

TALENT. TOGETHER.

2013-2014 Annual Report



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CANADIAN TALENT: SUCCEEDING AT HOME AND ABROAD

In 2013-2014, the success of the Canadian audiovisual industry radiated beyond our borders and into new markets. Telefilm, along with an array of partners, ensured that Canadian talent was front and centre—gaining new fans throughout the world. The year's highlights include:

Louise Archambault's *Gabrielle* won the UBS Audience Award at Locarno and was Canada's submission for the Best Foreign Language Film Oscar.

Chloé Robichaud's *Sarah préfère la course* and Sébastien Pilote's *Le démantèlement*, along with *The Apprenticeship of Duddy Kravitz* (1974), by Ted Kotcheff, represented Canada at the Cannes Film Festival.

Xavier Dolan's *Tom à la ferme* won the FIPRESCI International Critics Award in Venice.

Canada presented nine films during the 16th Shanghai International Film Festival, including two features in official competition: *A Gun & A Ring* and *Maïna*, a first for Canada.

Denis Villeneuve's *Enemy* came out strong at the Canadian Screen Awards, with five prizes, while *Gabrielle* won both Best Picture and Best Actress. *Gabrielle* also took home five Jutras, second only to *Louis Cyr*, which scooped up nine awards.

Canada took home two awards at the Berlinale: *Pierrot Lunaire*, by Bruce LaBruce, and *Triptyque*, from Robert Lepage and Pedro Pires.

Canada's *The Phantoms*, produced by Dream Street Pictures, won Best Kids TV-Movie/Mini-Series at the International Emmy Kids Awards, held in New York.

As part of the 17th edition of *Cinéma du Québec à Paris*, French film enthusiasts were able to find a range of Quebec films on iTunes France.

The *New York Times* highlighted the Canadian film industry's success, writing: "Canada is on a hot streak, its movies regularly winning prizes at festivals like Berlin and Tribeca."

PARTNERING TO PROMOTE SUCCESS AND TALENT

Telefilm worked with industry players and a variety of public and private partners to ensure the results of our promotional efforts were optimized. Major successes from the year include:

Ten Canadian female directors and actors were honoured with the ***Birks Diamond Tribute to the Year's Women in Film***, in partnership with Telefilm, during the **Toronto International Film Festival**.

At the Banff World Media Festival, Telefilm, the Canada Media Fund and the Canadian Media Production Association unveiled the **Eye on Canada** brand, which serves to unite all initiatives surrounding the promotion of Canadian content.

The **Movie Nights in Canada series** in Ottawa was hosted three times throughout 2013-2014, by the Honourable Shelly Glover and James Moore, as Ministers of Canadian Heritage and Official Languages, and featured the films ***Gabrielle***, ***Still Mine*** and ***The Grand Seduction***.

Canada was selected as the Spotlight Country at the 25th anniversary edition of the **Palm Springs International Film Festival**.

Telefilm partnered with the NFB and SODEC to present ***The Shortest Day Short Film Celebration***, a free event dedicated to the promotion and screening of short films.

Telefilm co-hosted the **Stars of the Awards Season** in Los Angeles with the Academy of Canadian Cinema and Television, the Consulate General of Canada, the Toronto International Film Festival and Bell Media to celebrate high-profile Canadian talent.

Telefilm, in partnership with the Canada Media Fund, supported two Red Carpet screening events of ***The Grand Seduction***, which opened both the Calgary International Film Festival and the St. John's International Women's Film Festival.

FUNDING THAT WORKS

Telefilm is proud to provide funding programs that encourage success and that are adapted to the ever-changing marketplace. Improvements to funding programs, based on consultations with the industry, were made in 2013-2014 and include:

The redesigned **Production Program** was launched. The streamlined program now also supports post-production, clarifies decision-making criteria and places a greater emphasis on demonstrated market interest to drive audience success.

The **Marketing Program** was modified to ensure that Canadian content reaches more audiences. The program offers greater flexibility to support marketing efforts to reach audiences on multiple platforms and is open to a wider group of eligible applicants.

A new **Aboriginal** component was added to the **Micro-Budget Production Program**, which supports emerging feature film talent and promotes innovation.

The **Theatrical Documentary Program** was extended, with funding provided in partnership with the **Rogers Group of Funds**.

FISCAL RESPONSIBILITY

Financial measures implemented ensured that financial support for the industry was optimized. Key results from fiscal 2013-2014 include:

The **management expense ratio** remained at the low level of 5.8%—on par with the previous fiscal year and outperforming targets.

Private- and foreign-sector financing doubled in the production budgets of Telefilm-funded films.

Operating and administrative expenses decreased by 10% over the last three fiscal years—with a reduction of 5% in 2013-2014 alone.

\$3.3 million in parliamentary appropriation was returned to the federal government as part of the second year of the *Budget 2012 Planned Reductions in Departmental Spending*.

Over the past three fiscal years, a **cumulative amount of \$4.5 million was transferred from administrative budget savings back into funding programs**—including \$0.8 million in 2013-2014.

Telefilm achieved efficiencies resulting in a decrease of **3.3%** in the delivery costs of the Canada Media Fund programs.

Savings of 28% in rent expenditures will be achieved as a result of the relocation of the Vancouver and Halifax offices.

ABOUT US

OUR VISION

Audiences everywhere demanding screen-based content created by Canadians—accessible anywhere, anytime and on any platform.

OUR MISSION

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

WHAT WE DO

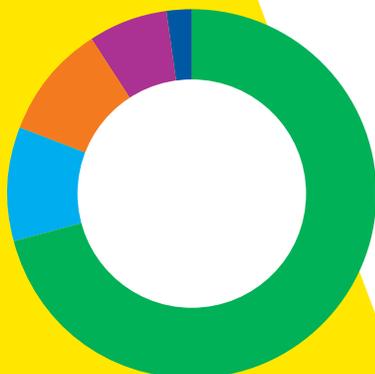
First and foremost, we are a team of some 180 enthusiasts of Canadian cinema. Dedicated to the commercial, cultural and industrial success of Canada's audiovisual industry, we support dynamic companies and creative talent here at home and internationally through our various funding programs.

On behalf of the Government of Canada, as a Crown Corporation, we provide financial support to Canadian film projects and we promote Canadian audiovisual success and talent at festivals, markets and events – regionally, nationally and around the world.

We also administer programs for the Canada Media Fund (CMF), which totalled \$354.5 million in fiscal 2013-2014, and make recommendations regarding the certification of audiovisual treaty coproductions to the Minister of Canadian Heritage and Official Languages. Headquartered in Montréal, we serve our clients through four offices located in Vancouver, Toronto, Montréal and Halifax.

FINANCIAL ASSISTANCE

In 2013-2014, our funding programs provided \$92.2 million in support for the Canadian film industry:



71% \$65.1M in **production** financing to produce **91 feature films**

10% \$9.2M in **development** support for the creation of **306 projects**

10% \$9.1M in **marketing** funding to raise awareness for **92 feature films**

7% \$6.3M for **promotional events** in Canada supporting **43 Canadian film festivals** and **66 industry events and initiatives**

2% \$2.5M to promote Canadian films at **29 international festivals, markets and events**

ACCOUNTABILITY

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



The organization monitors its results through a performance measurement framework aligned with the corporate plan. In this context, performance indicators were established in 2011-2012 to ensure strategic alignment throughout the organization's operational activities (see Management Discussion and Analysis section for more details).

OUR VALUES

Telefilm offers its employees a stimulating work environment that encourages behaviours that reflect our four corporate values. By promoting these values, we are able to attract and retain a diverse workforce to serve the Canadian audiovisual industry. Our values are:



STAYING CONNECTED

Telefilm heightened its use of online communication tools such as [Twitter](#) and [Facebook](#) in 2013-2014 to inform and promote industry activities to the public. To further increase its online presence, Telefilm added [Google+](#) to its lineup of communication tools and saw impressive growth levels among followers. To communicate key industry information to Telefilm's stakeholders and to facilitate clients' online funding applications, [eTelefilm](#), [telefilm.ca](#), [RSS feeds](#) and [industry advisories](#) were favoured. These dynamic online platforms are essential to sharing important messages, promoting the industry and facilitating streamlined application processes.

OPEN AND CONTINUOUS COMMUNICATIONS

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

- Outreach sessions to consult with and inform the industry;
- Hosting [working group](#) meetings;
- Presence at industry events; and
- Being available for one-on-one conversations.

MESSAGE FROM THE CHAIR OF THE BOARD



“In production as well as promotion, the industry’s driving forces are working together more than ever before—and achieving better and better results. All across the country.”

Fostering cultural success. Like a mantra, this vision has shaped the past three years of Telefilm Canada’s 2011-2015 corporate plan. The aim of which is to increase the industry’s capacity to produce high-quality works and stimulate demand for Canadian content at home and abroad. It is also an inclusive, unifying vision as it requires strong working alliances with our clients and partners.

In 2013-2014, we continued to refocus our programs and our strategies. As investor, promoter, information source and administrator of public and private funds—the four core roles that we play in supporting the industry—we want to become a true lever of success for Canadian talent.

Indeed, this leveraging effect is starting to yield results. The industry is increasingly diversifying its sources of funding. We are seeing an impressive increase in Canadian and foreign private investment in the films that we fund. I am delighted by the growing—albeit still fragile—confidence that markets are showing toward Canadian cinema.

In production as well as promotion, the industry’s driving forces are working together more than ever before—and achieving better and better results. All across the country.

Established in 2012 to stimulate private and corporate commitment to Canadian creators, the Talent Fund, a private donation Fund supported by major Canadian companies from across the country, is steadily gaining traction.

Following the acquisition of Astral Media, and in accordance with the CRTC’s tangible benefits policy, Bell Media and Corus Entertainment this year announced their intention to direct \$13.7 million to the Talent Fund. This commitment to the development and promotion of Canadian talent will materialize over seven years beginning in fiscal 2014-2015. And indications are that other major companies will follow suit in the foreseeable future.

I want to sincerely thank Margaret Anne Fountain, a philanthropist and art activist from Halifax, and John Bitove, CEO of Obelysk Inc. from Toronto, who this year joined the Talent Fund's dynamic Advisory Committee, chaired by Hartley T. Richardson of Winnipeg.

Still on the subject of the diversification of financing, I applaud the Audiovisual Coproduction Agreement between the Government of Canada and the Government of the Republic of India, signed in February 2014, as well as the industry's tireless efforts to develop new partnerships. We are currently seeing an upswing in Canadian treaty coproductions, which, to my mind, represent strong opportunities for further developing our industry.

Telefilm is now undertaking the final year of its corporate plan. The Board is aware that the industry still faces considerable challenges in its efforts to reach audiences. To help the industry meet these challenges, Telefilm needs to further refine its strategies and forge new partnerships, in promotion and other areas.

Canadians' perception of home-grown productions is improving little by little. But more work is needed to align these perceptions with the true value of our films, which is amply confirmed by their international success.

Allow me, in closing, to thank the members of Telefilm's Board for their dedication and to note the arrival of two new members, Corey Anne Bloom and Claude Joli-Cœur. I also want to congratulate Carolle Brabant, our Executive Director, who this year was awarded the prestigious title of Fellow of the Ordre des comptables professionnels agréés du Québec.

Thank you also to our employees, our clients and our partners.

And bravo to Canada's creative talents, who elicit our pride and admiration!



Michel Roy
Chair of the Board

MESSAGE FROM THE EXECUTIVE DIRECTOR



“We will win the hearts of Canadians little by little. Region by region. By creating events. By promoting promising films...”

It always impresses me to see our Canadian creative talents shine on the international stage. In 2013-2014, our cinema continued to gain renown with works such as *Enemy*, by Denis Villeneuve, *The Grand Seduction*, by Don McKellar, *Le démantèlement*, by Sébastien Pilote, *Gabrielle*, by Louise Archambault, and *Still Mine*, by Michael McGowan.

As I am writing this message, three Canadian films were selected for the first time ever in Official Competition at the 2014 Cannes Film Festival: Xavier Dolan's *Mommy*, which won the Prix du Jury, David Cronenberg's *Maps to the Stars*, for which Julianne Moore won the best actress award, and Atom Egoyan's *The Captive*.

The Canadian audiovisual industry has reached a level of maturity that enables it to produce and export works of excellent quality. Telefilm's programs recognize the industry's achievements by providing companies a more flexible funding framework that respects their autonomy and their level of expertise.

Telefilm's Success Index, introduced in fiscal 2011-2012, allows us to better understand and better evaluate, year over year, objective indicators of the industry's performance in seeking new audiences. The index is based on the productions' results, whether commercial (box office and other sales), cultural (select domestic and international nominations and awards) or industrial (private-sector and foreign contribution).

While details are still being refined, the Success Index is already yielding concrete results. In addition to the works' artistic and qualitative aspects, the index takes objective and comparable data into account. It focuses on the results expected and the results obtained. In short, it is a valuable “synthesis tool” that helps Telefilm and its clients make more informed business decisions and more effective strategic choices.

The Internet and its related technologies offer tremendous opportunities for Canadian cinema. The challenge is to understand and use these new platforms to increase audiences. During the year, we undertook surveys, research and experiments to get a better understanding of new consumer trends. Our Micro-Budget Production Program, which emphasizes digital media, is one of these experiments.

We know that, today, 76% of film viewing among Canadians happens at home, while 18% occurs at movie theatres. Already, 6% of movie viewing occurs on mobile platforms, a proportion likely to grow given Canadians' interest in online products and the adoption of mobile devices.

These phenomena bring new business opportunities. Together, we must identify the best strategies to take advantage of them.

As for promotion, in 2013-2014 we witnessed unprecedented collective efforts to spark the Canadian public's interest in our cinema. Among other initiatives, I should mention the Red Carpet events held in St. John's and Calgary. Thank you to the dozens of public and private partners who, through their connections and expertise, contributed to this major promotional venture in tandem with Telefilm.

