



Canada 

2009-2010 Annual Report

# daring to change

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**review**



**rethink**



**redefine**



refocus



**TOGETHER, TELEFILM  
AND MEMBERS OF THE  
INDUSTRY WILL DEFINE  
THEIR ROLE IN THIS  
NEW ENVIRONMENT SO  
THAT THE CANADIAN  
AUDIOVISUAL SECTOR  
REMAINS STRONG,  
VIGOROUS AND A  
SOURCE OF PRIDE.**

# Message from the Chair

# I have

the honour and the real pleasure of chairing a Board of Directors whose duty it is to oversee the activities of a Crown corporation that, in the last year, reviewed its parliamentary mandate, reduced its management costs, passed a special examination by the Auditor

General, revamped its organizational structure, welcomed a new Executive Director, instigated the signing of an international coproduction agreement for assistance to cinematographic development, provided support for foreign sales and agreements worth almost \$152 million, and maintained thousands of contacts in one of the most fascinating industries in the country. Welcome to Telefilm Canada! Below, I report on the main areas in which the members of the Board were involved during the 2009-2010 year.



## **Telefilm and Its Mission**

Although at first glance it might seem a theoretical exercise, the members of the Board of Directors analyzed the parliamentary mandate that defines Telefilm Canada's (Telefilm) reason for being. This review led them to recognize and appreciate the true extent of Telefilm's mission: to foster and promote the development of the audiovisual industry in Canada, which includes feature films, television and digital media.

For this reason, the Board intends to support all initiatives that will enable Telefilm to fully execute its mandate and highlight its relevance to its political, economic, and cultural partners.

## **Telefilm and Its Budget**

I join the members of the Board in conveying our gratitude to the Honourable James Moore, the minister responsible for Telefilm, regarding the preservation of the organization's budgets for the 2010-2011 fiscal year. In the current economic context, a number of public agencies have been subjected to cutbacks, and so our situation is worth underlining.

## **Telefilm and Its Organization**

The changes made late in the previous fiscal year, as well as the coming on-stream of the brand-new steering committee during 2009-2010, infused Telefilm's organizational structure with new energy and efficiency. Telefilm's management team and employees are now more involved in the important decisions made by the organization. This enables us to identify, communicate and understand the industry's needs and, when applicable, fulfil them more effectively, rapidly and directly.

## **Telefilm and Its Governance**

Today, Telefilm Canada is a well-governed corporation, with a skilled and devoted Board of Directors, an effective management structure, and enthusiastic employees. Comments by our clients, most of them people in the industry, confirm this assessment by expressing high levels of satisfaction with our expertise and services.

But there is more.

Every year, Telefilm is subject to examination by the Auditor General of Canada. However, the *Financial Administration Act* provides that Crown corporations in Canada must submit to a more complete and rigorous special examination every ten years. During 2009-2010, it was Telefilm's turn to undergo this procedure, and the patient did very well as the examination revealed no important shortfalls in its management. As the Auditor General's representative said, this is very rare for a Crown corporation undergoing its first special examination.

As a further sign of the healthy administration of the organization's finances, the ratio of management costs for programs administered by Telefilm dropped from 7.2% to 6.1% during the 2009-2010 fiscal year.

### **Telefilm and Its Leaders**

If we needed further reassurance, the person principally responsible for these excellent results, Carolle Brabant, at the time Telefilm's Director of Administration and Corporate Services, is now the organization's Executive Director.

This appointment was yet another positive event in 2009-2010. In addition to being an experienced manager, capable of exerting strong leadership, Ms. Brabant is a person of vision and open to change. She is also the first woman to serve as Executive Director of Telefilm.

### **Telefilm and the International Market**

Having made international development a priority, the Board was particularly attentive, during 2009-2010, to Telefilm's efforts to help Canadian companies sell their productions on different markets or undertake coproduction projects. It is worth noting that Telefilm already grants a quarter of the money in the Canada Feature Film Fund to coproductions.

Our presence at a number of international festivals and markets, such as Berlin and Cannes, has generated almost \$18 million in sales and presales of Canadian films to foreign purchasers, and more than \$134 million in coproduction agreements and co-ventures. Each dollar invested by Telefilm in these international markets has enabled Canadian companies to realize \$16 in sales.

Finally, to further stimulate coproductions, Telefilm has sought the conclusion of an international agreement for assistance to cinematographic development and started negotiations with the Department of Canadian Heritage to simplify the guidelines in this area so that they more truly reflect the general principles set out in the international treaties currently in force.

### **Telefilm and the Future**

The *Daring to Change* theme of the present report conveys an orientation shared by Telefilm's Board of Directors and management: to face the many changes taking place in the audiovisual industry, both in Canada and elsewhere in the world.

Telefilm's current 2006-2011 corporate plan terminates next March 31. It included three main objectives. First, Telefilm adopted a target that was already part of the Canadian feature film policy: to obtain, for the two linguistic markets together, a yearly Canadian market share of at least 5%, expressed in terms of box office receipts. Our second objective was to develop the industry's potential by increasing the proportion of private and foreign financing. And our third objective concerned the governance of Telefilm Canada, and aimed for greater efficiency, transparency, and responsibility, as well as better service to our clients.

Although this third objective, in my humble opinion, was fully attained, experience has shown that this was not fully the case for the first two. In Telefilm's defence, it must be said that the organization was far from controlling all of the parameters involved.

Nevertheless, a nation's cinema is too important to leave it to develop on the sidelines. Therefore, as we are about to formulate a new corporate plan, we must dare to change the way we do things so that, especially on the Anglophone side, we reach more movie-goers. We must not lose sight of the fact that almost three quarters of Canadian feature film budgets come from public funds.

**Daring to Change Together**

It would be premature, in this message, to outline the change scenarios that are currently being studied for the next corporate plan. But it is not too early to state that we will multiply our efforts to elevate Canadian cinema to the place it deserves.

We have too many images to show, too many emotions to communicate, too many top creative artists to highlight, to give up now. The Canadian film industry is alive, vibrant, and dynamic. Its artisans want to succeed, and we want to support them.

**Thank You to a Big Team**

I want, first, to thank the Honourable James Moore and the Department of Canadian Heritage for their support for and interest in the cause of the Canadian audiovisual industry.

I am grateful to my colleagues on the Board of Directors for their dedication and valuable advice: Elise Orenstein, Vice-Chair; Marlie Oden, Chair of the Strategic Planning and Communications Committee; Yvon Bélanger, Chair of the Audit and Finance Committee; Grant Machum, who chairs the Nominating, Evaluation, and Governance Committee; and Tom Perlmutter, Government Film Commissioner and Chair of the National Film Board, who is an ex-officio member of the Board. I would also like to take this opportunity to welcome Ram Krishna Raju. With this recent appointment, the Board of Directors is now complete.

Thank you to the executives and employees of Telefilm, whose constant commitment and involvement are greatly appreciated.

I would also like to acknowledge the working groups of the Canada Feature Film Fund for their valuable contribution. These groups, composed of representatives from companies, unions and guilds, provide us with a valuable consultation forum. And I would like to salute all the people in the industry with whom I had an opportunity to sit during this past year at consultative roundtables and informal meetings from one end of the country to the other.

Finally, I would like to tip my hat to the many Canadian creative artists who, in 2009-2010, distinguished themselves in productions that are our pride, both here and abroad.



**Michel Roy**  
Chair

# Message from the Executive Director

**I**t was a proud moment for me, only a few months ago, to accept my nomination by the Governor in Council as Executive Director of Telefilm, as recommended by the Board of Directors. I am equally proud of the confidence that our Chair, Michel Roy, and the members of our Board have placed in me.

My primary objective in this role is to make Telefilm a real catalyst for success in the Canadian audiovisual industry. I have no doubt that we can achieve this goal by working together with the industry and the passionately dedicated Telefilm team that I now have the pleasure and privilege of leading.

## **Our Issues**

Clearly, we have many challenges to face, three of which will receive particular attention in the coming months.

Our first challenge will be to fully comprehend, appreciate and respond to the profound change the audiovisual industry is undergoing right now. To address this reality, Telefilm has already initiated an in-depth reflection process regarding the direction it must take in order to respond effectively to the needs of our clients. In this regard, we expect to make an announcement early next year.

Secondly, we must improve our ability to scope out new talent and put measures into place to support and promote it.

Thirdly, we must address the clear imbalance between the English-language and French-language audiovisual markets we support. We intend to develop and promote both, in Canada and abroad, by keeping in step with their distinctive realities.

## **Our Guiding Principles**

The decisions we make in the months ahead will no doubt define the Telefilm of tomorrow. As we ponder these decisions, we must get closer to our clients to ensure alignment with their needs and their reality.

We will also keep the concerns of taxpayers, to whom we promise operating efficiency and transparency, at the forefront of our reflections.

Finally, we will strengthen and revitalize our presence in the regions. We will put measures into place to ensure that Canadian culture, in all its diversity, is well represented and supported.

## **Our Objectives**

Our mandate is clear: "To foster and promote the development of the audiovisual industry in Canada." To do so, we are determined to make Telefilm an effective and constructive partner in the growth of this industry and to rally stakeholders around common goals and objectives. We will support and highlight the best of Canadian content on the national and international scenes.

The Canadian audiovisual industry is composed of tens of thousands of artists, creators and companies devoted to the success of their art. We exist to help them. They are the focus of our mission and their success is the measure of our success – and that of society as a whole. Consequently, we will advocate the vital impact it makes to our culture and our economy.

I am delighted that the recent special examination by the Auditor General's Office confirms our good governance practices. The report concludes: "On the basis of our findings, we concluded that the Corporation, during the period covered by our examination, implemented systems and practices that provide reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively."<sup>1</sup> This gives us confidence in our operating policies and processes. We will continue improving our administrative efficiency as a means to channel more resources to our programs and our clients.

## **Catalyst for Success**

There will always be those who have good stories to tell and others who will want to hear them. But the way in which these stories are shared is changing significantly and consumers of audiovisual content are already engaged in this new reality.

Telefilm must find its role in this digital environment. For my part, I intend to lead this organization, with all the rigor and effectiveness for which it is known, in that very direction so that our industry remains strong, vigorous and a source of pride.



**Carolle Brabant**  
Executive Director

1. Special Examination Report – 2010, Office of the Auditor General of Canada

Report on  
Achievements  
Objective

Building  
Audiences



<b>Strategic objectives</b>	<b>Key performance indicators</b>	<b>Targets</b>	<b>2009-2010 results</b>
<p><b>Film</b> Greater number of Canadians enjoy distinctive Canadian films</p>	<p>Market share of Canadian box office revenue</p>	<p>Achieve a market share of at least 5% of the Canadian box office</p>	<p>Canadian titles achieved 3.3% of the overall Canadian box office take<sup>2</sup>. This is up from the previous year's 2.9% and is at its highest point since 2006.</p>
<p><b>Portfolio diversification</b> Finance a diverse portfolio of projects</p>	<p>Diversification by genre, budget, language, region and cultural diversity of content</p>	<p>Increase number of genres represented in portfolio; and better distribute commitments across different genres</p>	<p>Genre diversity grew in English-language production with no one genre holding more than 38% of commitments. French-language portfolio added two new genres relative to the previous year.</p>
<p><b>Interactive media</b> Greater number of Canadians' cultural experiences on the Internet and through digital offline platforms</p>	<p>Number of page views and unique visitors for online products, sales revenues for offline products</p>	<p>Establish baseline for data for online audiences; determine approach and methodology for measurement; maintain or grow audience to Canadian box office</p>	<p>Overall page views and unique visitors are up relative to the previous year due to more projects online in 2009. On a per project basis, page views and unique visitors are about the same as the previous year.</p>
<p><b>Festivals and awards</b> Canadian cultural products are promoted to audiences in Canada and abroad</p>	<p>Prizes earned at major Canadian and international festivals</p>	<p>Maintain or increase current levels of awards won</p>	<p>Telefilm-supported feature film projects won 107 awards in 2009-2010, a figure that is comparable to last year's results.</p>

2. All box office receipts are supplied by Motion Picture Theatre Association of Canada (MPTAC) on a calendar year basis, from January 1 to December 31. The receipts of films having played in more than one calendar year are ascribed to the year which they were earned.

# A Feature Film in Canada

In 2009, the total box office receipts in Canada reached \$1B, which is up by 9.5% from 2008.

Canadian share of box office is also up over the previous year. In 2009, Canadian movie box office represented 3.3% of the total market (compared to 2.9% last year), and almost 18% of the independent feature film market<sup>3</sup>. Incidentally, the same box office would have resulted in a 3.9% market share only two years ago (2007) when total box office in Canada was \$857M. This past year brings the Canadian share to its highest point since 2006—an improvement in a challenging market.

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3. Films produced outside of major US film studios.



# Canadian box office 2009

Feature film has survived such challenges as the introduction and growth of television, and the VCR/ DVD home viewing phenomenon. Now, in the digital age of downloading, streaming and video-on-demand, the movie theatre experience again appears to be awash in alternatives. Who would have imagined that Canada's first billion-dollar box office could be achieved in spite of these challenges?

## Market share of Canadian films

	French-language market	English-language market	Total
Box office for Canadian films (share of total)	18.5%	0.8%	<b>3.3%</b>
CFFF share of box office for Canadian films	89.2%	92.7%	89.9%
Box office for Canadian films (share of independent films)	54.8%	4.9%	17.9%

Source: MPTAC

French-language films represent about 55% of the Canadian independent market and more than 18% of the total Canadian market (up from 13.8%). English-language films accounted for about 5% of the Canadian independent market and 0.8% of the total Canadian market—down from 1.1% last year.

The top 10 Canadian films have earned more than \$24M in aggregate at the box office, up from the 2008 top 10 box office take of \$17M.

## Top 10 films by box office – Canadian films

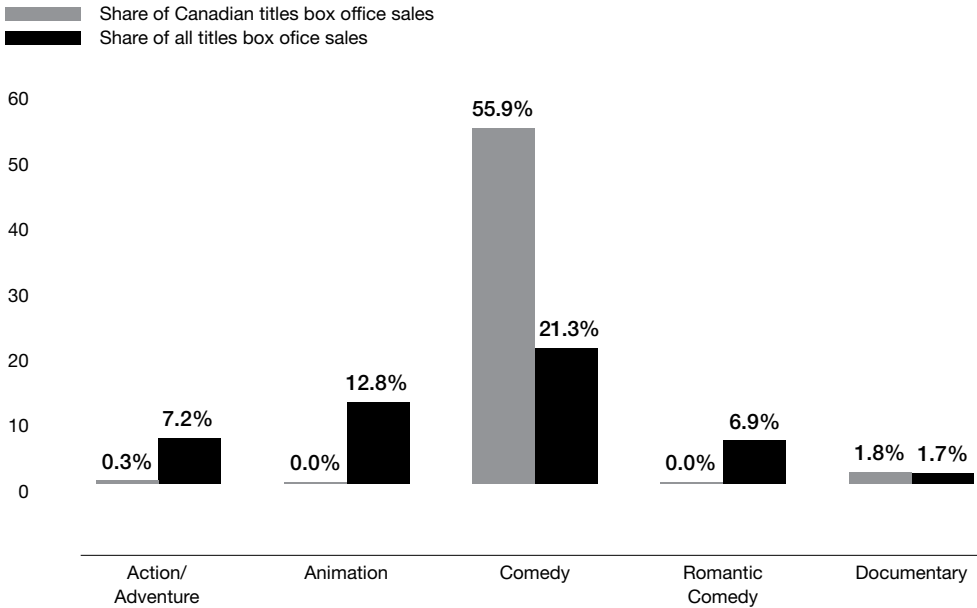
Film	Box office 2009 (\$ millions)
De père en flic	10.7
Trailer Park Boys 2 : Countdown to Liquor Day	2.9
Les doigts croches	1.8
Dédé à travers les brumes	1.7
Polytechnique	1.7
À vos marques... Party! 2	1.4
One Week	1.2
Les pieds dans le vide	1.2
5150, rue des Ormes	1.1
J'ai tué ma mère	1.0

Source: MPTAC

## What are people watching?

When box office sales are analyzed by genre, it is clear that Canadian filmgoers crave variety. When Canadian titles are isolated, however, comedy and drama dominate all other genres. This reflects the vast gulf between a big-budget Hollywood action/adventure movie and a low-budget independent film from Canada. In spite of that, 2009 saw its biggest success outside of the drama/comedy grouping with the comedic action/adventure film *De père en flic*.

### Box office sales, distribution by genre – Canadian titles vs. all titles



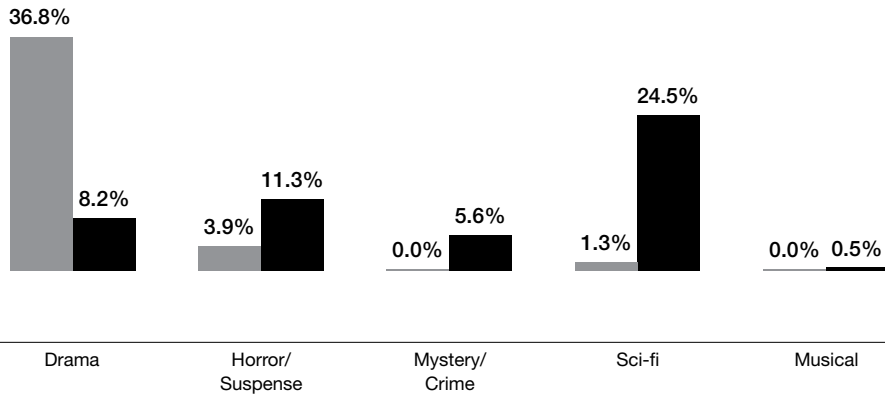
Source: MPTAC

## Telefilm seeks to expand the genre diversity of its film portfolio

A few genres are consistently successful with Canadian audiences, such as comedy, romantic comedy, horror and action/adventure. To give audiences what they want and to expand their tastes, Telefilm has been striving to diversify the genres that comprise the Canadian production portfolio. A diverse portfolio of projects is more effective at attracting a large cross-section of the public—sometimes even motivating individuals who do not typically go to see movies.

## Support for documentaries

The Theatrical Documentary Program continues to support Canadian filmmakers with funding for feature-length documentary projects. In the second year of this unique three-year public-private partnership between Telefilm and the Rogers Group of Funds, the program supported nine new documentary projects in 2009-2010. The year also saw the release of three films produced with the past support of the program: *Inside Hana's Suitcase*, *L'affaire Coca-Cola* and *Les dames en bleu*.



### The out-of-Hollywood experience— independent film

Action/adventure, science fiction and other big-budget genres continue to dominate the mainstream films. But independent films—those projects with more modest budgets—tend to produce drama and comedy scripts more successfully. Given the dollars that are available for film budgets in Canada and most other countries, it is really only independent film by which we can measure our success.

Despite a full complement of big-budget films in theatres in 2009, independent film still managed to grow its box office by over 40%. Some Canadian independent films were able to do more with less, and step up to become box office contenders. A look at the top 20 independent films of the year shows that most budgets reached the \$20M to \$40M range. However, the second- and third-smallest budgeted films, both Canadian titles, managed to finish in 4<sup>th</sup> and 13<sup>th</sup> place at the box office. These two films were produced with budgets of \$7M or less—in some cases, a tenth of the budgets of their competitors—yet they still managed comparable numbers at the box office.

### Top 20 independent films

Rank	Film	Total 2009 Canadian box office (\$ millions)	Estimated budget (\$ millions)*
1	District 9	15.6	30
2	Slumdog Millionaire	15.4	15
3	Taken	11.7	25
4	De père en flic	10.7	7
5	Law Abiding Citizen	10.2	53
6	17 Again	10.0	20
7	The Blind Side	8.3	29
8	Coraline	6.9	60
9	Planet 51	4.0	70
10	Earth	3.8	15
11	The Men Who Stare at Goats	3.5	24
12	Ninja Assassin	3.1	40
13	Trailer Park Boys 2 : Countdown to Liquor Day	2.9	6.6
14	Fighting	2.8	Not available
15	Brothers	2.6	26
16	The Wrestler	2.5	6
17	Defiance	2.2	32
18	Astro Boy	2.2	65
19	500 Days of Summer	1.9	7.5
20	Milk	1.8	20

\* Estimated budgets provided by IMDB, Screen Daily and Playback Magazine

Source: MPTAC

## Analysis of the English-language market

In the English-language market, Canadian titles accounted for about 0.8% of the overall box office, down from 1.1% the previous year—a \$2M decline.

The challenge for English-language Canadian films continues to be the distribution industry, along with modest marketing budgets. Distribution in Canada is becoming increasingly concentrated, with only a few players left in the industry. Marketing budgets in Canada are only a fraction of what Hollywood-studio films enjoy, yet must effectively cover an enormous territory. Telefilm continues to explore new strategies for overcoming these challenges.

Despite this, Canadian companies have proven to be clever with their low-budget marketing strategies. Social media, YouTube, and other online tools have been used in novel and effective ways this past year. For example, the successful film *One Week* was marketed almost exclusively online. Marketers tapped into the film's nationalistic theme by creating strong links with online forums and social networks including Facebook and Twitter. Along with creating an interactive website, the marketing team invited visitors to post personal videos that captured the patriotic buzz of the film.

