



National Film Board of Canada

2022-2023

Quarterly Financial Report for the quarter ending September 30, 2022

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1. Introduction

The National Film Board (NFB) was created by an act of Parliament in 1939. A federal cultural agency within the Canadian Heritage portfolio, the NFB exists to produce and distribute original, innovative audiovisual works that raise awareness of Canadian values and viewpoints and the issues of interest to Canadians – across the country and around the world. The NFB serves Canadians by producing and making accessible, in all regions of the country and on all available platforms, rich and diverse cultural content that would not be produced otherwise and that reflects Canada's rapidly shifting demographic profile. A brief description of the agency's activities for the current year can be found in [Part II of the Main Estimates](#).

This quarterly report has been prepared by management as required by Section 65.1 of the [Financial Administration Act](#) and in the form and manner prescribed by the Treasury Board. This quarterly report should be read together with the Main Estimates.

This quarterly report has not been subject to an external audit or review.

2. Basis of Presentation

This quarterly report has been prepared by management using expenditure accounting. The accompanying Statement of Authorities includes the agency's spending authorities granted by Parliament and those used by the agency consistent with the Main Estimates and Supplementary Estimates for the 2022-2023 fiscal year. The report has been prepared using a special-purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before monies can be spent by the Government of Canada. Approvals are given in the form of annually approved limits through the Appropriation Act or through legislation in the form of statutory spending authority for specific purposes.

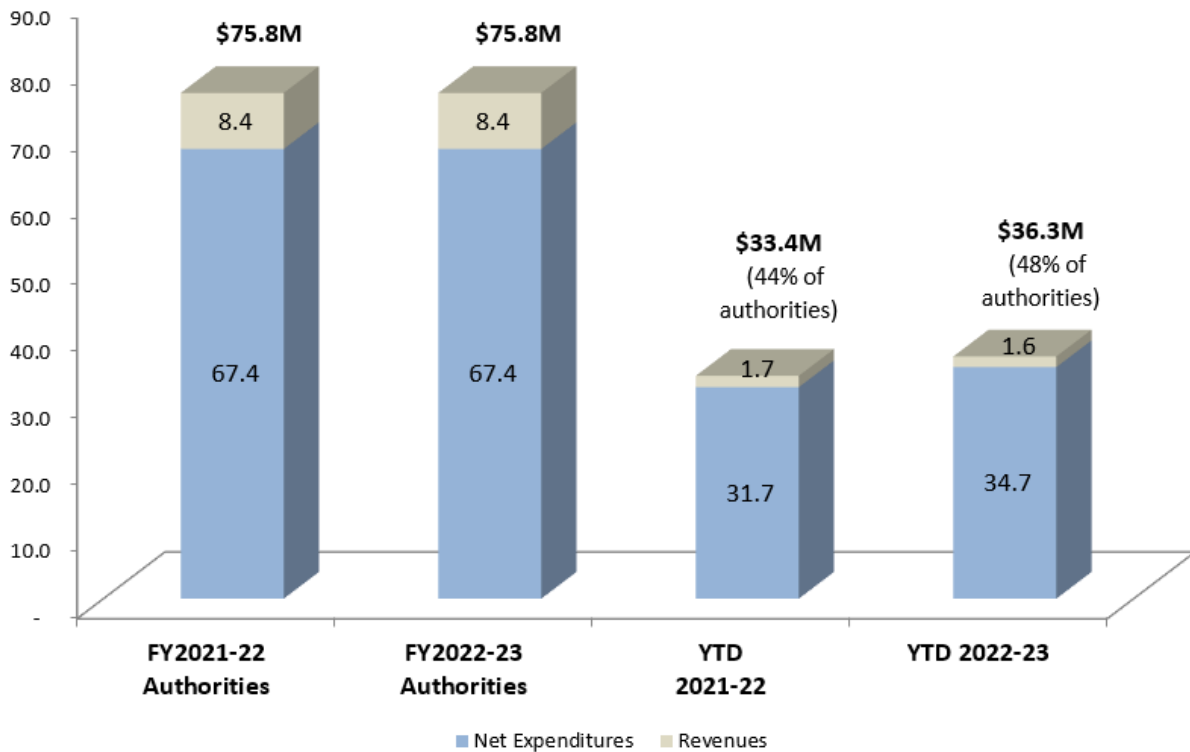
When Parliament is dissolved for the purpose of a general election, Section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The NFB uses the full accrual method of accounting to prepare and present its annual departmental financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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3. Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD) Results

This section highlights the principal factors that contributed to the variances between projected and actual expenditures and expected and earned revenues for the period ended September 30, 2022.