We will win the hearts of Canadians little by little. Region by region. By creating events. By promoting promising films like this year's *The Grand Seduction* and *Gabrielle*. By highlighting local talent. By counting on the multiplier effect of social media.

I dream of a day when Canadian filmmakers receive the same rapturous attention from Canadian audiences that they receive in Hollywood, Berlin, Cannes or Shanghai. In the meantime, I remain confident in the efforts of our teams and our industry partners to continue building Canadian audiences for Canadian films. We will continue to bank on the talent of our creators, our best asset, and on experimenting, measuring results, sharing expertise and, of course, recognizing success.

WE CAN DO IT. TOGETHER.

I commend the entire Telefilm team, which I hold in high regard. This year, once again, we maintained tight administrative control in all areas of the Corporation. With administration fees below 6%, we devote maximum resources to our programs and services. Indeed, the surveys conducted during the year show a high level of client satisfaction with our administration.

In closing, I want to thank the members of the Board for their vision and their confidence. Under their guidance, we will complete our next corporate plan, for 2015-2018.



Carolle Brabant FCPA, CA, MBA
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

The content of the Management Discussion and Analysis (MD&A) section was prepared by Telefilm's management to present the results achieved in fiscal 2013-2014. The analysis was based on meaningful, relevant and reliable information, with such information subject to quality-control procedures and free of material or misleading errors. 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 performance and future outlook.

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INDUSTRY AND ECONOMIC CONDITIONS

THE CANADIAN ECONOMY

The Canadian economy expanded in 2013, with gross domestic product (GDP) increasing by 2.0%. GDP for 2013 thus outperformed forecasts as well as the 1.8%¹ GDP growth achieved in 2012. In terms of GDP, the Canadian economy outperformed most OECD² countries in 2013.³

THE AUDIOVISUAL PRODUCTION SECTOR IN CANADA

Total film and television production volume in Canada, which includes foreign location and service production, remained stable in 2012-2013⁴ at \$5.8 billion. As a subset, the total volume of Canadian film production reached \$351 million, an increase of 3.0% over 2011-2012. Higher average production budget levels, climbing to \$4.0 million in 2012-2013 from \$3.8 million in 2011-2012, combined with relatively stable number of films produced, resulted in an overall growth in production volume, as measured in dollars. This increase was driven by English-language film production, with the French-language market remaining stable. The Canadian film industry employed 3,000 full-time workers and created 4,700 spin-off jobs in 2012-2013.

BOX OFFICE

Global box office levels continued to set new records in 2013, with ticket sales reaching almost \$36 billion. Driving growth are the economies of Russia, Brazil, Mexico and China, with China alone now accounting for 10% of worldwide box office receipts.⁵

In Canada, box office sales in 2013 were down compared to the previous year, with total sales of \$1.03 billion, a reduction of 5.8% over 2012. In 2013, 811 films were released into the Canadian market (678 U.S. and foreign, and 133 Canadian), a slight increase over 2012 levels, driven mainly by Canadian productions. Of these, 487 were English-language films, 203 were foreign-language or multilingual, and 121 were French-language. Studio blockbusters captured \$803 million of Canadian box office sales while independent films earned \$227 million. Canadian films reached 11% of the domestic independent market, equivalent to over \$24 million in domestic box office sales.⁶

OTHER PLATFORMS

Over 75% of films viewed by Canadians are watched at home. Television is by far the most widely used platform for watching films; however, viewing methods accessed via television are evolving rapidly. Traditional live television remains the most popular, with personal video recording devices gaining traction. With many consumers connecting to the Internet via television, computer or tablet, streaming—both free and paid by subscription or per transaction—is next in line as the platform of choice for film viewers in Canada. Some 30% of Canadian consumers access paid streaming once a month or more (via such sources as iTunes, Netflix and Illico Club Unlimited, among others) and 22% of Canadians use free streaming at least once a month (via sources such as ICI Tou.tv and other broadcaster websites, among others). Offering Canadians control and easy access to content are key opportunities in the current market conditions.⁷

COPRODUCTION

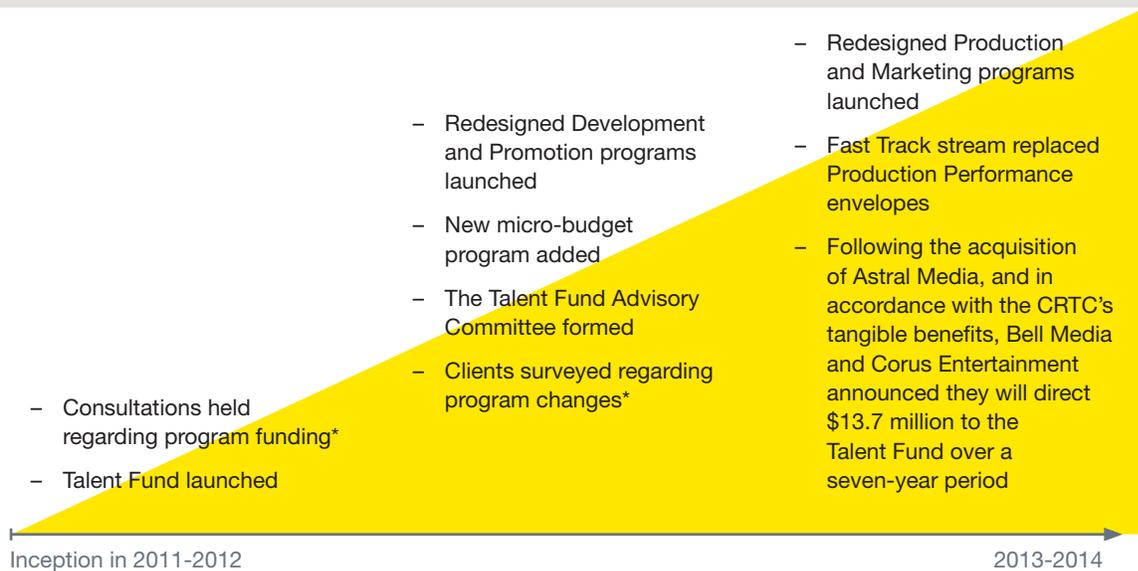
Audiovisual treaty coproduction has been an important vehicle for providing Canadian producers with financial participation from foreign sources and for promoting and exporting Canadian talent. In 2013,⁸ 56 audiovisual treaty coproductions involving 16 partner countries were recommended for certification to the Minister of Canadian Heritage. Total production budgets for these projects amounted to \$436 million. Overall, five-year coproduction trends are stable in terms of number of productions and budget levels.

1. [Statistics Canada: Gross domestic product by industry: Provinces and territories, 2013](#). GDP is reported on a calendar year basis.
2. Organisation for Economic Co-operation and Development
3. [OECD: Canada - Economic forecast summary \(May 2014\)](#)
4. [Profile 2013: Economic Report on the Screen-based Media Production Industry in Canada](#). Industry data is reported on a prior fiscal year basis.
5. [Motion Picture Association of America: Infographics Tell the Story Behind Record-breaking 2013 at the Box Office](#)
6. Telefilm analysis based on data provided by the Motion Theatre Association of Canada.
7. Telefilm analysis based on research conducted by Ad Hoc Research.
8. Coproduction certification is reported on a calendar-year basis.

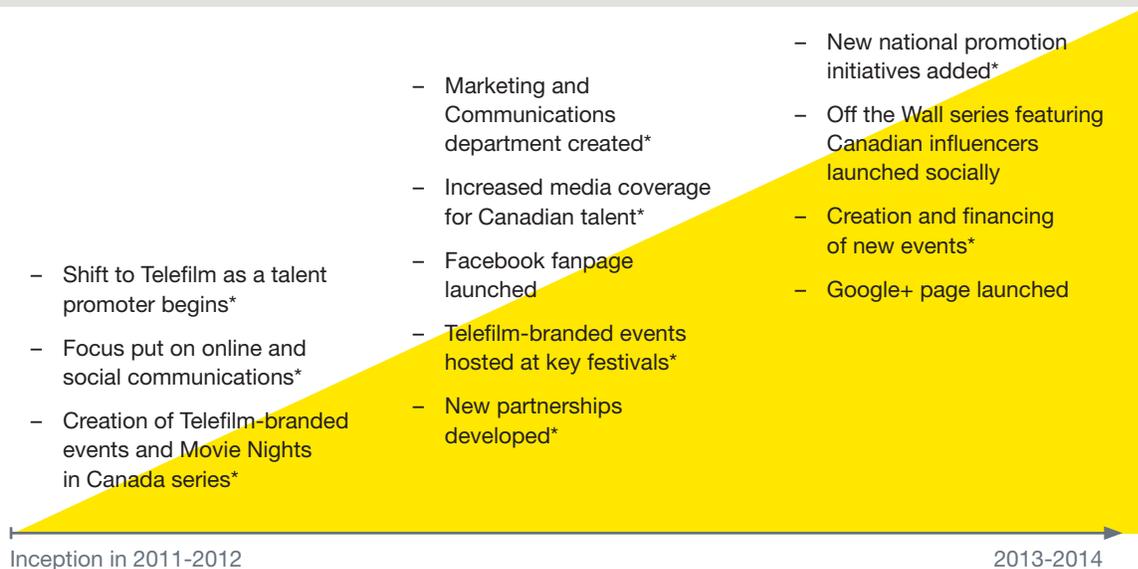
CORPORATE PLAN DELIVERY

Fiscal year 2013-2014 marks the third year of Telefilm's four-year corporate plan, *Fostering Cultural Success*. This plan lays out the core actions needed to achieve our goal of stimulating audience demand. Since its launch in fiscal 2011-2012, Telefilm has made significant progress in the execution of strategies to deliver on its four strategic pillars. Key milestones related to each strategic pillar include:

Maintain and expand our core role of funder

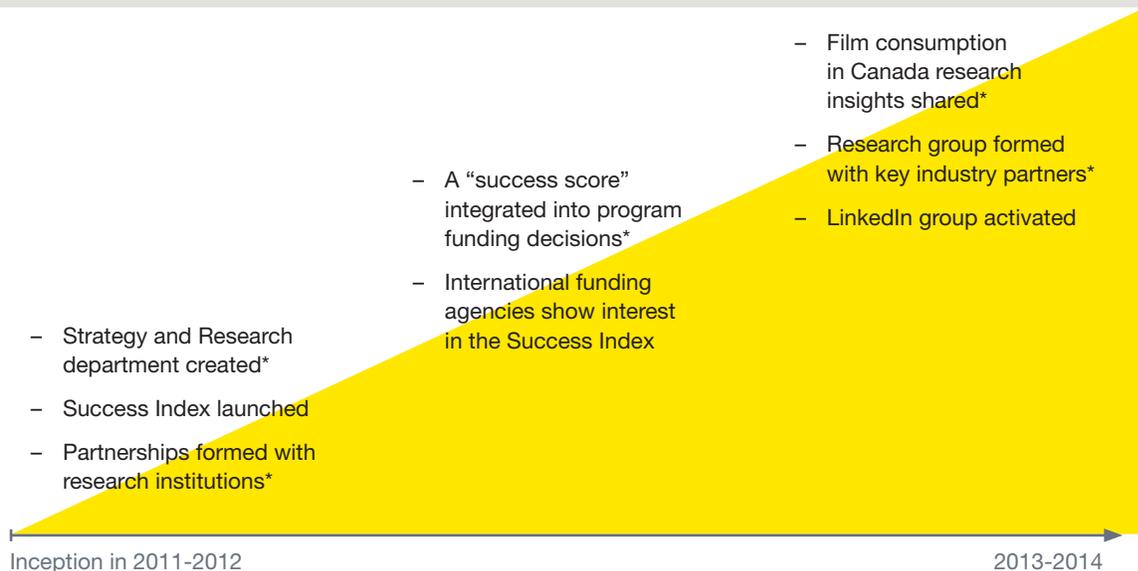


Develop our role as promoter

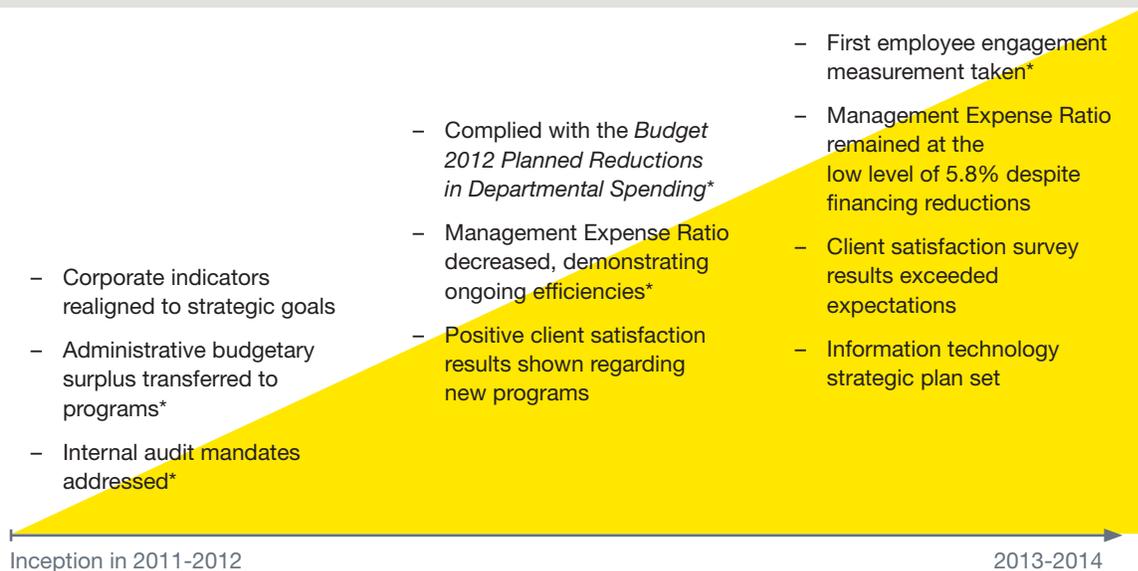


*Ongoing activities.