## English-language market highlights

- *Trailer Park Boys 2 : Countdown to Liquor Day* and *One Week* both broke the \$1M barrier at the box office (*Trailer Park Boys 2 : Countdown to Liquor Day* almost hit \$3M, and *One Week* took in \$1.2M). *Trailer Park Boys 2 : Countdown to Liquor Day* was the 13<sup>th</sup> most successful independent film of the year, beating out better-known films such as *The Wrestler*, *Milk* and *Astro Boy*.
- International coproduction *The Imaginarium of Doctor Parnassus* was released in the last week of 2009. In its first week alone, the film took in almost half a million dollars at the box office. Along with garnering a lot of international media attention, it was also nominated for two Academy Awards.
- Ontario title *One Week* had the 7<sup>th</sup> highest box office among all Canadian films and received a Genie nomination.
- *Passenger Side* has proven to be a huge success in the festival circuit (named one of Canada's top 10 films at the Toronto International Film Festival in 2009) and secured a U.S. distribution deal early in 2010.

## Analysis of the French-language market

In 2008, the French-language market had fewer CFFF supported titles released (12) than most years. So it was encouraging to see more films released in 2009 (17), along with a significant uptick in box office performance. Seven of the top 10 French-language Canadian titles broke the \$1M barrier.

In the French-language market, Canadian titles accounted for 18.5% of overall box office and an amazing 55% of independent film box office—an increase of about five market share points, and the best performance since the record-setting year of 2005. In dollar terms, that amounted to almost \$7.3M more than the previous year.

In 2009-2010, Telefilm pursued its strategy to help the industry seek out other sources of financing; most notably, in the form of international cooperation. Along with partners Société de développement des entreprises culturelles du Québec (SODEC) and the Centre du cinéma et de l'audiovisuel de la Communauté française de Belgique, France, Luxembourg and Switzerland, Telefilm helped to launch the Fonds Francophone d'Aide au développement cinématographique in 2009. The Fund facilitates cinematic alliances among Francophone countries in a rapidly evolving international milieu, concentrating on projects that have broad audience appeal.

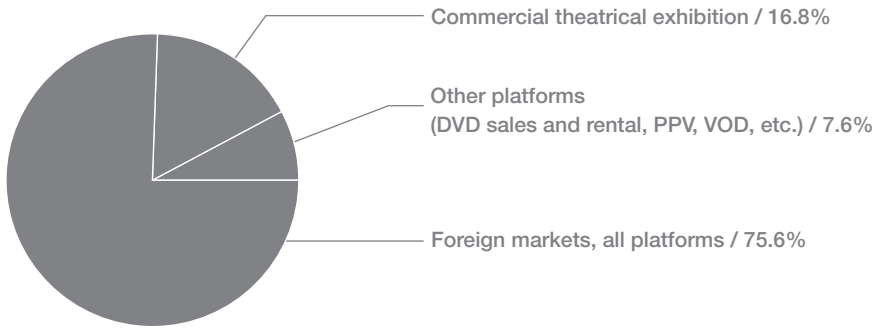
## French-language market highlights

- *De père en flic* entered rare territory for a Canadian production, earning double-digit millions, well in excess of its production cost. Since marketing budgets were characteristically small, creative methods were used to promote *De père en flic*. These included social networking sites and a partnership with canoe.ca that included ticket contests.
- *A vos marques...Party! 2* was a successful sequel in the French-language market. This title took in \$1.4M, and reaffirmed the ability of Canadian films to build franchises with brand value.

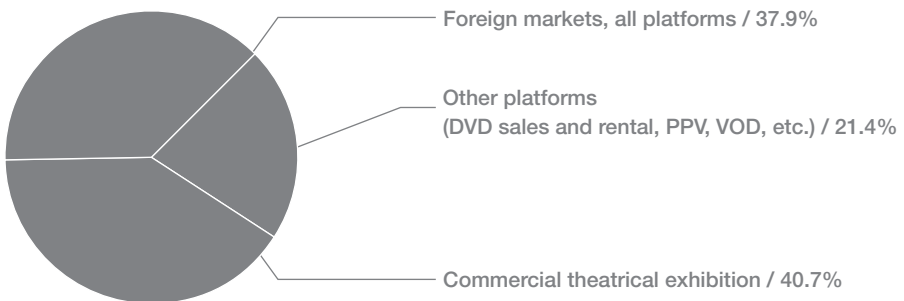
# Gross revenues of CFFF-supported films as at March 31, 2010

Three quarters of gross revenues from English-language projects were earned in foreign markets and 17% of revenues came from Canadian box office receipts. In contrast, more than 40% of gross revenues from French-language projects came from box office receipts, while 38% of revenues came from foreign markets.

## Gross revenues – English-language market (2009-2010)



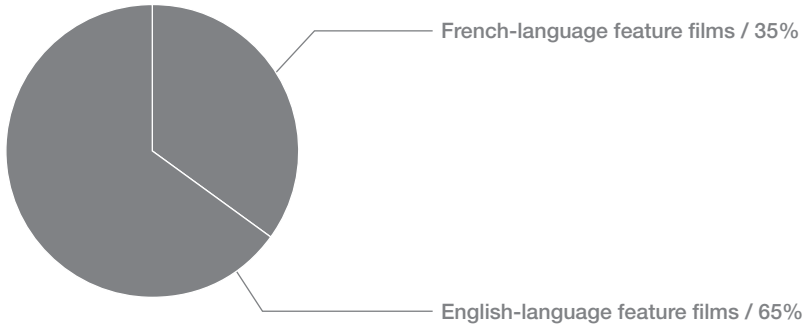
## Gross revenues – French-language market (2009-2010)



Source: Telefilm's database

Even though English-language feature films only earned 0.8% of the overall box office, these films accounted for 65% of Telefilm's 2009-2010 recoveries for the CFFF.

**Net receipts – Canada Feature Film Fund (2009-2010)**



Source: Telefilm database

# B

## A diverse portfolio of film projects

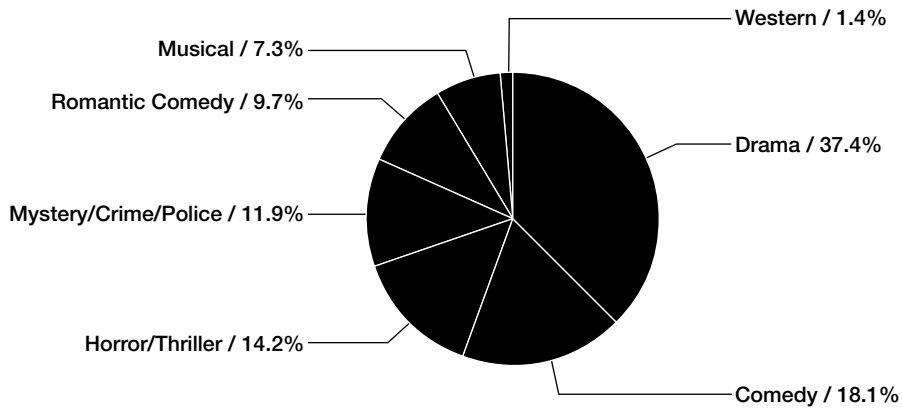
In 2009, Canada's French and English genre portfolios were diversified on two fronts. Among English-language project commitments, a much larger share of funding was devoted to production of horror/thriller, romantic comedy, and mystery/crime/police. The drama share increased in the English-language portfolio, though well below the dominant levels it once held. Among French-language project commitments in 2009, genre distribution remained similar to 2008 with regard to comedy and drama; however, there was a slight increase in action/adventure commitments.

It was encouraging to see that there were also new genres appearing in the portfolio. The English-language portfolio notched its first western, and the French-language portfolio stepped up from five genres to six with the addition of romantic comedy projects.



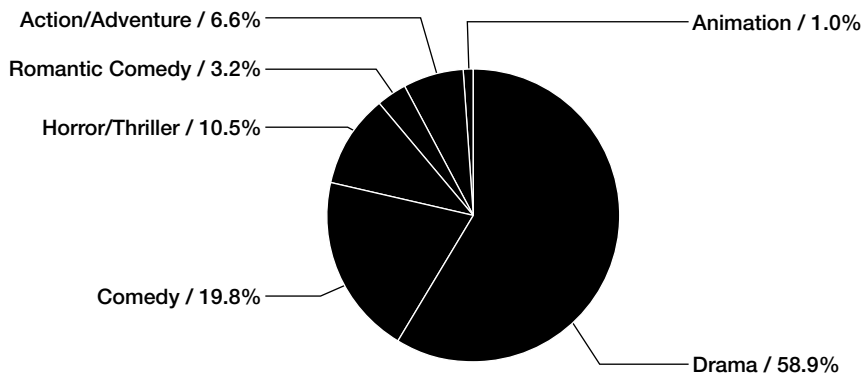
# Feature film production by genre (2009-2010)

## English-language market



Source: Telefilm database

## French-language market



Source: Telefilm database

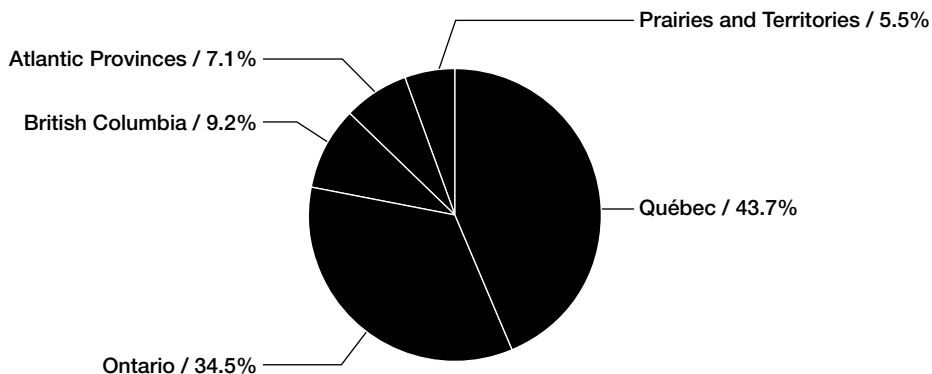
## Why track genres?

Tracking the box office performance of genres is an important step in cultivating future successes at the box office. Typically, the comedy, action/adventure and thriller genres garner the largest global box office takes; but in 2009, the most popular genre with moviegoers was science fiction. Spreading commitment dollars to comedy and other popular genres is a good strategy for growing audiences, and that is why a diverse genre portfolio is critical at Telefilm.

### Regional investments

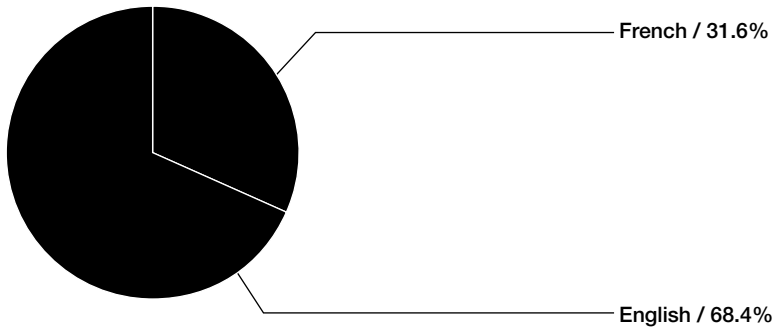
Beyond genres, it is also important to represent all regions and languages of Canada in Canadian stories. If all Canadians are reflected in our films, then all Canadians will identify with the characters and have more reasons to go to the theatre. An inclusive approach also stimulates local economies and achieves a double objective: building audiences and building industry capacity.

### Regional investments: productions made in Canada



Source: Telefilm database

### Total Investments by language



Source: Telefilm database

## Canadian content on other platforms

### Feature film on television

The two most popular Canadian theatrical releases on television in 2009 were *Maurice Richard* and *Bon Cop, Bad Cop*, both released several years earlier in theatres. The data clearly shows the dominance of French-language films in this category. English-language productions are much more exposed to competition from Hollywood studio films.

### Top 25 Canadian theatrical films aired on television

	Title	Channel	Average minute audience (000)
1	Maurice Richard	SRC Montreal (CBFT)	714.5
2	Bon cop, bad cop	SRC Montreal (CBFT)	571.3
3	Interférences	TVA Montreal (CFTM)	456.2
4	Les Boys II	TVA Montreal (CFTM)	429.2
5	Blizzard	YTV	406.9
6	Cake : la vie c'est du gâteau	TVA Montreal (CFTM)	329.2
7	Cruising Bar 2	Super Ecran 1	324.2
8	Horloge biologique	SRC Montreal (CBFT)	293.1
9	Aurore	SRC Montreal (CBFT)	288.3
10	Les Boys I	TVA Montreal (CFTM)	276.5
11	Sans elle	SRC Montreal (CBFT)	255.0
12	Ç't'à ton tour, Laura Cadieux	SRC Montreal (CBFT)	232.9
13	La vie après l'amour	TVA Montreal (CFTM)	230.0
14	Cruising Bar	Super Ecran 1	228.9
15	La vie secrète des gens heureux	TVA Montreal (CFTM)	226.1
16	Le secret de ma mère	SRC Montreal (CBFT)	225.8
17	Ma vie en cinémascope	SRC Montreal (CBFT)	219.7
18	Mémoires affectives	SRC Montreal (CBFT)	219.2
19	La mystérieuse mademoiselle C	SRC Montreal (CBFT)	217.8
20	La grande séduction	SRC Montreal (CBFT)	214.4
21	Ma tante Aline	SRC Montreal (CBFT)	214.3
22	Congorama	SRC Montreal (CBFT)	186.6
23	Québec Montréal	SRC Montreal (CBFT)	185.9
24	Un dimanche à Kigali	SRC Montreal (CBFT)	183.7
25	The Rendering	W Network	182.0

Source: BBM Meter Data – 2+, All Canada, 2009

## Is that a film in your living room?

Television is an excellent medium for disseminating content to large audiences relatively quickly. Theatrical titles usually appear on broadcast television as the final window in a life cycle that includes DVD and pay per view/video on demand. Canadian film titles can draw large audiences on television; typically, success in theatres will be mirrored in television popularity.

# C Online Interactive Media and Convergent Properties

Since 2005, Telefilm has been tracking audience levels for the active projects it has supported through the Canada New Media Fund. The final year of the Fund saw an increase in visits to these projects and page views overall—about 3,000 more page views than 2008. Despite this growth, average page views per visit and unique visitors maintained levels just marginally below the previous year. These results indicate that fewer unique visitors are actually spending more time with the projects.

## Overview for calendar year 2009

	Page views (000s)	Visits (000s)	Average page views per visit	Unique visitors (000s)	No. of reporting projects
English-language projects	34,633	4,941	7	2,961	17
French-language projects	26,589	1,408	19	774	9
Total for all projects	61,222	6,349	13	3,735	26

Source: Phase 5

### Average per month – Telefilm projects

	Page views per month (000s)	Per month visits (000s)	Unique visitors per month (000s)
English-language projects	170	24	15
French-language projects	246	13	7
Total for all projects	196	20	12

Source: Phase 5

As it has been in the past, convergent online properties outperform their independent stand-alone counterparts. Last year, page views and visits to convergent online properties were triple that of the stand-alones. However in 2009-2010, the two types of projects balanced slightly, with about a two-to-one ratio for page views in favour of convergent online properties.

### Average per month – overall format

	Page views (000s)	Visits (000s)	No. of projects	Average visits per project
Convergent Website	4,382	397	15	26
Independent Website	1,861	142	11	13

Source: Phase 5

# D

## Awards and Prizes 2009-2010

Telefilm – supported feature film projects won 107 awards in 2009-2010, a slight decrease from last year's 119 awards.

### Atlantic region

Title	Event	Prize category
<i>All the Wrong Reasons</i>	2010 Slamdance	1 <sup>st</sup> Annual Script Accessible Screenplay Award
<i>Crackie</i>	2009 Atlantic Film Festival	Best Original Score
	2009 Torino International Film Festival	Special Jury Award
	2009 Montreal Festival of New Cinema	Special Jury Mention
<i>Grown Up Movie Star</i>	2010 Sundance	World Dramatic Special Jury Prize for Breakout Performance
<i>Love and Savagery</i>	2010 Génie Awards*	Performance by an Actress in a Supporting Role
<i>Trailer Park Boys: Countdown to Liquor Day</i>	2009 Atlantic Film Festival	Best Sound Design

\* 2010 Genies Awards were held on April 12, 2010.

# Quebec region

Title	Event	Prize category
<b>5150, rue des Ormes</b>	2010 Festival International du Film Fantastique de Gérardmer	Audience Award
<b>1981</b>	2010 Jutra Awards	Best Actress in a Supporting Role Best Hairstyle
<b>Antoine</b>	2010 Rendez-vous du cinéma Québécois	Pierre et Yolande Perrault Award
	2009 Hot Docs Toronto	Lindalee Tracey Award
	2009 Emotions Pictures, Athens	First Special Jury Prize
	2009 Dok Leipzig, Germany	Goldene Taube
	2009 Docupolis, Barcelona	Special Prize for Best Experimental Documentary
	2009 San Diego Asian Film Festival	Special Jury Award
<b>Before Tomorrow</b>	2010 Genie Awards	Achievement in Costume Design
<b>Cadavres</b>	2010 Jutra Awards	Best Make-Up
<b>C'est pas moi, je le jure</b>	2009 Zlin, International Film Festival for Children and Youth	Miloš Macourek Award Best Feature Film for Youth
	2009 Giffoni Film Festival	Jury Citation
<b>Dédé à travers les brumes</b>	2010 Jutra Awards	Best Actor Best Art Direction Best Achievement in Music, Original Score Best Costume Design
<b>De père en flic</b>	2010 Jutra Awards	Billet d'or
	2010 Genie Awards	Golden Reel Award
<b>Grande ourse: la clé des possibles</b>	2010 Genie Awards	Achievement in Make-up Achievement in Music – Original Score



# Quebec region

Title	Event	Prize category
<b><i>J'ai tué ma mère</i></b>	2010 Jutra Awards	Best Film Best Actress Best Screenplay
	2010 Genie Awards	Claude Jutras Award
	2009 Cannes, Directors' Fortnight	Art Cinema Award SACD Prize Regards jeunes Prize
	2009 Festival International du Film Francophone de Namur	Best Film Best First Film Best Leading Actor
	2009 Vancouver International Film Festival	Canwest Award for Best Canadian Feature Film
<b><i>La Donation</i></b>	2010 International Film Festival de Las Palmas de Gran Canaria	Special Jury Prize Signis Award Audience Award
	2009 Locarno International Film Festival	Don Quichotte Award The Environment is the Quality of Life Youth Jury Prize
	2009 Toronto International Film Festival	Special Jury Mention
<b><i>Last Train Home</i></b>	2010 Jutra Awards	Best Documentary
	2010 Whistler Film Festival	Best Documentary
	2009 Rencontres internationales du documentaire de Montréal	Cinémathèque Québécoise Award for Best Film from Quebec / Canada
	2009 International Documentary Film Festival Amsterdam	Best Feature
<b><i>L'encerclement</i></b>	2009 Nyon, Visions du réel, festival international de cinéma	Grand Prize of the Jury
	2009 Yamagata International Documentary Film Festival	Robert & Frances Flaherty Award (Grand Prize)
	2009 Festival international du cinéma francophone en Acadie	Best Medium or Feature Length Documentary

# Quebec region

Title	Event	Prize category
<b><i>Polytechnique</i></b>	2010 Jutra Awards	Best Direction Best Actor in a Supporting Role Best Cinematography Best Sound Best Editing
	2010 Genie Awards	Best Motion Picture Achievement in Direction Original Screenplay Performance by an Actress in a Leading Role Performance by an Actor in a Supporting Role Achievement in Cinematography Achievement in Editing Achievement in Overall Sound Achievement in Sound Editing
	2009 Namur International Festival of French-speaking Film	Best Cinematography
<b><i>The Trotsky</i></b>	2009 Atlantic Film Festival	AFF Audience Award
	2010 Sofia International Film Festival	Audience Award
	2009 Tokyo International Film Festival	Audience Award
<b><i>The Wild Hunt</i></b>	2010 Slamdance	Audience Sparky Award for Best Narrative Film
	2009 Toronto International Film Festival	Best Canadian First Feature Film
<b><i>Un ange à la mer</i></b>	2009 Karlovy Vary International Film Festival	Best Actor Grand Prize – Crystal Globe Don Quijote Award

# Ontario region

<b>Title</b>	<b>Event</b>	<b>Prize category</b>
<b><i>A Wake</i></b>	2010 Female Eye Festival	Best of Show
<b><i>Cairo Times</i></b>	2009 Toronto International Film Festival	Best Canadian Feature Film
<b><i>Inside Hana's Suitcase</i></b>	2009 Palm Springs International Film Festival	Audience Award for Best Documentary Feature
<b><i>Nurse.Fighter.Boy</i></b>	2009 Mannheim-Heidelberg International Film Festival	Audience's Award Jury Citation
	2010 Genie Awards	Achievement in Music – Original Song
<b><i>Off World</i></b>	2010 Reel World Festival	Best Canadian Feature Film
<b><i>One Week</i></b>	2010 Genie Awards	Performance by an Actor in a Leading Role
<b><i>Passchendaele</i></b>	2009 Directors Guild of Canada Awards	DGC Team Feature Film DGC Production Design Feature
<b><i>Pontypool</i></b>	2009 Puchon International Fantastic Film Festival	Best Actor
<b><i>The Baby Formula</i></b>	2010 Actra Awards	Best Actress
	2009 Nashville Film Festival	GLBT Film Award

