

# **Newfoundland and Labrador Arts Council**

## **Annual Report 2017-18**



**Tourism, Culture, Industry and Innovation**

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## MESSAGE FROM THE CHAIR

As Chair of the Newfoundland and Labrador Arts Council, I am pleased to present its annual report for the fiscal year 2017-18. The annual report is submitted in accordance with the obligation as a category three entity under the **Transparency and Accountability Act**. It was prepared under the direction of Council Members and my signature indicates the Board's accountability for the activities and actual results as reported throughout this document.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stan Hill".

Stan Hill  
Chair

## **OVERVIEW**

### **Background**

The Newfoundland and Labrador Arts Council (NLAC) is a non-profit Crown corporation created in 1980 by the **Arts Council Act**. Its mission is to foster and promote the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians.

A volunteer board of 13 people appointed by Lieutenant-Governor in Council, reflecting regional representation of the province, governs the Council. Council members serve on a volunteer basis for a three-year term. There are five full-time staff (three male/ two female) employed by NLAC.

The primary function of the NLAC is to develop and administer grant programs for professional artists and arts organizations, community groups and schools. The NLAC achieves this through seven funding programs:

1. Sustaining Program for Professional Arts Organizations
2. Annual Operating Program for Professional Arts Organizations
3. Professional Project Grants Program
4. Community Arts Program
5. Professional Artists' Travel Fund
6. School Touring Program
7. ArtsSmarts

The NLAC also initiates partnerships with the business community and other funding agencies; produces an annual arts awards show designed to honour the accomplishments of Newfoundland and Labrador artists; and manages the BMO Winterset Award, the Lawrence Jackson Writing Award and the Rhonda Payne Theatre Award.

The NLAC provides information and resources to the arts community in the areas of technology and social media, government arts policy and funding programs. The NLAC also acts as an advisory organization for the Provincial Government, and in the promotion of cultural industries within the province, as a liaison with other provincial arts councils, the Canada Council and other arts funding bodies.

### **Financial Information**

In 2017-18, the NLAC's total budget was approximately \$2.445 million. A detailed breakdown of audited financial information is found in the Financial Statements appended to this report.

### **Legislation and Mandate**

The **Arts Council Act** states that the purpose of the NLAC is to foster and promote the creation and production of works in the arts in the province, the study and enjoyment of these works and to encourage public awareness of the arts.

Section 5 of the **Arts Council Act** states: The objects of the council are to foster and promote the creation and production of works in the arts, the study and enjoyment of those works, and, in particular, the council shall:

- a) foster and promote through grants and otherwise the arts of the province and the arts of groups indigenous to the province;
- b) help through grants and otherwise in the development of provincial amateur and professional artists and art organizations; and
- c) advise the minister with respect to the development of arts and arts policy in the province.

### **Vision**

The vision of the NLAC is of a province where Newfoundlanders and Labradorians are a creative, innovative and diverse people who fully participate in a healthy, vibrant, and cultural community, which is globally recognized for artistic excellence.

### **Council Members**

At the end of this reporting period, March 31, 2018 the Council consisted of the following members:

Chairperson	Stan Hill, Conne River (Visual Arts)
Co-Vice Chairs	Pierre LeBlanc, Corner Brook (Visual Arts) Christina Parker, St. John's (Business)
Members	Barbara Doran, St. John's (Film) Robert Hallett, St. John's (Music) Kristin Harris Walsh, St. John's (Dance) Todd Hennessey, Corner Brook (Theatre) Lisa McDonald, St. John's (Community) Richard Neville, Happy Valley-Goose Bay (Music) Marie Wadden, St. John's (Writing) Vacancy (Writing) Vacancy (Theatre) Gerry Osmond, Director of Arts, Department of Tourism, Culture, Industry and Innovation

**Office Location**

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**Lines of Business**

The primary function of the NLAC is to develop and manage grant programs for professional artists and arts organizations, community groups and schools.

