

# TALENT FIRST

2012-2013  
Annual Report

**TELEFILM**  
C A N A D A

Canada

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# HIGHLIGHTS

## AUDIOVISUAL INDUSTRY

In 2012-2013, the talent of the Canadian audiovisual industry achieved great success and further raised Canada's reputation, both at home and on the international stage. Telefilm Canada is proud to put **talent first** by supporting, promoting and partnering with this dynamic industry. The major highlights of the year include:

## INTERNATIONAL HONOURS AND RELEASES, AND OVER 60 PRIZES AND MENTIONS FOR CANADIAN TALENT

*War Witch* nominated for the Best Foreign Language Film Oscar, marking Canada's third consecutive year in this category at the Academy Awards.

Canadian films won **five** awards at the **63<sup>rd</sup> Berlin International Film Festival**:  
*Vic+Flo Saw a Bear*,  
*Inch'Allah* and *Barefoot*.

**Suzanne Clément** named **Best Actress** at the **Cannes Film Festival** competitive section **Un Certain Regard**, for her role in *Laurence Anyways*.

**Rafaël Ouellet** named **Best Director** for his film *Camion* at the 47<sup>th</sup> Karlovy Vary International Film Festival.

Canadian feature-length films selected to screen at **Cannes**:  
*Cosmopolis*,  
*Laurence Anyways*,  
*Antiviral*, *Hors les murs* and  
*Le magasin des suicides*.

**Canada** selected as **Country of Honour** at **MIPCOM 2012**, the world's leading market for entertainment content across all platforms.

Canadian film *Starbuck* selected to be released on more than 2,000 screens in the Chinese market.

Inaugural **Birks Canadian Diamond award** presented in Cannes to Canadian actresses **Sarah Gadon** and **Emily Hampshire** in honour of their talent and international success.

**Xavier Dolan** honoured as *Filmmaker in Focus* at the 10<sup>th</sup> edition of Canadian Front at the Museum of Modern Art in New York.

## PUTTING TALENT FIRST IN CANADA

High-profile screenings of **Deepa Mehta's *Midnight's Children*** at the Calgary International Film Festival and the St. John's International Women's Film Festival.

Telefilm's **Guichet d'or** awarded to ***Omertà***, the highest-grossing domestic French-language film in 2012, with \$2.8 million in box office sales.

Domestic box office sales for Canadian English-language films reached \$13.8 million, the **highest level in 12 years**.

Canadian film production volume reached **\$381 million** in 2012.

***Goon*** grossed \$4.1 million at the domestic box office in 2012 and won Telefilm's **Golden Box Office Award**.

The first-ever **Canadian Screen Awards**, which recognize excellence in film, television and digital media productions, attracted 756,000 viewers.

## OUR ACHIEVEMENTS

In 2012-2013, Telefilm Canada continued to pursue its mission of fostering and promoting the Canadian audiovisual industry. Telefilm's key strategic priorities were to adapt and improve our funding programs, as well as to promote talent and success within our industry. The year's major highlights include:

## FUNDING THAT WORKS

Successful launch of Telefilm's redesigned **Development and Promotion** programs as well as the introduction of our **Micro-Budget Production Program**.

Funding to support **72** films in production, **94** films in marketing and **44** Canadian film festivals.

Renewal of the **Theatrical Documentary Program** in partnership with the Rogers Group of Funds.

## INCREASED PARTNERSHIPS AND PROMOTION

**Movie Nights in Canada** events, hosted by the Honourable James Moore, Minister of Canadian Heritage and Official Languages, were recognized by *Maclean's* magazine as one of the "Five events that matter most to Ottawa's power brokers."

First-ever industry-wide **Symposium on the Promotion of Canadian Films and Television Programs in Canada and Internationally**, hosted by Telefilm, the CMF and the CRTC.

A new partnership forged with the **Palm Springs International Film Festival**, where 13 Canadian films screened in early 2013.

The **Talent Fund** welcomed six distinguished Canadian honorary committee members to raise the visibility for the fund among potential donors.

Record levels of visibility and media coverage generated for **Canada, the Country of Honour at MIPCOM 2012**, through the collaborative efforts of industry partners, the CMF and Telefilm.

Promotional events **Talent to Watch, Not Short on Talent** and **Celebrating Canadian Talent** hosted by Telefilm at Cannes, TIFF and Berlin.

## OPERATIONAL EXCELLENCE

**Telefilm's 2011-2012 Annual Report** won Gold in the Online Annual Report category at the *Astrid Awards*.

Financing recovered from projects increased by nearly **\$1 million, 8%** over 2011-2012.

Management expense ratio decreased to **5.8%** and administrative cost efficiencies made it possible for **\$2.5 million** to be reinvested in program funding.

# ABOUT US

## OUR VISION

Telefilm Canada's vision is: Audiences everywhere demanding screen-based content created by Canadians—accessible anywhere, anytime and on any platform.

## OUR MISSION

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

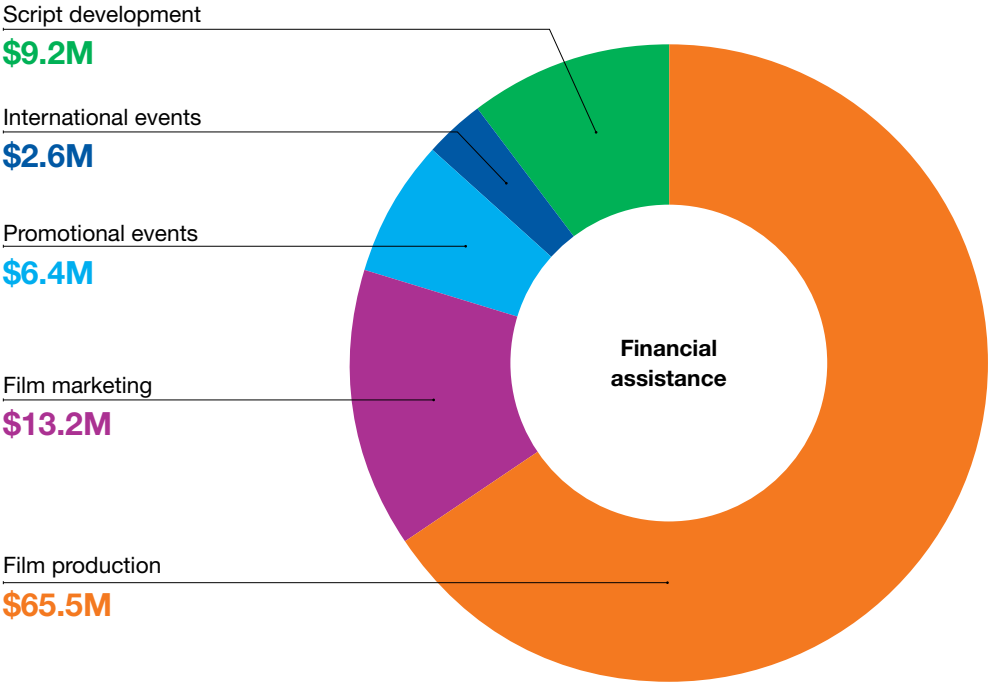
## WHAT WE DO

Telefilm is dedicated to the cultural, commercial and industrial success of the Canadian audiovisual industry. Our funding programs provide financial support to dynamic Canadian production and distribution companies that deliver content to audiences. We promote Canadian audiovisual success and talent at festivals, markets and events—regionally, nationally and around the world. Telefilm values diverse perspectives, including those of emerging talent, linguistic minorities as well as culturally diverse viewpoints from Aboriginal communities.

Telefilm administers programs for the Canada Media Fund (CMF), which totalled \$372 million in fiscal 2012-2013. We also make recommendations regarding the certification of audiovisual treaty coproductions to the Minister of Canadian Heritage. Headquartered in Montréal, we employ more than 200 employees who serve clients through four offices located in Vancouver, Toronto, Montréal and Halifax.

## FUNDING AT WORK

In 2012-2013, Telefilm's funding programs provided \$96.9 million in support for the Canadian film industry. Financial assistance was allocated as follows:

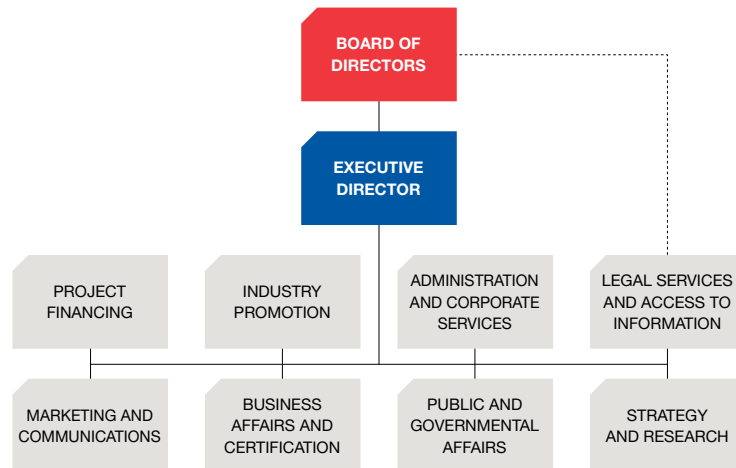


This funding enabled financial backing for the:

- Production of 72 feature films
- Marketing of 94 films
- Support for 44 Canadian film festivals and 83 industry events
- Promotional support for Canadian films at 39 international festivals

## ACCOUNTABILITY

Telefilm's organizational structure and operating culture support accountability across the Corporation. In this context, a solid corporate governance framework enables the Board of Directors and the Executive Director to lead the Corporation (see the Governance section for more information). Accordingly, the organizational structure ensures that the Corporation's various departments are accountable to the Executive Director in the delivery of the corporate plan.



The Corporation monitors its performance through a performance measurement framework that was developed in alignment with the 2011-2012 to 2014-2015 corporate plan, *Fostering Cultural Success*. Performance indicators were established in 2011-2012 and allow management to ensure strategic alignment throughout the organization's operational activities in order to successfully fulfill the corporate mandate.

## VALUES: THE SPIRIT OF TELEFILM

Telefilm offers its employees a healthy and stimulating work environment that encourages behaviours reflecting four corporate values: respect, commitment, client focus and openness. The extent to which employees take ownership of these values is measured in employee performance reviews. By promoting these values we are able to attract, motivate and retain a broadly diverse workforce to serve the Canadian audiovisual industry.





## MESSAGE FROM THE CHAIR OF THE BOARD

Our corporate plan, *Fostering Cultural Success*, is more relevant than ever and continues to produce solid results. During the 2012-2013 fiscal year, several measures were implemented to increase audiences for Canadian content domestically and throughout the world. Telefilm Canada now does a better job of encouraging and rewarding success among our country's renowned creators, dynamic companies, minority-language groups and emerging talent.

Through consultations with our clients and by collaborating closely with our stakeholders, we were able to carry out major changes, which included consolidating our development and promotion assistance programs as well as creating new funding initiatives. All these changes were gradually phased in to ensure an efficient transition for the industry, and the Board is pleased with the progress made so far.

However, as the results of the 2012 Success Index indicate, we must step up our efforts to build audiences for Canadian cinema, both nationally and internationally, by making use of as many traditional and digital platforms as possible.

A broad and concerted effort is crucial to ensuring that Canadian content enjoys the financial resources necessary for its growth and promotion—a point of view now shared by a growing number of public and private partners. Hence the support we are getting from six distinguished Canadian business and community leaders who are helping to promote our new Talent Fund across the country, in order to encourage business people, companies and Canadian citizens to invest in the careers of homegrown talent.

Moreover, I had the pleasure of witnessing the enthusiastic commitment of key audiovisual industry players during the first Symposium on the Promotion of Canadian Films and Television Programs in Canada and Internationally, held in Ottawa in the fall of 2012. The Symposium was organized as an initiative of Telefilm, the Canada Media Fund and the CRTC. We hope that, thanks to this commitment, our feature films will reach larger audiences through Canada's extensive communications networks.

In the coming months, Telefilm will start reflecting on its next corporate plan, which takes effect in 2015. It is a given that promoting Canadian content at the regional, national and international levels will remain a key business goal.

Canada's audiovisual industry is an exceptional hub of creativity and innovation, as well as one of our country's uncontested cultural and economic success stories. I feel privileged to be able to contribute to the industry as I continue to serve my second five-year term as Telefilm's Chair.

I know I can rely on an experienced and enthusiastic Board and senior management team, as well as on Telefilm's entire staff. Together, over the past few years, we have established a solid governance structure that has allowed us to implement a major shift aimed at better promoting our country's talent and companies.

In addition, Carolle Brabant's mandate was renewed for a three-year period. I can state without hesitation that this reappointment bodes well for the future, especially given that, as Executive Director, Ms. Brabant has been able to closely align Telefilm's programs and the everyday management of operations with the organization's strategic vision.

In closing, I would like to congratulate the Canadian creators who distinguished themselves in 2012-2013 through works that truly made us proud, at home and abroad.

**Michel Roy**  
Chair of the Board



## MESSAGE FROM THE EXECUTIVE DIRECTOR

It is with a great deal of enthusiasm that I am embarking on a new three-year term to lead Telefilm Canada. I believe deeply in the talent of this country's creative artists, and I am learning more every day about the pool of dynamic entrepreneurs who make up this fascinating industry. No matter the event—Canadian Screen Awards, Jutra awards, Cannes and Berlin festivals, Oscar night—our industry's brand image on the international scene continues to get stronger year after year, a fact we should celebrate! And let's be boldly ambitious: why shouldn't the industry aim to become one of the largest independent producers of audiovisual content in the world?

This dream influences the work I do every day, and drives the discussions I have with members of the Telefilm team, with our clients and our partners. Of course, a number of steps still need to be taken, both at home and abroad. We must continue striving to win over more and more Canadians by making content available on a greater number of platforms. In addition, we need to build a true "brand" for Canadian productions, and make sure the brand succeeds here at home first of all. Success elsewhere will follow if we deploy the right efforts and the appropriate supporting tools.

Telefilm's new Success Index, introduced during fiscal 2011-2012, is clearly one such tool. It is based on the results of Telefilm-funded films, whether these be commercial (box office receipts and other sales), cultural (selected nominations obtained and prizes won in Canada and abroad) or industrial (contribution from the private sector and foreign sources). The Index provides the industry with more strategic and focused support than in the past and allows us to assess the results of our investments from one year to another, one company to another, and one film to another. Not only has the industry welcomed this innovative measure, the Index is also attracting a great deal of interest abroad, given that film success has traditionally been measured almost exclusively in financial terms.

American business writer Tom Peters stated, "Regardless of one's field of endeavour, creativity and innovation are the key." He also wrote that, "knowledge takes on value with sharing." In this regard, fiscal 2012-2013 was definitely a fruitful year.

