

**MANITOBA FILM & SOUND  
RECORDING DEVELOPMENT  
CORPORATION**

**Financial Statements**  
For the year ended March 31, 2020

# MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION

## Financial Statements

For the year ended March 31, 2020

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## **Management's Responsibility for Financial Reporting**

The accompanying financial statements are the responsibility of the management of **Manitoba Film & Sound Recording Development Corporation** and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to the audit report date.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of **Manitoba Film & Sound Recording Development Corporation** are fairly represented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management

**Manitoba Film & Sound Recording Development Corporation**

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Rachel Rusen, Chief Executive Officer

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Kevin Gabriel, Director, Finance & Administration

May 27, 2020



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## Independent Auditor's Report

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To the Board of Directors of **Manitoba Film & Sound Recording Development Corporation**

### Opinion

We have audited the financial statements of **Manitoba Film & Sound Recording Development Corporation** (the "Organization") which comprise the statement of financial position as at March 31, 2020, and the statement of operations and accumulated surplus, changes in net financial assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020 and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### 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 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 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.

### Other Matter

We draw attention to Note 3 of the financial statements, which describes the change in the accounting policy. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
May 27, 2020

**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Statement of Financial Position**

<b>March 31</b>	<b>2020</b>	<b>2019</b>
<b>Financial Assets</b>		
Cash and bank (Note 4)	\$ 2,441,134	\$ 2,271,701
Portfolio investment (Note 5)	106,464	83,317
Accounts receivable	19,873	3,885
	<u>2,567,471</u>	<u>2,358,903</u>
<b>Liabilities</b>		
Accounts payable and accruals	78,610	62,095
Employee future benefits (Note 6)	106,464	83,317
Carry-over commitments (Note 7)	1,938,953	1,674,884
	<u>2,124,027</u>	<u>1,820,296</u>
<b>Net financial assets</b>	<u>443,444</u>	<u>538,607</u>
<b>Non-financial Assets</b>		
Prepaid expenses	123,510	45,218
Tangible capital assets (Note 8)	101,699	77,940
	<u>225,209</u>	<u>123,158</u>
<b>Accumulated surplus</b>	<u>\$ 668,653</u>	<u>\$ 661,765</u>

Approved on behalf of the Board:

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\_\_\_\_\_ Director

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\_\_\_\_\_ Director

**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Statement of Operations and Accumulated Surplus**

<b>For the year ended March 31</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Province of Manitoba	\$ 3,582,600	\$ 3,582,600	\$ 3,582,600
Other	40,000	229,589	75,081
	<u>3,622,600</u>	<u>3,812,189</u>	<u>3,657,681</u>
<b>Expenditures (Schedule)</b>			
Corporate services	244,801	237,442	242,117
Film commission/location services	347,524	370,534	336,489
Film and television programs	1,985,000	1,934,838	2,125,302
Industry support	191,500	211,850	213,682
Music programs	575,000	575,000	569,185
Program delivery - film/television, tax credits and music programs (Note 9)	746,430	859,491	716,790
	<u>4,090,255</u>	<u>4,189,155</u>	<u>4,203,565</u>
<b>Deficiency of revenue over expenditures before program recoupments</b>	<b>(467,655)</b>	<b>(376,966)</b>	<b>(545,884)</b>
<b>Program recoupments (Note 10)</b>	<u>200,000</u>	<u>383,854</u>	<u>243,506</u>
<b>Annual surplus (deficit) (Note 11)</b>	<u><b>\$ (267,655)</b></u>	<b>6,888</b>	<b>(302,378)</b>
<b>Accumulated surplus, beginning of year</b>		<u>661,765</u>	964,143
<b>Accumulated surplus, end of year</b>		<u><b>\$ 668,653</b></u>	<u>\$ 661,765</u>

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**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Statement of Changes in Net Financial Assets**

<b>For the year ended March 31</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Annual surplus (deficit)</b>	<b>\$ (267,655)</b>	<b>\$ 6,888</b>	<b>\$ (302,378)</b>
<b>Acquisition of tangible capital assets</b>	<b>-</b>	<b>(43,795)</b>	<b>(3,665)</b>
<b>Amortization of tangible capital assets</b>	<b>21,000</b>	<b>20,036</b>	<b>23,610</b>
<b>Increase in prepaid expense</b>	<b>-</b>	<b>(78,292)</b>	<b>(13,884)</b>
<b>Decrease in net financial assets</b>	<b><u>\$ (246,655)</u></b>	<b>(95,163)</b>	<b>(296,317)</b>
<b>Net financial assets, beginning of year</b>		<b><u>538,607</u></b>	<b>834,924</b>
<b>Net financial assets, end of year</b>		<b><u>\$ 443,444</u></b>	<b><u>\$ 538,607</u></b>