Provide thought leadership by developing and sharing industry intelligence



Reinforce organizational excellence



*Ongoing activities.

ACHIEVEMENTS AND PRIORITIES

In 2013-2014, many achievements and successes contributed to the delivery of our defined strategic pillars. Going forward into the final year of the 2011-2015 corporate plan, Telefilm has set forth action plans to ensure that targeted objectives are delivered upon.

Telefilm is always looking to leverage more production spending through its financial resources. With more than three dollars of contribution from other financiers for every dollar committed by Telefilm, we achieved our best leverage in 10 years, resulting in more economic activity for the same level of investment.

MAINTAIN AND EXPAND OUR ROLE AS FUNDER

In 2013-2014, Telefilm was very active in consulting with the industry regarding funding programs offered, implementing new funding programs and improving existing programs.

- At the core of these changes was the launch of the redesigned **Production Program**. The program now ensures that, as part of their evaluation criteria, films financed with a budget of \$2.5 million or more demonstrate market interest—meaning investments from private-sector partners such as distributors, sales agents and broadcasters.⁹ This change is designed to drive the level of market investment in the total budget of Telefilm’s portfolio. Results after the first year of the changes were already positive, with the **private-sector-to-Telefilm investment ratio for production** showing strong growth, with contributions from distributors and exporters¹⁰ at 14%, up from 12.5% in the previous fiscal year, and funding from foreign partners at 16%, up from 3% in the previous fiscal year.

From an administrative standpoint, the new program was designed to be more efficient, with decision turnaround times that are better aligned with industry production cycles. Growth from market investment is set to continue with the implementation of the new **Fast Track** component in 2014-2015, which was designed after extensive consultations with the industry. The Fast Track system will replace the former production performance envelopes and is better aligned with the financial requirements of film production, is more flexible in terms of spending obligations, and is more efficient in terms of decision-making timeframes.

- The **Marketing Program** was also modified to better deliver the key objectives of reaching audiences and stimulating demand for Canadian content. The program is now better adapted to the changing marketplace, supporting a wider scope of both eligible applicants and eligible costs to include digital platforms. In addition, to improve efficiencies and client service, the program modifications merged the former Marketing, Alternative Distribution, Web-Ciné 360 and Versioning Assistance programs into one Marketing Program. Going forward into 2014-2015, the Marketing Program will continue to be improved with stakeholder input gained through consultations with the industry. The marketing performance envelopes will be eliminated and program processes will be further streamlined to better support films.
- Telefilm also added a new component to the **Micro-Budget Production Program** to ensure support for up to three projects per year by members of Aboriginal communities. This new component aims to increase support and visibility for emerging Aboriginal creators and improve access to their films through a non-repayable financial contribution of up to \$120,000 per project. Prior to the addition of the new component, the program was recognized by the Government of Canada in its [Annual Report on the Operation of the Canadian Multiculturalism Act 2012-2013](#).
- Telefilm and **Corus Entertainment** launched a new joint pilot initiative, the **Family Feature Production Fund**, designed to encourage the production of audience-driven, English-language live-action family movies targeted for theatrical release. The Fund will contribute financing for up to two English-language family feature films each year, with production budgets of between \$3.5 million and \$5 million. In addition, Telefilm is pleased to report that the **Theatrical Documentary Program** was extended, with funding provided in partnership with the **Rogers Group of Funds**.

9. Projects with lower budgets (under \$2.5 million) are generally not expected to demonstrate market interest.

10. See Additional Information section for more details.

Audiovisual treaty coproductions are also an important vehicle for providing Canadian producers with financial participation from foreign sources. Results were strong in 2013-2014, with 14 coproductions, involving nine partner countries, financed through Telefilm.

The Talent Fund, led by an advisory committee of eight business and community leaders from across the country, allowed Telefilm to further expand funding for Canadian filmmakers. Following the acquisition of Astral Media, and in accordance with the CRTC's tangible benefits, Bell Media and Corus Entertainment announced their intention to direct \$13.7 million to the Talent Fund over a seven-year period beginning in fiscal 2014-2015. In fiscal 2014-2015, the Talent Fund is well-positioned to increase donations from corporations, foundations and individuals to help develop and promote Canadian talent. (For more information on the Talent Fund, see the Additional Information section).

DEVELOP OUR ROLE AS PROMOTER

In 2013-2014, the promotional shift continued at Telefilm, with increasing importance placed on reaching audiences and initiatives promoting directly to consumers. Telefilm continued to work alongside the audiovisual industry as well as with private and public partners to maximize the impact of promotional efforts and to ensure that the success of Canadian talent radiated at home and around the world. Initiatives in 2013-2014 included:

– **Business-to-business promotion**

Telefilm actively promoted talent at 29 international festivals, including Cannes, Berlin and TIFF, and content markets such as MIPCOM and MIPTV, in order to maximize talent recognition and commercial exploitation. At the international level, Canadian talent shone brightly, with films selected at 74 international festivals, where 40 prizes were won—launching interest and worldwide sales opportunities. In addition to official festival selections, Telefilm-branded events, including Talent to Watch, Not Short on Talent and Perspective Canada, were held to enhance awareness of Canadian talent. At home, funding from Telefilm supported 43 festivals and 66 promotional events that served as launching pads for films. Furthermore, in 2013-2014, Canada celebrated the 10th year of Canadian Front, an annual showcase of new films at New York's Museum of Modern Art (MoMA) that included a tribute to Xavier Dolan, and organized Eye on TIFF, a pre-festival event that presented 10 new Canadian directors.

– **Business-to-consumer promotion**

Telefilm collaborated with private and public partners to further draw consumer attention to Canadian talent in 2013-2014. Events organized by Telefilm along with partners in this respect included the Birks Diamond Tribute to the Year's Women in Film at the 2013 Toronto International Film Festival, the Shortest Day Short Film Celebration, which offered free screenings of Canadian short films across the country, and Canada's Stars of the Awards Season, held in Los Angeles during the Academy Awards, among others.

Canadian film festivals and events supported by Telefilm also allowed audiences to experience films and to meet talent in exciting ways across the country. Two examples of such opportunities were the Red Carpet screening events supported by Telefilm and the Canada Media Fund to open both the St. John's International Women's Film Festival and the Calgary International Film Festival.

Telefilm also worked with the Honourable Shelly Glover¹¹, Minister of Canadian Heritage and Official Languages, and her predecessor, the Honourable James Moore, to bring the Movie Nights in Canada series to parliamentarians in Ottawa on three occasions during fiscal 2013-2014. These events put the spotlight on the amazing talent of the Canadian audiovisual industry for government officials in the nation's capital.

At the Palm Springs International Film Festival's 25th anniversary edition, Canada was selected as the Spotlight Country with 13 Canadian films in selection.



11. Appointed Minister of Canadian Heritage and Official Languages on July 15, 2013.

– **Communications and branding**

In order to ensure that the success of the Canadian film industry resonates with Canadian and international audiences, consumer-focused communication strategies have been put into place to complement the event-based strategy. Proactive media relations tactics, including press junkets, press screenings and talent Q&A sessions, maintained strong media visibility for the Canadian audiovisual industry throughout 2013-2014. One media highlight was a *New York Times* article, “National Pride on the Screen – Canadian Films Reaping Festival Awards and Oscar Nods,” which was a true ode to the Canadian film industry. Social media communications channels used include [Twitter](#), [Facebook](#) and, new in 2013-2014, [Google+](#), where the Telefilm page was ranked among the top 15 brands in Canada. To increase engagement on social media platforms, original content was created and shared, most notably the *Off the Wall* video series that featured Canadian personalities discussing what they love about Canadian film. Telefilm also created social media cross-promotion opportunities with partners such as the Academy of Canadian Cinema and Television, the Toronto International Film Festival and Montréal radio station CKOI to increase the impact of its online promotional efforts.

New brands developed with partners were unveiled in 2013-2014, including *Eye on Canada*, designed to unite all initiatives surrounding the promotion of Canadian content, and *See Big. Voir Grand*, launched to drive the image of Canadian talent at the international level. Of note, the *See Big. Voir Grand* brand was honoured for best visual identity at the 17th edition of Concours Grafika in Montréal and at Communication Arts’ 2014 Typography Annual in New York.

– **Partnering for the future**

Throughout the next 2015-2018 business cycle, the focus will remain on connecting with audiences both at home and around the world. The promotional-events-based strategy will continue in 2014-2015 and new initiatives will be added to ensure greater reach among film lovers. Traditional media coverage and social media will ensure that strategic messaging has increased impact, and thanks to partners Cineplex, Rogers VOD, Air Canada, and Hollywood Suite, the *Off the Wall* series will be seen by larger audiences throughout the domestic market. In 2013-2014, Telefilm, the SODEC and IPEDA Mundus¹² also pooled efforts to implement a pilot project as a complement to the 17th edition of the “Cinéma du Québec à Paris” event which launched numerous Quebecois films on online platforms in the European market. Telefilm also collaborated with Unifrance for the latest edition of My French Film Festival, an online French-language film festival accessible in 189 countries, to help bring Canadian talent to new international audiences. Two Canadian films were selected: *Avant que mon cœur bascule*, from Sébastien Rose, and *Chef de meute*, a short film by Chloé Robichaud. Similar initiatives designed to encourage experimentation in digital distribution will continue going forward.

Partnerships are a key element of Telefilm’s promotional strategy, with results of these efforts measured in the private-sector-to-Telefilm investment ratio for the promotional initiatives indicator. The ratio has been increasing over time: in fiscal 2013-2014, for every \$1.00 invested by Telefilm, \$2.30 of participation came from the private sector. Telefilm will continue to seek out new partners both on the domestic front and internationally in order to maximize awareness of Canadian success in the audiovisual industry.

Telefilm will continue to foster the partnerships it has developed and will seek new collaborations to increase exposure for Canadian cinema.

12. The IPEDA Mundus project is coordinated by the European IPEDA association with the help of several supporters including Under The Milky Way (UMW). IPEDA Mundus coordinates distribution of European works internationally and is looking to introduce Canadian and/or Quebec films to the European market.

PROVIDE THOUGHT LEADERSHIP BY DEVELOPING AND SHARING INDUSTRY INTELLIGENCE

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

- In sync with its main objective of stimulating demand for Canadian content, Telefilm has focused its research on providing Canadian consumer information to the industry. After performing extensive consumer research, Telefilm communicated its findings to industry working groups, which prompted a panel discussion at Prime Time in Ottawa entitled *Understanding Canadian Film Consumers*. In addition, the research findings were communicated through media coverage in the *Toronto Star*, *Qui fait Quoi* and *The Hollywood Reporter*. Telefilm has also made the information available on its [website](#) and has incited conversation through its [LinkedIn](#) page.
- Telefilm was also instrumental in forming a new research think tank in fiscal 2013-2014 with the CMF, SODEC and the National Film Board (NFB). The group will collaborate on research projects when appropriate and meet regularly to discuss industry insights and opportunities.
- Telefilm's Success Index continued to elicit interest from film funding agencies around the world. Many countries are reflecting on implementing similar comprehensive measures that use multiple criteria to measure success.
- In 2014-2015, the new corporate plan that will define Telefilm's strategic direction going forward into 2015-2018 will be developed and finalized. Market intelligence will be used in the reflection that will determine the new strategic vision for the organization. Telefilm will seek and share deeper understanding of Canadian consumer behaviour in terms of content consumption through both a quantitative survey, in conjunction with the [Centre d'études sur les médias](#), and qualitative focus groups with partners the CMF and SODEC. Telefilm has also committed to supporting Hot Docs through a research study that will focus on documentary viewing in Canada. Furthermore, Telefilm is enthusiastic about an experimental project with partner [Curvize](#) that will use online data to offer insight regarding the availability of Canadian films and perceptions of the industry. Finally, in the coming year, Telefilm will seek out new research partners from among provincial funding partners and associations and academic institutions across Canada to complement our current work with the SODEC, CMF, NFB, the Centre d'études sur les médias and HEC Montréal.

Telefilm will ensure savings of 28% in rent expenditures as a result of the relocation of the Vancouver and Halifax offices, reducing space requirements and sharing locations with the Canadian Broadcasting Corporation (in Vancouver).

REINFORCE TELEFILM'S ORGANIZATIONAL EXCELLENCE

In a continued pursuit of organizational excellence, Telefilm achieved remarkable results by ensuring that it exercised tight controls over its expenses. Our financial record demonstrates the organization's ability to manage public funds efficiently in spite of challenging economic conditions:

- Telefilm delivered on the *Budget 2012 Planned Reductions in Departmental Spending*, effectively returning \$3.3 million to the federal government;
- Our administrative expenses have decreased by 10% over the last three fiscal years, with a reduction of 5% in 2013-2014 alone;
- The management expense ratio was controlled at 5.8%, which ensured that the maximum amount of funding was allocated to program financing;
- Over the past three fiscal years, a cumulative amount of \$4.5 million from administrative budget savings was transferred back into funding programs, including \$0.8 million in 2013-2014.

From an operational standpoint, Telefilm strives to be effective in administrating and delivering programs:

- In the delivery of funding programs, ensuring client satisfaction levels is paramount. Satisfaction in relation to the client service provided was measured during the fiscal year, with 86% of clients reporting being satisfied—a figure that well exceeded the 80% target set by the organization.
- Ensuring employee engagement is imperative to reaching corporate objectives and continuing to provide quality service levels for our clients. In 2013-2014, a first-ever employee engagement survey was conducted with the services of Aon Hewitt, with 93% of the workforce participating. Results of the survey fell short of expectations, with 40% of employees reporting being engaged. These results can be partially explained by the changing working conditions and workforce reductions in effect at Telefilm in recent years, which have proved challenging in terms of employee engagement. The findings in our survey will serve as a baseline for management to take remedial action and measure progress going forward.
- Telefilm is pleased to report that the CMF is currently in negotiations to renew its service agreement for a three-year term. Moreover, Telefilm delivered the CMF's objective to achieve cost efficiencies, resulting in a decrease of 3.3% in program delivery expenses.
- As a measure of administrative performance, numerous internal and external audits were performed. No significant deficiencies were identified.
- Finally, Telefilm's 2012-2013 Annual Report won a Bronze award for design in the Online category at the [2014 Astrid Awards](#).