## Western region

Title	Event	Prize category
<b><i>50 Dead Men Walking</i></b>	2010 Genie Awards	Adapted Screenplay Achievement in Art Direction / Production Design
<b><i>A Shine of Rainbows</i></b>	2010 Victoria International Film Festival	Best Canadian Feature Film
	2010 Sedona International Film Festival	Best International Feature Film
	2009 Coca-Cola Cinemagic International Film & TV Festival For Young People, Belfast	Children's Jury Award for Best Feature Film
	2009 International Young Audience Film Festival, Poland	Special Mention, Children's Jury Award for Best Feature Film
	2009 Heartland Film Festival	Audience Award Truly Moving Pictures Award
	2009 Chicago International Children's Film Festival	1 <sup>st</sup> Prize, Children's Jury Award for Best English-language Feature
	2009 Ibiza International Film Festival	Audience Award
<b><i>Black Field</i></b>	2010 Female Eye Festival	Best Canadian Feature
<b><i>Saving Luna</i></b>	2009 Durban International Film Festival	Audience Award
<b><i>The Imaginarium of Doctor Parnassus</i></b>	2009 Satellite Awards	Best Costume Design

# Awards and Prizes – Interactive Media 2009-2010

<b>Title</b>	<b>Event</b>	<b>Prize category</b>
<b><i>Kwad9</i></b>	Canadian New Media Awards	Nominee for Best Use of Social Media Nominee for Hottest New Digital Kid on the Block – part of the digital hot list
<b><i>Stitch Media</i></b>	Canadian New Media Awards	Nominee for Promising New Company
<b><i>Frima Studio Inc.</i></b>	Canadian New Media Awards	Nominee for Company of the Year
<b><i>Silverback Media</i></b>	Canadian New Media Awards	Nominee for Company of the Year
<b><i>MovieSet</i></b>	Canadian New Media Awards	Nominee for Best Online Video Portal
<b><i>Who We Are</i></b>	Canadian New Media Awards	Nominee for Best Online Video Portal
<b><i>Isuma TV</i></b>	Canadian New Media Awards	Nominee for Best in Canadian Culture, Interactive
<b><i>Avastar Social</i></b>	Canadian New Media Awards	Nominee for Best Web-Based Game
<b><i>Bitchin' Lifestyle</i></b>	Canadian New Media Awards	Nominee for Brand of the Year
<b><i>Tête à claques</i></b>	Canadian New Media Awards	Best Online Comedy Performance Category
<b><i>Critter Crunch</i></b>	Canadian Videogame and Digital Arts Awards	Best Downloadable Game
	IGN Best of E3 Awards	Nominee for Best Overall Puzzle Game Best PS3 Puzzle Game Nominee for Best PS3 Nominee for Best Downloadable Game

Report on  
Achievements  
Objective

Building  
Industry  
Capacity

2

<b>Strategic objectives</b>	<b>Key performance indicators</b>	<b>Targets</b>	<b>2009-2010 results</b>
Invest in audiovisual industry to attract other forms of financing	Percentage of financing from other sources of funding	Maintain or increase percentage of financing from other sources while decreasing Telefilm's financial participation	Share of overall budgets held steady for feature film (about equal to the previous year), and the CNMF saw a slight increase (2.5% over the previous year) in its share of financing. There was a marked increase in financing by broadcasters for feature film and a jump in private investment in new media.
Companies increase their capacity through sales and business development at markets	Level of sales and business at markets	Maintain or increase Canadian and international sales and business development	Sales at international markets are up for the third year in a row—a 26% increase for sales and pre-sales combined. For every dollar Telefilm invested, Canadian companies produced \$16 in sales at international markets (compared to \$11 in 2008) <sup>4</sup> .
Industry professionals benefit from high-quality training initiatives	Level of satisfaction and positive career impact due to Telefilm training and development programs and initiatives	Maintain or increase satisfaction levels with training initiatives format and outcomes	Satisfaction scores maintained within the average range of 4 to 4.2 out of 5.
Visible minorities, official languages, minority professionals and Aboriginal professionals benefit from opportunities to advance in their careers	Level of resources committed to programs and initiatives designed to promote professional development within culturally diverse communities	Maintain or increase the level of investments	Levels of Telefilm's support were generally maintained in 2009-2010.

4. Sales at international markets are tabulated on a calendar basis, from January 1 to December 31.

# A

## Leveraging Effect

Because Telefilm is often the first investor in a project, its contribution not only gets Canadian productions off the ground but also helps attract other investors. Typically, Telefilm's involvement leads to strong financial participation from other parties.

### Canada Feature Film Fund

In 2009-2010, Telefilm supported 43 feature film productions through the Canada Feature Film Fund (CFFF)—two more projects than the previous year. Total budgets increased by 3%. In 2008-2009, there was relative balance between French-language and English-language projects, both in numbers supported and in budget levels, but this year the balance tipped noticeably toward English-language projects.

#### **Financial analysis: 2009-2010 – CFFF**

Production – new contracts only

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	Number of productions
French-language projects	16
English-language projects	27
<b>Total</b>	<b>43</b>

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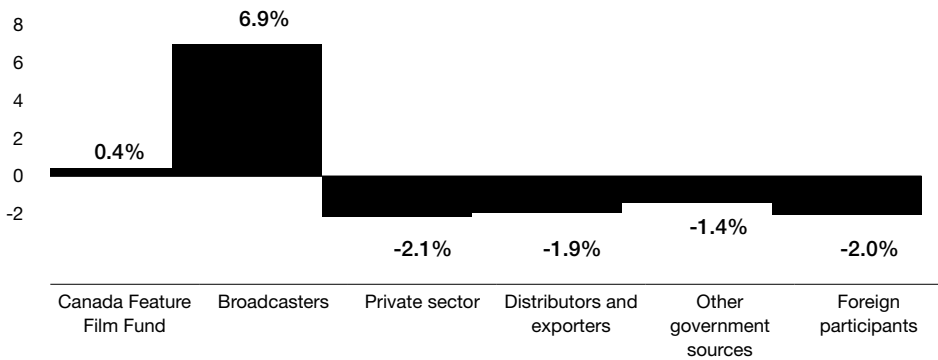
\* Does not include the foreign share (\$13.3M) of official coproduction budgets in which Canada is a minority or equal share partner.

Source: Telefilm database



The percentage contribution of the CFFF to all production budgets has held steady relative to last year, edging upward only slightly from 36.9% to 37.3%. Considering the challenging economic climate, this “one-third start” represents a strong base for leveraging other financing. Financing from the private sector, distributors/exporters, other government sources and foreign participants are all down, but not significantly. Moreover, there was a larger injection of financing from broadcasters compared to last year.

**Production – feature film – English and French combined – difference in budget share – 2008-2009 to 2009-2010**



Source: Telefilm database

Total budgets (in thousands of \$)	Budgets (in thousands of \$)*	CFFF	Broad-casters	Private sector	Distributors and exporters	Other government sources	Foreign participants
76,170	67,093	32.4 %	1.4 %	6.1 %	8.7 %	48.5 %	2.9 %
116,229	111,966	40.2 %	12.0 %	8.7 %	7.9 %	25.7 %	5.5 %
<b>192,399</b>	<b>179,059</b>	<b>37.3 %</b>	<b>8.0 %</b>	<b>7.7 %</b>	<b>8.2 %</b>	<b>34.3 %</b>	<b>4.5 %</b>

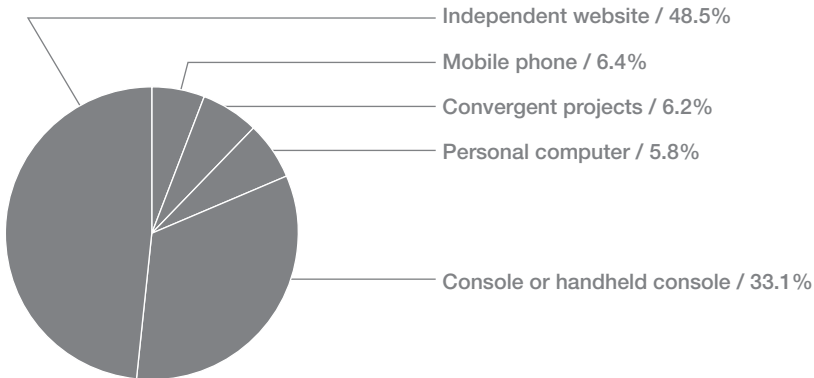
# Canada New Media Fund

This past year, Telefilm invested in 26 interactive media projects through the Canada New Media Fund (CNMF). Eighteen of these were English-language projects, and eight were French-language projects. This is an absolute reversal from the previous year, in which Telefilm funded more French-language than English-language projects.

## 2009-2010 CNMF – supported projects and credit roll

Arguably, the hallmark of Telefilm’s administration of the CNMF over the past decade was its propensity to make cutting-edge decisions—to anticipate the importance of emerging technologies and to work with independent content developers on truly new and exciting projects. Last year, *Critter Crunch*, by Capybara games, won two awards for its 2008 mobile version. In 2009, the CNMF funded a PlayStation Network (PSN) version of the game and it was awarded Best Downloadable Game at the Canadian Video Games Competition as well as Best PS3 Puzzle game in 2010.

### 2009-2010 CNMF – supported projects by platform



Source: Telefilm database

### Financial analysis: 2009-2010 – CNMF

Production – new contracts only

	Number of productions
French-language projects	8
English-language projects	18
<b>Total</b>	<b>26</b>

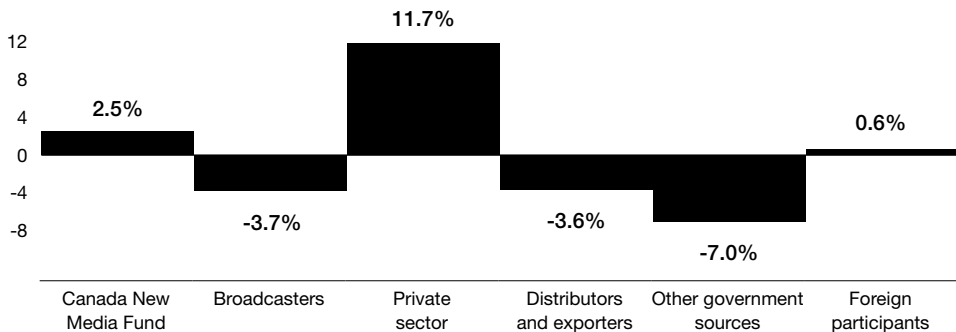
Source: Telefilm database

Interactive media is much more fragile and segmented than the feature film industry. As a result, Telefilm's percentage of financial contribution to this industry tends to be higher than for feature film. The CNMF has held steady at an average of half of all budget financing for the past two years. This year, it has gone up slightly, to 51.4% compared to last year's 48.9%.

## Canadian new media misses foreign investment dollars

As recently as 2007-2008, foreign money accounted for a third of all interactive media financing in Canada. However, foreign investment appears to have all but dried up in the past two years. As has been the case with other segments of the industry, the global economic crisis has no doubt played a role in these shifting levels of investment financing.

### Production – interactive media – English and French combined – difference in budget share – 2008-2009 to 2009-2010



Source: Telefilm database

Total budgets (in thousands of \$)	CNMF	Broad-casters	Private sector	Distributors and exporters	Other government sources	Foreign participation
3,871	57.5 %	1.2 %	38.8 %	1.3 %	1.2 %	0.0 %
6,350	47.6 %	1.1 %	42.5 %	0.4 %	7.4 %	1.0 %
<b>10,221</b>	<b>51.4 %</b>	<b>1.1 %</b>	<b>41.1 %</b>	<b>0.7 %</b>	<b>5.1 %</b>	<b>0.6 %</b>

# B Growing International Markets: A Valuable Business Partner

Telefilm's strategy to build foreign revenues and investment for the Canadian film, television and interactive media industry has shown considerable success despite a worldwide recession.

Surveys of the sales activities of Telefilm-supported Canadian participants at key international markets for film and television productions in 2009<sup>5</sup> demonstrate that for every dollar Telefilm invested in these markets, Canadian companies reported more than \$16 in sales.

If the analysis expands to include all likely sales that are expected to result from discussions originating from these markets, the figure rises to \$100 in sales, presales and working sales for every dollar invested.

#### Dollars worth of sales for every dollar spent by Telefilm

	Berlin	Hong Kong	MIPTV	Cannes	MIPCOM	<b>Total</b>
Completed sales and presales	\$7	\$0	\$1	\$40	\$13	<b>\$16</b>
All sales activity including likely deals	\$126	\$3	\$34	\$173	\$76	<b>\$100</b>

Source: Strategic Inc.

5. Sales at international markets are tabulated on a calendar basis, from January 1 to December 31.

## International activities – film and television markets

As reported by many of Telefilm's responding clients, the economic climate of the past year had a negative influence on sales in several markets. Notably, Hong Kong and MIPTV saw considerable declines in closed sales between 2008 and 2009—from \$2M to nil in Hong Kong, and from \$5M to \$0.3M at MIPTV. However, strong sales performances at Cannes and MIPCOM were sufficient to raise the overall sales by 19% relative to the previous year.

However, in 2009, international buyers were more willing to pre-purchase Canadian titles, and this resulted in a significant jump in presales figures. In fact, when completed presale deals are combined with completed sales, overall sales volume has increased 26% year-over-year. In dollar figures, that's close to \$18M. If working deals are included, this total climbs to about \$108M—a 27% increase over 2008.

Coproduction and co-venture activity in 2009 reached a total of 71 deals, involving 17 countries and valued at more than \$134M. This is down from the previous year's total of \$233M. Hong Kong saw the largest drop in coproduction volume (down by almost \$40M) while MIPTV was the only market that logged an increase (up from \$13.4M in 2008).

## International activities – interactive digital media

In 2009, two interactive media markets were tracked: Game Connection San Francisco and Game Connection Europe (held in Lyon, France). Sales were slow at both Game Connection events. This indicates that interactive media has taken a harder hit than the traditional media of film and television.

Overall, only one deal worth \$50,000 was reported from the 30 respondents at the two markets. Likely sales were more promising with a combined total of almost \$26M, with an average per company of about \$1.9M. Despite a slow year for closed deals, the overall client experience at the Game Connection events was positive. A little over 76% of clients at Game Connection San Francisco and about 88% at Game Connection Europe stated they were very or somewhat satisfied with the event.

# C

## Training and Development Initiatives

As one of Telefilm's main corporate objectives, training and business development represents a "bottom-up" approach to building the capacity of the Canadian audiovisual industry. Recognizing the importance of human capital, Telefilm has supported several diverse training initiatives over the last few years, including official language project development, script writing, digital technologies, and festival-oriented development.

# Business development and training highlights

## **Telefilm Canada Features Comedy Lab**

Telefilm Canada Features Comedy Lab is Canada's first advanced professional program designed to develop and package feature-length comedy films. It pairs experienced Canadian feature film producers, their writer and/or director teams and their comedy scripts with the best comedy minds in the world. The objective is to develop—and package for investment—five viable English-language feature-length comedies for 2010. The program is sponsored by Telefilm and presented by the Canadian Film Centre in collaboration with Just for Laughs.

## The stars come out

Canada is internationally famous for its comedy and comedians, and the stars were definitely out to support the Telefilm Canada Features Comedy Lab. The program was chaired by award-winning comedy veteran Eugene Levy, and included such mentors and guests as comedy producers Ivan Reitman, Alan Blomquist, Jimmy Miller, and Tai Duncan.

A selection committee of international comedy industry professionals chose the following five projects and teams to enter the Lab:

- Workplace comedy *Servitude*: writer/producer Michael Sparaga, director Warren P. Sonoda.
- Romantic comedy *That Burning Feeling*: writer Nicolas Citton, producer/director Jason James.
- Shtick comedy *Ramington's: Men of Steel*: writer Sacha Pavlovic, producer Mark Montefiore.
- Cowgirl comedy *Saddlebags*: writer Christine Lippa, producers Elizabeth Yake, Angela Heck.
- Female comedy *Two of Me*: writer/director Mina Shum, producer Stephen Hegyes.

### **Multiplatform, Multi-Success**

The objective of these workshops is to enhance the industry's skills and maximize the potential to reach audiences. This initiative specifically targets the creation and exploitation of content in a multiplatform environment. In particular, it focuses on opportunities offered by social media, online video distribution, and mobile platforms.

## Measuring the impact

Telefilm conducted a survey among 95 participants in the Multiplatform, Multi-Success workshops in 2009, and the feedback was positive. Two separate workshops were surveyed. The first group rated their overall satisfaction with the program at 4.23 out of a possible five and the second group gave an average score of 4.16 out of a possible five—well within the range of levels that have been reported over the last few years.

*"I am impressed by Telefilm Canada's outreach programs to producers and industry people. I intend to make further use of its resources in the future. I am quite impressed with the professionalism shown by the Telefilm personnel, as well as the chosen presenters."* – Quote from a participant

### **Featuring Aboriginal Stories Program**

The Featuring Aboriginal Stories Program targets Aboriginal feature-film projects at different stages of development. At each stage, participants benefit from a combination of training, professional development and personalized mentorship activities, and also receive a development advance. The Program aims to broaden the industry's capacity within Aboriginal communities and to facilitate access to the main funding programs of the Canada Feature Film Fund for Aboriginal filmmakers.

## Program well received

Participants of this program were surveyed in 2009. Out of 13 participants who responded to the survey, 10 of them rated the program at four or higher out of five. The mean rating for all participants was four out of a possible five.

*"These programs are profoundly vital to the inclusion of Aboriginal stories in Canada and to the development of a body of Aboriginal artists who are in it for the long run."* – Quote from a participant



### **Producers package at Show Canada**

Show Canada, organized annually by MPTAC, is a key gathering of Canada's film industry. In 2009, Telefilm sponsored the attendance of 15 producers for two days of the event, including screenings, panel discussions and networking. Included in this initiative was an exclusive producer's panel event that brought together the selected producers along with distributors and Telefilm industry specialists. The forum was well received, and the producers were very enthusiastic about the event.

## A unique experience

*"The financial, informational and panel assistance provided by Telefilm were invaluable and I am extremely grateful that I was able to benefit from them. My project has benefited directly from conversations I was able to have with Cineplex and distributors."- Quote from a participant*

# D

## Strengthening Canada's cultural fabric

In 2009-2010, as in 2008-2009, Telefilm committed a total of \$7.5M in funding to multicultural, Aboriginal and official language minority projects.

### **Featuring Aboriginal Stories Program**

- 2009-2010 was the second year of the program that seeks to broaden the industry's capacity within Aboriginal communities, and give Aboriginal filmmakers easier access to the main funding programs of the CFFF.
- Telefilm committed about \$0.4M in development funding to 22 Aboriginal projects across Canada, doubling the \$0.2M and 11 projects committed in 2008.

### **Official language minority communities**

- 2009-2010 was the third year Telefilm offered tailored programs (*Écrire au Long*, *Feature It!*, *Production component*, *Multi-platform*, *Multi-Success*) that seek to broaden the industry's capacity within official language minority communities, and give their filmmakers easier access to the main funding programs of the CFFF.
- Telefilm's support of French-language projects and events outside of Quebec represented 2% of French-language commitments, an increase of 1.4% since the previous year. Commitments to English-language projects and initiatives within Quebec represented 17.4% of English-language commitments, a decrease of 11% from last year when English-language commitments were unusually high due to three national productions financed in Quebec.
- In 2009-2010, Telefilm conducted comprehensive evaluations of the Official Languages Activities and Versioning Assistance programs. In consultation with members of the industry, Telefilm will review the results of these findings in 2010-2011 to determine how to improve the effectiveness and efficiency of these programs.

