

NATIONAL FILM BOARD
Financial Statements
March 31, 2023

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2023, and all information contained in these statements rests with the management of the National Film Board (the "Board"). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian Public Sector Accounting Standards. They have been approved by the Board of Trustees.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Board's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Board's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Board and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

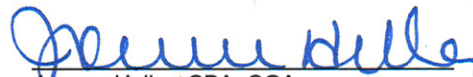
The Board is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board *Policy on Financial Management*.

A Core Control Audit was performed in 2016-2017 by the Office of the Comptroller General of Canada (OCG). The Audit Report and related Management Action Plan are posted on the departmental web site at www.canada.ca.

The Auditor General of Canada, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of the Board which does not include an audit opinion on the annual assessment of the effectiveness of the Board's internal controls over financial reporting.



Suzanne Guèvremont
Government Film Commissioner



Joanne Heller, CPA, CGA
Director General, Finance & Administration
(Chief Financial Officer)

Montreal, Canada
July 11, 2023



INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Film Board (the Board), which comprise the statement of financial position as at 31 March 2023, and the statement of operations and departmental net financial position, statement of change in departmental net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2023, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the National Film Board coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *National Film Act* and the by-laws of the National Film Board.

In our opinion, the transactions of the National Film Board that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the National Film Board's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the National Film Board to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Tina Swiderski, CPA auditor
Principal
for the Auditor General of Canada

Montréal, Canada
11 July 2023

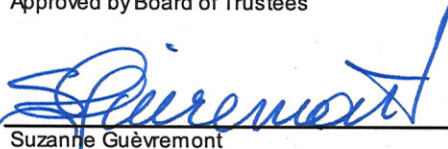
NATIONAL FILM BOARD
Statement of Financial Position
As at March 31
(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 4,946	\$ 5,041
Accrued salaries	1,804	1,591
Vacation pay and provision for salary revisions	3,136	3,590
Deferred revenue	577	661
Lease obligation for tangible capital assets (Note 5)	133	222
Employee future benefits (Note 6)	3,273	3,715
Total net liabilities	<u>13,869</u>	<u>14,820</u>
Financial assets		
Due from Consolidated Revenue Fund	4,206	3,416
Accounts receivable (Note 7)	1,679	2,278
Deposits	120	101
Total net financial assets	<u>6,005</u>	<u>5,795</u>
Departmental net debt	<u>7,864</u>	<u>9,025</u>
Non-financial assets		
Prepaid expenses	806	743
Inventory	113	166
Tangible capital assets (Note 8)	21,482	23,974
Total non-financial assets	<u>22,401</u>	<u>24,883</u>
Departmental net financial position	<u>\$ 14,537</u>	<u>\$ 15,858</u>

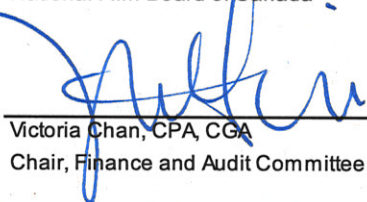
Contractual obligations (Note 9)
Contingent liabilities (Note 10)
Contractual rights (Note 14)

The accompanying notes form an integral part of these financial statements.

Approved by Board of Trustees



Suzanne Guèvremont
Government Film Commissioner and Chairperson,
National Film Board of Canada



Victoria Chan, CPA, CGA
Chair, Finance and Audit Committee

July 11, 2023

NATIONAL FILM BOARD
Statement of Operations and Departmental Net Financial Position
For the year ended March 31
(in thousands of dollars)

