TALENT WITHOUT BORDERS

2014-2015
ANNUAL REPORT

TELEFILM
CANADA

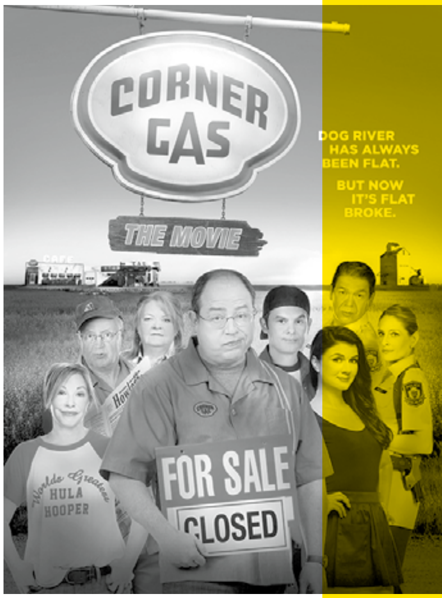
Canada

HIGHLIGHTS

Canadian films dazzled audiences and critics alike in 2014-2015, winning awards and acclaim at major Canadian and international film festivals. Throughout the year, Telefilm and its partners ensured that Canadian talent was front and centre at key events around the world.

RECORD YEAR FOR CANADIAN CINEMA ON THE INTERNATIONAL SCENE

- A first! Three Canadian directors vie for the prestigious Palme d'or at Cannes 2014: David Cronenberg for *Maps to the Stars*, Atom Egoyan for *The Captive* and Xavier Dolan for *Mommy*.
- 2015 begins in impressive style for Canadian cinema as nine films by Canadian directors unspool at the Palm Springs International Film Festival.
- Ten Canadian feature films screen at the 2015 Sundance Film Festival—a record number.
  - *Aloft*
  - *Le profil Amina*
  - *Brooklyn*
  - *Chorus*
  - *The Forbidden Room*
  - *The Games Maker*
  - *Hellions*
  - *How to Change the World*
  - *Turbo Kid*
  - *The Witch*
- Maxime Giroux's *Felix et Meira* wins the award for Best Canadian Film at TIFF 2014—and goes on to screen at other prestigious festivals.



CONNECTING WITH AUDIENCES

- *Corner Gas: The Movie* attracts more than seven million viewers through its innovative multiplatform launch.
- Nine Canadian films earn more than $1 million each at the Canadian box office.
  - *1987*
  - *Brick Mansions*
  - *The Captive*
  - *Dr. Cabbie*
  - *The F Word*
  - *The Grand Seduction*
  - *Mommy*
  - *Pompeii*
  - *Trailer Park Boys: Don't Legalize It*

EMERGING FILMMAKERS IN THE SPOTLIGHT

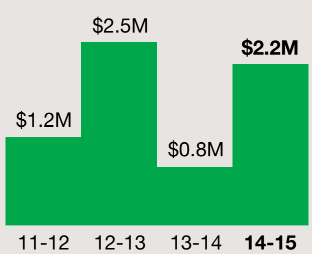
- Supported by Telefilm's Micro-Budget Production Program, up-and-coming Canadian filmmakers shine brightly on the festival scene:
  - Christian Sparkes's *Cast no Shadow* wins six awards at the 34th Atlantic Film Festival, including Best Feature, Best Director and Best Screenwriter.
  - Julie Lambert's documentary, *Un film de chasse de filles*, wins three awards at the Festival de cinéma de la Ville de Québec.
  - Adam Brooks and Matthew Kennedy's *The Editor* screens at over 20 festivals.

Telefilm's achievements in 2014-2015 allowed the Corporation to deliver on the four key roles defined in the 2011-2015 corporate plan, *Fostering Cultural Success*. Highlights include:

FUNDER

- Fast Track stream integrated into the Production Program, now more flexible and more efficient.
- Marketing Program redesigned to allocate funding on a selective-based approach, now better adapted to the changing marketplace.
- Minority groups better served by additional mentorship available through the Development Program.
- Official-language minority communities benefit from dedicated component added to the Micro-Budget Production Program.

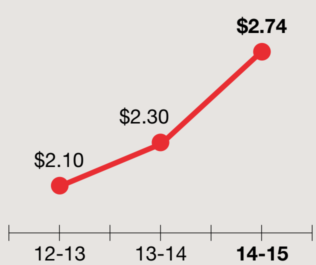
$6.7 million in budget savings transferred back into funding programs
(over four fiscal years)



PROMOTER

- Canadian talent takes centre stage at Telefilm-signature events, including Talent to Watch, Not Short on Talent, Perspective Canada and Eye on TIFF.
- New B2C events gain traction, including The Great Canadian Talent Faceoff game show at TIFF, the Canada Stars in Awards Season gala in Los Angeles and The Shortest Day short film celebration.
- Telefilm's social media channels continue to extend their reach—gaining new followers and fostering more online engagement.
- Telefilm's collaboration with private and public partners continues to boost promotional efforts.

Leverage effect – promotional initiatives
(ratio per dollar from Telefilm)

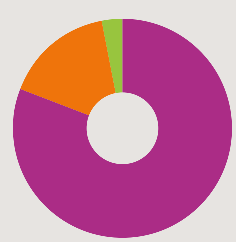


THOUGHT LEADER

- Telefilm launches new strategic plan for 2015-2018, *Inspired by Talent. Viewed Everywhere.*
- Audience-focused research developed and shared with the industry.
- Telefilm contributes to industry conferences and interactive workshops featuring audience engagement experts.
- Telefilm funds cinema-focused consumer-behaviour study with the Motion Picture Association – Canada.

Where Canadians watch films

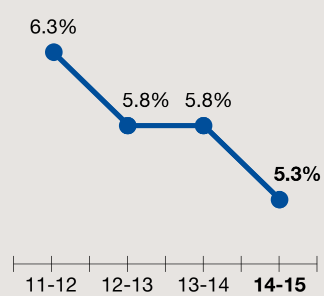
81% At home | 16% Cinema | 3% Mobile



ORGANIZATIONAL EXCELLENCE

- 85% of clients report being satisfied with the services they receive.
- Canada Media Fund renews Services Agreement for a three-year term.
- Telefilm receives 2014 Chartered Professional Accountants of Canada Award of Excellence in Financial Reporting for Small Federal Crown Corporations.
- Gartner Consulting ranks Telefilm in the top 25% of companies according to a comparative study conducted on the use of information technologies.

Management expense ratio



ABOUT US

OUR VISION

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.

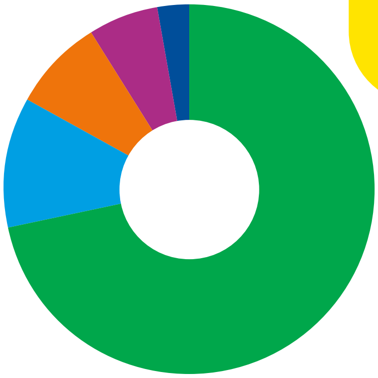
WHAT WE DO

First and foremost, we are a team of some 180 enthusiasts of Canadian media content dedicated to the commercial, cultural and industrial success of Canada's audiovisual industry. On behalf of the Government of Canada, as a Crown corporation, we support dynamic companies and creative talent, providing financial support to Canadian film projects and promoting Canadian audiovisual success and talent at festivals, markets and events—regionally, nationally and around the world.

We also administer the funding programs for the Canada Media Fund (CMF), which totalled $365.6 million in fiscal 2014-2015, and we are responsible for making recommendations to the Minister of Canadian Heritage and Official Languages on whether projects can eventually be recognized as audiovisual treaty coproductions. Headquartered in Montréal, we serve our clients through four offices located in Vancouver, Toronto, Montréal and Halifax.

FINANCIAL ASSISTANCE

In 2014-2015, our funding programs provided $89.1 million in support for the Canadian audiovisual industry:



68% **$60.8M** in production financing to produce **87 feature films**

13% **$11.3M** in marketing funding for **87 feature films**

9% **$7.8M** in development support for the creation of **301 projects**

7% **$6.4M** for promotional events in Canada supporting **42 Canadian film festivals** and **97 industry events and initiatives**

3% **$2.8M** to promote Canadian films at **36 international festivals, markets and events**

ACCOUNTABILITY

A strong corporate governance framework enables the Board of Directors and the Executive Director to lead the Corporation toward its goals. By its design, Telefilm's organizational structure ensures that the organization's departments are accountable to the Executive Director in the delivery of the corporate plan (see Governance section for more details).

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

PROJECT FINANCING	BUSINESS AFFAIRS AND COPRODUCTION	NATIONAL PROMOTION AND COMMUNICATIONS	INTERNATIONAL PROMOTION
PUBLIC AND GOVERNMENTAL AFFAIRS	STRATEGY AND RESEARCH	ADMINISTRATION AND CORPORATE SERVICES	LEGAL SERVICES AND ACCESS TO INFORMATION

OUR VALUES

Telefilm offers its employees a stimulating work environment that encourages behaviours that reflect our four corporate values. By promoting these values and through our integrated management framework (see Management Discussion and Analysis section for more details), we are able to attract and retain a diverse workforce to serve the Canadian audiovisual industry. Furthermore, we measure our success on the basis of four core values that we apply in interacting with one another and in dealing with our clients:

Respect	Commitment	Client focus	Openness

STAYING CONNECTED

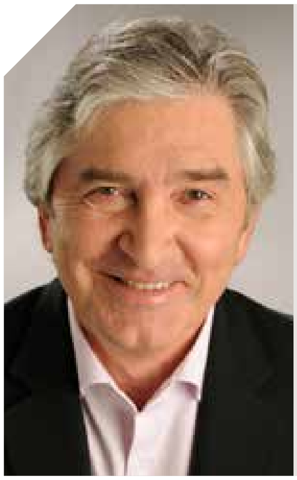
Telefilm strengthened its use of online communication tools such as Twitter, Facebook and Google+ in 2014-2015 to inform and to promote the success of Canadian talent to the public. To communicate key industry information to stakeholders and to facilitate clients' online funding applications, eTelefilm, telefilm.ca and industry advisories were favoured. These efficient and effective online platforms and tools are essential to sharing important messages and facilitating application processes.

OPEN AND CONTINUOUS COMMUNICATIONS

The organization is committed to consulting, informing and holding a continuous and open dialogue with diverse members of the industry regarding opportunities, challenges and changes. Whether with film producers, distributors, broadcasters, professional associations, provincial agencies or with directors and writers, we stay connected across Canada through three major streams of communication:

– Outreach sessions to consult with and inform the industry;
– Presence at industry events; and
– Being available for one-on-one conversations with stakeholders across the country.

MESSAGE FROM THE CHAIR OF THE BOARD



"It's up to us to better understand this rapidly changing environment and to be creative so that Canadian stories can be accessible, so that they can be discovered, viewed and recognized everywhere, on all platforms, at home and around the world."

Fostering cultural success
Four years ago, in its 2011-2015 corporate plan, *Fostering Cultural Success*, Telefilm Canada addressed the Canadian audiovisual industry with a challenge for change and a call for commitment.

The clear goal was to reach Canadian and foreign audiences more effectively, and to do so required stimulating demand for Canadian content, chiefly by focusing on the promotion of Canadian talent.

Up until then, box office earnings had been our only measure of film performance. But that definition was inadequate, since movie theatres represented barely 20% of Canadian producers' revenue. Their works were—and are increasingly—seen and appreciated on all sorts of platforms that couldn't have been imagined earlier and needed urgent consideration, both at home and elsewhere.

Daring to change
We had to dare to change. And we have changed. In our roles as investor, as promoter, as thought leader and as administrator.

We have refocused our efforts to more effectively highlight the excellence of Canadian cinema. We have changed our programs. Streamlined our processes. Shortened our decision turnaround times. Honed our research tools. We have launched new initiatives, such as the Success Index, an essential tool for measuring the real success of the movies we fund, and the Micro-Budget Production Program, aimed at emerging filmmakers, including Aboriginal talent and talent in minority-language situations.

To help diversify funding resources, we set up the Talent Fund, a new vehicle that allows private donors to financially support Canadian film production. In terms of promotion, we have shifted into high gear and enlisted generous partners to build audiences in all regions of the country and abroad.

Inspired by Talent. Viewed Everywhere.
Yes, we have changed. But the world has changed, too. And it continues to change. Technology has opened up new ways of viewing. It's no longer solely about the big screen but about five different screens: movie theatres, television, tablets, smartphones and personal computers. New players are entering the market with new business models that are transforming the way cultural products are consumed. This is an era where everything is available instantly and on demand.

It's up to us to better understand this rapidly changing environment and to be creative so that Canadian stories can be accessible, so that they can be discovered, viewed and recognized everywhere, on all platforms, at home and around the world. It's also up to us to establish more targeted, more refined performance measures, taking into account the cultural and economic value of audiovisual productions. Going forward, we will have to measure the number of viewers in all target audiences in order to assess a work's true success.

These are the challenges that Telefilm aims to address with *Inspired by Talent. Viewed Everywhere.*, its new strategic plan for 2015 to 2018. This plan builds on the approach we have taken since 2011 and embodies a determination to focus all efforts on building audiences through creativity at every stage of the production, financing, marketing and distribution chain.

Of course, Telefilm is going to continue to fund films. To manage programs. That is our primary raison d'être. But no longer the only one. Our purpose today is to help an industry thrive and to promote the excellence of its products, to support it in achieving its aims: compelling, appealing works; captivated audiences; recognized talent; solid players; a healthy, durable industry with access to a variety of funding sources.

The strategy is paying off. On the international stage, Canada is increasingly seen as a country that produces talent, as a leader in the independent film arena. Earlier this year, a record number of Canadian films were selected for the Cannes and Sundance festivals. And in fiscal 2014-2015, nine films earned more than a million dollars each at box offices across the country. The phenomenal success of *Corner Gas: The Movie* has demonstrated that multiplatform strategies based on ongoing, personalized conversations with fans are the way of the future.

Lastly, it is up to all audiovisual industry stakeholders to continue to work together and innovate so that the works of our talented creators can connect with their audiences. And that's an exciting challenge!

Acknowledgements
It is an honour to chair the Telefilm Board, a diverse team of devoted, experienced and highly competent directors. I am particularly grateful to the members for their contribution to the development of the new strategic plan and to the overseeing of the corporation's financial management and governance. I also want to acknowledge the exceptional engagement of the members of the Talent Fund Advisory Committee, chaired by Hartley T. Richardson, of Winnipeg, Manitoba.

My thanks go as well to Telefilm's Executive Director, Carolle Brabant, the members of the Management Committee and the organization's employees, who administer the public and private monies entrusted to Telefilm with outstanding efficiency.

Canadian creators master the art of storytelling. They are our foremost source of inspiration.

Michel Roy
Chair of the Board

MESSAGE FROM THE EXECUTIVE DIRECTOR

"I'm impressed by what was achieved from 2011 to 2015, and today the future seems to me more inspiring than ever."

Innovation, openness, passion
Four years ago, Telefilm embarked on a new path—a major change of direction—which required innovation, openness and, most of all, passion. With the collaboration of industry players, I can say we have truly transformed our practices. Throughout the execution of the 2011-2015 corporate plan, *Fostering Cultural Success*, Telefilm emphasized its roles of funder, promoter, thought leader and administrator. I'm impressed by what was achieved from 2011 to 2015, and today the future seems to me more inspiring than ever.

Focus on success
A key factor in delivering change effectively and efficiently was the launch of the Success Index—a comprehensive measure that takes account of a feature film's commercial, cultural and industrial success. In alignment with this new measure, and in close consultation with our clients, we redesigned and consolidated all of our funding programs. We simplified our Development Program and recognized the success of our clients, offering them greater autonomy, accountability and better predictability for project funding. Furthermore, we innovated by developing the Micro-Budget Production Program, which annually supports a dozen projects from emerging talent, Aboriginal filmmakers and creators representing linguistic minorities. Finally, our Production Program was redesigned to leverage more private funding, and the creation of the Talent Fund allowed us to diversify our funding sources.

Another important change Telefilm undertook was developing its role as promoter. The maturity of the industry and the quality of Canadian productions allowed us, with the essential and enthusiastic support of Canadian and foreign partners, to move from a business development model to one focused on industry promotion. This change has yielded extremely positive results to date: together, we generated significant buzz for our productions thanks to Oscar nominations, industry acclaim from the *New York Times* and record-breaking years at Cannes and Sundance, not to mention the joint awarding of the Jury Prize at Cannes to Xavier Dolan for his masterpiece, *Mommy*. Furthermore, we opened our Marketing Program to help filmmakers better reach audiences and better support innovative initiatives from the industry. Results have been excellent. For example, *Corner Gas: The Movie*, which launched during a three-week period last December, drew more than seven million viewers on multiple platforms.

Efficient administration
In addition to strengthening our roles of funder and promoter, we also delivered strong administrative results and significant efficiencies. Over the past four years, we have reduced our administrative expenses by 15% and reinvested our annual administrative budget savings, a cumulative amount of $6.7 million, back into program funding. In this regard, our 2014-2015 management expense ratio stands at 5.3%—the lowest in Telefilm's history.

Furthermore, 85% of clients reported being satisfied by the services they received, and the Canada Media Fund extended its Services Agreement with Telefilm for a three-year term. We were honoured to receive the 2014 Award of Excellence in Financial Reporting for Small Federal Crown Corporations from the Chartered Professional Accountants of Canada. Finally, we are pleased to report that our efficiencies in information technology were ranked in the top 25%, among comparable companies, in a benchmarking report from Gartner Consulting.

Stimulating challenges
It is with great enthusiasm that we embark on our new 2015-2018 strategic plan, *Inspired by Talent. Viewed Everywhere.* With guidance from our Board of Directors, we set our strategic direction for the next three years, and we have clearly defined our priorities: industry recognition, marketing, business intelligence, funding, ecosystem of companies, and organizational excellence.

We will continue to consult clients and monitor conditions in the ever-evolving audiovisual industry in order to ensure our programs truly respond to the industry's needs and to encourage innovation. We will work with our public and private partners to boost promotional efforts and stimulate demand from consumers of content, and we will promote the industry and its successes directly to audiences.

We will further study and communicate the changing ways in which consumers watch content and highlight best practices in independent cinema. We will adapt the Success Index to better reflect viewership levels for Canadian films. Building on the success of the Talent Fund, we will increasingly diversify funding sources for filmmakers. We will work with the industry to strengthen the ecosystem upon which it has been built. And we will do all this by continuing to manage public funds effectively and by offering outstanding service to our clients, all the while maximizing the funding allocated to content development, production and promotion. Finally, we will continue to enthusiastically deliver on our Services Agreement with the Canada Media Fund.

Thank you
I would like to sincerely thank the Board of Directors, led by Michel Roy, whose oversight and courage have allowed us to deliver on our ambitious goals.

Furthermore, I would like to extend my gratitude to our employees, who serve creators and Canadians alike in their daily efforts at Telefilm. Without your commitment, none of the successes highlighted in this annual report would have been possible.