## A portfolio of worthwhile projects

- The 10<sup>th</sup> edition of the imagineNATIVE Film and Media Arts Festival presented 168 audiovisual works developed and produced by Canadian and international indigenous creators.
- Isuma.tv, a portal dedicated to Canadian and global indigenous filmmakers, is Canada's first channel that uses the Internet to distribute indigenous feature films, documentaries and other independent Canadian films to remote, underserved Inuit and Aboriginal communities.
- *Inside Hana's Suitcase*, directed by Canadian filmmaker Larry Weinstein, is a documentary about a lost child of the Holocaust based on the best-selling novel of the same name. It received a Canwest Award for Best Documentary at the Victoria Film Festival.
- *Off World* is a film that follows a young Toronto man on a life-changing journey to his birthplace, a slum in the Philippines. By Mateo Guez, it opened at the Reel World Film Festival and was screened at Telefilm's Perspective Canada initiative in Cannes.
- *Cairo Time* is a Canada-Ireland coproduction drama about cross-cultural romance. Written and directed by Ruba Nada, and starring Patricia Clarkson and Alexander Siddig, the film won Best Canadian Feature Film at TIFF 2009. It was acquired for U.S. distribution, and included in TIFF's Canada's Top 10 2009.
- *Prom Night in Mississippi* is a documentary that follows high school seniors preparing for the first racially integrated prom in Charleston, Mississippi. Directed by Canadian Paul Saltzman, the project received award nominations from the Director's Guild of Canada and at Sundance.
- *Before Tomorrow* is the story of a woman and her grandson as they fight to survive in remote northern Canada. Directed by Marie-Hélène Cousineau and Madeline Ivalu, the film was adapted for the screen from the novel *For morgendagen* by Danish writer Jørn Riel. It was selected for competition at Sundance.
- *Kissed by Lightning* follows Mavis Dogblood, a Mohawk painter dealing with the loss of her husband. This feature film directorial debut of Shelley Niro was screened at many North American film festivals. Lead actress Kateri Walker was nominated for an ACTRA Award.
- *Nurse.Fighter.Boy* is an urban love story set to the rhythms of reggae. This feature film debut of Charles Officer won a Genie Award for Best Achievement in Music – Original Song, and also won the audience award at the Mannheim-Heidelberg Festival. It has been acquired for U.S. distribution.
- *Cooking with Stella* follows the exploits of a scheming personal chef to the Canadian High Commission in New Delhi as she adapts to unconventional new Canadian diplomats. This quirky comedy is the first feature film by director/writer Dilip Mehta, and premiered at TIFF 2009.

Report on  
Achievements  
Objective

A Responsible  
Administrator



<b>Strategic objectives</b>	<b>Key performance indicators</b>	<b>Targets</b>	<b>2009-2010 results</b>
Be an efficient and innovative administrator	Special Examination Report by the Office of the Auditor General of Canada (OAG)	No significant deficiencies reported	The OAG provided a clean opinion: there is reasonable assurance that during the period covered by the examination there were no significant deficiencies in Telefilm's systems and practices.
	Strategic Review	No reallocation	No reallocations were necessary as programs delivered by Telefilm are aligned with the priorities of Canadians.
	Management Expense Ratio (MER)	Maintain a low management expense percentage	<ul style="list-style-type: none"> <li>• MER across all programs (including CTF programs under Telefilm management) is down 15% year-over-year, to 6.1%</li> <li>• The CFFF ratio rose from 8.2% to 9.7%</li> <li>• The CNMF ratio dropped from 16.6% to 11.9%</li> <li>• The CTF ratio fell to 2.4% from 2.7%</li> </ul>
Be transparent and accountable	Refine established performance indicators	Optimize operational efficiency by monitoring financial and operational indicators	Most of the operational and financial indicators have been met.
Better serve clients	Client satisfaction	Maintain or increase client satisfaction level in comparison with 2005-2006 survey	Telefilm's national client survey reports a slight increase in clients' overall satisfaction scores – 7.2 out of 10 in 2009-2010 compared to 6.97 out of 10 in 2005-2006.

Telefilm has embraced modern management approaches and techniques such as risk management to improve organizational effectiveness. The findings of ongoing risk assessments have generated several important initiatives in the areas of: governance, human resources management, compliance with policies and procedures, organizational performance, program delivery, ethics and communications. Risk assessments and actions taken are always aligned with Telefilm's strategic objectives.

# A

## An Efficient and Innovative Administrator

For fiscal year 2009-2010, Telefilm assessed its objective “to be an efficient and innovative administrator” through three items: a special examination from the Office of the Auditor General (OAG), a strategic review directed by the Treasury Board of Canada Secretariat, and an analysis of the management expense ratio (MER) for programs managed by Telefilm.

### 1. Special Examination Report

The OAG did not identify any significant deficiencies in Telefilm’s systems and practices, and noted good management practices, but did identify some areas for improvement. Telefilm is proud of the results of its first special examination and intends to move ahead with responses to the OAG recommendations. The full version of the special examination report 2010 is available at [www.telefilm.gc.ca](http://www.telefilm.gc.ca).

### Special Examination Report 2010

The *Financial Administration Act* (FAA) stipulates that Telefilm shall cause financial and management control and information systems and management practice to be maintained. Such systems and practices shall be kept and maintained in such manner as will provide reasonable assurance that its assets are safeguarded and controlled, that its financial, human, and physical resources are managed economically and efficiently, and that its operations are carried out effectively. The FAA requires Telefilm to have a special examination of its systems and practices carried out at least once every 10 years, conducted by the OAG. The Auditor General has the responsibility to express an opinion on whether there is reasonable assurance that during the period covered by the examination—from May 2009 to January 2010—there were no significant deficiencies in Telefilm’s systems and practices.

**Key systems and practices examined**

**Findings and recommendations**

Corporate governance	<ul style="list-style-type: none"> <li>• Telefilm had a governance structure and systems that enable it to discharge its responsibilities. Telefilm has sound governance practices through the Board, its committees, their assigned responsibilities and relations with senior management</li> <li>• To improve its values and ethics practices, the OAG recommends that Telefilm should implement a mechanism to inform the Board of Directors of internal and external complaints, including those having to do with the disclosure of wrongdoing.</li> </ul>
Strategic planning, performance measurement and reporting	<ul style="list-style-type: none"> <li>• Telefilm has an appropriate strategic planning process. OAG suggested that the new corporate plan include information about the allocation of financial, human and material resources, and make a link between the strategies and the resources allocated for the planning period.</li> <li>• OAG noted that management is aware of major risks, but recommended that Telefilm implement a more integrated risk review, evaluation and monitoring process and report on it to Board members.</li> <li>• Telefilm has processes for measuring performance and reporting on it; key performance indicators that were measured were defined in the strategic plan, and management reported periodically on these.</li> </ul>
Funding of audiovisual productions	<ul style="list-style-type: none"> <li>• Telefilm deals with funding projects consistently and objectively through guidelines, policies and procedures. Improvements could be made to documentation in the management information system and to the quality assurance process.</li> <li>• All applications had been evaluated in a manner consistent with current guidelines, policies and procedures. Telefilm analysts and managers were very knowledgeable about their market. For feature film and new media projects, the Sineweb management information system could be used more efficiently.</li> <li>• OAG recommended that Telefilm strictly follow procedures for the Sineweb system to improve operating efficiency, and complete the development and implementation of the quality assurance framework.</li> </ul>
Information technology	<ul style="list-style-type: none"> <li>• OAG noted that strategic planning for information technology and the operational plan for IT reflect Telefilm's needs and strategic orientation. Activities related to the management of information provide a high quality service.</li> </ul>
Human resource management	<ul style="list-style-type: none"> <li>• Telefilm has a stringent staffing policy, but should ensure that letters of offer clearly set out the conditions of employment and reflect the provisions of policies in force.</li> <li>• Telefilm provided learning and training opportunities related to strategic objectives, and made an effort to integrate human resources planning into operational planning.</li> <li>• The performance evaluation process should be applied consistently within Telefilm and the results documented. Performance bonuses awarded should be justified and documented properly.</li> </ul>

## 2. Strategic review

The strategic review found that programs delivered by Telefilm are aligned with the priorities of Canadians. The Government of Canada confirmed in its 2010 Budget that spending reallocations were not necessary.

### Strategic review

Federal organizations that receive appropriations from Parliament are required to conduct a strategic review every four years as part of their normal planning process. Such reviews are directed by the Treasury Board. The strategic review assesses whether programs are: achieving their intended results; effectively managed; and appropriately aligned with the priorities of Canadians and with federal responsibilities.

This comprehensive review was undertaken by Telefilm for the first time in fiscal 2009-2010. This exercise will help Telefilm bring about improvements in its management practices.

## 3. Management expense ratio (MER) for programs managed by Telefilm

### a) All programs

- MER reflects the percentage of administrative expenses required to deliver programs that Telefilm is responsible for managing. This ratio measures the operating and administrative expenses (Schedule D of the Financial Statements) net of amortization, against Telefilm's total assistance expenses, including the funding programs managed on behalf of the Canadian Television Fund (CTF).
- The current all-program MER stands at 6.1% and the year-over-year decrease (15%) is explained by both a decrease in Telefilm's operating and administrative expenses and an increase in its program assistance expenses (including the CTF funding programs).

### b) By program

- The Canada Feature Film Fund (CFFF) MER went up from 8.2% to 9.7%. This increase is mainly due to additional work required by Telefilm's shared services areas—departments such as Communications, Strategic planning and project development, Legal, Information performance and risk, Compliance and collection.
- The MER for the Canada New Media Fund (CNMF) in its final year of operation decreased to 11.9%. The drop was mostly related to lower labour inputs to deliver the fund, such as project financing and business relations, as it was being phased out. No MER will be presented for the CNMF in the next annual report.



- The MER for the Canadian Television Fund (CTF) fell to 2.4% from 2.7%. This favourable performance was achieved by controlling administrative costs (which applies to all funds) combined with an assistance expenses increase of \$41M year-over-year. CTF MER is expected to rise to 2.9% for the next fiscal year, because new digital media programs will be delivered for 2010-2011 in addition to former CTF programs.

## Management expense ratio

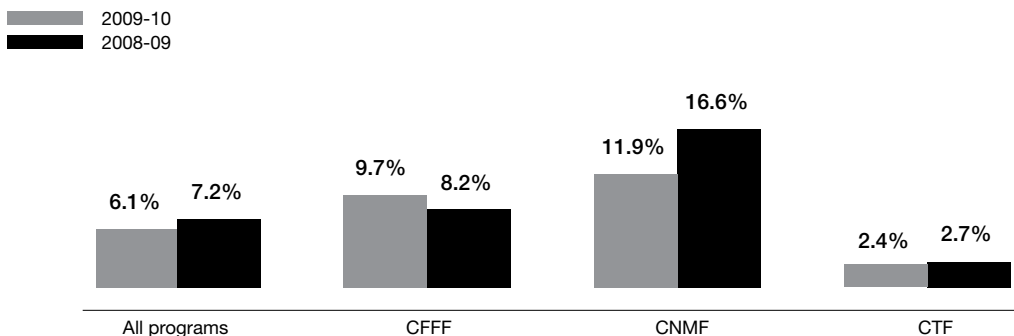
Management expense ratio (MER) is a universal indicator of the resources utilized compared to the dollars managed per program. As an indicator, it can serve in certain circumstances to assess cost effectiveness in delivery of the programs.

Telefilm applied standard MER calculations to the Canada Feature Film Fund (CFFF), the Canadian Television Fund (CTF) and the Canada New Media Fund (CNMF). Since all of these funds are subject to different guidelines, budgets and agreements, MER should only be judged as a trend indicator by fund over time. For disclosure purposes, Telefilm performs formal cost accounting on all these funds using the same method for each.

Assistance expenses for the CFFF and the CNMF are presented respectively in Schedules A and B. Details of costs of main programs are disclosed in Schedule E of the Financial Statements. Since Telefilm is managing program funding on behalf of the CTF under a Services Agreement, CTF assistance expenses are not disclosed and do not form part of Telefilm's Financial Statements.

Note that for the 2008-2009 MER calculation, expenses related to Compliance and collection were presented separately from the cost of programs, as recovery fees. The 2008-2009 ratio has not been recalculated since those differences are immaterial.

### **Management expense ratio**



Source: Telefilm database

# Using resources, process and technology to be an efficient administrator

Telefilm is enhancing organizational efficiency by combining three key elements in its initiatives and projects as follow:

- Committed and skilled employees;
- Defined processes; and
- Communications technology.

## **Telefilm's human resources plan**

This fiscal year, a new leadership model was implemented that integrates values, behaviours and competencies. The performance evaluation framework was also updated to reflect these new leadership competencies. These initiatives are important, because they help employees understand the nature and degree of change at Telefilm.

## **Electronic process management**

Core management processes at Telefilm include program decision-making and contracting due diligence. This fiscal year, Telefilm took important steps to standardize and automate these processes. By breaking down core processes into well-defined major steps and applying IT tools, major improvements have been made to efficiency, productivity, compliance, traceability and security. The new system also enhances financial controls. All contracts are now signed through an electronic process that strengthens security over signatories.

### **Intranet**

Telefilm is making better use of its Intranet to improve efficiency in internal communications, and to explore new capabilities as a management and sharing tool. A collaboration software has been deployed to improve the way information is organized and shared across the organization. This software not only shares information in real time, it also provides secure and accessible archiving in a user-friendly fashion.

### **Business continuity management plan**

Telefilm's business continuity management plan aims to protect three core processes: contracting, payments and budget follow-up. As a result of continual testing and updating, the plan's communications strategy has been substantially improved this fiscal year. It has been used by Telefilm to manage potential issues such as the Vancouver office during the Olympic Winter Games, and to help manage the H1N1 flu virus situation at all offices.

# B

## To be Transparent and Accountable

Telefilm's performance can be assessed by its operational and financial indicators which are monitored throughout the year. These indicators have an important impact on both client services and the level of industry investments.

### Telefilm wins financial reporting award

In December 2009, Telefilm earned the top award in its category for its 2007-2008 annual report.

The Canadian Institute of Chartered Accountants (CICA) honoured Telefilm with the Award of Excellence in Corporate Reporting for Small Federal Crown Corporations for the second time in three years. The quality of financial reporting is part of an overall focus on governance for Telefilm.

Now in its 59<sup>th</sup> year, the CICA Corporate Reporting Awards is the only national awards program that recognizes excellence and best practices in corporate reporting.

# Operational indicators

For purposes of benchmarking, the operational indicators are the same as they were last year. Telefilm monitors its services as follows:

<b>Operational indicators</b>	<b>Targets</b>	<b>Results</b>	<b>Findings</b>
Response times for production funding decisions			
CFFF: Decision issued	Decision date planned 10 weeks	100% of the time 71% of the time	Target met Target not met
CNMF: Decision issued	10 weeks	100% of the time	Target met
CTF service levels: Response time indicators (in days)	14 targets to meet	10 targets met	71% of targets met
Project payment triggered	≤ 3 days	2 days	Target met
Supplier payment triggered	≤ 20 days	17 days	Target met
Critical IT system hours available	≥ 97.5%	99.6%	Target met
Critical IT systems incident-free days	≥ 90%	93%	Target met

Source: Telefilm database

## Results for operational indicators

### Funding decisions

Funding decisions for producers should be rendered either within 10 weeks or within an established timeframe during peak periods. Major improvements were made this fiscal year as Telefilm met two out of three targets.

### CTF service level

Seventy-one percent of the targets were met, including the most important targets related to the broadcaster performance envelope. Two targets which have not yet been met are currently under review.

### Payment processing (project and supplier)

The two targets related to the number of days required for triggering payments were both fulfilled.

### IT systems

Operational performance was ahead of target with respect to system hours available and incident-free days.

## Financial indicators

Financial indicators are an important way to measure compliance with established levels of funding from sources such as parliamentary appropriation and the CNMF Contribution Agreement. Telefilm uses the financial indicators below to ensure there are no lapsing funds or overages in the utilization of funding.

Financial indicators (\$M)	Targets	Results	Findings
CFFF assistance expenses	85.3	99.2	Target met
CNMF assistance expenses	12.7	13.2	Target met
Administrative budget: maximum threshold	29.0	28.4	Target met

Source: Telefilm database

## Results for financial indicators

### **Program assistance expenses**

The CFFF and CNMF targets represent the minimum level of assistance expenses to avoid lapsing of funds.

The CFFF target has been met and overages were funded through recoveries.

The CNMF target was not met even though the level of assistance expenses was higher than the target. This was a special circumstance related to the closing of the CNMF. As a result, the Contribution Agreement was reduced by \$1.3M as Canadian Heritage funded 86% of CNMF assistance expenses (\$11.4M) and Telefilm's accumulated recoveries from previous fiscal years (\$1.8M) completed the assistance expenses funding.

## Administrative budget: maximum threshold

The \$29M administrative budget target, calculated on a modified cash basis, represented the maximum threshold. It cannot be compared to the operating and administrative expenses presented in Schedule D of the Financial Statements since these expenses are recorded on an accrual basis and include amortization.

Budget utilization was \$28.4M, meeting the target. That figure also includes prepayment of \$1.2M for next year's administrative expenses as well as \$0.6M transferred to programs, mainly CNMF.

## CFFF internal audit report

During the course of the year, the Board approved an internal audit mandate on the management processes of CFFF's main programs. This audit demonstrated a strong improvement in terms of process compliance and documenting decision trails since last year. The reorganization of program management activities, and separating the tasks of content analysis and contract management, in addition to progress in the quality control program, strongly contributed to the improvement of management processes as a whole.

# C

## Better Serve Clients

### Nationwide client survey

In 2009-2010 Telefilm conducted a comprehensive client survey research project. This project was built on the nationwide client surveys of 2005 and 2001; its scope was adapted, modernized and aligned with the new realities of the organization. One-on-one interviews with major clients and stakeholders were conducted and an in-depth online questionnaire was distributed to all of Telefilm's clients.

According to Telefilm's clients, the organization has appeared to improve steadily over the last decade or so. In 2001, clients rated Telefilm's performance as an organization at 6.95 out of 10<sup>6</sup>, in 2005 this edged up to 6.97<sup>7</sup>, and in 2009, overall performance rose to 7.2<sup>8</sup>.

New to the most recent survey project is a section on client perception of Telefilm. The results indicate that positive views of Telefilm have grown over time and include such descriptions as "friendly", "competent" and "knowledgeable".

Telefilm's regional offices were also an important component of this latest client assessment. The results were encouraging, with two-thirds of regional clients reporting satisfaction. Regional offices scored 7.6 out of a possible 10. Regional service elements also drew the highest satisfaction scores, such as:

- Responding to queries on programs and services (7.4 out of 10)
- Client service (7.3 out of 10)
- Professional expertise in business due diligence requirements (7.0 out of 10)

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6. Source: Pollara

7. Source: Pollara

8. Source: Harris Decima



Findings from the 2009-2010 client satisfaction survey will help Telefilm, a forward-thinking organization, to develop its new corporate plan.

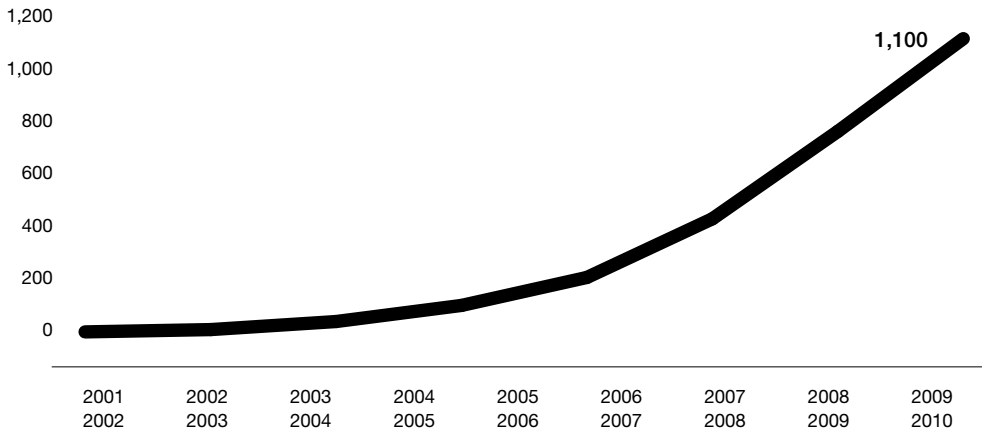
## eTelefilm

eTelefilm is a Web-based online service that lets clients submit applications online, follow up on application status, and keep track of project progress. Clients can also perform several functions related to project funding. Fast, secure and user friendly, eTelefilm is available anywhere.

Utilization of eTelefilm is growing rapidly. Almost 650 applications were submitted electronically in 2009-2010—an increase of about 50% over last year. This year, a fast-track process was implemented to accelerate adoption. The following chart demonstrates the adoption trend since inception in fiscal 2001-2002.

This fiscal year, eTelefilm has been revamped to make it simpler, and easier to navigate. Telefilm will make eTelefilm mandatory for some of its programs in the next fiscal year in order to standardize processes and improve efficiency.

### eTelefilm subscriptions



Source: Telefilm database

# Management's Discussion and Analysis

## Reliability of information

Management's Discussion and Analysis (MD&A) is prepared by management to lend qualitative context to the financial statements, and to provide a complete and balanced account of Telefilm's past performance and future outlook. Content is factual and based on meaningful, relevant and reliable information.

Management has implemented:

- A comprehensive control environment to ensure the effectiveness of systems
- Quality control procedures that ensure completeness, reliability, comparability and relevance of financial disclosures

This MD&A has been presented to the Management Committee, to the Executive Director, to the Audit and Finance Committee, and finally to the Board of Directors for approval.

Financial Statements along with the Auditor's Report are presented on page 82 and 84.

## New accounting standards

On April 1, 2009, Telefilm adopted the following standards and amendments as set out in the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook:

- 3064 - *Goodwill and Intangible Assets*
- 3855 - *Financial Instruments – Recognition and Measurement*
- 3862 - *Financial Instruments – Disclosures*

The application of these new standards did not affect Telefilm's financial results in any way.