	<u>2023</u>	<u>2023</u>	<u>2022</u>
Expenses			
(note 11 a)	Expected results		
Audiovisual Production	\$ 37,843	\$ 39,845	\$ 40,561
Accessibility and Audience Engagement	23,982	27,217	25,144
Internal Services	10,710	10,932	11,341
Total expenses	<u>72,535</u>	<u>77,994</u>	<u>77,046</u>
Revenues			
(note 11 b)			
Audiovisual Products	2,457	2,709	2,584
Partnerships and Pre-sale	1,649	788	3,394
Technical services	25	649	52
Other Revenues	75	86	44
Total revenues	<u>4,206</u>	<u>4,232</u>	<u>6,074</u>
Net cost of operations before government funding and transfers	<u>68,329</u>	<u>73,762</u>	<u>70,972</u>
Government funding and transfers			
Net cash provided by Government of Canada	66,817	71,651	73,515
Change in due from Consolidated Revenue Fund	700	790	(4,267)
Net cost (revenue) from operations after government funding and transfers	<u>812</u>	<u>1,321</u>	<u>1,724</u>
Departmental net financial position - Beginning of year	<u>15,858</u>	<u>15,858</u>	<u>17,582</u>
Departmental net financial position - End of year	<u>\$ 15,046</u>	<u>\$ 14,537</u>	<u>\$ 15,858</u>

The accompanying notes form an integral part of these financial statements.

NATIONAL FILM BOARD
Statement of Change in Departmental Net Debt
For the year ended March 31
(in thousands of dollars)

	<u>2023</u>	<u>2023</u>	<u>2022</u>
	Expected results		
Net cost (revenue) from operations after government funding and transfers	\$ 812	\$ 1,321	\$ 1,724
Change due to tangible capital assets			
Acquisition of tangible capital assets	3,396	848	1,763
Acquisition of tangible capital lease assets	-	-	-
Amortization of tangible capital assets	(4,431)	(3,336)	(3,872)
Loss on disposal of tangible capital assets	-	(4)	-
Total change due to tangible capital assets	<u>(1,035)</u>	<u>(2,492)</u>	<u>(2,109)</u>
Change due to inventories	-	(53)	75
Change due to prepaid expenses	-	63	32
Net change in department net debt	<u>(223)</u>	<u>(1,161)</u>	<u>(278)</u>
Department net debt - Beginning of year	<u>9,025</u>	<u>9,025</u>	<u>9,303</u>
Department net debt - End of year	<u>\$ 8,802</u>	<u>\$ 7,864</u>	<u>\$ 9,025</u>

The accompanying notes form an integral part of these financial statements.

NATIONAL FILM BOARD
Statement of Cash Flows
For the year ended March 31
(in thousands of dollars)

	<u>2023</u>	<u>2022</u>
Operating activities		
Net cost of operations before government funding and transfers	\$ 73,762	\$ 70,972
Non-cash items:		
Amortization of tangible capital assets	(3,336)	(3,872)
Loss on disposal of tangible capital assets	(4)	-
Change in employee future benefits	327	143
Change in provision for salary revisions	276	165
Recognition of deferred revenues	661	585
Charge for doubtful accounts	28	(32)
Utilization of prepaid expenses	(509)	(354)
Changes in Statement of Financial Position		
Changes in accrued salaries	(213)	(56)
Change in vacation pay and payable salary revisions	178	1,081
Cash received related to deferred revenue	(577)	(661)
Cash used related to employee future benefits	115	99
Change in accounts payable and accrued liabilities	(131)	1,048
Change in accounts receivable	(627)	347
Change in deposits	19	3
Cash used related to prepaid expenses	572	385
Change in inventory	(53)	75
Cash used in operating activities	<u>70,488</u>	<u>69,928</u>
Capital investing activities		
Cash used to acquire tangible capital assets	<u>1,074</u>	<u>3,474</u>
Cash used in capital investing activities	<u>1,074</u>	<u>3,474</u>
Financing activities		
Lease payments for tangible capital assets	<u>89</u>	<u>113</u>
Cash used in financing activities	<u>89</u>	<u>113</u>
Net cash provided by Government of Canada	<u>\$ 71,651</u>	<u>\$ 73,515</u>

The accompanying notes form an integral part of these financial statements.

NATIONAL FILM BOARD
Notes to Financial Statements
March 31, 2023
(in thousands of dollars)

1) Authority and purposes

The National Film Board was established in 1939 under the *National Film Act* and is the agency responsible for administering the Act.

The National Film Board (the "Board") is a cultural agency named in Schedule I.1 of the *Financial Administration Act* reporting to the Minister of Canadian Heritage. It is administered by a Board of Trustees appointed by the Governor in Council and chaired by the Government Film Commissioner.

