

Newfoundland and Labrador Arts Council

Annual Report 2025-26

Message from the Chairperson

As Chairperson of the Newfoundland and Labrador Arts Council (ArtsNL), I am pleased to present the annual report for the period of April 1, 2025, to March 31, 2026. The annual report is submitted in accordance with our obligation as a Category II entity under the **Transparency and Accountability Act**. As Chairperson of ArtsNL, I accept accountability on behalf of the Council for the preparation of the report and the achievement of its objectives, and the results reported.

Sincerely,

David Brown



Chairperson

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Entity Overview

Organizational Structure

The Newfoundland and Labrador Arts Council (ArtsNL) is a non-profit Crown agency created in 1980 by the **Arts Council Act**. As a Crown agency, it operates at arm's-length from the Provincial Government. ArtsNL's purpose is to foster and promote the creation and production of works, the study and enjoyment of those works, and to encourage public awareness of the arts in the province. The primary function of ArtsNL is to develop and administer grant programs for emerging and established artists, professional arts organizations, community organizations, and schools. More information about ArtsNL, including its programs and events, are available [online](#).

Vision

The vision of ArtsNL 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.

Mandate

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 these works. In particular, the Council shall:

- Foster and promote, through grants and otherwise, the arts of the province and the arts of groups indigenous to the province.
- Help, through grants and otherwise, in the development of emerging and established artists and arts organizations in the province.
- Advise the Minister of Tourism, Culture, Arts and Recreation with respect to the development of arts and arts policy in the province.

Lines of Business

The primary function of ArtsNL is to develop and administer grant programs for emerging and established artists, professional arts organizations, community organizations, and schools. Currently, ArtsNL achieves this through eight funding programs:

- **The Professional Operating Program (POP)** is a multi-year funding program that provides eligible not-for-profit arts organizations with annual operating grants to offset the costs associated with the administration, creation, production and presentation of arts. The program supports the growth and development of the arts sector and fulfills ArtsNL's mandate to foster and promote the creation and production of arts, the study and enjoyment of those works, and to encourage public awareness of the arts. The funding cycle started in 2025 with the next funding intake opening in 2029.
- **Professional Project Grants Program** has two annual deadlines (fall/spring) and supports the creation and/or presentation of works of art in the disciplines of adaptation, dance, film, music, multidisciplinary arts, theatre, visual arts, or writing. Grants support project costs for creation, production, administration, travel, and professional development and are available to artists at every stage of their career.
- **Community Arts Program** is an annual program offered in the fall and is available to community-based not-for-profit arts organizations and community-based arts groups. This program supports the costs of community-based arts activities including arts workshops, presentations, productions, new creations, adjudicator fees, artist fees, and travel costs. This program is open to all artistic disciplines served by ArtsNL.
- **Professional Artists' Travel Fund** is open year-round and is available to artists, collaborations of artists, and professional arts groups. This program supports travel costs for artists or groups that have been invited to take part in unexpected activities that will enhance their careers.
- **School Touring Program** is an annual program available to individual artists, collaborations of individual artists, professional arts groups, and professional not-for-profit arts organizations to support the touring of productions to schools throughout

the province. Offered in partnership with the Newfoundland and Labrador Department of Education's **Cultural Connections Strategy**, the program provides students with direct access to high-quality artistic experiences. The program covers touring costs only (travel, accommodations, per diems, artistic and technician fees, tour administration, royalties, and limited rehearsal). This program is open to all artistic disciplines served by ArtsNL.

- **ArtsSmarts** is an annual program available to schools and school boards in the provincial K-12 education system. It is funded through the Newfoundland and Labrador Department of Education's **Cultural Connections Strategy**, Equinor and an anonymous donor, and is administered by ArtsNL. Projects must incorporate artistic disciplines served by ArtsNL which enables schools to integrate arts activities into a variety of non-arts subject areas that align with specific outcomes in the provincial curriculum.
- **The Creation Grants Program** (Indigenous Arts) has three funding deadlines annually and provides funding to Indigenous artists, artistic groups, and culture carriers within Newfoundland and Labrador for the creation, development, exhibition, and transfer of knowledge related to an art form or artistic practice. Grants are available to Indigenous artists at any stage of their artistic career, working in all disciplines.

ArtsNL also maintains partnerships with the business community and other funding agencies to:

- Administer the Newfoundland and Labrador Arts Awards, designed to honour the accomplishments of Newfoundland and Labrador artists.
- Manage the BMO Winterset Award, the Ross Leslie Award and the Gerry Porter Music Award.
- Facilitate the annual Equinor ArtsSmarts scholarship.
- Consult closely with its Indigenous Advisory Circle, which is instrumental in advising on the development of programs and building relationships with Indigenous artists.
- Contribute to the national table on issues of cultural significance and is a committed partner in cultural research and data sharing.

