

Financial Statements

March 31, 2023



National Screen
Institute

National Screen Institute - Canada
Financial Statements
March 31, 2023

Independent Auditor's Report

To the Directors of National Screen Institute - Canada:

Opinion

We have audited the financial statements of National Screen Institute - Canada ("NSI"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NSI as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of NSI in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing NSI's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate NSI or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NSI's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NSI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NSI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause NSI to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

September 28, 2023

MNP LLP

Chartered Professional Accountants

National Screen Institute - Canada

Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	811,816	970,194
Accounts receivable (Note 3)	202,850	229,198
Investments - GIC	250,000	-
Prepaid expenses	36,765	82,985
	1,301,431	1,282,377
Capital assets (Note 4)	51,105	28,366
	1,352,536	1,310,743
Liabilities		
Current		
Accounts payable and accruals (Note 5)	115,285	178,334
Deferred contributions (Note 6)	1,111,220	1,005,322
Current portion of long-term debt (Note 7)	4,525	4,525
Canada Emergency Business Account loan (Note 8)	40,000	40,000
	1,271,030	1,228,181
Long-term debt (Note 7)	1,131	5,656
	1,272,161	1,233,837
Net Assets		
Invested in capital assets	51,105	28,366
Internally restricted (Note 12)	12,000	32,000
Unrestricted	17,270	16,540
	80,375	76,906
	1,352,536	1,310,743

Approved on behalf of the Board

"Virginia Thompson"

Chair

"Brad Pelman"

Treasurer

The accompanying notes are an integral part of these financial statements

National Screen Institute - Canada
Statement of Operations
For the year ended March 31, 2023

	2023	2022
Revenues		
Telefilm	264,752	225,446
Provincial government	176,700	185,700
Provincial agencies	284,766	110,789
Municipal agencies	-	38,625
Private sector	1,291,963	949,616
Foundations and trusts	87,013	36,283
Project revenue	8,552	65,336
Investment income	2,466	-
Federal government	298,326	167,189
Canada Media Fund	391,679	133,321
	2,806,217	1,912,305
Expenses		
Program delivery	2,563,220	1,565,357
Administration	239,528	242,485
	2,802,748	1,807,842
Excess of revenue over expenses	3,469	104,463

National Screen Institute - Canada
Statement of Changes in Net Assets (Deficit)

For the year ended March 31, 2023

	<i>Invested in capital assets</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	2023	<i>2022</i>
Net assets (deficit), beginning of year	28,366	32,000	16,540	76,906	(27,557)
Excess of revenue over expenses	(8,579)	(20,000)	32,048	3,469	104,463
Internal transfer for capital asset purchases	31,318	-	(31,318)	-	-
Net assets, end of year	51,105	12,000	17,270	80,375	76,906

The accompanying notes are an integral part of these financial statements

National Screen Institute - Canada
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	3,469	104,463
Amortization	8,579	11,413
	12,048	115,876
Changes in working capital accounts		
Accounts receivable	26,348	(34,491)
Prepaid expenses	46,220	(66,535)
Accounts payable and accruals	(63,049)	64,035
Deferred contributions	105,898	521,129
	127,465	600,014
Financing		
Repayment of long-term debt	(4,525)	(4,525)
Investing		
Purchase of investments - GIC	(250,000)	-
Purchase of capital assets	(31,318)	(7,307)
	(281,318)	(7,307)
Increase (decrease) in cash resources	(158,378)	588,182
Cash resources, beginning of year	970,194	382,012
Cash resources, end of year	811,816	970,194

The accompanying notes are an integral part of these financial statements

1. Nature of operations

The National Screen Institute - Canada ("NSI") was incorporated on April 7, 1986, under Part II of the Canada Corporations Act as a corporation without share capital. Vision of NSI: "Storytellers create a culturally equitable world." Mission of NSI: "Through inclusive, customized training and mentorship, the National Screen Institute supports creators to change the world through the power of story." NSI has its head office in Winnipeg, Manitoba.

NSI is a not-for-profit charitable organization registered under the Income Tax Act, and as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

NSI follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year when the related expenses are incurred or as receivable if the amount to be received can be reasonably estimated and the collection is reasonably assured. Unrestricted contributions are recognized when received or the amount to be received can be reasonably estimated and the collection is reasonably assured.

Contribution of goods and services

NSI records contributions of donated goods and services as both revenue and expenses providing the fair value on the contribution date can be reasonably estimated. The amount of contributed goods and services during the year was \$nil (2022 - \$nil).

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is considered to be restricted cash. \$32,000 (2022 - \$32,000) of internally restricted cash (as described in Note 12) is included within cash on the statement of financial position and within cash resources on the statement of cash flows.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	20 %
Computer software	20 %
Furniture and fixtures	12.5 %
Office equipment	20 %
Leasehold improvements	20 %
Program equipment	20 %

Long-lived assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

NSI performs impairment testing on long lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when discounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year.

2. **Significant accounting policies** *(Continued from previous page)*

Financial instruments

NSI recognizes its financial instruments when NSI becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at fair value.

At initial recognition, NSI may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. NSI has not made such an election during the year.

NSI subsequently measures investments in equity instruments quoted in an active market at fair market value. Fair value is determined by published prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment

NSI assesses impairment of all of its financial assets measured at cost or amortized cost. NSI groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty; or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, NSI determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, NSI reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

NSI reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability. NSI currently has no allowance for doubtful accounts. Provision is made for amortization of capital assets based on an estimate of their useful lives. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in income in the periods in which they become known.