The Board's legislative mandate is to initiate and promote the production and distribution of films in the national interest and, in particular:

- to produce and distribute and to promote the production and distribution of films designed to interpret Canada to Canadians and to other nations;
- to represent the Government of Canada in its relations with persons engaged in commercial motion picture film activity in connection with motion picture films for the Government or any department thereof;
- to engage in research in film activity and to make available the results thereof to persons engaged in the production of films;
- to advise the Governor in Council in connection with film activities;
- to discharge such other duties relating to film activity as the Governor in Council may direct it to undertake.

The Board is not subject to income taxes.

2) Significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian Public Sector Accounting Standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian Public Sector Accounting Standards.

Unless otherwise specified, the figures presented in the Financial Statements are stated in thousands of Canadian dollars.

Significant accounting policies are as follows:

Parliamentary authorities

Operations are funded through a permanent authority from Parliament (Revolving Fund) and Parliamentary authorities voted annually.

The Revolving Fund allows the Board to make payments out of the Consolidated Revenue Fund for working capital, interim financing of operating costs and capital assets acquisitions. Based on a decision by the Treasury Board issued in 2001, this authority requires that the aggregate of admissible working capital and net book value of capital assets does not exceed \$15 million. Amounts used for capital projects are included in current financial year authorities used in note 3b. In 2023, the Board did not use the Revolving fund for projects (2022 - \$ 0). The use of the year 2020 will be reimbursed according to the directives and terms of the Treasury Board Secretariat, starting in 2022. The amount reimbursed in 2023 is \$ 1,473 (2022 - \$ 1,678).

The Board is also financed in part by the Government of Canada through Parliamentary authorities voted annually. Financial reporting of authorities provided to the Board do not parallel financial reporting according to Generally Accepted Accounting Principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides reconciliation between the two bases of reporting.

The planned results amounts presented in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-Oriented Statement of Operations included in the *2022-2023 Departmental Plan*. The planned results amounts in the "Government funding and

transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt were prepared for internal management purposes and have not been previously published.

Every year, the Board presents information on planned expenditures to Parliament through the tabling of Estimates publications. These estimates result in the introduction of supply bills (which once passed into legislation, become appropriation acts) in accordance with the reporting cycle for government expenditures. The Board exercises expenditure initiation processes such that unencumbered balances of budget allotments and appropriations are monitored and reported on a regular basis to help ensure sufficient authority remains for the entire period and appropriations are not exceeded.

Liquidity risk is the risk that the Department will encounter difficulty in meeting its obligations associated with financial liabilities. The Board's objective for managing liquidity risk is to manage operations and cash expenditures within the appropriation authorized by Parliament or allotment limits approved by the Treasury Board.

Consistent with Section 32 of the *Financial Administration Act*, the Board's policy to manage liquidity risk is that no contract or other arrangement providing for a payment shall be entered into with respect to any program for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons to which the payment will be charged, unless there is a sufficient unencumbered balance available out of the appropriation or item to discharge any debt that, under the contract or other arrangement, will be incurred during the fiscal year in which the contract or other arrangement is entered into.

The Board's risk of exposure and its objectives, policies and processes to manage and measure this risk did not change significantly from the prior year.

Net cash provided by Government of Canada

The Board operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Board is deposited to the CRF and all cash disbursements made by the Board are paid from the CRF. The net cash provided by the Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal Government.

Due from or to the Consolidated Revenue Fund

Amounts due from or to the Consolidated Revenue Fund (CRF) are the result of timing differences between when a transaction affects the Board's authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Board is entitled to draw from the CRF without further authorities to discharge its liabilities. This amount is not considered to be a financial instrument.

Expense recognition

Expenses are recorded on an accrual basis. Expenses related to *Audiovisual Production* include the costs of activities for the development and production of audiovisual works of all kinds. Expenses related to *Accessibility and Audience Engagement* include activities necessary to make the Board's productions accessible, including the preservation and conservation of the collection as well as the promotion and distribution of the works. *Internal Services* are expenses incurred to meet the Board's programming and other general obligations.

Vacation pay is expensed, as the benefits are earned by employees under their respective terms of employment.