With its new client-centred approach, Telefilm is placing greater emphasis on companies' responsibility and market knowledge by allowing them to benefit from greater autonomy. To this end, we have simplified our business relationships, are making our decisions more quickly than before, and have diversified available funding sources—and our surveys show that our programs are fulfilling their promises.

All these measures have a dual benefit: on the one hand, they allow the industry to focus on creating, distributing and promoting its products; on the other, they enable Telefilm to play a more active strategic role by constantly seeking ways to take the industry to new heights.

With regard to Telefilm's internal administration, organizational excellence remains a priority. Our administrative costs were once again maintained at close to 6 percent during the last fiscal year, and we have put in place a new integrated process for Telefilm's performance management—a corporate dashboard—of which risk management is an integral part. This new tool will notably measure the progress and results of institutional projects tied to the achievement of our corporate plan.

I would like to thank the members of the Board for their vision and trust, as well as the entire Telefilm team, which I hold in high esteem. I would also like to extend my gratitude to all industry artists. Lastly, I would like to salute the many partners who work tirelessly with us to forge solid ties between our talented creators and their audiences, at home and around the world.

**Carolle Brabant**  
Executive Director

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The content of the Management Discussion and Analysis (MD&A) section was prepared by Telefilm's management to present the results achieved in fiscal 2012-2013. The analysis was based on meaningful, relevant and reliable information that was subject to quality-control procedures and is free of material or misleading errors. The MD&A was approved by the Management Committee, the Executive Director, the Audit and Finance Committee and, finally, by the Board of Directors. It provides qualitative context and a complete account of Telefilm's past performance and future outlook.

Fiscal 2012-2013 was the second year of our four-year corporate plan, *Fostering Cultural Success*. In this plan, the strategic focus changed significantly, from building industry capacity to stimulating audience demand. To support this change, Telefilm embarked on a review of programs and processes to ensure that they were aligned with the new strategic priorities, including performance measurement.

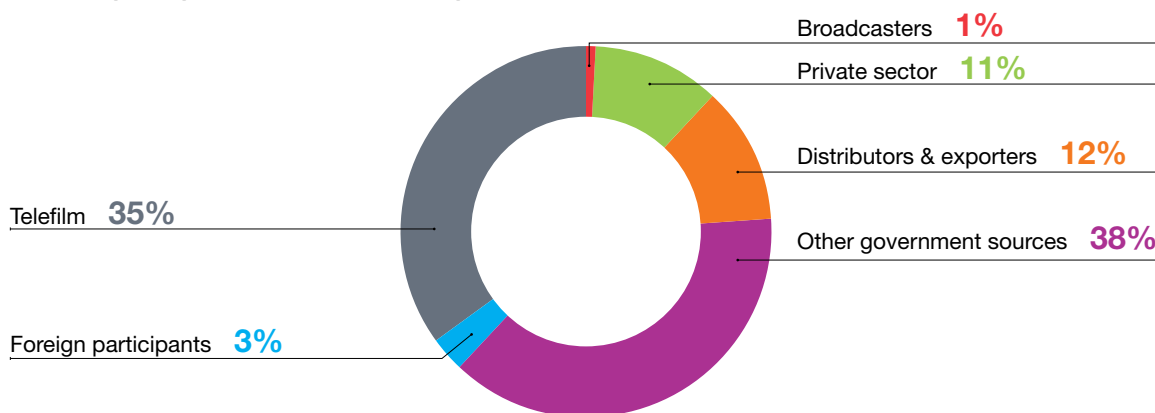
# INDUSTRY AND ECONOMIC CONDITIONS

The Canadian economy grew slightly in 2012, with gross domestic product (GDP) rising by 1.8%, the lowest level since the 2008 recession. Nevertheless, the Canadian economy outperformed that of most OECD<sup>1</sup> countries. In this context, total film and television production volume in Canada, which includes foreign location and service production, reached its highest levels ever in 2011-2012, at \$5.9 billion. As a subset, total volume of Canadian film and television production also reached record levels of \$2.9 billion, an increase of 20% over 2010-2011. Growth was driven largely by Canadian television production and to a lesser extent by Canadian film production, which rose to \$381 million, an increase of 14% over 2010-2011. This level of production volume represents a 10-year high for the Canadian film industry, which employed 3,400 full-time workers and created 5,200 spin-off jobs in 2011-2012.

## FINANCING THE BUSINESS OF FILM PRODUCTION

Total feature-film production budgets within Telefilm's portfolio amounted to \$187 million in 2012-2013. Our main production program, with \$65 million in funding, acted as a catalyst and leveraged an additional \$122 million in financing from other public- and private-sector sources. Every dollar of Telefilm production funding leveraged \$1.88 in financing from other sources in fiscal 2012-2013.

### Financial participation in Telefilm-funded productions



## BOX OFFICE

Global feature-film box office sales reached a record level of nearly \$35 billion<sup>2</sup> in 2012, driven largely by international sales and emerging markets, particularly the BRIC nations<sup>3</sup>. In Canada, box office levels also reached new heights, with total sales of \$1.1 billion, an increase of 9% over 2011. In 2012, 798 films were released into the Canadian market (677 U.S. and foreign, and 121 Canadian). Of these, 472 were English-language films, 197 were foreign-language and 129 were French-language. U.S. studio blockbusters captured \$838 million, or 76%, of Canadian box office sales while independent films<sup>4</sup> earned \$256 million, or 24%. Canadian films reached 10% of the domestic independent market,<sup>5</sup> equivalent to over \$26 million in domestic box office sales.

1. Organisation for Economic Co-operation and Development.
2. Source: Screen Daily, March 20, 2013.
3. BRIC is an acronym for the emerging markets of Brazil, Russia, India and China.
4. Films produced outside of major U.S. studios.
5. Comprised of U.S., foreign and Canadian films.

### **OTHER PLATFORMS**

The majority of films Canadians watch are seen in the home. Regular television is by far the most widely used platform for watching film. This holds true for Canadian movies as it does for non-Canadian movies. The television platform, therefore, is strategically key to reaching Canadian audiences, and is the reason that *Canadian film loves television*. Canadians also frequently watch films via traditional media, such as DVD and Blu-Ray as well as via digital technologies, such as video on demand and online streaming. As such, these platforms are vitally important means of successfully reaching Canadian audiences.

### **COPRODUCTION**

Audiovisual treaty coproduction has been an important vehicle for providing Canadian producers with financial participation from foreign sources and for promoting and exporting Canadian talent. In 2012, Telefilm recommended the certification of 59 audiovisual treaty coproductions to the Minister of Canadian Heritage involving 14 partner countries. Total production budgets for these projects amounted to \$433 million. Telefilm funded nine of these coproductions in 2012-2013 through its Production Program.

# CORPORATE PLAN REVIEW

In 2011-2012, Telefilm established a four-year corporate plan, *Fostering Cultural Success*. In the plan, Telefilm identified the crucial need to **stimulate audience demand** in order to allow the **talent** of the Canadian audiovisual industry to reach new heights of success. Strong promotional strategy and marketing efforts, which Telefilm identified as crucial to successfully reaching audiences, remained essential to Telefilm's corporate strategy in 2012-2013, the second year of the corporate plan.

In addition to the promotional strategy, Telefilm identified key internal changes that would help the industry reach audiences and achieve greater success. Many of these changes have already been successfully implemented, including: redefining the measure of success based on a balance of cultural, commercial and industrial measures; rewarding performance through funding programs; promoting diversity; delivering increased value to Canadians; as well as serving the industry in a transparent and accessible manner.

Telefilm established four strategic pillars in its four-year corporate plan:

1. Maintain and expand Telefilm's core role of funder;
2. Develop our role as promoter;
3. Provide thought leadership by developing and sharing industry intelligence; and
4. Reinforce Telefilm's organizational excellence.

These strategic pillars continue to drive Telefilm's strategy, and the corporate plan remains as relevant now as it was when introduced in fiscal 2011-2012.

# ACHIEVEMENTS IN 2012-2013

The achievements of 2012-2013 demonstrate how Telefilm is actively working to deliver its corporate plan and strategic pillars.

## MAINTAINING AND EXPANDING OUR CORE ROLE OF FUNDER

### **New program implementation**

Fiscal 2012-2013 was an active year for implementing programs developed and redesigned in fiscal 2011-2012. The *Development Program* was launched during the year and features a simplified application process to allow greater autonomy and flexibility for clients. Administrative expenses associated with the program are now lower and the decision process has been streamlined. The creative team's track record is considered in financing decisions through the use of a "success score," which is directly associated with Telefilm's Success Index. The new program also encourages mentorships for emerging and Aboriginal talent and official-language minority projects. All genres, budget levels and regions are represented in the program. Telefilm allocated \$9.2 million in project development funding under the program in 2012-2013.

The all-new *Micro-Budget Production Program* was introduced in fiscal 2012-2013 with a focus on putting talent first. The program is designed for emerging talent in Canada's audiovisual industry and aims to support recent film school graduates in the production and release of their first feature-length film, with a focus on innovation and the use of digital platforms. In 2012-2013, the program supported eight projects from promising filmmakers recommended in collaboration with key educational institutions from all across Canada. In fiscal 2012-2013, nearly \$1 million was committed to recipients of this program.

Telefilm reoriented its promotional funding program, simplifying and regrouping four former promotional funding programs into a single *Promotion Program*. This program was launched in the first quarter of 2012-2013 and is better aligned with corporate objectives that aim to stimulate demand for Canadian content. Telefilm now funds events and initiatives that clearly focus on the promotion of Canadian content and talent. In 2012-2013, \$6.4 million was allocated to spotlight Canadian talent.

### **Innovation in funding: the Talent Fund**

The Talent Fund, Telefilm's private donation fund, is an innovative way to diversify funding sources for the Canadian audiovisual industry. It draws on financial support from Canadian corporations as well as individual donors interested in supporting the production and promotion of Canadian feature films by both emerging and established filmmakers. Telefilm's Talent Fund welcomed six distinguished Canadian honorary committee members in 2012-2013 to spearhead fundraising efforts. Their contribution will raise the Fund's visibility and increase private financing to support Canadian film production. (See "Additional Information" for more details.)

## DEVELOP OUR ROLE AS PROMOTER

### **Promoting Canadian film in partnership with the industry and beyond**

In 2012-2013, Telefilm increased its emphasis on promotional efforts and made a concerted effort to partner with the audiovisual industry, provincial agencies and private-sector partners to maximize the awareness of Canadian film success at the international, national and regional levels. Telefilm hosted Talent to Watch, Not Short on Talent and Celebrating Canadian Talent events at major international festivals such as Cannes and Berlin. Canada was featured as the "Country of Honour" at MIPCOM 2012, and in collaboration with the Canada Media Fund (CMF) and industry partners generated record levels of visibility and media coverage. Telefilm developed a new international visual identity that will ensure the recognition of Canada on the global stage.

Telefilm forged new partnerships that brought additional visibility for Canada, including with the Palm Springs International Film Festival, which showed 13 Canadian films, and with Birks for the inaugural presentation of the Birks Canadian Diamond award in Cannes. Telefilm also supported the first-ever Canadian Screen Awards, which attracted over 756,000 Canadian viewers on the Canadian Broadcasting Corporation (CBC).

Telefilm's Movie Nights in Canada events, hosted by the Honourable James Moore, Minister of Canadian Heritage and Official Languages, were held twice in Ottawa and expanded to Calgary and St. John's in 2012-2013. In November 2012, *Maclean's* magazine chose these movie nights as one of the "Five events that matter most to Ottawa's power brokers."

In an effort to support the promotion of Canadian films from coast to coast, Telefilm provided funding to 44 domestic film festivals in 2012-2013. Telefilm also worked with partners such as *Reel Canada* to bring Canadian film festivals to Canadian students across the country. Additionally, CBC and Telefilm partnered to present *Short Film Face Off*, a weekly show in which short films from emerging Canadian filmmakers compete for Telefilm's *Short Film Face Off Award*, which includes a \$30,000 prize as part of a film production deal. Telefilm also expanded its presence on social media with the launch of its Facebook fan pages featuring an exclusive video profile series, *Off the Wall*.

In an effort to set in motion an open, industry-wide discussion on the promotion of Canadian content, Telefilm partnered with the CMF and the CRTC to host the first-ever industry-wide Symposium on the Promotion of Canadian Films and Television Programs in Canada and Internationally in partnership with eOne and Cineplex. A working group from the private sector was formed at the Symposium to continue to align industry efforts with the objective of promoting and raising awareness for Canadian audiovisual talent.

Finally, Telefilm has formally taken on a marketing role through the reorganization of the Communications sector and the addition of a new Marketing and Communications Director position. Going forward, these changes will allow Telefilm to bolster its role as a promoter and to further reach Canadian audiences with Canadian content.

## **PROVIDE THOUGHT LEADERSHIP BY DEVELOPING AND SHARING INDUSTRY INTELLIGENCE**

### **Achievements in industry intelligence**

Telefilm's Success Index was launched in 2011-2012 to give a more balanced perspective as to the achievements of films funded by Telefilm. Based on the Success Index, the organization integrated a "success score" into the elements decision-makers use to allocate Development Program resources, with the score measuring the past success of a client's film or portfolio of films from a commercial, cultural and industrial standpoint.

At the international level, Carolle Brabant, Telefilm's Executive Director, represented Telefilm at the first-ever Best Practice Exchange (BPX), an initiative of ACE (Ateliers du Cinéma Européen), in partnership with the Israel Film Fund. At BPX, Carolle Brabant presented Telefilm's Success Index, which has been praised by foreign film funding agencies for its innovative and comprehensive approach to measure the success of funding investments and the overall effectiveness of funding programs.

### **Partnering with the industry**

Telefilm held extensive consultations with the industry in 2012-2013 in order to seek input regarding changes to development, production and marketing programs. Consultations were held in cities across Canada and several regional outreach sessions were organized, with different segments of our clientele, notably in preparation for the introduction of changes to our funding programs. Telefilm's Executive Director and other members of Telefilm's Management Committee were present at these meetings.



## REINFORCE ORGANIZATIONAL EXCELLENCE

Telefilm continued to seek excellence in 2012-2013, redesigning its programs to enable the industry to achieve success and optimizing internal processes to deliver these services in the most cost-effective manner possible. In this context, Telefilm conducted a thorough review of its administrative expenses, which resulted in a 7% workforce reduction, the implementation of significant expense-containment measures and the optimization of administrative processes.