Budget and Staff

In fiscal year April 1, 2025, to March 31, 2026, ArtsNL's base budget allocation from the Government of Newfoundland and Labrador was \$5 million. As of March 31, 2026, there were six full-time and one contractual staff employed by ArtsNL.

Board of Directors

ArtsNL is governed by a Council of no fewer than nine and no more than 11 members appointed by the Lieutenant-Governor in Council. No fewer than seven of the appointed members must be artists or arts administrators. Council members are appointed for a term which must not exceed three years and are eligible for reappointment. Council members cannot remain for more than two consecutive terms. As of March 31, 2026, the Council was comprised of the following members:

Chairperson: David Brown, St. John's

Co-Vice Chairpersons: Ann Connors, St. John's

Ray Penton, Jr., St. John's

Board Members: Michelle Keep, Bonavista

Misty-Dawn Dyson, Happy Valley-Goose Bay

Deanna Hutchings, Cow Head

Rosalind Squires, St. John's

Rhonda Tulk-Lane, St. John's

Emily Pittman, St. John's

Non-Voting Member: Colleen Soulliere, St. John's (Director of Arts and Heritage,
Department of Tourism, Culture, Arts and Recreation)

Physical Location

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Website: www.artsnl.ca

Highlights and Partnerships

Highlights**ArtsNL Turns Forty-Five**

ArtsNL marked a milestone 45th anniversary on October 25, 2025, with a live CODCO Reunion and Gala performance held in St. John's at the JAG Soundstage. Five of the original cast members, Andy Jones, Bob Joy, Cathy Jones, Greg Malone and Mary Walsh performed together on stage for the first time in over 30 years. Playing to a full house, these prolific Newfoundland and Labrador artists brought to life some of their earliest sketch comedy pieces, bringing laughter and nostalgia to over 1000 people gathered for this once in a lifetime event. The two-and-a-half-hour show included an array of performance artists, spanning genres and disciplines. The evening paid homage to ArtsNL, which is the backbone of the provincial arts sector, supporting artists throughout every stage of their career. The evening was filmed for a CODCO documentary, a legacy piece, which will air on NTV in 2026 for a province-wide viewing.

Indigenous Advisory Circle

ArtsNL maintains an ongoing dialogue with its Indigenous Advisory Circle (IAC), comprised of representatives from Indigenous groups within the province. The IAC advises ArtsNL on how to best remove funding barriers for Indigenous artists and how to build successful relationships with artists in the Indigenous communities governed by Nunatukavut Community Council, Nunatsiavut Government, Innu Nation, Miawpukek

First Nation, Qalipu First Nation, as well as Indigenous artists from other Nations residing in rural and urban Newfoundland and Labrador. The Advisory Circle has been an invaluable resource to ArtsNL's Indigenous Outreach Officer and provides ongoing advice on the development of the Creation (Indigenous Arts) Grant program.

Municipalities Newfoundland and Labrador

In 2025-26, ArtsNL engaged Municipalities Newfoundland and Labrador on their Tomorrow's Towns initiative, which aims to empower communities to become more sustainable by supporting projects that make a tangible, lasting impact on its residents. The program connects municipalities with experienced partners who can provide advice and guidance in planning and implementing projects effectively. ArtsNL provides advice under the Arts and Heritage stream to help keep arts and culture front and center in municipal planning and ensures that creative projects remain a driving force in community growth.

Partnerships

BMO Financial and Sandra Fraser Gwynn Foundation

Fiscal 2025-26 represented the beginning of another five-year financial commitment by BMO Financial Group's \$100,000 sponsorship of the BMO Winterset Awards. The Award, offered through the Sandra Fraser Gwynn Foundation, is a partnership between BMO Financial Group, ArtsNL, and the Sandra Fraser Gwynn Foundation. The sponsorship maintains the annual award of \$12,500 to the winner and \$3,000 to each of the two finalists. This is the most prominent literary award in Atlantic Canada.

Equinor and the Department of Education

In 2025-26, Equinor renewed its partnership with ArtsNL for an eleventh year in support of the ArtsSmarts Scholarship. The \$2,500 scholarship was established as part of Equinor's ongoing commitment to arts and culture development in the province. Administered by ArtsNL, the scholarship is awarded annually to a Newfoundland and Labrador student pursuing post-secondary education in the arts. Applications for the

scholarship are accepted from any Newfoundland and Labrador high school student commencing first-year, full-time art studies. In partnership with the Department of Education and Early Childhood Development, which provided \$200,000, Equinor also contributed \$17,500 to the Arts in Education initiative for ArtsNL to administer the School Touring and ArtsSmarts programs.

