NATIONAL FILM BOARD

Financial Statements

March 31, 2016

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, 2016, 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 Performance 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 will be subject to periodic Core Control Audits performed by the Office of the Comptroller General and will use the results of such audits to adhere to the Treasury Board Policy on Internal Control.

In the interim, the Board has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2016, in accordance with the Treasury Board Policy on Internal Control, and the results and action plan are summarized in the annex.

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 8, 2016

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

		2016	2015
Liabilities			
Accounts payable and accrued liabilities (Note 4)	$	4,662 $	6 980
Accrued salaries		1,915	1,859
Vacation pay and provision for salary revisions		1,046	765
Deferred revenue		445	232
Lease obligation for tangible capital assets (Note 5)		166	-
Employee future benefits (Note 6)		2,651	2,880
Total net liabilities		10,885	12,716
Financial assets			
Due from Consolidated Revenue Fund		4,463	5,694
Accounts receivable (Note 7)		1,730	2,117
Deposits		100	96
Total net financial assets		6,293	7,907
Departmental net debt		4,592	4,809
Non-financial assets			
Prepaid expenses		469	461
Inventory		131	72
Tangible capital assets (Note 8)		7,431	7,939
Total non-financial assets		8,031	8,472
Departmental net financial position	$	3,439 $	3,663

Contractual obligations (Note 9)
Contingent liabilities (Note 10)

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 Directors

July 8, 2016

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

	2016	2016	2015
Expenses			
(Note 11 a)	Planned results		
English Programming			
Production of films and other forms of visual presentation			
Board's program	$ 19,459	$ 20,306	$ 19,924
Sponsored production and pre-sale	-	22	15
	19,459	20,328	19,939
French Programming			
Production of films and other forms of visual presentation			
Board's program	14,160	12,749	12,942
Sponsored production and pre-sale	178	327	326
	14,338	13,076	13,268
Distribution	6,560	5,912	5,987
Marketing, accessibility and outreach	12,922	11,128	13,383
Digital development and applications	4,549	4,783	2,959
Internal services	8,192	8,220	8,909
	32,223	30,043	31,238
Total expenses	66,020	63,447	64,445
Revenues			
(Note 11 b)			
Institutional and educational	1,765	1,337	1,629
Television	1,010	519	509
Stock shots	545	489	612
Home video	550	446	400
Sponsored production and pre-sale	228	349	341
Theatrical	50	45	59
Miscellaneous	75	202	180
Total revenues	4,223	3,387	3,730
Net cost of operations before government funding and transfers	$ 61,797	$ 60,060	$ 60,715
Government funding and transfers			
Net cash provided by Government of Canada	60,473	61,067	60,341
Change in due from Consolidated Revenue Fund	-	(1,231)	1,798
Transfer of the transition payments for implementing salary payments in arrears (Note 13)	-	-	(1,108)
Net cost of operations after government funding and transfers	1,324	224	(316)
Departmental net financial position - Beginning of year	3,663	3,663	3,347
Departmental net financial position - End of year	$ 2,339	$ 3,439	$ 3,663

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)

	2016 Planned results	2016	2015
Net cost of operations after government funding and transfers	$ 1 324	$ 224	$ (316)
Change due to tangible capital assets			
Acquisition of tangible capital assets	861	2,375	3,827
Amortization of tangible capital assets	(2 185)	(2,722)	(2,302)
Loss on disposal of tangible capital assets	-	(161)	-
Total change due to tangible capital assets	(1 324)	(508)	1 525
Change due to inventories	-	59	(27)
Change due to prepaid expenses	-	8	119
Net change in department net debt	-	(217)	1,301
Department net debt - Beginning of year	4 809	4,809	3,508
Department net debt - End of year	$ 4 809	$ 4,592	$ 4,809

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)

	2016	2015
Operating activities		
Net cost of operations before government funding and transfers	$ 60,060	$ 60,715
Non-cash items:		
Amortization of tangible capital assets	(2,722)	(2,302)
Loss on disposal of tangible capital assets	(161)	-
Transition payments for implementing salary payments in arrears	-	1,108
Variations in Statement of Financial Position		
Variations in accrued salaries	(56)	(1,330)
Change in vacation pay and provision for salary revisions	(281)	(414)
Net change in employee future benefits	229	(225)
Change in accounts payable and accrued liabilities	2,455	(939)
Change in accounts receivable	(387)	(153)
Change in deposits	4	(181)
Change in deferred revenue	(213)	143
Change in prepaid expenses	8	119
Change in inventory	59	(27)
Cash used in operating activities	58,995	56,514
Capital investing activities		
Cash used to acquire tangible capital assets	2,034	3,827
Cash used in capital investing activities	2,034	3,827
Financing activities		
Lease payments for tangible capital assets	38	-
Cash used in financing activities	38	-
Net cash provided by Government of Canada	$ 61,067	$ 60,341

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

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 3 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 *2015-16 Report on Plans and Priorities*. 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

All expenses are recorded on an accrual basis.

