

FINANCIAL STATEMENTS
For
CANADIAN FILM INSTITUTE
For year ended
NOVEMBER 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the directors of

CANADIAN FILM INSTITUTE*Qualified Opinion*

We have audited the financial statements of Canadian Film Institute (the "Organization"), which comprise the statement of financial position as at November 30, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at November 30, 2022 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from the general public in the form of box office sales, in-kind donations, corporate sponsorships and rentals, items sales and other services, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to the revenues referred to above, net revenue, and cash flows from operations for the years ended November 30, 2022 and 2021, current assets as at November 30, 2022 and 2021, and unrestricted net assets as at December 1 and November 30 for both the 2022 and 2021 fiscal years. Our opinion on the financial statements for the year ended November 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 qualified audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially consistent with the financial statements and our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the Organization'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 the Organization 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

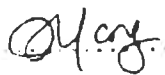
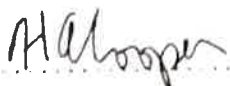
Ottawa, Ontario
February 21, 2023.

Welch LLP

CANADIAN FILM INSTITUTE
STATEMENT OF FINANCIAL POSITION
NOVEMBER 30, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 384,101	\$ 516,099
Short-term investments - note 4	12,546	12,515
Accounts receivable	217,812	184,103
Government remittances receivable	26,768	7,590
Prepaid expenses	<u>21,892</u>	<u>21,987</u>
	663,119	742,294
INVESTMENTS - note 5	82,652	82,652
TANGIBLE CAPITAL ASSETS - note 6	<u>17,481</u>	<u>30,487</u>
	<u>\$ 763,252</u>	<u>\$ 855,433</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - note 7	\$ 179,925	\$ 172,697
Deferred contributions - note 8	<u>40,723</u>	<u>76,090</u>
	220,648	248,787
LOAN PAYABLE - CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) - note 9	<u>30,000</u>	<u>30,000</u>
	<u>250,648</u>	<u>278,787</u>
NET ASSETS		
Unrestricted	429,952	493,994
Internally restricted - note 10	<u>82,652</u>	<u>82,652</u>
	<u>512,604</u>	<u>576,646</u>
	<u>\$ 763,252</u>	<u>\$ 855,433</u>

Approved on behalf of the Board.

 Chair
 Treasurer

(See accompanying notes)

Welch LLP*

An Independent Member of BKR International

CANADIAN FILM INSTITUTE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED NOVEMBER 30, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Box office sales	\$ 254,951	\$ 116,288
Grants - note 11	543,387	468,989
Contributed materials and services - note 12	271,423	189,689
Corporate sponsorship	382,008	253,738
Rentals, item sales and other services	92,356	72,084
Investment income	31	8,081
	<u>1,544,156</u>	<u>1,108,869</u>
Expenses - note 12		
Advertising and promotion	177,440	157,743
Amortization	13,006	8,210
Artistic expenses	408,885	160,762
Miscellaneous	2,436	1,463
Office expenses	48,343	43,759
Other	37,036	35,168
Professional fees	14,140	11,425
Program staff	48,276	49,204
Reception and hospitality	20,324	9,837
Rent	14,767	9,106
Salaries and wages	744,963	595,870
Telecommunications	5,121	8,139
Theatre rental	<u>192,557</u>	<u>6,635</u>
	<u>1,727,294</u>	<u>1,097,321</u>
Operating income (loss)	(183,138)	11,548
Government subsidies - note 13	<u>119,096</u>	<u>190,474</u>
Net revenue (expense)	(64,042)	202,022
Unrestricted net assets at beginning of year	<u>493,994</u>	<u>299,960</u>
Unrestricted net assets before interfund transfer	429,952	501,982
Interfund transfer - note 10	<u>-</u>	<u>(7,988)</u>
Unrestricted net assets at end of year	<u>\$ 429,952</u>	<u>\$ 493,994</u>

(See accompanying notes)

CANADIAN FILM INSTITUTE
STATEMENT OF CASH FLOWS
YEAR ENDED NOVEMBER 30, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expense) for the year	\$ (64,042)	\$ 202,022
Item not requiring an outlay of cash:		
Amortization	<u>13,006</u>	<u>8,210</u>
	(51,036)	210,232
Changes in non-cash working capital:		
Accounts receivable	(33,709)	(2,545)
Government remittances receivable	(19,178)	(693)
Prepaid expenses	95	888
Accounts payable and accrued liabilities	7,228	(6,896)
Deferred contributions	<u>(35,367)</u>	<u>11,316</u>
	<u>(131,967)</u>	<u>212,302</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(32,933)
Change in short-term investments	(31)	(93)
Change in investments	<u>-</u>	<u>(7,988)</u>
	<u>(31)</u>	<u>(41,014)</u>
INCREASE (DECREASE) IN CASH	(131,998)	171,288
CASH AT BEGINNING OF YEAR	<u>516,099</u>	<u>344,811</u>
CASH AT END OF YEAR	<u>\$ 384,101</u>	<u>\$ 516,099</u>

