

NATIONAL FILM BOARD
Financial Statements
March 31, 2018

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, 2018, 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 Internal Control*.

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.onf.gc.ca.

The Office of the Auditor General, 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.



Claude Joli-Coeur
Government Film Commissioner



Luisa Frate, CPA, CA
Director General, Finance, Operations and
Technology
(Chief Financial Officer)

Montreal, Canada
July 12, 2018



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage

Report on the Financial Statements

I have audited the accompanying financial statements of the National Film Board, which comprise the statement of financial position as at 31 March 2018, 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 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 the National Film Board as at 31 March 2018, 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.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the National Film Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *National Film Act* and the by-laws of the National Film Board.



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

12 July 2018
Montréal, Canada

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

	<u>2018</u>	<u>2017</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 6,868	\$ 3,689
Accrued salaries	2,111	2,082
Vacation pay and provision for salary revisions	4,818	2,921
Deferred revenue	456	388
Lease obligation for tangible capital assets (Note 6)	71	209
Employee future benefits (Note 7)	3,161	2,712
Total net liabilities	<u>17,485</u>	<u>12,001</u>
Financial assets		
Due from Consolidated Revenue Fund	8,478	4,336
Accounts receivable (Note 8)	3,660	1,709
Deposits	65	90
Total net financial assets	<u>12,203</u>	<u>6,135</u>
Departmental net debt	<u>5,282</u>	<u>5,866</u>
Non-financial assets		
Prepaid expenses	743	539
Inventory	95	142
Tangible capital assets (Note 9)	11,268	9,617
Total non-financial assets	<u>12,106</u>	<u>10,298</u>
Departmental net financial position	<u>\$ 6,824</u>	<u>\$ 4,432</u>

Contractual obligations (Note 10)

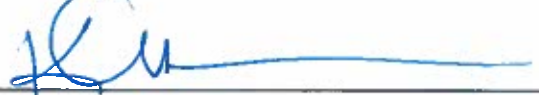
Contingent liabilities (Note 11)

Contractual rights (Note 15)

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

Approved by Board of Trustees


 Claude Joli-Coeur
 Government Film Commissioner and Chairperson,
 National Film Board of Canada