Report on Performance

Strategic Issue # 1: Responding to the changing priorities of the arts community

ArtsNL has spent more than four decades fostering and promoting the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians. The arts community is undergoing a transformation and ArtsNL remains integral to the long-term growth and sustainability of the arts community. Throughout the reporting period 2023-26, ArtsNL undertook work that effectively responded to the shifting priorities of the arts community. As the Newfoundland and Labrador arts community continued to transform, ArtsNL ensured its programs and policies effectively supported the continued growth and sustainability of the provincial arts ecosystem.

Goal:

By March 31, 2026, the NL Arts council will have effectively responded to the shifting priorities of the arts community through programs and policies.

Goal Indicators:

Goal Indicator 1: Supported Equity, Diversity and Inclusion in Policy and Programs.

Recognizing the language within the **Arts Council Act** was outdated, ArtsNL partnered with officials from the Department of Tourism, Culture, Arts and Recreation and Legislative Council during the planning period to modernize the Act's language and update its definitions to make ArtsNL a more welcoming and inclusive funding agency. The Act's previous definition of "professional artist" was amended to "artist" and is less restrictive. The modernized language acknowledges that not every artist's journey is the same. Some artists, particularly Indigenous artists, and artists from other cultures, learn through generational and cultural practices. Updating the language meets artists where they are and allows them to engage with ArtsNL in a more positive way. It further reduces the incidences of artists self-selecting out of the public arts funding process and is in line with a growing national trend to make public arts funding more accessible.

A previously commissioned consultation report by ArtsNL engaged Indigenous communities regarding their perceived access to the arts and ArtsNL's funding programs. As a result, ArtsNL established an Indigenous Advisory Circle and spent significant time consulting with its members on the development of the Creation Grants Program—a standalone Indigenous arts program within ArtsNL. Much care has gone into designing an accessible program and the selection of application language to better understand how Indigenous artists wish to engage with ArtsNL and its staff. Provisions have been made for different types of applications, including oral and video submissions. Throughout 2023-26, ArtsNL program staff offered a combination of one-on-one and group outreach sessions where artists can meet staff in person, listen to a grant writing presentation, ask specific questions, and develop their artistic curriculum vitae. Artist feedback suggests this approach is less intimidating and breaks down barriers while allowing ArtsNL to better understand the needs of the changing arts community.

Goal Indicator 2: Engaged and Consulted with Stakeholders.

During 2023-26, ArtsNL played a direct role in the Provincial Government's engagement process in advance of the modernization of the **Arts Council Act** by providing input into the creation of an online survey and attending online consultation sessions to answer stakeholder questions. Throughout the review of ArtsNL's operational program, ArtsNL undertook 26 hours of consultation with the leadership of individual arts organizations, who were receiving operational funding from the old Sustaining Operational Program to better understand the sector's needs. Approximately 16 arts administrators took part in two separate focus groups to flesh out critical criteria to develop guidelines for a new operational funding program. Afterwards, ArtsNL created a **What We Heard Document** and circulated it to all administrators. A final focus group presented ArtsNL's research findings and pathways for a new operating program. Four online sessions were held in August 2024 to provide an in-depth overview of the new POP and time for questions and answers. In February 2025, the new program was launched and met with great success by professional operating companies.

Goal Indicator 3: Conducted a Program Review.

During 2023-26, ArtsNL conducted a comprehensive review of the Sustaining Program for Professional Arts Organizations—an operational funding program—which had not been reviewed since its 2008 inception. ArtsNL held critical conversations with representatives of the arts organizations, primarily the arts administrators and board chairs, related to the challenges of the old operating program. A **What We Heard Document** was created and circulated to the participants, which became the basis of to remodel the operating program. Findings concluded that:

- Operating funding is vital for the continued existence of professional arts organizations; however, it is very difficult for one program to meet the needs of the many when all organizations are vastly different across the province.
- A new program must cease comparing organizations to each other and assessment must focus on determining whether an organization's application aptly demonstrates they are meeting their vision and mandate; that their programming is relevant and serves a community; that they engage in best practices and sound financial processes, including using financial software; they undertake professional review engagements (where possible and feasible), have independent boards and healthy board governance, including regular strategic planning, and have proper workplace and HR policies, pay leadership staff a living wage and use employment contracts.
- Multi-year plans, complete with multi-year monetary commitments, force organizational workflow which is helpful for organizations and long-term planning.
- The peer assessment process is key to impartiality, and a mix of outside assessors is integral to the process. Assessors need more guidance and context to better understand the nuances of some of the professional arts organizations here and their locations (regionality).

- A new operating program must include flexibility and promote conversations around succession-planning, sunsetting organizations when it makes sense to do so, without the stigma of failure, and promote resource-sharing, where it makes sense.
- A new program must remove ambiguity around funding amounts, instill a maximum funding cap, and be completely transparent.

