations (foundations, private donors and private companies) and the increased use of annual contributions from Bell Media and Corus Entertainment, 2014-2015 being the first year for these contributions. Interest and other revenues, for their part, are lower in comparison to the same period last year. This drop stems from the fact that, during the same period last year, the Corporation received a monetary rebate in connection with the renewal of its head-office lease.

8. ANALYSIS OF RESULTS FOR THE THIRD QUARTER

	Actual ($M)		Variance	
	2015-2016	2014-2015	$	%
Assistance expenses	22.4	20.3	2.0	10
Operating and administrative expenses	5.7	6.0	(0.4)	(6)
Revenues	4.1	3.9	0.1	4
Parliamentary appropriation	25.7	33.0	(7.3)	(22)
Surplus	1.7	10.6	(8.8)	(83)

Overall, assistance expenses remain quite stable, showing a variance of barely 10%. However, our financial statements for the three-month period reveal more significant variances for each of our funding programs. Indeed, expenditures[6] related to the Production Program fell by more than 20%. Although a comparable number of films were funded during the comparative quarters, significant funding was allocated during the same quarter of the previous year to the film *Room*. In contrast, funding activities under the Development Program jumped by 60%. This increase is due to changes in the decision-making process governing the awarding of funding under the program, a process which now grants eligible production companies greater autonomy. Finally, expenditures under the Marketing Program are also higher, by more than 80%. It should be noted that this increase is consistent with the higher number of projects funded during the quarter in comparison to the previous year, which includes several major marketing initiatives involving such films as *Hyena Road, Room* and *Brooklyn*.

During the fiscal year, we made significantly less use of funding derived from our parliamentary appropriation during the quarter—22% less when compared with the same quarter last year. This is due mainly to a decrease in the use of funds associated with our program funding activities during the quarter. It is worth recalling that the drop in the use of our parliamentary appropriation this quarter strongly correlates with a decrease in funding activities during the present year.

6 : Quarterly Statement of Operations for the three-month period is available at page 11.

9. ANALYSIS OF FINANCIAL POSITION

	Actual ($M)		Variance	
	Dec. 31, 2015	March 31, 2015	$	%
Financial assets				
Due from Consolidated Revenue Fund	55.8	47.6	8.2	17
Cash - Talent Fund	2.1	0.5	1.6	285
Accounts receivable	2.5	4.2	(1.6)	(39)
Receivable from CMF	2.4	3.3	(1.0)	(30)
Loan	0.7	0.7	-	-
	63.5	56.3	7.2	13
Liabilities				
Accounts payable	1.6	2.3	(0.7)	(30)
Deferred revenues - Talent Fund	1.2	0.2	1.0	503
Financial assistance programs obligations	28.5	32.3	(3.9)	(12)
Liabilities for employee future benefits	0.7	0.8	(0.1)	(11)
Net financial assets	31.5	20.7	10.9	53
Non-financial assets				
Tangible capital assets	3.2	2.6	0.6	25
Prepaid expenses	0.6	1.9	(1.3)	(68)
Accumulated surplus	35.3	25.2	10.2	40

Financial assets

The Corporation's financial position is strong, as shown by the level of its net assets. Due from Consolidated Revenue Fund, the leading asset, has increased since March 31, 2015, due notably to investment revenues and project recoveries that have have been recorded but not used to date. This surplus is temporary and should align itself during the last quarter. The increase in the Talent Fund's cash position is due mainly to the Corus Entertainment and Bell Media contributions, which are not fully disbursed, and by a rise in private donations. Accounts receivable decreased, owing mainly to the planned collection of receivables from major client accounts due March 31, 2015. The amount receivable from the Canada Media Fund also declined, due to the recovery of costs tied to new business process management software invoiced as at March 31, 2015, and to the 13% Harmonized Sales Tax applicable on the delivery of program services

Financial liabilities

The accounts payable decreased compared with those recorded as at March 31 since in that respect, at the closing of the fiscal year, management applies extensive cut-off procedures over a longer period of time that cannot be carried out during the quarter. Deferred revenues increased significantly, owing mainly to the Corus Entertainment and Bell Media contributions, which do not yet qualify as revenues. The decrease in financial obligations related to funding programs stems from the fact that more than half of the balance as at March 31, 2015 has been disbursed since the beginning of the year and that this amount was not fully compensated for under new contractual funding commitments.

