



# annual report 2012 | 2013

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## Mission

The Manitoba Arts Council is an arm's-length agency of the provincial government dedicated to artistic excellence. We offer a broad-based granting program for professional artists and arts organizations.

We will promote, preserve, support, and advocate for the arts as essential to the quality of life of all the people of Manitoba.

## Vision

The Manitoba Arts Council envisions a province with a creative spirit brought about by arts at the heart of community life where:

- Manitobans value a range of artistic and cultural expression;
- The arts are energetically promoted as an essential component of educational excellence; and
- The arts landscape is characterized by province-wide participation that spans our diverse people and communities.

## Mandate

In accordance with the Memorandum of Understanding with the Province, Council supports the professional arts of demonstrated or potential artistic excellence for individuals, groups, and organizations; including funding for arts training institutions, professional assessment, professional development, artists in the schools, and touring.

## Goals

The Manitoba Arts Council will:

- Recognize and encourage artistic excellence, creativity, and innovation.
- Be a leader in the arts community and promote the value of arts at the heart of community life.
- Encourage opportunities in the arts that reflect the cultural diversity and the Aboriginal and Franco-Manitoban identity of the province.
- Support opportunities for all Manitobans to engage in and experience arts and cultural activities.
- Manage resources in an effective, accountable, and transparent fashion.

## Values

The vision, mission, and goals of the Manitoba Arts Council will be guided by the following 10 core values:

### EXCELLENCE

In the arts and in our program administration and delivery.

### DIVERSITY

To foster greater inclusiveness in and of the arts.

### TRANSPARENCY

In dealing with our clients and publics.

### LEADERSHIP

In our thinking and actions.

### INNOVATION

To think broadly, creatively, and long-term.

### COMMUNICATION

To provide meaningful information to our clients and publics.

### CONSULTATION

To work in cooperation and partnership with our clients and publics.

### COMMITMENT

To our clients and to the fulfillment of our goals.

### RESPECT

To honour the uniqueness of our clients through fairness and equity.

### INTEGRITY

To demonstrate honesty in all our dealings with clients and publics.



## Strategic Plan 2012–2016

### THE FRAMEWORK

The vision and goals of Council remain as the foundation for all Council's policy development. Five focus areas are identified as priorities for the next three to five years. Drawn from its consultations and research, they indicate the areas in which MAC will focus its efforts to achieve its goals in the most effective way possible. Council's strategic directions guide the range of activities MAC will identify to achieve its goals: playing an active role in partnerships and collaborations; making the most effective use of resources in grantmaking processes to arts organizations and individuals; and reviewing and revising program development. The focus areas and strategic directions are interconnected with Council goals, and inform the development of new policy, initiatives, and programs.

### FOCUS AREAS

#### Leadership Role

Manitoba Arts Council will adopt an enhanced role in providing leadership in partnerships, collaborations, and networking, and in grantmaking.

#### Professional Development and Training

Manitoba Arts Council will encourage and support opportunities for professional development and training of artists and arts administrators.

#### Arts Learning

Manitoba Arts Council will encourage more, and amplified, opportunities in schools and communities that enhance arts learning and engagement, at every step along a continuum of arts experience from receptive to participatory.

#### Equitable Access

Manitoba Arts Council will encourage and support opportunities that decrease barriers to access to arts experiences, support, and services.

#### Youth Engagement

Manitoba Arts Council will support a range of activities aimed at involving youth in the creation, dissemination, and experience of the arts.

### STRATEGIC DIRECTIONS

Keeping in mind the focus areas, Manitoba Arts Council will follow these strategic directions to achieve its goals. MAC will identify, implement, monitor, and evaluate specific actions and/or programs and projects to align with these directions.

- Target and support activities designed to involve youth in the experience, creation, and dissemination of the arts.
- Broaden and increase support for professional development and training opportunities for artists and arts administrators.
- Encourage and participate in "creative region" collaborations that enable productive exchanges and sharing of ideas, information, and practices among education, culture, and commerce in Manitoba communities.
- Implement innovative, effective, and responsive grantmaking practices.