(See accompanying notes)

CANADIAN FILM INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2022

1. ORGANIZATION

On August 26, 1935, the Canadian Film Institute (the "Organization") was incorporated as a charitable organization by letters of patent under the Canada Corporations Act, and was approved for continuance under the Canada Not-for-Profit Corporations Act on October 8, 2014. The Organization encourages and promotes the production, diffusion, study, appreciation and use of moving images for cultural and educational purposes in Canada and abroad. It organizes ongoing public film programming, distributes a small collection of films and is involved in the publication of books and monographs on various aspects of Canadian cinema. The Organization is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

Revenue recognition

The Organization follows the deferral method of accounting for restricted contributions.

Revenue from restricted grants is deferred and recorded in the year in which the related expenses are incurred.

Unrestricted contributions, grants and donations are recognized as revenue when they are received or receivable if the amount can be reasonably estimated and collection can be reasonably assured.

Revenue from box office sales is recognized in the year in which the respective event is held at the time the event is completed.

Revenue from corporate sponsorships and rentals and item sales is recognized in the year in which the revenue is received or receivable, when the event is complete or the item is delivered and as long as collection is reasonably assured.

Revenue from other services is recognized when the services are delivered.

Revenue from in-kind donations is recognized in the year in which the goods and services are received.

Tangible capital assets and amortization

Capital assets are stated at cost, net of accumulated amortization. Amortization is recorded on the straight line basis as follows:

Computers	3 years
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In the year of acquisition, amortization is recorded at half the rate.

CANADIAN FILM INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Donated materials and services

The Organization records the value of donated materials and services when the materials and services are normally purchased by the Organization and a fair market value can be reasonably determined.

Volunteer services

The Organization receives the services of volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of these amounts has been included in these financial statements.

Government assistance

The Tourism and Hospitality Recovery Program (THRP) wage subsidy was a form of temporary government assistance initiated by the federal government to provide support through wage and rent subsidies to select tourism and hospitality businesses still facing pandemic related challenges. The subsidy was calculated as a percentage of eligible remuneration paid by those who experienced a certain level of revenue decline during the program periods.

The subsidies have been recorded in the period to which they relate as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of the assistance received is reported as other income as described in note 13 in the applicable period.

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.

Management makes estimates when determining the useful life of its tangible capital assets, and the collectibility of its accounts receivable. Actual results could differ from these estimates.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial instruments at cost or amortized cost at the financial statement date, with the exception of cash and investments which are measured at fair value at the financial statement date.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down or subsequent recovery is recognized in the net revenue (expense).

CANADIAN FILM INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2022

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations at November 30, 2022.

Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization is exposed to credit risk with respect to its cash, investments and accounts receivable. The Organization's cash and short-term investments are held by Canadian chartered banks and as a result management believes the risk of loss on these items to be remote. The Organization assesses, on a continuous basis, the accounts receivable and follows up on any overdue amounts. The Organization believes that all accounts receivable will be collected and accordingly, no allowance for doubtful accounts has been recorded. The Organization's long term investments are held with the Ottawa Festival Network and the Organization receives regular updates from the Ottawa Festival Network regarding the value of funds invested. Management is confident that the related amounts are properly recorded and that they are collectable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages this risk through its budgeting process and cash estimates to ensure it has funds necessary to fulfill its obligations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Organization's financial instruments are denominated in Canadian dollars and substantially all of the Organization's transactions are in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instruments or future cash flows will fluctuate due to changes in market interest rates.

The Organization is exposed to interest rate risk on its Guaranteed Investment Certificates (GICs) and its long term investments. The Organization regularly renews its short-term GICs at prevailing market rates and has an external party monitoring and maintaining its long term investments, see note 5.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Organization mitigates this risk by investing in short-term guaranteed investment certificates.

Changes in risk

There have been no significant changes to the Organization's risk exposures from the prior year.

CANADIAN FILM INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2022

4. SHORT-TERM INVESTMENTS

At November 30, 2022, short-term investments consisted of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Guaranteed investment certificates	\$ 12,546	\$ 12,546	\$ 12,515	\$ 12,515

The guaranteed investment certificate has an effective interest rate of 0.75% with a maturity date of May 25, 2023.

5. INVESTMENTS

The Organization has placed deposits with the Ottawa Festival Network to support their Sustainability and Emergency Funding Programs. Member Organizations of the Ottawa Festival Network deposit funds to match grant support received by the Network from the City of Ottawa. The grants are used to provide sustainability and emergency funding loans to member organizations. Deposits are redeemable upon request and provide the depositor with investment income and access to the Sustainability and Emergency Funding Program.

6. TANGIBLE CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computers	\$ 55,398	\$ 37,917	\$ 55,398	\$ 24,911
Accumulated amortization	37,917		24,911	
	<u>\$ 17,481</u>		<u>\$ 30,487</u>	

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$20,323 (2021 - \$12,834).