**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Annual surplus (deficit)	\$ 6,888	\$ (302,378)
Amortization	<u>20,036</u>	23,610
	<b>26,924</b>	(278,768)
Changes in non-cash working capital balances		
Accounts receivable	<b>(15,988)</b>	(2,885)
Prepaid expenses	<b>(78,291)</b>	(13,884)
Accounts payable and accruals	<b>16,515</b>	(11,410)
Employee future benefits	<b>23,147</b>	25,632
Carry-over commitments	<u>264,069</u>	617,402
	<b>236,376</b>	336,087
<b>Cash Flows from Capital Activities</b>		
Purchase of capital assets	<u>(43,796)</u>	(3,665)
<b>Cash Flows from Investing Activities</b>		
Increase in portfolio investment	<u>(23,147)</u>	(25,632)
<b>Increase in cash and bank during the year</b>	<b>169,433</b>	306,790
<b>Cash and bank, beginning of year</b>	<u>2,271,701</u>	1,964,911
<b>Cash and bank, end of year</b>	<b>\$ 2,441,134</b>	<b>\$ 2,271,701</b>

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# MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

## Notes to Financial Statements

For the year ended March 31, 2020

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### 1. Nature of the Organization

Manitoba Film and Sound Recording Development Corporation (the "Organization") is a statutory corporation created by the Province of Manitoba through The Manitoba Film and Sound Recording Development Corporation Act and is exempt from income taxes. The main objective of the Organization is to foster growth of the Manitoba film and music recording industries by providing financing and other assistance.

The Organization has been designated by the Minister of Finance to administer the Manitoba Film and Video Production Tax Credit Program, including the registration of productions and review of tax credit applications.

### 2. Summary of Accounting Policies

#### Basis of Accounting

The financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board, and reflect the following significant accounting policies.

#### Financial Assets

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

Portfolio investments are investments that are capable of reasonably prompt liquidation and are recognized at cost.

#### Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

Pension benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

#### Non-financial Assets

- (a) Prepaid expenses are payments for goods or services that will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

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# MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

## Notes to Financial Statements

For the year ended March 31, 2020

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### 2. Summary of Accounting Policies (continued)

#### (b) Tangible Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Amortization, is provided using the straight line method based on the estimated useful life of the asset, at the following rates:

Computer equipment	30%
Equipment	20%
Furniture and fixtures	20%
Leasehold improvements	5%
Website	30%

#### Program Funding

The Organization provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and music recording artists and industries. The grant may take the form of equity financing from which, in the future, there may be a recovery of principal or return on investment.

#### Revenue Recognition

Provincial government transfers for operating purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions are considered unearned until conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer from the Province of Manitoba is authorized, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the Organization. Any unrestricted contributions or grants are recorded as revenue in the year received or in the years the funds are committed if the amount can be reasonably estimated and collection is reasonably assured. Other revenue are recognized as follows:

#### a) Program Recoupments

Any recovery of principal or return on investment of programs funded is recorded as program recoupments when received.

#### b) Jump Start Program Recoupments

Any recovery of principal or return on investment of programs funded under the Jump Start program must be re-invested in the Organization's Market Driven Television Production and Market Driven Feature Film Production financing programs within the fiscal year that the recoupment occurs, if possible. If not possible, recoupments will be deferred to the following fiscal year and recognized as revenue at that time.

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# MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

## Notes to Financial Statements

For the year ended March 31, 2020

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### 2. Summary of Accounting Policies (continued)

#### Use of Estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Organization evaluated the impact of the COVID-19 outbreak at the reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered are the nature of long-lived assets, liquidation of current assets, carry-over commitments and ongoing funding from the provincial government. Based on its assessment, the Organization do not foresee a significant impact of COVID-19 in the near-future as it expect to receive the funding from province, will continue to honour the carry-over commitments, no major impairment effect on long-lived assets as these primarily represents office equipment, computers and furniture and the credit risk with respect to bank balance and investment are limited as it is held with reputable financial institution. Any variation to this judgment and estimate may impact actual and future results.