In a further recognition of excellence, Carolle Brabant was appointed a Fellow of the *Ordre des comptables professionnels agréés du Québec*, an honour awarded to outstanding CPAs who have distinguished themselves in their respective spheres of influence. This recognition was granted to Ms. Brabant based on the entirety of her work at Telefilm Canada.

For fiscal 2014-2015, Telefilm projects the management expense ratio to decrease to 5.7%. Telefilm will also deliver on the third and final year of the *Budget 2012 Planned Reductions in Departmental Spending* by returning \$4.5 million to the federal government. Client satisfaction will remain a priority; ongoing measurement and consultations with clients will ensure levels remain high. And, finally, an action plan will be implemented to address employee engagement levels and ongoing measurement will gauge results.

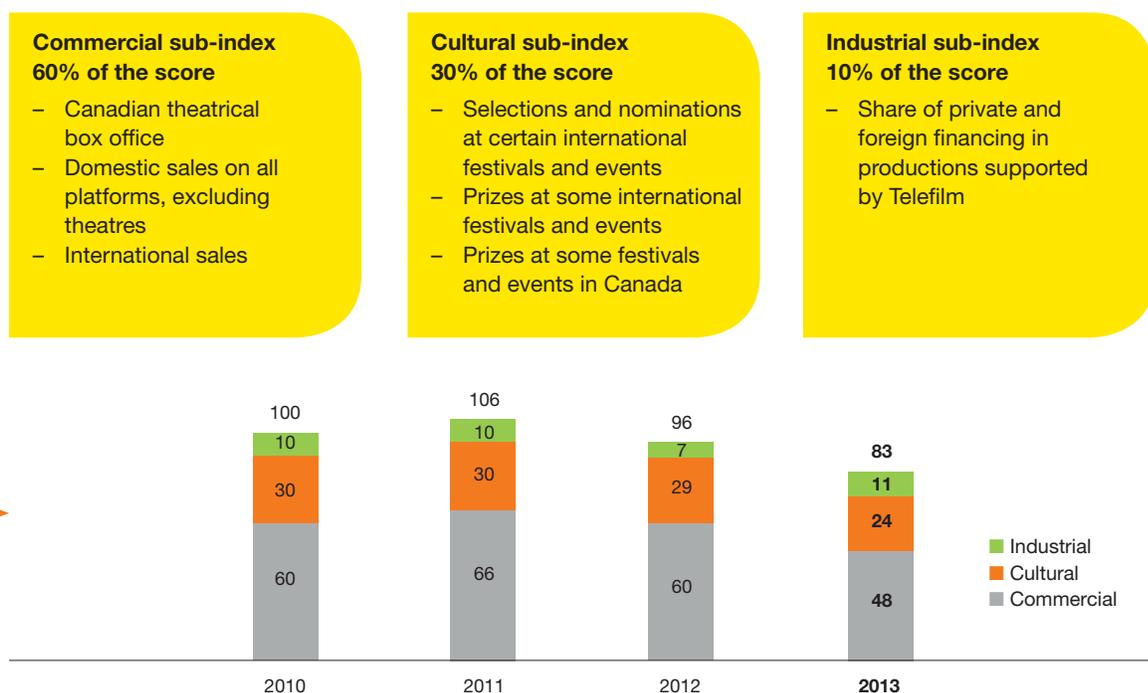
OBJECTIVES AND PERFORMANCE INDICATORS

MEASURING THE SUCCESS OF THE PORTFOLIO OF FILMS SUPPORTED BY TELEFILM

Success Index

In Telefilm's 2011-2015 corporate plan, the organization set out to develop a more complete measure of success than box office results alone. In 2011-2012, the Success Index was launched—a key performance indicator that measures changes in the overall success of the films Telefilm funds from year to year, extending from a baseline established in 2010. It is a comprehensive measure that takes three types of success into account: commercial, cultural and industrial. The Success Index is calculated annually,¹³ and is expressed as the sum of three weighted sub-indices:

In 2013-2014, the organization improved the methodology used to capture information. Accordingly, some figures have been restated. In addition, the cultural sub-index calculation has been refined to better take into account the prestige and importance of foreign festivals. For further information on festivals and their relative value, see the complete Success Index [scoring grid for festivals](#).



The commercial component of the Success Index declined in 2013¹⁴ as a result of lower domestic box office levels and international sales in comparison to the previous three fiscal years. There were a few strong performances at the box office, notably *Louis Cyr*, *Les Pee-Wee 3D*, *Il était une fois les Boys*, *Gabrielle*, and *Mama*; however, overall results did not compare to the prior years' results. Domestic sales, including all platforms other than box office, remained stable during the period. The cultural sub-index also declined, with fewer international selections and prizes for Canadian films within Telefilm's portfolio.

The industrial score increased in 2013 as a result of much higher private and foreign financing within the total budgets of films financed by Telefilm; the total private and foreign portion within the budget grew by \$50.4 million. The year was particularly strong for majority Canadian treaty coproductions, with nine feature films supported in 2013-2014 compared with only two in 2012-2013. Consequently, foreign financing grew by \$35.9 million. Increased private sources of financing also contributed to these gains, with \$14.5 million in growth. This is partly a result of Telefilm's new Production Program guidelines that encourage increased private financing and demonstrated market interest.

13. The cultural sub-index calculation was modified this fiscal year; comparative figures have been restated accordingly.

14. The commercial score calculation is based on calendar-year figures (i.e. January to December).

STIMULATING DEMAND FOR CANADIAN CONTENT

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

- **Maintain and expand Telefilm's core role of funder**
 - **Private-sector-to-Telefilm investment ratio for production**—Telefilm's financing for film production acts as a catalyst to leverage financing from other sources. This indicator allows Telefilm to measure its leveraging effect in order to encourage growth from other sources, mainly the private sector, ultimately expanding funding available for film production to drive both the number of productions and budget levels.
- **Develop our role as promoter**
 - **Private-sector-to-Telefilm investment ratio for promotional initiatives**—By measuring and encouraging greater levels of private-sector investment for promotional activities, the leveraging effect and overall impact of Telefilm's promotional efforts will increase over time and drive demand for Canadian content.
 - **Accessibility index**—Ease of access to Canadian content is imperative to transform increased audience demand into audience engagement. Measuring access is therefore an important component of an overall strategy to increase Canadian audiences, create enhanced opportunities to experience Canadian content and leverage promotional initiatives.
 - **Level of awareness of Canadian films among Canadians**—Promoting and creating awareness of Canadian talent and success is a key step in stimulating demand for Canadian content.
- **Provide thought leadership by developing and sharing industry intelligence**
 - This strategic pillar was designed to provide key intelligence to both the industry and Telefilm in order to encourage a culture of continuous improvement. This strategic pillar does not have an assigned performance indicator but is, rather, an ongoing corporate project.
- **Reinforce Telefilm's organizational excellence**
 - **Employee engagement index**—An engaged staff is a core element of client-service delivery, program administration and industry promotion.
 - **Percentage of clients satisfied**—As an organization that serves clients, client satisfaction is paramount to our ability to deliver excellence and ensure that our programs are well aligned with the needs of the audiovisual industry.
 - **Management Expense Ratio (MER)**—In order to maximize the funding available for film production, development, marketing and promotion, ensuring corporate efficiency in program delivery is an essential element of organizational excellence.

PERFORMANCE INDICATORS

THEME: ENGAGE PARTNERS

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

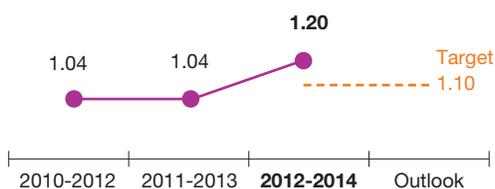
Indicator:

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

● Measure:

Ratio between the total production financing from private-sector sources¹⁵ and total production funding from Telefilm

Results:



The ratio reached 1.2:1 in 2013-2014, meaning that \$1.20 of private financing was invested into production budgets for every \$1.00 Telefilm contributed.

Growth was driven by contributions from distributors and exporters, and stood at 14%, up from 12.5% in the previous fiscal year, and investments from foreign partners stood at 16%, up from 3% in the previous fiscal year.

The new Production Program market interest requirements are a driver for this growth, and the new Fast Track system will continue to push this ratio higher going forward.

Objective: Finance promotional initiatives through partnerships

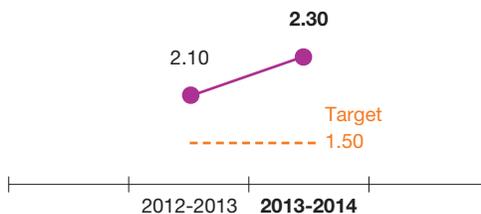
Indicator:

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

● Measure:

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

Results:



The 2013-2014 ratio of 2.3:1 means that \$2.30 was contributed from private sources for every \$1.00 Telefilm invested in promotional efforts.

This level is growing over time; a 10% increase over 2012-2013 figures was largely driven by new funding program changes that require Canadian film festivals financed through Telefilm to obtain additional private sources of funding.

Going forward, a focus on increasing the amount of private investment in Telefilm-hosted promotional events will ensure that this ratio increases further.

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

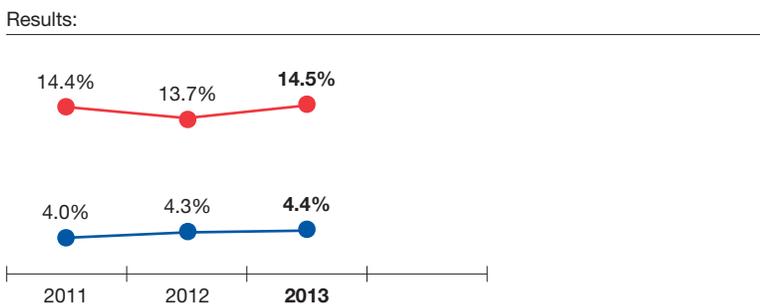
THEME: INCREASE CONSUMPTION OF CANADIAN AUDIOVISUAL CONTENT

Objective: Increase the accessibility of Canadian content

Indicator:
 Television time-share and share of cinema screens

● Measure 1: Television
 Total time allocated to the broadcasting of Canadian feature films on Canadian television networks versus all films broadcasted

● Measure 2: Cinema
 Share-of-screen time for Canadian feature films on cinema screens versus films from all origins (including Canadian films)



Access to Canadian films increased slightly both on television and in cinemas in 2013.¹⁶

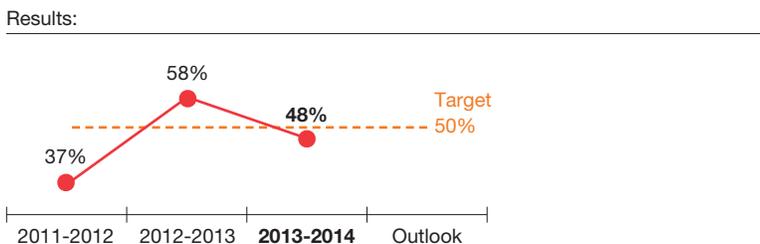
In addition, Telefilm is conducting research to evaluate accessibility on online platforms, including Cineplex Store, iTunes, Netflix and Illico Club Unlimited.

Through its Marketing Program adjustments in 2014-2015, Telefilm will encourage filmmakers to increase accessibility through online platforms in addition to traditional mediums. Within the organization, efforts will continue to develop ongoing measures to gauge accessibility on various online platforms.

Objective: Increase the awareness of Canadian films among Canadians

Indicator:
 Level of awareness of Canadian films among Canadians

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



Trends show that awareness levels among Canadians are on track to meet Telefilm's target of 50% for fiscal 2014-2015. This demonstrates that the ensemble of promotional efforts both by the industry and Telefilm have begun to more effectively communicate the success of Canadian talent to Canadians.¹⁷

In 2014-2015, additional promotional efforts will be directed at Canadian audiences to further drive awareness levels.

16. Cinema and television measures are based on the 2013 calendar year.

17. Due to changes in methodology, 2013-2014 results have dipped below 2012-2013 awareness levels.

THEME: ENHANCE ORGANIZATIONAL EXCELLENCE

Objective: Ensure employee engagement

Indicator:
Employee engagement index

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



Drawing on the services of Aon Hewitt, Telefilm conducted its first employee engagement survey in 2013-2014, with 93% of employees responding.

Results show that 40% of employees are considered engaged, a low score when compared to the benchmark provided by Aon Hewitt.

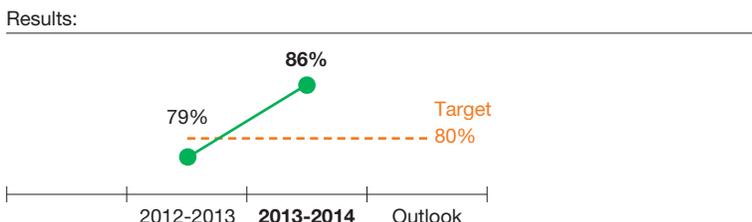
Over the past few years, the organization has redesigned its funding programs and gained efficiencies through new processes, workforce reductions and cost-containment measures. These changes may have affected the 2013-2014 employee engagement results.

Ensuring employee engagement is a priority; to this end, an action plan, which will include remedial measures, will be implemented in 2014-2015.