## Accounting estimates

In preparing financial information, management has used its best estimates and assumptions that could have a material impact on amounts reported. Significant accounting estimates are discussed in Note 2—Significant Accounting Policies of the Financial Statements.

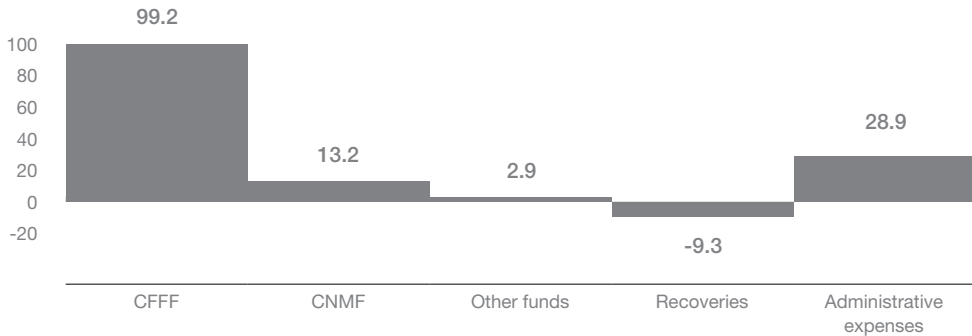
## Financial reporting standards

According to the new CICA applicable accounting standards, Telefilm belongs to the category "other government organizations". Management has therefore analyzed the impacts of both the International Financial Reporting Standards (IFRS) and the Public Sector Accounting Standards, along with the needs and objectives of its financial statement users. Following the analysis, Telefilm has chosen to adopt the Public Sector Accounting Standards. These standards will be applicable to the fiscal year beginning April 1, 2011.

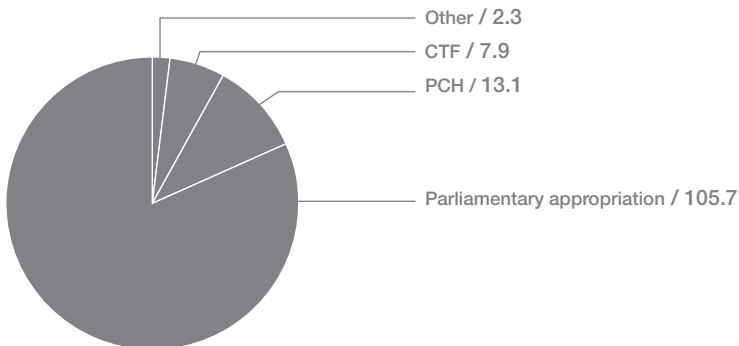
# Financial review at a glance

- Fiscal 2009-2010 was positive despite a net result of \$-5.9M. The result demonstrates that Telefilm, a funding organization, disbursed its current program funding and reinvested its accumulated recoveries.
- Overall assistance expenses went from \$113.7M to \$115.3M—an increase of \$1.6M over the previous fiscal year. This increase is attributable to CFFF expenses.
- Recoveries are lower this year by almost \$4M, a 30% decrease from 2008-2009. This is due mainly to lower return on investments from the reported revenues on Canadian films. A drop in sales from the financed Canadian films has also negatively affected the Canadian distributors' performance.
- Operating and administrative expenses decreased by 7%, which demonstrates Telefilm's tight control over these expenses.
- Funding dropped by \$4M compared to 2008-2009, mainly due to Telefilm-administered programs funded through parliamentary appropriation that were shut down (\$-3M) and by a reduction in the CNMF funding utilization (\$-1M).

## Cost of operations: \$134.9M



## Government funding & revenues: \$129.0M



# Analysis of expenses

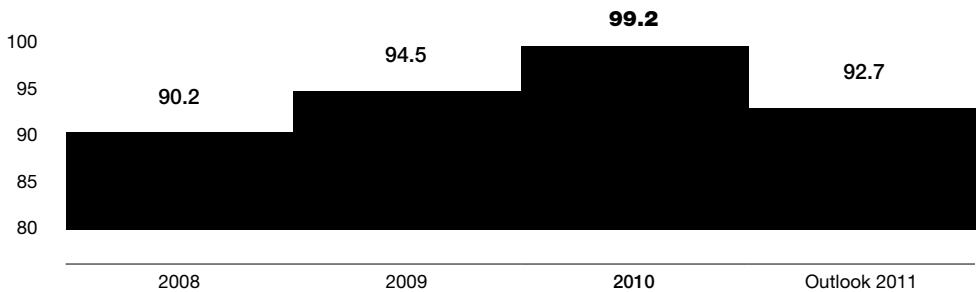
## Assistance Expenses

Assistance expenses are program expenses incurred mainly to fund clients.

### Canada Feature Film Fund

In 2009-2010, CFFF assistance expenses reached the highest levels in the history of the Fund (\$99.2M), an increase of \$4.7M over 2008-2009. That increase is due mainly to greater emphasis on the production and marketing assistance program within the CFFF. The available funds committed on a yearly basis are known in advance, and Telefilm expects a pullback in assistance expenses to 2008-2009 levels for 2010-2011. More detail of CFFF expenses is disclosed in Schedule A of the Financial Statements on page 111.

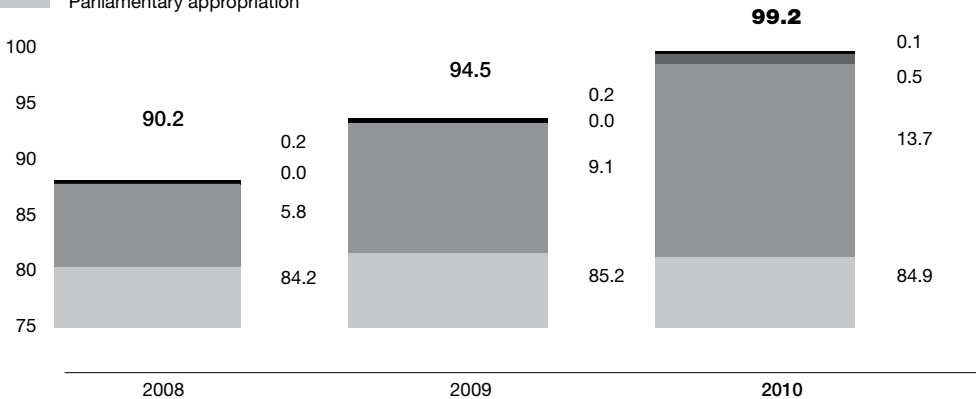
#### Assistance expenses for CFFF (\$M)



About 86% of the \$99.2M of funding in 2009-2010 was appropriated from parliament. Recoveries from investments and forgivable advances make up most of the remainder.

#### Funding sources for CFFF (\$M)

- Others
- APTN
- Recoveries
- Parliamentary appropriation



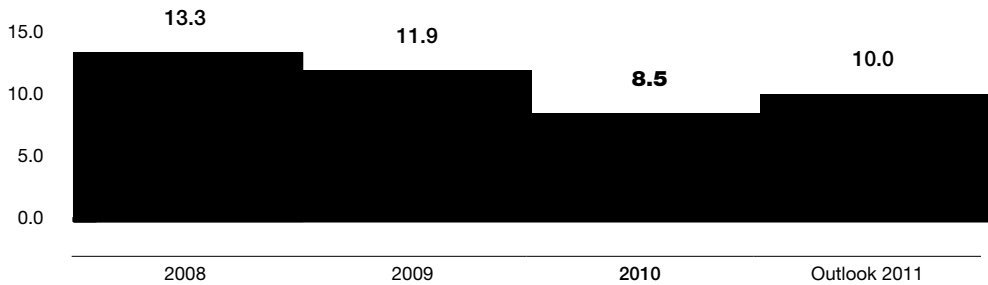
Recoveries utilization is up by \$4.6M compared to last year. This represents an important funding source for Telefilm since amounts recovered from earlier investments enable a greater number of projects to be funded.

Since the level of parliamentary appropriation is stable, the utilization of recoveries, whether they are coming from actual or previous fiscal, is subject to the levels of assistance expenses resulting in a higher utilization of recoveries in CFFF assistance.

However, total annual recoveries took a plunge in 2009-2010 from \$11.9M to \$8.5M. Two factors influence annual recoveries: domestic and international sales. For this fiscal year, only two films financed by Telefilm were successful enough in domestic sales to generate significant return on investment. In addition, unlike 2008-2009, no films reported significant recoveries on international sales.

Telefilm follows its recoveries closely to ensure that annual projections are realistic. The existence of a trend is not conclusive and recoveries are forecast to be up slightly to \$10M for 2010-2011. The situation may warrant a mid-year review by management.

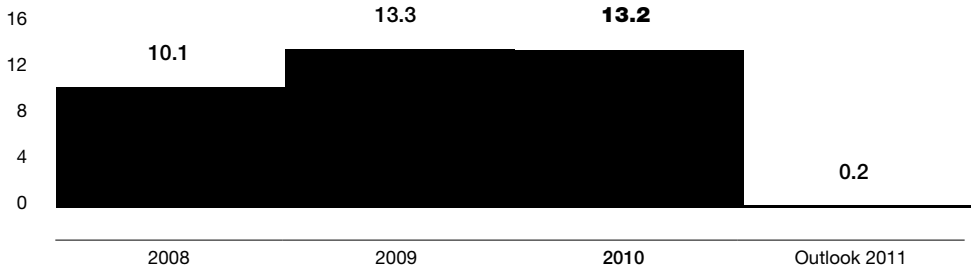
**Recoveries for CFFF (\$M)**



**Canada New Media Fund**

After 12 years of administration by Telefilm, the CNMF, in its various forms, was wound up this fiscal year. The Department of Canadian Heritage (PCH) has not renewed the Contribution Agreement for the next fiscal year in its current form. For 2010-2011 and beyond, this federal assistance to the new media industry will be delivered through the Canada Media Fund (CMF). The related Programs funding will be administered by Telefilm through a Services Agreement with the CMF.

**Assistance expenses for CNMF (\$M)**



In its final year, CNMF assistance expenses stayed relatively stable at \$13.2M. PCH funded 86% of the CNMF assistance expenses (\$11.4M) through a Contribution Agreement. Accumulated recoveries from the previous fiscal years (\$1.8M) completed the assistance expenses funding.

**Funding sources for CNMF (\$M)**

- Parliamentary appropriation
- Recoveries
- PCH

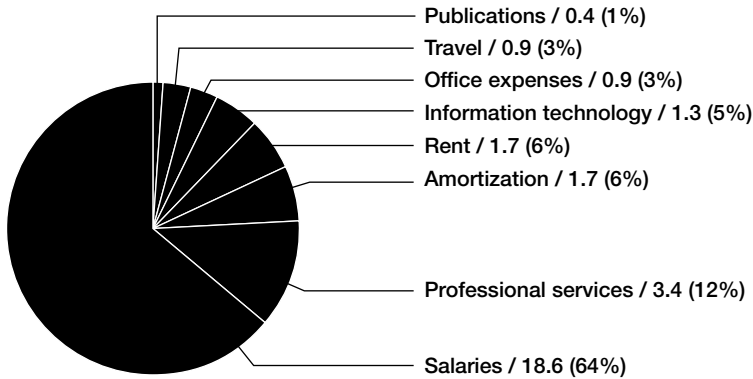


Under the Contribution Agreement, Telefilm has been obligated to remit all fund-related recoveries to the Consolidated Revenue Fund of Canada since fiscal 2007-2008. Telefilm was able to remit slightly more than \$0.5M for fiscal 2009-2010.

**Operating and Administrative Expenses**

The following pie chart outlines the amounts and percentages of Telefilm's operating and administrative expenses by financial statement line item. More detail about operating and administrative expenses is disclosed in Schedule D of the Financial Statements on page 114.

**Operating and administrative expenses: \$28.9M**



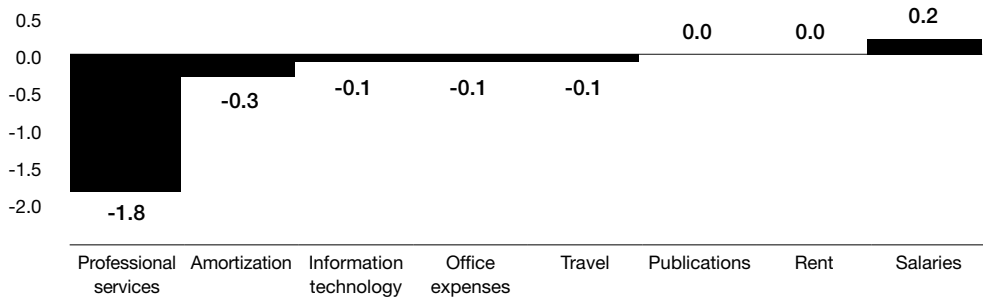
Telefilm closely monitors its budget capacity and the necessity of its expenses. Overall operating and administrative expenses were down 7% in 2009-2010, from \$31.1M to \$28.9M.

Operating and administrative expenses are incurred to deliver CFFF programs and activities, to fulfill the Services Agreement signed with the CTF for the delivery of its program funding, for CNMF programs, and for corporate responsibilities such as governance.

Telefilm's control over its expenses is evident—decreases in costs outnumber and outweigh increases. The most important cost saving came from professional services which dropped \$1.8M over last year. This is mainly due to a significant accrued charge recorded in 2008-2009 that was resolved this fiscal year.



**Operating and administrative expenses \$-2.2M Variances 2009-2010 vs 2008-2009**



**Government Funding and Revenues**

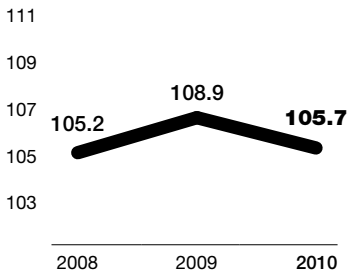
Telefilm has three main sources of funding: parliamentary appropriation, CNMF Contribution Agreement, and CTF management fees related to a Services Agreement.

Parliamentary appropriation fell \$3.2M in 2009-2010 mainly due to the termination of the National Training School Program (\$2.5M) and the Interdepartmental Partnership with Official-Language Communities Program (\$0.6M). Parliamentary appropriation is expected to pull back slightly to \$105.4M for fiscal year 2010-2011.

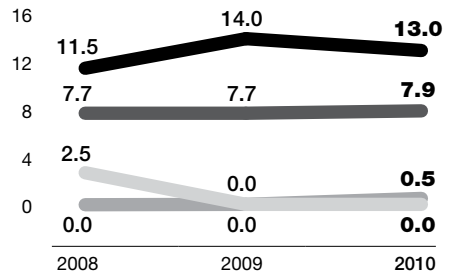
CNMF revenues from the Contribution Agreement decreased by \$1M to \$13M. This reduction is due to the closing of the fund and Telefilm's requirement to reinvest its accumulated recoveries. No Contribution Agreement revenue will come from the CNMF next year.

CTF management fees are up slightly by \$0.2M to \$7.9M. Telefilm has also been mandated on behalf of the Canada Media Fund (CMF) to deliver its new programs, and related management fees are expected to be close to \$10M for next fiscal year.

**Parliamentary appropriation (\$M)**



**Other important funding sources: \$21.4M**

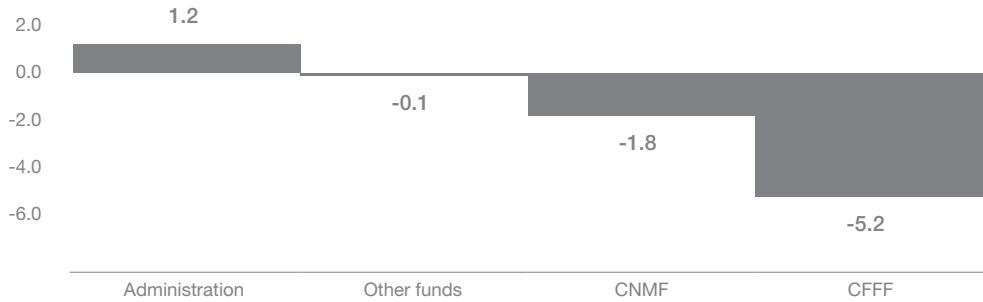


- CNMF (PCH) **13.0**
- CTF management fees **7.9**
- APTN **0.5**
- PCH (Professional training schools) **0.0**

# Net result: revenue vs expense

- Net result is \$-5.9M, a decrease of \$7.3M from 2008-2009.
- This result is favorable for Telefilm, because deficits are related to program activities. It shows that Telefilm is using its entire program funding while also reinvesting accumulated recoveries.
- All funds, CFFF, CNMF and Other funds, have used accumulated recoveries in the funding of their expenses, creating a suitable deficit situation for 2009-2010.

## Net results: \$-5.9M



The net result is largely attributable to the CFFF, which used accumulated recoveries of \$5.2M in this fiscal. These recoveries were recorded in previous fiscal years.

As well, the CNMF used its accumulated recoveries in its last year of operation and fulfilled the shortfall of \$-1.8M over the PCH Contribution Agreement funding.

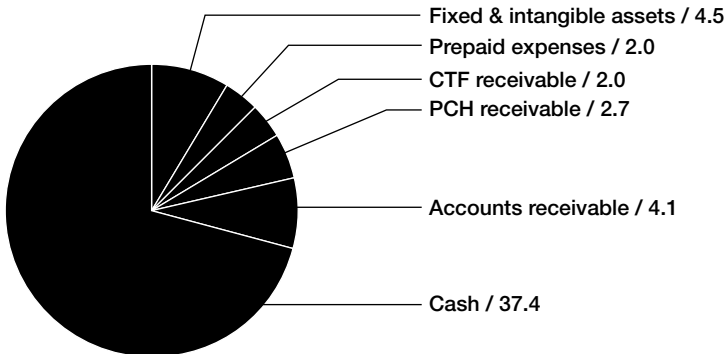
The administrative surplus is mostly related to an estimated accrued charge that was recorded for accounting purposes last fiscal year but was settled and funded this fiscal year due to its unknown final amount. Notwithstanding, the best way for Telefilm to assess the performance of the administrative result is a calculation using the “modified cash basis” method rather than looking at the accrual accounting method. This matter is discussed further in Section: *A Responsible Administrator* on page 50.

A deficit position by fund is normal to Telefilm business, since Telefilm reinvests its recoveries while the production cycles of its projects do not synchronize with its fiscal year.

# Balance sheet

Highlights of key items on the balance sheet and main changes from last year are addressed in this section. The balance sheet itself, along with comparative figures, is presented on page 88 of the Financial Statements.

## Assets: \$52.7M

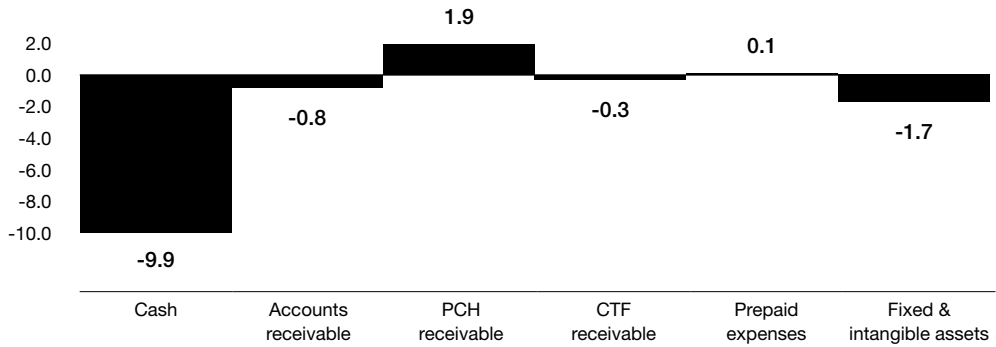


The most important item on the balance sheet is the amount receivable from Canada (the equivalent of Telefilm's cash), which accounted for 71% of total assets in 2009-2010. This cash position will fund the contractual commitments of all programs (\$31.3M), as well as some future projects (see Note 10a in the Financial Statement notes). Cash is managed by the Receiver General through the Consolidated Revenue Fund of Canada, and Telefilm does not receive any investment income.

In general, all receivables are expected to be recovered shortly. Both PCH and CTF receivables are due according to agreements. The \$4.1M accounts receivable item is presented net of allowance for bad debts of \$1.2M.

The net value of fixed and intangible assets amounts to \$4.5M, and represents the remaining value of the assets required for Telefilm operations to be amortized over the coming years.

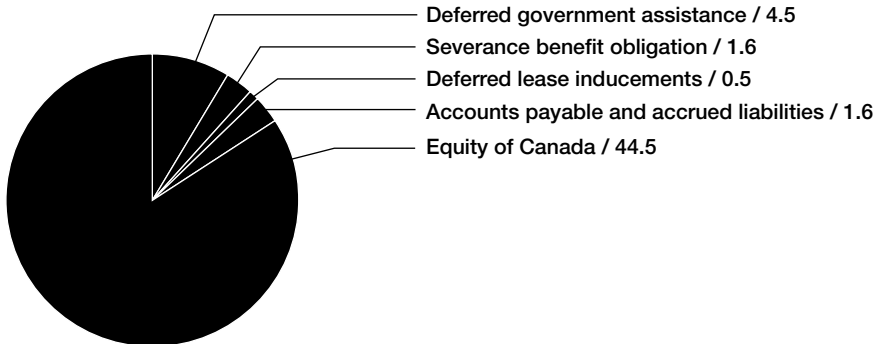
**Assets variances: \$-10.7M 2009-2010 vs 2008-2009**



Assets have decreased by \$10.7M since last fiscal year, and there are three major reasons why:

1. Cash decreased significantly from last year's position (\$-9.9M). The section Cash flow on page 76 provides details about why this has occurred.
2. Another important change in Telefilm's assets comes from the PCH receivable (\$1.9M), which is fully recoverable and related to activities for CNMF assistance expenses that were not yet repaid.
3. The \$-1.7M variance for fixed and intangible assets is normal and related to straight-line amortization.