### 3. Change in Accounting Policy

Effective April 1, 2019, the Province of Manitoba has directed the Organization to change its basis of accounting from Canadian Government Not-for-Profit Organization standards, which includes sections PSAS 4200 to PSAS 4270, to PSAS without sections PSAS 4200 to PSA 4270. As a result of the adoption, the presentation of the financial statements changed from the prior year. This change in accounting policy has been applied retroactively with restatement of prior periods. The most significant changes as a result of adopting this basis of accounting include:

- The Organization's budget is presented in the Statement of Operations.
- The Statement of Financial Position presents financial assets and liabilities to determine a net financial assets position; non-financial assets are shown separately and the accumulated surplus or deficit is the sum of the above-noted amounts.
- Presentation of the Statement of Changes in Net Financial Assets which presents the activities which contributed to the change in net financial assets in the Statement of Financial Position.

For the year ended March 31, 2019, this change in accounting policy had no significant impact on the financial statements from amounts previously presented in the prior year's financial statements.

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**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Notes to Financial Statements**

**For the year ended March 31, 2020**

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**4. Cash and Bank**

	<b>2020</b>	<b>2019</b>
Cash	<b>\$ 502,181</b>	\$ 596,817
Internally designated cash	<b>1,938,953</b>	1,674,884
	<b>\$ 2,441,134</b>	\$ 2,271,701

Cash on deposit and internally designated cash earn monthly interest at the Chartered Bank's commercial rates. The Organization has internally designated a portion of its cash as noted above to satisfy commitments made as disclosed in Note 7 for carry-over commitments.

**5. Portfolio Investment**

Portfolio investment consists of a guaranteed investment certificate with a maturity date of March 22, 2021, bearing interest at a rate of 0.60% per annum.

**6. Employee Future Benefits**

a) Pension Benefits

Employees of the Organization are provided pension benefits by the Civil Service Superannuation Fund (the "Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Organization is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contribution to the Fund. The Organization's contribution for the year was \$54,246 (\$58,491 in 2019) and is included in employees benefits expense.

b) Enhanced Pension Benefit Obligation

Certain employees of the Organization are entitled to enhanced pension benefits. A pension liability has been established for those employees whose annual earnings exceed the limit under the Civil Service Superannuation Fund Plan. The cost is actuarially determined using the projected benefit methods and reflects management's best estimate of salary increase and the age at which the employee will retire. The Organization measures its accrued enhanced pension benefit obligation as of December 31 each year. The most recent actuarial report was December 31, 2018.

**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Notes to Financial Statements**

**For the year ended March 31, 2020**

**6. Employee Future Benefits (continued)**

b) Enhanced Pension Benefit Obligation (continued)

The pension obligation liability at March 31 included in accounts payable and accruals includes the following components:

	<u>2020</u>	<u>2019</u>
Accrued obligation liability		
Balance, beginning of the year	\$ 83,317	\$ 57,685
Current service costs	4,819	3,546
Interest cost	4,901	3,393
Effect of changes in assumptions	5,560	12,630
Experience gain and transitional adjustment	<u>7,867</u>	<u>6,063</u>
Balance, end of year	<u>\$ 106,464</u>	<u>\$ 83,317</u>

The total expenses related to pension benefits at March 31 include the following components:

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 4,819	\$ 3,546
Interest cost	4,901	3,393
Effect of changes in assumptions	5,560	12,630
Experience gain and transitional adjustment	<u>7,867</u>	<u>6,063</u>
Balance, end of year	<u>\$ 23,147</u>	<u>\$ 25,632</u>

Significant long-term actuarial assumptions used in the December 31, 2018 valuation and in the determination of the March 31, 2020 present value of the accrued pension obligation were:

	<u>2020</u>	<u>2019</u>
Discount rate	6.00%	6.00%
Rate of compensation increase	3.50%	3.75%

The Organization has internally designated its short-term investment (see Note 5) to meet its obligation for providing enhanced pension benefits to eligible employees.