Objective: Increase the percentage of clients satisfied

Indicator:
Percentage of clients satisfied

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



Targets were exceeded in 2013-2014, with 86% of clients reporting being satisfied with their overall Telefilm experience. The key driver behind this result is the client service provided by Telefilm employees.

Ongoing training for employees regarding program changes and improvements to digital online tools that facilitate application processing will support efforts to maintain client service levels. Telefilm will continue to survey clients and will also expand surveys to include applicants that did not receive funding and those who applied to obtain a recommendation for their treaty coproduction project.

Objective: Manage efficiently

Indicator:
Management expense ratio

● Measure:
Operating and administrative expenses as a percentage of program expenses¹⁸



With financial measures in place, Telefilm's management expense ratio, at 5.8%, remained well below the maximum targeted level of 6.3%.

Operating efficiently is important for Telefilm as it ensures that the maximum amount of funding is available for program financing.

Telefilm will continue to ensure fiscal responsibility going forward and projects that its management expense ratio will remain below the targeted level.

18. Program expenses are comprised of Telefilm assistance expenses and CMF funding programs (\$354.5M) that are not included in our financial statements.

FINANCIAL REVIEW

The financial review provides additional financial information to the audited financial statements, allows for comparative analysis with budgeted amounts and prior-year results, and also provides a financial outlook for the 2014-2015 fiscal year. All figures are rounded.¹⁹

ASSISTANCE EXPENSES

The Corporation achieves its mission by, among other things, investing in the development of the Canadian audiovisual industry and through activities that target the promotional support of Canadian content at home and abroad.

In millions of dollars	Outlook	Budget	2013-2014	2012-2013	Variance %	
	2014-2015				Budget	Prior year
Production	59.8	66.1	65.1	65.5	1	(1)
Development	7.8	6.0	9.2	9.2	(53)	(1)
	67.6	72.1	74.3	74.7	(3)	(1)
Marketing	11.3	10.2	9.1	13.2	11	(31)
Promotion	6.9	6.9	6.3	6.4	9	(2)
International events	2.2	2.3	2.5	2.6	(9)	(1)
	20.4	19.4	17.9	22.2	8	(19)
	88.0	91.5	92.2	96.9	(1)	(5)

Telefilm supports Canadian film production companies through financial assistance programs dedicated to the development and production of Canadian feature films. Our film production funding reached \$65.1 million for the 2013-2014 fiscal year and represents our largest expense item, accounting for 71% of our total financial support. These amounts act as a catalyst for most of the 91 projects that will be shown on Canadian screens once they are completed. These spending levels are comparable to the budgeted amount and the prior-year result.

The Corporation also provided development funding for 146 portfolios of film scripts covering 306 projects. The amounts allocated to these projects total \$9.2 million and present a budget overage of approximately \$3.2 million. On the one hand, the Corporation underestimated the budgetary discretion used by production companies holding performance-based envelopes for development projects and, on the other, the Corporation also authorized a budget overage to address the excess demand from the industry.

Moreover, our total financial support for promotional activities reached \$17.9 million and represents a savings of \$1.5 million compared with the budgeted amounts, and a decrease of \$4.3 million with respect to the previous fiscal year. The specific purpose of promotional support is to help improve audience access to feature films and increase the demand for Canadian content. Marketing support accounts for the largest variances in our promotional support activities. This financial support totals \$9.1 million and shows a budgetary saving of \$1.1 million. In addition, this level of expenditure has declined 31% compared with the prior year. The distribution companies holding performance-based envelopes were particularly active in 2012-2013, while the current fiscal year has undergone budget reductions and a decrease in terms of the number of marketing projects financed and the amount of funding granted to these projects.

The 2014-2015 fiscal year will show a budgetary reduction of \$3.5 million compared with the 2013-2014 fiscal year. This decrease is attributable to the application of the third and final year of the implementation of the *Budget 2012 Planned Reductions in Departmental Spending*. Moreover, the Talent Fund will also offer its support to the industry through the financing granted by Bell Media and Corus Entertainment. This industry support will reach nearly \$2 million and is not included in the budgeted amounts.

19. The percentage variances shown are calculated using financial statements presented in thousands of dollars.

OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses represent expenses incurred to deliver our funding programs, including those of the CMF, and expenses associated with corporate activities inherent in responsibilities vested to the Corporation.

<i>In millions of dollars</i>	Outlook	Budget	2013-2014	2012-2013	Variance %	
	2014-2015				Budget	Prior year
Salaries	18.6	19.9	19.1	19.8	4	(4)
Rent	1.8	1.9	1.9	1.9	0	(1)
Professional services	2.1	2.2	1.5	1.7	30	(9)
Information technology	1.4	1.2	1.2	1.2	5	(7)
Amortization	0.5	0.7	0.7	1.0	(2)	(29)
Office expenses	0.6	0.7	0.6	0.6	6	10
Travel	0.6	0.6	0.5	0.6	14	(5)
Publications	0.3	0.3	0.3	0.2	25	13
	25.9	27.5	25.8	27.0	6	(5)

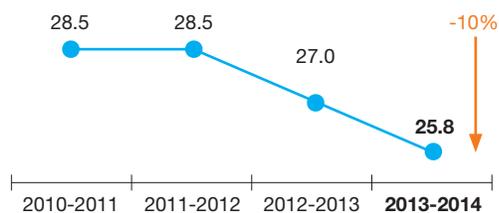
At the end of the fiscal year, operating and administrative expenses amounted to \$25.8 million. This is an outstanding performance, due notably to the savings on forecasted expenditures of \$1.7 million and a decrease of \$1.2 million compared with the prior year. For the 2013-2014 fiscal year, savings come mainly from payroll and the use of professional services.

The Corporation uses professional services to accelerate corporate projects when required. In this regard, some projects were carried out with the help of internal resources, while others were either postponed or reduced in scope. Moreover, amortization shows a decrease of 29%, which attests to the end of the useful life of certain computer software. The Corporation also adopted a plan for the modernization of its infrastructures and computer systems that will start once the 2014-2015 fiscal year takes effect.

All of these cost savings allowed Telefilm to transfer nearly \$0.8 million from its administrative budget to its funding programs. In addition, the Corporation is well positioned for the 2014-2015 fiscal year and will benefit from prepaid administrative expenses totalling over \$1 million. As a responsible administrator, the Corporation has striven over the years to increase its efficiency and introduce measures that reduce and limit the growth of costs. The results speak for themselves and demonstrate our determination to excel in the delivery of our programs, as shown in the following graph:

Operating and administrative expenses

(in millions of dollars)



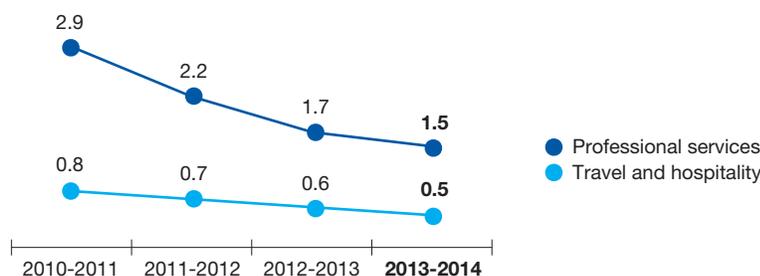
A total of \$4.5 million in administrative funding was transferred to the funding programs during the past three fiscal years.

The Corporation reduced its expenses by 10% over the last three fiscal years.

As a federal Crown corporation, Telefilm complies with Treasury Board of Canada Secretariat guidelines and limits the use of professional services and travel expenses.

Cost-containment measures—Level of expenditures

(in millions of dollars)



Professional services and travel expenses have decreased by 46% and 36% respectively since the 2010-2011 fiscal year.

GOVERNMENT FUNDING AND REVENUES

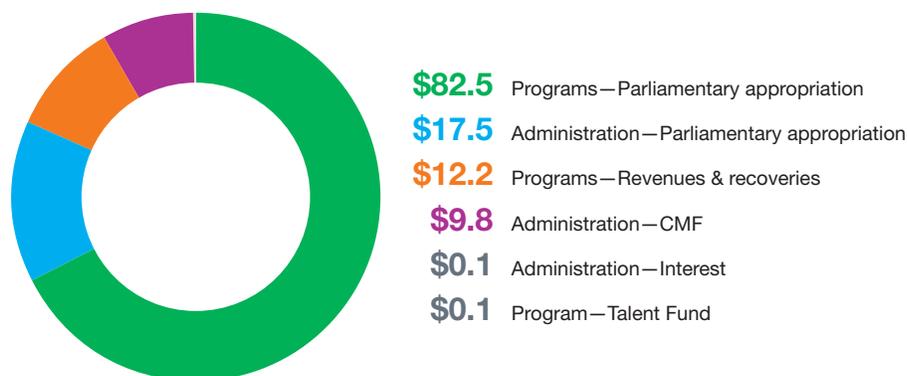
Our revenues total \$122.2 million and present a slight decline of 3% compared with the prior year. The Corporation had anticipated this decrease as part of the yearly planning of its activities.

<i>In millions of dollars</i>	Outlook	Budget	2013-2014	2012-2013	Variance %	
	2014-2015				Budget	Prior year
Parliamentary appropriation	95.5	99.9	100.0	103.0	0	(3)
Investment revenues and recoveries	10.0	9.0	12.2	12.5	35	(3)
Management fees from the CMF	10.0	10.1	9.8	10.1	(3)	(3)
Talent Fund	–	0.7	0.1	–	(81)	272
Interest and other revenues	0.1	0.1	0.1	0.2	(9)	(46)
	115.6	119.8	122.2	125.8	2	(3)

The Corporation's most important source of funding is a parliamentary appropriation that stood at nearly \$100 million. This represents a decline of \$3 million compared with the prior year as a result of the *Budget 2012 Planned Reductions in Departmental Spending*. An additional reduction of \$4.5 million is planned for fiscal 2014-2015. Investment revenues and recoveries, another key funding source for our programs, come from the exploitation of film productions. These revenues fluctuate from one year to the next due to the uncertainty of the inflow of cash for each film. This volatile environment has prompted the Corporation to make conservative forecasts, accounting for the 35%, or \$3.2 million, surplus in revenues.

Moreover, the Talent Fund raised \$133,550 in donations, while the Corporation had anticipated significant revenues stemming from a funding agreement. Accordingly, the Corporation ratified the funding agreements for a duration of seven years, which will allow the Talent Fund to take off in 2014-2015.

Allocation of government funding and revenues: \$122.2 million



FINANCIAL POSITION AS AT MARCH 31, 2014

<i>In millions of dollars</i>	2013-2014	2012-2013	Variance %
Financial assets			
Due from Consolidated Revenue Fund	49.1	45.6	8
Cash—Talent Fund	0.2	–	372
Accounts receivable	3.1	2.6	19
Receivable from the Canada Media Fund	2.7	3.0	(9)
Liabilities			
Accounts payable and accrued liabilities	2.0	2.1	(2)
Special termination benefits	–	0.3	(100)
Financial assistance programs obligations	35.8	33.7	6
Liabilities for employee future benefits	1.0	2.3	(56)
Net financial assets	16.3	12.8	28
Non-financial assets			
Tangible capital assets	1.8	1.6	15
Prepaid expenses	2.2	1.7	25
Accumulated surplus	20.3	16.1	26

The Corporation's financial position once again improved during the fiscal year and records as its principal asset a Due from Consolidated Revenue Fund of \$49.1 million, which is equivalent to cash on hand. It should be noted that this liquidity is required to fund our obligations stemming from the financial assistance programs, namely our contractual commitments to production and distribution companies totalling \$35.8 million. As at March 31, 2014, our accounts receivable were \$3.1 million, a rise of \$0.5 million, or 19%. This increase is attributable to the taxes to be recovered, stemming mostly from our investment activities.

Moreover, in keeping with all other federal departments and agencies, and at the request of the Treasury Board of Canada Secretariat, during the fiscal year the Corporation ended the severance benefits plan to which employees were entitled. This measure explains the significant decline of 56% in our liabilities for employee future benefits, which now total \$1 million, a decrease of \$1.3 million compared with the previous year's balance.

Our non-financial assets—in particular, fixed assets—also fluctuated, while capitalized assets such as the leasehold improvements made in our Vancouver and Halifax offices were offset by the annual depreciation expense. Lastly, our prepaid expenses also rose, due mainly to an expense related to an international event that will take place during the next fiscal year.

CASH FLOWS

<i>In millions of dollars</i>	2013-2014	2012-2013	Variance \$
Operating activities	4.7	4.9	(0.2)
Capital activities	(1.0)	(0.4)	(0.6)
Cash, beginning of year	45.6	41.1	4.5
Cash, end of year	49.3	45.6	3.7

Management uses the indirect method to present its cash flow statement. Our cash flow increased by \$3.7 million in 2013-2014, and now totals \$49.3 million. Our operating activities positively impacted our cash flow, mainly because of the fact that part of our investment revenues and recoveries are still available to fund our industry assistance programs. As for our capital activities, they did not negatively affect our liquidity. It should be noted that all our banking transactions are administered by the Receiver General of Canada.

SUMMARY OF PAST FISCAL YEARS

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

RISK MANAGEMENT

Telefilm uses an integrated risk management approach that ensures risks are considered throughout all levels and sectors of the organization. Risks are assessed at all stages of the business cycle, from the strategic planning process to ongoing business operations. The Risk Management Committee is chaired by the Executive Director and is composed of all members of the Management Committee. The Executive Director then reports to the Audit and Finance Committee, a sub-committee of the Board of Directors (see Governance section for more information). The Risk Management Committee is responsible for identifying, evaluating and prioritizing risks and ensuring adequate mitigation measures are in place; the committee met twice during the fiscal year.