Finally, I would like to offer a standing ovation to Canadian industry talent. Their creativity and innovation motivate me and the entire Telefilm team to continue delivering with excellence.

Carolle Brabant, FCPA, FCA, MBA
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

The content of the Management Discussion and Analysis (MD&A) section was prepared by Telefilm management to present the results achieved in fiscal 2014-2015. The analysis was based on meaningful, relevant and reliable information, with such information subject to quality-control procedures and free of material or misleading errors. It provides a qualitative context and complete account of Telefilm's performance and outlook for the future. The MD&A was approved by the Management Committee and the Executive Director and was approved by the Board of Directors based on the recommendation of the Audit and Finance Committee.

INDUSTRY AND ECONOMIC CONDITIONS

THE CANADIAN ECONOMY

The Canadian economy expanded in 2014, with gross domestic product (GDP) increasing by 2.5%.[1] Canadian GDP outpaced the 2.0% GDP growth levels achieved in 2013, as well as those achieved by most OECD countries in 2014, which grew to 1.8% over 2013 levels.[2]

THE AUDIOVISUAL PRODUCTION SECTOR IN CANADA

Total film and television production volume in Canada, which includes foreign location and service production, grew slightly in 2013-2014 to $5.9 billion.[3] As a subset, the total volume of Canadian film production reached $376 million, an increase of 4% over 2012-2013. Higher average production budget levels climbing to $5.3 million in 2013-2014 ($4.0 million in 2012-2013), combined with a reduction in the number of films produced (84 versus 93 in 2012-2013), resulted in an overall growth in production volume, as measured in dollars. This increase was driven by English-language film production, with the French-language market remaining unchanged. The Canadian film industry employed 3,200 full-time workers and created 4,900 spin-off jobs in 2013-2014, a slight increase over the prior year.[3]

BOX OFFICE AND OTHER PLATFORMS

Global box office levels continued to set new records in 2014,[4] with ticket sales reaching almost $36.4 billion. Driving growth is the Asia-Pacific region, with box office up 12% over 2013. Box office in China is now valued at $4.8 billion, an increase of 34% over 2013; this market has become the first outside of North America to have a box office exceeding $4 billion.[5]

In Canada, box office sales in 2014 were down compared to the previous year, with total sales of $946 million, a reduction of 8.2% over 2013. Box office in Canada hit a peak in 2012 at $1.1 billion in sales; since then, however, there has been a cumulative drop of 13.5% in revenues. Studio blockbusters captured $752 million of Canadian box office sales while independent films earned $194 million. Canadian films reached 15% of the domestic independent market, equivalent to over $28 million in domestic box office sales. In 2014, 747 films were released into the Canadian market (610 U.S. and foreign, and 137 Canadian), a slight reduction over 2013 levels.

Over 80% of films viewed by Canadians are watched at home. Television is by far the most widely used platform for watching films; however, viewing methods accessed via television are evolving rapidly. Traditional live television remains the most popular, with personal video recording devices gaining traction. With many consumers connecting to the Internet via television, computer or tablet, streaming—both free and paid by subscription or per transaction—is next in line as the platform of choice for film viewers in Canada. Some 30% of Canadian consumers access paid streaming once a month or more (via such sources as iTunes, Netflix, Club illico, shomi and CraveTV, among others) and 23% of Canadians use free streaming at least once a month (via sources such as ICI Tou.tv and other broadcaster websites, among others). Offering Canadians control and easy access to content are key opportunities in the current market conditions.[6]

1. Statistics Canada: Canadian economic accounts, fourth quarter 2014 and December 2014
2. OECD: Canada - Economic forecast summary (November 2014)
3. CMPA: *Profile 2014*, 2013-2014 is the most current information regarding the audiovisual production sector in Canada.
4. Box office sales are reported on a calendar-year basis.
5. Motion Picture Association of America: Theatrical Market Statistics 2014
6. Telefilm analysis of survey by Ad Hoc Research.

COPRODUCTION

Audiovisual treaty coproduction has been an important vehicle for providing Canadian producers with financial participation from foreign sources and for promoting and exporting Canadian talent internationally. In 2014[7], Telefilm recommended 67 audiovisual treaty coproductions to the Minister of Canadian Heritage and Official Languages. Total production budgets for these projects amounted to $527 million. These recommendations, involved 18 partner countries and applied to both television programming, with 41 recommendations, and film production, accounting for 26 recommendations. In 2014, 38 audiovisual treaty coproductions had Canada as a minority partner, 28 as a majority partner and one was an equal partnership. In terms of language split, English-language productions represented over 80% of all projects while French-language productions accounted for less than 20%. In terms of financing through its programs, Telefilm supported 13 coproductions in fiscal 2014-2015 for total investments of $14.6 million. This level of activity is in line with the levels observed in the past five years. Overall, five-year coproduction trends are stable in terms of number of productions and budget levels.

In 2014, the audiovisual coproduction treaty between Canada and India entered into force, making India Canada's 54th partner country. Telefilm has released new guidelines for the administration of the treaty.

7. Coproduction recommendations are reported on a calendar-year basis.

CORPORATE PLAN DELIVERY

Fiscal year 2014-2015 marks the fourth and final year of Telefilm's corporate plan, *Fostering Cultural Success*. Since its launch in fiscal 2011-2012, Telefilm has made significant progress in the delivery of its four strategic pillars. Key milestones related to each strategic pillar include:

MAINTAIN AND EXPAND OUR CORE ROLE OF FUNDER

Launched in 2011-2012	2012-2013	2013-2014	**2014-2015**
– Consulted industry players regarding program funding – Launched Talent Fund	– Redesigned and launched Development and Promotion programs – Added new Micro-Budget program – Established Talent Fund advisory committee – Surveyed clients regarding program changes	– Launched redesigned Production and Marketing programs – The Talent Fund received tangible benefits, following the acquisition of Astral Media by Bell Media and Corus Entertainment, amounting to $13.7 million over a seven-year period	– Redesigned Marketing Program to allocate funding on a selective-based approach – Integrated the Fast Track stream into the Production Program – Minority groups better served by additional mentorship available through the Development program – Official-language minority communities benefit from dedicated component added to the Micro-Budget Production Program – Held Talent Fund benefit events in Halifax, Palm Springs and Los Angeles – Finalized major program redesign

DEVELOP OUR ROLE AS PROMOTER

Launched in 2011-2012	2012-2013	2013-2014	**2014-2015**
– Telefilm shifted to talent promoter – Focus placed on web-based and social media communications – Created Telefilm-signature events and Movie Nights in Canada series	– Integrated marketing role into Communications department – Increased media coverage for Canadian talent – Launched Facebook fan page – Hosted Telefilm-signature events at key festivals – Developed new partnerships – Unveiled Telefilm's international brand *See Big. Voir Grand.* at MIPCOM	– Added new promotional initiatives, including the Birks Diamond Tribute to the Year's Women in Film event held during TIFF and Canada's Stars of the Awards Season, hosted prior to the Academy Awards – Launched Off the Wall series featuring Canadian influencers through social media – Established #EyeonCanada with nationwide partners to celebrate Canadian success stories – Created The Shortest Day in partnership with SODEC and the NFB to celebrate Canadian short films	– Business-to-consumer events gained traction, including the Great Canadian Talent Faceoff game show at TIFF, Canada Stars in Awards Season gala in Los Angeles and The Shortest Day film celebration – Gained new followers and fostered more engagement on social media channels – Continued collaboration with private and public partners to boost promotional efforts – Canadian talent took centre stage at Telefilm-signature events, including Talent to Watch, Not Short on Talent, Perspective Canada and Eye on TIFF

Birks Diamond Tribute to the Year's Women in Film

PROVIDE THOUGHT LEADERSHIP BY DEVELOPING AND SHARING INDUSTRY INTELLIGENCE			
Launched in 2011-2012	2012-2013	2013-2014	**2014-2015**
– Better integrated Strategy and Research department into corporate structure – Launched Success Index – Formed partnerships with research institutions	– Integrated success score into program funding decisions – Interest garnered for the Success Index from international funding agencies	– Shared audience-focused research with industry stakeholders through workshops and a panel, *Understanding Canadian Film Consumers*, hosted at the Prime Time in Ottawa conference – Formed research group with key industry partners	– Launched the 2015-2018 strategic plan, *Inspired by Talent. Viewed Everywhere.* – Held information sessions with industry groups regarding audience-focused research – Contributed to conferences and interactive workshops with audience engagement experts – Provided funding for a cinema-focused consumer-behaviour study with the Motion Picture Association—Canada

REINFORCE ORGANIZATIONAL EXCELLENCE			
Launched in 2011-2012	2012-2013	2013-2014	**2014-2015**
– Realigned corporate indicators to strategic goals – Transferred administrative budgetary surplus to programs – Addressed internal audit mandates	– Complied with the *Budget 2012—Planned Reductions in Departmental Spending* – Decreased management expense ratio, demonstrating ongoing efficiencies – Achieved positive client satisfaction results regarding new programs	– Measured employee engagement – Management expense ratio remained at the low level of 5.8% – Exceeded target for client satisfaction survey results – Established information technology strategic plan	– Management expense ratio reached a low of 5.3% – Telefilm received the 2014 Award of Excellence in Financial Reporting for Small Federal Crown Corporations from the Chartered Professional Accountants of Canada – Implemented broader measure of client satisfaction – Telefilm recognized by Gartner Consulting among the top 25% of companies according to a comparative study conducted on the use of information technologies

ACHIEVEMENTS AND PRIORITIES

The accomplishments of the past four years ensured the delivery of the established strategic orientations, and the measures implemented will serve as the cornerstone for success going forward with the new 2015-2018 strategic plan, *Inspired by Talent. Viewed Everywhere*.

MAINTAIN AND EXPAND OUR ROLE AS FUNDER

Following the launch of the 2011-2015 corporate plan, Telefilm has successfully redesigned all of its funding programs to better serve the industry, consolidating 37 programs down to eight. In 2014-2015, Telefilm finalized the major changes, including:

- The implementation of the Fast Track stream into our Production Program in replacement of the former performance envelopes component. The new process is better aligned with the financial requirements of film production, is more flexible in terms of spending obligations, and is more efficient in terms of decision-making timeframes;

- The Marketing Program's former distributor performance envelope system was also redesigned and replaced by a selective process used to allocate funding. The new program is better adapted to the changing marketplace, supporting a wider scope of both eligible applicants and admissible costs to include digital platforms;

- The Development Program has been modified, enabling additional mentorship for minority groups, including Aboriginals, Anglophones in Quebec and Francophones outside of Quebec; and

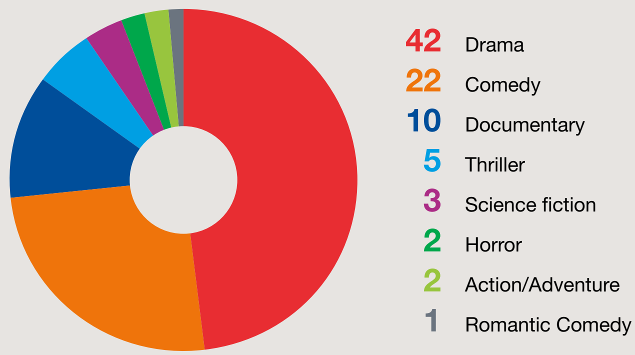
- Telefilm put forward, through the Micro-Budget Production Program, an additional component for Official-language minority communities (OLMC), aiming to provide support and visibility for their creators and increase the public's access to their content through innovative distribution channels.

In alignment with this strategic pillar, Telefilm has also worked to raise funding available for the Canadian audiovisual industry:

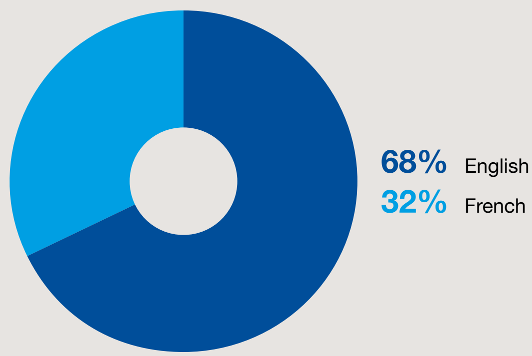
- The Talent Fund, which was launched in 2012, has garnered $14 million to date, largely driven by the seven-year tangible benefits agreements signed with Bell Media and Corus Entertainment. This funding has placed the Talent Fund in a strong position for growth going forward.

Telefilm funds diverse projects, representing a variety of Canadian voices. This extends to genres, language markets and minority communities. Figures for 2014-2015 are as follows:

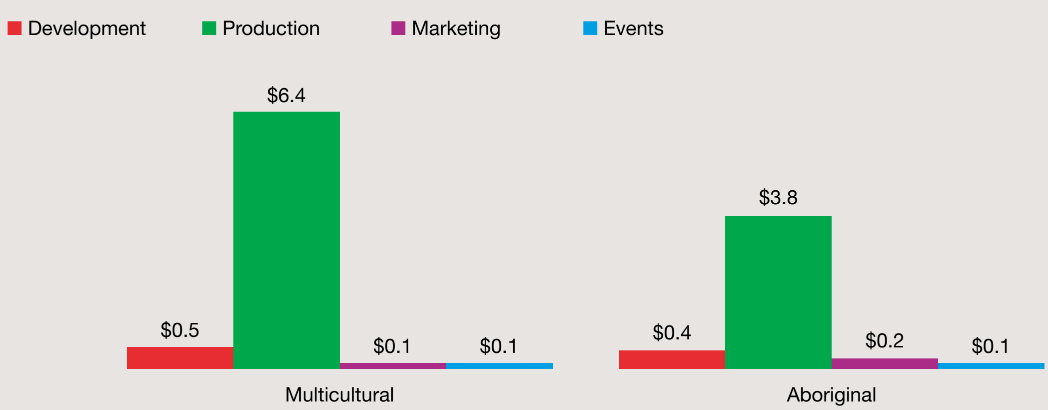
Film genres
87 films



Film funding by language



$11.6M of assistance expenses with multicultural and Aboriginal content
(in millions of dollars)



Key international festivals and markets:

- Festival de Cannes
- MIPCOM
- MIPTV
- Berlinale
- Toronto International Film Festival (TIFF)
- Sundance Film Festival

Presence in Spanish-speaking and Asian countries:

- Bogota Audiovisual Market
- Los Cabos International Film Festival
- San Sebastian Festival
- Busan International Film Festival
- Shanghai International Film Festival
- Beijing International Film Festival

DEVELOP OUR ROLE AS PROMOTER

In 2014-2015, Telefilm continued to expand its role as a promoter of Canadian talent. Telefilm strives to raise the profile of Canadian talent to stimulate both international sales and global audience demand for Canadian content. Telefilm works alongside the audiovisual industry as well as with private and public partners to maximize the impact of promotional efforts and to ensure that the success of Canadian talent radiates at home and around the world. Initiatives in 2014-2015 included:

- **Business-to-business promotion**
  Telefilm actively promoted talent at 36 international festivals and content markets in order to maximize talent recognition and commercial exploitation. Canadian talent excelled at the international level, with films selected at 76 international festivals, where 30 prizes were won—launching interest and worldwide sales opportunities. Canada celebrated a record year at the Cannes Film Festival with three Canadian directors in official competition: Xavier Dolan for *Mommy*, David Cronenberg for *Maps to the Stars* and Atom Egoyan for *The Captive*.

  In addition to official festival selections, Telefilm-signature events, including Talent to Watch, Not Short on Talent and Perspective Canada, were held to enhance awareness of Canadian talent. Eye on TIFF events were expanded to both New York and Los Angeles, to build excitement for Canadian talent prior to the Toronto festival. During pre-Oscar week in Los Angeles, the second annual Canada Stars in Awards Season, presented in collaboration with industry partners and media partner etalk Canada, showcased Canadian excellence in the creative industries in a tribute to the best achievements of Canada's talent of the past year—including Oscar and Canadian Screen Awards nominees.

  Activities to promote coproduction with Canada are a key part of promoting the industry to potential business partners. Of particular note this year was the Canadian mission to India, organized in partnership with the Ontario Media Development Corporation in celebration of the newly ratified audiovisual coproduction treaty between the two countries.

  Telefilm also expanded its industry promotion efforts into Spanish-speaking territories (Spain and Latin America) and continued to support Canadian talent whose films were selected in prestigious festivals in Asia.

- **Business-to-consumer promotion**
  Telefilm collaborated with private and public partners to further draw consumer attention to Canadian talent:

  - Telefilm supported 42 festivals and 97 promotional events throughout Canada that served as launching pads for films;
  - Events organized by Telefilm to promote Canadian talent to audiences included: *The Great Canadian Talent Faceoff*, a live game show, presented by etalk, and the Birks Diamond Tribute to the Year's Women in Film, held during TIFF;
  - Screenings were organized across the country for the Canadian Screen Awards Best Picture nominees and for short films during the Shortest Day Short Film celebration;
  - The Canada Media Fund (CMF), the Canadian Media Production Association (CMPA) and Telefilm collaborated to develop eyeoncanada.ca, an audience-focused website dedicated to showcasing Canadian feature film, television, and digital media; and
  - Telefilm worked with the Honourable Shelly Glover, Minister of Canadian Heritage and Official Languages, to bring the Movie Nights in Canada series to parliamentarians in Ottawa, on two occasions. Telefilm also allowed audiences to experience films and to meet talent at Red Carpet screening events in Regina and in Winnipeg. These events featured *Corner Gas: The Movie*, *Elephant Song* and *Aloft*.

Partners include:

- Air Canada, Birks
- eOne, Corus Entertainment
- Bell Media, Shaw
- Rogers VOD, Cineplex theatres
- Hollywood Suite, etalk Canada
- EP Daily, Canadian Press
- Provincial film agencies
- Canadian Media Production Association
- National Film Board
- Canada Media Fund
- Canadian consulates and embassies around the world
- International funding agencies

- **Communications and branding**
  In order to ensure that the success of the Canadian film industry resonates with Canadian and international audiences, Telefilm uses proactive consumer-focused communication strategies. Media relations including press junkets, press screenings and talent Q&A sessions maintained strong media visibility for the Canadian audiovisual industry throughout the year. Partnerships with media outlets including EP Daily, etalk Canada and the Canadian Press enhanced this coverage greatly.

  Telefilm's social media channels also grew both in terms of followers and engagement. Much of this new interest can be attributed to the increased live reporting from industry events, including coverage at *The Great Canadian Talent Faceoff*, the Canadian Screen Awards, the Jutras and the Canada Stars in Awards Season in Los Angeles. Furthermore, compelling content was used to engage followers, for example; the second iteration of the popular Off the Wall video series, featuring Canadian influencers, was picked up by Rogers VOD, Air Canada, Cineplex theatres and Hollywood Suite.

- **Partners in promotion**
  Telefilm's promotional efforts are possible thanks to the private and public partners that work with us. Partnerships are a key element of Telefilm's promotional strategy, with results of these efforts measured in the private-sector-to-Telefilm investment ratio for promotional initiatives. The ratio has been increasing over time, and for every $1.00 invested by Telefilm, $2.74 was provided by the private sector for this fiscal year.