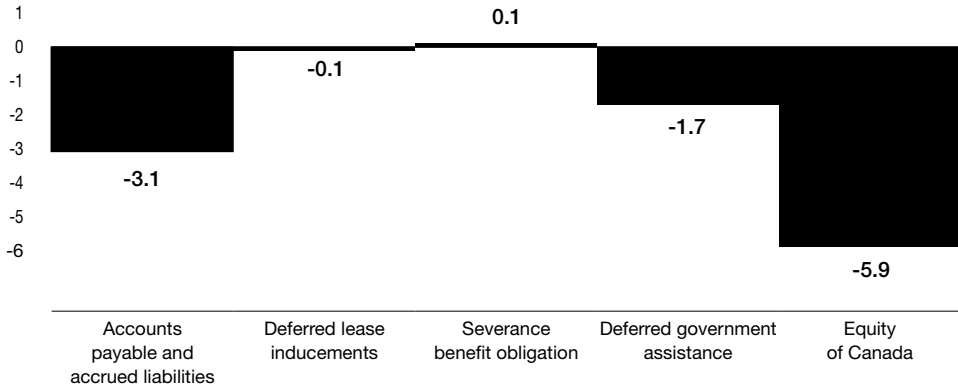
**Liabilities and equity: \$52.7M**



At \$44.5M, the equity of Canada represents 84% of the overall liabilities and equity. It mostly reflects, on an accrual accounting basis, the recoveries that have not yet been reinvested as assistance expenses.

Deferred government assistance is the largest liability on the balance sheet and represents the unamortized amount used to fund the fixed and intangible assets (\$4.5M).

**Liabilities and equity \$-10.7M variances 2009-2010 vs 2008-2009**



Year-over-year variances on the liabilities and equity of Canada come from three main sources:

1. The decreases in accounts payable (\$-3.1M) are mostly related to a 2008-2009 material accrued expense that has been settled and to lower than usual trade payables on projects and accrued salaries.
2. Deferred government assistance (\$-1.7M) is directly related to the amortization of fixed and intangible assets. This decrease reflects the funding used in line with the assets' utilization.
3. The equity decrease (\$-5.9M) is principally attributable to shortfalls in funding with regard to programs (see section *Net Result*). This deficit is temporary as it is replenished by accumulated recoveries from previous years.

# Cash flow

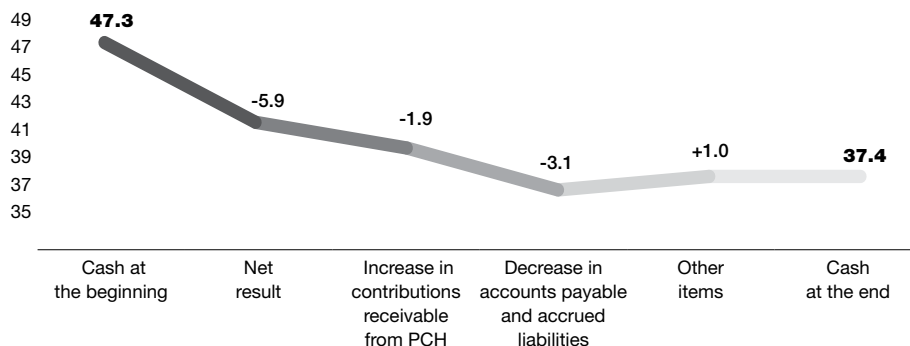
Telefilm uses the indirect method to disclose its cash flows activities. Cash on hand decreased significantly by \$9.9M in 2009-2010 to \$37.4M.

Three main issues affected overall cash flows:

1. The net result for the year (\$-5.9M)
2. The increase in the PCH receivable related to the CNMF program activities (\$-1.9M)
3. The decrease in accounts payable compared to last year (\$-3.1M)

Other items contributed \$1M to cash flows, but were less significant for reporting purposes.

## 2009-2010 Cash flows activities: \$-9.9M



# Outlook

The future is always exciting for Telefilm and next year will present a new round of challenges.

## **Corporate Plan**

In 2010-2011 Telefilm will establish a new corporate plan that will chart a course for the organization for future years. It will follow Telefilm's former *Corporate Plan 2006-2007 to 2010-2011 From cinemas to cell phones: Telefilm Canada responds to the multiplatform challenge*.

This new corporate plan will integrate key strategic issues based on assessments of previous performance, analysis of the external environment, and an examination of Telefilm's resources. Furthermore, the new plan will identify objectives to achieve and propose strategies with related performance measures.

The new plan should be approved and implemented for the 2011-2012 fiscal year.

## **CICA Public Sector Accounting Handbook**

As mentioned, Telefilm has determined that the CICA Public Sector Accounting Standards are the most appropriate basis of accounting for users of its financial statements. For 2010-2011, management will need to record all business transactions on two standards: CICA Accounting Standards for Private Enterprises for its 2010-2011 financial statements, and on CICA Public Sector Accounting Standards for its 2010-2011 comparative figures pertaining to 2011-2012 financial statements disclosure.

## **Certification Regime for Crown Corporations**

For next fiscal year, Telefilm intends to gradually apply a certification regime to its activities. As part of this project, the organization will need to define its certification regime strategy as well as the scope and the area of its certification, and update its risk assessment and the assessment of its key control activities. Management might expect entity-level controls to come under scrutiny, such as important business processes, general IT control processes, and financial statement closing and reporting processes.

## **Quarterly Financial Reports for Crown Corporations**

An amendment to the *Financial Administration Act* has established standards on quarterly financial reports for Crown corporations. Reports will need to be made public within 60 days after the fiscal quarter. Over the next year, Telefilm will need to review its financial reporting in order to comply with this new requirement, which comes into effect April 1, 2011.

## **Budget 2010 Cost Containment Measures for Crown Corporations**

Telefilm's operating budgets from parliamentary appropriation will be frozen for the fiscal years 2011-2012 and 2012-2013. Any shortfalls will need to be funded through sources other than parliamentary appropriation.

The Treasury Board sent all Crown Corporations directives limiting overall operating expenditures for the upcoming years.

Telefilm has started a review of its operating expenditures in order to identify measures ensuring that the Corporation will implement the spirit and the intent of the guiding principle.

# Overview of the last eight years

## Statement of Operations and Comprehensive Income

In thousands of dollars	2010	2009
<b>Assistance Expenses</b>		
Canada Feature Film Fund	<b>99,211</b>	94,476
Canada New Media Fund	<b>13,189</b>	13,314
Other funds	<b>2,876</b>	5,896
Canadian Television Fund – Equity Investment Program	–	–
Music Entrepreneur Program	–	–
Assistance expenses	<b>115,276</b>	113,686
Recoveries	<b>(9,252)</b>	(13,155)
Operating and administrative expenses	<b>28,905</b>	31,119
Cost of operations	<b>134,929</b>	131,650
<b>Government Funding and Revenues</b>		
Parliamentary appropriation	<b>105,667</b>	108,699
Management fees from the Canadian Television Fund	<b>7,887</b>	7,740
Contribution from the Canadian Television Fund	–	192
Department of Canadian Heritage:		
Canadian Television Fund – Equity Investment Program	–	–
Canada New Media Fund	<b>13,000</b>	13,970
Music Entrepreneur Program	–	–
Professional training schools	–	–
Other contributions	<b>98</b>	81
Amortization of deferred government assistance	<b>1,708</b>	2,016
Other revenues	<b>652</b>	364
	<b>129,012</b>	133,062
<b>Net result from operations and comprehensive income</b>	<b>(5,917)</b>	1,412

\* Financial data prior to 2009 have not been restated to conform to the presentation format adopted in 2010, as the impact on the data is immaterial.



2008	2007	2006	2005	2004	2003
90,179	96,096	74,573	79,304	91,875	78,866
10,100	13,356	12,445	8,608	9,737	8,469
6,167	6,838	5,945	5,690	5,535	7,859
2,170	21,930	107,673	109,890	110,043	114,206
–	–	–	5,389	8,797	4,355
108,616	138,220	200,636	208,881	225,987	213,755
(15,019)*	(27,268)*	(26,214)*	(24,764)*	(19,823)*	(22,392)*
28,402*	28,066*	23,996*	23,788*	22,413*	21,614*
121,999	139,018	198,418	207,905	228,577	212,977
103,308	103,053	122,476	126,300	123,419	134,953
7,699	7,544	–	–	–	–
1,073	6,930	13,082	2,000	24,509	26,761
–	–	49,775	49,775	49,775	47,275
11,500	14,000	14,000	8,907	9,656	7,452
–	–	175	5,443	9,560	5,740
2,519	2,516	2,550	2,550	2,550	2,795
25	135	–	–	–	–
2,626	2,540	2,241	2,182	1,961	1,498
591	654	933	671	441	909
129,341	137,372	205,232	197,828	221,871	227,383
7,342	(1,646)	6,814	(10,077)	(6,706)	14,406

**Balance Sheet**

In thousands of dollars	2010	2009
<b>Assets</b>		
Receivable from Canada	<b>37,391</b>	47,279
Receivable:		
Department of Canadian Heritage	<b>2,663</b>	725
Canadian Television Fund	<b>2,028</b>	2,365
Accounts receivable, prepaid expenses and loans	<b>6,065</b>	6,737
Long-term accounts receivable, loans and investments		–
Property and equipment	<b>2,995</b>	3,688
Intangible assets	<b>1,517</b>	2,532
	<b>52,659</b>	63,326
<b>Liabilities and Equity of Canada</b>		
Payable to Canada	–	–
Accounts payable and accrued liabilities	<b>1,535</b>	4,573
Deferred lease inducements	<b>503</b>	646
Severance benefit obligation	<b>1,620</b>	1,481
Deferred government assistance	<b>4,512</b>	6,220
Equity of Canada	<b>44,489</b>	50,406
	<b>52,659</b>	63,326

\* Only these financial data have been adjusted to conform to the presentation format adopted in 2009.

2008	2007	2006	2005	2004	2003
37,365	24,348	35,238	14,783	–	8,854
5,571	6,210	4,656	18,502	30,664	15,381
2,164	9,154	–	2,000	24,509	26,761
8,162	7,283	7,500	6,771	8,289	10,108
182	55	268	164	243	428
4,409*	8,741	9,135	8,991	9,194	6,714
3,601*	–	–	–	–	–
61,454	55,791	56,797	51,211	72,899	68,246
–	–	–	–	8,551	–
2,290	3,247	2,072	3,639	6,544	6,388
791	943	1,167	1,183	1,322	1,292
1,369	1,208	1,125	914	727	585
8,010	8,741	9,135	8,991	9,194	6,714
48,994	41,652	43,298	36,484	46,561	53,267
61,454	55,791	56,797	51,211	72,899	68,246

# Financial Statements Year ended March 31, 2010

# 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. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, 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 the audit and to assess the reports on their audits.

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.



Carole Brabant, CA, MBA  
Executive Director

Montreal, Canada  
June 4, 2010



Auditor General of Canada  
Vérificatrice générale du Canada

## AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

I have audited the balance sheet of Telefilm Canada as at March 31, 2010, and the statements of operations, comprehensive income and equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation 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*, the *Telefilm Canada Act* and the by-laws of the Corporation.

A handwritten signature in black ink, appearing to read 'Sylvain Ricard'.

Sylvain Ricard, CA auditor  
Assistant Auditor General  
for the Auditor General of Canada

Montreal, Canada  
June 4, 2010

Statement of  
Operations,  
Comprehensive  
Income and  
Equity of Canada  
Year ended  
March 31, 2010

In thousands of dollars	Schedule	2010	2009
<b>Assistance expenses</b>			
Canada Feature Film Fund	A	<b>99,211</b>	94,476
Canada New Media Fund	B	<b>13,189</b>	13,314
Other Funds	C	<b>2,876</b>	5,896
		<b>115,276</b>	113,686
<b>Recoveries</b>	A and C	<b>(9,252)</b>	(13,155)
<b>Net assistance expenses</b>		<b>106,024</b>	100,531
<b>Operating and administrative expenses</b>	D	<b>28,905</b>	31,119
<b>Cost of operations</b>		<b>134,929</b>	131,650
<b>Revenues</b>			
Management fees from the Canadian Television Fund		<b>7,887</b>	7,740
Interest and other revenues		<b>504</b>	119
Investment revenues		<b>148</b>	245
Contribution from the Canadian Television Fund		<b>-</b>	192
		<b>8,539</b>	8,296
<b>Net cost of operations before government funding</b>		<b>126,390</b>	123,354
<b>Government funding</b>			
Parliamentary appropriation		<b>105,667</b>	108,699
Contributions from the Department of Canadian Heritage	F	<b>13,098</b>	14,051
Amortization of deferred government assistance (Note 8)		<b>1,708</b>	2,016
		<b>120,473</b>	124,766
<b>Net result from operations and comprehensive income</b>		<b>(5,917)</b>	1,412
<b>Equity of Canada at the beginning</b>		<b>50,406</b>	48,994
<b>Equity of Canada at the end</b>		<b>44,489</b>	50,406

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



# Balance Sheet

## March 31, 2010

In thousands of dollars	Note	2010	2009
<b>Assets</b>			
<b>Current assets</b>			
Receivable from Canada		<b>37,391</b>	47,279
Accounts receivable	4	<b>4,048</b>	4,813
Contributions receivable from the Department of Canadian Heritage		<b>2,663</b>	725
Receivable from the Canadian Television Fund		<b>2,028</b>	2,365
Prepaid expenses		<b>2,017</b>	1,924
		<b>48,147</b>	57,106
<b>Property and equipment</b>	5	<b>2,995</b>	3,688
<b>Intangible assets</b>	5	<b>1,517</b>	2,532
		<b>52,659</b>	63,326
<b>Liabilities and equity of Canada</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	<b>1,535</b>	4,573
<b>Long-term liabilities</b>			
Deferred lease inducements		<b>503</b>	646
Severance benefit obligation	7	<b>1,620</b>	1,481
Deferred government assistance	8	<b>4,512</b>	6,220
		<b>6,635</b>	8,347
<b>Equity of Canada</b>	9	<b>44,489</b>	50,406
		<b>52,659</b>	63,326

**Commitments** (Note 10)

**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 Cash Flows

Year ended  
March 31, 2010

In thousands of dollars	2010	2009
<b>Operating activities</b>		
Net result from operations and comprehensive income	<b>(5,917)</b>	1,412
Items not affecting cash:		
Amortization of property and equipment	<b>693</b>	721
Amortization of intangible assets	<b>1,015</b>	1,295
Decrease in deferred lease inducements	<b>(143)</b>	(145)
Increase in the severance benefit obligation	<b>139</b>	112
Amortization of deferred government assistance	<b>(1,708)</b>	(2,016)
	<b>(5,921)</b>	1,379
Changes in non-cash working capital items:		
Decrease in accounts receivable	<b>765</b>	1,409
Decrease (increase) in contributions receivable from the Department of Canadian Heritage	<b>(1,938)</b>	4,846
Decrease (increase) in receivable from the Canadian Television Fund	<b>337</b>	(201)
Decrease (increase) in prepaid expenses	<b>(93)</b>	16
Increase (decrease) in accounts payable and accrued liabilities	<b>(3,038)</b>	2,283
Decrease in long-term accounts receivable	<b>-</b>	182
	<b>(9,888)</b>	9,914
<b>Financing activities</b>		
Parliamentary appropriation - government assistance	<b>-</b>	226
<b>Investing activities</b>		
Acquisition of intangible assets	<b>-</b>	(226)
<b>Increase (decrease) in liquidity</b>	<b>(9,888)</b>	9,914
<b>Receivable from Canada at the beginning</b>	<b>47,279</b>	37,365
<b>Receivable from Canada at the end</b>	<b>37,391</b>	47,279

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

# Notes to Financial Statements

Year ended  
March 31, 2010

# 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 audiovisual industry in Canada, including feature film, television and new media industries. 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 audiovisual or sound recording industries.

The Corporation is a Crown corporation subject inter alia to the provisions of 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*.

# 2

## Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed by the Corporation are as follows:

### **a) Assistance expenses**

Assistance expenses include all forms of assistance granted to activities related to feature film, television and new media industries. Assistance expenses are carried out mainly through investments, forgivable advances and grants; they are accounted for as follows:

- i) Investments granted in return for a share in operating revenues and forgivable advances are recorded in operations in the year in which the funds are paid or have become payable; they are all recorded as assistance expenses due to the uncertainty of the amounts that can be recovered.
- ii) Grants are recorded in operations in the year in which the funds are paid or have become payable.

### **b) Recoveries**

Recoveries come from recovered advances and shares in operating revenues resulting from investments. Recoveries are recorded in operations once they have become due. Any recovery of investment that exceeds the amount invested is recorded as investment revenue. Recoveries are shown net of bad debt losses.

## Significant accounting policies (cont.)

### c) Revenues

#### Management fees

The management fees correspond to the reimbursement of expenses relating to the administration and the delivery of the Canadian Television Fund financing programs. The fees are recorded on an accrual basis.

#### Contribution and interest and other revenues

The contributions and the interest and other revenues are recorded on an accrual basis.

### d) Government funding

The Corporation obtains funds by means of parliamentary appropriation and contributions from the Department of Canadian Heritage. The amount of parliamentary appropriation used to finance the assistance expenses and the operating and administrative expenses is recorded on the Statement of Operations, Comprehensive Income and Equity of Canada. The portion of parliamentary appropriation used to finance the acquisition of property and equipment and intangible assets is recorded as deferred government assistance on the balance sheet and is amortized on the same basis as the related assets. Parliamentary appropriation is recorded up to the amount of allowable expenditures incurred.

The contributions from the Department of Canadian Heritage are recorded on the Statement of Operations, Comprehensive Income and Equity of Canada up to the amount of allowable expenditures incurred.

### e) Amount receivable from Canada

The Receiver General for Canada processes the banking operations of the Corporation through the consolidated revenue fund, thus the absence of bank accounts. For the purposes of the financial statements, the result of all banking operations appears on the balance sheet as an amount receivable from Canada.



## Significant accounting policies (cont.)

### f) Property, equipment and intangible assets

Property, equipment and intangible assets are recorded at cost. They are amortized on a straight-line basis based on their respective useful life using the following rates:

Asset	Rates
<b>Property and equipment</b>	
Leasehold improvements	Terms of the leases
Technological equipment	20%
Furniture	10%
<b>Intangible assets</b>	
Software and licenses	14% and 20%

Assets related to work in progress are not subject to amortization. When work in progress is completed, the amounts relating to assets are reported under the appropriate property, equipment and intangible assets category and are amortized in compliance with the Corporation's policy.

### g) Employee future benefits

#### Pension plan

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contributions as employer reflect the full cost for the Corporation. This amount is based on a multiple of the employees' contributions and may change over time depending on the financial situation of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

#### Severance benefits

Employees are entitled to severance benefits as provided for under their conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. Management determines the severance benefit obligation using a method based upon assumptions and its best estimates. The main assumption is related to the estimate of the percentage of employees who will benefit from maximal admissible severance that is related to the number of years of service and to the reason for employment termination. This assumption is revised annually. These benefits represent the only obligation of this nature for the Corporation that entails settlement by future payment.

## Significant accounting policies (cont.)

### **h) Financial Instruments**

Financial assets and liabilities are initially accounted for at fair value. Their subsequent measurement depends upon their classification, as described below. Their classification depends upon the objective when the financial instruments were acquired or issued, their features and their designation by the Corporation.

#### **Classification**

The amount receivable from Canada is classified as held for trading. Any change in fair value during the period is recognized in operations.

Amounts receivable from the Canadian Television Fund, Contributions receivable from the Department of Canadian Heritage and Accounts receivable are designated as held for trading. Any change in fair value is recognized in operations. When the value of the return is not significant due to short-term maturities, the amounts receivable are accounted for at the amount of the initial invoice, net of the allowance for bad debts.

Long-term accounts receivable, net of the allowance for bad debts, are designated as held for trading. Any change in fair value is recognized in operations.

Accounts payable and accrued liabilities are held for trading. When the value of the return is not significant due to short-term maturities, the amounts payable are accounted for at the amount of the initial invoice.

### **i) Measurement uncertainty**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 revenues, government funding and expenses during the reporting period. The allowance for bad debts, the useful life of property, equipment and intangible assets, the severance benefit obligation and the contingencies are the most significant items where estimates are used. Actual results could differ from those estimates and such differences could be significant.