The review culminated in the development of the POP with defined criteria established in consultation with the community. Within the new program, organizations are no longer compared against each other but are instead assessed on whether they have clearly demonstrated in their application who their community is and whether they are effectively undertaking artistic work in line with their mandate, strategic plans, and budgets. Additionally, they must demonstrate a healthy organization with good board governance, solid financial structure with proper accounting procedures and financial statements, and overall best practices like providing staff contracts, paying a living wage, and establishing workplace policies and protocols.

The new POP is a three-tier program designed with budgetary thresholds and corresponding funding caps. This new program is based on full transparency and removes all ambiguity around funding levels.

Goal Indicator 4: Initiated updates to programs and policies in response to community needs. In 2024-25, ArtsNL piloted the Creation Grants Program, designed in response to a robust consultation session with Indigenous communities and artists undertaken in 2020-21. Feedback highlighted the desire for a separate program for Indigenous artists from ArtsNL's other mainstream programs. The Creation Grant Program, designed in consultation with the Indigenous Advisory Circle, provides funding to Indigenous artists, artistic groups, and culture carriers within Newfoundland and Labrador for the creation, development, exhibition, and transfer of knowledge related to an art form or artistic practice. ArtsNL continues to collect demographic information within the application and solicits direct feedback through our Indigenous Outreach Officer to continue to refine the program to maximize reach and accessibility. The POP replaces the former Sustaining Program for Professional Arts Organizations and offers operational funds to the province's professional arts organizations. POP is a more transparent program that provides a clear path forward for organizations looking to grow and expand while providing a stable funding envelope for all. The modifications made to the Arts Council Act in December 2024, including updating the definition of professional artist, allowing board members to apply for grants, while modifying the board scope and size are also positive advancements in making ArtsNL an open and accessible funding agency.

2025-26 Objective: By March 31, 2026, ArtsNL will be an agency that better meets the needs of the changing arts community through programs and policies.

Objective Indicator 1: Upgraded existing operating programs with a streamlined multi-year Professional Operating Program for professional arts organizations.

In 2025-26, ArtsNL has effectively met its goal to address the needs of the arts community through programs and policies. In 2025, ArtsNL introduced the new POP, which provides eligible not-for-profit arts organizations with annual operating grants to offset the costs associated with the administration, creation, production, and

presentation of art. The program supports the growth and development of the arts sector and fulfills ArtsNL's mandate to foster and promote the creation and production of art, the study and enjoyment of the arts, and to encourage public awareness of the arts. POP was designed to support a thriving arts sector that emphasizes collaboration and community resilience and encourages organizations to support each other.

The new program represents a strategic shift and a forward-looking vision which seeks to continue professionalizing the sector. The old operating program was challenging because organizations never understood how their funding allocations were determined. The new program is fully transparent and leaves no guesswork for the organizations, who know exactly which tier they can apply in as they relate to their operational budgets. Further, the new criteria makes it possible for the organizations to fully demonstrate:

- Organizational relevance and community impact;
- Sound financial processes, including maintaining minimal annual operating budgets (according to their eligible tier) and revenue diversity, the use of accounting software, and stable financial standing in the previous two consecutive years, as well as demonstrating that 25% of the organization's budget is spent on artistic fees, professional fees, and salaries
- Good governance, including engaging in regular strategic planning, having a current strategic plan, and demonstrating how their artistic activities fulfill their artistic mandate and guide their work.
- Proper human resources and workplace policies including a Respectful Workplace Policy and maintaining active relationships with other professional arts associations.
- Sectoral engagement capacity, and seeking out or providing mentorship to other organizations, and sharing their organization's workplace policies to form a repository of useful policy templates for the sector to utilize.

POP is divided into three tiers: Capstone, Keystone, and Cornerstone, and has clearly defined criteria and funding caps per tier based on budget percentages. It has been well

received by arts administrators, who played a large role in its inception, and is now being studied and modeled by other Canadian arts councils as a standard for arts operating programs.

Objective Indicator 2: Engaged Indigenous Advisory Circle to refine the Creation Grants Pilot Program.

The Creation Grants Program (Indigenous Arts) was piloted through Year of the Arts. In 2025-26, staff worked closely with members of the Indigenous Advisory Circle to allow the program to balance required information against accessibility and removing as many barriers as possible for Indigenous artists. The program is exclusively for Indigenous artists, artistic groups, and culture carriers within Newfoundland and Labrador, and focuses on the creation, development, exhibition, and transfer of knowledge related to an Indigenous art form or artistic practice. The Creation Grants application was undertaken through an application in Google Documents and each artists received a folder to upload materials. The Creation Grants Program has formally become part of ArtsNL's suite of program and is in the process of migrating to Smart Simple, ArtsNL's cloud-based software, which houses the rest of ArtsNL's programs.

Objective Indicator 3: Harmonize the language throughout ArtsNL's website, programs, and policies to reflect the **Arts Council Act** legislative changes.

