



# **National Film Board of Canada**

**2022-2023**

**Quarterly Financial Report for the quarter ending December 31, 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.

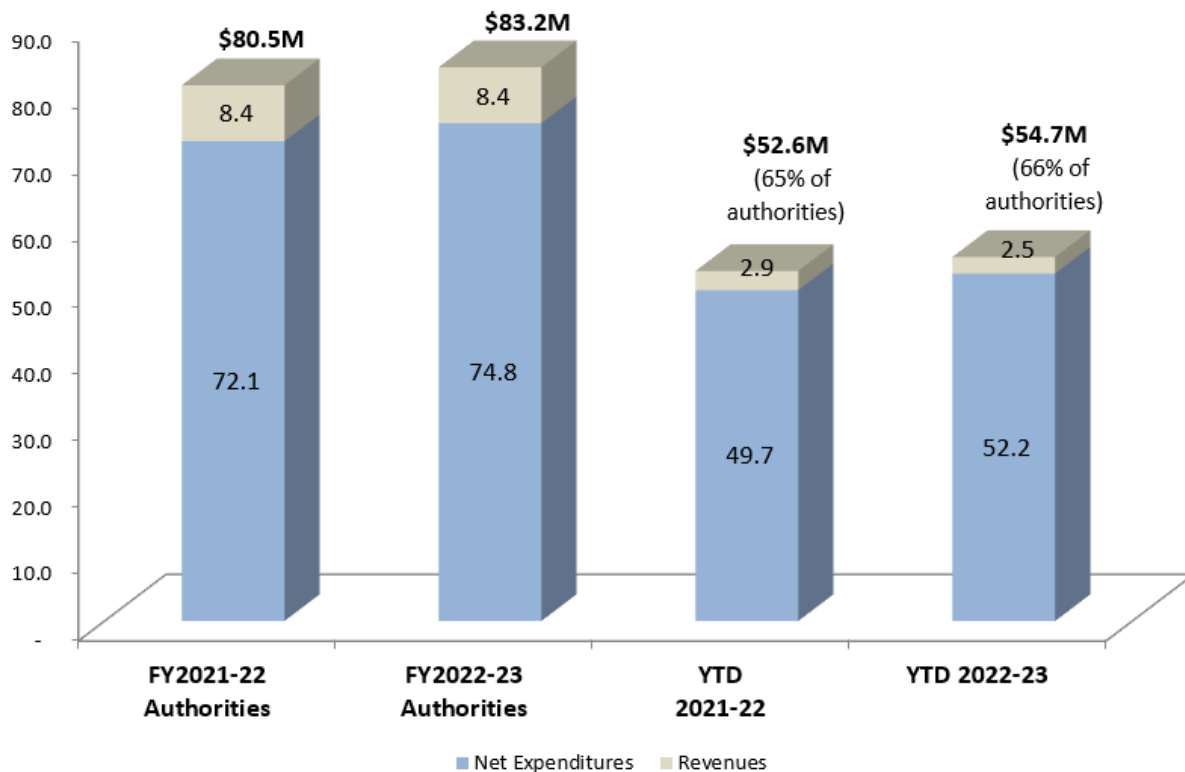
When Parliament is dissolved for the purpose of a general election, Section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is 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 December 31, 2022.



The graphic above shows the total budgetary authorities granted to the NFB for fiscal year 2022-2023 with projected gross expenditures totalling \$ 83.2 million. The \$2.6M increase in available authorities is primarily attributable to the granting of \$2M in additional funds for retroactive payments of statutory increases to executives.

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

**Variance in Revenues**

The revenues recorded during this 3<sup>rd</sup> quarter of 2022-2023 total \$0.8 M comparable to the previous year, down \$0.4 million from the previous year, mainly due to a lower number of partnership projects.

**Variation in Expenditures**

Gross expenditures decreased by \$0.8 M in the 3<sup>rd</sup> quarter of 2022-2023, compared with the same quarter in fiscal 2021-2022 and stand at \$18.4 million.

The variations are due mainly to expenses incurred for personnel costs, transport and communications, professional and special services, rentals and acquisition of machinery and equipment. Personnel costs which show a decrease compared to the same date last year, is mainly explained by savings generated from several vacant positions. The increase in transport and communication costs is explained by the increase in travel expenses following the resumption of activities. The decrease in professional and special services is mainly due to a lower number of partnership projects compared to the previous year. The decrease in rental expenses is due to the purchase of equipment in 2021-2022 that was reclassified under machinery and equipment acquisitions in the fourth quarter of 2021-2022. Expenditures for machinery and equipment acquisitions increased due to purchases of technological equipment.