# 3

## New accounting standards adopted

Effective April 1, 2009, the Corporation adopted the Canadian Institute of Chartered Accountants (“CICA”) Accounting Handbook Section 3064, *Goodwill and Intangible Assets*. At the same date, it also adopted the amendments to Section 3855, *Financial Instruments – Recognition and Measurement*, and Section 3862, *Financial Instruments – Disclosures*.

Section 3064, *Goodwill and Intangible Assets*, reinforces the approach to recognize assets only when they meet the definition of an asset and the criteria for asset recognition. It also clarifies the application of the concept of matching revenues and expenses such that the current practice of recognizing as assets items that do not meet the asset definition and asset recognition criteria is eliminated. These changes, including disclosure requirements, had no impact on the Corporation’s financial statements.

Amendments to Section 3855, *Financial Instruments - Recognition and Measurement*, include a change in the definition of the “loans and receivables” classification of financial assets. Therefore, the debt instruments that are not traded in an active market may be classified as loans and receivables. The loans and receivables that the entity intends to sell immediately or in the near term should be classified as held for trading. The loans and receivables for which the holder may not recover substantially all of its initial investment, for reasons other than credit deterioration, should be classified as available for sale. The reclassification into loans and receivables of financials assets held for trading purposes and available for sale is allowed under certain circumstances. The adoption of these amendments had no impact for the Corporation.

## New accounting standards adopted (cont.)

Section 3862, *Financial Instruments – Disclosures*, has been amended to include improved and consistent disclosures on fair value measurements of financial instruments and liquidity risk. The enhanced disclosure requirements include the classification of fair value measurements within a three-level hierarchy. These new disclosure requirements had no impact for the Corporation, as the carrying amount of its financial instruments is a reasonable approximation of fair value.

### **Future accounting changes**

#### *Financial reporting standards*

The Public Sector Accounting Board (PSAB) approved in September 2009 an amendment to the Introduction to Public Sector Accounting Standards (the Introduction) that will require government business enterprises to apply the International Financial Reporting Standards (IFRS). These amendments eliminate the “government business-type organizations” category; these organizations would be reclassified either as “government not-for-profit organizations” (GNFPOs) or “other government organizations”. The latter must determine the source of GAAP most appropriate for their needs and objectives.

During the year ended March 31, 2009, the Corporation has analyzed the impact of adopting the International Financial Reporting Standards (IFRS). During the year ended on March 31, 2010, the Corporation has analyzed the impact of adopting the Public Sector Accounting Standards. The Corporation is classified in the “other government organizations” category and has chosen to adopt the Public Sector Accounting Standards. These standards will be applicable to the fiscal year beginning on April 1, 2011. The Corporation is currently preparing a conversion plan for the transition to the accounting standards selected.

# 4

## Accounts receivable

In thousands of dollars	2010	2009
Accounts receivable related to recoveries	683	2,129
Taxes to be recovered	2,825	2,515
Other accounts receivable	540	169
	<b>4,048</b>	<b>4,813</b>

# 5

## Property, equipment and intangible assets

In thousands of dollars			<b>2010</b>	2009
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Value</b>	Net Value
<b>Property and equipment</b>				
Leasehold improvements	<b>4,595</b>	<b>2,213</b>	<b>2,382</b>	2,959
Technological equipment and furniture	<b>1,159</b>	<b>546</b>	<b>613</b>	729
	<b>5,754</b>	<b>2,759</b>	<b>2,995</b>	3,688
<b>Intangible assets</b>				
Software and licenses	<b>14,499</b>	<b>12,982</b>	<b>1,517</b>	2,532
	<b>20,253</b>	<b>15,741</b>	<b>4,512</b>	6,220

# 6

## Accounts payable and accrued liabilities

In thousands of dollars	2010	2009
Accounts payable related to assistance expenses, trade payables and accrued liabilities	<b>1,337</b>	4,326
Current portion of deferred lease inducements	<b>143</b>	143
Current portion of severance benefit obligation	<b>55</b>	104
	<b>1,535</b>	4,573

# 7

## Employee future benefits

### a) Pension plan

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation's and employees' contributions paid to the Public Service Pension Plan were as follows:

In thousands of dollars	2010	2009
Corporation contributions	1,984	1,860
Employee contributions	1,017	916

### b) Severance benefit obligation

The Corporation provides severance benefits to its employees based on years of service and final salary at end of employment. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future parliamentary appropriations and other funding sources. Useful information about the plan, as at the balance sheet date, is as follows:

In thousands of dollars	2010	2009
Balance at the beginning	1,585	1,446
Cost for services rendered during the year	278	297
Benefits paid during the year	(188)	(158)
<b>Balance at the end</b>	<b>1,675</b>	<b>1,585</b>
Short-term portion (included in accounts payable)	55	104
Long-term portion	1,620	1,481
	<b>1,675</b>	<b>1,585</b>



# 8

## Deferred government assistance

The amount presented on the balance sheet consists of the following items:

In thousands of dollars	2010	2009
Balance at the beginning	6,220	8,010
Parliamentary appropriation for government assistance	-	226
Amortization of deferred government assistance	(1,708)	(2,016)
<b>Balance at the end</b>	<b>4,512</b>	<b>6,220</b>

# 9

## Capital management disclosures

The Corporation defines its capital as the Equity of Canada. Under the *Telefilm Canada Act* and other federal laws, the Corporation must meet certain financial requirements. Thus, the Corporation manages the Equity of Canada by carefully monitoring its revenues, expenses, assets, liabilities and general financial transactions to ensure that it effectively achieves its objectives in conformity with those laws while continuing as a going concern. The Corporation did not make any changes to capital management during the year.

# 10

## Commitments

### a) Projects

The Corporation is contractually committed to disburse sums in the following funds:

In thousands of dollars	<b>Total</b>
Canada Feature Film Fund	<b>30,510</b>
Other Funds	<b>623</b>
Canada New Media Fund	<b>174</b>
	<b>31,307</b>

### b) Leases

The Corporation has entered into long-term leases for the rental of office space and equipment used in its operations. The aggregate minimum annual rentals payable during subsequent years are as follows:

In thousands of dollars	<b>Total</b>
2011	<b>1,249</b>
2012	<b>1,882</b>
2013	<b>1,644</b>
2014	<b>1,264</b>
2015	<b>711</b>
	<b>6,750</b>

# 11

## Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. The transactions are recorded at exchange amount which is the amount established and agreed to by the related parties.

# 12

## Financial instruments

### Fair value

The amount receivable from Canada, Accounts receivable, Contributions receivable from the Department of Canadian Heritage, the amount receivable from the Canadian Television Fund and Accounts payable and accrued liabilities are part of the normal course of operations of the Corporation. The carrying amount of these financial instruments approximates their fair value due to the relatively short periods to maturity of the instruments.

### Objectives and policies in relation to financial risk management

As a result of its operations, the Corporation is exposed to various financial risks. Management of financial risks is overseen by the Corporation's management. The Corporation does not enter into financial instruments contracts, including derivatives, for speculative purposes.

### Interest rate risk

Interest rate risk is defined as the Corporation's exposure to a loss in interest revenue or a loss in value of 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.

### Liquidity risk

The Corporation has contractual commitments (Note 10) and financial liabilities (Notes 6: Accounts payable and accrued liabilities and 7b: Severance benefit obligation). Consequently, it has a liquidity risk exposure.

The following table shows the contractual maturities of accounts payable and accrued liabilities as at March 31, 2010:

In thousands of dollars	2010	2009
1-30 days	1,155	2,872
31-90 days	62	90
91 days to 1 year	318	1,611
<b>Total book value and contractual cash flow</b>	<b>1,535</b>	<b>4,573</b>

## Financial instruments (cont.)

The Corporation believes that the future funds to be generated by operating activities and the additional liquidities resulting from parliamentary appropriations will be sufficient to meet its obligations. Under the supervision of senior management, the Corporation manages its liquidities according to its financial forecasts and expected cash flows.

### Credit risk

Due to its financial instruments, the Corporation may be exposed to a credit risk concentration mainly due to the amount receivable from Canada, Accounts receivable, Contributions receivable from the Department of Canadian Heritage and the amount receivable from the Canadian Television Fund.

There is no concentration of Accounts receivable from any client in particular, due to the nature of the clientele and its geographic coverage. The Corporation is therefore protected against credit risk concentration. As at March 31, 2010, the maximum credit risk exposure with respect to Accounts receivable is equal to the carrying amount.

#### Accounts receivable:

In thousands of dollars	2010	2009
Current - 30 days	<b>2,438</b>	3,738
31-90 days	<b>1,277</b>	935
91 days and more	<b>1,567</b>	1,409
Allowance for bad debts	<b>(1,234)</b>	(1,269)
<b>Total</b>	<b>4,048</b>	4,813

The Corporation established an allowance for bad debts and reviews the credit of all its clients on a regular basis.

#### Allowance for bad debts:

In thousands of dollars	2010	2009
Balance at the beginning	<b>1,269</b>	86
Bad debt expense	<b>378</b>	1,773
Debts written off and collections	<b>(413)</b>	(590)
<b>Balance at the end</b>	<b>1,234</b>	1,269

# 13

## Contingencies

An action was instituted against the Corporation. Management is unable to predict the outcome of this dispute, and the loss that could result cannot be reasonably estimated. Consequently, no provision was made in the Corporation's accounts.

# 14

## Comparative figures

Some of the 2009 figures have been reclassified to conform to the presentation adopted for 2010.



# Schedule A – Other Information

## Year ended March 31, 2010

### A – Canada Feature Film Fund

In thousands of dollars	2010	2009
<b>Assistance expenses</b>		
Production assistance	<b>68,399</b>	63,951
Distribution and marketing assistance	<b>12,143</b>	10,953
Development assistance	<b>8,553</b>	9,257
Low budget independent feature film assistance	<b>2,407</b>	2,752
Screenwriting assistance	<b>1,070</b>	1,169
Official coproduction assistance	<b>475</b>	763
Versioning and subtitling assistance	<b>311</b>	497
	<b>93,358</b>	89,342
<b>Complementary activities</b>		
Industrial and professional development	<b>4,235</b>	3,665
Participation in foreign festivals and markets	<b>1,527</b>	1,387
Advertising, promotion and publications	<b>91</b>	82
	<b>5,853</b>	5,134
	<b>99,211</b>	94,476
<b>Recoveries</b>	<b>(8,530)</b>	(11,902)
<b>Net assistance expenses</b>	<b>90,681</b>	82,574

# Schedule B – Other Information

## Year ended March 31, 2010

### B – Canada New Media Fund

In thousands of dollars	2010	2009
<b>Assistance expenses</b>		
Production assistance	5,087	7,844
Development assistance	3,861	3,795
Distribution and marketing assistance	2,048	415
	<b>10,996</b>	12,054
<b>Complementary activities</b>		
Industrial and professional development	1,898	921
Participation in foreign markets	284	187
Advertising, promotion and publications	11	15
Video game competition	–	137
	<b>2,193</b>	1,260
	<b>13,189</b>	13,314
<b>Recoveries</b>	–	97
<b>Net assistance expenses</b>	<b>13,189</b>	13,411

# Schedule C – Other Information

## Year ended March 31, 2010

### C – Other Funds

In thousands of dollars	2010	2009
<b>Assistance expenses</b>		
Official coproduction assistance – Television	233	353
Production and development assistance	–	172
	<b>233</b>	525
<b>Complementary activities</b>		
Industrial and professional development	2,043	2,037
Participation in foreign markets	589	820
Advertising, promotion and publications	11	44
Grants to professional training schools	–	2,470
	<b>2,643</b>	5,371
	<b>2,876</b>	5,896
<b>Recoveries</b>	<b>(722)</b>	(1,350)
<b>Net assistance expenses</b>	<b>2,154</b>	4,546

# Schedule D – Other Information

## Year ended March 31, 2010

### D – Operating and administrative expenses

In thousands of dollars	<b>Operating</b>	<b>Administrative</b>	<b>2010</b>	2009
Salary and employee benefits	<b>15,892</b>	<b>2,660</b>	<b>18,552</b>	18,406
Professional services	<b>2,048</b>	<b>1,373</b>	<b>3,421</b>	5,175
Amortization of property, equipment and intangible assets	<b>1,520</b>	<b>188</b>	<b>1,708</b>	2,016
Rent, taxes, heating and electricity	<b>1,497</b>	<b>202</b>	<b>1,699</b>	1,661
Information technology	<b>1,128</b>	<b>140</b>	<b>1,268</b>	1,410
Travel and hospitality	<b>603</b>	<b>334</b>	<b>937</b>	1,009
Office expenses	<b>756</b>	<b>179</b>	<b>935</b>	1,069
Advertising and publications	<b>179</b>	<b>206</b>	<b>385</b>	373
	<b>23,623</b>	<b>5,282</b>	<b>28,905</b>	31,119

Operating expenses represent expenses incurred to deliver the programs. Administrative expenses represent expenses associated with corporate activities inherent to responsibilities vested to the Corporation.

# Schedule E – Other Information

## Year ended March 31, 2010

### E – Costs of main programs

In thousands of dollars	<b>Canada Feature Film Fund</b>	<b>Television Business Unit</b>	<b>Canada New Media Fund</b>
<b>Salary and employee benefits</b>			
Management, administration and delivery	<b>3,696</b>	<b>3,990</b>	<b>688</b>
Shared services departments	<b>2,249</b>	<b>1,243</b>	<b>383</b>
<b>Departments in support of operations</b>	<b>2,332</b>	<b>2,356</b>	<b>397</b>
<b>Other costs</b>	<b>1,348</b>	<b>298</b>	<b>102</b>
	<b>9,625</b>	<b>7,887</b>	<b>1,570</b>

#### **Management, administration and delivery of programs and departments with shared services**

Management, administration and delivery of programs fees consist of labour charges inherent to the managers responsible for the funds, administrative employees in support of operations and employees specialized in program delivery activities. The costs of departments with shared services come from wages and fringe benefits relating to the departments that service all of the programs, such as Finance, Communications and Policy, Planning and Research.

# Schedules E and F – Other Information

## Year ended March 31, 2010

### E – Costs of main programs (cont.)

#### Departments in support of operations

These costs present the expenditures incurred to support all the employees designated to management, administration and delivery of programs as well as employees offering shared services. They correspond to expenses relating to human resources, data processing and material resources departments. These fees consist mainly of wages, professional fees, rent and information technology costs. These costs do not include amortization of property and equipment and intangible assets.

#### Other costs

Other costs are derived from operating expenses, other than wages and amortization, and are generated by management, administration and delivery of programs, as well as the shared services departments.

### F – Contributions from the Department of Canadian Heritage

In thousands of dollars	2010	2009
Canada New Media Fund	13,000	13,970
Other contributions	98	81
	<b>13,098</b>	<b>14,051</b>

# Team and Governance

# 1

## Telefilm's Mandate and Objectives

The mandate of Telefilm is to foster and promote the development of the Canadian audiovisual industry. Telefilm supports the work of Canadian content creators, encouraging them to produce high quality audiovisual materials with audience appeal and artistic merit. Also, Telefilm helps the industry create thousands of highly skilled jobs that benefit the industry and the next generation of talent.

Telefilm's main objectives are to build audiences for Canadian audiovisual productions, to build industry capacity, and to be a responsible administrator. These objectives are aligned with Telefilm's corporate plan and are discussed more fully in the section *2009-2010 Achievements*.

# 2

## Telefilm's Team

### **Board Members**

Telefilm's Board is composed of six members plus the Government Film Commissioner. The Governor in Council appoints the Chair and the other Board members. The Board works with the Executive Director to define Telefilm's strategic objectives and ensure that all efforts are made to achieve them. The Board also ensures that management practices are conducive to producing reliable results, and that audit systems will safeguard Telefilm's assets.



# Composition of the Board (as of March 31, 2010)

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**Michel Roy**

Chair of the Board  
West-Bolton – Quebec  
Appointment effective October 12, 2007

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Michel Roy is an administrator and a creator who has served in both the public and private sectors. His career has taken him to Quebec City, Montreal, Chicago and Miami. Mr. Roy worked in television production in the 1960s and edited more than 60 programs for Radio-Canada. He then joined the Quebec Public Service, where he held, among others, the positions of Deputy Minister of Tourism, Deputy Minister of Communications, and Head of the Quebec Delegation in Chicago for twelve Midwest states. Following this, he was a management consultant in the private sector. As a musician and composer, he produced two jazz albums. He also wrote a biography of hockey goaltender Patrick Roy entitled *Le Guerrier*, which was translated into English under the title *Patrick Roy – Winning. Nothing Else*. Mr. Roy holds a master's degree in Public Administration.

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**Elise Orenstein**

Vice-Chair of the Board  
Toronto – Ontario  
Appointment effective December 19, 2006

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Elise Orenstein is a Toronto lawyer. She was called to the bar of Ontario in 1983 and has been a senior partner in two major Toronto law firms. Ms. Orenstein has practised in the area of corporate and commercial law with special emphasis on intellectual property law. She has represented public and private corporations as well as clients in a broad range of industries, particularly convergent media, knowledge management and entertainment. Ms. Orenstein has served on the Board of several privately held companies and taught in the MBA program at York University. As a volunteer, she has served on the boards of various arts organizations and as Chair of the Artists' Health Centre Foundation (AHCF). In addition to her independent legal practice, she currently sits on the Advisory Boards of the AHCF and the Dancer Transition Resource Centre. Ms. Orenstein obtained a BA (Honours) from McGill University, a M. Phil. from Oxford University and a LL.B from Osgoode Hall Law School.

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**Yvon Bélanger**

Chair of the Audit and Finance Committee  
Quebec City – Quebec

Appointment effective April 11, 2008

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Now retired, Mr. Bélanger is a chartered accountant by profession. Over the course of his career, he worked at several major accounting firms, most notably Mallette, where he was employed for more than 25 years. As an audit partner, Mr. Bélanger was responsible for undertaking numerous far-reaching projects, which allowed him to gain significant expertise in issues pertaining to the standardization and reporting of financial statements. Mr. Bélanger is a member of the *Ordre des comptables agréés du Québec* and the *Chambre de commerce du Québec*. Mr. Bélanger lives in Quebec City, and enjoys tennis, hunting, fishing, skiing and cycling, among other leisure activities.

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**G. Grant Machum**

Chair of the Nominating, Evaluation  
and Governance Committee

Halifax – Nova Scotia

Appointment effective May 9, 2008

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A lawyer by profession, Mr. Machum is a partner with the firm Stewart McKelvey. His practice focuses on workplace litigation, dispute resolution, human rights, and employer-employee relations. In addition to his numerous professional affiliations, Mr. Machum has sat on boards of many organizations, including the Atlantic Theatre Festival, Prescott Group, Royal Nova Scotia Yacht Squadron as well as the Management Committee of his law firm. Mr. Machum is a Life Member of the Nova Scotia Art Gallery. Married with four children, Mr. Machum is also a skilled and enthusiastic sailor.

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**Marlie Oden**

Chair of the Strategic Planning and  
Communication Committee

Vancouver – British Columbia

Appointment effective July 30, 2008

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Originally from Edmonton, AB Marlie Oden is now the managing partner of Bridge Communications in Vancouver, BC. Her firm specializes in marketing, strategic planning, public relations and advertising. She has had a long career at the senior management level of major Canadian advertising firms. Extremely active in the cultural community, Ms. Oden has sat on the boards of the Arts Club Theatre, Vancouver Jewish Film Festival, Fringe Festival, Stanley Theatre and Vancouver TheatreSports®. In 2007, she was awarded the Patron of the Arts Award.

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**Tom Perlmutter**

Ex-officio Member

Government Film Commissioner and  
Chair of the National Film Board of Canada

Montreal – Quebec

Appointment effective June 11, 2007

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Throughout his career as a filmmaker, writer and producer, Tom Perlmutter has been a fervent advocate of groundbreaking and socially engaged independent cinema. Before joining the NFB in 2001 as Director General, English Program, Mr. Perlmutter enjoyed a prestigious career in the Canadian film industry as the founding head of documentaries at Barna-Alper Productions, and partner in Primitive Entertainment. Mr. Perlmutter previously partnered with one of Canada's most noted documentarians, John Walker, on several award-winning documentaries. Prior to this, he was Director of Creative Development for CineNova Productions and Executive Director of Alliance for Children and Television from 1993 to 1995. He has also worked as a writer and journalist, with many articles and publications to his credit.

# Composition of the Management Committee (as of March 31, 2010)

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**Carolle Brabant**

Executive Director

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A 20-year veteran of Telefilm, Carolle Brabant contributes a unique mix of financial acumen and artistic vision.

Carolle joined Telefilm as an auditor in 1990. She had previously worked as a CA at Samson Bélair Deloitte Touche in Chicoutimi after completing studies at the *Université du Québec à Chicoutimi*. Her Telefilm career has advanced steadily: Carolle was appointed director of finance and administration in 2003 and served as acting executive director for six months in 2004.

Her in-depth knowledge of public and private funding has considerably strengthened Telefilm's efforts to build audiences and industry capacity. Carolle spearheaded Telefilm's new role as administrator of the CTF programs, and continues to oversee Telefilm's work with the newly created CMF programs.

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**Denise Arab**

Director, Communications

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Denise Arab is a consummate communications professional with a long and distinguished career.

