



National Film Board of Canada

2023-2024

Quarterly Financial Report for the quarter ended December 31, 2023

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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 2023-2024 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.

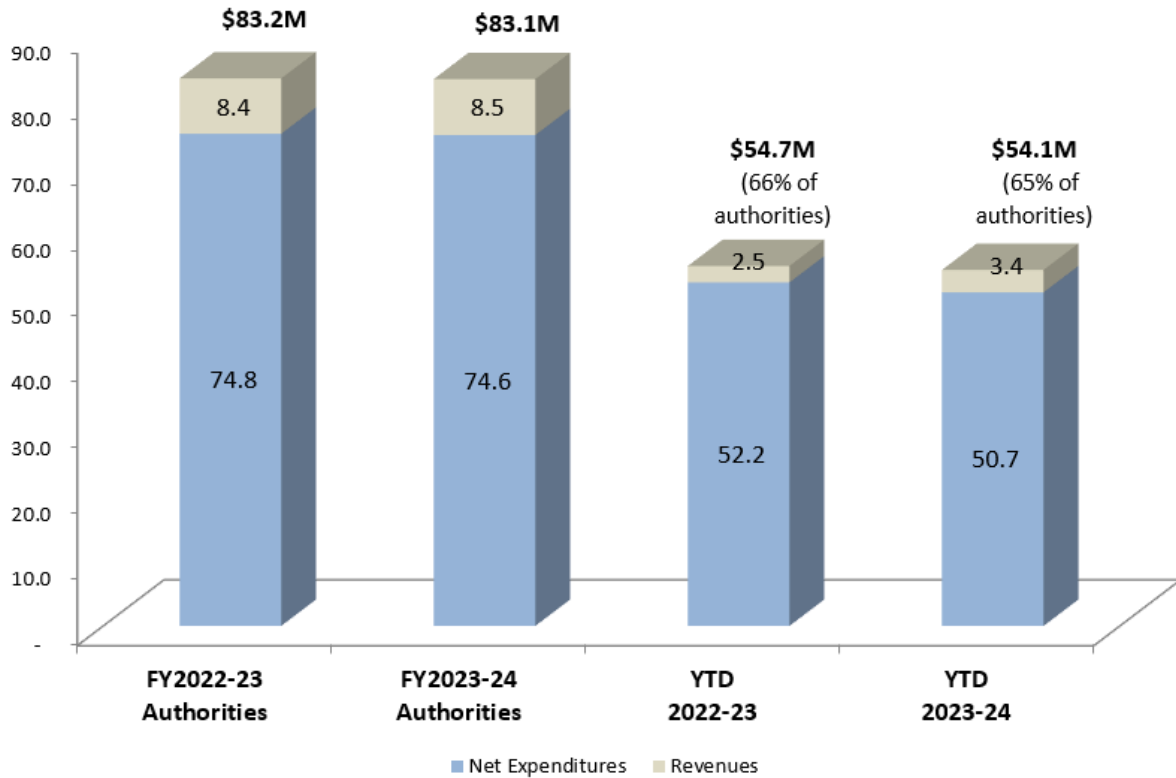
When Parliament is dissolved for the purpose of a general election, Section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is 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, 2023.



The graphic above shows the total budgetary authorities granted to the NFB for fiscal year 2023-2024 with projected gross expenditures totalling \$ 83.1 million.

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Table 2, on page 9, shows expenditures and revenues for the second quarter of 2023-2024. Here is an overview of the key items to be noted:

Variance in Revenues

The revenues recorded during this 3rd quarter of 2023-2024 total \$0.8 M comparable to previous year.

Variation in Expenditures

Gross expenditures of the 3rd quarter of 2023-2024 increased by \$0.4 million compared to the same quarter of fiscal year 2022-2023 and stands at \$18.8 million.

The variations come mainly from personnel expenses, transportation and communications, professional and special services, rentals and acquisition of machinery and equipment. The increase in personnel expenses is mainly explained by the payment of retroactive statutory increases for executives during the 3rd trimester. The variation in transportation and communications costs is explained by the decrease in travel expenses. The reduction in professional and special services expenses is mainly explained by the allocation of additional budget for production projects last year as well as the finalization of several important projects in the production phase the previous year. The increase in rental expenses is explained by the billing of software licenses earlier this year. Expenditure on acquisitions of machinery and equipment 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.

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. As part of the repositioning of our flagship digital product, nfb.ca, our transition from Google Analytics Universal (UA) to Google Analytics 4 (GA4) is going very well and we have as well enhanced our privacy policy with the addition of a cookie policy to

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demonstrate our transparency and commitment to meeting growing legal requirements for the protection of personal information. We are progressively implementing a project tracking tool for audiovisual production, enabling us to monitor the progress and changes in projects on a daily basis.