**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION  
Notes to Financial Statements**

**For the year ended March 31, 2020**

**7. Carry-Over Commitments**

Due to lead times required to obtain all the resources necessary to complete film, television and music recording projects, the Organization approves applications for funding which may not be disbursed until subsequent fiscal periods. Particulars of such approved funding in fiscal year ended March 31, 2020 and prior years, which were not fully advanced as at March 31, 2020 are as follows:

	Year of Commitment				
	2019-2020	2018-2019	2017-2018 & Older	2020	2019
Development Financing Programs	\$ 85,225	\$ 10,792	\$ 3,370	\$ 99,387	\$ 80,277
Production Financing Programs	1,000,563	339,931	195,400	1,535,894	1,424,273
Emerging Talent Matching Funds	66,684	2,040	600	69,324	5,638
Feature Film Marketing Program	2,100	600	-	2,700	3,000
Access to Markets/Festivals	5,000	5,000	-	10,000	5,000
	<b>1,159,572</b>	<b>358,363</b>	<b>199,370</b>	<b>1,717,305</b>	<b>1,518,188</b>
Sound Recording Production Fund Level 1	3,963	760	-	4,723	9,280
Sound Recording Production Fund Level 2	49,698	14,250	800	64,748	43,988
Sound Recording Production Fund Level 3	19,000	8,500	-	27,500	28,400
Sound Recording Production Fund for Out-of-Province Artists	16,500	600	4,125	21,225	4,725
Music Video Fund	4,782	-	-	4,782	6,740
Record Product Marketing Fund	53,995	450	-	54,445	32,765
Recording Artist Touring Fund	28,675	-	-	28,675	19,248
Music Business Development Fund	-	8,550	-	8,550	8,550
Market Access Fund	3,000	-	-	3,000	3,000
Music Sponsorships	4,000	-	-	4,000	-
	<b>183,613</b>	<b>33,110</b>	<b>4,925</b>	<b>221,648</b>	<b>156,696</b>
Total Commitments	<b>\$ 1,343,185</b>	<b>\$ 391,473</b>	<b>\$ 204,295</b>	<b>\$ 1,938,953</b>	<b>\$ 1,674,884</b>

**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Notes to Financial Statements**

**For the year ended March 31, 2020**

**8. Tangible Capital Assets**

	<b>2020</b>			
	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
Cost				
Computer equipment	\$ 85,546	\$ 11,987	\$ (533)	\$ 97,000
Equipment	11,440	5,976	(2,305)	15,111
Furniture and fixtures	65,866	433	(11,244)	55,055
Leasehold Improvements	146,236	-	-	146,236
Website	43,928	25,400	(2,500)	66,828
	<b>353,016</b>	<b>43,796</b>	<b>(16,582)</b>	<b>380,230</b>
Accumulated Amortization				
Computer equipment	63,942	10,053	(533)	73,462
Equipment	10,609	1,039	(2,305)	9,343
Furniture and fixtures	60,103	1,712	(11,244)	50,571
Leasehold Improvements	97,604	6,143	-	103,747
Website	42,818	1,090	(2,500)	41,408
	<b>275,076</b>	<b>20,037</b>	<b>(16,582)</b>	<b>278,531</b>
Net book value	<b>\$ 77,940</b>	<b>\$ 23,759</b>	<b>\$ -</b>	<b>\$ 101,699</b>
				<b>2019</b>
	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
Cost				
Computer equipment	\$ 83,942	\$ 1,604	\$ -	\$ 85,546
Equipment	11,440	-	-	11,440
Furniture and fixtures	65,247	619	-	65,866
Leasehold Improvements	145,609	627	-	146,236
Website	43,113	815	-	43,928
	<b>349,351</b>	<b>3,665</b>	<b>-</b>	<b>353,016</b>
Accumulated Amortization				
Computer equipment	53,677	10,265	-	63,942
Equipment	9,962	647	-	10,609
Furniture and fixtures	58,370	1,733	-	60,103
Leasehold Improvements	89,965	7,639	-	97,604
Website	39,494	3,324	-	42,818
	<b>251,468</b>	<b>23,608</b>	<b>-</b>	<b>275,076</b>
Net book value	<b>\$ 97,883</b>	<b>\$ (19,943)</b>	<b>\$ -</b>	<b>\$ 77,940</b>



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# MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

## Notes to Financial Statements

**For the year ended March 31, 2020**

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### **9. Program Delivery**

Program Delivery also includes the expenses associated with the delivery of the Manitoba Film & Video Production Tax Credit Program ("MTC"). While the value of the MTC does not flow through the Organization, the management of it does and is therefore determined to be worth nothing. The cost to administer the MTC Program in the fiscal year was approximately \$78,111 (\$73,763 in 2019). A total of 125 projects submitted applications for processing during the 2020 fiscal year (133 in 2019).

### **10. Program Recoupments**

During the year the Organization received total program recoupments of \$383,854 (\$243,506 in 2019) of which \$7,574 (\$2,003 in 2019) related to the Jump Start program. These Jump Start recoupments were reinvested into new projects during the year.