Originally from Halifax, Denise earned a B.A. (*Arts/Lettres Modernes*) from Dalhousie University and the *Université d'Aix-en-Provence*, France. She followed with a B.A. in Journalism from King's College before beginning her career at Canada Post. In 1994, she joined the Business Development Bank of Canada where she stayed for 15 years, eventually becoming Director, Public Relations & Employee Communications. Her Director appointment at Telefilm was announced in 2009.

In the course of her career, Denise has worked on award-winning PR strategies, and successfully taken on responsibilities in media relations, internal communications, issues management, government relations and event planning. Her expertise in management and communications, and her extensive national and regional experience, are definite assets in her senior role.

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**Sheila de La Varende**

Director, National and International  
Business Development

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Sheila de La Varende has been an influential figure in the Canadian film and television industry for over 25 years.

For almost ten years, Sheila managed Telefilm's European office in Paris. She was the driving force behind Immersion Europe, an annual financing forum for feature film coproduction. Returning to Canada in 2004, Sheila was appointed Executive Director of the Montreal Festival du nouveau cinema. From 2005 to 2006, Sheila spearheaded Digimart, an international summit for developing new industry business models.

Inspired by the new opportunities of the digital economy, Sheila moved on to the NFB where she directed a project that would position the organization as a digital leader among cultural media institutions. In April 2009, Sheila rejoined Telefilm in her current senior management position.

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**Dave Forget**

Director, Business Affairs and Certification

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Dave Forget began his career at Telefilm in the Western Region office in 2001 as a Senior Investment Analyst. The following year, he was appointed to the position of feature film unit director for the Ontario & Nunavut Region of Telefilm. Within months, Dave stepped into the role of Regional Director at that office.

In 2006, Dave was appointed Director, Television for Telefilm. His expertise was instrumental in helping Telefilm assume the administration of programming under the Canadian Television Fund. Dave was appointed to the position of Director, Business Affairs and Certification in 2009. He oversees Telefilm's Business Affairs team, including the Coproduction Certification process, as well as the CMF Program Administration team.

Before joining Telefilm, Dave worked for 20 years in film distribution. He was a founding partner of Vancouver-based Red Sky Entertainment Ltd., responsible for sales, distribution and other business affairs. Dave has also held management positions at 20th Century Fox and Alliance Atlantis Releasing.

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**Elizabeth Friesen**

Director, Strategic Planning and  
Project Development

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Elizabeth Friesen has a 23-year career in the Canadian film industry, and 14 years of experience with Telefilm. Elizabeth spent four years with B.C. Film before joining Telefilm as a business unit director. Within a decade, Elizabeth became Chief Operating Officer at Telefilm for a five-year term. She was appointed Director, Strategic Planning and Project Development in 2009.

A strategic thinker and excellent manager, Elizabeth played a decisive role in administering the CFFF and the CNMF. Her expertise was also key to developing the organization's corporate plans.

After a long and fulfilling career at Telefilm, Elizabeth departed in 2010 to explore new opportunities.

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**Jean-Claude Mahé**

Director, Government Relations

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Jean-Claude Mahé began his career with Telefilm as a consultant, organizing forums, summits and film promotion activities with the industry. He also arranged regular promotional screenings of top Canadian films on Parliament Hill before being appointed as Director, Communications and Public Affairs. Jean-Claude was appointed to his current position in 2005.

Jean-Claude worked for almost two decades at the National Film Board from 1978 to 1996 where he rose to hold such important positions as Secretary to the Board and Director of Communications.

Throughout his long and distinguished career, Jean-Claude has been dedicated to educational issues, and to Canada's cultural industries.

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**Michel Pradier**

Director, Projects Financing

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Michel Pradier is a 13-year veteran of Telefilm. Beginning as a financial analyst for the film and television units, he became head of the television unit before being appointed interim director of the Quebec regional office in 2001. The following year, Michel was appointed Director of French Operations at the Quebec regional office.

Before arriving at Telefilm, Michel occupied executive and financial analyst positions at SODEC between 1991 and 1997. He had been associated with film and media production for 10 years before that. In his current role, Michel is responsible for the full range of feature film productions being considered for funding. He is adept at target-setting and performance measures that have a great bearing on Telefilm's decision-making process.

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**Vacant**

Director – Administration and Corporate Services

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# 3

## Report on Governance

### A. Governance and Risk Management Practices

The approach to risk management at Telefilm is largely based on the Treasury Board Secretariat document entitled *Integrated Risk Management Framework*<sup>9</sup>, as well as recommendations made during annual audits of management processes and more recently, the results of the Special Examination which took place this year.

#### **Governance framework**

The Board is ultimately responsible for managing corporate risk at Telefilm. The Board approves risk thresholds as well as corporate-wide risk management plans, and ensures that the organization optimizes risk management by balancing the management of threats with the management of opportunities, according to approved levels of risk tolerance.

The Management Committee (MC) is responsible for monitoring the risk management process and for keeping the Board informed of its findings. The MC is supported by a risk management committee composed of senior managers from operations, finance and administration. These managers are responsible for implementing risk management processes, appropriately distributing information regarding risk, and continually raising awareness of risk management practices. The governance framework will be reviewed and improved this coming fiscal year by formally integrating the risk management committee throughout the organization and by providing quarterly management reports to the MC and the Board.

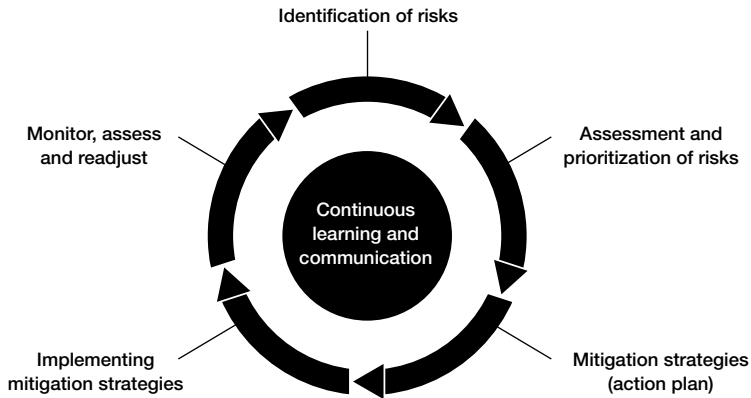
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9. *Integrated Risk Management Framework*, Treasury Board of Canada Secretariat, April 2001, available at [www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12254](http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12254)



### Integrated risk management

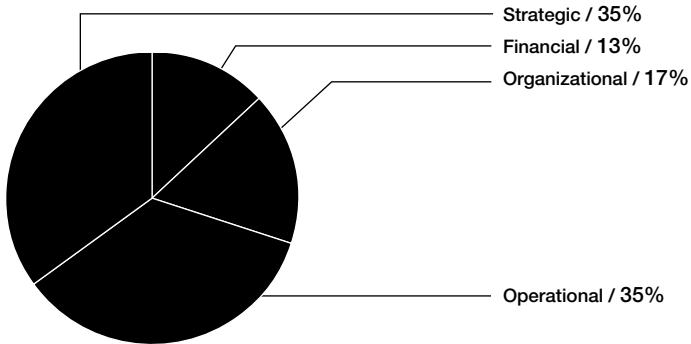
Integrated risk management consists of several steps, as outlined in the following diagram. Once a year, the risk management committee identifies and assesses the risks most likely to affect the continuous running of operations. It also forecasts the consequences of risks based on their probability of occurrence and their impact on Telefilm. Risk assessment also takes account of existing control mechanisms and their effectiveness in mitigating risk. The results of this exercise serve to develop a risk mitigation strategy and an action plan, which is approved by the MC. The action plan is then communicated throughout the organization to ensure that risk-mitigation efforts are applied consistently by all departments. The plan is reviewed on a quarterly basis to assess its progress and effectiveness, and to ensure that resources are optimally allocated according to the priorities and new risks that have been identified over the course of the year.



### Identifying risks

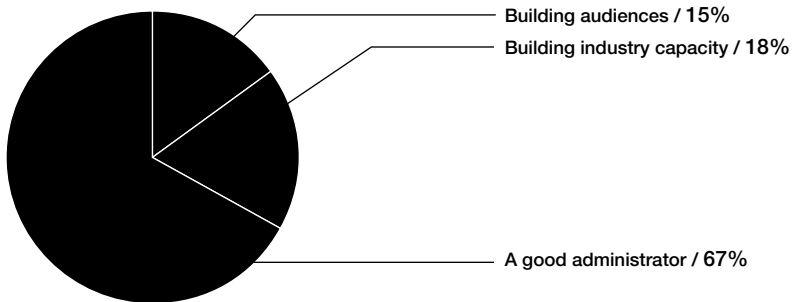
Corporate risks can be strategic, financial, organizational or operational in nature. At Telefilm, risk is distributed as follows:

#### Types of risk



The process of identifying risks uses Telefilm's strategic objectives as a guide, so that risk management is aligned with overall business goals.

#### Risks based on strategic objectives



## Risk mitigation strategies

Telefilm uses the same objective-based approach when implementing mitigation controls and procedures. The following are some of the major risks Telefilm faces, along with the mitigation strategies applied:

Strategic objectives	Major risks	Mitigation strategies
<p><b>Building audiences</b></p>	<ul style="list-style-type: none"> <li>• Contractual or regulatory constraints</li> <li>• Saturation of market by foreign films</li> <li>• Lack of financial resources</li> <li>• Products do not appeal to audiences</li> <li>• Ineffective performance measurement</li> </ul>	<ul style="list-style-type: none"> <li>• Consultations with the industry and with CFFF working groups</li> <li>• Promotion of products at festivals and markets</li> <li>• Asymmetrical approach to manage each linguistic market</li> <li>• Performance envelopes</li> <li>• Expand audience measurements on other platforms</li> </ul>
<p><b>Building industry capacity</b></p>	<ul style="list-style-type: none"> <li>• Assistance programs do not meet industry needs</li> <li>• Treaties poorly exploited</li> <li>• Drop in number of coproductions</li> </ul>	<ul style="list-style-type: none"> <li>• Client surveys</li> <li>• Participation in international committees/joint commissions</li> <li>• Initiatives to promote coproductions</li> </ul>
<p><b>A responsible administrator</b></p>	<ul style="list-style-type: none"> <li>• Inadequate governance framework</li> <li>• Inadequate risk management framework</li> <li>• Legal proceedings, external criticism</li> <li>• Ineffective management of existing resources</li> <li>• Non-compliance of decision-making turnaround time</li> <li>• Non-compliance with contractual agreements, policies and procedures</li> <li>• Retention of skills/competencies</li> </ul>	<ul style="list-style-type: none"> <li>• Various management committees (governance, exceptions, appointments, risk)</li> <li>• Annual risk management plan and follow-up of results</li> <li>• Annual review of corporate plan</li> <li>• Rigorous budgetary follow-up processes</li> <li>• Strategic studies and program evaluation</li> <li>• Client survey</li> <li>• Internal audit and quality control framework</li> <li>• Evaluation and implementation of human resources master plan</li> </ul>

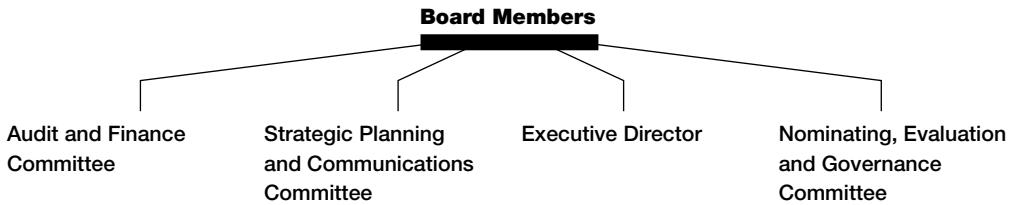
## B. Board's Key Areas of Responsibility

The Board acts as the steward of Telefilm by supervising the management of its business activities. In essence, it is charged with approving the direction in which management proposes to take the organization and monitoring the way management then operates the business. The Board works closely with the Executive Director and senior managers to ensure that Telefilm's mandate is carried out smoothly.

### Board's charter and main activities in 2009-2010:

<b>Summary of the Board's charter and responsibilities</b>	<b>Highlights of the Board's activities</b>
<ul style="list-style-type: none"><li>• Adopt and review a strategic framework and a corporate plan</li><li>• Establish Telefilm's priorities</li><li>• Oversee the implementation of the corporate plan</li><li>• Approve budgets and financial statements</li><li>• Approve the annual report submitted to the Minister</li><li>• Monitor Telefilm's governance and structural vision and adjust as needed</li><li>• Evaluate the Executive Director's performance</li></ul>	<ul style="list-style-type: none"><li>• Approval of the new service agreement with the CTF</li><li>• Approval of the new senior management structure</li><li>• Approval of financial statements as at March 31, 2009</li><li>• Creation of the Strategic Planning and Communications Committee</li><li>• Approval of the annual report</li><li>• Approval of the renewal of the contribution agreement regarding the CNMF</li><li>• Approval of a salary and incentive bonus plan</li><li>• Established a search committee and protocols to enable the successful recommendation and appointment of a new Executive Director in accordance with the <i>Telefilm Canada Act</i></li><li>• Approval of the Respect in the Workplace Policy</li><li>• Approval of the Workplace Health and Safety Policy</li><li>• Approval of the Policy on Remuneration and Compensation for the Chair and Members of the Board</li><li>• Approval of the charter governing the Strategic Planning and Communications Committee</li><li>• Approval of a three-year communication plan</li><li>• Approval of the 2010-2011 budget</li><li>• Approval of the Board Performance Assessment Policy</li></ul>

To facilitate its decision-making process, the Board has set up three committees. These committees examine dossiers pertaining to their areas of competence, and subsequently issue recommendations.



## Audit and Finance Committee

This committee has three members: Yvon Bélanger, Chair, Michel Roy and Elise Orenstein. In 2009-2010, it held six meetings.

### Summary of the Audit and Finance Committee's charter and responsibilities

- Oversee financial reporting and continuous disclosure
- Oversee risk management and internal controls
- Appoint internal auditors, define scope of mandate, monitor execution and implementation of recommendations, and oversee external audit activities
- Oversee other responsibilities such as compliance with all relevant laws and review of senior management, Board and consulting expenses

### Highlights of the Audit and Finance Committee's activities

- Follow-up on the International Financial Reporting Standards project
- Approval of financial statements as at March 31, 2009
- Approval of the Special Examination plan
- Follow-up on the implementation of recommendations issued by the internal auditor regarding best governance practices
- Review of program processes of the CFFF
- Review of the Public Sector Accounting Board decision
- Approval of budgets
- Review of the risk management framework
- Adoption of the audit plan

## Nominating, Evaluation and Governance Committee

This committee has three members: Grant Machum, Chair, Michel Roy and Elise Orenstein. It held five meetings in 2009-2010.

### Summary of the Nominating, Evaluation and Governance Committee's charter and responsibilities

- Assess the Executive Director's performance and submit a report to the Board
- Oversee general human resources practices
- See to the Board's sound composition and assessment of its members
- Deal with all matters related to governance

### Highlights of the Committee's activities

- Establish a search committee for the recruitment process of a new Executive Director and successfully recommend to the Minister of Canadian Heritage and Official Languages
- Review of the Respect in the Workplace Policy
- Review of the Workplace Health and Safety Policy
- Reclassification of certain senior management profiles
- Study of Board members' remuneration
- Review of tools used to assess members' performance
- Assessment of Executive Director's performance
- Review of performance evaluation process, remuneration and bonuses awarded to employees
- Follow-up on the implementation of recommendations issued by the internal auditor regarding improvements to governance processes

## Strategic Planning and Communications Committee

This committee has three members: Marlie Oden, Chair, Michel Roy and Elise Orenstein. It held four meetings in 2009-2010.

### Summary of the Strategic Planning and Communications Committee's charter and responsibilities

- Review of corporate plan
- Review of annual report
- Examine all matters relating to communications

### Highlights of the Committee's activities

- Review of communications plan
- Discussion regarding process for a new corporate plan
- Discussion regarding steps in the strategic planning process
- Review of certain elements of the CFFF and coproduction policy guidelines

## Board and Committee Attendance

	Board	Audit and Finance Committee*	Nominating, Evaluation and Governance Committee*	Strategic Planning and Communications Committee*
Number of meetings	14	6	5	4
<b>Attendance:</b>				
Michel Roy	14	5	5	4
Elise Orenstein	14	6	5	4
Tom Perlmutter	7	0	0	0
Yvon Bélanger	12	6	0	0
Grant Machum	13	0	5	0
Marlie Oden	14	2	2	4

\*Note: Committee attendance is optional for members who are not committee members.

## C. Appointments

### Members

In fiscal 2009-2010, no new appointments were made to Telefilm's Board. In compliance with the *Telefilm Canada Act*, appointments to the Board are made by the Governor in Council.

### Executive Director

S. Wayne Clarkson's tenure as Executive Director ended on January 17, 2010. Carolle Brabant was subsequently appointed Executive Director with a three-year term beginning March 15, 2010. Executive Director appointments are made by the Governor in Council on the recommendation of Telefilm's Board, in compliance with the *Telefilm Canada Act*.

## D. Evaluation

### Members

In 2009-2010, Board members conducted a performance review of the Board and its committees using a form specially designed for the purpose. During the year, members also adopted a *Board Performance Assessment Policy*, which calls for the individual assessment of Board members in addition to the assessment of the Board as a whole, and its committees. This policy is aligned with the Treasury Board's policy entitled *Assessing Board Effectiveness*.

### Executive Director

Each year, the Board assesses the Executive Director's performance in compliance with performance management program guidelines issued by the Privy Council Office. These guidelines, notably, call for the implementation of a performance agreement and fixed performance objectives.

## E. Training and Documentation

Based on specific needs identified by the Board, members have the opportunity to take courses on a variety of pertinent subjects. Several members took the opportunity to attend training sessions organized by the Canada School of Public Service.

In 2008-2009, a Board handbook was produced that sets out the basic governance information applicable to Board members. In addition, an internal portal was created to document the minutes of Board meetings and Board committee meetings. During fiscal 2009-2010, both the handbook and the online portal were continuously updated to reflect the latest available information.

## F. Meeting Canadians' Expectations

### **Annual Public Meeting**

In compliance with the *Financial Administration Act* and Treasury Board of Canada Secretariat guidelines, Telefilm held its first annual public meeting in 2008-2009. The purpose of the meeting was to allow audiovisual industry representatives and members of the public to interact with Board members. Telefilm plans to hold its next public meeting in December 2010.

### **Conflict of Interest**

A few years ago, the Board adopted a *Conflict of Interest and Post-Employment Code* for employees and senior managers. Each year, all Telefilm employees must declare that they are in compliance with the Code. During fiscal 2009-2010, presentations were made in every office to remind employees of their obligations regarding ethical matters.

## Section 5 of the Telefilm Canada Act

Board members are subject to the Conflict of Interest Act as well as to Section 5 of the Telefilm Canada Act, which states 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 of the Corporation." Furthermore, if a member were to have a material interest in a contract with Telefilm that was not covered by Section 5, he or she would be required to declare such interest, as per the provisions of Telefilm's Bylaw 1, which contains a declaration-of-interest mechanism. To ensure the highest degree of transparency, members are required to submit a written statement to the Chair each year disclosing any situation that may contravene Section 5 of the Telefilm Canada Act.

### **Public Servants Disclosure Protection Act**

Telefilm is subject to the *Public Servants Disclosure Protection Act*. This Act informs employees about the procedure for reporting wrongdoings they may witness in the workplace. As a small organization, Telefilm is eligible for an exception that permits such reports to be made directly to the Office of the Public Sector Integrity Commissioner of Canada. This year, Telefilm's entire staff attended presentations about the Act and its procedures.



## **Information Security**

As clients are providing Telefilm with more and more information, the organization adopted a policy on information security a few years ago. During fiscal 2009-2010, presentations were conducted in all Telefilm offices to remind employees about the security and privacy rules that govern the use and storage of information.

## **Communications and Consultations**

Telefilm continuously communicates and consults with clients, partners and key stakeholders in order to solicit their feedback. In addition, Telefilm regularly conducts client satisfaction surveys and evaluations on the relevance of the programs it administers.

## **Remuneration**

During fiscal 2009-2010, the Board adopted a *Policy on Remuneration and Compensation for the Chair and Members of the Board*. For fiscal 2009-2010, a total of \$0.2M was paid out to members for their preparation and participation in Board and committee meetings.

The Executive Director's remuneration is established in compliance with Privy Council Office policy and guidelines.

## **Employee: HR**

Human resources were given high priority this fiscal year to reinforce improvements to governance. Several important policies were updated, which addressed health and safety in the workplace, preventing and settling harassment incidents, and overtime. Telefilm also implemented the recommendations of the Human Resources Master Plan which was to develop a leadership model.

Telefilm believed that those policy updates and recommendations warranted training for all employees. Those training sessions clarified the new policies, and encouraged employees to embrace the leadership model based on the organization's core values: respect, commitment, openness, and client focus.

On a practical note, Telefilm also aligned its compensation policy with the *Expenditure Restraint Act*. Over the next fiscal year, the focus will shift to empowering managers through a self-service web portal that will help them manage day-to-day HR operations.

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