Non-financial assets

The increase in tangible capital assets stems from capital costs related to work underway to develop the new business process management software, which will replace the operating system currently use to deliver our funding programs. Prepaid expenses from the previous year were recorded in the year's expenditures, and the new balance results from rental costs incurred in January and to costs associated with international events that will take place during the next 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, the parliamentary appropriation being calculated using a modified cash basis accounting method.

In million of Canadian dollars	**Dec. 31, 2015**	**Dec. 31, 2014**
Cost of operations	76.9	86.0
Adjustment affecting the use of parliamentary appropriation :		
Assistance expenses adjustment where parliamentary appropriation eligibility criterias have been met	3.9	5.9
Assistance expenses funded by the Talent Fund	(1.6)	(0.8)
Prepaid expenses	(1.3)	(1.1)
Loan	-	0.6
Operating expenses funded by the CMF	(7.2)	(7.1)
Acquisitions of property and equipment	0.9	0.5
Amortization	(0.2)	(0.4)
Employee future benefits	-	0.2
Use of Parliamentary appropriation at December 31	71.4	83.8
Parliamentary appropriation available for subsequent quarter	24.1	11.7
Parliamentary appropriation authorized	95.5	95.5

The amount of the Parliamentary appropriation comes from the 2015-2016 Main Estimates.

TELEFILM CANADA

11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015

Statement of Management Responsibility

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

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

Carolle Brabant, FCPA, FCA, MBA
Executive Director

Denis Pion
Director - Administration and Corporate Services

Montréal, Canada
February 29, 2016

TELEFILM CANADA

Quarterly Statement of Operations

For the three-month period ended December 31, 2015

In thousands of Canadian dollars	Schedule	Quarter ended Dec. 31 2015	2014
Assistance expenses			
Development of the Canadian audiovisual industry			
Production assistance		9,110	11,824
Development assistance		3,132	1,960
		12,242	13,784
Promotional support in Canada and abroad			
Distribution and marketing assistance		7,622	4,156
Promotion		1,458	1,502
Participation in international events		1,042	907
		10,122	6,565
		22,364	20,349
Operating and administrative expenses	A	5,650	6,026
Cost of operations		28,014	26,375
Revenues			
Management fees from the Canada Media Fund		2,384	2,389
Investment revenues and recoveries		944	892
Talent fund		703	598
Interest and other revenues		27	34
		4,058	3,913
Net cost of operations before government funding		23,956	22,462
Government funding			
Parliamentary appropriation		25,664	32,981
Surplus		1,708	10,519
Accumulated surplus, beginning of period		33,571	22,304
Accumulated surplus, end of period		35,279	32,823

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

TELEFILM CANADA

Statement of Operations

For the nine-month period ended December 31, 2015

In thousands of Canadian dollars	Schedule	Period ended Dec. 31 Cumulative Budget	Cumulative 2015	Cumulative 2014
Assistance expenses				
Development of the Canadian audiovisual industry				
Production assistance		50,450	35,661	48,857
Development assistance		7,345	4,355	3,793
		57,795	40,016	52,650
Promotional support in Canada and abroad				
Distribution and marketing assistance		8,335	10,920	8,133
Promotion		5,850	5,837	5,272
Participation in international events		1,800	2,249	2,090
		15,985	19,006	15,495
		73,780	59,022	68,145
Operating and administrative expenses	B	19,030	17,900	17,886
Cost of operations		92,810	76,922	86,031
Revenues				
Management fees from the Canada Media Fund		7,518	7,247	7,139
Investment revenues and recoveries		5,849	6,889	6,558
Talent Fund		1,100	1,455	832
Interest and other revenues		75	86	263
		14,542	15,677	14,792
Net cost of operations before government funding		78,268	61,245	71,239
Government funding				
Parliamentary appropriation		79,695	71,351	83,806
Surplus		1,427	10,106	12,567
Accumulated surplus, beginning of period		25,173	25,173	20,256
Accumulated surplus, end of period		26,600	35,279	32,823