PROVIDE THOUGHT LEADERSHIP BY DEVELOPING AND SHARING INDUSTRY INTELLIGENCE

Telefilm has a valuable role to play in gathering, analyzing and communicating business intelligence to industry players. Acting as a catalyst for industry advancement, we develop and support innovative thinking in areas that apply to the entire industry. In 2014-2015:

- We focused research activities on audience-behaviour and industry trends in the Canadian market, in sync with our main objective of stimulating demand for Canadian content;
- We collaborated with industry partners in our research endeavours, including a quantitative survey with the Centre d'études sur les médias and qualitative focus groups commissioned in partnership with the CMF and the Société de développement des entreprises culturelles (SODEC);
- We communicated findings through information sessions in Montréal, Toronto, Halifax and Vancouver and also made the information available on our website and received press coverage;
- We provided Canadian filmmakers with insight on how to engage with audiences through signature sessions featuring experts Michael Gubbins and Ted Hope;
- We leveraged Telefilm's LinkedIn page for discussions regarding audience engagement; and
- Finally, the Corporation launched its new strategic plan, *Inspired by Talent. Viewed Everywhere.* Under this plan, Telefilm will continue to serve the industry through its four key roles and six strategic priorities (see A New Strategic Plan 2015-2018 section for more information).

Key industry events:

- TIFF industry conferences
- Prime Time in Ottawa
- Canadian Film Centre interactive workshops

REINFORCE TELEFILM'S ORGANIZATIONAL EXCELLENCE

During the 2014-2015 period, we continued to pursue organizational excellence, practicing rigorous fiscal control and financial accountability:

Administrative expenses decreased by 6% over the last fiscal year.

- In the delivery of funding programs, ensuring client satisfaction levels is paramount. Eighty-five percent of clients reported being satisfied—a figure that exceeds the 80% target set by the organization;
- Ongoing efficiency measures have delivered forecasted returns; of note, a 15% decrease in our administrative expenses over the prior four-year period. The 2014-2015 management expense ratio of 5.3% represents a historical low for the organization;
- In addition, over the past four years, a total of $6.7 million from administrative budget savings was transferred back into funding programs, including $2.2 million this fiscal year. These efforts have ensured that the maximum amount of funding was allocated to program financing;
- And, finally, Telefilm has successfully completed the third and final year of its implementation of the Budget 2012 - Planned Reductions in Departmental Spending. Reductions were put in place over the last three fiscal years and a cumulative amount of $10.6 million was returned to the federal government. To mitigate these reductions, Telefilm put forward a series of measures, including;
  - Efficient program delivery processes and streamlined corporate support functions;
  - Selection criteria designed to increase levels of funding from distributors, broadcasters, sponsors and other financiers for film productions;
  - Leveraging additional financing for promotional initiatives through partnerships; and
  - The creation of the Talent Fund.

Employee engagement has been identified as imperative to reaching corporate objectives and providing quality service levels to clients. Telefilm's first-ever employee engagement survey, conducted in 2013-2014, showed results that were lower than expected. In order to improve results, four working groups were tasked with delivering action plans for areas needing improvement: recognition, processes, health and well-being, and leadership. Action plans will be developed throughout the next fiscal year.

Telefilm has begun benefiting from cloud computing, having outsourced server services for the organization's email and financial systems.

Telefilm is pleased to report that the CMF renewed its Services Agreement for a three-year term. Furthermore, Telefilm received the 2014 Award of Excellence in Financial Reporting for Small Federal Crown Corporations from the Chartered Professional Accountants of Canada. We were also recognized by the Gartner Consulting firm as being in the top 25% of companies in a comparative study they conducted on the use of information technologies.

Finally, Telefilm has always used information technology as a means to better serve clients and gain efficiency. To this end, the Corporation is overhauling its IT systems and introducing new business process management software that will provide:

- A secure, intuitive and collaborative interface for both clients and employees;
- Streamlined applications that will improve productivity through automated processes; and
- Simplified systems that are designed with clients in mind.

A NEW STRATEGIC PLAN—2015-2018

In 2014-2015, Telefilm developed and released its new strategic plan, *Inspired by Talent. Viewed Everywhere.* During the year, the Corporation undertook the planning process, which included defining strategic objectives and setting the organizational direction. The Board of Directors, through its Strategic Planning and Communications Committee, chaired by Ram Raju, led the project. The organization contributed to the plan through the guidance of the Management Committee and held ongoing consultations with a working group representing different sectors from across the organization.

Telefilm's Management Committee also ensured that industry stakeholders were consulted during the planning process. Based on their feedback, industry analysis and trends, the new strategic plan will ensure both continuity of the strategic direction put into place in 2011-2015 and a clear vision of the challenges we face in the competitive and evolving environment we work in.

A NEW STRATEGIC PLAN 2015-2018

In the 2015-2018 strategic plan, six strategic priorities were identified and will shape the actions of the organization for the next three-year period. Each priority is linked to our strategic pillars established in 2011, ensuring that Telefilm continues to focus on its key roles of promoter, leader, funder and administrator.

OUR STRATEGIC PRIORITIES FOR 2015-2018

INDUSTRY RECOGNITION — PROMOTING THE VALUE OF CANADIAN CONTENT • Conduct effective promotion of the industry and its success directly to consumers.	**MARKET INTELLIGENCE — DECIDING WITH MEANINGFUL METRICS** • Conduct and communicate value-relevant research. • Enhance comprehensive success measurement.	**INDUSTRY FUNDING — DIVERSIFYING SOURCES** • Attract new funding partners. • Examine new long-term funding mechanisms.	**ORGANIZATIONAL EXCELLENCE — PERFORMING IN A CHANGING ENVIRONMENT** • Continue to strive for optimum levels of effectiveness and efficiency.
MARKETING PRACTICES — ENCOURAGING INNOVATION TO REACH AUDIENCES • Players to reduce gap with viewers' expectations. • Increase viewership of Canadian productions.		**ECOSYSTEM OF COMPANIES — DELIVERING TOGETHER** • Develop and support an ecosystem of companies, including emerging ones, effective at delivering against expectations.	
PROMOTER	**LEADER**	**FUNDER**	**ADMINISTRATOR**

OUR FOUR PILLARS

PRIORITIES FOR 2015-2018

Industry Recognition—Promoting the Value of Canadian Content
Telefilm will continue to work as a key promoter of the Canadian audiovisual industry both internationally and at home. Efforts will increase during the 2015-2018 period to ensure that success stories continue to connect with fans of Canadian content. Media relations and a strong social media presence will ensure that promotional activities at key film festivals and industry events resonate with content buyers and audiences. Furthermore, Telefilm will continue to build its network of promotional partners and will engage the services of a full-service creative advertising agency to help strategically focus its promotional efforts within the Canadian market.

Marketing Practices—Encouraging Innovation to Reach Audiences
Telefilm has opened its Marketing Program guidelines to include innovative forms of distribution and marketing strategies. Going forward, Telefilm will continue to ensure that its Marketing Program continues to improve, remain flexible and reflect the changing environment in which the Canadian audiovisual industry operates. Working with clients to best reach audiences and ensuring that the industry as a whole can develop new skills will favour innovation and evolution in the new market conditions.

Market Intelligence—Deciding with Meaningful Metrics
Telefilm's overarching goal remains the stimulation of demand for Canadian content. In order to reach audiences, it is essential that our organization continue to study the changing ways in which audiences watch content, industry trends and successful practices in independent cinema. It is paramount that we share this intelligence with the industry, through consultations, outreach sessions, industry events and publishing findings.

The organization will also continue to adapt the way it measures success. The Success Index, launched in fiscal 2011-2012, allowed Telefilm to go beyond the box office as the sole measure of success for our portfolio of films. Taking into consideration commercial, cultural and industrial results, the index was a first step in offering a comprehensive measure of success. Going forward, Telefilm will continue to seek out innovative measures to improve its index to best reflect our goal of stimulating demand, namely, measuring success based on viewership levels.

Industry Funding—Diversifying Sources
The Talent Fund was established in 2012 to help the industry diversify funding, ensure growth and sustainability. The Fund, led by an advisory committee of business and community leaders from across Canada, will continue to seek out new funding for Canadian creators, focusing primarily on supporting emerging talent. The Talent Fund is well-positioned to increase donations from corporations, foundations and individuals to help develop and promote Canadian talent.

Ecosystem of Companies—Delivering Together
To ensure the health and growth of the ecosystem of companies operating in the Canadian audiovisual industry, Telefilm will continue to consult stakeholders to understand key issues. Furthermore, we will promote the use of innovation as well as experimentation in financing and marketing films and work with creators to ensure the financial viability of the industry. In order to further reward success, we will integrate the Success Index's industrial component into each company's track record. This will encourage and recognize efforts by production companies that are seeking to maximize private and foreign financing into films funded through Telefilm—a key element to nurturing a healthy ecosystem.

Organizational Excellence—Performing in a Changing Environment
Telefilm will carry on in its pursuit of organizational excellence throughout the 2015-2018 period. By exercising tight control over expenses we will continue to manage public funds efficiently, maximizing funding available for content production and continuing to improve our funding programs. As we advance into fiscal 2015-2016, Telefilm forecasts that its management expense ratio will stand at 5.5%. Furthermore, Telefilm will pursue excellence, ensuring high standards of client service—which extends to the delivery of services to the Canada Media Fund and its clients.

OBJECTIVES AND PERFORMANCE INDICATORS

MEASURING THE SUCCESS OF THE PORTFOLIO OF FILMS SUPPORTED BY TELEFILM

Success Index

In Telefilm's 2011-2015 corporate plan, the organization set out to develop a more complete measure of success than box office results alone. In 2011-2012, the Success Index was launched—a key performance indicator that measures changes in the overall success of the films Telefilm funds from year to year, extending from a baseline established in 2010. It is a comprehensive measure that takes three types of success into account: commercial, cultural and industrial. The Success Index is calculated annually and is expressed as the sum of three weighted sub-indices:

Commercial sub-index
60% of the score

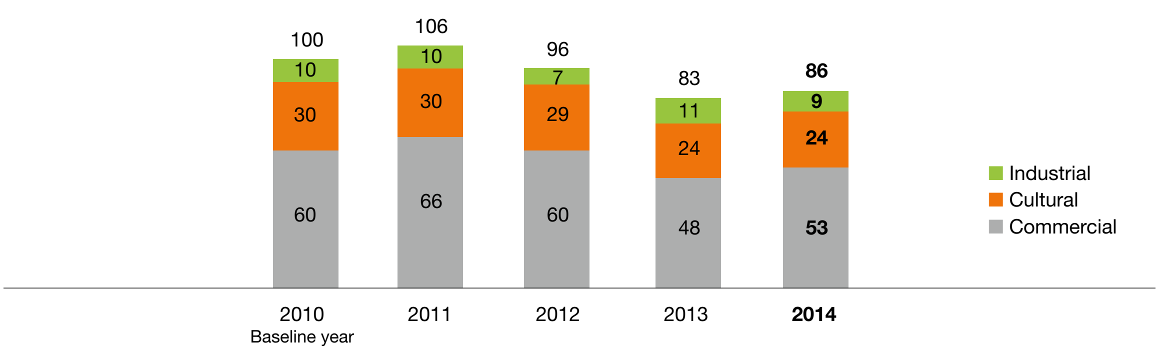
– Canadian theatrical box office
– Domestic sales on all platforms, excluding theatres
– International sales

Cultural sub-index
30% of the score

– Selections and nominations at certain international festivals and events
– Prizes at some international festivals and events
– Prizes at some festivals and events in Canada

Industrial sub-index
10% of the score

– Share of private and foreign financing in productions supported by Telefilm



The overall Success Index score increased by 4% in 2014 compared with 2013 levels. This rise was driven by the Success Index's commercial component, which increased by 10% in 2014. Driving commercial success were higher domestic box office levels and stronger international sales. Several Canadian films financed by Telefilm had sales of more than $1 million dollars at the domestic box office, including *Mommy*, *The Grand Seduction*, *1987*, *Trailer Park Boys: Don't Legalize It*, *The F Word*,[8] *Dr. Cabbie* and *The Captive*. Domestic sales, including all platforms other than box office, decreased during the period. International sales increased by over 75% compared to prior year figures, another contributing factor to the index's overall growth.

The cultural sub-index was stable in comparison to the prior year's results, with international selections up 12%. The number of prizes won, however, declined for Canadian films within Telefilm's portfolio.

The industrial score decreased by 18% in 2014 over prior year figures. This was due to a 5.5% drop—from 16.5% to 11%—in the share of foreign financing in production budgets within Telefilm's portfolio, owing to a smaller number of majority coproductions. Also, distributors' participation was down, accounting for 9% of production budgets compared to 14% for the previous fiscal year.

8. *The F Word* was released as *What If* in other markets.

STIMULATING DEMAND FOR CANADIAN CONTENT

In addition to the Success Index, Telefilm makes use of key performance indicators that are aligned to the 2011-2015 corporate plan and Telefilm's four strategic pillars. These indicators allow management to measure results on an ongoing basis and ensure strategic alignment throughout the organization's operational activities. The four strategic pillars and associated indicators are as follows:

MAINTAIN AND EXPAND TELEFILM'S CORE ROLE OF FUNDER	DEVELOP TELEFILM'S ROLE AS PROMOTER	PROVIDE THOUGHT LEADERSHIP BY DEVELOPING AND SHARING INDUSTRY INTELLIGENCE	REINFORCE TELEFILM'S ORGANIZATIONAL EXCELLENCE
Private-sector-to-Telefilm investment ratio for film production Telefilm's financing for film production acts as a catalyst to leverage financing from other sources. This indicator allows Telefilm to measure its leveraging effect in order to encourage growth from other sources, mainly the private sector, ultimately expanding funding available for film production to drive both the number of productions and budget levels.	**Private-sector-to-Telefilm investment ratio for promotional initiatives** By measuring and encouraging greater levels of private-sector investment for promotional activities, the leveraging effect and overall impact of Telefilm's promotional efforts will increase over time and drive demand for Canadian content. **Accessibility index** Ease of access to Canadian content is imperative to transform increased audience demand into audience engagement. Measuring access is therefore an important component of an overall strategy to increase Canadian audiences, create enhanced opportunities to experience Canadian content and leverage promotional initiatives. **Level of awareness of Canadian films among Canadians** Promoting and creating awareness of Canadian talent and success is a key step in stimulating demand for Canadian content.	This strategic pillar was designed to provide key intelligence to both the industry and Telefilm in order to encourage a culture of continuous improvement. This strategic pillar does not have an assigned performance indicator.	**Employee engagement index** An engaged workforce is a core element of client-service delivery, program administration and industry promotion. **Percentage of clients satisfied** As an organization that serves clients, client satisfaction is paramount to our ability to deliver excellence and ensure that our programs are well aligned with the needs of the audiovisual industry. **Management expense ratio (MER)** In order to maximize the funding available for film production, development, marketing and promotion, ensuring corporate efficiency in program delivery is an essential element of organizational excellence.

PERFORMANCE INDICATORS

THEME: ENGAGE PARTNERS

Objective: Increase the level of private-sector investment to support film production

Indicator:

Private-sector-to-Telefilm investment ratio for film production

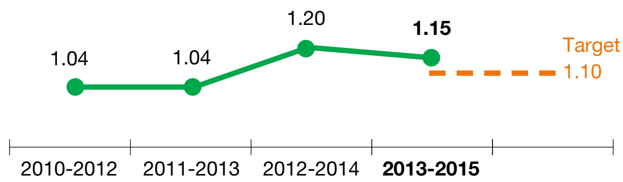
Measure:

Ratio between the total production financing from private-sector sources[9] and total production funding from Telefilm, based on a three-year moving average

Result:

Achieved

Results



The ratio stood at 1.15:1 in 2014-2015, meaning that $1.15 of private financing was invested into production budgets for every $1.00 Telefilm contributed.

There was a slight decline this year; nonetheless, this result continued to surpass the target set by the organization.

Slight declines were driven by foreign financing, which was down to 11% of financing in the production budgets within Telefilm's portfolio. This is explained by a smaller number of majority coproductions. Also, distributors' participation was down, accounting for 9% of production budgets.

Going forward, Telefilm forecasts that the Production Program market interest requirement will continue to drive private-sector investment support for film production.

Objective: Finance promotional initiatives through partnerships

Indicator:

Private-sector-to-Telefilm investment ratio for promotional initiatives

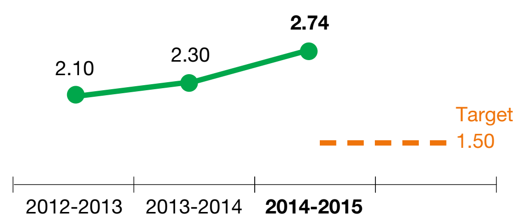
Measure:

Ratio between private-sector financing and Telefilm funding for promotional initiatives

Result:

Achieved

Results



The ratio of 2.74:1 means that $2.74 was contributed from private sources for every $1.00 Telefilm invested in promotional efforts. Results for this measure continued to grow this fiscal year and largely surpassed the target set by the organization.

The increase versus the prior period was driven by key promotional activities developed by Telefilm, which have grown in popularity among sponsors. At the national level, Telefilm's Red Carpet events drew significantly more private financial support this fiscal year versus the prior period. Growth in private contributions was also important for the second edition of the Canada Stars in Awards Season event.

9. Broadcasters, private investors, distributors and exporters and foreign investors.

PERFORMANCE INDICATORS

THEME: INCREASE CONSUMPTION OF CANADIAN AUDIOVISUAL CONTENT

Objective: Increase the accessibility of Canadian content

Indicator:

Television time-share and share of cinema screens

Measure 1: Television

Total time allocated to the broadcasting of Canadian feature films on Canadian television networks versus all films broadcast

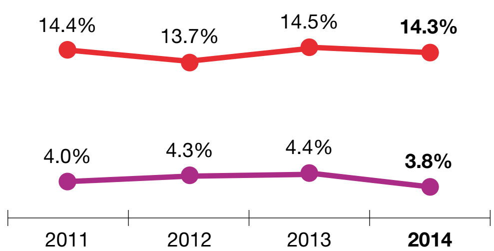
Measure 2: Cinema

Share-of-screen time for Canadian feature films on cinema screens versus films from all countries (including Canadian films)

Result:

Ongoing monitoring

Results:



Access to Canadian films declined in 2014 both on television and in cinemas. Despite these declines, Canadian film box office performance was stronger when compared to the prior fiscal year.

Telefilm's research into accessibility on online platforms has shown that Canadian content is available, however, discoverability on the Web is a challenge. This will remain a priority going forward as part of Telefilm's promotional efforts.