## REPORT ON PERFORMANCE

### 2017-18 Objective/Indicators

**Objective:** By March 31, 2018 the NLAC will have invested in Newfoundland and Labrador's professional artists and arts organizations

#### **Indicator 1: Supported opportunities for professional artists and arts organizations to present their work locally, nationally and internationally.**

In 2017-18 the NLAC provided opportunities for professional artist and arts organizations to present their work locally, nationally and internationally by providing \$1.61 million in funding through its seven grant programs.

Applicants availed of NLAC funding to create visual artwork for an exhibition in British Columbia; to participate in a two-week residency in Chile with the work created to be exhibited in St. John's; to exhibit artwork at the Northern Lights Conference; and to travel to Kansas City to perform at the Folk Alliance International Conference Showcase.

#### **Indicator 2: Reviewed and revised current funding programs and processes to ensure fair and equitable access to NLAC funding programs and processes**

In 2017-18 the NLAC reviewed and revised its current funding and processes as part of its move to an online application process for all of its funding programs. Once registered, an applicant will submit an application online and upload any supporting documentation.

Over the past year, the NLAC introduced a change in structure of peer assessment committees. In addition to using peer assessors within the province, the NLAC now uses peer assessors from across Canada to assess grant applications. The NLAC also made a commitment to involve more Indigenous and Francophone assessors in the application assessment process.

#### **Indicator 3: Ensured the distribution of NLAC's funding reflects the current and evolving state of Newfoundland and Labrador's professional arts sector.**

In 2017-18, the NLAC awarded \$725,000 in operational funding to professional arts organizations, \$591,000 in creation and travel funding to professional artists, \$75,000 to community arts organizations and \$142,500 to schools throughout Newfoundland and Labrador ensuring a funding balance that will contribute to a vital, flourishing and sustainable professional arts ecosystem.

**2018-19 Objective/Indicators**

**Objective:** By March 31, 2019 the NLAC will have invested in Newfoundland and Labrador’s professional artists and arts organizations

**Indicator 1: Held stakeholder sessions on NLAC operations and programs throughout Newfoundland and Labrador as part of the Cultural Plan renewal.**

**Indicator 2: Introduced an on-line application process for all grant and arts award programs.**

**Indicator 3: Supported opportunities for the public to experience the arts throughout Newfoundland and Labrador.**



**NEWFOUNDLAND AND LABRADOR  
ARTS COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

## Management's Report

### *Management's Responsibility for the Newfoundland and Labrador Arts Council Financial Statements*

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Furthermore, management is responsible for making sure transactions comply with relevant policies and authorities and are properly recorded to produce reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Council, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Arts Council.

On behalf of the Newfoundland and Labrador Arts Council.



Reginald Winsor  
Reginald Winsor  
Executive Director



**AUDITOR  
GENERAL**  
of Newfoundland and Labrador

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Newfoundland and Labrador Arts Council  
St. John's, Newfoundland and Labrador

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Newfoundland and Labrador Arts Council which comprise the statement of financial position as at March 31, 2018, the statements of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the auditor, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Arts Council as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



**JULIA MULLALEY, CPA, CA**  
**Auditor General**

August 9, 2018  
St. John's, Newfoundland and Labrador

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
As at March 31

2018

2017

**FINANCIAL ASSETS**

Cash	\$ 158,180	\$ 309,079
Accounts receivable (Note 4)	19,845	23,398
	<u>178,025</u>	<u>332,477</u>

**LIABILITIES**

Accounts payable and accrued liabilities (Note 5)	105,968	130,633
Deferred revenue (Note 6)	3,307	27,822
Employee future benefits (Note 7)	-	85,080
	<u>109,275</u>	<u>243,535</u>

**Net financial assets** 68,750 88,942

**NON-FINANCIAL ASSETS**

Tangible capital assets (Note 8)	53,614	9,537
Prepaid expenses	1,772	2,631
Arts Fund (Note 9)	50,381	50,381
	<u>105,767</u>	<u>62,549</u>