Relevant language has been updated across ArtsNL's materials to reflect the modernization of the **Arts Council Act**, which mainly affected the definition of artist and board numbers and composition. Updating the 45-year-old legislation was a component of ArtsNL meeting its goal to be an agency that better meets the needs of the changing arts community through programs and policies.

Opportunities and Challenges

Opportunities

The message from the arts sector remains consistent: we are stronger together.

ArtsNL's newly established Professional Operating Program has a built-in sectoral engagement initiative that formalizes collaboration between ArtsNL and professional arts organizations to foster mutual support and develop strategies to enhance the arts sector. Within this initiative, ArtsNL developed the **Arts Advisory Table** with a primary objective to foster consistent dialogue with partners, and other stakeholders, aimed at increasing resources and promoting long-term, strategic investment in the arts.

Rapid changes in technology, shifting audience behaviors, and evolving societal expectations provide opportunities for the arts community in the form of digital transformation and hybrid programming. Shifting geopolitical and economic dynamics provide an opportunity to leverage Newfoundland and Labrador's unique geography and culture to attract interest in place-based art with opportunities for artists to work with site-specific entities and seasonal festivals across the province.

While the province continues to receive new Canadians, an opportunity exists for the arts to broaden its representation of artists who identify as Indigenous, persons of colour, immigrant, 2SLGBTQQIA+, and artists with disabilities, and to present work that reflects these broader voices and lived experiences. The public demand for wellness solutions continues to grow and there are plenty of opportunities to position the arts as a tool for mental health, social connection and community resilience through partnerships with healthcare to fund projects that explore art as therapy, social prescription, and intergenerational storytelling. Likewise, municipalities and community economic development initiatives can also find a valuable partner with the arts to build strong, healthy communities, fostering a culture of belonging.

Challenges

The prevalence of artificial intelligence (AI) has become a significant challenge in the arts with the lines of creative expression blurred by AI tools. There is no reliable way to distinguish AI-generated, AI-assisted and fully human-made work, which is a risk for public arts funders. AI models have been trained on existing artist's work; therefore, it can mimic real artist's work style, tone and voice, which raises significant legal and ethical concerns. AI blurs the lines between tool and creator, while AI-generated work enables mass output, making it even more difficult for genuine artist voices to stand out.

Reliance on government funding remains a significant challenge for the arts sector. Rising operational costs and inflation reduce the real value of grants and project-based funding while impacting long-term sustainability. The arts sector continues to experience precarity and burnout that leads to artists and administrators leaving the space due to unstable incomes. The high cost of living continues to impact individual working artists in covering the rising costs of materials, studio spaces, and touring. Moreover, costs associated with purchasing and shipping materials remain high, particularly for remote parts of the province. These costs require some artists to defer their art in pursuit of other professions or leave the space all together, which is renewing calls to improve the working conditions and income security for artists.

While shifting geopolitical and economic dynamics have led to artists looking for new markets and export opportunities throughout Canada and Europe, the cost of such ventures further exacerbates long-term sustainability for many artists. These challenges are compounded as inflation has negated the overall impact of ArtsNL's 2018-21 incremental budget increase from \$2 million to \$5 million. The province's vast geography creates logistical and financial barriers, making touring, outreach, and collaboration expensive, with rural and remote communities having less access to opportunities. While digital advancements can assist, not all artists and arts organizations have the skills or infrastructure to adapt to the digital demands. Technology can be costly and require significant training and or ongoing technical support, and some artistic disciplines are harder to translate into online. While the arts

sector continues to make advancements, systemic barriers still limit participation from marginalized communities, leading to a lack of diversity in funded projects and leadership roles, and missed creative potential from underrepresented voices. Accessibility remains a significant barrier to artists with mobility issues due to outdated facility infrastructure.

Financial Statements

Newfoundland and Labrador Arts Council

March 31, 2026

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Independent Auditor's Report

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To the Chairperson and Members
Newfoundland and Labrador Arts Council

Opinion

We have audited the financial statements of Newfoundland and Labrador Arts Council ("the Council"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Newfoundland and Labrador Arts Council as at March 31, 2026, and its results of operations, its changes in its 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 Council 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 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.

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 Council's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern

basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

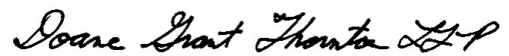
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Council'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 Council'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 Council 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.