As a result of these measures the management expense ratio<sup>1</sup> decreased from 6.3% in the last fiscal year to 5.8% in 2012-2013. The delivery of the *Budget 2012 savings measures* provided a return of \$2.7 million to the federal government, which had an impact on both programs and administrative expenditures. Cost savings were in part attributable to administering the newly-redesigned programs, which enabled Telefilm to improve productivity. The new Development Program adopted a portfolio approach to client submissions and allowed the organization to consolidate support for various projects, resulting in greater effectiveness in our administration and greater autonomy for clients. The new Promotion Program also reduced administrative processing times and accelerated decision turnaround times to the benefit of clients. These measures enabled Telefilm to transfer \$2.5 million back into program funding, effectively providing additional value to the audiovisual industry and to Canadians.

Finally, the Corporation renewed its services agreement with the CMF (formerly the Canadian Television Fund) for a seventh year, attesting to the quality of work of the employees who provide services for the CMF.

### Awards for excellence

Executive Director Carolle Brabant was honoured for her leadership excellence in 2012-2013. In recognition of her achievements, she received the Leadership Excellence Award from Canadian Women in Communications as well as the 12<sup>th</sup> Prix Femmes d'affaires du Québec in the Executive or Professional, Public or Parapublic Organization category.

Telefilm, as an administrator of public funds, continuously seeks to improve its corporate reporting practices. As such, the Corporation is proud to report that its *2011-2012 Annual Report* won the Gold Award in the Websites–Online Annual Report category at the Astrid Awards, an international competition that honours excellence and innovation in design.

# 2013-2014 OUTLOOK AND PRIORITIES

## ADAPTING FUNDING PROGRAMS TO BETTER ACHIEVE SUCCESS AND SERVE CLIENTS

In fiscal 2013-2014, Telefilm will regroup several production programs in a single redesigned **Production Program** that will feature simplified guidelines and offer a streamlined process to ensure faster decision turnaround times better aligned with industry production cycles. The new Production Program will take into account the needs and strengths of different types of production companies and affirms Telefilm's support for feature-film productions in Aboriginal languages. The decision process makes use of a "success score" based on the creative team's track record and the overall level of market interest.

Telefilm began reviewing its **Marketing Program** at the end of 2012-2013 in consultation with the industry. Consultations will continue in 2013-2014 as the program is redesigned and implemented. Highlights of the redesign will include the merging of Telefilm's four former marketing programs (Marketing, Alternative Distribution, WebCine 360° and Versioning) into a main Marketing program to streamline processes and the requirement of a comprehensive and innovative marketing plan with audience-building strategies that will serve to enhance traditional platforms, such as theatrical releases, as well as leverage non-traditional and developing digital platforms.

## REACHING WORLD AUDIENCES WITH CANADIAN FILM

The **promotional** strategy going forward will increase the focus on national and regional efforts throughout Canada. Telefilm will work to engage both the industry and consumers through partnerships and concerted marketing efforts. Telefilm will further capitalize on social media channels and digital platforms in order to connect with Canadians and the industry. Proactive media relations will continue to play an important part in raising awareness of the success of Canadian film among Canadians. On the international level, Telefilm will support and promote Canadian talent at major festivals and markets while expanding its network and capitalizing on promotional opportunities in Asia and Latin America. Telefilm, together with its provincial partners, will launch a new international visual identity at the Cannes International Film Festival in 2013-2014 that will strengthen the positioning of Canadian films abroad and put Canadian talent in the spotlight. Leveraging partnerships to optimize the impact and reach of this global promotional strategy will be essential to our success.

Telefilm will continue to collaborate with the working group formed at the Symposium on the Promotion of Canadian Films and Television Programs in Canada and Internationally. Major objectives going forward will include the development of a tailored social media campaign that will allow Canadians to more easily access and identify Canadian content.

## INDUSTRY INTELLIGENCE

Telefilm will continue to play a valuable role in gathering, analyzing and communicating business intelligence to the industry. In 2013-2014, Telefilm will study and share relevant findings regarding international film buyer interests and priorities, consumer trends and market segments, changing distribution models, emerging digital platforms and worldwide best practices in independent cinema. In addition to providing insight to the industry, this business intelligence will serve to shape Telefilm's overall strategic direction and provide promotional and marketing strategies that will enable Telefilm to promote Canadian audiovisual success and allow Canadian film to better reach audiences.

## REINFORCE ORGANIZATIONAL EXCELLENCE

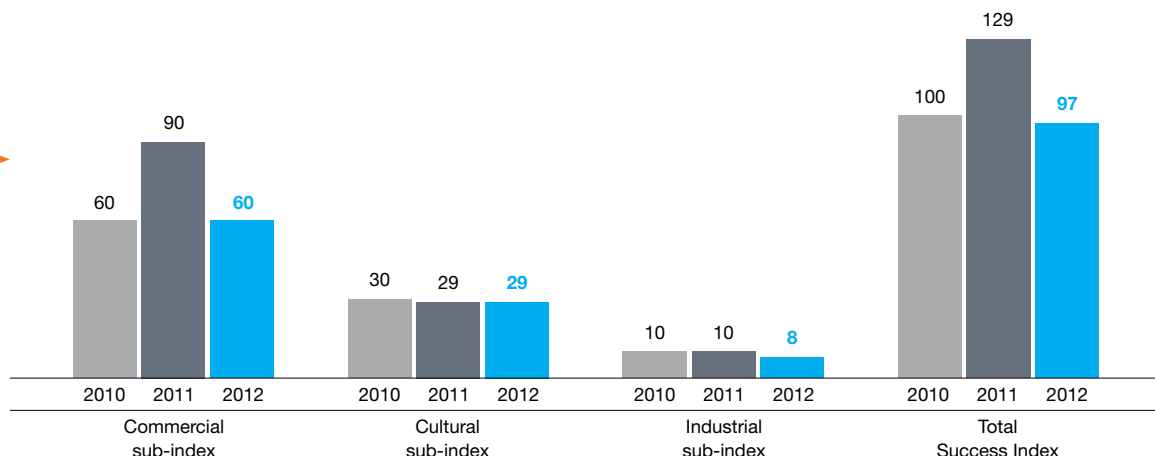
The Corporation will continue its strategic reorientation, focusing on achieving efficiencies and maximizing effectiveness in 2013-2014. This will be achieved through the consolidation of programs and more effective client services, including online and automated systems. Fiscal responsibility will enable Telefilm to deliver the Budget 2012 planned savings measures that began in 2012-2013; reductions are expected to reach a cumulative amount of \$6 million in 2013-2014.

# OBJECTIVES AND PERFORMANCE INDICATORS

Due to low film production volumes relative to the scope of the Canadian marketplace, year-over-year scores of the Success Index must be interpreted carefully. Trends over time, on a two- to three-year rolling average, once data is accumulated, will offer better insight into the performance of Telefilm's portfolio.

## SUCCESS INDEX

Telefilm defines the success of its portfolio of films using a comprehensive measure, the **Success Index**, which takes three areas of performance into account: commercial, cultural and industrial. The Index is a key performance indicator for measuring the overall success of Telefilm-supported feature films, over time. The Success Index is calculated annually<sup>1</sup>, and is expressed as the sum of the three weighted sub-indices.



## Results

The 2012 Success Index achieved a total score of 97, which is a slight decline from the 2010 base-year score of 100 and a noticeable decrease from 2011's score of 129<sup>1</sup>. The results show that the scores for the commercial and cultural sub-indices stayed relatively stable versus the base year, while the industrial sub-index declined.

In 2012, the commercial sub-index scored 60, performing on par with the 2010 base year. Canadian box office results declined in 2012 but were offset by an increase in domestic sales, making the overall result comparable to the base year. International sales in 2012 were flat versus 2010. Results in 2011 were exceptional and were driven largely by international sales in addition to strong results at the Canadian box office and domestic sales on other platforms.

The cultural sub-index results remained stable over the three-year period, attesting to the artistic quality of the films funded by Telefilm.

The industrial sub-index saw a decrease compared with both 2010 and 2011 due to a significant reduction in the level of foreign financing in Telefilm's portfolio. The reduction is due to a decline in the number of majority Canadian coproductions financed by Telefilm in 2012-2013. In 2012-2013, of the nine coproductions that were funded by Telefilm, only two were majority Canadian projects. By comparison in 2011-2012, Telefilm funded seven majority Canadian coproduction projects.

1. The cultural sub-index calculation was modified this fiscal year; comparative figures, including Success Index total scores, have been restated accordingly.

Telefilm used performance indicators to measure its progress in achieving its corporate objectives in 2012-2013. In 2011-2012, performance indicators were developed in alignment with the 2011-2015 corporate plan. The indicators allow management to ensure strategic alignment throughout the organization's operational activities in order to successfully fulfill the corporate mandate.

The indicators were designed based on three key themes:

- Enhance organizational excellence;
- Engage partners; and
- Increase consumption of Canadian audiovisual content.

## ENHANCE ORGANIZATIONAL EXCELLENCE

### ENSURE EMPLOYEE ENGAGEMENT

Indicator	Target
Employee engagement index	Level of engagement of 7/10 or higher
An index consisting of several measures of employee engagement, including individual alignment with corporate strategy, client vision and personal accountability.	

#### 2012-2013 Performance

Telefilm surveyed employees regarding changing working conditions, specifically in regards to funding-program changes. The survey was conducted in place of a broader employee engagement index. Employees were asked about:

- Their understanding of program changes;
- Their enthusiasm in regards to the changes;
- The tools provided to aid them in providing service to clients; and
- The levels of information communicated internally and externally.

Results: 79% of employee responses were positive in regards to internal program changes and their effects on employees. These results are encouraging, as the corporate changes being undertaken are challenging and their success relies on the buy-in from many stakeholders, the first being our employees.

#### 2013-2014 Outlook

Ensuring employee engagement is imperative to reaching corporate objectives and continuing to provide quality service levels for our clients. This is all the more important, in a period of strategic reorientation and restructuring, when maintaining employee engagement can be challenging. Telefilm recognizes this and is working to ensure that employees are supported during the change process. In order to ensure the continued engagement of employees, Telefilm will continue to make efforts to:

- Communicate with employees on an ongoing basis;
- Provide training, leadership and ensure understanding of the changes that affect individuals' responsibilities;
- Optimize practices, policies and programs that enhance engagement; and
- Conduct regular surveys to measure employee engagement, particularly following the implementation of corporate changes.

## ENHANCE ORGANIZATIONAL EXCELLENCE

### INCREASE THE % OF CLIENTS SATISFIED

Indicator	Target	Result
% of clients satisfied  Percentage of clients that report being satisfied with their overall Telefilm experience.	80% of clients satisfied with Telefilm experience	

#### 2012-2013 Performance

In 2012-2013, the new Development and Promotion programs were launched. Telefilm surveyed clients who were funded through these programs and found that:

- Of the 57 respondents from the total population comprised of 100 clients, 79% reported being satisfied with their overall Telefilm experience.

Highlights from the survey showed that most clients are satisfied with the services provided by Telefilm and its employees. Areas for improvement include decision turnaround times, online service tools, including eTelefilm, and information regarding application status.

Client service is important for Telefilm, as set out in our *Customer Service Charter*. To this extent, we made progress in our decision-making response time for production financing requests: most of the time, clients were informed of our decisions within 10 weeks of the receipt of a complete application.

#### 2013-2014 Outlook

Telefilm will continue to survey clients in 2013-2014 to measure their satisfaction and will implement solutions to improve client satisfaction based on survey results and comments provided.

**ENHANCE ORGANIZATIONAL EXCELLENCE**

**MANAGE EFFICIENTLY**

Indicator	Target	Result										
Management Expense Ratio (MER)  MER calculates the operating and administrative expenses as a percentage of program expenses <sup>1,2</sup> .	6.3% maximum	<table border="1"> <caption>Management Expense Ratio (MER) Data</caption> <thead> <tr> <th>Year</th> <th>MER (%)</th> </tr> </thead> <tbody> <tr> <td>2010-2011</td> <td>6.5%</td> </tr> <tr> <td>2011-2012</td> <td>6.3%</td> </tr> <tr> <td>2012-2013</td> <td>5.8%</td> </tr> <tr> <td>Outlook</td> <td>6.0%</td> </tr> </tbody> </table>	Year	MER (%)	2010-2011	6.5%	2011-2012	6.3%	2012-2013	5.8%	Outlook	6.0%
Year	MER (%)											
2010-2011	6.5%											
2011-2012	6.3%											
2012-2013	5.8%											
Outlook	6.0%											

**2012-2013 Performance**

Telefilm continued to minimize its expenses and to maximize the financial resources dedicated to program funding, in order to best serve the Canadian audiovisual industry. The 5.8% management expense ratio level demonstrates how Telefilm realized cost efficiencies through effective administration, over time.

This year's favourable ratio was achieved through a workforce reduction and cost-containment measures associated with administrative expenses.

In addition, the value of the programs administered by Telefilm increased over the last fiscal year driven mainly by CMF programs' funding.

The Corporation also measured its effectiveness through external and internal audits and in-house performance and quality-control reviews. The Corporation used these reports to help address any issues identified and to support a process of continuous improvement.

- The Office of the Auditor General of Canada's (OAG) "annual audit results," did not identify any significant deficiencies in internal control nor instances of legal or regulatory non-compliance.
- Additionally, corrective plans have been established based on previous internal audit reports. All prior recommendations have been addressed or have corrective action plans in place.
- The Corporation also performed internal performance and quality-control reviews of its database information. These reviews enabled Telefilm to identify errors and training needs, and ensure the reliability of information pertaining to new program launches as well as the reliability of significant information used in decision-making. In this context, our annual review noted a reduction in high-risk error rates for this fiscal year.

**2013-2014 Outlook**

The Corporation will continue seeking and implementing efficiencies through improved processes used by employees and clients. These efforts notwithstanding, the Corporation is expecting an increase in the MER rate due to a reduction in program funding for the next fiscal year.

1. Program expenses comprise Telefilm assistance expenses and CMF funding programs (\$372M) that are not included in our financial statements.  
 2. The Management Expense Ratio calculation was modified this fiscal year; comparative figures have been restated accordingly.

## ENGAGE PARTNERS

### INCREASE THE LEVEL OF PRIVATE-SECTOR INVESTMENT TO SUPPORT FILM PRODUCTION

Indicator	Target	Result								
Telefilm-to-private-sector investment ratio for production	To be determined.									
This ratio compares the total amount of private-sector <sup>1</sup> financing included in the production budgets to Telefilm's investments.		<table border="1"> <caption>Telefilm-to-private-sector investment ratio for production</caption> <thead> <tr> <th>Period</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2009-2011</td> <td>0.90</td> </tr> <tr> <td>2010-2012</td> <td>1.04</td> </tr> <tr> <td>2011-2013</td> <td>1.04</td> </tr> </tbody> </table>	Period	Ratio	2009-2011	0.90	2010-2012	1.04	2011-2013	1.04
Period	Ratio									
2009-2011	0.90									
2010-2012	1.04									
2011-2013	1.04									

#### 2012-2013 Performance

The three-year rolling average trend shows that the ratio of private-sector financing has remained stable at \$1.04 for every \$1.00 of Telefilm financing from 2010-2012 to 2011-2013.