**Accumulated surplus** \$ 174,517 \$ 151,491

**Contingent liability (Note 14)**

*The accompanying notes are an integral part of these financial statements.*

Signed on behalf of the Council:

  
Chairperson

  
Member

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31**

	2018 Budget	2018 Actual	2017 Actual
	(Note 16)		
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Grants	\$ 2,166,600	\$ 2,136,600	\$ 2,136,600
Projects (Note 10)	74,322	99,967	209,800
Interest revenue	-	639	-
Other revenue	-	6,752	29,661
Donation revenue	-	-	29
	<b>2,240,922</b>	<b>2,243,958</b>	<b>2,376,090</b>
<b>EXPENSES (Note 11)</b>			
Grants			
Annual Operating	150,000	150,000	150,000
Community Arts	75,000	75,000	71,320
Professional Artists Travel Fund grants	35,000	34,196	25,233
Professional Project Grants Program	559,929	556,441	538,679
Sustaining Program for Professional Arts Organizations	575,000	575,000	575,000
	<b>1,394,929</b>	<b>1,390,637</b>	<b>1,360,232</b>
Projects (Note 12)	325,762	306,391	418,230
Operating expenses (Note 13)	621,341	523,904	573,168
	<b>2,342,032</b>	<b>2,220,932</b>	<b>2,351,630</b>
<b>Annual surplus (deficit)</b>	<b>(101,110)</b>	<b>23,026</b>	<b>24,460</b>
<b>Accumulated surplus, beginning of year</b>	<b>151,491</b>	<b>151,491</b>	<b>127,031</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 50,381</b>	<b>\$ 174,517</b>	<b>\$ 151,491</b>

*The accompanying notes are an  
integral part of these financial statements.*

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the Year Ended March 31**

	2018 Budget	2018 Actual	2017 Actual
(Note 16)			
Annual surplus (deficit)	\$ (101,110)	\$ 23,026	\$ 24,460
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	-	(47,509)	(1,810)
Amortization of tangible capital assets	3,000	3,432	4,436
	3,000	(44,077)	2,626
<b>Prepaid expenses</b>			
Acquisition of prepaid expenses	-	(1,772)	(2,631)
Use of prepaid expenses	1,000	2,631	4,023
	1,000	859	1,392
<b>Arts Fund</b>	-	-	(29)
<b>Increase (decrease) in net financial assets</b>	<b>(97,110)</b>	<b>(20,192)</b>	<b>28,449</b>
<b>Net financial assets, beginning of year</b>	<b>88,942</b>	<b>88,942</b>	<b>60,493</b>
<b>Net financial assets (debt), end of year</b>	<b>\$ (8,168)</b>	<b>\$ 68,750</b>	<b>\$ 88,942</b>

*The accompanying notes are an integral part of these financial statements.*

# NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

## STATEMENT OF CASH FLOWS

For the Year Ended March 31

2018

2017

### Operating transactions

Annual surplus	\$ 23,026	\$ 24,460
Adjustment for non-cash items		
Amortization of tangible capital assets	3,432	4,436
	<b>26,458</b>	28,896
Change in non-cash operating items		
Accounts receivable	3,553	13,419
Accounts payable and accrued liabilities	(24,665)	46,112
Deferred revenue	(24,515)	27,822
Employee future benefits	(85,080)	7,340
Prepaid expenses	859	1,392
<b>Cash provided from (applied to) operating transactions</b>	<b>(103,390)</b>	124,981

### Capital transactions

Purchase of tangible capital assets	(47,509)	(1,810)
<b>Cash applied to capital transactions</b>	<b>(47,509)</b>	(1,810)

### Financing transactions

Repayment of obligation under capital lease	-	(1,822)
<b>Cash applied to financing transactions</b>	<b>-</b>	(1,822)

### Investing transactions

Arts Fund	-	(29)
<b>Cash applied to investing transactions</b>	<b>-</b>	(29)

<b>Increase (decrease) in cash</b>	<b>(150,899)</b>	121,320
<b>Cash, beginning of year</b>	<b>309,079</b>	187,759
<b>Cash, end of year</b>	<b>\$ 158,180</b>	\$ 309,079

*The accompanying notes are an integral part of these financial statements.*



**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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**1. Nature of operations**

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the *Arts Council Act* of the Province of Newfoundland and Labrador. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of thirteen members appointed by the Lieutenant-Governor in Council.

