

NATIONAL FILM BOARD
Futur-Oriented Financial Statements (unaudited)
Statement of Operations
For the year ended March 31

	Planned Results 2014-15	Estimated Results 2013-14
Expenses		
(Note 9a)		
English programming		
Production of films and other forms of visual presentations		
Board's program	\$ 20 422	\$ 19 800
Sponsored production and pre-sale	100	100
	<u>20 522</u>	<u>19 900</u>
French Programming		
Production of films and other forms of visual presentations		
Board's program	15 338	14 401
Sponsored production and pre-sale	375	300
	<u>15 713</u>	<u>14 701</u>
Distribution	5 759	5 656
Marketing, Accessibility and Outreach	11 922	12 980
Digital development and applications	5 390	5 087
Internal services	10 287	9 882
	<u>33 359</u>	<u>33 604</u>
Total Expenses	<u>69 594</u>	<u>68 205</u>
Revenues		
(Note 9b)		
Institutional and educational	2 500	1 950
Television	1 300	950
Home video	700	550
Stock shots	600	520
Sponsored production and pre-sale	475	400
Miscellaneous	75	175
Theatrical	50	30
Total Revenues	<u>5 700</u>	<u>4 575</u>
Net cost of operations	<u>63 894</u>	<u>63 630</u>

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

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Notes to the Future-Oriented Statements of Operations (unaudited) [in thousands of dollars]

1. METHODOLOGY AND SIGNIFICANT ASSUMPTIONS

The future-oriented statement of operations have been prepared on the basis of the government priorities and the plans of the department as described in the Report on Plans and Priorities.

The information in the estimated results for fiscal year 2013–14 is based on actual results as at October 31, 2013 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for the 2014-15 fiscal year.

The main assumptions underlying the forecasts are as follows:

- (a) The department's activities will remain substantially the same as for the previous year.
- (b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience as well as future orientations related to NFB's digital shift. The general historical pattern is expected to continue.
- (c) Allowances for uncollectibility are based on historical experience. The general historical pattern is expected to continue.
- (d) Estimated information for 2014-15 is based on the authority granted to the National Film Board in Budget 2014-15.

These assumptions are adopted as at December 31, 2013.

2. VARIATIONS AND CHANGES TO THE FORECAST FINANCIAL INFORMATION

While every attempt has been made to accurately forecast final results for the remainder of 2013-14 and for 2014-15, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this future-oriented statement of operations the Board has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events related to NFB's digital shift that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented statement of operations and the historical statement of operations include:

- (a) The timing and amounts of acquisitions and disposals of property, plant and equipment may affect gains/losses and amortization expense.
- (b) Economic conditions, market trend and new business models may affect both the amount of revenue earned and the collectability of loan receivables.
- (c) Interest rates in effect at the time of issue will affect the net present value of capital leases.
- (d) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, the Board will not be updating the forecasts for any changes to authorities or forecast financial information made in ensuing supplementary estimates.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The future-oriented statement of operations has been prepared using Government's accounting policies that came into effect for the 2013–14 fiscal year which are based on Canadian public sector accounting standards, except for employee vacation and severance liabilities which are based on management's estimate of the liabilities rather than based on actuarial estimates.

The significant accounting policies are as follows:

Expenses

Expenses are presented on an accrual basis:

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

Production of films and other forms of visual presentations

All production costs are charged to operations in the year in which they are incurred and shown in the Statement of Operations as follows:

Board's program

All costs incurred for unsponsored productions and co-productions or other forms of visual presentations.

Sponsored production and pre-sale

Part of costs incurred for film productions and co-productions or other forms of visual presentations corresponding to sponsor's contribution. The excess of costs over the sponsor's contribution is charged to the Board's program.

Revenues

Revenues are presented on an accrual basis:

- ◆ Revenues from the production of films and other forms of visual presentations are accounted for at an amount equal to the sponsored production and pre-sale costs during the year in which these costs are incurred. Any profit is recognized in the year the production is completed.
- ◆ 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 occurred that gave rise to the revenues.

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Notes to the Future-Oriented Statements of Operations (unaudited) [in thousands of dollars]

4. PARLIAMENTARY AUTHORITIES

The Board is financed mostly by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Department do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, the Board has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

	Planned Results	Estimated Results
a) Reconciliation of net cost of operations to requested authorities	<u>2014-15</u>	<u>2013-14</u>
Net cost of operations	\$ <u>63 894</u>	\$ <u>63 630</u>
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Loss on disposal of tangible capital assets	-	43
Net change in employee future benefits	-	4 982
Amortization of tangible capital assets	<u>(2 379)</u>	<u>(2 137)</u>
	<u>(2 379)</u>	<u>2 888</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (less):		
Acquisition of tangible capital assets	<u>1 065</u>	<u>1 195</u>
	<u>1 065</u>	<u>1 195</u>
Requested authorities	\$ <u>62 580</u>	\$ <u>67 713</u>
b) Authorities requested	<u>2014-15</u>	<u>2013-14</u>
Authorities requested		
Vote 1 - Main Estimates	\$ 59 912	\$ 62 890
Supplementary Estimates authorities	3 168	7 384
Less:		
Authorities available for future years	<u>(500)</u>	<u>(2 561)</u>
Requested authorities	\$ <u>62 580</u>	\$ <u>67 713</u>