### **11. Budget**

The Board approved its operating budget based on planned expenses and the use of unrestricted accumulated surplus to cover any deficit for the year.

### **12. Industry Support**

The Organization indirectly supports the ongoing development of creative talent, business skills and capacity building of various film, television and music recording professionals by providing funding for specific programming administered by organizations such as Manitoba Music, On Screen Manitoba, the National Screen Institute of Canada and the Winnipeg Film Group.

### **13. Lease Commitments**

The Organization occupies leased premises subject to minimum monthly rent payments until August 2023, plus various equipment leases with quarterly payments until March 2025. Future minimum annual payments are as follows:

2021	\$	88,251
2022		88,251
2023		79,944
2024		33,599
2025		206

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# MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

## Notes to Financial Statements

For the year ended March 31, 2020

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### 14. Financial Risk Management

In the normal course of operations, the Organization is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Organization does not meaningfully participate in the use of financial instruments to control these risks. The Organization has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

Credit Risk - Credit risk arises from the possibility that entities that owe funds to the Organization may experience financial difficulty and not be able to fulfill their commitment. The maximum exposure to credit risk is equal to the carrying value of the cash, portfolio investment and receivables. The risk has not changed in the year.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as cash flow risk, or on the fair value of other financial instruments known as interest rate price risk.

The Organization is not exposed to interest rate cash flow risk as the Organization does not have any short-term or long-term debt. The risk has not changed in the year.

The Organization does not trade in financial instruments and is not exposed to interest rate price risk. The risk has not changed in the year.

Liquidity Risk - Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The main source of the Organization's liquidity is government funding and various grants used to finance the Organization's operations and is adequate to meet the Organization's financial obligations associated with financial liabilities.

Contractual cash outflows consist of accounts payable and accruals that are due within one year.

Liquidity risk may arise from unanticipated expenditures in excess of the financial capability of the Organization. It is management's opinion that the Organization is not exposed to significant liquidity risk from their financial instruments. The risk has not changed in the year.

### 15. Comparative Figures

Certain of the comparative figures have been reclassified to provide better comparison with the current year's presentation.

**MANITOBA FILM AND SOUND RECORDING DEVELOPMENT  
CORPORATION**  
**Schedule of Expenditures**

<b>For the year ended March 31</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Corporate Services</b>			
Salaries and benefits	\$ 164,342	\$ 159,681	\$ 165,020
Operating	80,459	77,761	77,097
	<b>244,801</b>	<b>237,442</b>	<b>242,117</b>
<b>Film Commission/Location Services</b>			
Salaries and benefits	226,547	263,416	223,944
Operating	120,977	107,118	112,545
	<b>347,524</b>	<b>370,534</b>	<b>336,489</b>
<b>Film and Television Programs</b>			
Development Funding	125,000	75,462	86,272
Production Financing	1,800,000	1,770,655	2,031,105
Emerging Talent Matching Funds	40,000	67,647	6,800
Feature Film Marketing	20,000	13,500	(878)
Jump Start	-	7,574	2,003
	<b>1,985,000</b>	<b>1,934,838</b>	<b>2,125,302</b>
<b>Industry Support</b>			
Film industry associations	30,000	50,000	50,000
Film sponsorships/partnerships	34,000	34,350	42,082
Music industry associations	105,000	105,000	105,000
Music sponsorship/partnerships	22,500	22,500	16,600
	<b>191,500</b>	<b>211,850</b>	<b>213,682</b>
<b>Music Programs</b>			
Music Recording Production Levels 1-3	175,000	140,319	167,042
Music Business Development Fund	25,000	-	28,500
Music Video	40,000	34,656	44,791
Record Product Marketing Support	85,000	113,573	88,654
Recording Artist Touring Support	230,000	256,452	234,198
Sound Recording Production Fund for Out-of-Province Artists	20,000	30,000	6,000
	<b>575,000</b>	<b>575,000</b>	<b>569,185</b>
<b>Program Delivery - Film/Television, Tax Credits and Music Programs</b>			
Salaries and benefits	547,111	601,380	542,878
Operating	199,319	258,111	173,192
	<b>746,430</b>	<b>859,491</b>	<b>716,790</b>
<b>Total expenditures</b>	<b>\$ 4,090,255</b>	<b>\$ 4,189,155</b>	<b>\$ 4,203,565</b>