 Member of the Board of Trustees

July 12, 2018

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

	<u>2018</u>	<u>2018</u>	<u>2017</u>
Expenses	Expected		
(note 12 a)	results		
Audiovisual Production	\$ 36,790	\$ 36,010	\$ 32,451
Accessibility and Audience Engagement	22,028	24,949	24,256
Internal Services	8,881	11,621	10,212
Total expenses	<u>67,699</u>	<u>72,580</u>	<u>66,919</u>
Revenues			
(note 12 b)			
Audiovisual Products	2,230	2,533	2,813
Partnerships and Pre-sale	1,856	5,051	1,921
Other Revenues	50	42	23
Total revenues	<u>4,136</u>	<u>7,626</u>	<u>4,757</u>
Net cost of operations before government funding and transfers	<u>63,563</u>	<u>64,954</u>	<u>62,162</u>
Government funding and transfers			
Net cash provided by Government of Canada	75,916	63,204	63,282
Change in due from Consolidated Revenue Fund	-	4,142	(127)
Net revenue of operations after government funding and transfers	<u>(12,353)</u>	<u>(2,392)</u>	<u>(993)</u>
Departmental net financial position - Beginning of year	4,432	4,432	3,439
Departmental net financial position - End of year	<u>\$ 16,785</u>	<u>\$ 6,824</u>	<u>\$ 4,432</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>2018</u> Expected results	<u>2018</u>	<u>2017</u>
Net revenue of operations after government funding and transfers	\$ <u>(12,353)</u>	\$ <u>(2,392)</u>	\$ <u>(993)</u>
Change due to tangible capital assets			
Acquisition of tangible capital assets	14,918	4,026	4,532
Amortization of tangible capital assets	<u>(2,762)</u>	<u>(2,375)</u>	<u>(2,346)</u>
Total change due to tangible capital assets	<u>12,156</u>	<u>1,651</u>	<u>2,186</u>
Change due to inventories	-	(47)	11
Change due to prepaid expenses	-	204	70
Net change in department net debt	<u>(197)</u>	<u>(584)</u>	<u>1,274</u>
Department net debt - Beginning of year	<u>5,866</u>	<u>5,866</u>	<u>4,592</u>
Department net debt - End of year	<u>\$ 5,669</u>	<u>\$ 5,282</u>	<u>\$ 5,866</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>2018</u>	<u>2017</u>
Operating activities		
Net cost of operations before government funding and transfers	\$ 64,954	\$ 62,162
Non-cash items:		
Amortization of tangible capital assets	(2,375)	(2,346)
Change in employee future benefits	(449)	-
Variations in Statement of Financial Position		
Changes in accrued salaries	(29)	(167)
Change in vacation pay and provision for salary revisions	(1,897)	(1,875)
Disbursement of employee future benefits	-	(61)
Change in accounts payable and accrued liabilities	(2,112)	1,235
Change in accounts receivable	1,951	(21)
Change in deposits	(25)	(10)
Change in deferred revenue	(68)	57
Change in prepaid expenses	204	70
Change in inventory	(47)	11
Cash used in operating activities	<u>60,107</u>	<u>59,055</u>
Capital investing activities		
Cash used to acquire tangible capital assets	<u>2,959</u>	<u>4,060</u>
Cash used in capital investing activities	<u>2,959</u>	<u>4,060</u>
Financing activities		
Lease payments for tangible capital assets	<u>138</u>	<u>167</u>
Cash used in financing activities	<u>138</u>	<u>167</u>
Net cash provided by Government of Canada	<u>\$ 63,204</u>	<u>\$ 63,282</u>

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

NATIONAL FILM BOARD
Notes to Financial Statements
March 31, 2018
(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. This authority requires that the aggregate of admissible working capital and net book value of capital assets does not exceed \$15 million.

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 4 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 *2017-18 Departmental Plans*. 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 \$5,000 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 10 years
Software & data-processing equipment	from 5 to 10 years
Office furniture, equipment & other	from 5 to 10 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 9 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 production abroad

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

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) Adoption of new accounting standards

The Public Sector Accounting Board (PSAB) issued five new accounting standards effective for fiscal years beginning on April 1, 2017. On April 1, 2017, the Board adopted Section PS 3380 "Contractual Rights", which defines and establishes disclosure requirements on contractual rights. The adoption of this Section resulted in the addition of note 15 on contractual rights.

The Board also adopted the new accounting standards for Related Party Disclosures (PS 2200), Assets (PS 3210), Contingent Assets (PS 3320) and Inter-Entity Transactions (PS 3420). The adoption of these standards did not result in a significant impact on the results and the financial position of the Board nor on the disclosure included in the Board's financial statements.

4) 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	2018	2017
Net cost of operations before government funding and transfers	\$ 64,954	\$ 62,162
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	932	(1,011)
Change in accrued liabilities not charged to authorities	120	(78)
Net change in employee future benefits	(449)	(61)
Amortization of tangible capital assets	(2,375)	(2,346)
	<u>(1,772)</u>	<u>(3,496)</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (less):		
Acquisition of tangible capital assets	4,026	4,322
Lease payments for tangible capital assets	138	167
	<u>4,164</u>	<u>4,489</u>
Current year authorities used	\$ <u>67,346</u>	\$ <u>63,155</u>
b) Authorities provided and used:		
	2018	2017
Authorities provided		
Main Estimates	\$ 74,375	\$ 61,895
Supplementary Estimates authorities	5,538	4,612
Less:		
Authorities available for future years	(567)	(3,309)
Frozen allotment	<u>(12,000)</u>	<u>(43)</u>
Current year authorities used	\$ <u>67,346</u>	\$ <u>63,155</u>