St. John's, Canada
September 15, 2026



Chartered Professional Accountants

Newfoundland and Labrador Arts Council

Statement of Financial Position

Year Ended March 31

2026

2025

Financial assets

Cash and cash equivalents	\$ 358,136	\$ 446,508
Accounts receivable (Note 3)	80,631	81,295
Portfolio investments (Note 4)	1,502,468	2,165,388
Restricted cash (Note 19)	-	14,159
	<u>\$ 1,941,235</u>	<u>2,707,350</u>

Liabilities

Accounts payable and accrued liabilities (Note 5)	\$ 251,408	\$ 436,687
Deferred revenue (Note 6)	99,601	98,136
Cash held in trust (Note 19)	-	14,159
	<u>\$ 351,009</u>	<u>\$ 548,982</u>

Net financial assets	<u>\$ 1,590,226</u>	<u>\$ 2,158,368</u>
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Non-financial assets

Tangible capital assets (Note 8)	\$ 19,061	\$ 25,704
Prepaid expenses	5,296	6,916
Arts Fund (Note 9)	59,718	57,238
	<u>84,075</u>	<u>89,858</u>

Accumulated surplus	<u>\$ 1,674,301</u>	<u>\$ 2,248,226</u>
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Contractual obligations (Note 20)

On behalf of the Council

 Chairperson

 Member

See accompanying notes to the compiled financial information.

Newfoundland and Labrador Arts Council

Statement of Operations

Year Ended March 31	Budget 2026 (Note 15)	2026	2025
Revenue			
Province of Newfoundland and Labrador Grants	\$ 5,248,600	\$ 5,297,135	\$ 5,312,302
Projects (Note 10)	56,000	47,888	62,546
Interest revenue	15,000	79,384	196,761
Donations revenue (Note 9)	-	1,150	16,372
Other revenue	-	75,119	7,718
Year of the Arts (Note 18)	-	-	4,248,067
	<u>5,319,600</u>	<u>5,500,676</u>	<u>9,843,766</u>
Expenditures			
Grants			
Annual Operating	-	-	399,998
Community Arts	100,000	100,000	100,914
Professional Artists Travel Fund grants	150,000	189,750	193,803
Professional Project Grants Program	1,700,000	1,950,210	1,700,201
Sustaining Program for Professional Arts Organization	-	-	1,750,010
Professional Operating Program	2,100,000	2,149,910	-
Year of the Arts	-	-	3,085,901
	<u>4,050,000</u>	<u>4,389,870</u>	<u>7,230,827</u>
Year of the Arts expenses	-	-	103,752
Projects (Note 12)	407,500	787,532	470,883
Operating expenses (Note 13)	<u>861,164</u>	<u>897,199</u>	<u>779,307</u>
	<u>\$ 5,318,664</u>	<u>\$ 6,074,601</u>	<u>\$ 8,584,769</u>
Annual surplus	\$ 936	\$ (573,925)	\$ 1,258,997
Accumulated surplus, beginning of year	<u>2,248,226</u>	<u>2,248,226</u>	<u>989,229</u>
Accumulated surplus, end of year	<u>\$ 2,249,162</u>	<u>\$ 1,674,301</u>	<u>\$ 2,248,226</u>

See accompanying notes to the compiled financial information.

Newfoundland and Labrador Arts Council

Statement of Change in Net Financial Assets

Year Ended March 31	Budget 2026	2026	2025
Annual surplus	\$ 936	\$ (573,925)	\$ 1,258,997
Tangible capital assets			
Acquisition of tangible capital assets	(10,800)	(1,601)	(6,425)
Amortization of tangible capital assets	<u>10,000</u>	<u>8,244</u>	<u>9,169</u>
	<u>\$ (800)</u>	<u>\$ 6,643</u>	<u>\$ 2,744</u>
Prepaid expenses			
Acquisition of prepaid expenses	-	(4,676)	(6,916)
Use of prepaid expense	<u>-</u>	<u>6,296</u>	<u>59,313</u>
	<u>\$ -</u>	<u>\$ 1,620</u>	<u>\$ 52,397</u>
Arts Fund	\$ -	(2,480)	\$ (3,565)
Increase (decrease) in net financial assets	136	(568,142)	1,310,573
Net financial assets, beginning of year	<u>2,158,368</u>	<u>2,158,368</u>	<u>847,795</u>
Net financial assets, end of year	<u>\$ 2,158,504</u>	<u>\$ 1,590,226</u>	<u>\$ 2,158,368</u>

See accompanying notes to the compiled financial information.

Newfoundland and Labrador Arts Council

Statement of Cash Flows

Year Ended March 31	2026	2025
Operating transactions		
Annual surplus	\$ (573,925)	1,258,997
Adjustment for non-cash items		
Arts Fund	(2,480)	(3,565)
Amortization of tangible capital assets	<u>8,244</u>	<u>9,169</u>
	\$ (568,161)	\$ 1,264,601
Change in non-cash working capital		
Accounts receivable	664	81,102
Accounts payable and accrued liabilities	(185,279)	122,949
Deferred revenue	1,465	(1,211,040)
Prepaid expenses	<u>1,620</u>	<u>52,397</u>
Cash provided from operating transactions	<u>\$ (749,691)</u>	<u>\$ 310,009</u>
Capital transactions		
Purchase of tangible capital assets	<u>\$ (1,601)</u>	<u>\$ (6,425)</u>
Cash applied to capital transactions	<u>(1,601)</u>	<u>(6,425)</u>
Investing transactions		
Purchase of portfolio investments	(4,212,645)	(4,931,188)
Redemption of portfolio investments	<u>4,875,565</u>	<u>3,316,841</u>
Cash applied to investing transactions	662,920	(1,614,347)
(Decrease) increase in cash	(88,372)	(1,310,763)
Cash, beginning of year	<u>446,508</u>	<u>1,757,271</u>
Cash, end of year	<u>\$ 358,136</u>	<u>\$ 446,508</u>

See accompanying notes to the compiled financial information.