Telefilm is currently monitoring this ratio and will set targets once the new Production funding program is implemented.

#### 2013-2014 Outlook

Telefilm's new Production Program has been redesigned to place greater emphasis on and encourage the growth of private-sector participation within the portfolio of films funded by Telefilm, through measures including:

- Affirming the importance of market interest as one of the five key criteria in Telefilm's new decision-making process for production investments; and
- Ensuring that the level of private sector and/or foreign financing is a factor in determining Telefilm's potential participation, relative to the overall scope of the project. Low-budget projects are not generally expected to have market interest in order to receive funding from Telefilm.

Telefilm will launch its new Production Program in fiscal 2013-2014, at which point an increase in the private-sector portion of total budgets should occur. For more information, see [telefilm.ca](http://telefilm.ca).

1. For purposes of calculating the ratio, total private-sector financing includes funding from the following sources: broadcasters, private-sector partners, distributors and exporters, and foreign participants.

## ENGAGE PARTNERS

### FINANCE PROMOTIONAL INITIATIVES THROUGH PARTNERSHIPS

Indicator	Target
Telefilm-to-private-sector investment ratio for promotional initiatives	\$1.50 of private-sector investment for every \$1.00 of Telefilm financing in 2012-2013

This ratio compares the total amount of private-sector financing versus Telefilm support for promotional initiatives.

#### 2012-2013 Performance

Telefilm is pleased to report that \$2.10 of private financing was leveraged to support promotional events for the Canadian audiovisual industry for every \$1.00 Telefilm invested in 2012-2013. This level surpassed the target set by the organization for the fiscal period. A total of \$6.6 million in private funding was invested in promotional events for Canadian film, in addition to the \$3.1 million invested by Telefilm.

Activities to encourage private-sector financing included:

- Developing a sponsorship plan for Telefilm-branded events;
- Cobranding promotional events with private partners and sponsors; and
- Making changes to the Promotion Program so as to require that Canadian film festivals engage the participation of private partners in order to receive Telefilm funding.

#### 2013-2014 Outlook

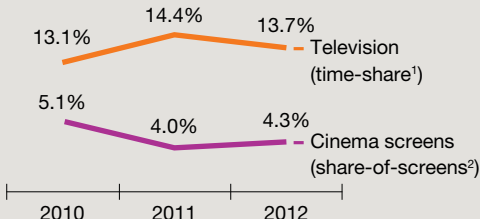
Going forward into 2013-2014, the promotional partnership mandate will be managed by the Marketing and Communications sector. This group will:

- Develop a strategic partnership plan for national and international promotional efforts;
- Continue to foster relationships with key partners in the not-for-profit sector;
- Identify and target key private sponsors; and
- Build media partnerships nationally and internationally in order to promote our initiatives and communicate with new audiences.



**INCREASE CONSUMPTION OF CANADIAN AUDIOVISUAL CONTENT**

**INCREASE THE ACCESSIBILITY OF CANADIAN CONTENT**

Indicator	Target	Results												
To be determined.	To be determined.													
At this time, Telefilm is considering ways to properly and fully measure the availability of Canadian content across all viewing platforms.	Increasing trends over time, over all platforms.	 <table border="1"> <caption>Line Graph Data</caption> <thead> <tr> <th>Year</th> <th>Television (time-share<sup>1</sup>)</th> <th>Cinema screens (share-of-screens<sup>2</sup>)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>13.1%</td> <td>5.1%</td> </tr> <tr> <td>2011</td> <td>14.4%</td> <td>4.0%</td> </tr> <tr> <td>2012</td> <td>13.7%</td> <td>4.3%</td> </tr> </tbody> </table>	Year	Television (time-share <sup>1</sup> )	Cinema screens (share-of-screens <sup>2</sup> )	2010	13.1%	5.1%	2011	14.4%	4.0%	2012	13.7%	4.3%
Year	Television (time-share <sup>1</sup> )	Cinema screens (share-of-screens <sup>2</sup> )												
2010	13.1%	5.1%												
2011	14.4%	4.0%												
2012	13.7%	4.3%												

**2012-2013 Performance**

The accessibility of Canadian audiovisual content across a wide range of platforms is key to reaching Canadian audiences. Making Canadian content easily accessible to Canadians will require industry-wide partnerships and coordinated planning efforts. Availability levels remained relatively stable in 2012:

- Canadian films accounted for 13.7% of total time allocated to the broadcasting of feature-films on Canadian television networks, with films from other countries accounting for 86.3%. This level is in line with two-year trends.
- Canadian films achieved 4.3% share-of-screen time on Canadian cinema screens in 2012 similar to their share in 2011. However, this is down slightly from 2010 levels.

At this time, Telefilm is concentrating on tracking this measure and coordinating an internal strategy in order to increase the accessibility of Canadian films.

**2013-2014 Outlook**

Telefilm will implement the newly-redesigned Production and Marketing programs in 2013-2014, including requirements that will increase the accessibility of Canadian films:

- Under the new Production Program, producers requesting funding from Telefilm will be required to provide Telefilm with a global promotional strategy, including how they intend to make a film available to their targeted audience in order to maximize audience reach.
- Changes to the Marketing Program, to take effect in 2013-2014, will require that applicants provide Telefilm with a comprehensive marketing plan that includes strategies for different viewing platforms in addition to the theatrical release. These changes will ensure greater availability of Canadian films going forward.

1. Telefilm Canada analysis based on BBM Infosys+ TV reports.  
 2. Telefilm Canada analysis based on Motion Picture Theatre Associations of Canada (MPTAC) reports.

## INCREASE CONSUMPTION OF CANADIAN AUDIOVISUAL CONTENT

### INCREASE THE AWARENESS OF CANADIAN FILMS AMONG CANADIANS

Indicator	Target
Level of awareness of Canadian films among Canadians	By 2014-2015, 50% of Telefilm survey respondents correctly identify a Canadian film.

The number of Canadians responding to a consumer survey who could name a Canadian film.

#### 2012-2013 Performance

In 2012-2013, the number of Canadians that could name a Canadian film surpassed the target of 50%:

- 58% of Canadians surveyed in 2012-2013 could name a Canadian film, based on a sample size of 2,314 respondents consulted via a web-based panel;
- This is up significantly from the 2011-2012 result of 37%, based on a sample size of 1,995 respondents.

Telefilm increased the awareness of Canadian films among Canadians in 2012-2013 by:

- Assuring Canadian media coverage of international events featuring Canadian talent at Cannes, TIFF, Berlin and MIPCOM; overall media coverage increased by 15% in 2012-2013 versus the prior year;
- Conducting promotional activities leading up to the Oscars, where the Canadian film *War Witch* was nominated;
- Placing consumer-focused advertisements in newspapers with national readership;
- Providing funding to 44 film festivals across all regions of Canada;
- Forging partnerships with national groups such as *Reel Canada*, CBC and the Canadian Screen Awards;
- Expanding its social media presence with the launch of its Facebook fanpages featuring an exclusive content video profile series, *Off the Wall*.

Telefilm's initiatives had a positive impact on the level of awareness enjoyed by Canadian film, especially the promotional initiatives undertaken during Oscar season. However, it should be noted that 2012-2013 results were based on a stand-alone question included in a survey on a non-related industry. In 2011-2012, results were based on a survey entirely devoted to the Canadian audiovisual industry. These results, therefore, must be interpreted carefully. Going forward, the methodology will be standardized to better monitor trends.

#### 2013-2014 Outlook

In order to increase the visibility of Canadian films going forward into 2013-2014, Telefilm will heighten its focus on national and regional promotional efforts. Efforts will include:

- Engaging the industry and consumers through partnerships and concerted marketing efforts;
- Further capitalizing on social media and media relations communications; and
- Continually supporting and promoting Canadian talent at festivals and markets on the international, national and regional scenes and working to ensure Canadians are aware of success achieved abroad.

In addition to efforts Telefilm will be making to increase the positive reputation of Canadian film success, the newly-redesigned Production and Marketing programs favour the development of innovative promotional strategies to ensure all financed films maximize audience reach among their targeted market. This will further ensure that the reputation of and demand for Canadian films increases.

# FINANCIAL REVIEW

The financial review provides additional financial information and should be read along with the audited financial statements for the fiscal year ended March 31, 2013. This review allows for a comparative analysis of Telefilm's 2012-2013 financial results with budgeted figures and prior-year results, and also provides a financial outlook for the future. All figures are rounded.

## OVERVIEW OF FINANCIAL RESULTS

The Corporation took concrete actions to deliver programs efficiently, with a focus on responsible spending in order to deliver strong financial results:

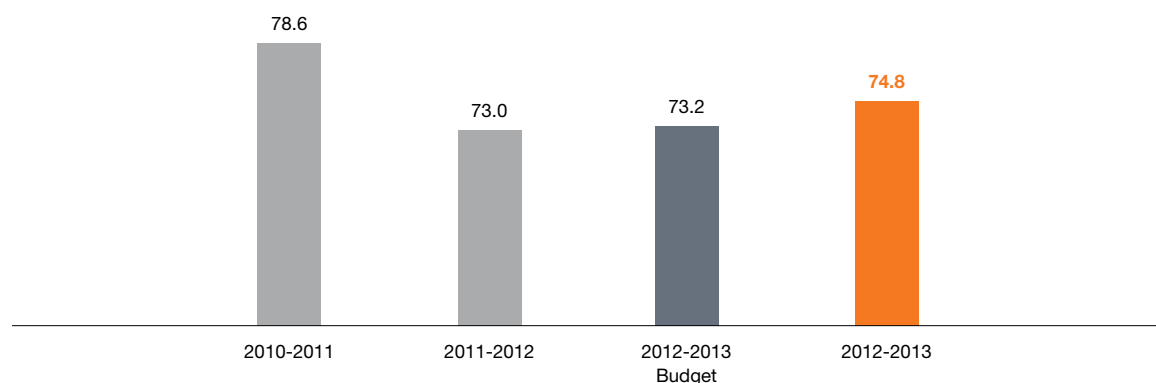
- These actions enabled us to deliver the Budget 2012 planned savings measures with minimal impact on operations;
- Total assistance expenses remained stable, reaching \$96.9 million, a slight increase of 1% over the previous fiscal year;
- Our operating and administrative expenses amounted to \$27.1 million, a notable decrease of \$1.4 million over the previous year;
- An administrative budgetary surplus allowed for \$2.5 million to be transferred to program funding;
- Our parliamentary appropriation amounted to \$103 million, a decrease of \$2.7 million versus the previous fiscal year;
- Total revenues rose by \$1.2 million to reach \$22.9 million, partially offsetting the reduction to our parliamentary appropriation; and
- The CMF services agreement was renewed for a seventh consecutive year.

## ASSISTANCE EXPENSES

As defined in its corporate plan, Telefilm has two distinct areas of activity: first, investing in the development of the Canadian audiovisual industry; and, second, providing national and international promotional support for Canadian content.

### Development and production of Canadian feature films

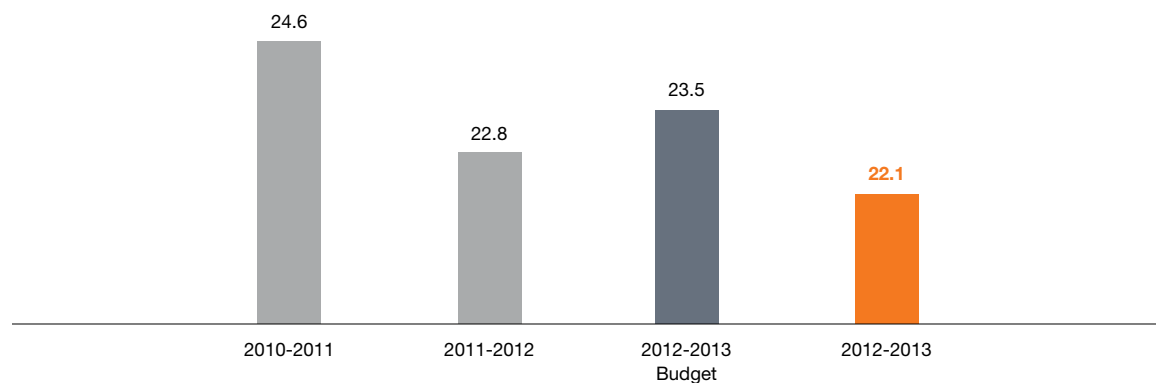
(In millions of \$)



Telefilm financially supports the development and production of Canadian feature films that have potential for success in Canada and abroad. The film production and scenario development assistance programs provided \$74.8 million in funding in 2012-2013, in line with both the budgeted and prior-year comparative figures. It should be noted that, to cope with increased demand, the Corporation raised the level of development assistance by \$1.5 million over fiscal year 2011-2012.

**Promotional support in Canada and abroad**

(In millions of \$)



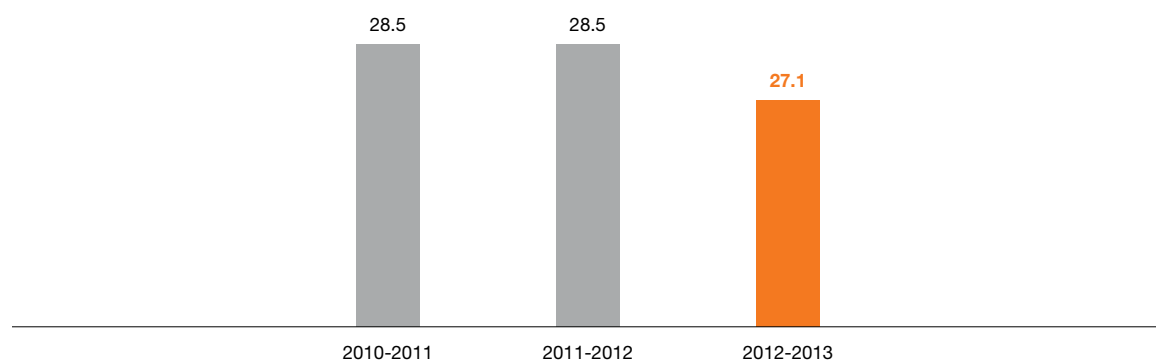
Telefilm’s promotional support activities enable Canadian distributors, producers and directors to ensure that the audiovisual content they produce is viewed and enjoyed by Canadian and international audiences. This assistance is composed of marketing financing for Canadian feature films and financial support for companies at key markets, festivals and events, both at the domestic and international levels.