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

TELEFILM CANADA

Statement of Financial Position

In thousands of Canadian dollars	Dec. 31, 2015	March 31, 2015
Financial assets		
Due from Consolidated Revenue Fund	55,834	47,596
Cash - Talent Fund	2,127	552
Accounts receivable	2,547	4,196
Receivable from the Canada Media Fund	2,350	3,348
Loan	655	655
	63,513	56,347
Liabilities		
Accounts payable and accrued liabilities	1,618	2,297
Deferred revenues - Talent Fund	1,243	206
Financial assistance programs obligations	28,457	32,316
Liabilities for employee future benefits	741	829
	32,059	35,648
Net financial assets	31,454	20,699
Non-financial assets		
Tangible capital assets	3,225	2,581
Prepaid expenses	600	1,893
	3,825	4,474
Accumulated surplus	35,279	25,173

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

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Statement of Changes in Net Financial Assets

For the nine-month period ended December 31, 2015

In thousands of Canadian dollars	**Dec. 31, Budget**	**Dec. 31, 2015**	**March 31, 2015**
Surplus	1,427	10,106	4,917
Tangible capital asset transactions			
Amortization	223	242	553
Acquisitions	(1,398)	(886)	(1,317)
Other transactions			
Acquisitions of prepaid expenses	-	(552)	(1,893)
Use of prepaid expenses	1,900	1,845	2,162
Increase in net financial assets	2,152	10,755	4,422
Net financial assets, beginning of year	20,699	20,699	16,277
Net financial assets, end of period	22,851	31,454	20,699

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

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Statement of Cash Flows

For the period ended December 31, 2015

	Quarter ended Dec. 31		Period ended Dec. 31	
In thousands of Canadian dollars	**2015**	**2014**	**2015**	**2014**
Operating activities				
Surplus	1,708	10,519	10,106	12,567
Items not affecting cash:				
Increase (decrease) in liabilities for employee future benefits	(30)	77	(88)	(127)
Amortization of tangible capital assets	81	105	242	438
	1,759	10,701	10,260	12,878
Changes in non-cash financial items:				
Decrease (increase) in accounts receivable	855	(289)	1,649	(1,078)
Decrease (increase) in receivable from the Canada Media Fund	79	(47)	998	307
Increase (decrease) in accounts payable and accrued liabilities	(720)	70	(679)	554
Increase (decrease) in deferred revenues - Talent Fund	153	(598)	1,037	1,127
Decrease of financial assistance programs obligations	(744)	(8,984)	(3,859)	(5,347)
Decrease (increase) in prepaid expenses	(85)	(110)	1,293	1,575
	1,297	743	10,699	10,016
Capital activities				
Acquisitions	(254)	(168)	(886)	(453)
Investing activities				
Increase in loan	-	(1)	-	(655)
Increase in Due from Consolidated Revenue Fund and Cash - Talent Fund	1,043	574	9,813	8,908
Due from Consolidated Revenue Fund and Cash - Talent Fund, beginning of period	56,918	57,641	48,148	49,307
Due from Consolidated Revenue Fund and Cash - Talent Fund, end of period	57,961	58,215	57,961	58,215

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

Note 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, 2015. The significant accounting policies used in these quarterly financial statements are similar to those used in the annual financial statements of March 31, 2015.

Schedules A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Dec. 31	
	2015	**2014**
Salaries and employee benefits	4,439	4,117
Rent, taxes, heating and electricity	427	430
Professional services	193	678
Information technology	180	247
Travel and hospitality	155	189
Office expenses	133	208
Amortization of tangible capital assets	81	105
Advertising and publications	42	52
	5,650	6,026

B - Cumulative operating and administrative expenses

	Period ended Dec. 31		
	Cumulative Budget	**2015**	**2014**
Salaries and employee benefits	13,992	13,406	12,552
Rent, taxes, heating and electricity	1,262	1,313	1,334
Information technology	1,180	1,119	1,229
Professional services	1,286	966	1,333
Office expenses	468	400	458
Travel and hospitality	424	340	411
Amortization of tangible capital assets	223	242	438
Advertising and publications	195	114	131
	19,030	17,900	17,886