Objective: Increase the awareness of Canadian films among Canadians

Indicator:

Level of awareness of Canadian films among Canadians

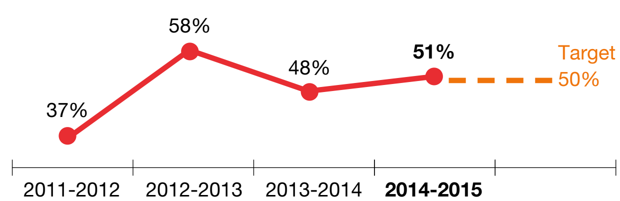
Measure:

Percentage of Canadians surveyed that are able to name a Canadian film

Result:

Achieved

Results:



A majority of Canadians surveyed reported being able to name a Canadian film. This indicates that the profile of the Canadian film industry is becoming more recognizable domestically and that promotional efforts from both the industry and Telefilm have begun to more effectively communicate the success of Canadian talent.[10]

10. Survey methodology was different in 2012-2013.

PERFORMANCE INDICATORS

THEME: ENHANCE ORGANIZATIONAL EXCELLENCE

Objective: Ensure employee engagement

Indicator:

Employee engagement index

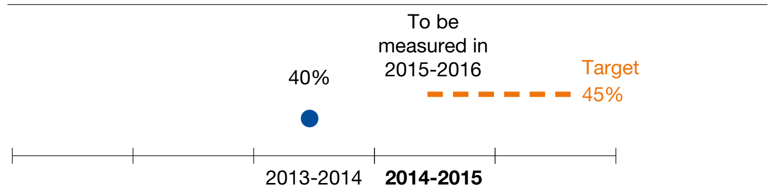
Measure

The percentage of respondents that had an average satisfaction of 4.5 or higher on a scale of 1 to 6

Result:

To be measured in 2015-2016

Results:



Employee engagement has been identified as a corporate priority based on the result of the 2013-2014 survey. In order to improve results, four working groups composed of employees and led by members of the Management Committee have been tasked with delivering action plans for the key areas of focus identified for improvement: recognition, processes, health and well-being, and leadership.

Action plans will be developed and implemented throughout 2015-2016. Based on industry benchmarks observed, employee engagement surveys will be conducted biennially to measure progress.

Objective: Increase the percentage of clients satisfied

Indicator:

Percentage of clients satisfied

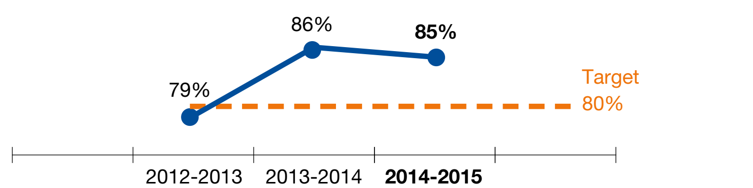
Measure:

Percentage of Telefilm clients surveyed who responded that they were satisfied with their overall experience

Result:

Achieved

Results:



Client satisfaction surveys continued to exceed the organization's target of 80%. The key driver behind these results is the client service provided by Telefilm employees.

Client satisfaction remains a priority for Telefilm; as such, we continue to survey our clients for feedback in order to constantly improve our program delivery. To ensure full quality control, the scope of programs surveyed has been expanded to include all major programs: development, production, promotion and marketing. Furthermore, through ongoing consultations and one-on-one conversations with clients, management remains aware of client concerns and resolves any issues in a timely manner.

Objective: Manage efficiently

Indicator:

Management expense ratio

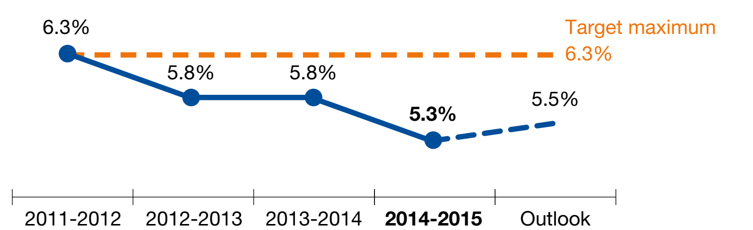
Measure:

Operating and administrative expenses as a percentage of program expenses[11]

Result:

Achieved

Results:



Telefilm strives to maintain a culture of continuous improvement; efficiency is achieved by utilizing modern technology and implementing best practices. At 5.3%, our management expense ratio is at a historically low rate, demonstrating our ability to achieve cost savings while providing funding programs, administering programs for the Canada Media Fund and maintaining corporate services.

11. Program expenses are comprised of Telefilm's assistance expenses as well as those linked to the CMF funding programs ($365.6M), which are not included in our financial statements given that the CMF is a separate organization.

FINANCIAL REVIEW

The goal of the financial review is to present information additional to the financial statements and to report on the organization's performance. Management makes estimates and assumptions that affect the amounts shown in the financial statements; these elements are disclosed in Note 2 to the financial statements: Significant Accounting Policies. There has been no change to the accounting standards adopted by Telefilm in the fiscal year. The financial statements are audited by the Auditor General of Canada and are presented on page 54. Note that all figures shown in the financial review are rounded.

The results of the fiscal year are very positive, and the Corporation shows:

- a surplus of $4.9 million in the income statement;
- administrative budget savings that have allowed nearly $2.2 million to be transferred back to program funding;
- a decrease of 15% in operating and administrative expenses over the last four fiscal years, including a reduction of 6% in 2014-2015;
- a significant increase of $1.7 million in revenues from the Talent Fund; and
- that it has been a responsible manager by finalizing the implementation of the *Budget 2012—Planned Reductions in Departmental Spending*.

Our support to the industry reached $89.1 million in 2014-2015, an amount comparable to our budget forecasts and our results of the previous fiscal year.

ASSISTANCE EXPENSES

				Variance	
In millions of dollars	Budget	**2014-2015**	2013-2014	Budget	Prior year
Production	59.8	**60.8**	65.1	(2)%	(7)%
Development	7.8	**7.8**	9.2	1 %	(15)%
	67.6	**68.6**	74.3	(1)%	(8)%
Marketing	11.3	**11.3**	9.1	0 %	24 %
Promotion	6.9	**6.4**	6.3	7 %	1 %
International events	2.2	**2.8**	2.5	(27)%	13 %
	20.4	**20.5**	17.9	0 %	14 %
	88.0	**89.1**	92.2	(1)%	(3)%

Our production programs accounted for the largest portion, with $60.8 million in support of 87 films, which represents nearly 70% of our total financial support:

- Production support showed a decrease of $4.3 million compared with the previous fiscal year, which is mainly attributable to a budgetary reduction as a result of the application of the final year of the implementation of the *Budget 2012—Planned Reductions in Departmental Spending*.
- Telefilm adapts to industry needs, whether it be for emerging talent or established companies, and in 2014-2015 our funding per film ranged from $30,000 to over $5 million.

Our development program lags behind the previous fiscal year, with a decrease of $1.4 million, or 15%:

- This reduction stems from the fact that, in 2013-2014, the Corporation addressed the excess industry demand by authorizing additional funding.
- Note that the Corporation financed 301 script development projects from 145 companies in amounts ranging from $8,000 to $130,000.

Total promotional support ($20.5 million) saw an increase of $2.6 million compared with the previous fiscal year, and **our film marketing program expenditures**, which were up by 24%, account for $2.2 million of this variance:

- The Corporation financed national marketing campaigns, including those for *The Captive*, *The Grand Seduction* and *The F Word*. This type of financing was less pronounced in the previous fiscal year.
- Telefilm provided funding for 87 projects ranging in cost from $10,000 to $1.5 million, primarily targeting Canadian audiences and markets.

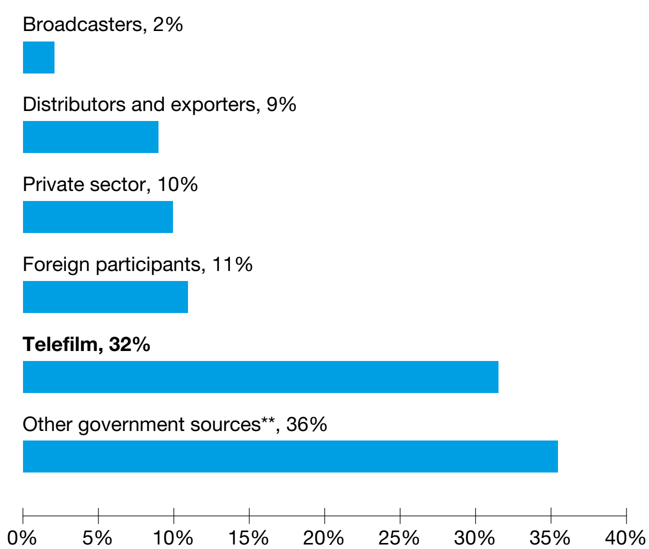
Our activities aimed at reaching international markets were improved, which accounts for the 27% budget overage ($0.6 million) and the 13% increase in expenditures compared with the previous fiscal year ($0.3 million):

- New initiatives were introduced to promote Canadian talent so as to generate media coverage and interest from sales and acquisition decision-makers.
- Costs related to certain activities increased due to a decline in the value of the Canadian dollar.

Telefilm plays an important role in actively promoting the industry at some 36 international festivals, markets and events. Telefilm deploys targeted promotional activities in film, television and digital markets, which are an effective way to reach some 2,000 industry stakeholders in attendance.

Moreover, the funding provided through the Corporation's Production Program acts as a catalyst and allows producers to leverage additional financing from other investors. The following graph shows the breakdown of financial support from all sources within the films financed through Telefilm's Production Program.

Film funding sources*



* The analysis of financial participation includes films supported in production only and excludes: films supported through the Theatrical Documentary Program, mini-treaties, and the foreign share of treaty coproduction budgets in which Canada is a minority or equal-share partner.

**Other government sources include provincial and federal tax credits as well as any financing from provincial or municipal funding agencies.

Finally, for the upcoming year, the Corporation's budget ($89.9 million) includes a slight increase for our film production funding activities and our national promotion activities.

OPERATING AND ADMINISTRATIVE EXPENSES

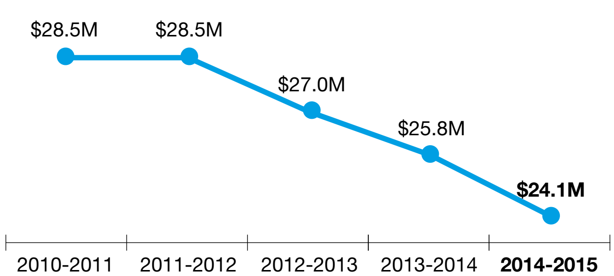
				Variance	
In millions of dollars	Budget	**2014-2015**	2013-2014	Budget	Prior year
Salaries	18.6	**17.4**	19.1	7 %	(9)%
Rent	1.8	**1.7**	1.9	0 %	(7)%
Professional services	2.1	**1.6**	1.5	23 %	3 %
Information technology	1.4	**1.4**	1.2	(3)%	25 %
Office expenses	0.6	**0.7**	0.6	(5)%	3 %
Travel	0.6	**0.6**	0.5	5 %	10 %
Amortization	0.5	**0.5**	0.7	(8)%	(25)%
Publications	0.3	**0.2**	0.3	16 %	(14)%
	25.9	**24.1**	25.8	7 %	(6)%

The Corporation strives to be effective in the delivery of programs, including those of the CMF, as well as in our administrative activities:

– At the end of the fiscal year, our operating and administrative expenses amounted to $24.1 million, representing a significant savings of 7% against the budget and a reduction of 6% ($1.7 million) compared with the previous fiscal year.

– This performance is remarkable, given that year after year Telefilm has shown successive decreases in its operating and administrative expenses:

The Corporation reduced its operating and administrative expenses by 15% over the last four fiscal years.



Our payroll represents our biggest expenditure, accounting for 72% of total operating and administrative expenses, and significantly contributes to both the budget surplus of the fiscal year and the decrease in annual expenditures.

The budgetary savings from this item is $1.2 million (7%) and comes from several sources:

– Vacant positions in the program delivery sectors as well as the administrative sectors in support of operations;

– Lower-than-expected payroll deductions and lower costs than planned with respect to overtime and parental leaves.

The reduction in salaries compared with the previous fiscal year reached 9%, a decrease of $1.7 million:

- Most of this reduction is attributable to expenses in 2013-2014 that had been significantly overstretched from payments to employees following the abolition of the severance benefits plan to which they were entitled. This decision was consistent with all other federal departments and agencies and with the request of the Treasury Board Secretariat.

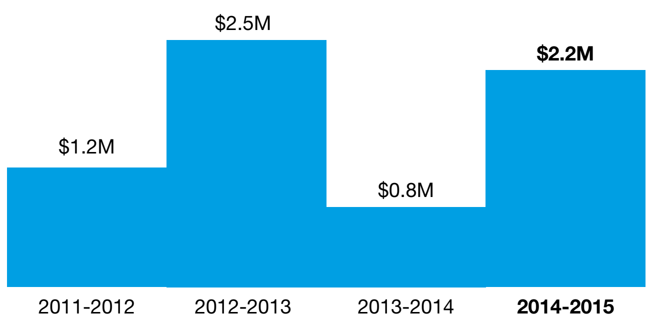
Moreover, the level of expenditure for our professional services is less than our initial forecasts and thus contributes nearly $0.5 million to our budgetary surplus. These savings are mainly due to consulting services and fees for information technology consultants, whose projects were postponed, in certain cases to better contribute to reaching the priorities of the new strategic plan.

In addition, our information technology expenses rose by $0.2 million (25%) compared with the previous fiscal year. This increase is related to the technological infrastructure modernization plan, which aims, among other things, to maximize the advantages of the cloud-based environment. Outsourcing the platforms required for our computer applications is one of the first steps in the plan.

Lastly, our amortization expenses decreased by 25% compared with fiscal 2013-2014, resulting from fully depreciated assets, mostly from leasehold improvements.

Ongoing improvements, especially through the efficiency gained in our processes, will provide long-term benefits. All the budgetary savings achieved in 2014-2015 have allowed the Corporation to transfer almost $2.2 million[12] from the administrative budget to program funding. The following graph shows the administrative budget surplus reinvested in our funding programs:

A total of $6.7 million in administrative funding was transferred to program funding over the last four fiscal years.



The Corporation also planned to invest $2.5 million in technology to renew its operating system. This computer development project was meant to be recorded as a tangible capital asset. However, capitalized costs of the new business process management software amounted to $1.3 million notably due to the learning curve for the new technology and to the project's reconfiguration following the inclusion of the CMF in this undertaking. The budget surplus from this project directly contributed to the amount transferred to the funding programs.

12. The budget surplus is calculated using a modified cash basis accounting method.

GOVERNMENT FUNDING AND REVENUES

In millions of dollars	Schedule to the financial statements	Budget	**2014-2015**	2013-2014	Variance Budget	Variance Prior year
Parliamentary appropriation		95.5	**95.5**	100.0	0%	(5)%
Investment revenues and recoveries		10.0	**10.5**	12.2	5%	(13)%
Management fees from the CMF	B	10.0	**10.0**	9.8	0%	2 %
Talent Fund		–	**1.8**	0.1	–	1,291 %
Interest and other revenues		0.1	**0.3**	0.1	255%	232 %
		115.6	**118.1**	122.2	2%	(3)%

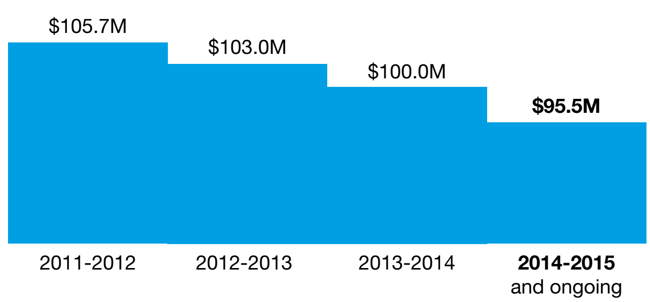
Our revenues totalled $118.1 million for the 2014-2015 fiscal year:

– They show a budget surplus position of $2.5 million (2%) that comes mainly from the diversification of our Talent Fund revenues.

– They represent a decline of $4.1 million (3%) compared with the previous fiscal year, due to the decrease in our parliamentary appropriation and a reduction in our revenues and recoveries stemming from the projects funded.

The Corporation's most important source of funding is a parliamentary appropriation of $95.5 million that finances our industry support activities as well as our operating and administrative expenses. This appropriation has been declining since the implementation of the *Budget 2012 - Planned Reductions in Departmental Spending*, for which the 2014-2015 fiscal year is the third and final year. Management dealt effectively with the decrease in this funding source, keeping its management expense ratio at a low level (5.3%) while maintaining client satisfaction levels (85%). The Corporation is counting on stability from this funding source for the next few fiscal years.

Parliamentary appproriation funding

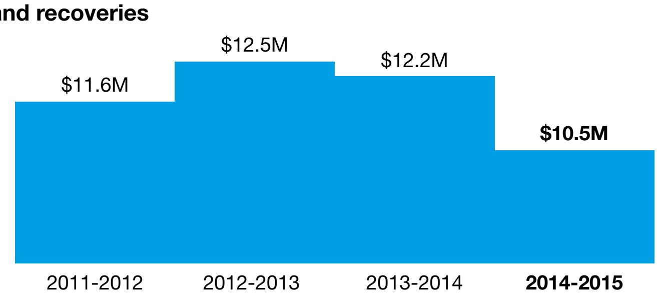


The investment revenues and recoveries stemming from the exploitation of film productions are also a key part of our funding:

– This $10.5 million funding source is characterized by the volatility of revenues generated by audiences for each film.

– The decrease of $1.7 million (13%) compared with fiscal 2013-2014 shows such precariousness, since box office receipts from a single film can significantly affect our results. In this regard, the previous fiscal year was particularly improved by the successful performance of the film *Goon*, which brought in $1.6 million.

Investment revenues and recoveries

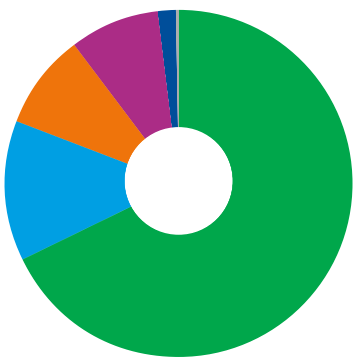


The Corporation also strives to diversify its funding sources, notably through the Talent Fund, whose revenues significantly increased during the fiscal year ($1.7 million). This rise comes mainly from long-term funding agreements with Bell Media and Corus Entertainment.

Lastly, our other revenues item shows an increase of $0.2 million resulting from a monetary discount related to the renewal of the lease of our head office.

The following table shows the breakdown of our funding sources.