Revenues

Partnerships and Pre-sales and revenues from *Audiovisual Products* other than royalty revenues are recognized when amounts are due.

Royalty revenues are recognized once all of the Board's obligations have been fulfilled and its expenses have been accounted for, regardless of when the acquirer actually uses the work.

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Accounts receivable

Accounts receivable are stated at amounts expected to be ultimately realized. A provision is recorded for external parties' accounts receivable where recovery is considered uncertain.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board is not exposed to significant credit risk. The Board provides services to other government departments and agencies and to external parties in the normal course of business. Accounts receivable are due on demand. The Board's maximum exposure to credit risk is equal to the carrying value of its accounts receivable.

Inventory

Materials and supplies are valued at cost.

Film prints and other forms of visual presentation held for sale are valued at the lower of cost or net realizable value.

Tangible capital assets

All tangible capital assets having an initial cost of \$10,000 or more and leasehold improvements of \$10,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the assets, as follows:

Asset class	Amortization period
Technical equipment	from 4 to 20 years
Software & data-processing equipment	from 3 to 10 years
Office furniture, equipment & other	from 5 to 10 years
Rolling stock	5 years
Leasehold improvements	terms of the leases

Amounts related to projects in progress are transferred to the appropriate tangible capital assets category when the project is complete and amortized according to the Board's policy.

The Board has a collection of nearly twenty thousand audiovisual works produced since 1895. This inestimable collection is not intended for sale and does not have a measurable value. It has, however, been assigned a nominal value of \$1 in the financial statements, appearing on the Statement of Financial Position and in note 8 as tangible capital assets to ensure that the reader is aware of its existence. The Board does not capitalize other intangibles that have cultural, aesthetic or historical value.

The Board enters into operating lease agreements to acquire the exclusive use of certain tangible capital assets over the term of the lease. These rental fees are charged to operations in the year to which they apply. The Board also enters into capital lease agreements by which substantially all the benefits and risks inherent to ownership of the assets are transferred to the Board. The Board then records an asset and an obligation corresponding to the present value of the minimum lease payments, excluding the portion thereof relating to executory costs. The assets recorded from a capital lease agreement are amortized on the same basis as other assets owned by the Board and the obligations are amortized over the lease term.

Other financial assets and financial liabilities

Financial instruments of the Board are stated at cost or amortized cost. Financial assets consist of assets that could be used to reimburse existing liabilities or finance future operations.

The Board has the following financial assets:

- Accounts receivable related to the sale of audiovisual products to external parties or other departments and agencies (net of allowances for doubtful accounts)
- Deposits related to productions abroad

Financial liabilities consist of accounts payable and accrued liabilities, and accrued salaries.

Non-financial assets

Non-financial assets are assets that are intended to be used in the normal course of operations. They are converted into expenses in future periods and include tangible fixed assets, inventories and prepaid expenses.

Employee Future Benefits

Pension benefits

Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The Board's contributions to the Plan are charged to expenses in the year incurred and represent the Board's total obligation to the Plan. The Board's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

Severance benefits

Employees are entitled to severance benefits as provided under collective agreements or conditions of employment. In 2012, the program for all employees was eliminated and, consequently, the severance benefits ceased to accumulate. The cost of severance was recorded in the periods in which the benefits were earned by employees. The obligation under severance benefits is calculated at present value using the most probable management assumptions regarding wage, the discount rate and the timing of retirement. These assumptions are reviewed annually.

Compensated absences

Employees are entitled to sick leave and workers' compensation benefits as provided in their collective agreements or conditions of employment. Sick leave days accumulate but do not vest, enabling employees to be paid during their absence due to illness in recognition of prior services rendered. As the employees render services, the value of the compensated sick leave attributed to those services is recorded as a liability and expense. The Board records the cost of workers' compensation benefits to be paid when the event giving rise to the obligation occurs. Management uses assumptions and its best estimates, such as the discount rate, age of retirement, utilization rate of days in excess of the leave granted annually, probability of departure and salary review rate to calculate the present value of the compensated absences obligation. These assumptions are reviewed annually.

Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued, and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the allowance for doubtful accounts, contingent liabilities, the liability related to employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3) Parliamentary authorities

The Board receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current, or future years.