The graphic above shows the total budgetary authorities granted to the NFB for fiscal year 2022-2023 with projected gross expenditures totalling \$ 75.8 million comparable to the previous year.

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Table 2, on page 8, shows expenditures and revenues for the second quarter of 2022-2023. Here is an overview of the key items to be noted:

Variance in Revenues

The revenues recorded during this 2nd quarter of 2022-2023 total \$1.0 M comparable to the previous year.

Variation in Expenditures

Gross expenditures increased by \$1.0 M in the 2nd quarter of 2022-2023, compared with the same quarter in fiscal 2021-2022 and stand at \$18.9 million.

The variations are due mainly to expenses incurred for personnel costs, transport and communications, rentals and acquisition of machinery and equipment. Personnel costs which show an increase compared to the same date last year, is explained by the increase of the statutory salary as well as step level increases. The increase in transport and communication costs is explained by the increase in travel expenses following the resumption of activities. The increase in rental expenses is due to the delay in invoicing last year for certain support contracts and annual renewals. Expenditures for machinery and equipment acquisitions decreased mainly due to larger equipment purchases last year.

4. Risks and Uncertainties

The need to innovate, create and collaborate remotely

The NFB must put in place innovative technologies to facilitate collaboration and open up new possibilities for remote creation and collaboration from coast to coast and internationally. At a time when opportunities and technological innovations are multiplying exponentially, the National Film Board of Canada must be vigilant and maintain coherent technological development, in terms of creation and engagement with its audiences, in order to meet the challenges of a constantly evolving environment to respond to the realities generated by external turbulence factors such as the Covid-19 pandemic.

The 2021-2025 technological plan focuses on the integration of processes and innovative solutions that will meet the growing technological needs of the organization and support the actions and commitments of the 2020-2023 strategic plan published in December 2020. When it comes to creation, these technologies bring together the creative community and studios across Canada into a single virtual work ecosystem, regardless of their geographic location. It is in this reality of remote collaboration requiring flexibility, fluidity, synchronicity and openness to new creative horizons that the NFB's technological vision is inscribed. The new remote work processes and tools are adaptable to the needs of production teams and facilitate the fluidity of collaboration between NFB teams and creators.

The organization benefits from increased flexibility in its infrastructure that allows it to democratize and standardize secure access to its services. The centralized management of audiovisual works

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via our Media Asset Management (MAM) facilitates publication on digital platforms thus promoting discoverability for audience. Funding for continuous investments in these technologies is crucial.

Financial and operational pressures

Over the past few years, the NFB has seen a continual erosion of its financial resources and purchasing power. Considerable investment to support the digital transformation strategy, additional expenditures related to office relocations, and the costs of adjustment to new business models have led to significant financial and operational pressures and continue to impact the organization's financial capacity. For the second consecutive year (2021-22), the NFB received additional funding allowing it to balance its budget.

Organizational capacity inadequate to handle the volume of work

This has remained a constant risk at the NFB for some time. It stems from the number of large-scale projects undertaken as well as reductions in human resources over the last number of years.

5. Significant Changes Related to Operations, Personnel and Programs

Since 2020-2021, the health situation resulting from the COVID-19 pandemic had caused a certain slowdown in operations due to initial need for self isolation and subsequent restriction related to physical distancing with the inability to travel abroad. The resumption of operations took place gradually in 2021-2022 according to the health standards in force. Thanks to teleworking and the digital shift undertaken several years ago, the NFB was able to continue most of its operations and have not detected any additional financial risks. In 2020-2021, the NFB also implemented some initiatives related to remote collaboration for the production of works that we had planned in our new 2021-2025 technological plan. In 2021-2022, the NFB continued these advances in order to expand the initiatives launched in March 2020 on a larger scale, mainly in implementing the technology necessary to virtually connect all of its offices and facilities and providing creators with the tools and technology they need to produce feature films remotely. In 2022-2023, activities have fully resumed including physical presence to all the NFB offices and facilities based on NFB's teleworking policy.