RISK IDENTIFICATION

Risks are identified and evaluated in line with the corporate plan objectives, the strategic orientation and the ongoing challenges that Telefilm faces within its business environment. Risks are assessed on an ongoing basis. The Risk Management Committee is currently monitoring a dozen risks that are categorized into four main groups:

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

The organization has highlighted three risks that were closely monitored throughout the fiscal year as well as the mitigation strategies in place to address them:

Assuring necessary financial resources to deliver the corporate plan

Telefilm's core role is to support the development, production and promotion of Canadian content. The allocation of financial resources to the various funding programs supported must be balanced and prioritized based on strategic objectives. With reductions to Telefilm's parliamentary appropriation in recent years and inflation levels increasing costs, Telefilm has sought out strategies to increase financing available and to mitigate financial risks:

The mitigation measures include:

- The Talent Fund created by Telefilm to engage Canadian corporations in the support of the Canadian film industry through financial contributions. The Fund's goal is to raise \$25 million over five years and support productions by talented young and emergent filmmakers across Canada and by experienced and award-winning Canadian filmmakers. In fiscal 2014-2015, the Talent Fund is well-positioned to increase its revenues particularly through funding agreements with Bell Media and Corus Entertainment.
- Redesigned funding programs to ensure efficiencies and increase market investment within the production budgets of Telefilm-supported films. These changes drive greater overall production funding and allow Telefilm to be more effective in program delivery while maintaining low administrative expense levels. Funding leveraged from private-sector investors has been integrated into Telefilm's key performance indicators.
- Partnerships created to increase the impact of promotional and research efforts. Partners, including fellow industry players and institutions (CMF, TIFF, NFB, SODEC, among others), allow for economies of scale to be achieved while creating mutually beneficial gains. Funding leveraged from promotional partnerships has been integrated into Telefilm's key performance indicators.

Achievement of the promotional strategy and marketing shift

In a context of rapidly changing market conditions, the ability of Telefilm and industry players to adapt practices and offerings to consumer preferences remains a risk factor. In addition, this course of action carries challenges for Telefilm in terms of the Corporation's ability to find partners and develop its capacity to implement efficient promotional efforts given reduced financial resources and existing skill sets.

The mitigation measures include:

- The consolidation and redesign of Telefilm's Marketing Program in order to allow for new and innovative approaches aimed at connecting with target audiences. Telefilm's Marketing Program redesign began in 2013-2014 and will continue through the next two fiscal years. Key changes to the program will promote the use of experimentation in the promotion and distribution of films in the Canadian industry.
- The allocation of dedicated human resources to lead the Canadian consumer-driven promotional shift. This shift will focus on better leveraging industry resources at the national and regional levels and optimizing promotional impact through activities including direct communications and initiatives aimed at targeted consumer groups.
- The gathering and communicating of consumer-based industry intelligence, in order to better align decisions and efforts with Canadian consumer behaviour. Consumer segments identified within the Canadian market will allow Telefilm and its stakeholders to use targeted marketing strategies and promotional efforts.

Control measures

As an administrator of public funds, Telefilm must be responsible in the management of the resources entrusted to the organization. Telefilm seeks to lower its financial risk through proper control measures, one key element being fraud assessment.

The mitigation measures include:

- Gathering information related to fraud risk to identify fraud risk scenarios, mitigating controls in place and additional mitigation measures required. Ernst and Young was retained to assist the Corporation in its fraud risk assessment, with results of the assessment to be delivered in fiscal 2014-2015.
- As part of the fraud risk assessment, an internal awareness campaign will be conducted by means of a formal presentation so that all employees understand the types of fraud and their role in reducing fraud-related risks.

GOVERNANCE

Telefilm is a Crown corporation subject to the *Telefilm Canada Act* as well as to certain provisions of the *Financial Administration Act* (FAA). In order to ensure that the Corporation operates with a certain measure of independence, Parliament has chosen to exempt Telefilm from the application of most articles found in Part X of the FAA; as such, Telefilm is subject to only a few of the provisions contained in that section of the Act. The Corporation's mandate is to foster and promote the development of the audiovisual industry in Canada and to act in connection with agreements with the Department of Canadian Heritage for the provision of services or programs relating to the audiovisual or sound recording industries. This very broad mandate allows Telefilm to play a leadership role within the Canadian audiovisual industry, 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, as well as the Government Film Commissioner, who is appointed as per the provisions of the *National Film Act*. The Governor in Council designates one of the members of the Corporation to serve as chairperson of the Corporation at the pleasure of the Government. 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 at Telefilm's head office in Montréal. Each meeting is followed by an in-camera session so that members may discuss issues without the presence of persons representing Telefilm management.

During the fiscal year, the Board addressed a number of topics of interest, including some that were queried through its committees. In this regard, the Board approved the implementation of an information-systems redesign project, allowing the Corporation to reposition its technology architecture, modernize its business processes and adapt the information model to its needs.

BIOGRAPHIES*



Michel Roy
Chair of the Board

Appointment date
October 2007

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

Experience
Public administrator

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



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

Appointment date
December 2006

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

Experience
Lawyer

- Corporate, commercial and intellectual property law for convergent media and entertainment sectors



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

Appointment date
May 2008

Length of term
Renewed for 5 years, ending in January 2015

Experience
Lawyer, partner

- Labour law and corporate governance
- Chair of NSCAD University (Nova Scotia College of Art and Design)
- Member of various boards
- Community fundraiser

BIOGRAPHIES*



Ram Raju

Chair of the Strategic Planning and Communications Committee

Appointment date

May 2010

Length of term

5 years, ending in May 2015

Experience

Internet entrepreneur

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



Corey Anne Bloom, CPA, CA, CA-IFA, CFF, CFE

Member

Appointment date

October 2013

Length of term

5 years, ending in September 2018

Experience

Chartered Accountant and CA-designated specialist in Investigative and Forensic Accounting and Certified Fraud Examiner

- Experienced in fraud investigations, forensic accounting, dispute resolution, litigation support, IT forensics and auditing
- Served as Chair of the International Board of Regents of the Association of Certified Fraud Examiners and led the fraud advisory services practice as well as the forensic IT practice of a large accounting and consulting firm



Claude Joli-Cœur, LL.B.

Ex-officio member

Appointment date

January 2014

Length of term

Interim until appointment of next Government Film Commissioner and Chairperson of the National Film Board of Canada

Experience

Lawyer

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

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 also subject to the provisions of the *Conflict of Interest Act*. Finally, all members are independent from the Management Committee.

APPOINTMENTS

After years of stability, board membership underwent several changes during the fiscal year. Yvon Bélanger's term came to an end in April 2013 and Marlie Oden's in July 2013. In October 2013, Corey Anne Bloom was appointed a member by the Governor in Council. Furthermore, as of January 2014, Claude Joli-Cœur took over on an interim basis as Government Film Commissioner, replacing Tom Perlmutter, who stepped down in December 2013. Except for the Government Film Commissioner, all members of Telefilm's Board are part-time public office holders who are appointed through a selection process based on several criteria. All appointments are made upon the recommendation of the Minister of Canadian Heritage and Official Languages to the Governor in Council.

THE BOARD AND ITS COMMITTEES

To help it fulfill its responsibilities, the Board 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.

– **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 Elise Orenstein served as Acting Chair. Representatives from the Office of the Auditor General of Canada as well as the internal auditor, the Executive Director, the Director, Administration and Corporate Services and the Controller are invited to all committee meetings. Managers present information and the various issues are discussed among committee members and auditors. Every quarter, the committee addresses topics of interest such as budgets and financial and auditing results. The committee met four times during the fiscal year.

– **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, the Compensation Policy and the Policy on Incentive Programs. During the fiscal year, the committee recommended to the Board that it buy out the rights granted to employees under the policy on termination of employment due to retirement or voluntary departure. The committee is chaired by G. Grant Machum and met twice during the fiscal year.

– **Strategic Planning and Communications Committee**

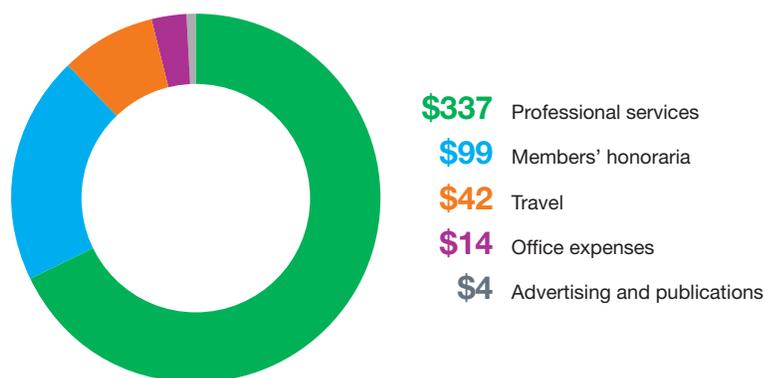
The support provided to the Board by this committee relates to, among other things, strategic planning processes and the implementation of communication strategies. During the fiscal year, the committee worked mainly on positioning the Corporation at the regional level and on defining the strategic thinking required to develop the next corporate plan. The committee was chaired by Ram Raju for most of the fiscal year and met three times.

BOARD MEETINGS: COMPENSATION AND ATTENDANCE

Board members²⁰ are remunerated for their attendance at meetings and for other activities inherent to their duties. Compensation is aligned with guidelines governing remuneration of part-time public office holders appointed to Crown corporations by the Governor in Council. The Corporation pays a yearly honorarium to the Board Chair and grants all directors, including the Chair, a per diem allowance for Board and committee meeting preparation and for each day they attend meetings. Amounts are paid as follows:

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

The following graph lists expenses incurred by the Board and its committees, including those related to the holding of meetings and the Annual Public Meeting as well as to internal auditing work. Expenses amounted to \$496,000 for this fiscal year (\$519,000 in 2012-2013) and are displayed in thousands of dollars.



The following table outlines members' attendance at various meetings:

	Board of Directors 7 members 6 meetings	Audit and Finance Committee 3 members 4 meetings	Strategic Planning and Communications Committee 3 members 3 meetings	Nominating, Evaluation and Governance Committee 3 members 2 meetings
Michel Roy	6	4	2	2
Elise Orenstein	6	4	3	2
G. Grant Machum	4	1*	–	2
Ram Raju	4	–	2	–
Corey Anne Bloom ²¹	4	2	–	–
Claude Joli-Cœur ²²	3	–	–	–
Marlie Oden ²³	1	1*	1	–
Tom Perlmutter ²⁴	2	–	–	–

* Not a member of the committee.

20. 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.

21. Appointed in October 2013.

22. Ex-officio member on an interim basis since January 2014.

23. Term came to an end in July 2013.

24. Stepped down in December 2013.

MANAGEMENT COMMITTEE

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

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

MANAGEMENT COMMITTEE AND ITS 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.

– **Operational Committee**

The Operational Committee assists the Executive Director mainly with respect to decision-making involving the application or interpretation of guidelines or policies. This committee may make decisions on a wide range of topics, including, among others, all issues pertaining to the application and interpretation of guidelines for the Corporation's funding programs. The committee met 19 times during the fiscal year and was chaired by the Director, Business Affairs and Certification, Dave Forget.

– **Human Resources Committee**

The Human Resources Committee assists the Executive Director by supporting the Human Resources Department in the development, update, application and interpretation of human resources policies and in responding to all situations that derogate from normal practice. A representative of the Human Resources Department is invited to take part in committee meetings at all times. The committee generally meets monthly. During the fiscal year, the committee met 11 times and was chaired by the Director, Administration and Corporate Services, Denis Pion.

– **Appeal Committee**

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

– **Risk Management Committee**

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

– **Communications Committee**

The Communications Committee assists the Executive Director with all matters concerning communications, partnerships, sponsorship, events and the Talent Fund. The Executive Director created this committee during the fiscal year. The committee met three times and was chaired by the Executive Director, Carolle Brabant.

COMMITTEE MEETINGS: COMPENSATION AND ATTENDANCE

All members of the Management Committee are full-time employees of the Corporation. The remuneration of the Executive Director is set by the Privy Council Office. The salary scale for other members of the Committee ranges from a minimum of \$108,900 to a maximum of \$197,800, with the average salary being \$147,800.

The following table outlines members' attendance at various meetings:

	Management Committee 9 members 36 meetings	Human Resources Committee 3 members 11 meetings	Operational Committee 5 members 19 meetings	Risk Management Committee 9 members 2 meetings	Communications Committee 4 members 3 meetings
Carolle Brabant	36	2	–	2	3
Sheila de La Varende	27	3	8	1	2
Dave Forget	32	5	19	2	3
Sylvie L'Écuyer	33	5	4	2	–
Jean-Claude Mahé	32	1	7	2	3
Evelyne Morrisseau*	18	–	6	–	–
Stéphane Odesse	33	4	2	2	–
Denis Pion	35	10	17	2	–
Michel Pradier	30	–	14	2	–

*Stepped down in November 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 audit reports are submitted to the Audit and Finance Committee.

PERFORMANCE EVALUATION

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

- The Board evaluates its own performance as well as that of its various committees by means of a Board Assessment Performance Policy. This process involves, among other things, an evaluation of the Board's composition 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 by the Nominating, Evaluation and Governance Committee and then subject to Board approval—is governed by the [Performance Management Program Guidelines - Chief Executive Officers of Crown Corporations](#). Evaluation criteria focus on performance results in various areas of activity including, among others, policies and programs, management, stakeholder relations, leadership and corporate results. Final discretion on performance ratings and awards remains with the Governor in Council.
- The performance evaluation of the Management Committee and each of its subcommittees is conducted by committee members and by the Executive Director.
- Finally, employee performance evaluations are conducted twice a year in accordance with the Corporation's Policy on Performance Assessment. This evaluation process focuses on, among other things, the achievement of set objectives for the fiscal year, expected proficiency levels, expectations pertaining to job responsibilities, and learning goals.