Allocation of government funding and revenues: $118.1 million



$80.2 Programs—Parliamentary appropriation
$15.3 Administration—Parliamentary appropriation
$10.5 Programs—Revenues and recoveries
$10.0 Administration—CMF
$1.8 Programs—Talent Fund
$0.3 Administration—Other revenues

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 millions of Canadian dollars	**2014-2015**	2013-2014
Cost of operations	**113.2**	118.0
Adjustments affecting the use of parliamentary appropriation:		
Assistance expenses funded by accumulated investment revenues and recoveries	**(10.8)**	(7.9)
Assistance expenses adjustment where parliamentary appropriation eligibility criterias have been met	**3.4**	(2.2)
Assistance expenses funded by the Talent Fund	**(1.9)**	–
Prepaid expenses	**(0.3)**	0.4
Loan	**0.7**	–
Operating expenses funded by the CMF	**(10.0)**	(9.8)
Acquisitions of property and equipment	**1.3**	1.0
Salary payment in arrears transition	**0.6**	–
Amortization	**(0.5)**	(0.7)
Operating and administrative expenses funded by interest and other revenues	**(0.3)**	(0.1)
Employee future benefits	**0.1**	1.3
Parliamentary appropriation authorized	**95.5**	100.0

FINANCIAL POSITION AS AT MARCH 31, 2015

In millions of dollars	Notes to the financial statements	**2014-2015**	2013-2014	Variance
Financial assets				
Due from Consolidated Revenue Fund	6	**47.6**	49.1	(3)%
Cash—Talent Fund	4	**0.5**	0.2	225 %
Accounts receivable	5 and 6	**4.2**	3.1	37 %
Receivable from the CMF		**3.3**	2.7	23 %
Loan	7	**0.7**	–	–
Liabilities				
Accounts payable and accrued liabilities	6	**2.3**	2.0	13 %
Deferred revenues—Talent Fund	4	**0.2**	–	–
Financial assistance programs obligations	8	**32.3**	35.8	(10)%
Liabilities for employee future benefits	9	**0.8**	1.0	(17)%
Net financial assets		**20.7**	16.3	27 %
Non-financial assets				
Tangible capital assets	10	**2.6**	1.8	42 %
Prepaid expenses		**1.9**	2.2	(12)%
Accumulated surplus		**25.2**	20.3	24 %

The Corporation's financial position improved during the fiscal year, as shown by the 27% increase in net financial assets. The Corporation's principal asset is a Due from Consolidated Revenue Fund of $47.6 million, which is the equivalent of cash on hand for the Corporation. This asset is principally used for the payment of contractual commitments related to our funding programs.

Our other financial assets all increased compared with the previous fiscal year:

- Cash from the Talent Fund rose by $0.3 million compared with the same period last year, mainly because of deferred revenues from agreements with Bell Media and Corus Entertainment.
- Accounts receivable increased by $1.1 million as a result of the recording of an amount of $0.6 million attributable to a transition to a salary payment in arrears in compliance with Public Works and Government Services Canada (PWGSC) guidelines, and a significant amount related to our recoveries for which reimbursement is expected in April 2015.
- The receivable from the CMF is mostly attributable to the last quarterly billing of the fiscal year for the management of its funding programs. The increase of $0.6 million comes from, among other things, the recovery of costs related to the development of the new business process management software.
- Lastly, the Corporation granted a $0.7 million loan to a production company for a film project.

The liabilities also show fluctuations:

– Accounts payable and accrued liabilities rose by $0.3 million mainly because of accrued salaries and employee benefits.

– The financial assistance programs obligations show a substantial decline of $3.5 million, or 10%, which is a direct result of the reduction in the amount of our contractual commitments for the fiscal year stemming from the decrease in our program funding.

Finally, the increase in capital assets results from the capitalization in our work in progress of the costs related to the development of the new business process management software that will replace the operating system used in the delivery of funding programs. And, lastly, the decrease in prepaid expenses stems from the cost of an international market event that will be paid over the next fiscal year.

CASH FLOWS

In millions of dollars	**2014-2015**	2013-2014	Variance $
Operating activities	**0.8**	4.7	(3.9)
Capital activities	**(1.3)**	(1.0)	(0.3)
Investing activities	**(0.7)**	–	(0.7)
Cash, beginning of year	**49.3**	45.6	3.7
Cash, end of year	**48.1**	49.3	(1.2)

Management uses the indirect method to present its cash flow statement. The Corporation manages its cash flow through the Receiver General for Canada and has a separate bank account for the Talent Fund. Our cash flow position is strong and, overall, has not changed since the previous fiscal year. Among the elements that have undermined the cash flow position of our operating activities: an increase in accounts receivable and a significant decline in the financial assistance programs obligations.

In addition, $1.3 million in computer development was invested in our tangible capital assets, which are part of the Corporation's technological infrastructure modernization plan. Lastly, a $0.7 million loan was granted to a production company.

SUMMARY OF PAST FISCAL YEARS

In millions of dollars	Outlook 2015-2016	**2014-2015**	2013-2014	2012-2013	2011-2012	2010-2011
RESULTS						
Assistance expenses						
Production	61.5	**60.8**	65.1	65.5	65.3	69.0
Development	7.6	**7.8**	9.2	9.2	7.7	9.6
Training	–	**–**	–	–	–	0.5
Marketing	11.3	**11.3**	9.1	13.2	13.6	14.7
Promotion	7.3	**6.4**	6.3	6.4	6.7	6.7
International events	2.2	**2.8**	2.5	2.6	2.5	2.7
	89.9	**89.1**	92.2	96.9	95.8	103.2
Operating and administrative expenses	25.7	**24.1**	25.8	27.0	28.5	28.5
Government funding and revenues						
Parliamentary appropriation	95.5	**95.5**	100.0	103.0	105.7	105.7
Investment revenues and recoveries	10.0	**10.5**	12.2	12.5	11.6	9.5
Management fees from the Canada Media Fund	10.0	**10.0**	9.8	10.1	10.0	9.6
Talent Fund	1.9	**1.8**	0.1	–	–	–
Interest and other revenues	0.1	**0.3**	0.1	0.2	0.1	0.3
	117.5	**118.1**	122.2	125.8	127.4	125.1
Surplus / (Deficit)	1.9	**4.9**	4.2	1.9	3.1	(6.6)
FINANCIAL POSITION						
Financial assets						
Due from Consolidated Revenue Fund		**47.6**	49.1	45.6	41.1	37.2
Cash—Talent Fund		**0.5**	0.2	–	–	–
Accounts receivable		**4.2**	3.1	2.6	4.0	3.8
Receivable from the Canada Media Fund		**3.3**	2.7	3.0	2.6	3.0
Loan		**0.7**	–	–	–	–
Liabilities						
Accounts payable and accrued liabilities		**2.3**	2.0	2.1	1.6	1.8
Deferred revenues—Talent Fund		**0.2**	–	–	–	–
Special termination benefits		**–**	–	0.3	0.1	–
Financial assistance programs obligations		**32.3**	35.8	33.7	33.9	34.1
Liabilities for employee future benefits		**0.8**	1.0	2.3	2.0	2.1
Net financial assets		**20.7**	16.3	12.8	10.1	6.0
Non-financial assets						
Tangible capital assets		**2.6**	1.8	1.6	2.2	3.3
Prepaid expenses		**1.9**	2.2	1.7	1.9	1.8
Accumulated surplus		**25.2**	20.3	16.1	14.2	11.1

RISK MANAGEMENT

Telefilm uses an integrated risk management approach that ensures risks are considered at all stages of the business cycle, from the strategic planning process to ongoing business operations and throughout all levels and sectors of the organization. The Risk Management Committee is responsible for identifying, evaluating and prioritizing risks and ensuring adequate mitigation measures are in place. The committee, which reviews organizational risks twice each fiscal year, is chaired by the Executive Director and is composed of all members of the Management Committee. The Executive Director is accountable and reports to the Audit and Finance Committee for all risk-related matters.

Board of Directors
Audit and Finance Committee
Risk Management Committee
Sectors

RISK IDENTIFICATION

Risks are identified and evaluated in line with the strategic plan priorities. Scenarios, implications and impacts, mitigation measures and risk volatility are evaluated on an ongoing basis to measure residual risk exposure. The Risk Management Committee is currently monitoring 17 risks that are categorized into four main groups:

- **Strategic risks** – defined as those that impede the achievement of corporate objectives;
- **Operational risks** – defined as those that arise from the failure of processes or systems, or from issues related to human resources;
- **Financial risks** – defined as those associated with losses resulting from poor management of corporate finances; and
- **Compliance risks** – defined as those related to non-compliance with laws, regulations and policies.

The organization highlighted three significant risks where monitoring is essential and intended to reduce potential negative impacts.

RISK RELATED TO THE ABILITY TO ACHIEVE STRATEGIC PLAN PRIORITIES

Telefilm has identified six strategic priorities in its new 2015-2018 strategic plan. The six areas of focus include: promoting industry recognition; encouraging innovative marketing practices; providing market intelligence; diversifying industry funding; strengthening the industry ecosystem and delivering with organizational excellence.

Scenarios	Mitigation measures
– Objectives are ambitious and require organizational changes as well as adaptation from the audiovisual industry. This is a challenge given Telefilm does not control all the necessary parameters for success. – These changes are part of an environment where the audiovisual industry is undergoing profound transformation. – Strategic priorities must be delivered in a relatively short period of time.	– The organization will develop action plans with measurable objectives to be delivered within a three-year time frame. – Directors will be assigned to strategic priorities and required to provide accountability reports on an ongoing fashion to the Management Committee.

RISK THAT CONSUMERS FAIL TO CONNECT WITH CANADIAN CONTENT AND TALENT

Canadian films are released into an extremely competitive environment marked by rapidly evolving market conditions. The ability of our films to reach and interest audiences in a timely manner, on the right platforms, poses significant challenges. Furthermore, viewers' ability (or inability) to identify Canadian content as such is an additional burden.

Scenarios	Mitigation measures
– Consumers cannot access Canadian films on key platforms. – Viewers do not identify Canadian films as such. – Canadians do not develop an interest for home-grown content. – Information regarding audience behaviour is lacking.	Funding programs were improved to better reach audiences: – Marketing Program was adapted and now supports a wider scope of both eligible applicants and eligible costs and includes digital platforms; – Production Program now has an embedded marketing strategy as a criteria for funding. Telefilm will partner with industry players to maximize the impact of promotional efforts: – By gathering and communicating consumer-based industry intelligence and best practices in film promotion; – By developing meaningful metrics that focus on viewership levels for Canadian films. Telefilm will dedicate resources to develop and execute a national promotional strategy focused on Canadian audiences to grow awareness among these audiences.

RISK OF INADEQUATE FUNDING AVAILABLE FOR PROGRAMS AND ADMINISTRATION

Maintaining financing levels for funding programs and administrative costs remains a challenge and requires ongoing efficiencies.

Scenarios	Mitigation measures
– Main funding sources for film production and administrative expenses remain flat or decline. – Growing production and administrative costs due to inflation place further strain on funding. – The declining value of the Canadian dollar reduces ability to conduct international activities.	– The Talent Fund was created to diversify our program-funding sources. The Fund's goal is to raise $25 million over five years. – Production companies efficiently manage cost fluctuations. – Redesigned funding programs ensure administrative efficiencies and favour increasing market investment within film production budgets. – Leveraging additional financing through partnerships to increase the impact of promotional efforts and allow for cost savings. – Ongoing efficiency measures in program delivery and other internal-services departments help to maintain a low management expense ratio.

TALENTFUND
FONDS DES TALENTS

The Talent Fund was created in 2012 to help the industry diversify its funding sources and to ensure growth and sustainability. The Fund allows corporations as well as individuals to support the Canadian audiovisual industry through donations and partnerships.

Vision
The Talent Fund ensures that emerging Canadian talent is increasingly visible across the globe. Additionally, it offers Canadian filmmakers access to stable, reliable and permanent funding sources.

Mission
The Talent Fund primarily supports the discovery and career progression of emerging Canadian talent in the audiovisual industry.

Objective
To raise $25 million over a period of five years.

Recognition for the Talent Fund
Since its launch, the Talent Fund has received strong support from notable Canadian organizations and corporations, including:

- Bell Media and Corus Entertainment;
- The Canadian Radio-television and Telecommunications Commission (CRTC);
- The Canadian Chamber of Commerce; and
- Foundations and individual donors.

HOW THE FUND SUPPORTS TALENT

The Fund supports the discovery and progression of talent in three ways:

- **Support for a first feature film**
  The Fund supports Telefilm's Micro-Budget Production Program, which was designed to enable emerging talent to produce and distribute a first feature. The program has three components: the main fund, the Aboriginal stream and the official-language minority communities (OLMC) stream. The initiative's major goals are to:
  - Encourage innovation;
  - Emphasize the use of digital platforms and online audience engagement tools;
  - Help emerging talent in the development of their portfolio; and
  - Support Aboriginal Canadian filmmakers, members of OLMCs and minority groups.
- **Support for projects of merit**
  Feature film projects of merit which demonstrate in an exemplary way Telefilm's fundamental objective of "Inspired by Talent. Viewed Everywhere" are selected from across the country. This support allows Telefilm to offer recognition to the industry, promoting the excellence of Canadian content directly to consumers.
- **Support for the promotion of Canadian content and talent**
  The Talent Fund promotes Canadian content and talent by encouraging innovative marketing strategies, better promotion of emerging talent at home and on the international stage, as well as multiplatform distribution strategies. The Fund's support will establish new initiatives that focus on creating awareness for Canadian talent and will maximize the impact of existing promotional activities. Telefilm's social media platforms will serve to reinforce these efforts.

TALENT FUND FINANCIAL REVIEW

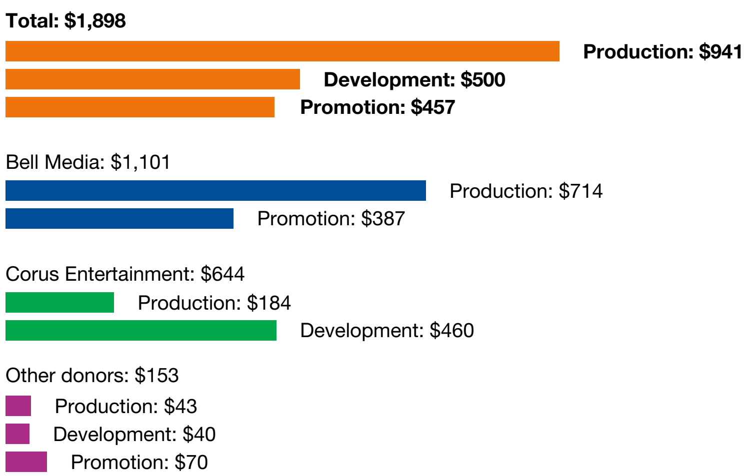
During the last fiscal year[13], the Talent Fund recorded an amount of $1,863,700 in revenues:[14]

- $1,142,900 was received from Bell Media and $807,500 from Corus Entertainment. These contributions are subject to long-term funding agreements and an amount of $205,700 was accounted for as deferred revenues for utilization in the upcoming fiscal year.
- In addition, 28 private donors contributed $119,000.

In 2014-2015, the Talent Fund supported the audiovisual industry in the amount of $1,898,000. Funding was allocated as follows:

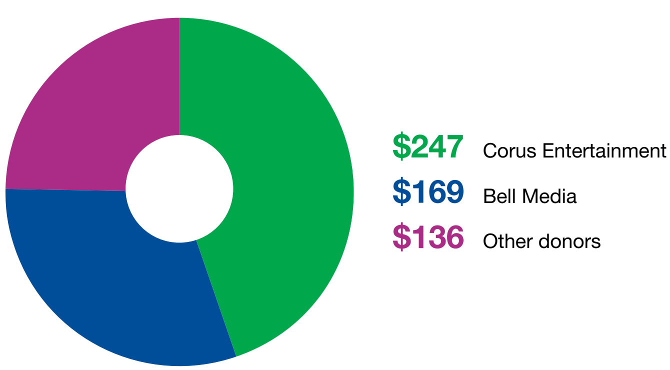
Program expenses[15]

In thousands of dollars



Finally, the balance in the Talent Fund bank account stands at $552,200, and is assigned as follows:

In thousands of dollars



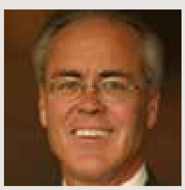
13. All financial figures are rounded.
14. A full financial breakdown is available in Note 4 to the financial statements: Talent Fund.
15. The promotion expenses include the following programs: distribution and marketing assistance, promotion and participation in international events.

GOVERNANCE

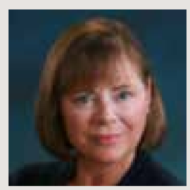
The Talent Fund:

- is led by an advisory committee;
- is integrated within the programs administered by Telefilm;
- is subject to 5% management fees;
- reports its activities to Canadians, major donors and other stakeholders through Telefilm's annual report.

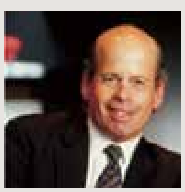
Talent Fund Advisory Committee
The Fund is led by an advisory committee of seven business and community leaders from across the country and chaired by Hartley T. Richardson. Committee members have demonstrated their profound dedication to the Fund's success, for which Telefilm and its stakeholders are truly grateful. Following are the members of the committee:



Hartley T. Richardson, C.M., O.M., LL.D
Chair, Talent Fund Advisory Committee
President & CEO, James Richardson & Sons, Limited (Manitoba)

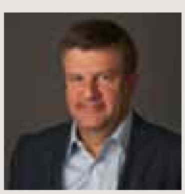


Margaret Anne Fountain
Philanthropist and Art Activist
(Nova Scotia)



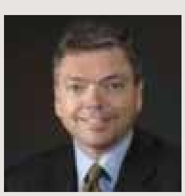
David Aisenstat
Owner & CEO,
Keg Restaurants Ltd.
(British Columbia)

Dr. Anil Gupta
Medical Director of Clinical Cardiology, Trillium Health Centre
(Ontario)



John Bitove
CEO, Obelysk Inc.
(Ontario)

Carol R. Hill
Director of Communications for Harvard Developments Inc., A Hill Company (Saskatchewan)



Mark Dobbin
Founder & President,
Killick Capital Inc.
(Newfoundland and Labrador)

TALENT FUND PARTNERS AND DONORS

Principal partners

Bell Media
Corus Entertainment

Donors

Bancor Inc.
Jim Banister
John Dielwart
Douglas D. Everett
Tony and Daniela Franceschini
Dawn Frail and Tim Margolian
Steven Funk
Heather and Fred Gallagher
Ronald L. and C. Jane Graham
Ross Grieve and Kathy Grieve
Brian Hastings
Elizabeth Ruth Hastings
Louie Lawen
Orion Capital Incorporated
Herb Pinder
Jeffrey and Jackie Polovick
Myrna D. Porter
RGG Management Ltd.
Richardson Foundation Inc.
Sanford Riley
Dr. Kenneth Rockwood and Susan E. Howlett
Kathleen Sendall
Jeannie Senft
Rod Senft
Grant and Elsie Smith
The Jeffrey and Marilyn McCaig Family Foundation
Michael J. Tims
Rosalee J. Tithof

2013-2014 donors

Entertainment One Films Canada Inc.
Frederick Gallagher
Brian Hastings
Elisabeth Ruth Hastings
Carolyn Hursh and Lawrence Hursh
Kivuto Solutions Inc.
Kathleen Sendall
The Virmani Family Charitable Foundation

FILMS (PRODUCTION, DEVELOPMENT AND PROMOTION STAGES) AND PROMOTIONAL EVENTS SUPPORTED BY THE TALENT FUND

Production and development

The Breadwinner
Butterfly Tale
Embargo Collective II
Hunters of the Star
Hyde'n'Zeke
Magic Veil
Remember
Space Cadet
Todd & The Book of Pure Evil: The End of The End
2 acteurs et la mort
Ego trip
La guerre des tuques 3D
Guibord s'en va-t-en guerre
Mafia inc.
Mile End, Les héritiers
Mission Yéti
Les nombrils
Route 66
Le train du nord
Le trésor de Morgäa
Y meurt à fin

Promotion

Canada Stars in Awards Season
Eye on TIFF (Toronto International Film Festival)
IPEDA online pilot project
Movie Nights in Canada
Palm Springs International Film Festival
Mommy—Oscar campaign
La passion d'Augustine

GOVERNANCE

Telefilm is a Crown corporation subject to the *Telefilm Canada Act* as well as to certain provisions of the *Financial Administration Act* (FAA). In order to ensure that the Corporation operates with a certain measure of independence, Parliament has chosen to exempt Telefilm from the application of most articles found in Part X of the FAA; as such, Telefilm is subject to only a few of the provisions contained in that section of the Act. The Corporation's mandate is to foster and promote the development of the audiovisual industry in Canada and to act in connection with agreements with the Department of Canadian Heritage for the provision of services or programs relating to the audiovisual or sound recording industries. This very broad mandate allows Telefilm to play a leadership role within the Canadian audiovisual industry, among other things by offering the industry funding programs adapted to each of the various stages of the business cycle. Furthermore, in compliance with the FAA, Telefilm's Chair submits to the Minister of Canadian Heritage and Official Languages an annual report on the activities and results of the fiscal year as well as the Corporation's related financial statements and the related audit report from the Office of the Auditor General of Canada. The annual report is reviewed and approved by the members of Telefilm's Board of Directors.