Accordingly, the Board has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year authorities used	<u>2023</u>	<u>2022</u>
Net cost of operations before government funding and transfers	\$ 73,762	\$ 70,972
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Change in vacation pay and provision for salary adjustments not charged to authorities	431	303
Change in accrued liabilities not charged to authorities	181	(242)
Change in doubtful accounts not charged to authorities	28	(32)
Net change in employee future benefits	442	242
Loss on disposal of tangible capital assets	(4)	-
Amortization of tangible capital assets	<u>(3,336)</u>	<u>(3,872)</u>
	<u>(2,258)</u>	<u>(3,601)</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (less):		
Acquisition of tangible capital assets	848	1,763
Lease payments for tangible capital assets	<u>89</u>	<u>113</u>
	<u>937</u>	<u>1,876</u>
Current year authorities used	\$ 72,441	\$ 69,247
b) Authorities provided and used:	<u>2023</u>	<u>2022</u>
Authorities provided		
Main Estimates	\$ 65,648	\$ 65,582
Supplementary Estimates authorities	9,752	7,268
Less:		
Authorities available for future years	(1,475)	(1,925)
Frozen allotment	<u>(1,484)</u>	<u>(1,678)</u>
Current year authorities used	\$ 72,441	\$ 69,247

4) **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities are measured at cost and are due, mainly, within six months following the closing date.

The following table presents details of the Board's accounts payable and accrued liabilities.

	<u>2023</u>	<u>2022</u>
Accounts payable and Accrued liabilities - Other government departments and agencies	\$ 867	\$ 576
Accounts payable and Accrued liabilities - External parties	<u>3,871</u>	<u>4,109</u>
Total accounts payable and Accrued liabilities	\$ 4,738	\$ 4,685
Accrued liabilities - reorganization	<u>208</u>	<u>356</u>
Total accounts payable and accrued liabilities	\$ <u>4,946</u>	\$ <u>5,041</u>

During the 2022-2023 financial year, the Board had to pursue the reorganization of its operations. As a result, on March 31, 2023, the Board recognized an additional termination benefit obligation in the amount of \$208 (2022 - \$356) in its accrued liabilities for estimated work force adjustment costs.

5) **Lease obligation for tangible capital assets**

At year end, the Board has an agreement to lease technical equipment under two (2) capital leases (note 8). The asset was capitalized using implicit interest rates varying from 0.6% to 1.4%. The corresponding liabilities will be repaid during term of the lease of 2 years. The agreements include options to renew at monthly rent as well as repurchase options valued at the end of the lease based on the fair market value of the leased assets. Payments for the year ended March 31, 2023 totaled \$89 (2022 - \$113). Interest of \$2 (2022 - \$4) is charged to operations.

	<u>2023</u>	<u>2022</u>
2022-2023	-	92
2023-2024	92	92
2024-2025	<u>43</u>	<u>42</u>
Total future minimum lease payments	135	226
Less: Imputed interest	<u>(2)</u>	<u>(4)</u>
Balance of lease obligation for tangible capital assets	\$ <u>133</u>	\$ <u>222</u>

6) **Employee future benefits**

Pension benefits

The Board's eligible employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

Both the employees and the Board contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to *Economic Action Plan 2012*, employee contributors have been divided into two groups: Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

In 2023, the expense amount for Group 1 and Group 2 members is \$3,532 (2022 - \$3,375). For the members of group 1, the charges represent approximately 1.02 times the employee contributions and for the members of group 2, the charges represent approximately 1.00 times the employee contributions. In 2022, the charges represent approximately 1.01 times the employee contributions and for the members of group 2, the charges represent approximately 1.00 times the employee contributions.

The Board's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

Severance benefits and compensated absences

Severance benefits

The Board provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities.

As part of collective agreement negotiations and conditions of employment, the accumulation of severance benefits under the employees' severance pay program ceased commencing in 2012. Employees subject to these changes had, until December 31, 2013, the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service.

As at March 31, 2023, to calculate the obligation of the remaining portion, the Board uses a rate of compensation increase estimate at 2.75% (2022 – 2.00%), an estimated discount rate of 2.99% (2022 – 2.42%), a benefit plan contribution rate of 23.80% (2022 – 24.00%) and a horizon of retirement estimated at 60 years old.