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 Acting Chair of the Audit and Finance Committee attended a half-day workshop on the revised Guidelines for Audit Committees in Crown Corporations and Other Public Enterprises. The Corporation also expects to benefit from improved employee competencies and will do this through a professional development training plan. The purpose of this plan is to provide employees with the competencies required to achieve the corporate 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 *Policy on Conflict of Interest and Post-Employment*. Respecting the *Code of Conduct for Telefilm Canada* is a condition of employment for employees, regardless of the position they hold. Employees are also required to sign, annually, a statement declaring that they undertake to comply with the Code. This Code is available to the public upon request.

FORMAL COMPLAINTS

Telefilm has a formal complaint process for its clients that supplements existing mechanisms included in its [Customer Service Charter](#). During the 2013-2014 fiscal year, three complaint cases were handled under this procedure. Furthermore, in accordance with the [Public Servants Disclosure Protection Act](#), Telefilm employees and members of the public may disclose wrongdoings that they think have been committed, or that they believe are about to be committed, by following the procedure described on the website of the Office of the Public Sector Integrity Commissioner of Canada. No complaints or disclosures of wrongdoing were submitted during the fiscal year.

COMMUNICATION

– Ties with the Government of Canada

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

– Annual Public Meeting

In compliance with the FAA, the Corporation held its Annual Public Meeting, which took place in Montréal in December 2013. At the meeting, the Corporation presented its achievements for the 2012-2013 fiscal year. The public, various industry members and the media were given the opportunity to interact with Michel Roy, Chair of the Board, Elise Orenstein, Vice-Chair of the Board and Acting Chair of the Audit and Finance Committee, Carolle Brabant, Executive Director, as well as with several members of the Management Committee. Details of Telefilm's achievements are available in the 2012-2013 annual report, which can be consulted and downloaded on the [annual report microsite](#).

FINANCIAL STATEMENTS

Fiscal year ended March 31, 2014

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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.

Montréal, Canada

June 17, 2014



Carolle Brabant, FCPA, 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 2014, 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.

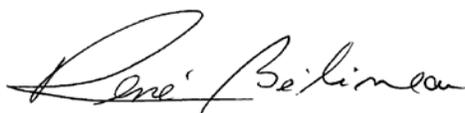
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Telefilm Canada as at 31 March 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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



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

17 June 2014
Montréal, Canada

STATEMENT OF OPERATIONS

Year ended March 31

<i>In thousands of Canadian dollars</i>	Schedules	2014 Budget	2014	2013
Assistance expenses				
Development of the Canadian audiovisual industry				
Production assistance		66,058	65,121	65,536
Development assistance		6,000	9,157	9,219
		72,058	74,278	74,755
Promotional support in Canada and abroad				
Distribution and marketing assistance		10,205	9,093	13,183
Promotion		6,889	6,296	6,444
Participation in international events		2,310	2,519	2,545
		19,404	17,908	22,172
		91,462	92,186	96,927
Operating and administrative expenses	A	27,541	25,793	27,069
Cost of operations		119,003	117,979	123,996
Revenues				
Investment revenues and recoveries		9,000	12,157	12,528
Management fees from the Canada Media Fund	B	10,069	9,809	10,143
Talent Fund		714	134	36
Interest and other revenues		100	91	169
		19,883	22,191	22,876
Net cost of operations before government funding		99,120	95,788	101,120
Government funding				
Parliamentary appropriation		99,885	99,975	102,968
Surplus for the year		765	4,187	1,848
Accumulated surplus, beginning of year			16,069	14,221
Accumulated surplus, end of year			20,256	16,069

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	2014	2013
Financial assets			
Due from Consolidated Revenue Fund	5	49,137	45,561
Cash—Talent Fund	3	170	36
Accounts receivable	4 and 5	3,054	2,572
Receivable from the Canada Media Fund		2,720	2,973
		55,081	51,142
Liabilities			
Accounts payable and accrued liabilities	5	2,025	2,066
Special termination benefits payable as a result of downsizing		—	336
Financial assistance programs obligations	6	35,779	33,730
Liabilities for employee future benefits	7	1,000	2,250
		38,804	38,382
Net financial assets		16,277	12,760
Non-financial assets			
Tangible capital assets	8	1,817	1,585
Prepaid expenses		2,162	1,724
		3,979	3,309
Accumulated surplus		20,256	16,069

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>	2014 Budget	2014	2013
Surplus for the year	765	4,187	1,848
Tangible capital asset transactions			
Amortization	726	737	1,036
Acquisitions	(825)	(969)	(357)
Other transactions			
Acquisitions of prepaid expenses	(600)	(2,162)	(1,724)
Use of prepaid expenses	1,724	1,724	1,875
Increase in net financial assets	1,790	3,517	2,678
Net financial assets, beginning of year	12,760	12,760	10,082
Net financial assets, end of year	14,550	16,277	12,760

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>	2014	2013
Operating activities		
Surplus for the year	4,187	1,848
Items not affecting cash:		
Increase (decrease) in liabilities for employee future benefits	(1,250)	202
Amortization of tangible capital assets	737	1,036
	3,674	3,086
Changes in non-cash financial items:		
Decrease (increase) in accounts receivable	(482)	1,438
Decrease (increase) in receivable from the Canada Media Fund	253	(337)
Increase (decrease) in accounts payable and accrued liabilities	(41)	494
Increase (decrease) in special termination benefits payable as a result of downsizing	(336)	198
Increase (decrease) of financial assistance programs obligations	2,049	(164)
Decrease (increase) in prepaid expenses	(438)	151
	4,679	4,866
Capital activities		
Acquisitions	(969)	(357)
Increase in Due from Consolidated Revenue Fund and Cash—Talent Fund	3,710	4,509
Due from Consolidated Revenue Fund and Cash—Talent Fund, beginning of year	45,597	41,088
Due from Consolidated Revenue Fund and Cash—Talent Fund, end of year	49,307	45,597
Additional information presented in operating activities		
Interest recognized	91	137

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

NOTES TO FINANCIAL STATEMENTS

Fiscal year ended March 31, 2014

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

1

AUTHORITY AND ACTIVITIES

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

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

The Corporation is not subject to income tax laws.

2

SIGNIFICANT ACCOUNTING POLICIES

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

A. MEASUREMENT UNCERTAINTY

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

B. ASSISTANCE EXPENSES

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. REVENUES

i. Investment revenues and recoveries

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

ii. Management fees

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

iii. Interest and other revenues

Interest and other revenues are recorded on an accrual basis.

D. GOVERNMENT FUNDING

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

E. TALENT FUND

The Talent Fund (the "Fund") was created in March 2012 and its operations are an integral part of the Corporation's activities. The aim of the Fund is to support and promote Canadian works and talent through the Corporation's programs. The Fund's revenues 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 are free from any external restriction and are recorded as revenue during the period in which they are received. Under the *Telefilm Canada Act*, investment revenues and recoveries generated by projects funded by the Fund are made available to the Corporation to cover all assistance expenses.

F. DUE FROM CONSOLIDATED REVENUE FUND

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

G. CASH—TALENT FUND

Cash—Talent Fund consists of the cash balance from donations less banking fees. This cash is used to finance projects and activities supported by the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

H. FINANCIAL INSTRUMENTS

The Corporation's financial instruments are all recorded at cost or amortized cost in the statement of financial position. Financial assets consist of assets that could be used to settle existing liabilities or fund future activities. At every year-end, the Corporation evaluates whether there is any objective evidence of impairment of financial assets or groups of financial assets. 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, some of which are recorded net of allowance for bad debts:

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

Financial liabilities consist of the Corporation's accounts payable and accrued liabilities, and financial assistance programs obligations.

I. LIABILITIES FOR EMPLOYEE FUTURE BENEFITS

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 were entitled to severance benefits as stipulated in their conditions of employment and the cost of these benefits was recognized in the statement of operations in the year in which they were earned. The severance benefit obligation was calculated based on management's assumptions and best estimates of future salary and wage changes, employee age, years of service and the probability of departure due to resignation or retirement. Following the Treasury Board Secretariat's request, in September 2013 the Corporation decided to terminate these benefits as at the end of the fiscal year. Severance benefits are no longer being accumulated as at March 31, 2014. The Corporation has determined the amounts to be paid and its obligation according to the following formula:

All eligible employees have the right to a severance package equivalent to one week of pay for each full year of continuous employment and, for partial years of continuous employment, one week of pay multiplied by the number of days of continuous employment divided by 365, up to a maximum of 28 weeks.

The obligation is adjusted at year-end to reflect employees' current salary.

iii. Sick leave

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

iv. Parental leave

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

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:

Assets	Rates
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 received \$133,550 in donations (\$36,000 for the previous year). Furthermore, the Corporation incurred \$182,700 in expenses related to business development and promotion (\$192,000 for the previous year) and no funding was provided from our programs.

SUBSEQUENT EVENTS

Through the CRTC's tangible benefits related to the acquisition of Astral Media, Bell Media and Corus Entertainment confirmed their contributions to the Talent Fund for a total amount of \$13.7 million over the next seven years. These amounts will be recognized annually under the cost of operations and revenues.

4

ACCOUNTS RECEIVABLE

	March 31, 2014	March 31, 2013
Accounts receivable related to investment revenues and recoveries	1,325	1,448
Taxes to be recovered	1,302	680
Other accounts receivable	427	444
	3,054	2,572

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.

	March 31, 2014	March 31, 2013
Due from Consolidated Revenue Fund	–	74
Accounts receivable	391	300
Accounts payable and accrued liabilities	391	374

6

FINANCIAL ASSISTANCE PROGRAMS OBLIGATIONS

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

	2015	2016	2017	Total March 31, 2014	Total March 31, 2013
Contracts signed in fiscal:					
2010 and prior years	568	11	–	579	933
2011	328	–	–	328	1,228
2012	942	–	–	942	4,741
2013	9,175	–	–	9,175	26,828
2014	21,986	1,755	1,014	24,755	–
	32,999	1,766	1,014	35,779	33,730

7

LIABILITIES FOR EMPLOYEE FUTURE BENEFITS

	Severance benefits	Sick leave	Parental leave	Total
Balance as at March 31, 2012	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)
Balance as at March 31, 2013	1,610	546	94	2,250
Cost for services rendered during the year	1,160	97	105	1,362
Benefits paid during the year	(2,417)	(90)	(105)	(2,612)
Balance as at March 31, 2014	353	553	94	1,000

A. SEVERANCE BENEFITS OBLIGATION

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

In 2013, to calculate the severance benefit obligation, the Corporation used a salary increase rate of 2.50%, a discount rate of 3.00%, a 10.00% probability of employee departure before age 55 and a retirement age assumption of 60.

These benefits ceased to accumulate as at the end of the fiscal year as a result of the Corporation's decision to terminate these benefits. Employees were given the option of immediately cashing out their severance benefits or deferring payment until termination or retirement. The obligation is adjusted at year-end to reflect employees' current salary. Most of the severance benefit obligation balance will be paid in the coming fiscal year. Benefits will be paid from future parliamentary appropriations.

B. SICK LEAVE OBLIGATION

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

To calculate the sick leave obligation, the Corporation uses an average daily salary of \$291 (\$286 in 2013), a 2.50% rate of salary increase (2.50% in 2013), a 3.00% annual utilization rate (3.00% in 2013), a 2.75% discount rate (3.00% in 2013) and a 10.00% departure rate (10.00% in 2013). Benefits will be paid from future parliamentary appropriations and other funding sources.

7. LIABILITIES FOR EMPLOYEE FUTURE BENEFITS (CONT.)**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

Eligible employees of the Corporation are covered by the Public Service Pension Plan, a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate for 2014 is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate is 1.45 times (2013—1.64) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate is 1.43 times the employee's contribution (2013—1.57). Total contributions of \$1,921,000 is recognized as an expense in 2014 (2013—\$1,967,000).

8**TANGIBLE CAPITAL ASSETS**

	March 31, 2013	Acquisitions	Disposals	Transfers	March 31, 2014
Leasehold improvements					
Cost	4,595	674	(553)	19	4,735
Amortization	(3,910)	(482)	553	—	(3,839)
	685	192	—	19	896
Technological equipment and furniture					
Cost	1,143	98	(139)	—	1,102
Amortization	(863)	(82)	139	—	(806)
	280	16	—	—	296
Software					
Cost	14,700	134	—	293	15,127
Amortization	(14,392)	(173)	—	—	(14,565)
	308	(39)	—	293	562
Work in progress					
Cost	312	63	—	(312)	63
Net carrying amount	1,585	232	—	—	1,817

9

FINANCIAL INSTRUMENTS

A. FAIR VALUE

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

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

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

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

i. Interest rate risk

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

ii. Liquidity risk

The Corporation is exposed to liquidity risk as a result of its financial liabilities: accounts payable and accrued liabilities, and financial assistance programs obligations (Note 6). The following table shows the contractual maturities of accounts payable and accrued liabilities as at March 31, 2014:

	March 31, 2014	March 31, 2013
1-30 days	1,845	1,864
31-90 days	—	—
91 days to 1 year	180	202
Total carrying amount and contractual cash flows	2,025	2,066

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 accounts receivable and the receivable 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, 2014, the maximum credit risk exposure to accounts receivable is equal to their carrying amount. The Corporation performs an individual analysis of the 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 allowance for bad debts are detailed as follows:

	March 31, 2014	March 31, 2013
Current—30 days	1,843	1,332
31-90 days	377	720
91 days and over	1,349	1,367
Gross accounts receivable	3,569	3,419
Allowance for bad debts		
Balance, beginning of year	847	952
Bad debt expenses	69	79
Debts written off and collections	(401)	(184)
Balance, end of year	515	847
Net accounts receivable	3,054	2,572

RECEIVABLE FROM THE CANADA MEDIA FUND

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

10

COMMITMENTS

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

	Total
2015	1,204
2016	1,617
2017	1,608
2018	1,630
2019 and thereafter	10,315
	16,374

11

CONTINGENCIES

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

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 2012-2013 figures have been reclassified to conform to the presentation adopted for 2013-2014.