Support for promotional activities amounted to \$22.1 million in 2012-2013, which does not present a significant variance versus budgeted amounts or prior fiscal year results. To this extent, available funds in the marketing and national promotional programs were used for the production assistance program.

Overall assistance expenses are anticipated to reach approximately \$91 million in the next fiscal year.

**Operating and administrative expenses**

(In millions of \$)



Operating and administrative expenses are incurred to deliver funding programs—including those of the CMF—and to undertake corporate activities. These expenses are comprised of salaries and employee benefits (73%), rent (7%), professional services (6%) and information technology (5%), which together account for 91% of the Corporation’s overall operating and administrative expenses.

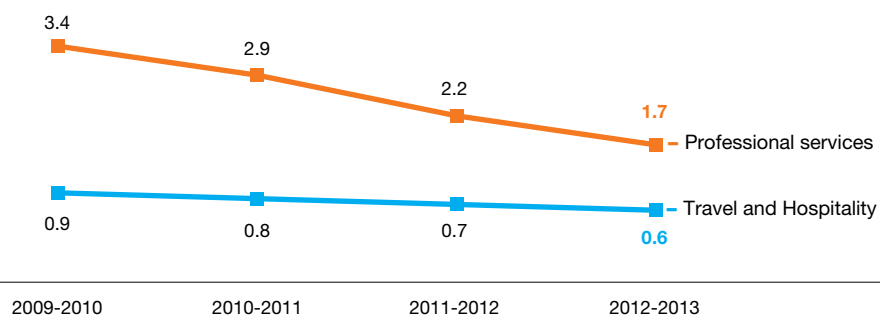
Operating and administrative expenses stood at \$27.1 million, down \$1.4 million compared with the previous fiscal year. The Corporation emphasized the achievement of efficiencies through organization-wide cost-containment measures, which enabled significant returns. To this extent, all line items have either decreased or remained stable in comparison to the prior year.

In addition, savings<sup>1</sup> were achieved with respect to the annual budget, which allowed Telefilm to transfer \$2.5 million from the administrative budget to funding programs. These cost efficiencies were attained across all budget components, with significant economies stemming from wages and professional services, as disclosed in our financial statements.

Operating and administrative expenses are forecasted to reach \$26.9 million<sup>2</sup> for the next fiscal year.

#### Cost-containment measures

Level of expenses  
 (In millions of \$)



As a federal Crown corporation, Telefilm is rigorous in terms of its responsibility to continually improve and achieve efficiencies. The Corporation's results demonstrate its commitment to respect the Treasury Board Secretariat's cost-containment measures.

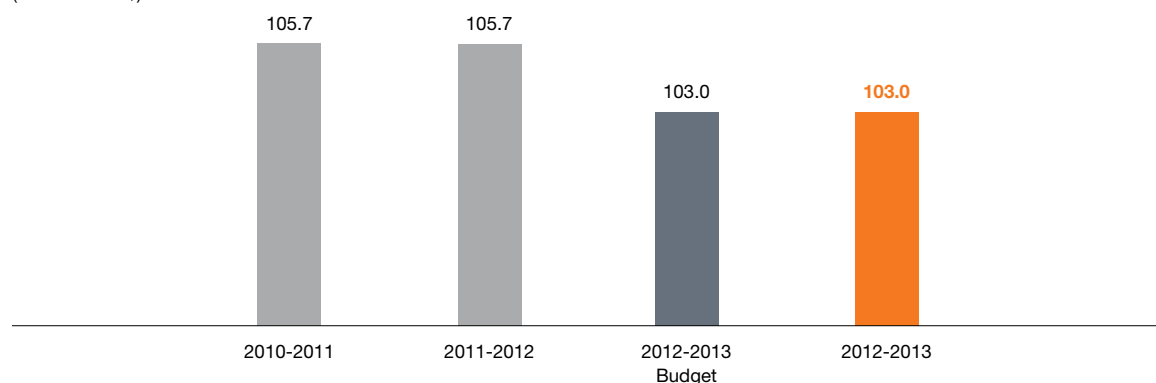
As shown, the Corporation has significantly lowered its professional-service expenses (-50%) and travel expenses (-33%) over several fiscal years. Advertising and publication expenses—core elements of our promotional mandate—are not subject to reductions.

1. Surplus is calculated on a cash-modified basis and cannot be linked to the financial statements.  
 2. Excluding amortization.

## GOVERNMENT FUNDING AND REVENUES

### Parliamentary appropriation

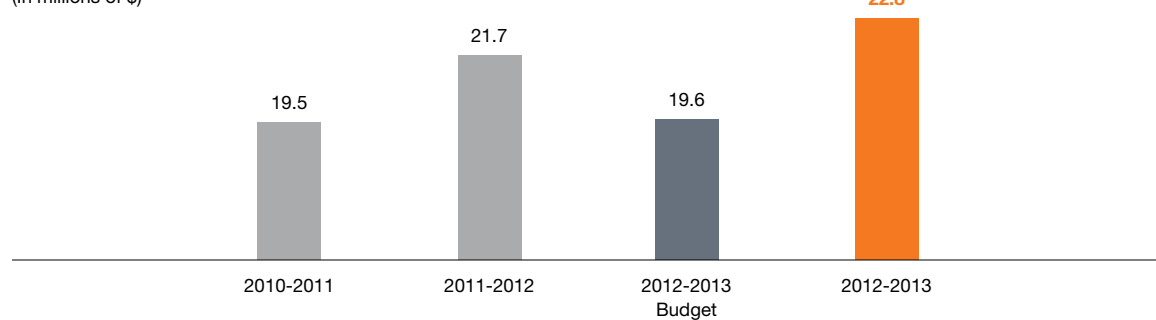
(In millions of \$)



Telefilm's parliamentary appropriation stood at \$103 million in 2012-2013 and represents our most important source of funding. The total amount decreased by \$2.7 million over the previous fiscal year, in line with the *Budget 2012 planned reductions in departmental spending*. An additional reduction of \$3.3 million is planned for fiscal 2013-2014.

### Revenues

(In millions of \$)



Telefilm's revenues are mainly composed of:

- Investment revenues and recoveries from equity investments in film production and participation in film development and marketing; and
- Management fees from the CMF services agreement.

Overall revenues in 2012-2013 demonstrate positive growth versus budgeted levels and the comparative year figures.

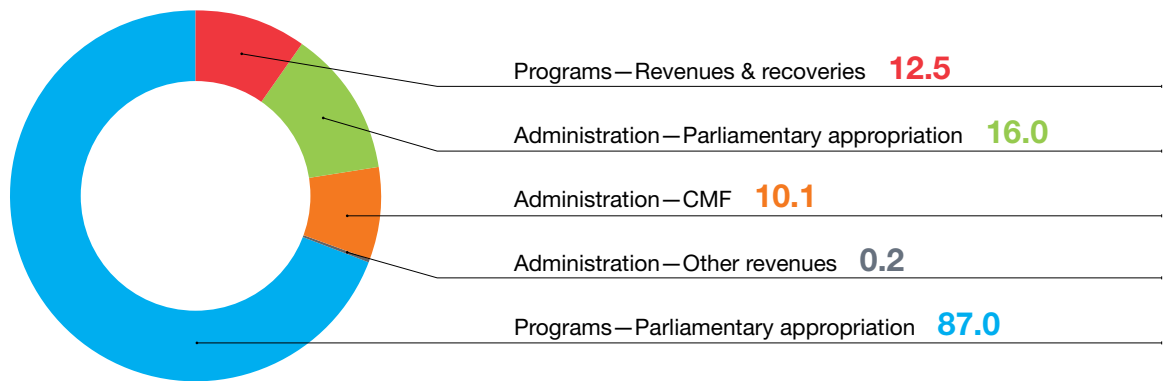
Of note, investment revenues and recoveries from projects rose by nearly \$1 million over 2011-2012. This increase was driven by recoveries from projects in marketing, with higher remittances on a per-project basis. In addition, for the second consecutive year, investment revenues and recoveries surpassed the Corporation's budgetary estimates.

On another positive note, the CMF services agreement has been renewed for 2013-2014.

Finally, the Corporation is not expecting significant variances in the overall budget revenues for the next fiscal year.

### Revenues and government funding allocation

\$125.8 million



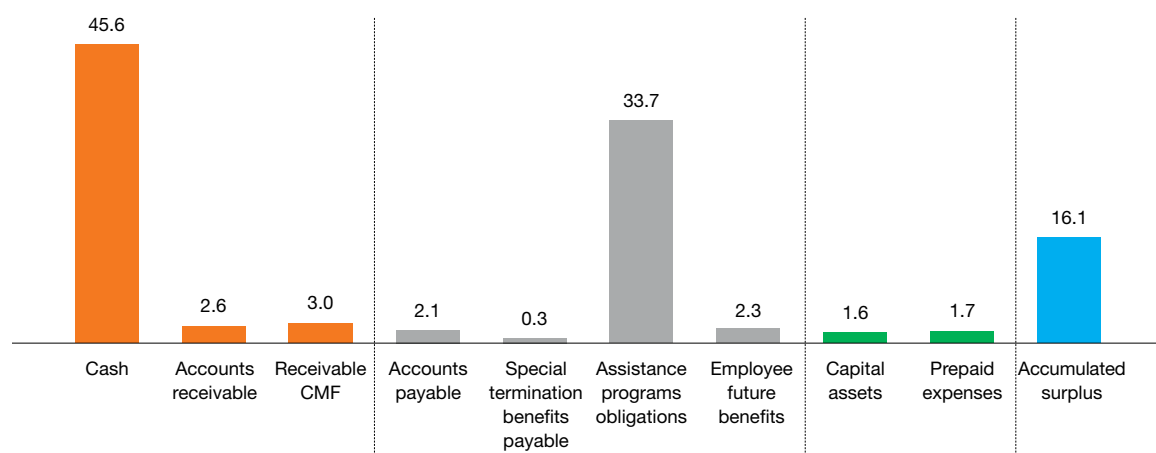
The Corporation allocates its funding through assistance programs and operating and administrative expenses.

Favouring program funding has been our priority throughout the last several fiscal years and remained such during 2012-2013. As a result, \$2.5 million of parliamentary appropriation for administrative expenditures was transferred to program funding during 2012-2013 to finance additional projects.

## FINANCIAL POSITION AS AT MARCH 31, 2013

### Financial assets, liabilities and non-financial assets

(In millions of \$)



The Corporation's financial position remained solid and records as its principal asset a Due from Consolidated Revenue Fund of \$45.6 million, which is equivalent to cash on hand. It should be noted that this liquidity is required to fund the assistance programs obligations related to our project commitments, established at \$33.7 million.

(In millions of \$)	2012-2013	2011-2012	%
Financial assets	<b>51.2</b>	47.7	7
Liabilities	<b>38.4</b>	37.6	2
Non-financial assets	<b>3.3</b>	4.1	(20)
Accumulated surplus	<b>16.1</b>	14.2	

The financial position at closing date presents standard variances from the previous fiscal year.

To this extent, financial assets were boosted by cash inflow stemming from project recoveries while the increase in financial liabilities is mostly related to accrued administrative charges. Of note, the Corporation recorded as of March 31, 2013 an amount payable of \$336 thousand for special termination benefits in relation to our workforce reduction. Also, non-financial assets showed a decrease pertaining to the tangible capital assets, where the current amortization of \$1 million offset the acquisition of assets related principally to a financial system upgrade.



# RISK MANAGEMENT

The Corporation uses an integrated risk management approach that ensures risks are considered at all levels and in all departments, beginning with the strategic planning process and continuing throughout business operations. Risk management evolves through time and in this context the Executive Director restructured risk governance with the introduction of a new Risk Management Committee. The committee is now chaired by the Executive Director and composed of all members of the Management Committee (see Governance section). This Committee assists the Executive Director in identifying, evaluating and prioritizing risks and defining the measures to be taken to ensure risks are adequately mitigated.

## RISK IDENTIFICATION

Risks are identified and evaluated in line with our corporate plan objectives, the ongoing organizational reorientation and the new challenges that Telefilm faces within its business environment. Risks are assessed on an ongoing basis.

The types of risk that affect Telefilm can be categorized into four main groups:

- I. Strategic risks: those that hinder the achievement of corporate objectives;
- II. Operational risks: those arising from the failure of processes, systems or human resources;
- III. Financial risks: those associated with losses resulting from administrative inefficiencies; and
- IV. Compliance risks: those relating to non-compliance with laws and regulations.

The Corporation has identified three main strategic risks and developed strategies to mitigate them going forward:

### 1) **Non-delivery of corporate objectives represented within the organizational scorecard**

Along with the introduction of its *corporate plan* and new objectives applicable to fiscal years 2011-2012 to 2014-2015, the Corporation adapted the corporate performance indicators used to monitor the results of its decisions, plans and actions. In 2012-2013, focus was put on the identification of performance indicators to provide a scorecard that will enable the Corporation to measure its progress towards achieving its corporate objectives. The implementation of the performance indicators will continue into the next fiscal year.

Risk-mitigation measures include:

- Management Committee will ensure key managers take ownership of the performance indicators measured through the organizational scorecard;
- Communicating the importance of the performance indicators and scorecard throughout the organization to ensure the engagement of all departments and employees;
- Establish in collaboration with departments operational objectives that are related to the performance indicators;
- Embedding annual objectives aligned with performance indicators into employee performance evaluations; and
- Monitoring performance and ensuring accountability for indicator results.

**2) Availability of Canadian movies does not increase in the marketplace (traditional, non-traditional, digital platforms)**

Throughout 2012-2013, the redesign of the Marketing program was a strategic priority for Telefilm, and that process will continue into the upcoming fiscal year. It is expected that the new program will ensure that distribution and marketing practices are more in line with evolving consumption patterns.

Risk-mitigation measures include:

- Maintaining ongoing consultations with producers, distributors and partners to take into account industry concerns;
- Providing thought leadership by sharing consumer-focused research with the industry;
- Expanding the scope of eligible expenses to support film distribution and marketing on all platforms; and
- Implementing the new Marketing Program and monitoring results.

**3) Audience demand for Canadian movies not increasing**

Stimulating audience demand for Canadian content is a top priority for Telefilm. To this end, the Corporation redesigned its organizational structure in order to facilitate the shift towards marketing and promotional activities. The Corporation will focus marketing efforts on its objective of reaching audiences with Canadian content.

Risk-mitigation measures include:

- Implementing an organizational structure that maximizes our ability to develop and execute marketing and promotional activities;
- Defining and implementing a marketing strategy to promote Canadian talent, content and success;
- Defining and monitoring new performance indicators to ensure the organizational focus is on marketing and promotional efforts and results; and
- Developing new partnerships that ensure the visibility and accessibility of Canadian talent and content.

