

FINANCIALS

MANITOBA ARTS COUNCIL FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004.

“RECEIVING A GRANT FROM
MAC HAS ALLOWED ME
TO USE THIS FINANCIAL
OPPORTUNITY TO BENEFIT
IN MY PAINTING PRACTICE
AS AN ARTIST AND HAS
ALSO RELIEVED SOME OF
THE HARDSHIPS THAT
COME WITH BEING AN
ARTIST IN THIS DURATION.
I WISH TO THANK MAC
AND THE EMPLOYEES
AFFILIATED WITH MAC.
I AM HAVING A SOLO SHOW
IN OCTOBER, 2004, AT
URBAN SHAMAN GALLERY.”

ROGER MICHAEL CRAIT, VISUAL ARTIST

May 26, 2004

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements and other information contained in this Annual Report is the responsibility of management of the Manitoba Arts Council.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using management's estimates and judgements where appropriate. The financial information shown elsewhere in this Annual Report is consistent with information contained in the financial statements.

Management of the Manitoba Arts Council has developed and maintains accounting systems and internal controls designed to provide reasonable assurance of the reliability of the financial information, and that assets are appropriately accounted for and adequately safeguarded.

The financial statements for the year ended March 31, 2004 have been audited by Magnus & Buffie in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

The Council, through its Audit/Finance/Human Resource Committee, carries out its responsibilities for the review and approval of the financial statements and the Annual Report. The Audit/Finance/Human Resource Committee reports to Council who approves these financial statements and the Annual Report prior to release.



DOUGLAS RISKE, EXECUTIVE DIRECTOR

AUDITORS' REPORT

To the members of the Council,
Manitoba Arts Council

We have audited the financial position of Manitoba Arts Council as at March 31, 2004 and the statements of revenues and expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

CHARTERED ACCOUNTANTS


May 26, 2004

MANITOBA ARTS COUNCIL
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2004

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2004 TOTAL	2003 TOTAL
ASSETS				
Current Assets				
Cash and short-term investments <i>(note 3)</i>	\$1,304,909		\$1,304,909	\$ 945,436
Accrued interest income	7,625	-	7,625	25,980
Accounts receivable	45,876	-	45,876	73,937
Prepaid expenses	7,386	-	7,386	251,084
	<u>\$1,365,796</u>	<u>-</u>	<u>\$1,365,796</u>	<u>\$1,296,437</u>
Recoverable, Province of Manitoba <i>(note 11)</i>	36,000	-	36,000	36,000
Long term investment <i>(note 4)</i>	200,000	-	200,000	500,000
Musical instruments	104,796	-	104,796	104,796
Works of visual art	344,226	-	344,226	344,226
Capital assets <i>(note 5)</i>	95,358	-	95,358	118,759
Interfund balances	(286,410)	286,410	-	-
TOTAL ASSETS	<u>\$1,859,766</u>	<u>\$286,410</u>	<u>\$2,146,176</u>	<u>\$2,400,218</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	176,303	-	176,303	142,418
Commitments for grants and programs	938,791	242,836	1,181,627	1,490,915
Deferred grant revenue <i>(note 7)</i>	177,000	43,171	220,171	195,400
	<u>1,292,094</u>	<u>286,007</u>	<u>1,578,101</u>	<u>1,828,733</u>
Investments in musical instruments and works of visual art	449,022	-	449,022	449,022
	<u>1,741,116</u>	<u>286,007</u>	<u>2,027,123</u>	<u>2,277,755</u>
Fund Balances				
Invested in capital assets	95,358	-	95,358	118,759
Unrestricted	23,292	403	23,695	3,704
	<u>118,650</u>	<u>403</u>	<u>119,053</u>	<u>122,463</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,859,766</u>	<u>\$286,410</u>	<u>\$2,146,176</u>	<u>\$2,400,218</u>

On behalf of Council


 CHAIR


 EXECUTIVE DIRECTOR

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL
STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2004