Compensated absences

The Board provides its employees with sick leave benefits based on their salary and the entitlements accumulated over their years of service. These entitlements are accumulated but do not vest. The Board has also recognized a workers' compensation obligation.

To calculate the obligation for sick leave, the Board uses an average daily wage of \$345 (2022 – \$345), a rate of salary increase of 3.39% (2022 – 3.37%), an average annual utilization rate of 2.24% (2022 – 2.37%), a discount rate of 2.99% (2022 – 2.42%), a 4.37% (2022 – 3.98%) probability of employee departure, a benefit plan contribution rate of 23.80% (2022 – 24.00%) and a retirement age assumption of 60 or 65 years old, depending on the beginning of employment.

To calculate the workers' compensation obligation, the Board uses the provisions of the applicable workers' compensation plan and a discount rate of 2.99% (2022 – 2.42%).

Information about the severance and compensated absence benefits, measured as of March 31, 2023, is as follows:

	<u>Severance Benefits</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance as at March 31, 2021	\$ 896	\$ 3,061	\$ 3,957
Expense for the year	(10)	(133)	(143)
Benefits paid during the year	(69)	(30)	(99)
Balance as at March 31, 2022	\$ 817	\$ 2,898	\$ 3,715
Expense for the year	(3)	(324)	(327)
Benefits paid during the year	(84)	(31)	(115)
Balance as at March 31, 2023	\$ 730	\$ 2,543	\$ 3,273

7) Accounts receivable

The following table presents details of the Board's accounts receivable:

	<u>2023</u>	<u>2022</u>
Receivables - Other government departments and agencies	\$ 288	\$ 461
Receivables - External parties	1,652	2,155
Subtotal	1,940	2,616
Allowance for doubtful accounts on receivables from external parties	(261)	(338)
Total accounts receivable	\$ 1,679	\$ 2,278

8) Tangible capital assets

	March 31, 2022	Additions	Disposals & write-offs	Transfers	March 31, 2023
Technical equipment					
Cost	\$ 16,178	\$ 357	\$ (600)	\$ -	\$ 15,935
Accumulated amortization	(10,790)	(1,556)	596	-	(11,750)
	<u>5,388</u>	<u>(1,199)</u>	<u>(4)</u>	<u>-</u>	<u>4,185</u>
Software & data processing equipment					
Cost	12,953	441	(882)	-	12,512
Accumulated amortization	(11,140)	(586)	882	-	(10,844)
	<u>1,813</u>	<u>(145)</u>	<u>-</u>	<u>-</u>	<u>1,668</u>
Office furniture, equipment & other					
Cost	1,540	-	-	-	1,540
Accumulated amortization	(468)	(166)	-	-	(634)
	<u>1,072</u>	<u>(166)</u>	<u>-</u>	<u>-</u>	<u>906</u>
Rolling stock					
Cost	25	-	-	-	25
Accumulated amortization	(11)	(5)	-	-	(16)
	<u>14</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>9</u>
Leasehold improvements					
Cost	20,459	50	-	-	20,509
Accumulated amortization	(4,772)	(1,023)	-	-	(5,795)
	<u>15,687</u>	<u>(973)</u>	<u>-</u>	<u>-</u>	<u>14,714</u>
Collection¹	-	-	-	-	-
Work in progress	-	-	-	-	-
Total					
Cost	51,155	848	(1,482)	-	50,521
Accumulated amortization	(27,181)	(3,336)	1,478	-	(29,039)
Net book value	<u>\$ 23,974</u>	<u>\$ (2,488)</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 21,482</u>

¹Board's collection has a symbolic value of \$1.

The above assets include equipment under capital leases (note 5) for a total cost of \$449 (2022 - \$521) less accumulated amortization of \$312 (2022 - \$261). Current year amortization expense relating to property under capital leases amounts to \$90 (2022 - \$104).