# GOVERNANCE

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

## BOARD OF DIRECTORS

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

- corporate strategies;
- human resources and performance assessment;
- internal controls and financial matters; and
- governance and communications.

The Board has developed exemplary governance practices to ensure that its meetings are planned, structured and effective. Moreover, the Board takes all reasonable measures to ensure that management systems and practices in effect meet the Board's needs and provide it with the necessary confidence in the integrity of the information generated. The Executive Director attends all Board meetings, and certain managers are invited to speak on specific matters or issues that require in-depth consideration. Most Board meetings are held in either Montréal or Toronto in order to minimize costs. However, meetings or sessions may also be held in other Canadian cities with the aim of fostering exchange with other communities. Each meeting is followed by an in camera session so that members may discuss issues without the presence of persons representing Telefilm's management.

During the fiscal year, the Board addressed a number of topics of interests, including—among others—the implementation of the business plan, the redesign of funding programs, the Success Index and the international promotion plan, as well as usual issues pertaining to financial matters. The Board also decided during the year to launch a technology-based pilot project aimed at ushering in paperless meetings. In addition to favouring greater meeting efficiency, this initiative will make it possible for members to access the documentation anywhere and at any time.

## BOARD OF DIRECTORS



Left to right: G. Grant Machum, Yvon Bélanger, Elise Orenstein, Michel Roy, Tom Perlmutter, Marlie Oden, Ram Raju. Members reside in Nova Scotia, Quebec, Ontario and British Columbia, thereby ensuring that all regions of Canada are represented on the Board.

## BIOGRAPHIES\*

<b>Members</b>	<b>Appointment date / Length of term</b>	<b>Experience</b>
<b>Michel Roy</b> Chair of the Board	October 2007 Renewed for 5 years, ending in October 2017	Public administrator <ul style="list-style-type: none"> <li>• Quebec Deputy Minister for Tourism and for Communications</li> <li>• Business management consultant</li> <li>• Film editor for television, content creator, author and recorded musician and composer</li> </ul>
<b>Yvon Bélanger, CPA, CA</b> Chair of the Audit and Finance Committee	April 2008 5 years, ending in April 2013	Former audit partner, chartered accountant (retired) <ul style="list-style-type: none"> <li>• Expertise in standardization and financial statements reporting</li> </ul>
<b>G. Grant Machum, LL.B.</b> Chair of the Nominating, Evaluation and Governance Committee	May 2008 Renewed for 5 years, ending in January 2015	Lawyer, partner <ul style="list-style-type: none"> <li>• Labour law</li> <li>• Corporate governance</li> <li>• Chair of NSCAD University (Nova Scotia College of Art and Design)</li> <li>• Member of various boards</li> <li>• Community fundraiser</li> </ul>
<b>Marlie Oden</b> Chair of the Strategic Planning and Communications Committee	July 2008 5 years, ending in July 2013	Marketing and advertising executive, and entrepreneur <ul style="list-style-type: none"> <li>• Consultant and practitioner in marketing and communications</li> <li>• Advertising executive manager</li> <li>• Arts community board member</li> <li>• Patron of the Arts Award 2007</li> <li>• Mayor's Arts Award 2011</li> </ul>
<b>Elise Orenstein, LL.B.</b> Vice-Chair of the Board	December 2006 Renewed for 5 years, ending in December 2016	Lawyer <ul style="list-style-type: none"> <li>• Corporate, commercial and intellectual property law for convergent media and entertainment sectors</li> <li>• University law professor</li> </ul>
<b>Tom Perlmutter</b> Ex-officio member	June 2007 Renewed for 5 years, ending in June 2017	Government Film Commissioner and Chairperson, National Film Board of Canada <ul style="list-style-type: none"> <li>• Filmmaker, writer and producer</li> <li>• National Film Board of Canada executive and administrator</li> </ul>
<b>Ram Raju</b> Member	May 2010 5 years, ending in May 2015	Internet entrepreneur <ul style="list-style-type: none"> <li>• Internet entrepreneur in digital media and management</li> <li>• University professor and administrator in the field of computer systems</li> <li>• Vice-President, Canadian Association of Campus Computer Stores</li> </ul>

\* Longer versions are available on our website for consultation.

## INDEPENDENCE OF THE BOARD

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

## APPOINTMENTS

During the fiscal year, the Governor in Council reappointed Michel Roy as the Corporation's Chair. There was no change in Board membership during the year. All members of Telefilm's Board are part-time public office holders who are appointed using a selection process based on several criteria. All appointments are made upon the recommendation of the Minister of Canadian Heritage and Official Languages to the Governor in Council.

## BOARD COMMITTEES

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

### 1) Audit and Finance Committee

This Committee's main responsibility is to address issues of a financial nature as well as those relating to risk management. The Committee is made up of three Board members and is chaired by Yvon Bélanger, who has the required expertise in matters pertaining to financial reporting. Representatives from the Office of the Auditor General of Canada as well as the internal auditor, the Executive Director, the Director, Administration and Corporate Services and the controller are invited to all meetings of this Committee. Managers present information and the various issues are discussed among Committee members and auditors. Every quarter, the Committee addresses topics of interest such as budgets, financial and auditing results and updates to identified risks. The Committee met four times during the fiscal year; Committee meetings were generally followed by an in camera session.

### 2) Nominating, Evaluation and Governance Committee

This Committee supports the Board mainly by overseeing issues relating to human resources management. In addition, it reviews, as needed, topics of interest pertaining to human resources such as performance evaluation and Compensation Policy and Policy on Incentive Bonus Programs. The Committee is also responsible for setting up the selection and assessment process of candidates leading to recommendations to the Minister regarding the appointment of the Executive Director. During the fiscal year, the Committee recommended to the Board that it adopt a new *Policy on Conflict of Interest and Post-Employment*, which will apply to all employees as of the 2013-2014 fiscal year. The change was made to ensure that our practices are in line with new Treasury Board directives. Moreover, the Committee and senior management worked closely together to recommend to the Board a new salary structure aligned with a responsibilities-based job classification system. The Committee is chaired by G. Grant Machum, a lawyer specializing in labour law. The Committee met three times during the fiscal year, and some of these meetings were followed by an in camera session.

### 3) Strategic Planning and Communications Committee

The support provided to the Board by this Committee relates to, among other things, strategic planning processes and the implementation of communication strategies. During the fiscal year, the Committee worked with senior management to establish an international branding strategy. This strategy will be deployed in the next fiscal year. The Committee is chaired by Marlie Oden, a marketing and advertising specialist. The Committee met once during the year.

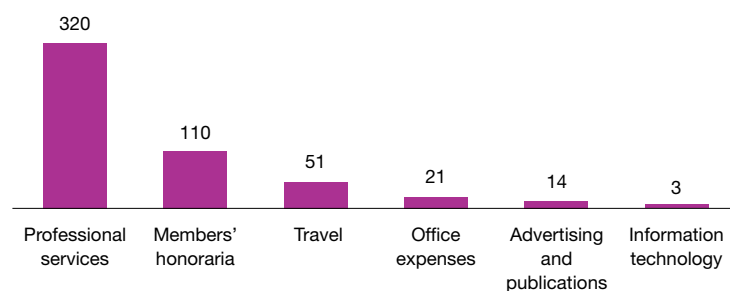
## BOARD MEETINGS: COMPENSATION AND ATTENDANCE

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

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

The following bar graph lists expenses incurred by the Board and its committees, including those related to the holding of meetings and travel expenses, the Annual Public Meeting, and internal auditing work. Expenses amounted to \$519,000 for this fiscal year.

(In thousands of \$)



The following table outlines members' attendance at various meetings:

	<b>Board of Directors</b> 7 members	<b>Audit and Finance Committee</b> 3 members	<b>Strategic Planning and Communications Committee</b> 3 members	<b>Nominating, Evaluation and Governance Committee</b> 3 members
<b>Michel Roy</b>	7/7	4/4	1/1*	4/4
<b>Yvon Bélanger</b>	6/7	4/4	–	2/4*
<b>G. Grant Machum</b>	7/7	–	–	4/4
<b>Marlie Oden</b>	7/7	1/4*	1/1	1/4*
<b>Elise Orenstein</b>	7/7	4/4	1/1	4/4
<b>Tom Perlmutter<sup>1</sup></b>	4/7	–	–	–
<b>Ram Raju</b>	7/7	–	1/1	–

\*Member does not sit on this committee.

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



## MANAGEMENT COMMITTEE

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



Left to right: Dave Forget, Michel Pradier, Sheila de La Varende, Denis Pion, Jean-Claude Mahé, Carolle Brabant, Évelyne Morrisseau and Stéphane Odesse.

## MANDATES OF THE SUBCOMMITTEES

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

### 1) Operational Committee

The Operational Committee assists the Executive Director mainly with respect to decision-making involving the application or interpretation of guidelines or policies. The Operational Committee comprises at least five members of the Management Committee, designated by the Executive Director. Three are permanent members and two are appointed for renewable six-month terms. This Committee may make decisions on a wide range of topics, including, among others, all issues pertaining to the application and interpretation of guidelines for the Corporation's funding programs. The Committee met 27 times during the fiscal year, and was chaired by the Director, Business Affairs and Certification, Dave Forget.

### 2) Human Resources Committee

The Human Resources Committee assists the Executive Director by supporting the Human Resources Department in the application and interpretation of human resources policies and in responding to all situations that derogate from normal practice. The Committee consists of two members of the Management Committee, designated by the Executive Director, as well as the Director, Administration and Corporate Services. The two members are appointed for renewable six-month terms, while the Director, Administration and Corporate Services, Denis Pion, serves as the chair at the pleasure of the Executive Director. A representative of the Human Resources Department is invited to take part in Committee meetings at all times. The Committee generally meets twice monthly. During the fiscal year, the Committee met 15 times.

### 3) Appeal Committee

The Appeal Committee reviews decisions that are appealed by clients as well as decisions made by the Human Resources Committee and appealed by employees. The Committee is composed of the Executive Director and two members of the Management Committee designated by the Executive Director. Members are appointed for a renewable one-year term. No appeals were filed or meetings of the Committee held during the fiscal year. The Committee was chaired by the Executive Director, Carolle Brabant, during that period.

### 4) Risk Management Committee

The Risk Management Committee assists the Executive Director in identifying, assessing and prioritizing risks and risk mitigation measures. The Committee, which the Executive Director created during the fiscal year, is responsible for implementing the risk management process. All members of the Management Committee now sit on this Committee, which will improve governance and effectiveness. Previously, risk management was overseen by an ad-hoc committee made up of various managers across several levels. The Committee was launched at the end of the fiscal year and has not yet held any meetings. The Committee is chaired by the Executive Director, Carolle Brabant.

## RESPONSIBILITIES AND MEETING ATTENDANCE

All members of the Management Committee are full-time employees of the Corporation. The mandate of the Executive Director, who is appointed by the Governor in Council on the recommendation of the Corporation and the Minister of Canadian Heritage and Official Languages, was renewed for another three-year term. Her remuneration is set by the Privy Council Office. The salary scale for other members of the Management Committee ranges from a minimum of \$107,000 to a maximum of \$194,000, with the average salary being \$146,000.

The following table outlines members' attendance at various meetings:

<b>Member</b>	<b>Management Committee</b> 8 members 26 meetings	<b>Human Resources Committee</b> 3 members 15 meetings	<b>Operational Committee</b> 5 members 27 meetings
<b>Carolle Brabant</b> , CPA, CA, MBA Executive Director	26	2	–
<b>Sheila de La Varende</b> Director, Industry Promotion	22	6	11
<b>Dave Forget</b> Director, Business Affairs and Certification	22	2	25
<b>Jean-Claude Mahé</b> Director, Public and Government Affairs	24	6	6
<b>Évelyne Morrissette</b> * Director, Marketing and Communications	1	–	–
<b>Stéphane Odesse</b> , LL.B. Director, Legal Services and Access to Information, and Corporate Secretary	23	9	7
<b>Denis Pion</b> Director, Administration and Corporate Services	26	14	25
<b>Michel Pradier</b> Director, Project Financing	22	4	22

\* Employee started on March 18, 2013.

## AUDITING

The Corporation's accounts and financial transactions are audited annually by the Auditor General of Canada. In addition, the *FAA* requires that the Auditor General conduct a special examination of the Corporation at least once every 10 years. The latest review was conducted in 2010, and its results are available on the Corporation's website. The *FAA* also requires that Telefilm conduct internal audits. The Corporation engages an outside firm to conduct these audits, and the firm's reports are submitted to the Audit and Finance Committee. Auditing work during the fiscal year focused on five different areas: information security and the protection of personal information; the eTelefilm system; the accountability structure; performance measurement; and the follow-up on action plans deriving from previous internal audits.

## PERFORMANCE EVALUATION

Performance evaluation is a key process that fosters a culture of continuous improvement. To this end, all employees as well as the Executive Director and all Board members are subject to an annual evaluation:

- The Board evaluates its own performance as well as that of its various committees by means of a Board Assessment Performance Policy. This process involves, among other things, an evaluation of the Board's composition and the knowledge of its members, and an evaluation of the Board's responsibilities and workings. A special review of each committee also makes up this evaluation.
- The performance evaluation of the Executive Director—conducted initially by the Nominating, Evaluation and Governance Committee and then subject to Board approval—is governed by the *Performance Management Program Guidelines for Chief Executive Officers of Crown Corporations*. Evaluation criteria focus on performance results in various areas of activity including, among others, policies and programs, management, stakeholder relations, leadership and corporate results.
- The performance evaluation of the Management Committee and each of its subcommittees is conducted by Committee members and by the Executive Director.
- Finally, employee performance evaluations are conducted twice a year in accordance with our Policy on Performance Assessment. This evaluation process focuses on, among other things, the achievement of set objectives for the fiscal year, expected proficiency levels, expectations pertaining to job responsibilities, and learning goals.

## ORIENTATION AND TRAINING

Training is an essential part of maintaining best practices of corporate governance; it also enables Board members to perform their duties in an optimal manner. To these ends, Board members are given an opportunity to participate in seminars, courses and training based on the requirements of their duties and an assessment of their needs. For example, the Chair of the Audit and Finance Committee attended a day and a half's worth of training sessions on budgetary cycles and accounting standards in the public sector, while the Vice-Chair of the Board attended a one-day conference titled "Corporate Governance for 2012: Shareholder Engagement." Another Board member attended a one-day conference on "Boardroom Financial Essentials." The Corporation also expects to benefit from enhanced employees skills. The Corporation put into place a training and professional development plan in order to endow employees with competencies and behaviours required to achieve the business plan.