**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.

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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 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 third consecutive year, 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 has 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.

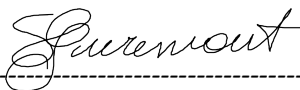
The NFB has made important decisions on the evolution of its structure with the aim of redefining its ways of working and collaborating, centred on its primary mandate as a public producer and

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distributor. This represents a strengthening of its objectives, which puts the focus on creation, innovation and audience engagement, and on its role as a public institution that has a duty to open the doors to representation and inclusion, ensuring that all voices are heard. Changes have been made to the four new branches and operationalization is underway to properly synchronize and align efforts towards achieving the organizational mandate.

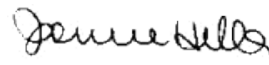
On November 25, following the end of Claude Joli-Coeur's mandate, the Minister of Canadian Heritage Pablo Rodriguez announced the appointment of Suzanne Guèvremont as Government Film Commissioner and Chairperson of the National Film Board of Canada.

Approved by:



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*Suzanne Guèvremont*  
Government Film Commissioner  
and Chairperson of the National Film  
Board of Canada

Montreal, Canada  
February 27<sup>th</sup>, 2023



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*Joanne Heller*, CPA, CGA  
Director General, Finances and  
Administration,  
Chief Financial Officer

Montreal, Canada  
February 27<sup>th</sup>, 2023

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**Table 1 : Statement of Authorities (unaudited)**

	Fiscal Year 2022-2023		
	Total available for use for the year ending	Used during the quarter ended	Year-to-date used at the quarter-end
<i>(dollars)</i>	March 31, 2023 *	December 31, 2022	
Vote 1 - Operating expenditures	74,756,377	17,545,904	52,219,928
<b>Total Budgetary authorities</b>	74,756,377	17,545,904	52,219,928
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Fiscal Year 2021-2022		
Total available for use for the year ending	Used during the quarter ended	Year-to-date used at the quarter-end
March 31, 2022 *	December 31, 2021	
72,125,369	17,923,256	49,652,510
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<b>72,125,369</b>	<b>17,923,256</b>	<b>49,652,510</b>

\* 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)**

	Fiscal Year 2022-2023			Fiscal Year 2021-2022		
	Planned expenditures for the year ending March 31, 2023 *	Expended during the quarter ended December 31, 2022	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2022 *	Used during the quarter ended December 31, 2021	Year-to-date used at quarter-end
<i>(dollars)</i>						
<b>Expenditures:</b>						
Personnel	48,746,098	10,717,495	33,477,751	45,922,027	11,011,518	33,063,657
Transportation and communications	2,884,000	857,609	2,100,808	2,822,000	680,681	899,084
Information	2,321,799	432,162	1,025,150	2,695,000	417,365	855,295
Professional and special services	13,426,062	3,357,669	8,647,039	14,476,000	3,984,205	8,388,026
Rentals	11,449,399	2,485,432	8,031,672	10,345,635	2,740,707	7,860,884
Repair and maintenance	336,585	64,903	306,924	337,000	2,506	149,103
Utilities, materials and supplies	532,000	71,291	198,975	532,000	84,892	201,432
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	3,485,452	374,536	858,135	3,421,000	253,571	1,124,237
Other subsidies and payments	27,428	14,091	45,550	27,153	12,704	42,162
<b>Total gross budgetary expenditures</b>	<b>83,208,823</b>	<b>18,375,188</b>	<b>54,692,004</b>	<b>80,577,815</b>	<b>19,188,149</b>	<b>52,583,880</b>
<b>Less Revenues netted against expenditures:</b>						
Revenues credited to the vote	8,452,446	829,284	2,472,076	8,452,446	1,264,893	2,931,370
<b>Total Revenues netted against expenditures</b>	<b>8,452,446</b>	<b>829,284</b>	<b>2,472,076</b>	<b>8,452,446</b>	<b>1,264,893</b>	<b>2,931,370</b>
<b>Total net budgetary expenditures</b>	<b>74,756,377</b>	<b>17,545,904</b>	<b>52,219,928</b>	<b>72,125,369</b>	<b>17,923,256</b>	<b>49,652,510</b>

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