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

**2. Summary of significant accounting policies**

**(a) Basis of accounting**

The Council is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Council does not prepare a statement of remeasurement gains and losses as the Council does not enter into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

**(b) Cash**

Cash includes cash in bank, less any amount restricted for the Arts Fund.

**(c) Financial instruments**

The Council's financial instruments recognized on the statement of financial position consist of cash, accounts receivable and accounts payable and accrued liabilities. The Council generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Council subsequently measures all of its financial assets and financial liabilities at cost. Financial assets measured at cost include cash and accounts receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their nature and/or the short term maturity associated with these instruments.

Interest attributable to the financial instruments is reported in the statement of operations.

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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**2. Summary of significant accounting policies (cont.)**

**(d) Employee future benefits**

- (i) Severance pay for employees is calculated based on years of service and salary levels as at January 31, 2018. Employees are entitled to one week of salary for each complete year of service as at January 31, 2018, to a maximum of 20 weeks. Employees did not accrue severance after January 31, 2018. During the year, the Council paid and extinguished all severance entitlements to its employees.
- (ii) The Council and its employees are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Council and then remitted to Provident<sup>10</sup> from which pensions will be paid to employees when they retire. This pension plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

The contributions of the Council to the plan are recorded as an expense for the year.

**(e) Tangible capital assets**

All tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition of the assets.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as shown:

Office equipment	5 years
Computer equipment	3 years

Work in progress is considered to be a tangible capital asset, however, it is not amortized as it is not yet available for use. Upon completion, these assets will be recorded in the appropriate category.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Council's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Minor tangible capital asset purchases are charged to operations in the year of acquisition.

**(f) Prepaid expenses**

Prepaid expenses are charged to the expense over the periods expected to benefit from it.

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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**2. Summary of significant accounting policies (cont.)**

**(g) Revenues**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

The Council recognizes government transfers as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Government transfers consist of funding from the Province of Newfoundland and Labrador.

**(h) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

Transfers, which include grants and awards, are recorded as expenses when eligibility criteria are met and the transfer is authorized.

**(i) Measurement uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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**3. Changes in accounting policies**

**(a) New accounting standards**

On April 1, 2017, the Council adopted the following five new CPSAS Handbook Sections:

*PS 2200 Related Party Disclosures* – a new standard defining related parties and establishing disclosure requirements for related party transactions.

*PS 3210 Assets* – a new standard providing guidance for applying the definition of assets and establishing general disclosure requirements for assets but does not provide guidance for the recognition and disclosure of specific types of assets.

*PS 3320 Contingent Assets* – a new standard defining and establishing disclosure requirements for contingent assets but does not include disclosure standards for specific types of contingent assets.

*PS 3380 Contractual Rights* – a new standard defining and establishing disclosure requirements for contractual rights but does not include disclosure standards for specific types of contractual rights.

*PS 3420 Inter-entity Transactions* – a new standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

These accounting changes had no significant impact on the financial statements.

**(b) Accounting pronouncement**

The PSAB has issued *PS 3430 Restructuring Transactions* which is effective April 1, 2018. This is a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities. The standard has not been applied in these financial statements.

The Council plans to adopt this standard by the effective date and is currently analyzing the impact the standard will have on the financial statements.