5) 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>2018</u>	<u>2017</u>
Accounts payable - Other government departments and agencies	\$ 3,256	\$ 755
Accounts payable - External parties	<u>3,612</u>	<u>2,792</u>
Total accounts payable	6,868	3,547
Accrued liabilities	<u>-</u>	<u>142</u>
Total accounts payable and accrued liabilities	<u>\$ 6,868</u>	<u>\$ 3,689</u>

6) Lease obligation for tangible capital assets

The Board has an agreement to lease technical equipment under two capital leases. The assets were capitalized using an implicit interest rate of 4% for the 2015-16 contract and 3% for the 2016-17 contract. The corresponding bonds will be repaid during the term of the 3-year lease for both contracts. Payments for the year ended March 31, 2018 totaled \$ 138 (2017 - \$ 172). Interest of \$ 5 (2017 - \$ 5) is charged to operations.

	<u>2018</u>	<u>2017</u>
2018	\$ -	\$ 143
2019	<u>72</u>	<u>72</u>
Total future minimum lease payments	<u>72</u>	<u>215</u>
Less: Imputed interest	<u>(1)</u>	<u>(6)</u>
Balance of lease obligation for tangible capital assets	<u>\$ 71</u>	<u>\$ 209</u>

7) 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 2018, the expense amount for Group 1 and Group 2 members is \$3,278 (2017 - \$3,263). For the member of the group 1, the charges represent approximately 1.01 times the employee contributions and for the group 2, the charges represent approximately 1.00 times the employee contributions. In 2017, for the members of the group 1 the charges represent approximately 1.12 times the employee contributions and for the group 2, the charges represent approximately 1.08 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, 2018, to calculate the obligation of the remaining portion, the Board uses a rate of compensation increase of 0.96% (2017 – 0.96%), an estimated discount rate of 2.18% (2017 – 1.94%) 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 leaves, the Board uses an average daily wage of \$288 (2017 – \$280), a rate of salary increase of 0.96% (2017 – 0.96%), an average annual utilization rate of 2.6% (2017 – 2.6%), a discount rate of 2.18% (2017 – 1.94%), a 5.18% (2017 – 5.18%) probability of employee departure 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 2.18%.

Information about the severance and compensated absence benefits, measured as at March 31, 2018, is as follows:

	Severance Benefits	Compensated Absences	Total
Balance as at March 31, 2016	\$ 853	\$ 1,798	\$ 2,651
Expense for the year	269	(104)	165
Benefits paid during the year	(77)	(27)	(104)
Balance as at March 31, 2017	1,045	1,667	2,712
Expense for the year	(48)	550	502
Benefits paid during the year	(26)	(27)	(53)
Balance as at March 31, 2018	\$ 971	\$ 2,190	\$ 3,161

8) Accounts receivable

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

	2018	2017
Receivables - Other government departments and agencies	\$ 463	\$ 302
Receivables - External parties	3,555	1,730
Subtotal	4,018	2,032
Allowance for doubtful accounts on receivables from external parties	(358)	(323)
Total accounts receivable	\$ 3,660	\$ 1,709

9) Tangible capital assets

	March 31, 2017	Additions	Disposals & write-offs	Transfers	March 31, 2018
Technical equipment					
Cost	\$ 18,961	\$ 724	\$ -	\$ -	\$ 19,685
Accumulated amortization	(17,704)	(303)	-	-	(18,007)
	1,257	421	-	-	1,678
Software & data processing equipment					
Cost	15,510	1,325	(48)	-	16,787
Accumulated amortization	(11,781)	(1,690)	48	-	(13,423)
	3,729	(365)	-	-	3,364
Office furniture, equipment & other					
Cost	544	-	-	-	544
Accumulated amortization	(499)	(5)	-	-	(504)
	45	(5)	-	-	40
Leasehold improvements					
Cost	5,975	162	-	-	6,137
Accumulated amortization	(3,051)	(377)	-	-	(3,428)
	2,924	(215)	-	-	2,709
Collection¹	-	-	-	-	-
Work in progress	1,662	1,815	-	-	3,477
Total					
Cost	42,652	4,026	(48)	-	46,630
Accumulated amortization	(33,035)	(2,375)	48	-	(35,362)
Net book value	\$ 9,617	\$ 1,651	\$ -	\$ -	\$ 11,268