Vacation pay is expensed, as the benefits are earned by employees under their respective terms of employment.

Production of films and other forms of visual presentation

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

Board's program

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

Sponsored production and pre-sale

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

Revenues

Revenues from the production of films and other forms of visual presentation 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 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 8 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) **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:**

		2016		2015
Net cost of operations before government funding and transfers	$	60,060	$	60,715
Adjustments for items affecting net cost of operations but not affecting authorities:				
Add (less):				
Loss on disposal of tangible capital assets		(161)		-
Change in vacation pay and provision for salary revisions		(281)		(414)
Change in accrued liabilities not charged to authorities		498		(570)
Net change in employee future benefits		229		(225)
Amortization of tangible capital assets		(2,722)		(2,302)
		(2,437)		(3,511)
Adjustments for items not affecting net cost of operations but affecting authorities:				
Add (less):				
Acquisition of tangible capital assets		2,171		3,827
Lease payments for tangible capital assets		38		-
Transition payments for implementing salary payments in arrears (Note 13)		-		1,108
		2,209		4,935
Current year authorities used	$	59,832	$	62,139

b) **Authorities provided and used:**

		2016		2015
Authorities provided				
Main Estimates	$	59,652	$	59,912
Supplementary Estimates authorities		2,964		4,506
Less:				
Authorities available for future years		(2,733)		(2,246)
Frozen allotment		(51)		(33)
Current year authorities used	$	59,832	$	62,139

4) **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.

		2016		2015
Accounts payable - Other government departments and agencies	$	1,210	$	1,132
Accounts payable - External parties		3,324		4,848
Total accounts payable		4,534		5,980
Accrued liabilities		128		1,000
Total accounts payable and accrued liabilities	$	4,662	$	6,980

As at March 31, 2016, the accrued liability corresponds to the balance of the obligation for severance benefits in the amount of $1,000, linked to the Board's reorganization of its operations announced in 2015.

5) **Lease obligation for tangible capital assets**

The Board has entered into an agreement to rent technical equipment under a capital lease. The asset has been capitalized using an imputed interest rate of 3.85%. The related obligation will be paid over a 3-year lease term. Payments totalled $41 for the year ended March 31, 2016 (2015 – NIL). Interest of $3 (2015 – NIL) was charged to operations.

		2016		2015
2017	$	71	$	-
2018		71		-
2019		29		-
Total future minimum lease payments		171		-
Less: Imputed interest		(5)		-
Balance of lease obligation for tangible capital assets	$	166	$	-

6) **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 2016, the expense amount for Group 1 and Group 2 members of $3,220 (2015 – $3,377) represents approximately 1.3 times (2015 – 1.5 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, 2016, to calculate the obligation of the remaining portion, the Board uses a rate of compensation increase of 0.96% (2015 – 0.96%), an estimated discount rate of 1.61% (2015 – 1.65%) 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 $289 (2015 – $287), a rate of salary increase of 0.96% (2015 – 0.96%), an average annual utilization rate of 2.6% (2015 – 2.8%), a discount rate of 1.61% (2015 – 1.65%), a 5.16% (2015 – 5.00%) 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 1.61%.

Information about the severance and compensated absence benefits, measured as at March 31, 2016, is as follows:

	Severance Benefits	Compensated Absences	Total
Balance as at March 31, 2014	$ 1,217	$ 1,438	$ 2,655
Expense for the year	22	525	547
Benefits paid during the year	(295)	(27)	(322)
Balance as at March 31, 2015	944	1,936	2,880
Expense for the year	84	(111)	(27)
Benefits paid during the year	(175)	(27)	(202)
Balance as at March 31, 2016	$ 853	$ 1,798	$ 2,651

7) **Accounts receivable**

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

	2016	2015
Receivables - Other government departments and agencies	$ 363	$ 494
Receivables - External parties	1,698	1,971
Subtotal	2,061	2,465
Allowance for doubtful accounts on receivables from external parties	(331)	(348)
Total accounts receivable	$ 1,730	$ 2,117