14

BUDGET INFORMATION

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

SCHEDULES A AND B

OTHER INFORMATION

A. OPERATING AND ADMINISTRATIVE EXPENSES

	2014 Budget	2014	2013
Salaries and employee benefits	19,879	19,065	19,848
Rent, taxes, heating and electricity	1,875	1,873	1,892
Professional services	2,217	1,545	1,694
Information technology	1,224	1,159	1,242
Amortization of tangible capital assets	726	737	1,036
Office expenses	675	637	580
Travel and hospitality	611	525	553
Advertising and publications	334	252	224
	27,541	25,793	27,069

B. COSTS OF CANADA MEDIA FUND PROGRAMS

	2014 Budget	2014	2013
Salaries and employee benefits			
Management, administration and delivery	6,023	5,829	5,914
Shared services departments	1,206	1,169	1,331
Departments in support of operations	2,706	2,707	2,727
Other costs	134	104	171
	10,069	9,809	10,143

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

MANAGEMENT, ADMINISTRATION AND PROGRAM DELIVERY AND SHARED SERVICES DEPARTMENTS

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

DEPARTMENTS IN SUPPORT OF OPERATIONS

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

OTHER COSTS

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

ADDITIONAL INFORMATION

TALENT FUND ADVISORY COMMITTEE

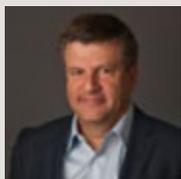
Telefilm continues to find ways to expand its role as funder by offering the Canadian audiovisual industry a tool to diversify its funding sources. The Talent Fund is designed to support productions by talented young and emergent filmmakers across Canada and by experienced and award-winning Canadian filmmakers. The Fund's Advisory Committee is composed of business and community leaders from across the country.



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



Margaret Anne Fountain
Philanthropist and Art Activist
(Nova Scotia)



John Bitove
CEO, Obelysk Inc.
(Ontario)



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



Micheline Bouchard
Corporate Director
(Quebec)



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



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



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

TALENT FUND DONORS

- | | | |
|---|-------------------------------------|------------------------|
| 1. The Virmani Family Charitable Foundation | 3. Carolyn Hursh and Lawrence Hursh | 6. Brian Hastings |
| 2. Entertainment One Films Canada Inc. | 4. Kivuto Solutions Inc. | 7. Kathleen Sandall |
| | 5. Elisabeth Ruth Hastings | 8. Frederick Gallagher |

FILMS FUNDED THROUGH PRODUCTION AND POST-PRODUCTION PROGRAMS

- | | | | |
|------------------------------|--------------------------------|-------------------------------|---------------------------------|
| 1. 88 | 23. Cubicle Warriors | 47. Les démons | 71. Standstill |
| 2. 1987 | 24. Down in the Valley | 48. Les loups | 72. Swearnet |
| 3. A Christmas Horror Story | 25. Down River | 49. Les maîtres du suspense | 73. Teen Lust |
| 4. A Worthy Companion | 26. Dr. Cabbie | 50. Lièvres | 74. The Birdwatcher |
| 5. After the Ball | 27. Eadweard | 51. Life | 75. The Calling |
| 6. Algonquin | 28. Endorphine | 52. Love Project | 76. The Dark Stranger |
| 7. Ally Was Screaming | 29. Entre la paix et la guerre | 53. Lure | 77. The Devil's Horn |
| 8. Aloft | 30. Fall | 54. Man Vs. | 78. The Dick Knost Show |
| 9. Autrui | 31. Guidance | 55. Maps to the Stars | 79. The Editor |
| 10. Avant les rues | 32. Gurov and Anna | 56. Midnight Sun | 80. The Elephant Song |
| 11. Backcountry | 33. Heartbeat | 57. Mommy | 81. The Girl King |
| 12. Ballerina | 34. Hellions | 58. Mountain Men | 82. The Scarehouse |
| 13. Bang Bang Baby | 35. Henri Henri | 59. N.O.I.R. | 83. The Secret Trial 5 |
| 14. Big Muddy | 36. Hit by Lightning | 60. No Men Beyond this Point | 84. Turbo Kid |
| 15. Big News from Grand Rock | 37. How to Be Deadly | 61. One Sweet Film | 85. Two 4 One |
| 16. Black Code | 38. I Put a Hit on You | 62. Patch Town | 86. Un film de chasse de filles |
| 17. Black Fly Summer | 39. Je suis à toi | 63. Pretend We're Kissing | 87. Un monde truqué |
| 18. Chorus | 40. Katia | 64. Qu'est-ce qu'on fait ici? | 88. Wet Bum |
| 19. Cinemanovels | 41. La face cachée de l'impôt | 65. Reasonable Doubt | 89. What an Idiot |
| 20. Corbo | 42. La gang des hors-la-loi | 66. Regression | 90. What We Have |
| 21. Crawlspace | 43. La guerre des tuques 3D | 67. Relative Happiness | 91. Zoom |
| 22. Cruel & Unusual | 44. La passion d'Augustine | 68. Remember | |
| | 45. La petite reine | 69. Rest Home | |
| | 46. Le vrai du faux | 70. Seances | |

FILMS FUNDED THROUGH THE MARKETING PROGRAMS

- | | | | |
|--|---|-----------------------------------|---|
| 1. 3 histoires d'Indiens | 25. Foxfire, Confessions of a Girl Gang | 49. Les États inventés d'Amérique | 71. That Burning Feeling |
| 2. Acrobat | 26. Gabrielle | 50. L'ours | 72. The Apprenticeship of Duddy Kravitz |
| 3. AKP: Job 27 | 27. Gerontophilia | 51. Maïna | 73. The Art of the Steal |
| 4. All the Wrong Reasons | 28. Ghosts with Shit Jobs | 52. Margarita | 74. The Colony |
| 5. Amsterdam | 29. Henry | 53. Meetings with a Young Poet | 75. The Dirties |
| 6. Arwad | 30. Hot Dog | 54. Mesnak | 76. The Disappeared |
| 7. Ayiti Toma | 31. Hotel Congress | 55. Miraculum | 77. The Good Lie |
| 8. Bird Co. Media | 32. Il était une fois les boys | 56. Moroccan Gigolos | 78. The Husband |
| 9. Blackbird | 33. It Was You Charlie | 57. No Clue | 79. The Right Kind of Wrong |
| 10. Bunker 6 | 34. Jeppe on a Friday | 58. Patch Town | 80. The Year Dolly Parton Was My Mom |
| 11. Cas & Dylan | 35. La cicatrice | 59. Pour l'amour de Dieu | 81. Three Night Stand |
| 12. Chasse au Godard d'Abbitibbi | 36. La coupe | 60. Premier amour | 82. Tom à la ferme |
| 13. Clydecynic | 37. La fille du Martin | 61. Que ta joie demeure | 83. Tout ce que tu possèdes |
| 14. Corno, corps et âme | 38. La garde | 62. Quelqu'un d'extraordinaire | 84. Toutes des connes |
| 15. Cyanure | 39. La légende de Sarila | 63. Rebelle | 85. Triptyque |
| 16. Dead Before Dawn 3D | 40. La maison du pêcheur | 64. Ressac | 86. Un parallèle plus tard |
| 17. Diego Star | 41. Lac mystère | 65. Rouge sang | 87. Une jeune fille |
| 18. Dr. Cabbie | 42. L'ADN de GSP | 66. Sarah préfère la course | 88. Vic & Flo ont vu un ours |
| 19. Elliot | 43. L'ange gardien | 67. Secondaire 5 | 89. Wakening |
| 20. Empire of Dirt | 44. L'autre maison | 68. Sex After Kids | 90. Watermark |
| 21. Enemy | 45. Le bunker | 69. Stage Fright | 91. When Jews Were Funny |
| 22. Exil | 46. Le coq de St-Victor | 70. Stay | 92. Whitewash |
| 23. Fermières | 47. Le démantèlement | | |
| 24. Fight Like Soldiers, Die Like Children | 48. Les 4 soldats | | |

CANADIAN FILM FESTIVALS FUNDED THROUGH THE PROMOTION PROGRAM

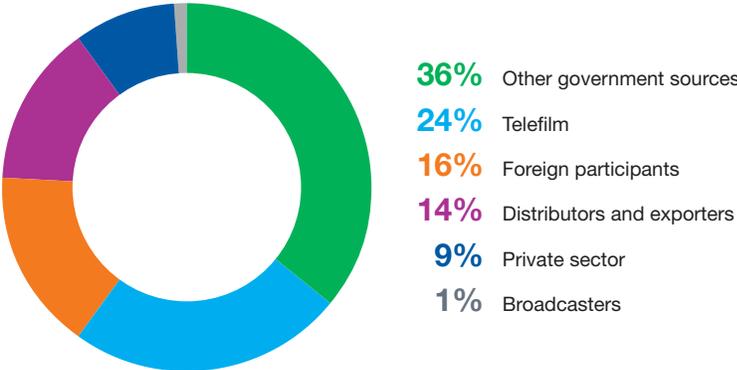
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| 1. Atlantic Film Festival | 13. Festival du film de l'Outaouais | 23. Gimli Film Festival | 35. Rendez-vous du cinéma québécois et francophone de Vancouver |
| 2. Available Light Film Festival and Media Industry Forum | 14. Festival du film et de la vidéo autochtone de Montréal | 24. Hot Docs—Canadian International Documentary Festival | 36. St. John's International Women's Film Festival |
| 3. Calgary International Film Festival | 15. Festival du nouveau cinéma de Montréal | 25. Images Festival | 37. Toronto International Film Festival |
| 4. Caribbean Tales Youth Film Festival | 16. Festival international de cinéma jeunesse de Rimouski | 26. imagineNATIVE Film + Media Arts Festival | 38. Toronto Reel Asian International Film Festival |
| 5. Cinéfest Sudbury International Film Festival | 17. Festival international de cinéma Vues d'Afrique | 27. Kingston Canadian Film Festival | 39. Vancouver International Film Festival |
| 6. Cinéfranco—Festival international du film francophone | 18. Festival international de films Fantasia | 28. Ottawa International Animation Festival | 40. Victoria Film Festival |
| 7. Cinémental | 19. Festival international du cinéma francophone en Acadie | 29. Percéides—Festival international de cinéma et d'art de Percé | 41. Whistler Film Festival |
| 8. DOXA Documentary Film Festival | 20. Festival international du film pour enfants de Montréal | 30. Reel 2 Real International Film Festival for Youth | 42. Windsor International Film Festival |
| 9. Dreamspeakers Film Festival | 21. Festival international du film sur l'art | 31. ReelWorld Film Festival | 43. Yorkton Short Film & Video Festival |
| 10. Edmonton International Film Festival | 22. Freeze Frame: The International Film Festival for Kids of All Ages | 32. Regard sur le court métrage au Saguenay | |
| 11. Festival des films du monde | | 33. Rencontres internationales du documentaire de Montréal | |
| 12. Festival du cinéma international en Abitibi-Témiscamingue | | 34. Rendez-vous du cinéma québécois | |

INTERNATIONAL FILM FESTIVALS, MARKETS AND EVENTS ATTENDED BY TELEFILM

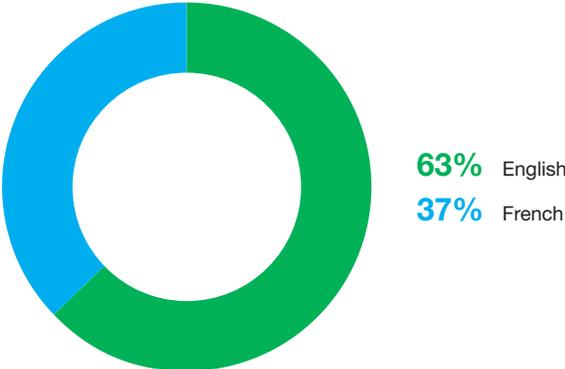
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| 1. Academy Awards | 9. Clermont—Ferrand International Short Film Festival | 15. IFP Filmmaker Conference | 23. MyFrenchFilmFestival |
| 2. ACE—Ateliers du Cinéma Européen | 10. Festival de Cannes | 16. International Film Festival Rotterdam | 24. National Association of Television Program Executives |
| 3. Beijing International Film Festival | 11. Festival du film francophone d'Angoulême | 17. Karlovy Vary International Film Festival | 25. Palm Springs International Film Festival |
| 4. Berlinale / European Film Market | 12. Festival international du film francophone de Namur | 18. Locarno International Film Festival | 26. Sundance Film Festival |
| 5. Bogota Audiovisual Market | 13. FILMART—Hong Kong International Film & TV Market | 19. Los Cabos International Film Festival | 27. Tokyo International Film Festival |
| 6. Busan International Film Festival | 14. Game Developers Conference | 20. Miami International Film Festival | 28. Toronto International Film Festival |
| 7. Canadian Front at the Museum of Modern Art in New York | | 21. MIPCOM | 29. Venice Film Festival |
| 8. Cinéma du Québec à Paris | | 22. MIPTV | |

STATISTICS

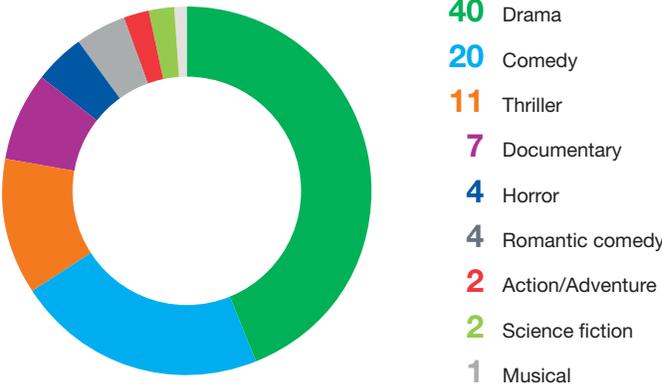
Financial participation in Telefilm-funded productions



Funding by language market



Film genres—Production and post-production
(number of films)



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