Newfoundland and Labrador Arts Council

Notes to the Financial Information

March 31, 2026

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 ten 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

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.

Cash

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

Financial instruments

The Council's financial instruments recognized on the statement of financial position consist of cash and cash equivalents, accounts receivable, portfolio investments 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 cash equivalents, accounts receivable and portfolio investments. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying value of cash and cash equivalents, accounts receivable, portfolio investments 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 the Financial Information

March 31, 2026

2. Summary of significant accounting policies (cont'd.)

Employee future benefits

The Council and its employees are subject to the Public Service Pensions Act, 2019. Employee contributions are matched by the Council and then remitted to Provident10 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.

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

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.

Prepaid expenses

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

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.

Revenue from projects is recorded when the performance obligation of administering the project has been satisfied.

Interest revenue is recorded as earned.

Newfoundland and Labrador Arts Council

Notes to the Financial Information

March 31, 2026

2. Summary of significant accounting policies (cont'd.)

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.

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. An item requiring the use of significant estimates is the useful life of tangible capital assets.

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.

3. Accounts receivable	<u>2026</u>	<u>2025</u>
Harmonized sales tax receivable	\$ 37,193	\$ 23,897
Trade accounts receivable	<u>43,438</u>	<u>57,398</u>
	<u>\$ 80,631</u>	<u>\$ 81,295</u>

4. Portfolio investments	<u>2026</u>	<u>2025</u>
Portfolio investments, at cost	<u>\$ 1,502,468</u>	<u>\$ 2,165,388</u>
Portfolio investments, at market	<u>\$ 1,502,468</u>	<u>\$ 2,165,388</u>

Investments consist of a Guaranteed Investment Certificate with a maturity date of May 22, 2026 and an interest rate of 2.25% and 2.70%.

5. Accounts payable and accrued liabilities	<u>2026</u>	<u>2025</u>
Trade accounts payable	\$ 179,029	\$ 365,139
Accrued employee benefits	<u>72,379</u>	<u>71,548</u>
	<u>\$ 251,408</u>	<u>\$ 436,687</u>

Newfoundland and Labrador Arts Council

Notes to the Financial Information

March 31, 2026

6. Deferred revenue	<u>2026</u>	<u>2025</u>
ArtsSmarts	\$ -	\$ 14,507
Donations	<u>99,601</u>	<u>83,629</u>
	<u>\$ 99,601</u>	<u>\$ 98,136</u>

7. Employee future benefits

Public Service Pension Plan

The Council and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pensions Act, 2019 (the Act). The Plan is administered by Provident10, 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% (2025 - 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, 2026 was \$55,544 (2025 - \$46,968).

8. Tangible capital assets

	<u>Office Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
Cost			
Balance, March 31, 2025	\$ 21,467	\$ 55,705	\$ 77,172
Acquisition of tangible capital assets	<u>-</u>	<u>1,601</u>	<u>1,601</u>
Balance, March 31, 2026	21,467	57,306	78,773
Accumulated depreciation			
Balance, March 31, 2025	17,178	34,290	51,468
Amortization	<u>858</u>	<u>7,386</u>	<u>8,244</u>
Balance, March 31, 2026	18,036	41,676	59,712
Net book value, March 31, 2025	\$ 4,289	\$ 21,415	\$ 25,704
Net book value, March 31, 2026	<u>\$ 3,431</u>	<u>\$ 15,630</u>	<u>\$ 19,061</u>

Newfoundland and Labrador Arts Council Notes to the Financial Information

March 31, 2026

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, 2026, \$1,330 (2024 - \$3,565) was earned through investment of the Fund and is included with interest revenue and \$1,150 (2024 - \$Nil) in donations was recognized.

	<u>2026</u>	<u>2025</u>
Restricted funds	\$ 40,000	\$ 40,000
Gifts and bequests as per Section 12(2) of the Arts Council Act	14,823	13,673
Accumulated interest	<u>4,895</u>	<u>3,565</u>
	<u>\$ 59,718</u>	<u>\$ 57,238</u>

At March 31, 2026, the Guaranteed Investment Certificate and Cash included restricted funds in the amount of \$59,718 (2025 - \$57,238).