## VALUES AND ETHICS

The Corporation endeavours to promote exemplary ethical practices, and to this end all persons appointed by Order in Council—the Chair, Board members and the Executive Director—are subject to the *Conflict of Interest Act*. Telefilm employees, for their part, are subject to the *Code of Conduct for Telefilm Canada*, which consists of the Treasury Board's *Values and Ethics Code for the Public Sector*, the *Code of Values for Telefilm* and the *Conflict of Interest and Post-Employment Code*. Respecting the *Code of Conduct for Telefilm Canada* is a condition of employment for new hires, regardless of the position they hold. Employees are also required to sign, annually, a statement declaring that they undertake to comply with the Code. The *Code of Conduct for Telefilm Canada* is available to the public upon request. In addition, during fiscal 2012-2013 and in keeping with Treasury Board standards, Telefilm adopted a new *Policy on Conflict of Interest and Post-Employment* that will take effect on April 1, 2013, thereby replacing the previous *Conflict of Interest and post-Employment Code*.

## FORMAL COMPLAINTS

Telefilm established a formal complaint process for its clients that supplements existing mechanisms included in its *Customer Service Charter*. Furthermore, in accordance with the *Public Servants Disclosure Protection Act*, Telefilm employees and members of the public may disclose wrongdoings that they think have been committed, or that they believe are about to be committed, by following the procedure described on the website of the Office of the Public Sector Integrity Commissioner of Canada. No complaints or disclosures of wrongdoing were submitted during fiscal 2012-2013.

## COMMUNICATIONS AND MARKETING ACTIVITIES

As part of its mandate to promote Canadian talent and Canadian productions, Telefilm continued to bolster its communications and marketing activities, both at the national and international levels.

### STRATEGIC STAKEHOLDER RELATIONS

Our Board of Directors and Management Committee play a key role as representatives of the Corporation and the Canadian audiovisual industry. In this capacity, our senior executives attended a variety of events during the fiscal year, including international film festivals in Cannes, Palm Springs, Toronto and Shanghai and Canadian festivals in St. John's, Calgary and Whistler among others. In addition, Telefilm representatives attended important industry events including the Symposium on the Promotion of Canadian Films and Television Programs in Canada and Internationally, the 2012 convention of the Association des producteurs de films et de télévision du Québec (APFTQ), and Canadian Front at MoMA in New York.

### Promotion-driven communication tools

The Corporation continued to offer stakeholders a number of online communications tools such as *eTelefilm*, *telefilm.ca*, *Twitter*, *RSS feeds*, and *industry advisories*, so they could obtain the latest information about our activities, especially relating to the promotion of Canadian talent, as well as to solicit their input and feedback. Of note, our microsites for international festivals, for instance those built for MIPCOM and Cannes, saw a dramatic increase in the number of visitors during the year.

Telefilm also launched *Facebook* pages, where we promoted exclusive content such as the *Off the Wall* video series, which featured interviews with Canadian talent. The English-language page had 1,000 followers as of March, 2013.



The organization also developed a new international visual identity for Canada and its partners. The new creative approach, which will be launched at Cannes 2013, provides consistency in messaging and drives the promotion of our talent and our industry.

#### **Keeping our finger on the pulse**

Staying on top of the opportunities and issues moving the industry from coast to coast continued to be a high priority during this fiscal year. Consultations were held across Canada with different segments of our clientele, notably in preparation for the introduction of changes to our funding programs. Regional outreach sessions were also organized to gain insight and input from stakeholders and Telefilm clients across all regions of the country.

In addition, the *Canada Feature Film Fund Working Groups*, which include representatives of various industry unions, guilds and associations, met in 2012-2013. The English and French market groups each provide a forum to share the specific views, needs, challenges and objectives of the two linguistic markets.

#### **Ongoing communications with government**

Telefilm continues to maintain strong communication links with the Department of Canadian Heritage. Our executives met with Canadian Heritage and other government representatives frequently during the fiscal year to ensure an ongoing focus on and alignment with public policy objectives.

#### **Annual Public Meeting**

Telefilm held its Annual Public Meeting in November 2012 in Toronto to present the highlights of its *2011-2012 Annual Report*. Canadians were able to interact with Michel Roy, Chair of the Board, Carolle Brabant, Executive Director, and several other directors and managers. A video of the annual public meeting, including questions and answers, has also been made available on [telefilm.ca](http://telefilm.ca).

# FINANCIAL STATEMENTS

Year ended March 31, 2013

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## MANAGEMENT REPORT

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

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

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

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

Montreal, Canada

June 19, 2013



**Carolle Brabant**, CPA, CA, MBA  
Executive Director



**Denis Pion**  
Director—Administration and Corporate Services





Auditor General of Canada  
Vérificateur général du Canada

# INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

## REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Telefilm Canada, which comprise the statement of financial position as at 31 March 2013, and the statement of operations, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

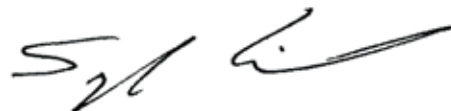
**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Telefilm Canada as at 31 March 2013, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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



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

19 June 2013  
Montréal, Canada

# STATEMENT OF OPERATIONS

Year ended March 31

<i>In thousands of Canadian dollars</i>	Schedules	2013 Budget	2013	2012
<b>Assistance expenses</b>				
Development of the Canadian audiovisual industry				
Production assistance		63,947	65,536	65,276
Development assistance		9,240	9,219	7,710
		73,187	74,755	72,986
Promotional support in Canada and abroad				
Distribution and marketing assistance		13,863	13,183	13,600
Promotion		7,110	6,444	6,738
Participation in international events		2,535	2,545	2,470
		23,508	22,172	22,808
		96,695	96,927	95,794
<b>Operating and administrative expenses</b>	A	28,687	27,069	28,482
<b>Cost of operations</b>		125,382	123,996	124,276
<b>Revenues</b>				
Investment revenues and recoveries		9,000	12,528	11,583
Management fees from the Canada Media Fund	B	10,559	10,143	10,012
Interest and other revenues		–	205	110
		19,559	22,876	21,705
<b>Net cost of operations before government funding</b>		105,823	101,120	102,571
<b>Government funding</b>				
Parliamentary appropriation		102,968	102,968	105,667
<b>Surplus (deficit) for the year</b>		(2,855)	1,848	3,096
<b>Accumulated surplus, beginning of year</b>			14,221	11,125
<b>Accumulated surplus, end of year</b>			16,069	14,221

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

# STATEMENT OF FINANCIAL POSITION

As at March 31

<i>In thousands of Canadian dollars</i>	Notes	2013	2012
<b>Financial assets</b>			
Due from Consolidated Revenue Fund	5	45,561	41,088
Cash—Talent Fund	3	36	—
Accounts receivable	4, 5	2,572	4,010
Receivable from the Canada Media Fund		2,973	2,636
		<b>51,142</b>	47,734
<b>Liabilities</b>			
Accounts payable and accrued liabilities	5	2,066	1,572
Special termination benefits payable as a result of downsizing		336	138
Financial assistance programs obligations	6	33,730	33,894
Liabilities for employee future benefits	7	2,250	2,048
		<b>38,382</b>	37,652
<b>Net financial assets</b>		<b>12,760</b>	10,082
<b>Non-financial assets</b>			
Tangible capital assets	8	1,585	2,264
Prepaid expenses		1,724	1,875
		<b>3,309</b>	4,139
<b>Accumulated surplus</b>		<b>16,069</b>	14,221

Commitments (note 10) and contingencies (note 11)

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

Approved by the Board:



**Michel Roy**  
Chair

# STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended March 31

<i>In thousands of Canadian dollars</i>	2013	2012
<b>Surplus for the year</b>	1,848	3,096
<b>Tangible capital asset transactions</b>		
Amortization	1,036	1,092
Acquisitions	(357)	(93)
<b>Other transactions</b>		
Acquisitions of prepaid expenses	(1,724)	(1,875)
Use of prepaid expenses	1,875	1,797
<b>Increase in net financial assets</b>	2,678	4,017
<b>Net financial assets, beginning of year</b>	10,082	6,065
<b>Net financial assets, end of year</b>	12,760	10,082

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

# STATEMENT OF CASH FLOWS

Year ended March 31

<i>In thousands of Canadian dollars</i>	<b>2013</b>	2012
<b>Operating transactions</b>		
Surplus for the year	1,848	3,096
Items not affecting cash:		
Increase (decrease) in liabilities for employee future benefits	202	(86)
Amortization of tangible capital assets	1,036	1,092
	<b>3,086</b>	4,102
Changes in non-cash financial items:		
Decrease (increase) in accounts receivable	1,438	(168)
Decrease (increase) in receivable from the Canada Media Fund	(337)	392
Increase (decrease) in accounts payable and accrued liabilities	494	(258)
Increase in special termination benefits payable as a result of downsizing	198	138
Decrease in financial assistance programs obligations	(164)	(186)
Decrease (increase) in prepaid expenses	151	(78)
	<b>4,866</b>	3,942
<b>Capital transactions</b>		
Acquisitions	(357)	(93)
<b>Increase in Due from Consolidated Revenue Fund and Cash—Talent Fund</b>	<b>4,509</b>	3,849
<b>Due from Consolidated Revenue Fund and Cash—Talent Fund, beginning of year</b>	<b>41,088</b>	37,239
<b>Due from Consolidated Revenue Fund and Cash—Talent Fund, end of year</b>	<b>45,597</b>	41,088
<b>Additional information presented in operating transactions</b>		
Interest recognized	137	114

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

# NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2013

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

## 1

### AUTHORITY AND ACTIVITIES

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

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

The Corporation is not subject to income tax.

## 2

### SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (CPSAS). The significant accounting policies followed by the Corporation are as follows:

#### A. MEASUREMENT UNCERTAINTY

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

#### B. ASSISTANCE EXPENSES

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

### **C. REVENUES**

#### **i. Investment revenues and recoveries**

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

#### **ii. Management fees**

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

#### **iii. Interest and other revenues**

Interest and other income are recorded on an accrual basis.

### **D. GOVERNMENT FUNDING**

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

### **E. TALENT FUND**

The Talent Fund (the "Fund") was created in March 2012 and its operations are an integral part of the Corporation's activities. The aim of the Fund is to support and promote Canadian works and talent through the Corporation's programs. The Fund's revenues consist of donations from individuals and companies. These donations are deposited into a separate bank account under Cash—Talent Fund in the statement of financial position. Donations have no externally imposed stipulation and are recorded as revenue during the period in which they are received. Under the *Telefilm Canada Act*, investment income and recoveries under projects funded by the Fund are made available to the Corporation to cover all assistance expenses.

### **F. DUE FROM CONSOLIDATED REVENUE FUND**

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

### **G. CASH—TALENT FUND**

The cash Talent Fund consists of the cash balance from donations. This cash is used to finance projects and activities supported by the Fund.



## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

### **H. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The Corporation's financial instruments are all recorded at cost or amortized cost using the effective interest method in the statement of financial position. Financial assets consist of assets that could be used to settle existing liabilities or to fund future activities. At every year-end, the Corporation evaluates whether there is any objective evidence of impairment of financial assets or groups of financial assets. If such evidence exists, the carrying amount of the financial instrument is reduced to account for this loss in value.

The Corporation holds the following financial assets recorded net of allowances for bad debts:

- Receivables related to investments and forgivable advances;
- Receivable from the Canada Media Fund.

Financial liabilities consist of the Corporation's accounts payable and accrued liabilities, special termination benefits payable as a result of downsizing and financial assistance programs obligations.

### **I. EMPLOYEE FUTURE BENEFIT OBLIGATION**

#### **i. Pension plan**

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

#### **ii. Severance benefits**

Eligible employees are entitled to severance benefits as stipulated in their conditions of employment. The cost of these benefits is recognized in operations in the year in which they are earned. The severance benefit obligation is calculated on a present value basis using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement and other factors. These assumptions are reviewed annually. Severance benefits represent the Corporation's only obligation of this nature whose settlement gives rise to payments in subsequent fiscal years.

#### **iii. Sick leave**

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

#### **iv. Parental leave**

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)****J. TANGIBLE CAPITAL ASSETS**

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

<b>Assets</b>	<b>Rates</b>
Leasehold improvements	Terms of the leases
Technological equipment	20%
Furniture	10%
Software	14% and 20%

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

**3****TALENT FUND**

During the year, the Corporation incurred implementation expenses of \$192,000. Donations collected during the year amounted to \$36,000.

**4****ACCOUNTS RECEIVABLE**

	<b>March 31, 2013</b>	March 31, 2012
Accounts receivable related to investment revenues and recoveries	<b>1,448</b>	1,716
Taxes to be recovered	<b>680</b>	1,754
Other accounts receivable	<b>444</b>	540
	<b>2,572</b>	4,010

**5****RESTRICTED ASSETS AND LIABILITIES – CANADA NEW MEDIA FUND**

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

	<b>March 31, 2013</b>	March 31, 2012
Due from Consolidated Revenue Fund	<b>74</b>	–
Accounts receivable	<b>300</b>	319
Accounts payable and accrued liabilities	<b>374</b>	319

## 6

### FINANCIAL ASSISTANCE PROGRAMS OBLIGATIONS

The Corporation is contractually committed to disburse sums under its financial assistance programs. The following table presents the payments the Corporation will issue in the upcoming fiscal years:

	2014	2015	Total
<b>Contracts signed per fiscal year</b>			
2009 and prior years	744	–	744
2010	189	–	189
2011	1,228	–	1,228
2012	4,674	67	4,741
2013	24,959	1,869	26,828
	31,794	1,936	33,730

## 7

### LIABILITIES FOR EMPLOYEE FUTURE BENEFITS

	Severance benefits	Sick leave	Parental leave	Total
<b>Balance as at March 31, 2011</b>	1,420	490	224	2,134
Cost for services rendered during the year	182	45	140	367
Benefits paid during the year	(170)	(78)	(205)	(453)
<b>Balance as at March 31, 2012</b>	1,432	457	159	2,048
Cost for services rendered during the year	297	189	84	570
Benefits paid during the year	(119)	(100)	(149)	(368)
<b>Balance as at March 31, 2013</b>	1,610	546	94	2,250

#### A. SEVERANCE BENEFIT OBLIGATION

The Corporation provides to its eligible employees severance benefits based on the nature of the departure, years of service and final salary at end of employment. This plan has no assets and a deficit equal to the accrued benefit obligation.

To calculate the accrued severance benefit obligation, the Corporation uses a 2.50% (2.75% in 2012) rate of salary increase, a 3.00% (3.75% in 2012) discount rate, a 10.00% probability of employee departure before age 55 and a retirement age assumption of 60 (59 in 2012).

Benefits will be paid from future parliamentary appropriations and other funding sources.