**4. Accounts receivable**

	<u>2018</u>	<u>2017</u>
Trade accounts receivable	\$ -	\$ 50
Harmonized sales tax receivable	19,845	23,348
	<u>\$ 19,845</u>	<u>\$ 23,398</u>

There is no allowance for doubtful accounts since all amounts are considered collectible.

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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**5. Accounts payable and accrued liabilities**

	<u>2018</u>	<u>2017</u>
Trade accounts payable	\$ 76,268	\$ 98,933
Accrued employee benefits	29,700	31,700
	<u>\$ 105,968</u>	<u>\$ 130,633</u>

**6. Deferred revenue**

	<u>2018</u>	<u>2017</u>
APAF Symposium	\$ -	\$ 24,773
Winterset Award	3,307	3,049
	<u>\$ 3,307</u>	<u>\$ 27,822</u>

**7. Employee future benefits**

**(a) Severance pay**

Employee future benefits consists of the liability for severance pay of \$0 (2017 - \$85,080)

**(b) Public Service Pension Plan**

The Council and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pensions Act, 1991* (the *Act*). The Plan is administered by Provident<sup>10</sup>, including payment of pension benefits to employees to whom the *Act* applies.

The Plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees is 11.85% (2017 - 11.85%). The Council's contributions equal the employee contributions of the Plan. Total pension expense for the Council for the year ended March 31, 2018 was \$34,745 (2017 - \$35,928).

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

**8. Tangible capital assets**

	<b>Work in Progress - Computer Software</b>	<b>Assets under capital lease</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost</b>					
Balance, March 31, 2017	\$ -	\$ 9,109	\$ 21,905	\$ 4,491	\$ 35,505
Acquisition of tangible capital assets	44,992	-	-	2,517	47,509
Disposal of tangible capital assets	-	-	-	-	-
Capital assets no longer under lease	-	(9,109)	9,109	-	-
<b>Balance, March 31, 2018</b>	<b>44,992</b>	<b>-</b>	<b>31,014</b>	<b>7,008</b>	<b>83,014</b>
<b>Accumulated amortization</b>					
Balance, March 31, 2017	-	9,109	15,715	1,144	25,968
Amortization expense	-	-	1,619	1,813	3,432
Disposal	-	-	-	-	-
Capital assets no longer under lease	-	(9,109)	9,109	-	-
<b>Balance, March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>26,443</b>	<b>2,957</b>	<b>29,400</b>
<b>Net book value, March 31, 2018</b>	<b>\$ 44,992</b>	<b>\$ -</b>	<b>\$ 4,571</b>	<b>\$ 4,051</b>	<b>\$ 53,614</b>
Net book value, March 31, 2017	\$ -	\$ -	\$ 6,190	\$ 3,347	\$ 9,537

**9. Arts Fund**

The Arts Fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the Fund is to be kept intact and is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. The principal portion of the Fund is included in non-financial assets as these funds are restricted and are not available for use for operations or capital purchases. The interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. The accumulated interest earned on the restricted funds is held as a designated asset until it is withdrawn. For the year ended March 31, 2018, \$639 (2017 - \$0) was earned through investment of the Fund and is included with interest revenue.

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

**9. Arts Fund (cont.)**

	<u>2018</u>	<u>2017</u>
<b>Restricted funds</b>		
Province of Newfoundland and Labrador	\$ 40,000	\$ 40,000
Gifts and bequests as per Section 12 (2) of the <i>Arts Council Act</i>	10,381	10,381
	<u>\$ 50,381</u>	<u>\$ 50,381</u>

At March 31, 2018, the restricted funds consisted of a Guaranteed Investment Certificate in the amount of \$50,381 (2017 - cash of \$50,381).