10. Revenues – Projects

	Unaudited (Note 15) Budget <u>2026</u>	Actual <u>2026</u>	Actual <u>2025</u>
Winterset awards	\$ 36,000	\$ 27,888	\$ 40,426
Arts in Education	20,000	-	20,000
Arts Awards	-	20,000	120
Ross Leslie Award	-	-	500
Rhonda Payne Award	-	-	500
Gerry Porter Award	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 56,000</u>	<u>\$ 47,888</u>	<u>\$ 62,546</u>

Newfoundland and Labrador Arts Council

Notes to the Financial Information

March 31, 2026

11. Expenses by object	Unaudited (Note 15) Budget 2026	Actual 2026	Actual 2025
Grants and awards	\$ 4,498,000	\$ 5,031,753	\$ 7,706,384
Salaries and employee benefits	606,464	690,341	601,609
Purchased services	95,400	285,922	165,679
Travel	67,000	15,680	6,418
Professional services	21,800	25,950	81,154
Amortization	10,000	8,244	9,169
Telephone	20,000	16,711	14,356
	\$ 5,318,664	\$ 6,074,601	\$ 8,584,769

12. Expenses - Projects	Unaudited (Note 15) Budget 2026	Actual 2026	Actual 2025
Arts Awards	\$ 50,000	\$ 17,826	\$ 49,691
Arts Smarts	132,500	167,731	161,802
Winterset Award	35,000	27,888	39,985
Arts NL Website	2,000	-	720
Gerry Porter Award	-	-	1,000
Home is Where the Art is	5,000	-	50,632
Indigenous Outreach	100,000	121,421	-
Indigenous Arts Council Honorarium	5,000	-	-
Indigenous Officer Travel	3,000	5,763	1,882
Ross Leslie Award	-	-	500
Rhonda Payne Award	-	-	500
School Touring Program	75,000	100,804	156,372
Senior Artist Grants	-	200,000	-
Strategic Initiatives	-	6,213	7,799
The Gala	-	139,886	-
	\$ 407,500	\$ 787,532	\$ 470,883

Newfoundland and Labrador Arts Council

Notes to the Financial Information

March 31, 2026

13. Operating - Expenses	Unaudited (Note 15) Budget 2026	Actual 2026	Actual 2025
Amortization	\$ 10,800	\$ 8,244	\$ 9,169
Legal fees	-	3,029	27,791
Miscellaneous	116,001	51,699	25,957
Office and Postage	10,500	17,469	13,687
Project Evaluating Fees	48,400	51,859	42,267
Salaries and Employee Benefits	606,463	690,341	601,609
Telephone	20,000	16,711	14,356
Travel and Council Meetings	40,000	9,917	5,535
Professional fees	9,000	11,250	11,096
Rent and insurance	-	36,680	27,840
	<u>\$ 861,164</u>	<u>\$ 897,199</u>	<u>\$ 779,307</u>

14. 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 cash equivalents, portfolio investments and accounts receivable. The Council's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Council is not exposed to significant credit risk with its cash or portfolio investments because these financial instruments are 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 and the Province of Newfoundland and Labrador. 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 foreign exchange or other price risk. The Council is not exposed to significant interest rate risk related to its portfolio investments because these investments have fixed rates and fixed values at maturity.

Newfoundland and Labrador Arts Council Notes to the Financial Information

March 31, 2026

15. 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. Budgeted figures included in the financial statements are not audited.

16. Related party transactions

The Council receives grant funding from the Province of Newfoundland and Labrador. During the year, the Council received grants totaling \$5,248,600 (2025 - \$8,160,700), which included \$Nil in funding for Year of the Arts (2025 - \$3,007,700). See Note 18 for further details.

The Council recognized \$5,297,135 (2025 - \$8,320,002) in revenue from the Province of Newfoundland and Labrador, including deferred revenue recognized in the fiscal year in which it is spent.

17. 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.

18. Year of the Arts

The Province of Newfoundland and Labrador designated 2024 as "Year of the Arts" to celebrate artistic works and contributions in Newfoundland and Labrador. Newfoundland and Labrador Arts Council was identified as a service delivery partner by the Government of Newfoundland and Labrador in this initiative. In 2026, \$Nil (2025 - \$3,007,700) funding was provided to the Council from the Province of Newfoundland and Labrador to undertake new programming and to top-up existing programs. As of March 31, 2026, revenues totaling \$Nil (2025 - \$4,248,067) related to Year of the Arts have been recognized.

19. Restricted cash

In March 2025, the Council received \$14,159 from Government of Newfoundland and Labrador and held this cash in trust. No commission was taken by the Council, and funds were disbursed in full to the intended recipient in April 2025.

Newfoundland and Labrador Arts Council
Notes to the Financial Information
March 31, 2026

20. Contractual obligations

As at March 31, 2026, the Council entered into a lease with the following payment schedule:

2027	40,562
2028	40,562
2029	<u>27,042</u>
	<u>\$ 108,166</u>