9) Contractual obligations

The nature of the Board's activities can result in multi-year contracts and obligations whereby the Board will be obligated to make future payments for the acquisition of goods or services. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2024	2025	2026	2027	2028 +	Total
Premises	\$ 8,205	\$ 8,259	\$ 8,050	\$ 8,229	\$ 112,292	\$ 145,035
Other goods and services	1,719	647	581	207	212	3,366
Total	<u>\$ 9,924</u>	<u>\$ 8,906</u>	<u>\$ 8,631</u>	<u>\$ 8,436</u>	<u>\$ 112,504</u>	<u>\$ 148,401</u>

The agreements for leased premises in the amount of \$145,035 were signed with Public Services and Procurement Canada (PSPC). The Board entered into an agreement with Public Services and Procurement Canada for a 20 year lease as of fiscal year 2020 for the rental of new space for its headquarters as well as a 20 year lease for the rental of new space for the conservation room.

10) Contingent liabilities

In the normal course of business, the Board may be subjected to various claims or legal proceedings. Management believes that should the Board be found liable pursuant to one or more of these proceedings, the aggregate liabilities resulting from such proceedings would not be material.

11) Expenses by major object and types of revenues

The following table presents the expenses incurred and revenues generated by main expenditure objects and type of revenues.

	<u>2023</u>	<u>2022</u>
a) Expenses		
Salaries and benefits	\$ 43,642	\$ 42,965
Professional and special services	12,594	13,617
Rentals	9,718	9,206
Amortization of tangible capital assets	3,336	3,872
Transportation and communication	2,990	1,528
Materials and supplies	1,621	1,760
Repairs and upkeep	1,534	1,409
Cash financing in co-productions	848	820
Information	812	742
Royalties	593	725
Contracted film production and laboratory processing	209	343
Miscellaneous	93	59
Loss on disposal of tangible capital assets	4	-
	<u>\$ 77,994</u>	<u>\$ 77,046</u>
b) Revenues		
Royalties and subscriptions	\$ 2,191	\$ 2,046
Partnerships and pre-sale	788	3,394
Technical services	649	52
Stock shots	469	470
Miscellaneous	86	44
Film prints and downloads	49	68
	<u>\$ 4,232</u>	<u>\$ 6,074</u>

12) Related party transactions

The Board is related, as a result of common ownership, to all government departments, agencies and Crown corporations as well as with its main leaders, their close relatives and the entities subject to the control of these persons. The Board enters into transactions with these entities in the normal course of business and on normal trade terms. These transactions are recorded at their exchange amount with the exception of unrecognized services in the Statement of Operations and Departmental Net Financial Position.

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and payments issuance services provided by PSPC, internal audit services provided by the Office of the Comptroller General and external audit services provided by the Office of the Auditor General, are not included in the Board's Statement of Operations and Departmental Net Financial Position.

	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 10	\$ 34
Accounts payable	\$ 867	\$ 577
Expenses	\$ 18,022	\$ 17,595
Revenues	\$ 390	\$ 1,947

During the year ending March 31, 2023, the Board leased premises from Public Services and Procurement Canada (PSPC) in the amount of \$8,035 (2022 – \$7,872). This amount is included in the expenses. The expenses in 2023 includes a capitalized amount of \$50 (2022 – \$117) related with leasehold improvements of the new premises of the headquarters.

13) The Documentary Channel

Since 2002, the Board owns a permanent share of 14%, composed of 14 units at \$1 each, of the specialized television channel The Documentary Channel. Pursuant to the investment agreement, the Board's obligations with respect to debts, liabilities, and other obligations are limited to the capital invested.

Revenues from portfolio investments are recognized only to the extent that they are received or eligible and they are presented under miscellaneous revenues in the income statement in the amount of \$0 (\$0 in 2022).

14) Contractual Rights

By their nature, the activities of the Board may give rise to rights to economic resources arising from contracts or agreements that will result in assets and income in the future over a number of years. During the year, the Office entered into five agreements with collaborators valued at \$536, of which \$414 remains to be collected in subsequent years. During the year 2022, the Board entered into four agreements with collaborators valued at \$1,552, of which \$0 remains to be collected in subsequent years. The nine agreements are valued at \$2,088 of which \$414 remains to be collected in subsequent years.

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u>
Contractual Rights	\$ 414	\$ -	\$ -	\$ -	\$ -	\$ 414