BOARD OF DIRECTORS

The Board of Directors supervises the management of Telefilm's activities and business with the objective of enabling the organization to fulfill its mandate in an optimal manner. It comprises six members appointed by the Governor in Council, as well as the Government Film Commissioner, who is appointed as per the provisions of the *National Film Act*. The Governor in Council designates one of the members of the Corporation to serve as chairperson of the Corporation during pleasure. Under the *Telefilm Canada Act*, Board members must meet at least six times during the year. The Board adopts a business plan and strategic framework that takes into account the organization's priorities, business opportunities and risks. The Board fulfills its management role and has defined its fiduciary responsibilities through a mandate that covers, among other things:

- Corporate strategies;
- Human resources and performance assessment;
- Internal controls and financial matters; and
- Governance and communications.

The Board has developed exemplary governance practices to ensure that its meetings are planned, structured and effective. Moreover, the Board takes all reasonable measures to ensure that management systems and practices in effect meet the Board's needs and provide it with the necessary confidence in the integrity of the information generated. The Executive Director attends all meetings, and certain managers are invited to speak on specific matters that require in-depth consideration. Generally, meetings are held at the head office in Montréal. In most cases, a meeting is followed by an in-camera session so that members may discuss issues without the presence of management.

During the fiscal year, the Board addressed a number of topics of interest, including some that were queried through its committees. In this regard, the Board approved a new three-year Strategic Plan (2015-2018), which shall enable the Corporation to achieve its mission in an environment where new technologies are affecting access to audiovisual works on a daily basis.

BIOGRAPHIES[16]

Michel Roy
Chair of the Board

Appointment date
October 2007

Length of term
Renewed for 5 years, ending in October 2017

Experience
Public administrator
– Quebec Deputy Minister for Tourism and for Communications
– Business management consultant
– Film editor for television, content creator, author and recorded musician and composer

Elise Orenstein, LL.B.
Vice-Chair of the Board and Chair of the Audit and Finance Committee

Appointment date
December 2006

Length of term
Renewed for 5 years, ending in December 2016

Experience
Lawyer
– Corporate, commercial and intellectual property law for convergent media and entertainment sectors

G. Grant Machum, LL.B.
Chair of the Nominating, Evaluation and Governance Committee

Appointment date
May 2008

Length of term
Renewed for 5 years, ending in February 2020

Experience
Lawyer, partner
– Labour law and corporate governance
– Chair of NSCAD University (Nova Scotia College of Art and Design)
– Member of various boards
– Community fundraiser

16. For longer versions of members' biographies, please consult the Board members section on Telefilm's website. Members shown here were in office as at March 31, 2015.

BIOGRAPHIES

Ram Raju
Chair of the Strategic Planning and Communications Committee

Appointment date
May 2010

Length of term
5 years, ending in May 2015[17]

Experience
Internet entrepreneur
- Internet entrepreneur in digital media and management
- Vice-President, Canadian Association of Campus Computer Stores
- Professor of Information Systems, Dalhousie University

Corey Anne Bloom, CPA, CA, CA·IFA, CFF, CFE
Member

Appointment date
October 2013

Length of term
5 years, ending in September 2018

Experience
Chartered Accountant and CA-designated specialist in Investigative and Forensic Accounting and Certified Fraud Examiner
- Experienced in fraud investigations, forensic accounting, dispute resolution, litigation support, IT forensics and auditing
- Served as Chair of the International Board of Regents of the Association of Certified Fraud Examiners and led the fraud advisory services practice as well as the forensic IT practice of a large accounting and consulting firm

Claude Joli-Cœur, LL.L.
Ex-officio member

Appointment date
January 2014

Length of term
Interim for a period of 10 months. Formal appointment as Government Film Commissioner and Chair of the National Film Board in November 2014, for a period of five years, ending in November 2019.

Experience
Lawyer
- Acting Government Film Commissioner and Chair of the National Film Board of Canada
- Senior executive in charge of business affairs and legal services, strategic planning and government relations, and corporate communications, National Film Board of Canada
- Specialist in entertainment law and international coproductions
- Board member of the Canadian Retransmission Collective

17. Ram Raju's term has since been renewed until May 2020.

INDEPENDENCE OF THE BOARD

Section 5 of the *Telefilm Canada Act* ensures that all members remain independent by providing that no person who has, directly or indirectly and individually or as a shareholder, partner or otherwise, any pecuniary interest in the audiovisual industry is eligible to be appointed or to hold office as a member. Coupled with this guarantee of independence is the members' obligation, under Telefilm's Bylaw 1, to disclose to the Chair any private interest which might otherwise place them in a situation of conflict of interest with their official duties, and to abstain from voting on any resolution that would place them in a conflict of interest situation. All members must also submit an annual declaration of interest form. Members are also subject to the provisions of the *Conflict of Interest Act*. Finally, all members are independent from the Management Committee.

APPOINTMENTS

As of November 2014, Claude Joli-Cœur was formally appointed Government Film Commissioner and Chair of the National Film Board. Moreover, Elise Orenstein officially became Chair of the Audit and Finance Committee in June 2014. Finally, in February 2015, G. Grant Machum's mandate was renewed for five years and, in March 2015, he was re-appointed to the Nominating, Evaluation and Governance Committee. Except for the Government Film Commissioner, all members of Telefilm's Board are part-time public office holders who are appointed through a selection process based on several criteria. All appointments and renewals are made upon the recommendation of the Minister of Canadian Heritage and Official Languages to the Governor in Council.

THE BOARD AND ITS COMMITTEES

To help it fulfill its responsibilities, the Board has established three committees. Each committee has its own charter and serves to address issues that require specific expertise. Committees make recommendations to the Board on matters that fall within their area of competence. Committees regularly invite senior managers to attend meetings, a practice that fosters direct communication and alignment with the Corporation's objectives. Board members who do not sit on a given committee are not required to attend committee meetings.

Audit and Finance Committee
This committee's main responsibility is to address issues of a financial nature as well as those relating to risk management. It is made up of three Board members, and Elise Orenstein served as Chair. Representatives from the Office of the Auditor General of Canada as well as the internal auditor, the Executive Director, the Director, Administration and Corporate Services and the Controller are invited to all committee meetings. Managers present information and the various issues are discussed among committee members and auditors. Every quarter, the committee addresses topics of interest such as budgets and financial and auditing results.
The committee met five times during the fiscal year.

Strategic Planning and Communications Committee
The support provided to the Board by this committee relates to, among other things, strategic planning processes and the implementation of communication strategies. During the fiscal year, the committee worked mainly on preparing the 2015-2018 Strategic Plan. The committee was chaired by Ram Raju and met three times.

Nominating, Evaluation and Governance Committee
This committee supports the Board mainly on issues relating to human resources management. Moreover, it reviews, as needed, topics of interest pertaining to human resources such as performance evaluation, the Compensation Policy and the Policy on Incentive Programs. During the fiscal year, the committee verified the compliance of Telefilm's performance evaluation process. The committee is chaired by G. Grant Machum and met once during the fiscal year.

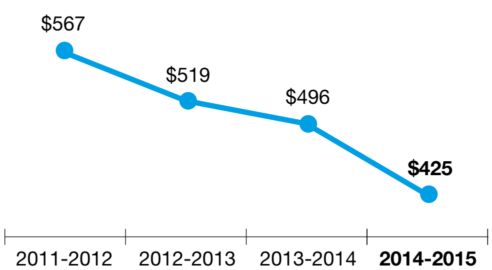
BOARD MEETINGS: COMPENSATION AND ATTENDANCE

Board members[18] are remunerated for their attendance at meetings and for other activities inherent to their duties. Compensation is aligned with guidelines governing remuneration of part-time public office holders appointed to Crown corporations by the Governor in Council. The Corporation pays a yearly honorarium to the Board Chair and grants all directors, including the Chair, a per diem allowance for Board and committee meeting preparation and for each day they attend meetings. Amounts are paid as follows:

- Chair's annual remuneration: between $7,100 and $8,400;
- Per diem allowance: between $275 and $325.

The following graph lists in thousands of dollars the levels of expenses incurred by the Board and its committees, including those related to the holding of meetings and the Annual Public Meeting as well as to internal auditing work.

Board expenses have decreased by 25% since 2011-2012



The following table outlines members' attendance at various meetings:

	Board of Directors 7 members 6 meetings	Audit and Finance Committee 3 members 5 meetings	Strategic Planning and Communications Committee 3 members 3 meetings	Nominating, Evaluation and Governance Committee 3 members 1 meeting
Michel Roy	6	5	3	1
Elise Orenstein	6	5	3	1
G. Grant Machum	5	–	–	1
Ram Raju	5	–	3	–
Corey Anne Bloom	4	3	–	–
Claude Joli-Cœur	5	–	–	–

18. As an officer within the federal public administration and ex-officio member of the Board of Directors, the Government Film Commissioner is not entitled to receive remuneration.

MANAGEMENT COMMITTEE

The Management Committee is the Executive Director's primary instrument for discussion of strategic, planning and organizational matters. The committee addresses all issues pertaining to the Corporation's policies and directions. The Executive Director and the directors responsible for the Corporation's activities sit on the committee, which generally meets once a week.

Members[19]	**Responsibilities**
Executive Director **Carolle Brabant**, FCPA, FCA, MBA	Responsible for the Corporation's management and results, reports to the Board of Directors. In collaboration with the Board, defines the strategic directions of the corporate plan and implements them through the Management Committee. Aims to develop and maintain a culture of success within the Corporation and in the industry. Ensures the provision of services for the development and promotion of the Canadian audiovisual industry at home and abroad.
Director, National Promotion and Communications **Francesca Accinelli**[20]	Responsible for internal and external communications, and nationwide marketing, Web and social media initiatives. Strengthens and enhances Telefilm's brand image nationally and internationally. Ensures increased visibility and promotion of Canadian talent and works among the general public through print, social media and national events.
Director, International Promotion **Sheila de La Varende**	Responsible for the promotion strategy that aims to increase the visibility and availability of talent, companies and Canadian content for screens on the international scene. Responsible for developing initiatives that position the content in international festivals and that stimulate international sales and coproductions. Develops, coordinates and maintains international relations and partnerships.
Acting Director, Business Affairs and Coproduction **Roxane Girard**[21], CPA, CA, MBA	Responsible for the administration of financing agreements, delivery of regional and national events and provision of services related to the agreement with the Canada Media Fund. Responsible for providing audiovisual treaty coproduction recommendations. Serves as Chair of the Operational Committee.
Director, Public and Government Affairs **Jean-Claude Mahé**	Responsible for strategic liaison with the Department of Canadian Heritage and other federal and provincial departments and agencies. Acts as contact person for all questions related to government policies. Develops and implements promotion and networking activities that help forge ties among the Canadian audiovisual industry, public spheres and the business community. Responsible for the Talent Fund.
Director, Legal Services and Access to Information **Stéphane Odesse** LL.B.	Develops and applies legal strategies on a wide range of issues for the Corporation. Interprets Telefilm Canada's governing legislation, regulations and questions pertaining to governance and financing agreements. Acts as a key legal resource in the setting of standards and legal policies. As Corporate Secretary, ensures the good governance of the Board and its committees.
Director, Administration and Corporate Services **Denis Pion**	Responsible for administrative duties related to finance, human resources, information technologies, material resources and risk management. Responsible for the administration of the Services Agreement with the Canada Media Fund. Serves as Chair of the Human Resources Committee and takes part in all meetings of the Audit and Finance Committee.
Director, Project Financing **Michel Pradier**	Leads the team responsible for making project financing decisions. Ensures that financing decisions result in a portfolio of projects that meet the Corporation's performance objectives. Acts as representative of the Corporation during information and consultation sessions with the industry and various associations.
Strategy and Research Self-directed team	Takes part in the development and implementation of organizational strategy, manages strategic initiatives and provides support and follow-up for the corporate plan. Responsible for implementing and delivering research plans, and ensuring their internal and external communication, in support of the corporate plan.

19. Members shown were in office as at March 31, 2015.
20. Starting date: May 12, 2014
21. Starting date: February 2, 2015

MANAGEMENT COMMITTEE AND ITS SUBCOMMITTEES

The work of the Executive Director is supported by subcommittees that provide in-depth consideration of specific topics having varying degrees of complexity. Subcommittee minutes are circulated at each meeting of the Management Committee, thus ensuring that information is well communicated. The Executive Director grants decision-making powers to the subcommittees, which act to resolve operational issues. This approach allows the Management Committee to focus its attention primarily on strategic matters. The responsibilities of each subcommittee are set out in a charter.

Operational Committee
The Operational Committee assists the Executive Director mainly with respect to decision-making involving the application or interpretation of guidelines or policies. This committee may make decisions on a wide range of topics in relation to the Corporation's funding programs. The committee met 13 times during the fiscal year and the Director, Business Affairs and Coproduction, Dave Forget, served as Chair until January 2015. Roxane Girard, Director, Business Affairs and Coproduction, later officiated as acting president.

Human Resources Committee
The Human Resources Committee assists the Executive Director by supporting the Human Resources department in the development, update, application and interpretation of human resources policies and in responding to any situation that departs from normal practice. A representative of the Human Resources department is invited to take part in committee meetings at all times. The committee generally meets monthly. During the fiscal year, the committee met 13 times and was chaired by the Director, Administration and Corporate Services, Denis Pion.

Risk Management Committee
The Risk Management Committee assists the Executive Director in identifying, assessing and prioritizing risks and risk mitigation measures to ensure risks are properly monitored. Moreover, it is responsible for implementing the risk management process. The committee met twice during the fiscal year and was chaired by the Executive Director, Carolle Brabant.

Appeal Committee
The Appeal Committee reviews decisions that are appealed by clients as well as decisions made by the Human Resources Committee and appealed by employees. No appeals were filed or meetings of the committee held during the fiscal year. The committee is chaired by the Executive Director, Carolle Brabant.

Communications Committee
The Communications Committee was abolished following the arrival of the Director, National Promotion and Communications, Francesca Accinelli.

COMMITTEE MEETINGS: COMPENSATION AND ATTENDANCE

All members of the Management Committee are full-time employees of the Corporation. The remuneration of the Executive Director is set by the Privy Council Office. The salary scale for other members of the Committee ranges from $110,800 to $201,400, with the average salary being $144,400.

The following table outlines the Management Committee members' attendance at various meetings:

	Management Committee 9 members 33 meetings	**Operational Committee** 5 members 13 meetings	**Human Resources Committee** 3 members 13 meetings	**Risk Management Committee** 9 members 2 meetings
Executive Director	33	–	2	2
Director, National Promotion and Communications	26	1	7	2
Director, International Promotion	28	7	3	2
Acting Director, Business Affairs and Coproduction[22]	30	12	6	2
Director, Public and Government Affairs	31	7	–	2
Director, Legal Services and Access to Information	30	5	4	2
Director, Administration and Corporate Services	31	10	13	2
Director, Project Financing	26	12	5	2
Rotation of employees, Strategy and Research[23]	30	2	2	1

AUDITING

The Corporation's accounts and financial transactions are audited annually by the Auditor General of Canada. In addition, the FAA requires that the Auditor General conduct a special examination of the Corporation at least once every 10 years. The latest review was conducted in 2010, and its results are available on the Corporation's website. The FAA also requires that Telefilm conduct internal audits. The Corporation engages an outside firm to conduct these audits, and the firm's audit reports are submitted to the Audit and Finance Committee.

PERFORMANCE EVALUATION

Performance evaluation is a key process that makes it possible to recognize good performance and foster a culture of continuous improvement. To this end, the Board members, the Executive Director and all personnel are subject to an annual evaluation:

– The Board evaluates its own performance as well as that of its various committees by means of a Board Assessment Performance Policy. This process involves, among other things, an evaluation of the Board's composition, of the knowledge of its members, of its responsibilities and of its workings. A special review of each committee also makes up this evaluation.

– The performance evaluation of the Executive Director, conducted by the Nominating, Evaluation and Governance Committee and then subject to Board approval, is governed by the Performance Management Program Guidelines—Chief Executive Officers of Crown Corporations. Evaluation criteria focus on performance results in various areas of activity including, among others, policies and programs, management, stakeholder relations, leadership and corporate results.

– The performance evaluation of the Management Committee and each of its subcommittees is conducted by committee members and by the Executive Director.

– Finally, employee performance evaluations are conducted twice a year in accordance with the Corporation's Policy on Performance Assessment. This evaluation process focuses on, among other things, the achievement of set objectives for the fiscal year, expected proficiency levels, expectations pertaining to job responsibilities, and learning goals.

22. Cumulative attendance of Roxane Girard and Dave Forget, Director, Business Affairs and Coproduction (the latter left the organization in January, 2015).

23. Cumulative attendance of employees and of Sylvie L'Écuyer, Director, Strategy and Research (the latter left the organization in May, 2014).

ORIENTATION AND TRAINING

Training is an essential part of maintaining best practices of corporate governance; it also enables Board members to perform their duties in an optimal manner. To these ends, Board members are given an opportunity to participate in seminars, courses and training based on the requirements of their duties and an assessment of their needs. The Corporation also expects to benefit from improved employee competencies and achieves this through a professional development training plan, whose purpose is to provide employees with the skills needed to achieve the corporate plan. In this regard, the Corporation met the training needs required by most of its employees. In addition, two co-development cohorts were set up, allowing managers to perfect their managerial skills through the use of real-life case studies. Finally, a majority of employees participated in a training workshop aimed at fostering cohesion, collaboration and communication within their teams.