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2004 TOTAL	2003 TOTAL
REVENUES				
Province of Manitoba – Operating Grant (note 9)	\$7,645,300	-	\$7,645,300	\$7,317,300
Province of Manitoba – Bridges Grant	-	1,007,229	1,007,229	1,178,580
Canadian Heritage	-	15,000	15,000	-
Investment Income	60,977	-	60,977	81,564
Other	26,610	-	26,610	24,682
	7,732,887	1,022,229	8,755,116	8,602,126
EXPENDITURES				
ORGANIZATIONS				
<i>Annual & Operating Grants</i>				
Arts Training Schools	145,100	-	145,100	148,000
Arts Service Organizations	120,224	-	120,224	122,925
Dance Companies	908,525	-	908,525	918,750
Music Organizations	1,176,000	-	1,176,000	1,171,525
Theatre Companies	1,544,045	-	1,544,045	1,454,150
Visual Arts Organizations	685,000	-	685,000	631,075
Book Publishers	235,012	-	235,012	203,740
Periodical Publishers	201,000	-	201,000	211,050
Multidisciplinary Arts Organizations	80,000	-	80,000	84,000
	5,094,906	-	5,094,906	4,945,215
<i>Management & Governance</i>	-	-	-	15,000
<i>Presentation Grants</i>	200,679	-	200,679	216,208
<i>Touring Grants</i>	264,922	-	264,922	239,775
	5,560,507	-	5,560,507	5,416,198
INDIVIDUALS				
Professional Development Grants	215,698	-	215,698	210,631
Creation and Production Grants	737,230	-	737,230	725,913
Touring Grants	20,895	-	20,895	44,177
Aboriginal Arts Grants	-	144,805	144,805	133,557
	973,823	144,805	1,118,628	1,114,278
ARTS DEVELOPMENT				
Residencies	257,792	-	257,792	257,705
Arts Opportunities	62,400	-	62,400	115,740
Award of Distinction	30,000	-	30,000	30,000
Arts Stabilization	-	200,000	200,000	200,000
Community Connections	-	30,829	30,829	70,872
Arts Education Initiatives	-	21,000	21,000	46,400
ArtsSmarts grant	-	10,000	10,000	-
	350,192	261,829	612,021	720,717
	6,884,522	406,634	7,291,156	7,251,193
Arts Program Delivery Expenditures (Schedule)	694,575	160,808	855,383	762,296
	7,579,097	567,442	8,146,539	8,013,489
Administrative Expenditures (Schedule)	682,221	-	682,221	695,299
	8,261,318	567,442	8,828,760	8,708,788
Rescinded Commitments	(70,234)	-	(70,234)	(33,878)
TOTAL EXPENDITURES	8,191,084	567,442	8,758,526	8,674,910
EXCESS REVENUES (EXPENDITURES) FOR THE YEAR	\$ (458,197)	\$ 454,787	\$ (3,410)	\$ (72,784)

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL
STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2004

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2004 TOTAL	2003 TOTAL
FUND BALANCES, BEGINNING OF YEAR	\$ 121,847	\$ 616	\$ 122,463	\$ 195,247
Excess revenues (expenditures) for the year	(458,197)	454,787	(3,410)	(72,784)
Interfund transfer	455,000	(455,000)	-	-
FUND BALANCES, END OF YEAR	\$ 118,650	\$ 403	\$ 119,053	\$ 122,463

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2004

I. AUTHORITY & PURPOSE

The Arts Council Act established the Manitoba Arts Council in 1965 to "... promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(A) BASIS OF PRESENTATION

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized in these notes to the financial statements.

(B) FUND ACCOUNTING

The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Programs Fund

This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of Council defined in The Arts Council Act.

(i) Bridges Fund

This fund was established in June 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development. The excess of revenues over expenditures, if any, is transferred to the Grants & Programs Fund at an amount determined by the Council to fulfill similar goals and objectives.

(C) REVENUE RECOGNITION

The Council follows the deferral method of accounting for revenues. Unrestricted revenues are recognized as revenue in the appropriate fund when received or receivable. Restricted revenues are recognized as revenue in the fiscal year in which related expenses are incurred.

(D) GRANT COMMITMENTS

Grants and programs are reflected as expenditures when funding is formally approved and committed by Council. Cancellations of prior years' grant expenditures are reflected as rescinded grant commitments.

(E) CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis based on the estimated useful lives of the assets as follows:

Office furniture and equipment	10 years
Computer hardware and software	3 years

(F) INVESTMENTS

Investments are recorded at cost.

(G) MUSICAL INSTRUMENTS AND WORKS OF VISUAL ART

Musical instruments and works of visual art are shown on the Statement of Financial Position as assets at cost with an offsetting credit to investments in musical instruments and works of visual art.

(H) FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities and unpaid commitments. Unless otherwise noted, it is management's opinion carrying value of these instruments approximates their fair value and that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. CASH AND SHORT TERM INVESTMENTS

Cash and short term investments consists of cash \$74,662 (2003 - \$79,237) and short term investments totaling \$1,230,247 (2003 - \$866,199). The short term investments mature between April 2004 and May 2004 with yields ranging from 2.1% to 2.2%.

4. LONG TERM INVESTMENTS

The long term investments consists of a \$200,000 (2003 - \$500,000) Builder Bond (2003 - Royal Bank Senior Deposit Note), yielding 3.85% due June 15, 2006. The approximate fair value of the Bond is \$207,000 (2003 - \$527,000).