CANADIAN FILM INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2022

8. DEFERRED CONTRIBUTIONS

	Balance - beginning of year	Amounts received	Revenue recognized	Balance - end of year
Ontario Arts Council - 2022 Festivals	\$ 26,674	\$ -	\$ (26,674)	\$ -
IFFO 2022 Festival	17,400	-	(17,400)	-
Canada Council - Equipment Acquisition	5,342	-	(2,137)	3,205
Ontario Arts Council - Arts Recovery Funding	26,674	-	(26,674)	-
Ontario Arts Council - 2023 Festivals	-	22,673	-	22,673
IFFO 2023 Festival	-	7,500	-	7,500
Independent Media Arts Alliance - Digital Skills Youth Internship	-	6,920	(2,108)	4,812
EUFF 2022 Festival	-	2,533	-	2,533
	<u>\$ 76,090</u>	<u>\$ 39,626</u>	<u>\$ (74,993)</u>	<u>\$ 40,723</u>

Deferred contributions are restricted for use on the applicable events or purpose for which funding was received.

9. LOAN PAYABLE - CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)

The Organization received a \$40,000 loan under the provisions of the Canada Emergency Business Account (CEBA) program. The program was launched by the Government of Canada to provide financing to qualifying small business and not-for-profit organizations to ease the financial strain experienced as a result of the COVID-19 pandemic.

The loan was provided by the Royal Bank of Canada, is non-interest bearing, and is guaranteed by the Government of Canada.

Additional terms associated with CEBA are as follows:

- Repayment of principal is not required before December 31, 2023 and loan payments can be made at any time without fees or penalties.
- If \$30,000 is fully repaid by December 31, 2023, the remaining \$10,000 balance will be forgiven. The Organization intends to repay this amount by December 31, 2023 and accordingly the \$10,000 was recorded in net revenue in 2020.
- Any outstanding amount of the loan payable after December 31, 2023 will be converted into a 2-year term loan bearing interest at 5% per annum.
- The loan payable must be repaid in full by December 31, 2025.

10. INTERNALLY RESTRICTED CONTRIBUTIONS

The Organization has determined a need to internally restrict a portion of its net assets for future contingencies. The amount may vary according to the future needs of the Organization. The funds are reviewed on an annual basis. During the year, a transfer of \$nil (2021 - \$7,988) from unrestricted net assets to the internally restricted fund was deemed necessary by the Board for the fiscal year ending November 30, 2022.

CANADIAN FILM INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED NOVEMBER 30, 2022

11. GRANT REVENUE

Grant revenue reflects revenue received from the following organizations:

	<u>2022</u>	<u>2021</u>
City of Ottawa	\$ 80,650	\$ 80,650
Ontario Arts Council	53,348	26,674
Ontario Media Development	45,000	45,000
Reconnect Ontario	104,455	38,500
Telefilm Canada	164,020	194,020
Canada Council	65,914	54,145
Ministry of Canadian Heritage	<u>30,000</u>	<u>30,000</u>
	<u>\$ 543,387</u>	<u>\$ 468,989</u>

12. CONTRIBUTED MATERIALS AND SERVICES

The Organization received \$271,423 (2021 - \$189,689) of contributions in-kind during the year. This amount, which reflects the fair market value of these contributions, has been recorded as contributed materials and services and has been charged against the following expenses:

	<u>2022</u>	<u>2021</u>
Advertising and promotion	\$ 44,953	\$ 37,008
Salaries and wages	138,300	89,158
Artistic expenses	64,200	62,882
Theater rental	23,970	-
Office expenses	<u>-</u>	<u>641</u>
	<u>\$ 271,423</u>	<u>\$ 189,689</u>

13. GOVERNMENT SUBSIDIES

In March of 2020, the Government of Canada announced that they would be providing emergency funding in response to measures various businesses were required to take regarding the spread of the COVID-19 pandemic. A variety of different programs were provided.

The amount of the subsidies attributable to the Organization's fiscal year are reported below. The government subsidies have been recorded as a direct increase to other income, after income from operations, in the statement of operations.

	<u>2022</u>	<u>2021</u>
Federal Government of Canada Tourism and Hospitality Recovery Program (THRP)	\$ 112,289	\$ -
Federal Government of Canada Emergency Wage Subsidy (CEWS) program	-	167,019
Other wage subsidies	<u>6,807</u>	<u>23,455</u>
	<u>\$ 119,096</u>	<u>\$ 190,474</u>

The CEWS program ended on October 23, 2021 and the THRP ended on May 7, 2022.

14. LINE OF CREDIT

The Organization has access to a line of credit in the amount of \$30,000 which is payable on demand, with interest charged at the Royal Bank prime rate plus 2.5% per annum. The operating line is secured by a general security agreement. The balance at November 30, 2022 was \$nil (2021 - \$nil).