VALUES AND ETHICS

The Corporation endeavours to promote exemplary ethical practices, and to this end all persons appointed by Order in Council—the Chair, Board members and the Executive Director—are subject to the *Conflict of Interest Act*. Telefilm employees, for their part, are subject to the *Code of Conduct for Telefilm Canada*, which consists of the Treasury Board's *Values and Ethics Code for the Public Sector*, the *Code of Values for Telefilm Canada* and the Policy on *Conflict of Interest and Post-Employment*. Respecting the *Code of Conduct for Telefilm Canada* is a condition of employment for employees, regardless of the position they hold. Employees are also required to sign, annually, a statement declaring that they undertake to comply with the Code. This Code is available to the public upon request.

FORMAL COMPLAINTS

Telefilm has a formal complaint process for its clients that supplements existing mechanisms included in its *Customer Service Charter*. During the 2014-2015 fiscal year, a new formal complaint was filed under this procedure. Furthermore, in accordance with the *Public Servants Disclosure Protection Act*, Telefilm employees and members of the public may disclose wrongdoings that they think have been committed, or that they believe are about to be committed, by following the procedure described on the website of the Office of the Public Sector Integrity Commissioner of Canada. No complaints or disclosures of wrongdoing were submitted during the fiscal year.

COMMUNICATION

Ties with the Government of Canada

The Corporation uses a structure that fosters effective strategic ties with the Department of Canadian Heritage and other federal and provincial departments and agencies. To this end, the Public and Governmental Affairs sector acts as a special liaison for all questions on government policies.

Annual Public Meeting

In compliance with the FAA, the Corporation held its Annual Public Meeting in Ottawa in December 2014. At the meeting, the Corporation presented its achievements for the 2013-2014 fiscal year. The public, various industry members and the media were given the opportunity to interact with the Chair of the Board, Michel Roy, the Vice-Chair of the Board and Chair of the Audit and Finance Committee, Elise Orenstein, the Chair of the Strategic Planning and Communications Committee, Ram Raju, the Chair of the Nominating, Evaluation and Governance Committee, G. Grant Machum, and the Government Film Commissioner and Chairperson of the National Film Board of Canada, Claude Joli-Coeur. Also present were the Executive Director, Carolle Brabant, as well as several members of the Management Committee. Details of Telefilm's achievements are available in a video presentation and in the full annual report, both found on our website.

FINANCIAL STATEMENTS

Fiscal year ended March 31, 2015

MANAGEMENT REPORT

The financial statements of Telefilm Canada are the responsibility of management and have been approved by the Board of Directors of the Corporation. These financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies are disclosed in Note 2 to the financial statements. Where appropriate, the financial statements include estimates based on the experience and judgment of management. Management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent with the financial statements.

Management maintains accounting, financial, information and management control systems, together with management practices, designed to provide reasonable assurance that reliable and relevant information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. The internal control systems are periodically reviewed by the Corporation's internal auditors. These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with Part VIII of the *Financial Administration Act*, chapter F-10 of the Revised Statutes of Canada 1970, as it read immediately before September 1, 1984, as if it had not been repealed and as if the Corporation continued to be named in Schedule C to that Act, with the relevant sections of Part X of the *Financial Administration Act*, with the *Telefilm Canada Act* and with the by-laws and policies of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting as stated above. The Board exercises its responsibilities through the Audit and Finance Committee, which consists of directors who are not officers of the Corporation. The Committee reviews the quarterly financial statements, as well as the annual financial statements and related reports and may make recommendations to the Board of Directors with respect to these and/or related matters. In addition, the Committee periodically meets with the Corporation's internal and external auditors, as well as with management, to review the scope of their audits and to assess their reports.

The external auditor, the Auditor General of Canada, conducts an independent audit of the financial statements, and reports to the Corporation and to the Minister of Canadian Heritage and Official Languages.

Montréal, Canada

June 18, 2015

Carolle Brabant, FCPA, FCA, MBA
Executive Director

Denis Pion
Director—Administration and Corporate Services

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Telefilm Canada, which comprise the statement of financial position as at 31 March 2015, and the statement of operations, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of Telefilm Canada as at 31 March 2015, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of Telefilm Canada that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Telefilm Canada Act* and the by-laws of Telefilm Canada.

René Béliveau, CPA auditor, CA
Principal
for the Auditor General of Canada

18 June 2015
Montréal, Canada

STATEMENT OF OPERATIONS

Year ended March 31

In thousands of Canadian dollars	Schedules	2015 Budget	**2015**	2014
Assistance expenses				
Development of the Canadian audiovisual industry				
Production assistance		59,800	**60,831**	65,121
Development assistance		7,825	**7,773**	9,157
		67,625	**68,604**	74,278
Promotional support in Canada and abroad				
Distribution and marketing assistance		11,280	**11,241**	9,093
Promotion		6,850	**6,364**	6,296
Participation in international events		2,235	**2,847**	2,519
		20,365	**20,452**	17,908
		87,990	**89,056**	92,186
Operating and administrative expenses	A	25,885	**24,148**	25,793
Cost of operations		113,875	**113,204**	117,979
Revenues				
Investment revenues and recoveries		10,000	**10,527**	12,157
Management fees from the Canada Media Fund	B	10,003	**9,974**	9,809
Talent Fund		–	**1,864**	134
Interest and other revenues		85	**302**	91
		20,088	**22,667**	22,191
Net cost of operations before government funding		93,787	**90,537**	95,788
Government funding				
Parliamentary appropriation		95,454	**95,454**	99,975
Surplus for the year		1,667	**4,917**	4,187
Accumulated surplus, beginning of year		20,256	**20,256**	16,069
Accumulated surplus, end of year		21,923	**25,173**	20,256

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

STATEMENT OF FINANCIAL POSITION

As at March 31

In thousands of Canadian dollars	Notes	**2015**	2014
Financial assets			
Due from Consolidated Revenue Fund	6	**47,596**	49,137
Cash—Talent Fund	4	**552**	170
Accounts receivable	5 and 6	**4,196**	3,054
Receivable from the Canada Media Fund		**3,348**	2,720
Loan	7	**655**	–
		56,347	55,081
Liabilities			
Accounts payable and accrued liabilities	6	**2,297**	2,025
Deferred revenues—Talent Fund	4	**206**	–
Financial assistance programs obligations	8	**32,316**	35,779
Liabilities for employee future benefits	9	**829**	1,000
		35,648	38,804
Net financial assets		**20,699**	16,277
Non-financial assets			
Tangible capital assets	10	**2,581**	1,817
Prepaid expenses		**1,893**	2,162
		4,474	3,979
Accumulated surplus		**25,173**	20,256

Commitments (Note 12) and contingencies (Note 13)

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

Approved by the Board:

Michel Roy
Chair

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended March 31

In thousands of Canadian dollars	2015 Budget	**2015**	2014
Surplus for the year	1,667	**4,917**	4,187
Tangible capital asset transactions			
Amortization	510	**553**	737
Acquisitions	(2,525)	**(1,317)**	(969)
Other transactions			
Acquisitions of prepaid expenses	(750)	**(1,893)**	(2,162)
Use of prepaid expenses	1,900	**2,162**	1,724
Increase in net financial assets	802	**4,422**	3,517
Net financial assets, beginning of year	16,277	**16,277**	12,760
Net financial assets, end of year	17,079	**20,699**	16,277

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

STATEMENT OF CASH FLOWS

Year ended March 31

In thousands of Canadian dollars	**2015**	2014
Operating activities		
Surplus for the year	**4,917**	4,187
Items not affecting cash:		
Decrease in liabilities for employee future benefits	**(171)**	(1,250)
Amortization of tangible capital assets	**553**	737
	5,299	3,674
Changes in non-cash financial items:		
Increase in accounts receivable	**(1,142)**	(482)
Decrease (increase) in receivable from the Canada Media Fund	**(628)**	253
Increase (decrease) in accounts payable and accrued liabilities	**272**	(41)
Increase in deferred revenues—Talent Fund	**206**	–
Decrease in special termination benefits payable	**–**	(336)
Increase (decrease) of financial assistance programs obligations	**(3,463)**	2,049
Decrease (increase) in prepaid expenses	**269**	(438)
	813	4,679
Capital activities		
Acquisitions	**(1,317)**	(969)
Investing activities		
Loan granted	**(655)**	–
Increase (decrease) in Due from Consolidated Revenue Fund and Cash—Talent Fund	**(1,159)**	3,710
Due from Consolidated Revenue Fund and Cash—Talent Fund, beginning of year	**49,307**	45,597
Due from Consolidated Revenue Fund and Cash—Talent Fund, end of year	**48,148**	49,307
Additional information presented in operating activities		
Interest received	**73**	91

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

NOTES TO FINANCIAL STATEMENTS

Fiscal year ended March 31, 2015
The amounts shown in the accompanying tables to the financial statements are expressed in thousands of Canadian dollars unless otherwise indicated.

1 AUTHORITY AND ACTIVITIES

The Corporation was established in 1967 by the *Telefilm Canada Act*. The mandate of the Corporation is to foster and promote the development of the Canadian audiovisual industry. The Corporation may also act through agreements with the Department of Canadian Heritage for the provision of services or the management of programs relating to the audiovisual or sound recording industries.

The Corporation is a Crown corporation subject *inter alia* to Part VIII of the *Financial Administration Act*, chapter F-10 of the Revised Statutes of Canada 1970, as it read immediately before September 1, 1984, as if it had not been repealed and as if the Corporation continued to be named in Schedule C to that Act. The Corporation is also subject to certain provisions of Part X of the *Financial Administration Act*.

The Corporation is not subject to income tax laws.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (CPSAS). The significant accounting policies followed by the Corporation are as follows:

A. MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with CPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses and revenues during the reporting period. The most significant items for which estimates are used are the allowance for bad debts, the useful life of tangible capital assets, liabilities for employee future benefits and contingencies. Actual results could differ from those estimates and such differences could be material.

B. ASSISTANCE EXPENSES

Assistance expenses represent all forms of assistance granted by the Corporation to develop the Canadian audiovisual industry and support Canadian content in Canada and abroad. They are carried out mainly through investments, forgivable advances, grants and contributions. Financial assistance granted is recognized as government transfers. The Corporation recognizes financial assistance in the statement of operations as assistance expenses in the year in which the expense is authorized and the recipient meets the eligibility criteria. The Corporation recognizes the balances it has contractually committed to disburse as financial assistance programs obligations.

Investments in productions entitle the Corporation to copyright ownership, and advances are generally carried out by awarding project development, production, and distribution and marketing assistance contracts. Certain advances are convertible into investments in lieu of repayment. When this occurs, the advance is converted into an investment through assistance expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. REVENUES

i. Investment revenues and recoveries
Investment revenues and recoveries of advances made in production represent a percentage of production revenues stipulated in agreements and contractually payable to the Corporation. Recoveries are also derived from the repayment of other forgivable advances granted whose contractual conditions have been met. These amounts are recorded on an accrual basis while bad debt losses are accounted for through assistance expenses.

ii. Management fees
Management fees represent the reimbursement of costs incurred when administering and delivering Canada Media Fund funding programs. Fees are recorded on an accrual basis.

iii. Interest and other revenues
Interest and other revenues are recorded on an accrual basis.

D. GOVERNMENT FUNDING

The Corporation obtains funding through a parliamentary appropriation. As this funding is free of any stipulation limiting its use, it is recorded as government funding in the statement of operations up to the authorized amount where eligibility criteria have been met.

E. 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 are received from individuals and companies. These revenues are deposited into a separate bank account and recorded under Cash—Talent Fund in the statement of financial position. Revenues may or may not be subject to external restrictions with respect to language, genre and program. Revenues free from external restrictions are recognized in the statement of operations in the fiscal year during which they are received whereas revenues subject to external restrictions are recognized in the statement of operations in the fiscal year during which they are used for the stated purpose. Unused revenues subject to external restrictions are presented 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 cover all assistance expenses.

F. DUE FROM CONSOLIDATED REVENUE FUND

Due from Consolidated Revenue Fund includes the Corporation’s aggregate banking transactions, which are processed by the Receiver General for Canada.

G. CASH—TALENT FUND

Cash—Talent Fund consists of the cash balance from revenues received. This cash is used to finance projects and activities supported by the Fund.

H. LOAN

The Corporation granted a loan to a production company. The loan is recognized at the lower of amortized cost and net recoverable amount. Interest income is recorded when earned, as per the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. FINANCIAL INSTRUMENTS

The Corporation's financial instruments are all recorded at cost or amortized cost in the statement of financial position. Financial assets consist of assets that could be used to settle existing liabilities or fund future activities. At every year-end, the Corporation evaluates whether there is any objective evidence of impairment of financial assets or groups of financial assets. The Corporation performs an individual analysis of its financial assets to determine the allowance for bad debts. Factors taken into consideration to assess impairment are the age of the receivable, payment history and compliance with the current repayment agreement, if any. If such evidence exists, the carrying amount of the financial instrument as well as the related allowance is reduced to account for this loss in value.

The Corporation holds the following financial assets, some of which are recorded net of allowance for bad debts:

- Cash—Talent Fund;
- Accounts receivable;
- Receivable from the Canada Media Fund;
- Loan.

Financial liabilities consist of:

- Accounts payable and accrued liabilities;
- Deferred revenues—Talent Fund;
- Financial assistance programs obligations.

J. LIABILITIES FOR EMPLOYEE FUTURE BENEFITS

i. Pension plan
Eligible employees of the Corporation benefit from the Public Service Pension Plan, a defined contributory pension plan constituted under an act and sponsored by the Government of Canada. Contributions to the plan are made by both employees and the Corporation. This pension plan provides benefits based on years of service and average earnings of the best five consecutive years. Employer contributions are based on the Public Service Pension Plan and reflect the full cost for the Corporation. This amount is based on a multiple of employee contributions and may change over time depending on the Plan's financial position. The Corporation's contributions are recognized during the year in which the services are rendered and represent its total pension benefit obligation. The Corporation is not required to make contributions in respect of any actuarial deficiencies of the Public Service Pension Plan.

ii. Severance benefits
Eligible employees were entitled to severance benefits as stipulated in their conditions of employment and the cost of these benefits was recognized in the statement of operations in the year in which they were earned.
The severance benefit obligation was calculated based on management's assumptions and best estimates of future salary changes, employee age, years of service and the probability of departure due to resignation or retirement. Following the Treasury Board Secretariat's request, in September 2013 the Corporation decided to terminate these benefits. Since March 31, 2014, severance benefits are no longer accumulated and have been paid to most employees. The obligation is adjusted at fiscal year-end to reflect the current salary of employees who have decided to defer payment to the time of employment termination or retirement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

iii. Sick leave

Employees are entitled to sick leave as stipulated in their conditions of employment. Unused sick leave accrues but cannot be converted into cash. The cost of sick leave is recognized in the statement of operations in the year it is earned. The obligation is calculated on a present value basis using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary changes, employee age, the probability of departure, retirement age and the discount rate. These assumptions are reviewed annually.

iv. Parental leave

Employees are entitled to parental leave as stipulated in their conditions of employment. The Corporation tops up employees' employment insurance benefits up to a set percentage of their gross salary. The Corporation recognizes a liability for the entire duration of the parental leave at the time employees submit an application and sign the agreement as stipulated by their conditions of employment.

K. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over their respective useful lives using the following rates or periods:

Assets	Rates/periods
Leasehold improvements	Terms of the leases
Technological equipment	20%
Furniture	10%
Software	Between 14% and 25%

Tangible capital assets related to work in progress are not subject to amortization. When work in progress is completed, the tangible capital asset portion is reclassified to the appropriate line item of tangible capital assets and is amortized in accordance with the Corporation's policy.

3

CHANGES IN STANDARDS

The Public Sector Accounting Standards Board (PSAB) issued Section PS 2200, *Related Party Disclosures* on March 2015. The section specifies the definition and identification criteria for a related party, the circumstances under which information on transactions with related parties must be disclosed and the disclosure obligations. This new standard will be effective for fiscal years beginning on or after April 1, 2017 with early adoption permitted. The Corporation has not yet assessed its impact.

The amounts shown in the accompanying tables to the financial statements are expressed in thousands of Canadian dollars unless otherwise indicated.

4

TALENT FUND

The transactions specific to the Talent Fund are shown in the tables below:

Year ended March 31	Other donors	Bell Media	Corus Entertainment	**Total 2015**	Total 2014
REVENUES					
Donations	119	–	–	**119**	134
Contributions	–	1,143	808	**1,951**	–
Deferred revenues	–	(42)	(164)	**(206)**	–
	119	1,101	644	**1,864**	134
ASSISTANCE EXPENSES					
Production assistance	43	714	184	**941**	–
Development assistance	40	–	460	**500**	–
Distribution and marketing assistance	70	280	–	**350**	–
Promotion	–	62	–	**62**	–
Participation in international events	–	45	–	**45**	–
	153	1,101	644	**1,898**	–
Surplus (deficit)	(34)	–	–	**(34)**	134

Furthermore, the Corporation incurred $207,700 in expenses related to business development and promotion of the Fund ($182,700 for the previous fiscal year). The contributions of Bell Media and Corus Entertainment are subject to external restrictions.

Year ended March 31	Other donors	Bell Media	Corus Entertainment	**Total 2015**	Total 2014
DEFERRED REVENUES					
Balance, beginning of year	–	–	–	**–**	–
Contributions received	–	1,143	808	**1,951**	–
Contractual commitments recognized in revenues	–	(1,101)	(644)	**(1,745)**	–
Balance, end of year	–	42	164	**206**	–
CASH—TALENT FUND					
Balance, beginning of year	170	–	–	**170**	36
Receipts	119	1,143	808	**2,070**	134
Contractual payments under financial assistance programs	(153)	(974)	(561)	**(1,688)**	–
Balance, end of year	136	169	247	**552**	170

Fiscal year ended March 31, 2015
The amounts shown in the accompanying tables to the financial statements are expressed in thousands of Canadian dollars unless otherwise indicated.

5
ACCOUNTS RECEIVABLE

	March 31, 2015	March 31, 2014
Accounts receivable related to investment revenues and recoveries	**1,737**	1,325
Taxes to be recovered	**1,474**	1,302
Other accounts receivable	**985**	427
	4,196	3,054

6
RESTRICTED ASSETS AND LIABILITIES—CANADA NEW MEDIA FUND

Under contribution agreements with the Department of Canadian Heritage applicable to fiscal 2007-2008 and thereafter, all future receipts from projects previously funded via the Canada New Media Fund are to be returned to the Receiver General for Canada. The last agreement with the Department of Canadian Heritage expired on March 31, 2010. These assets and liabilities are therefore subject to an external restriction.

	March 31, 2015	March 31, 2014
Due from Consolidated Revenue Fund	**11**	–
Accounts receivable	**260**	391
Accounts payable and accrued liabilities	**271**	391

7
LOAN

During the fiscal year, the Corporation granted a $650,000 loan to a production company. The loan has no guarantees and bears interest at the Royal Bank of Canada's prime rate plus 2%, computed on a daily basis. The loan is repayable in seven equal quarterly instalments starting February 2017. Interest payments are made every quarter started in November 2014. Early repayment is possible at any time, without benefit or penalty.