National Screen Institute - Canada Notes to the Financial Statements

For the year ended March 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Government assistance

Government assistance is recorded as revenue in the financial statements when there is reasonable assurance that NSI, has complied with, and will continue to comply with, all conditions necessary to obtain the assistance.

Internally generated intangible assets – research and development costs

NSI expenses all research costs and development costs related to internally generated intangible assets.

3. Accounts receivable

	2023	2022
Trade receivables	173,000	215,498
GST receivable	29,850	13,700
	202,850	229,198

4. Capital assets

	Cost	Accumulated amortization	2023 Net book value
Computer equipment	97,300	54,640	42,660
Computer software	1,746	1,219	527
Furniture and fixtures	46,657	42,750	3,907
Office equipment	41,668	39,380	2,288
Leasehold improvements	16,285	14,562	1,723
Program equipment	11,725	11,725	-
	215,381	164,276	51,105

	Cost	Accumulated amortization	2022 Net book value
Computer equipment	72,974	47,015	25,959
Computer software	1,746	1,087	659
Furniture and fixtures	44,121	42,373	1,748
Office equipment	39,126	39,126	-
Leasehold improvements	14,371	14,371	-
Program equipment	11,725	11,725	-
	184,063	155,697	28,366

Total amortization expense for the year amounted to \$8,579 (2022 - \$11,413).

National Screen Institute - Canada
Notes to the Financial Statements
For the year ended March 31, 2023

5. Accounts payable and accruals

	<i>2023</i>	<i>2022</i>
Accounts payable	91,639	132,328
Accrued liabilities	14,719	26,789
Vacation accrual	8,927	19,217
	115,285	178,334

6. Deferred contributions

	<i>2023</i>	<i>2022</i>
Balance, beginning of year	1,005,322	484,193
Amount received during the year	2,909,649	2,433,434
Less: Amount recognized as revenue during the year	(2,803,751)	(1,912,305)
	1,111,220	1,005,322

7. Credit facility

NSI has negotiated a \$303,100 credit facility with RBC, available at the borrower's option, and can be drawn through a \$85,000 corporate Visa account for miscellaneous travel and other expenses, a \$18,100 3.76% fixed rate term loan and a \$200,000 revolving demand facility available by way of overdraft at prime plus 1.25%. No amounts were drawn on the Visa and overdraft credit facilities as at March 31, 2023 (2022 - \$nil).

Security is a general security agreement registered in Manitoba. Notwithstanding compliance with covenants of the credit facility, borrowings are repayable on demand.

The amounts outstanding on the fixed rate term loan are as follows:

	<i>2023</i>	<i>2022</i>
RBC term loan payable in monthly instalments of \$377, plus interest of 3.76%, due June 9, 2024.	5,656	10,181
Less: current portion	4,525	4,525
	1,131	5,656

Principal repayments on the RBC term loan in each of the next two years, assuming all term debt is subject to contractual terms of repayment are estimated as follows:

2024		4,525
2025		1,131
		5,656

8. Canadian Emergency Business Account loan (CEBA)

In fiscal year ending March 31, 2021, NSI received the CEBA line of credit in the amount of \$60,000 funded by the Government of Canada. Until January 18, 2024, no repayment is required and the annual interest rate is 0%. If repayment of \$40,000 of the total debt is made on or before January 18, 2024, the repayment of the remaining \$20,000 of such term debt shall be forgiven. This amount has been recognized as revenue in the fiscal year ending March 31, 2021. In the event the \$40,000 total debt is not repaid by this date, the total debt has an interest rate of 5% and must be repaid in total.

9. Commitments

NSI has thirty-six months remaining on an office lease for 1,736 square feet at 209-230 Main Street which commenced April 1, 2023. Minimum annual rent is \$21,187. The lease can be nullified with a notice of 30 days.

NSI has twenty-seven months remaining on a lease agreement for office equipment. Minimum annual payments are \$1,464.

10. Financial instruments

NSI as part of its operations carries a number of financial instruments. It is management's opinion that NSI is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject NSI to concentrations of credit risk consist mainly of accounts receivable from private funders and government bodies.

11. Economic dependence

A major portion of NSI's revenue is derived from funding grants and donations. As a result, any reduction in funding may affect NSI's ability to continue future operations.

12. Internally restricted net assets

The Board of Directors has approved that \$nil (2022 - \$12,500) of the excess of revenue over expenses be restricted for the purpose of establishing the National Screen Institute Endowment Fund with The Winnipeg Foundation, that \$nil (2022 - \$7,500) in donations be restricted at the request of the donors for the purpose of contributing to the National Screen Institute Endowment Fund and that a \$nil (2022 - \$2,000) donation be restricted at the request of a donor for the purpose of an award supporting an up-and-coming Indigenous filmmaker in Canada.

	2023	<i>2022</i>
Net assets internally restricted, beginning of year	32,000	10,000
Excess of revenue over expenses for the current year internally restricted	(20,000)	12,500
Donations specified for the National Screen Institute Endowment Fund	-	7,500
Donations specified to award an up-and-coming Indigenous filmmaker in Canada	-	2,000
Net assets internally restricted, end of year	12,000	32,000