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

The above assets include equipment under capital leases for a total cost of \$414 (2017 - \$414) less accumulated amortization of \$192 (2017 - \$103). Current year amortization expense relating to property under capital leases amounts to \$89 (2017 - \$74).

Disposals and write-offs of \$48 (2017 - \$876) for the year are related to the abandonment of obsolete material.

10) 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:

	2019	2020	2021	2022	2023-2032	Total
Premises	\$ 4,574	\$ 1,793	\$ 792	\$ 788	\$ 6,871	\$ 14,818
Other goods and services	8,028	2,505	85	5	-	10,623
Total	\$ 12,602	\$ 4,298	\$ 877	\$ 793	\$ 6,871	\$ 25,441

The agreements for leased premises in the amount of \$14,818 were signed with Public Services and Procurement Canada (PSPC). An agreement with PSPC of \$9,098 for the Montreal headquarters move is included in Other goods and services.

11) Contingent liabilities

Various legal proceedings arising from the normal course of business are pending against the Board. Management believes that should Board be found liable pursuant to one or more of these proceedings, the aggregate liabilities resulting from such proceedings would not be material.

12) Expenses by major object and types of revenues

The following table presents the expenses committed and revenues generated by main expenditures objects and type of revenues.

	<u>2018</u>	<u>2017</u>
a) Expenses		
Salaries and benefits	\$ 40,096	\$ 38,591
Professional and special services	14,658	11,601
Rentals	6,049	5,961
Transportation and communication	3,125	2,983
Amortization of tangible capital assets	2,375	2,346
Materials and supplies	1,759	1,719
Repairs and upkeep	1,182	1,253
Cash financing in co-productions	1,279	970
Royalties	1,157	724
Information	593	446
Contracted film production and laboratory processing	229	289
Miscellaneous	78	36
	<u>\$ 72,580</u>	<u>\$ 66,919</u>
b) Revenues		
Partnerships and pre-sale	\$ 5,051	\$ 1,921
Royalties and subscriptions	1,745	2,010
Film prints and downloads	273	335
Stock shots	515	452
Miscellaneous	42	39
	<u>\$ 7,626</u>	<u>\$ 4,757</u>

13) Related party transactions

The Board is related, as a result of common ownership, to all government departments, agencies and Crown corporations as well as its key management personnel, close family members of these and the entities subject of the control of these individuals. The Board enters into transactions with these entities in the normal course of business and on normal trade terms. These transactions are recognized 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 cheque issuance services provided by PSPC and 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>2018</u>	<u>2017</u>
Accounts receivable - Other government departments and agencies	\$ 463	\$ 173
Accounts payable - Other government departments and agencies	\$ 3,256	\$ 755
Expenses - Other government departments and agencies	\$ 15,995	\$ 15,380
Revenues - Other government departments and agencies	\$ 2,191	\$ 322

During the year ending March 31, 2018, the Board leased premises from Public Services and Procurement Canada (PSPC) in the amount of \$4,501 (2017 – \$4,871). This amount is included in the Expenses – Other government departments and agencies. The Expenses – Other government departments and agencies includes a capitalized amount of \$1,545.

14) The Documentary Channel

Since 2002, the Board owns a permanent share of 14% (14 x \$1 units) 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 2017).

15) 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 Board entered into an agreement with a collaborator valued at \$ 1,540, of which \$ 1,377 remains to be cashed in subsequent years.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2032</u>	<u>Total</u>
Contractual rights	\$ 908	\$ 469	\$ 0	\$ 0	\$ 0	\$ 1,377