8) Tangible capital assets

	March 31, 2015	Additions	Disposals & write-offs	Transfers	March 31, 2016
Technical equipment					
Cost	$ 19,673	$ 614	$ (1,654)	$ -	$ 18,633
Accumulated amortization	(18,221)	(697)	1,726	-	(17,192)
	1,452	(83)	72	-	1,441
Software & data processing equipment					
Cost	14,525	297	(2,326)	1,457	13,953
Accumulated amortization	(10,831)	(1,533)	2,093	-	(10,271)
	3,694	(1,236)	(233)	1,457	3,682
Office furniture, equipment & other					
Cost	589	-	(52)	-	537
Accumulated amortization	(576)	(5)	52	-	(529)
	13	(5)	-	-	8
Leasehold improvements					
Cost	6,932	222	(2,593)	70	4,631
Accumulated amortization	(5,679)	(487)	2,593	-	(3,573)
	1,253	(265)	-	70	1,058
Collection[1]	0	-	-	-	0
Work in progress	1,527	1,242	-	(1,527)	1,242
Total					
Cost	43,246	2,375	(6,625)	-	38,996
Accumulated amortization	(35,307)	(2,722)	6,464	-	(31,565)
Net book value	$ 7,939	$ (347)	$ (161)	$ -	$ 7,431

[1]NFB's collection has a symbolic value of $1.

The above assets include equipment under capital leases for a total cost of $204 (2015 – NIL) less accumulated amortization of $29 (2015 – NIL). Current year amortization expense relating to property under capital leases amounts to $29 (2015 – NIL).

Disposals and write-offs of $6,625 (2015 – $8,268) for the year are related to the abandonment of obsolete material.

9) 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:

	2017	2018	2019	2020	2021-2031	Total
Premises	$ 4,533	$ 3,902	$ 529	$ 476	$ 1,743	$ 11,183
Other goods and services	893	130	35	18	6	1,082
Total	$ 5,426	$ 4,032	$ 564	$ 494	$ 1,749	$ 12,265

The agreements for leased premises in the amount of $11,183 were signed with Public Services and Procurement Canada (PSPC).

10) Contingent liabilities

The Board is subject to various legal claims arising in the normal course of its operations. In management's view, the ultimate disposition of these claims is not expected to have a material impact on the financial statements.

11) **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.

		2016		2015
a) Expenses				
Salaries and benefits	$	35,653	$	37,027
Professional and special services		10,122		9,897
Rentals		6,265		6,719
Transportation and communication		3,120		2,765
Amortization of tangible capital assets		2,722		2,302
Materials and supplies		1,724		1,588
Repairs and upkeep		1,081		933
Cash financing in co-productions		1,020		1,225
Royalties		675		796
Information		491		436
Contracted film production and laboratory processing		389		517
Gain on disposal of tangible capital assets		161		-
Miscellaneous		24		240
	$	63,447	$	64,445
b) Revenues				
Royalties	$	1,874	$	1,984
Stock shots		489		612
Film prints		473		613
Sponsored production and pre-sale		349		341
Miscellaneous		202		180
	$	3,387	$	3,730

12) **Related party transactions**

The Board is related, as a result of common ownership, to all government departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business and on normal trade terms. During the year ending March 31, 2016, the Board leased premises from Public Services and Procurement Canada (PSPC) for the amount of $5,006 (2015 – $5,639).

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.

		2016		2015
Accounts receivable - Other government departments and agencies	$	363	$	494
Acounts payable - Other government departements and agencies	$	1,210	$	1,132
Expenses - Other government departments and agencies	$	13,509	$	14,148
Revenues - Other government departments and agencies	$	377	$	487

13) Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014-2015. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Department. However, it did result in the use of additional spending authorities by the Department. Prior to year-end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Services and Procurement Canada (PSPC), who is responsible for the administration of the Government pay system. The impact in 2015-2016 is not significant.

14) The Documentary Channel

Since 2002, the NFB owns a permanent share of 14% (14 x $1 units) of the specialized television channel The Documentary Channel. Pursuant to the investment agreement, the NFB'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 $113 ($137 in 2015).

15) Information comparative

Comparative figures have been reclassified to conform to the current year's presentation.

Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting of the NATIONAL FILM BOARD for Fiscal Year 2015-2016 (unaudited)

1. Introduction

In support of an effective system of internal control, the National Film Board (the "Board") annually assesses the performance of its financial controls to ensure that:

- financial arrangements or contracts are entered into only when sufficient funding is available;
- payments for goods and services are made only when the goods or services are received or the conditions of contracts or other arrangements have been satisfied; and
- payments have been properly authorized.

The Board will benefit from the results of the Core Control Audit led by the Office of the Comptroller General which began in January 2016. The final audit report to the small departments Committee is expected in October 2016. The objective of this audit is to ensure that core controls over financial management are effective and result in compliance with corresponding legislation, policies, and directives.

Below is a summary of the results of the assessment conducted during fiscal year 2015-2016.

2. Assessment results during fiscal year 2015-2016

For the most part, controls related to payment for goods and services and payment authority were functioning well and form an adequate basis for the Board's system of internal control. The following additional control was implemented during the current fiscal year:

- The implementation of a pre-approval control for expenses over 400$ made on acquisitions cards was communicated to all employees..

3. Assessment Plan

The Board will continue to monitor the performance of its system of internal control with a focus on the core controls related to financial transactions.