The NFB published in April 2021 its Action Plan which details the priorities for 2021-2022 to meet the 2020–2023 Strategic Plan, entitled “New Ways of Storytelling for New Ways of Seeing”. This is the NFB's road map for this three-year period. The priorities for 2022-2023 builds on the work achieved in 2021-2022. The plan explains how the NFB intends to renew its approach to programming, enrich the experience of creating at the NFB, and reinvent its marketing, presentation and distribution methods, in addition to outlining the organization's strategic commitments.

The NFB has made important decisions on the evolution of its structure with the aim of redefining its ways of working and collaborating, centred on its primary mandate as a public producer and distributor. This represents a strengthening of its objectives, which puts the focus on creation, innovation and audience engagement, and on it's role as a public institution that has a duty to open

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the doors to representation and inclusion, ensuring that all voices are heard. Four branches will be maintained, renamed, rethought and relaunched as follows.

The Programming, Creation, Distribution and Marketing Branch which, as the title indicates, brings together the functions required for a project to evolve from conception to distribution on the national or international scene. Julie Roy has been appointed to head this new directorate.

The Technologies branch, which will bring together all technological functions serving creation, distribution and conservation, under the direction of Jimmy Fournier.

The Finance and Administration branch which will be devoted to all financial and administrative aspects of the organization, which are a nerve centre in terms of the NFB's financial stability, as well as in terms of providing daily support for the array of teams throughout the organization, is headed by Joanne Heller.

The Human Resources, Strategic Planning and Institutional Services branch, which brings together several internal services that support the NFB and its mandate through their specific areas of expertise, is under the responsibility of François Tremblay.

Approved by:

Claude Joli-Cœur
Government Film Commissioner
and Chairperson of the National Film
Board of Canada

Montreal, Canada
November 24th, 2022

Joanne Heller, CPA, CGA
Director, Finance,
Chief Financial Officer
(Acting)

Montreal, Canada
November 24th, 2022

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Table 1 : Statement of Authorities (unaudited)

(dollars)	Fiscal Year 2022-2023		
	Total available for use for the year ending March 31, 2023 *	Used during the quarter ended September 30, 2022	Year-to-date used at the quarter-end
Vote 1 - Operating expenditures	67,415,623	17,862,537	34,674,024
Total Budgetary authorities	67,415,623	17,862,537	34,674,024
Total authorities	67,415,623	17,862,537	34,674,024

Fiscal Year 2021-2022		
Total available for use for the year ending March 31, 2022 *	Used during the quarter ended September 30, 2021	Year-to-date used at the quarter-end
67,370,932	16,766,240	31,729,254
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* Includes only Authorities available for use and granted by Parliament at quarter-end.

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Table 2 : Departmental budgetary expenditures by Standard Object (unaudited)

(dollars)	Fiscal Year 2022-2023			Fiscal Year 2021-2022		
	Planned expenditures for the year ending	Expended during the quarter ended	Year-to-date used at quarter-end	Total available for use for the year ending	Used during the quarter ended	Year-to-date used at quarter-end
	March 31, 2023 *	September 30, 2022		March 31, 2022 *	September 30, 2021	
Expenditures:						
Personnel	43,916,259	11,862,113	22,760,256	42,872,225	11,459,439	22,052,139
Transportation and communications	2,884,000	673,529	1,243,199	2,822,000	171,285	218,403
Information	2,321,799	341,730	592,988	2,695,000	244,598	437,930
Professional and special services	13,188,951	2,986,617	5,289,370	13,926,000	2,988,714	4,403,821
Rentals	10,586,595	2,645,553	5,546,240	9,969,000	2,461,837	5,120,177
Repair and maintenance	336,585	68,560	242,021	337,000	259	146,597
Utilities, materials and supplies	532,000	71,233	127,684	532,000	63,023	116,540
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	2,074,452	229,836	483,599	2,643,000	453,173	870,666
Other subsidies and payments	27,428	-5,302	31,459	27,153	14,867	29,458
Total gross budgetary expenditures	75,868,069	18,873,869	36,316,816	75,823,378	17,857,195	33,395,731
Less Revenues netted against expenditures:						
Revenues credited to the vote	8,452,446	1,011,332	1,642,792	8,452,446	1,090,955	1,666,477
Total Revenues netted against expenditures	8,452,446	1,011,332	1,642,792	8,452,446	1,090,955	1,666,477
Total net budgetary expenditures	67,415,623	17,862,537	34,674,024	67,370,932	16,766,240	31,729,254

* Includes only Authorities available for use and granted by Parliament at quarter-end.