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 fourth consecutive year (2023-2024), the NFB received additional funding allowing it to balance its budget.

Inadequate organizational capacity to handle the volume of work has remained a constant risk with certain sectors 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

In 2022-2023, activities have fully resumed including physical presence to all the NFB offices and facilities based on NFB's teleworking policy and including initiatives previously launched at the beginning of the pandemic from its 2021-2025 technology plan by implementing the technology necessary to virtually connect all offices and facilities and providing creators with the tools and technology needed to produce feature films remotely.

The NFB launched its action plan that will build on NFB's 3-year Strategic plan 2020-2023 entitled "New Ways for Storytelling for New Ways of Seeing", a plan intended 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. This 2023-2025 action plan will ensure a smooth transition during the process of modernizing the institutions and financing tools that support the screen sector, a process once defined that will allow the NFB to develop its 2025-2028 Strategic Plan to support these modernization efforts. This action plan is also aligned with the evolution of its structure with the aim of redefining its ways of working and collaborating centered on its primary mandate as a public producer and distributor.

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Original signed by:

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

Montreal, Canada
February 29th, 2024

Original signed by:

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

Montreal, Canada
February 29th, 2024

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Table 1 : Statement of Authorities (unaudited)

| | Fiscal Year 2023-2024 | | |
|------------------------------------|--|----------------------------------|---|
| | Total available for use for the year ending | Used during the quarter ended | Year-to-date used at the quarter-end |
| | March 31, 2024 * | December 31, 2023 | |
| <i>(dollars)</i> | | | |
| Vote 1 - Operating expenditures | 74,617,885 | 18,025,314 | 50,731,534 |
| Total Budgetary authorities | 74,617,885 | 18,025,314 | 50,731,534 |
| Total authorities | 74,617,885 | 18,025,314 | 50,731,534 |

| 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 |
| March 31, 2023 * | December 31, 2022 | |
| | | |
| 74,756,377 | 17,545,904 | 52,219,928 |
| 74,756,377 | 17,545,904 | 52,219,928 |
| 74,756,377 | 17,545,904 | 52,219,928 |

* 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 2023-2024 | | | Fiscal Year 2022-2023 | | |
|---|---|---|----------------------------------|--|---|----------------------------------|
| | Planned expenditures for the year ending March 31, 2024 * | Expended during the quarter ended December 31, 2023 | Year-to-date used at quarter-end | Total available for use for the year ending March 31, 2023 * | Used during the quarter ended December 31, 2022 | Year-to-date used at quarter-end |
| <i>(dollars)</i> | | | | | | |
| Expenditures: | | | | | | |
| Personnel | 48,600,998 | 11,583,905 | 33,441,632 | 48,746,098 | 10,717,495 | 33,477,751 |
| Transportation and communications | 3,043,600 | 599,473 | 1,782,328 | 2,884,000 | 857,609 | 2,100,808 |
| Information | 2,396,000 | 412,641 | 1,033,067 | 2,321,799 | 432,162 | 1,025,150 |
| Professional and special services | 11,937,566 | 2,929,265 | 7,821,326 | 13,426,062 | 3,357,669 | 8,647,039 |
| Rentals | 12,776,138 | 2,627,519 | 8,153,920 | 11,449,399 | 2,485,432 | 8,031,672 |
| Repair and maintenance | 237,000 | 17,703 | 295,251 | 336,585 | 64,903 | 306,924 |
| Utilities, materials and supplies | 532,000 | 40,147 | 240,875 | 532,000 | 71,291 | 198,975 |
| Acquisition of land, buildings and works | - | - | - | - | - | - |
| Acquisition of machinery and equipment | 3,520,770 | 540,988 | 1,306,498 | 3,485,452 | 374,536 | 858,135 |
| Other subsidies and payments | 26,259 | 37,304 | 58,867 | 27,428 | 14,091 | 45,550 |
| Total gross budgetary expenditures | 83,070,331 | 18,788,945 | 54,133,764 | 83,208,823 | 18,375,188 | 54,692,004 |
| Less Revenues netted against expenditures: | | | | | | |
| Revenues credited to the vote | 8,452,446 | 763,631 | 3,402,230 | 8,452,446 | 829,284 | 2,472,076 |
| Total Revenues netted against expenditures | 8,452,446 | 763,631 | 3,402,230 | 8,452,446 | 829,284 | 2,472,076 |
| Total net budgetary expenditures | 74,617,885 | 18,025,314 | 50,731,534 | 74,756,377 | 17,545,904 | 52,219,928 |

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