5. CAPITAL ASSETS

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$103,784	\$ 28,140	\$ 75,644	\$ 85,327
Computer hardware and software	269,417	249,703	19,714	33,432
	<u>\$373,201</u>	<u>\$ 277,843</u>	<u>\$ 95,358</u>	<u>\$118,759</u>

6. WORKS OF VISUAL ART

The Manitoba Arts Council moved selected works from the Visual Art Bank to the Art Gallery of Southwestern Manitoba. The Manitoba Foundation for the Arts awarded a grant to the Manitoba Arts Council to provide to the Art Gallery of Southwestern Manitoba for the care, storage and exhibition of those works. An art bank loan agreement between the Council and the Art Gallery of Southwestern Manitoba will end June 30, 2004.

7. DEFERRED GRANT REVENUE

Deferred revenue comprises unexpended funds targeted as follows:

	2004		2003	
	Grants & Programs	Bridges	Grants & Programs	Bridges
Organization Development	\$ 172,000	\$ -	\$ -	\$ -
Community Connections	-	-	-	\$30,000
Management & Governance	5,000	-	5,000	-
Aboriginal Arts	-	-	-	10,400
Arts Education Initiative	-	-	-	20,000
Artists-in-the-Community	-	43,171	-	115,000
Ethnocultural Project	-	-	15,000	-
	<u>\$177,000</u>	<u>\$43,171</u>	<u>\$20,000</u>	<u>\$175,400</u>

8. LEASE COMMITMENT

Council has entered into an agreement to lease office premises until March 31, 2012 with basic annual rent of \$103,945 (effective May 1, 2004 basic annual rent will be \$115,868). Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

9. FUNDING AGREEMENT

The funding agreement with the Province of Manitoba established the terms and conditions of funding for five years ended March 31, 2000. During the term of the agreement, Council was entitled to retain proceeds up to \$1,000,000 from the Province of Manitoba. Any proceeds retained in excess of \$1,000,000, except for proceeds exempted in the funding agreement, would have been repaid to the Province of Manitoba on demand. In accordance with this Agreement, there were no proceeds repayable to the Province. As at March 31, 2004, the Council was in discussions with the Province regarding the terms of a new funding agreement.

10. PENSION PLAN

Eligible employees are participants in the Manitoba Civil Service Superannuation Fund. The Council participates on a fully funded basis and its contributions of \$13,369 (2003 – \$12,015) represent the total obligations for the year.

11. SEVERANCE LIABILITY

Effective March 31, 1999, the Manitoba Arts Council, as a Crown organization, is required to record severance liability. The Province of Manitoba has recognized an opening liability of \$36,000 as at April 1, 1998. Any subsequent changes to the severance liability will be the responsibility of Council. As at March 31, 2004, Council recorded a liability of \$58,907 (2003 – \$55,857). This liability is included in accounts payable and accrued liabilities.

12. STATEMENT OF CASH FLOWS

A statement of cash flow is not presented as part of the financial statements as Council has determined that cash flow information is readily determinable from the other financial statements.

13. ECONOMIC DEPENDENCE

A substantial portion of the Council's total revenue is derived from the Province of Manitoba in the form of an operating grant.

14. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

MANITOBA ARTS COUNCIL
SCHEDULE OF ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2004

	GRANTS & PROGRAMS FUND	
	2004	2003
	TOTAL	TOTAL
Salaries and benefits	\$442,203	\$411,221
Council meetings	61,263	71,583
Rent	54,818	64,436
Amortization	41,668	46,352
Office supplies, printing and stationery	17,701	19,190
Postage, courier and telephone	16,513	24,477
Staff travel and expenses	15,657	18,866
Insurance & sundry	7,597	7,203
Professional fees	5,288	6,395
Equipment repairs and maintenance	4,513	3,076
	<u>\$667,221</u>	<u>\$672,799</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$667,221	\$672,799
Other Administrative Expenditures		
Art Bank Administration	\$ 15,000	\$ 22,500
	<u>\$682,221</u>	<u>\$695,299</u>

MANITOBA ARTS COUNCIL
SCHEDULE OF ARTS PROGRAM DELIVERY EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2004

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2004 TOTAL	2003 TOTAL
Salaries and benefits	\$416,492	\$113,965	\$530,457	\$440,559
Professional fees	84,123	0	84,123	73,083
Jurors' fees and expenses	64,443	4,856	69,299	78,370
Rent	45,719	6,239	51,958	57,835
Communication	36,234	1,581	37,815	48,138
Policy Development	24,000	0	24,000	0
Community consultations	6,064	17,255	23,319	12,863
Staff travel and expenses	5,976	12,742	18,718	18,110
Postage, courier and telephone	6,402	2,099	8,501	8,528
Office supplies	2,294	2,071	4,365	3,960
Touring Development	2,828	-	2,828	20,850
	<u>\$694,575</u>	<u>\$160,808</u>	<u>\$855,383</u>	<u>\$762,296</u>