**Accumulated interest on restricted funds**

Accumulated interest, beginning of year	\$ -	\$ 4,930
Interest earned	639	-
Interest allocated for operations	(639)	(4,930)
	<u>\$ -</u>	<u>\$ -</u>

**10. Revenues - Projects**

	<u>2018</u> <u>Budget</u> (Note 16)	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
APAF Symposium	\$ 24,773	\$ 24,773	\$ 132,849
Winterset Award	38,049	33,694	31,951
Arts awards	10,500	10,500	14,000
Arts smarts	-	30,000	30,000
Rhonda Payne Award	500	500	500
Larry Jackson Award	500	500	500
	<u>\$ 74,322</u>	<u>\$ 99,967</u>	<u>\$ 209,800</u>

# NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018

### 11. Expenses by object

	2018 <u>Budget</u> (Note 16)	2018 <u>Actual</u>	2017 <u>Actual</u>
Grants and awards	\$ 1,615,929	\$ 1,637,644	\$ 1,625,057
Salaries and employee benefits	453,400	425,877	470,866
Purchased services	199,703	94,560	185,095
Travel	40,000	32,897	39,861
Professional services	20,000	17,286	18,476
Telephone	10,000	9,236	7,839
Amortization	3,000	3,432	4,436
	<u>\$ 2,342,032</u>	<u>\$ 2,220,932</u>	<u>\$ 2,351,630</u>

As of March 31, 2018, the Council's actual expenses did not exceed its legislated expense limit.

### 12. Expenses - Projects

	2018 <u>Budget</u> (Note 16)	2018 <u>Actual</u>	2017 <u>Actual</u>
APAF - Symposium	\$ -	\$ -	\$ 132,849
Arts awards	30,000	22,805	28,430
Arts smarts	145,000	136,507	152,500
Larry Jackson Award	500	500	500
Petapan Symposium	40,213	39,313	-
Rhonda Payne Award	500	500	500
School Touring Program	75,000	75,000	75,000
Winterset Award	34,549	31,766	28,451
	<u>\$ 325,762</u>	<u>\$ 306,391</u>	<u>\$ 418,230</u>

### 13. Operating expenses

	2018 <u>Budget</u> (Note 16)	2018 <u>Actual</u>	2017 <u>Actual</u>
Amortization	\$ 3,000	\$ 3,432	\$ 4,436
Labrador Initiative	-	-	10,346
Miscellaneous	28,941	23,513	18,861
Office and postage	66,000	15,203	19,211
Project evaluating fees	20,000	17,286	18,476
Salaries and employee benefits	453,400	425,877	463,569
Telephone	10,000	9,236	7,839
Travel and Council meetings	40,000	29,357	30,430
	<u>\$ 621,341</u>	<u>\$ 523,904</u>	<u>\$ 573,168</u>



**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2018**

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**14. Contingent Liability**

A Statement of Claim has been served on the Council by an applicant related to the loss of grant funding. The Council has filed a defense. This claim has not progressed far enough to enable the formation of a definite opinion as to its outcome. Therefore, the likelihood and the amount of loss to the Council is not determinable at this time.

**15. Financial risk management**

The Council recognizes the importance of managing significant risks and this includes oversight designed to reduce the risks identified to an appropriate threshold. The risks that the Council is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Council's exposure to these risks or its processes for managing these risks from the prior year.

Credit risk

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 Council's main exposure to credit risk relates to cash and accounts receivable. The Council is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Council is not exposed to significant credit risk related to its accounts receivable as these amounts are primarily due from the Government of Canada. Accordingly, there is no allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its financial liabilities. The Council's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities. The Council manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Council is not exposed to significant market risk.

**16. Budgeted figures**

Budgeted figures, which have been prepared primarily on a cash basis, are provided for comparison purposes and have been derived from the estimates approved by the Council.

**17. Related party transactions**

The Council leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
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**18. Non-financial assets**

The recognition and measurement of non-financial assets, other than the restricted assets of the Arts Fund, is based on their service potential. These assets will not provide resources to discharge liabilities of the Council. For these non-financial assets, the future economic benefit consists of their capacity to render service to further the Council's objectives. The restricted assets of the Arts Fund are not available to provide resources to discharge the liabilities of the Council as outlined in Note 9.

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