The amounts shown in the accompanying tables to the financial statements are expressed in thousands of Canadian dollars unless otherwise indicated.

8

FINANCIAL ASSISTANCE PROGRAMS OBLIGATIONS

The Corporation is contractually committed to disburse sums under its financial assistance programs. The following table presents the expected payments in future years:

	2016	2017	2018	**Total March 31, 2015**	Total March 31, 2014
Contracts signed in fiscal:					
2011 and prior years	348	–	–	**348**	907
2012	329	–	–	**329**	942
2013	4,711	–	–	**4,711**	9,175
2014	6,291	1,064	25	**7,380**	24,755
2015	18,579	969	–	**19,548**	–
	30,258	2,033	25	**32,316**	35,779

The balance as at March 31, 2015 includes an amount of $210,500 for projects funded through the Talent Fund.

9

LIABILITIES FOR EMPLOYEE FUTURE BENEFITS

	Severance benefits	Sick leave	Parental leave	Total
Balance as at March 31, 2013	1,610	546	94	2,250
Cost for services rendered during the year	1,160	97	105	1,362
Benefits paid during the year	(2,417)	(90)	(105)	(2,612)
Balance as at March 31, 2014	353	553	94	1,000
Cost for services rendered during the year	5	75	90	170
Benefits paid during the year	(174)	(80)	(87)	(341)
Balance as at March 31, 2015	184	548	97	829

9. LIABILITIES FOR EMPLOYEE FUTURE BENEFITS (CONT.)

A. SEVERANCE BENEFITS OBLIGATION

The Corporation provided severance benefits to its eligible employees based on the nature of the departure, years of service and final salary at end of employment. This plan had no assets and a deficit equal to the accrued benefit obligation. These benefits ceased to accumulate as of March 31, 2014 as a result of the Corporation's decision to terminate these benefits. During the year, the obligation was adjusted to reflect the current salary of employees who have decided to defer payment to the time of employment termination or retirement. The benefits will be paid from future parliamentary appropriations.

B. SICK LEAVE OBLIGATION

The Corporation provides employees with sick leave benefits based on their salary and the sick leave entitlements they accrue over their years of service. Employees can carry entitlements forward but not convert them into cash. This plan has no assets and a deficit equal to the accrued benefit obligation.

To calculate the sick leave obligation, the Corporation uses an average daily salary of $292 ($291 in 2014), a 2.50% rate of salary increase (2.50% in 2014), a 3.00% annual average utilization rate (3.00% in 2014), a 1.50% discount rate (2.75% in 2014) and a 10.00% departure rate (10.00% in 2014). Benefits will be paid from future parliamentary appropriations and other funding sources.

C. PARENTAL LEAVE OBLIGATION

The Corporation tops up gross employment insurance benefits to 93.00% of the employee’s gross salary. Benefits will be paid from future parliamentary appropriations.

D. PENSION PLAN

The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of employees' required contribution. The required employer contribution rate for 2015 is dependent on the employee’s employment start date. For employment start dates before January 1, 2013, the Corporation’s contribution rate is 1.28 times the employee's contribution (2014—1.45); and for employment start dates after December 31, 2012, the Corporation’s contribution rate is 1.28 times the employee's contribution (2014—1.43). Total contributions of $1,851,000 are recognized as an expense in 2015 in salaries and employee benefits (2014—$1,921,000).

Fiscal year ended March 31, 2015
The amounts shown in the accompanying tables to the financial statements are expressed in thousands of Canadian dollars unless otherwise indicated.

10
TANGIBLE CAPITAL ASSETS

	Leasehold improvements	Technological equipment and furniture	Software	Work in progress	Total
COST					
Balance as at March 31, 2013	4,595	1,143	14,700	312	20,750
Acquisitions	674	98	134	63	969
Disposals	(553)	(139)	–	–	(692)
Transfers	19	–	293	(312)	–
Balance as at March 31, 2014	4,735	1,102	15,127	63	21,027
Acquisitions	3	3	43	1,274	1,323
Disposals	(5)	(1)	–	–	(6)
Transfers	31	–	32	(63)	–
Balance as at March 31, 2015	4,764	1,104	15,202	1,274	22,344
AMORTIZATION					
Balance as at March 31, 2013	(3,910)	(863)	(14,392)	–	(19,165)
Amortization	(482)	(82)	(173)	–	(737)
Disposals	553	139	–	–	692
Balance as at March 31, 2014	(3,839)	(806)	(14,565)	–	(19,210)
Amortization	(301)	(82)	(170)	–	(553)
Disposals	–	–	–	–	–
Balance as at March 31, 2015	(4,140)	(888)	(14,735)	–	(19,763)
Net carrying amount as at March 31, 2014	896	296	562	63	1,817
Net carrying amount as at March 31, 2015	624	216	467	1,274	2,851

are expressed in thousands of Canadian dollars unless otherwise indicated.

11
FINANCIAL INSTRUMENTS

A. FAIR VALUE

Cash—Talent Fund, accounts receivable, receivable from the Canada Media Fund, loan, accounts payable and accrued liabilities, deferred revenues—Talent Fund and financial assistance programs obligations are in the normal course of the Corporation's operations.

These financial instruments are measured at cost or amortized cost. Given that the Corporation holds no derivatives or equity instruments, no fair value measurement is required. Accordingly, the Corporation has not prepared a statement of remeasurement gains and losses.

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The Corporation is exposed to various financial risks arising from its operations. Management of financial risks is overseen by the Corporation's management. The Corporation does not enter into financial instrument contracts, such as derivatives, for speculative purposes.

i. Interest rate risk

Interest rate risk is defined as the Corporation's exposure to a loss in interest revenue or an impairment loss on financial instruments resulting from a change in interest rate. As substantially all the Corporation's financial instruments are short term, any change in interest rate would not have a material impact on the Corporation's financial statements. The Corporation's interest rate risk exposure is not significant.

ii. Liquidity risk

The Corporation is exposed to liquidity risk as a result of its financial liabilities: accounts payable and accrued liabilities, deferred revenues—Talent Fund and financial assistance programs obligations (Note 8). The following table shows the contractual maturities of accounts payable and accrued liabilities:

	March 31, 2015	March 31, 2014
1-30 days	**2,082**	1,845
31-90 days	**–**	–
91 days to 1 year	**215**	180
Total carrying amount and contractual cash flows	**2,297**	2,025

The Corporation believes that future cash flows from operations and access to additional cash from parliamentary appropriations will be adequate to meet its obligations. Under the oversight of senior management, the Corporation manages its cash resources based on financial and expected cash flow forecasts.

iii. Credit risk

The financial instruments that could expose the Corporation to a credit concentration risk consist mainly of accounts receivable, receivable from the Canada Media Fund and the loan.

are expressed in thousands of Canadian dollars unless otherwise indicated.

11. FINANCIAL INSTRUMENTS (CONT.)

ACCOUNTS RECEIVABLE

There is no concentration of accounts receivable from any client in particular, due to the nature of the client base and its geographic coverage. The Corporation is therefore protected against credit risk concentration. As at March 31, 2015, the maximum credit risk exposure to accounts receivable is equal to their carrying amount. The Corporation holds no security in respect of its claims. Accounts receivable by maturity and the related allowance for bad debts are detailed as follows:

	March 31, 2015	March 31, 2014
Current—30 days	**1,308**	1,843
31-90 days	**1,468**	377
91 days and over	**1,953**	1,349
Gross accounts receivable	**4,729**	3,569
Allowance for bad debts		
Balance, beginning of year	**515**	847
Bad debt expense	**43**	69
Debts written off and collections	**(25)**	(401)
Balance, end of year	**533**	515
Net accounts receivable	**4,196**	3,054

RECEIVABLE FROM THE CANADA MEDIA FUND

The Receivable from the Canada Media Fund does not give rise to credit risk exposure given that the funds are to be recovered from a granting agency under the jurisdiction of the Department of Canadian Heritage. Management fees are invoiced on a quarterly basis and the amount is payable 30 days following the invoice date.

LOAN

There is no reason to believe that the loan exposes the Corporation to any particular credit risk since all the repayments stipulated in the agreement have all been made within the set deadlines.

The amounts shown in the accompanying tables to the financial statements are expressed in thousands of Canadian dollars unless otherwise indicated.

12
COMMITMENTS

The Corporation has entered into long-term leases for the rental of office space and equipments for its operations. Future payments are as follows:

	Total
2016	1,302
2017	1,661
2018	1,667
2019	1,667
2020 and thereafter	8,836
	15,133

13
CONTINGENCIES

Various lawsuits have been brought against the Corporation in the normal course of operations. Management estimates that the final outcome of these lawsuits should not have a significant impact on the financial statements. Accordingly, no provision has been recognized in the Corporation's accounts.

14
RELATED PARTY TRANSACTIONS

Through common ownership, the Corporation is related to all Government of Canada created departments, agencies and Crown corporations. The Corporation's transactions with these entities are in the normal course of operations and are measured at the exchange amount.

15
BUDGET INFORMATION

Budget figures have been provided for comparison purposes and were approved by the Board of Directors.

are expressed in thousands of Canadian dollars unless otherwise indicated.

SCHEDULES A AND B

OTHER INFORMATION

A. OPERATING AND ADMINISTRATIVE EXPENSES

	2015 Budget	**2015**	2014
Salaries and employee benefits	18,645	**17,356**	19,065
Rent, taxes, heating and electricity	1,751	**1,748**	1,873
Professional services	2,075	**1,588**	1,545
Information technology	1,414	**1,453**	1,159
Office expenses	627	**657**	637
Travel and hospitality	606	**576**	525
Amortization of tangible capital assets	510	**553**	737
Advertising and publications	257	**217**	252
	25,885	**24,148**	25,793

B. COSTS OF CANADA MEDIA FUND PROGRAMS

Eligible costs for management fees are defined in the Services Agreement with the Canada Media Fund.

	2015 Budget	**2015**	2014
Salaries and employee benefits			
Management, administration and delivery	6,029	**5,654**	5,829
Shared services departments	1,215	**1,302**	1,169
Departments in support of operations	2,639	**2,639**	2,707
Other costs	120	**379**	104
	10,003	**9,974**	9,809

MANAGEMENT, ADMINISTRATION AND PROGRAM DELIVERY AND SHARED SERVICES DEPARTMENTS

Fees for management, administration and program delivery consist of salary costs attributable to fund managers, operational support administrative employees and employees specialized in program delivery activities. Costs of shared services departments arise from salaries and employee benefits relating to departments servicing all programs, namely Finance, and Information, Performance and Risk, and acquisition costs of certain tangible capital assets.

DEPARTMENTS IN SUPPORT OF OPERATIONS

These costs consist of costs incurred to support all employees assigned to management, administration and program delivery, as well as employees providing shared services. They consist of costs relating to human resources, information technology and material resources departments. These costs mainly comprise salaries, professional services, rent and information technology costs. These costs do not include tangible capital asset amortization expense.

OTHER COSTS

Other costs arise from operating costs, other than salaries and amortization, generated by management, administration and program delivery, as well as shared services departments and acquisition costs of certain tangible capital assets.

ADDITIONAL INFORMATION

FILMS FUNDED THROUGH PRODUCTION PROGRAMS

1. All The Time In The World
2. Aurélie Laflamme— Les pieds sur terre
3. Away From Everywhere
4. Beeba Boys
5. Bienvenue à FL
6. Borealis
7. Born To Be Blue
8. Brooklyn
9. Burn Out
10. Ceci n'est pas un polar
11. Chameau lion enfant
12. Chokeslam
13. Closet Monster
14. Coconut Hero
15. Corner Gas: The Movie
16. Darwin
17. Déserts
18. Destroyer
19. Diamond Tongues
20. Ego trip
21. Embargo Collective II
22. En attendant maman
23. End of Days, Inc.
24. Fatima
25. Faultlines
26. Fièvre
27. Finding Al - A Documentary
28. Fire Song
29. Glace noire, la dernière Chasse-galerie
30. God and Country
31. Guibord s'en va-t-en guerre
32. Hôtel la Louisiane
33. How to Plan an Orgy in a Small Town
34. Into the Forest
35. King Dave
36. Kuperman
37. Le bruit des arbres
38. Le Dep
39. Le mirage
40. Le paradoxe de la faim
41. Le profil Amina
42. Le scaphandrier
43. Les êtres chers
44. Les mauvaises herbes
45. Les 3 singes
46. Let There Be Light
47. Maudie
48. Montréal la blanche
49. Natasha
50. North Mountain
51. Numb
52. O, Brazen Age
53. October Gale
54. Paul à Québec
55. People Hold On
56. Preggoland
57. Prisoner X
58. Remember
59. Road of Iniquity
60. Room
61. Sodom
62. Songs She Wrote About People She Knows
63. The Cocksure Lads Movie
64. The Colossal Failure of the Modern Relationship
65. The Devout
66. The Games Maker
67. The Grand Unified Theory of Everything
68. The Hollow Ones
69. The Legend of Barney Thomson
70. The Lockpicker
71. The People Garden
72. The Sabbatical
73. The Saver
74. The Second Time Around
75. The Skyjacker's Tale
76. The Steps
77. The Waiting Room
78. Todd & The Book of Pure Evil: The End of The End
79. Two Lovers and a Bear
80. Undone
81. Unless
82. Unseen
83. Ville-Marie
84. Wait Till Helen Comes
85. Window Horses
86. Your Money or Your Wife
87. Yzkor

FILMS FUNDED THROUGH THE MARKETING PROGRAMS

1. A Christmas Horror Story
2. Afflicted
3. After the Ball
4. Algonquin
5. Altman
6. Anticosti: la chasse au pétrole extrême
7. Autrui
8. Bidonville
9. Big News from Grand Rock
10. Cast No Shadow
11. Ceci n'est pas un polar
12. Chorus
13. Citizen Marc
14. Corbo
15. Corner Gas: The Movie
16. Cruel & Unusual
17. Dr. Cabbie
18. Fall
19. Félix et Meira
20. Gerontophilia
21. Gurov and Anna
22. Hard Drive
23. Hector and the Search for Happiness
24. Hellions
25. Henri Henri
26. Hit by Lightning
27. Hole
28. It Was You Charlie
29. J'espère que tu vas bien 2
30. La gang des hors-la-loi
31. La garde
32. La passion d'Augustine
33. La petite reine
34. L'amour au temps de la guerre civile
35. L'ange gardien
36. L'autre maison
37. Lawrence & Holloman
38. Le bruit des arbres
39. Le coq de St-Victor
40. Le journal d'un vieil homme
41. Le mystère Macpherson
42. Le nez
43. Le règne de la beauté
44. Le Semeur
45. Le vrai du faux
46. Les loups
47. Les maîtres du suspense
48. Love Project
49. Maps to the Stars
50. Mommy
51. Monsoon
52. Mountain Men
53. N.O.I.R.
54. No Men Beyond this Point
55. Our Man in Tehran
56. Patch Town
57. Paul Sharits
58. Petit frère
59. Primary
60. Qu'est-ce qu'on fait ici?
61. Relative Happiness
62. Rhymes for Young Ghouls
63. Sarah préfère la course
64. Shekinah: The Intimate Life of Hasidic Women
65. Sitting on the Edge of Marlene
66. Solo
67. Standstill
68. Stress Position
69. Super Duper Alice Cooper
70. Takedown: The DNA of GSP
71. The Animal Project
72. The Captive
73. The Forbidden Room
74. The F Word
75. The Games Maker
76. The Grand Seduction
77. The Privileged
78. The Scarehouse
79. Tokyo Fiancée
80. Transatlantique
81. Tu dors Nicole
82. Turbo Kid
83. Un film de chasse de filles
84. Uvanga
85. Watermark
86. With Child
87. WolfCop

CANADIAN FILM FESTIVALS FUNDED THROUGH THE PROMOTION PROGRAM

1. Atlantic Film Festival
2. Available Light Film Festival and Media Industry Forum
3. Calgary International Film Festival
4. CaribbeanTales Youth Film Festival
5. Cinéfest Sudbury International Film Festival
6. Cinéfranco—Festival international du film francophone
7. Cinémental
8. DOXA Documentary Film Festival
9. Dreamspeakers Film Festival
10. Edmonton International Film Festival
11. Festival du cinéma international en Abitibi-Témiscamingue
12. Festival du film de l'Outaouais
13. Festival du film et de la vidéo autochtone de Montréal
14. Festival du nouveau cinéma de Montréal
15. Festival international de cinéma jeunesse de Rimouski
16. Festival international de cinéma Vues d'Afrique
17. Festival international de films Fantasia
18. Festival international du cinéma francophone en Acadie
19. Festival international du film pour enfants de Montréal
20. Festival international du film sur l'art
21. Freeze Frame: International Film Festival for Kids of All Ages
22. Gimli Film Festival
23. Hot Docs—Canadian International Documentary Festival
24. Images Festival
25. imagineNATIVE Film + Media Arts Festival
26. Kingston Canadian Film Festival
27. Ottawa International Animation Festival
28. Percéides—Festival international de cinéma et d'art de Percé
29. Reel 2 Real International Film Festival for Youth
30. ReelWorld Film Festival
31. Regard sur le court métrage au Saguenay
32. Rencontres internationales du documentaire de Montréal
33. Rendez-vous du cinéma québécois
34. Rendez-vous du cinéma québécois et francophone de Vancouver
35. St. John's International Women's Film Festival
36. Toronto International Film Festival
37. Toronto Reel Asian International Film Festival
38. Vancouver International Film Festival
39. Victoria Film Festival
40. Whistler Film Festival
41. Windsor International Film Festival
42. Yorkton Short Film & Video Festival

CANADIAN INDUSTRY PRESENT AT INTERNATIONAL FILM FESTIVALS, MARKETS AND EVENTS

1. Academy Awards—campaign for Best foreign-language film
2. ACE—Ateliers du Cinéma Européen
3. Art House Convergence
4. Beijing International Film Festival
5. Berlinale / European Film Market
6. Bogota Audiovisual Market
7. Busan International Film Festival
8. Canada Stars in Awards Season
9. Cinéma du Québec à Paris
10. Clermont-Ferrand International Short Film Festival
11. Festival de Cannes
12. Festival du film international de Venise
13. Festival international du film francophone de Namur
14. Festival Tous Ecrans
15. FILMART—Hong Kong International Film & TV Market
16. Galway Film Fleadh
17. Game Developers Conference
18. Goa Film Bazaar
19. Human Rights Watch Film Festival in New York
20. IFP (Independent Filmmaker Project)
21. International Film Festival Rotterdam
22. Karlovy Vary International Film Festival
23. Locarno International Film Festival
24. Los Cabos International Film Festival
25. Miami International Film Festival
26. MIPCOM
27. MIPTV
28. MyFrenchFilmFestival
29. NATPE (National Association of Television Program Executives)
30. Palm Springs International Film Festival
31. Power to the Pixel
32. San Sebastian Festival
33. Shanghai International Film Festival
34. Sundance Film Festival
35. Tokyo International Film Festival
36. Toronto International Film Festival

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