**7. LIABILITIES FOR EMPLOYEE FUTURE BENEFITS (CONT.)****B. SICK LEAVE OBLIGATION**

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

To calculate the sick leave obligation, the Corporation uses an average daily salary of \$286 (\$268 in 2012), a 2.50% (2.75% in 2012) rate of salary increases, a 3.00% annual utilization rate, a 3.00% (3.75% in 2012) discount rate and a 10.00% departure rate. Benefits will be paid from future parliamentary appropriations.

**C. PARENTAL LEAVE OBLIGATION**

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

**D. PENSION PLAN**

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits which are fully indexed to the increase in the Consumer Price Index. The Corporation's contributions are based on a multiple of employee contributions.

The Corporation's and employee contributions to the Public Service Pension Plan were as follows:

	March 31, 2013	March 31, 2012
Corporation contributions	1,967	2,042
Employee contributions	1,136	1,095

There were no significant changes to employee benefit plans during the year.

## 8

**TANGIBLE CAPITAL ASSETS**

	March 31, 2012	Acquisitions	March 31, 2013
<b>Leasehold improvements</b>			
Cost	4,595	–	4,595
Amortization	(3,367)	(543)	(3,910)
	1,228	(543)	685
<b>Technological equipment and furniture</b>			
Cost	1,143	–	1,143
Amortization	(751)	(112)	(863)
	392	(112)	280
<b>Software</b>			
Cost	14,655	45	14,700
Amortization	(14,011)	(381)	(14,392)
	644	(336)	308
<b>Work in progress</b>			
Cost	–	312	312
<b>Net carrying amount</b>	2,264	(679)	1,585

## 9

**FINANCIAL INSTRUMENTS****A. FAIR VALUE**

Accounts receivable, due from the Canada Media Fund, accounts payable and accrued liabilities, special termination benefits payable as a result of downsizing and financial assistance program obligations are in the normal course of the Corporation's operations.

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

## 9. FINANCIAL INSTRUMENTS (CONT.)

### B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

#### i. Interest rate risk

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

#### ii. Liquidity risk

The Corporation is exposed to liquidity risk as a result of its contractual commitments (Note 10) and financial liabilities, accounts payable and accrued liabilities, special termination benefits payable as a result of downsizing, financial assistance programs obligations (Note 6) and employee future benefit liabilities (Note 7). The following table shows the contractual maturities of accounts payable and accrued liabilities as at March 31, 2013:

	March 31, 2013	March 31, 2012
1-30 days	1,864	1,379
31-90 days	-	-
91 days to 1 year	202	193
Total carrying amount and contractual cash flows	2,066	1,572

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

#### iii. Credit risk

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

## 9. FINANCIAL INSTRUMENTS (CONT.)

### ACCOUNTS RECEIVABLE

There is no concentration of accounts receivable from any client in particular, due to the nature of the client base and its geographic coverage. The Corporation is therefore protected against credit risk concentration. As at March 31, 2013, the maximum credit risk exposure to accounts receivable is equal to their carrying amount. The Corporation performs an individual analysis of accounts receivable to determine the allowance for bad debts. The factors considered in determining the allowance for bad debts are the age of the receivable, payment history and compliance with any outstanding repayment agreements. The Corporation holds no security in respect of its claims. Accounts receivable by maturity and the related allowances for bad debts are detailed as follows:

	March 31, 2013	March 31, 2012
Current – 30 days	1,332	2,472
31-90 days	720	1,091
91 days and over	1,367	1,399
<b>Gross accounts receivable</b>	<b>3,419</b>	4,962
Allowance for bad debts		
Balance, beginning of year	952	1,511
Bad debt expense	79	14
Debts written off and collections	(184)	(573)
<b>Balance, end of year</b>	<b>847</b>	952
<b>Net accounts receivable</b>	<b>2,572</b>	4,010

### OTHER ACCOUNT RECEIVABLE

The amount receivable from the Canada Media Fund does not give rise to credit risk exposure given that the funds are to be recovered from a granting agency under the jurisdiction of the Department of Canadian Heritage.

## 10

### COMMITMENTS

The Corporation has entered into long term leases for the rental of office space and equipment for its operations. Total minimum lease payments to be paid in the five subsequent years are as follows:

	Total
2014	1,201
2015	1,332
2016	515
2017	495
2018	500
	4,043

# 11

## CONTINGENCIES

Various lawsuits have been brought against the Corporation in the normal course of operations. Management is in no position to predict the outcome of these lawsuits, and potential losses cannot be reasonably estimated. Accordingly, no provision has been recognized in the Corporation's accounts.

# 12

## RELATED PARTY TRANSACTIONS

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

# 13

## COMPARATIVE FIGURES

Certain 2011-2012 figures have been reclassified to conform to the presentation adopted for 2012-2013.

# 14

## BUDGET INFORMATION

Budget figures have been provided for comparison purposes and were derived from estimates approved in their aggregate by the Board of Directors.



# SCHEDULES A AND B

## OTHER INFORMATION

### A. OPERATING AND ADMINISTRATIVE EXPENSES

	2013 Budget	2013	2012
Salaries and employee benefits	21,020	19,848	20,028
Rent, taxes, heating and electricity	1,914	1,892	1,876
Professional services	2,641	1,694	2,194
Information technology	1,334	1,242	1,218
Amortization of tangible capital assets	–	1,036	1,092
Office expenses	789	580	836
Travel and hospitality	648	553	703
Advertising and publications	341	224	535
	28,687	27,069	28,482

### B. COSTS OF CANADA MEDIA FUND PROGRAMS

	2013 Budget	2013	2012
<b>Salaries and employee benefits</b>			
Management, administration and delivery	6,199	5,914	5,840
Shared services departments	1,355	1,331	1,308
<b>Departments in support of operations</b>	2,790	2,727	2,668
<b>Other costs</b>	215	171	196
	10,559	10,143	10,012

Eligible costs for management fees are defined in the services agreement with the Canada Media Fund.

### MANAGEMENT, ADMINISTRATION AND PROGRAM DELIVERY AND SHARED SERVICE DEPARTMENTS

Fees for management, administration and delivery of programs consist of the salary costs inherent to the managers responsible for the funds, administrative employees supporting operations and employees specialized in program delivery activities. Costs of shared services arose from salaries and employee benefits relating to Finance and the Information, Performance and Risk departments which service all programs.

### OPERATIONAL SUPPORT DEPARTMENTS

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

### OTHER COSTS

Other costs arise from operating costs, other than salaries and amortization, and are generated by management, administration and program delivery, as well as shared services departments.

# ADDITIONAL INFORMATION

## TALENT FUND HONOURARY COMMITTEE

In keeping with its commitment to foster and promote commercial, cultural and industrial success, Telefilm continues to find innovative ways to expand its core role as funder by offering the Canadian industry a new tool to help diversify its funding sources. The Talent Fund is a vehicle to stimulate film production and to develop talent in Canada. The Fund's honorary committee is composed of prominent business and community leaders from across the country.



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



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



**Micheline Bouchard**  
Corporate Director  
(Quebec)



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



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



**Hartley Richardson, C.M., O.M.**  
President & CEO,  
James Richardson &  
Sons, Limited  
(Manitoba)

## FILMS FUNDED THROUGH PRODUCTION

### AND POST-PRODUCTION PROGRAMS

- 4 Soldats
- À la rescousse des zombies
- All the Wrong Reasons
- L'Amour au temps de la guerre civile
- Amsterdam
- L'ange gardien
- L'autre maison
- Baby, How'd We Ever Get This Way
- Bidonville
- The Birder
- The Brother
- Bunker 6
- Cas & Dylan
- Le Coq de St-Victor
- Cyanure
- Deadweight
- Debug
- Le démantèlement
- Deux Nuits/Two Nights
- Empire of Dirt
- The F Word
- Félix et Meira
- La garde
- Gerontophilia
- The Grand Seduction
- Hard Drive
- Hector and the Search for Happiness
- Hold Fast
- Hot Dog
- Hyena Road
- Il était une fois Les Boys
- I'll Follow You Down
- It Was You Charlie
- Une jeune fille
- Lac Mystère
- Lawrence & Holloman
- Looking is the Original Sin
- Louis Cyr
- La maison du pêcheur
- Meetings with a Young Poet
- Miraculum
- Moroccan Gigolos
- Naked Night Bike
- No Clue
- Our Man In Tehran
- Outcast
- The Oxbow Cure
- Path of Souls
- Picture Day
- Premier amour
- Queen of the Night
- Redakai, Conquer the Kairu
- The Reluctant Yogi
- Ressac
- Revolution
- Rhymes for Young Ghouls
- The Right Kind of Wrong
- Sarah préfère la course
- The Selected Works of T.S. Spivet
- Shana – The Wolf's Music
- Sitting on the Edge of Marlene
- Some Kind Of Love
- Stress Position
- That Burning Feeling
- The White Buffalo
- Tokyo Fiancee
- Tom à la ferme
- Trailer Park Boys III
- Tu dors Nicole
- Uvanga
- Vic+Flo ont vu un ours
- The World Before Her

## FILMS FUNDED THROUGH MARKETING PROGRAMS

- 388 Arletta Ave
- L'Affaire Dumont
- Antiviral
- L'Arbre et le nid
- Avant que mon Cœur bascule
- A Beginner's Guide to Endings
- Bestiaire
- Blood Pressure
- Une bouteille dans la mer de Gaza
- Les Boys – le documentaire
- Breaking the Frame
- The Burlesque Assassins
- Camion
- Catimini
- China Heavyweight
- La cicatrice
- Columbarium
- Cosmopolis
- Cottage Country
- Crimes of Mike Recket
- Ces crimes sans honneur
- Les Criminelles
- Dérapages
- Diego Star
- The Dirties
- The Disappeared
- Eddie – The Sleepwalking Cannibal
- L'EMPIRE BO\$\$É
- The End of Time
- Esimésac
- Ferocious
- Foreverland
- The Good Lie (aka Rose by Name)
- The Hat Goes Wild
- Hit'n Strum
- Home Again
- Hors les murs
- I'm Yours
- Inch'Allah
- Inescapable
- Karakara
- Kayan
- Keyhole
- The Last Will and Testament of Rosalind Leigh
- Laurence Anyways
- Le Jour des corneilles
- La légende de Sarila
- Les manèges humains
- The Lesser Blessed
- A Little Bit Zombie
- Liverpool
- Lucky 7
- Lunarcy!
- Mad Ship
- Le magasin des suicides
- Mama
- Mars et Avril
- Le météore
- Midnight's Children
- La mise à l'aveugle
- Molly Maxwell
- Blackbird
- The Moth Diaries
- Moving Day
- My Awkward Sexual Adventure
- Le Nord au cœur
- Omertà
- Path of Souls
- Les Pee Wee 3D
- La peur de l'eau (On finit toujours par payer)
- La poubelle province
- Random Acts of Romance
- Rebelle (Komona)
- Replicas
- Revolution
- Roche, papier, ciseaux...
- Roméo Onze (Grandes espérances)
- Rouge sang
- The Samaritan
- The Sheepdogs: Have At It
- Silent Hill: Revelation 3D
- Sisters&Brothers
- Still Mine
- To Make a Farm
- Le torrent
- Toucher le ciel
- Tout ce que tu possèdes
- Tower
- La vallée des larmes
- Vic+Flo ont vu un ours
- Le vieil âge et le rire
- Waking the Green Tiger
- We Ain't Rich or Famous but We Are the Happy Pals
- Winnie

## CANADIAN FILM FESTIVALS FUNDED THROUGH

### THE PROMOTION PROGRAM

- Toronto International Film Festival – 2012
- Vancouver International Film Festival – 2012
- Festival des Films du Monde – 2012
- Yorkton Film Festival – 2012
- Atlantic Film Festival – 2012
- St. John's International Women's Film Festival – 2012
- Festival International du Film pour Enfants de Montréal – 2013
- Festival International du Film sur l'Art (FIFA) – 2013
- Cinéfranco – 2013
- Cinémental – 2012
- Festival du cinéma international en Abitibi-Témiscamingue – 2012
- Festival du film de l'Outaouais – 2013
- Festival du film et de la vidéo autochtone de Montréal – 2013
- Festival du nouveau cinéma – 2012
- Festival Fantasia – 2012
- Festival international de cinéma jeunesse de Rimouski – 2012
- Festival international de cinéma Vues d'Afrique
- Festival international du cinéma francophone en Acadie – 2012
- Percéides – Festival international de cinéma et d'art de Percé – 2012
- Regard sur le court métrage au Saguenay – 2013 / 9<sup>e</sup> Marché du court métrage
- Rencontres internationales du documentaire de Montréal – 2012
- Rendez-vous du cinéma québécois – 2013
- Rendez-vous du cinéma québécois et francophone de Vancouver – 2013
- Toronto Reel Asian International Film Festival – 2012
- Hot Docs Festival and Hot Docs Forum & Market – 2013
- CaribbeanTales Youth Film Showcase – 2013
- Cinéfest Sudbury International Film Festival – 2012
- Images Festival – 2013
- imagineNATIVE Event – 2012
- Kingston Canadian Film Festival – 2013
- Ottawa International Animation Festival – 2012
- ReelWorld Film Festival – 2013
- Windsor International Film Festival – 2012
- DOXA Documentary Film Festival – 2013
- Available Light Film Festival – 2013
- Calgary International Film Festival – 2012
- Dreamspeakers International Aboriginal Film Festival – Dreamtalkers – 2012
- Edmonton International Film Festival – 2012
- Freeze Frame 18<sup>th</sup> Annual International Film Festival for Kids of All Ages – 2013
- Gimli Film Festival – 2012
- Reel 2 Real International Film Festival for Youth – 2013
- Victoria Film Festival and SpringBoard – 2013
- Whistler Film Festival and Whistler Summit – 2012
- Yorkton Short Film & Video Festival – 2013

## INTERNATIONAL FILM FESTIVALS, MARKETS

### AND EVENTS ATTENDED BY TELEFILM

- MIPTV
- MIPCOM
- Festival de Cannes / Marché du film
- Shanghai International Film Festival
- Karlovy Vary International Film Festival
- Mostra de Venise
- No Borders Independent Film Week
- Game Developers Conference
- Berlinale / European Film Market
- Canadian Front at the Museum of Modern Art in New York
- Sundance Film Festival
- Toronto International Film Festival
- Busan International Film Festival
- Cinéma du Québec à Paris
- Palm Springs International Film Festival
- American Film Market
- Locarno International Film Festival
- Miami International Film Festival
- Best Practice Exchange, an initiative of Ateliers du Cinéma Européen in partnership with Israel Film Fund
- Canada-UK Co-production Forum, presented by CMPA and BC Film + Media

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