# annual report 2012 | 2013

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525-93 Lombard Avenue  
Winnipeg, Manitoba  
Canada R3B 3B1

September 12, 2013

The Honourable Greg Selinger,  
Premier and President of the Executive Council

Dear Sir,

In accordance with the provisions of An Act to Establish the Manitoba Arts Council, we present this report on behalf of the members of the Manitoba Arts Council, covering the activities of the Council from April 1, 2012, to March 31, 2013.

Sincerely,



**Dr. Judith Flynn**  
Chair, Manitoba Arts Council  
end date: August 1, 2012



**Keith Bellamy**  
Chair, Manitoba Arts Council  
start date: August 2, 2012



The 2012–13 year was a period of significant change at the Manitoba Arts Council.

August 2012 saw changes in the membership of the Council, with the departure of four, long-term Council members, including Judith Flynn, Chair, and Vice-Chair Coralie Bryant, the appointment of continuing members Keith Bellamy as Chair and Cynthia Rempel Patrick as Vice-Chair, plus the appointment of seven new members to the Council.

### **New Directions**

Management worked with the new Council to develop an overall plan that included a full orientation program for the whole Council, and the appointment and orientation of new committee chairs and members. The Council also welcomed the Auditor General of Manitoba, Carol Bellringer, and Maria Capozzi, Board Governance Principal, to a meeting of Council where they presented an overview of the governance responsibilities of a government agency such as MAC. The Chair and Vice-Chair added to their overall orientation experience by attending the Canadian Public Arts Funders (CPAF) Annual Meeting in November 2012. The agenda of the CPAF meeting addressed the changes facing arts agencies nationally and provincially in terms of defining public value and engagement in their work. In January 2013, the Assistant Deputy Minister of Culture, Heritage and Tourism, Veronica Dyck, and Agency Relations Manager Pat Tooth joined Council for an evening presentation on the role and responsibilities of the Department.

### **Conversations**

Over the past five years, as part of its commitment to leadership and arts development in Manitoba, the Council has invited arts specialists and experts to Manitoba to speak to artists and organizations about new trends and practices in the arts. Past guests to Manitoba have included national and international figures such as Richard Deasey, Jerry Yoshitomi, Louise Walsh, Sir Ken Robinson, and David O’Fallon. In the midst of the current Council and management transition, the Council partnered with Arts Stabilization Manitoba and Arts and Cultural Industries Manitoba to sponsor a Winnipeg Chamber of Commerce Luncheon with guest speaker Ben Cameron of the Doris Duke Foundation of New York. An enthusiastic audience commented on Cameron’s style and passion, his message about the value of the arts to individuals, communities, and nations, as well as the arts’ ability to energize and drive business, tourism, and other partner sectors. Council views these presentations as integral to building capacity in arts organizations, and to providing professional development and networking opportunities.

### **Taking the Lead**

The Council transition was well served by the approval in late 2011 of a new Strategic Plan for 2012–16, which included a directive to “implement innovative, effective, and responsive grantmaking practices.” An examination of outstanding Council business resulted in a commitment by the Governance Committee to a review of funding to organizations in the context of “historical funding patterns.” A full review proposal will be tabled with the Council at its June 2013 meeting. Council’s Equity Committee has also proposed that Council undertake an Equity Audit of the arts sector in partnership with other agencies and organizations in Manitoba. The growing demand and real need for support throughout the community is a challenge that requires study, research, consultation, and community participation, and must be accomplished with limited resources. A focus over the past few years has been the gathering of information from agencies around the world as they too face significant change. MAC has access to surveys, reports, and studies from various agencies at all levels of government in a wide range of communities. This type of internal and external review requires energy and diligence, especially given the demands of maintaining a stand-alone operation. Certainly, optional costs are always under scrutiny and MAC continues to focus on the delivery of programs in an efficient and effective manner.

## Connecting with Communities

MAC has developed a balanced approach for the assessment and delivery of grants that requires up-to-date, face-to-face knowledge of communities, organizations, artists, participants, and resources. Travel to communities throughout Manitoba is essential to understanding need and assessing participation and practice. The face-to-face connections developed in person once a year or two make the phone calls and email connections much more effective. MAC continues to partner with and support such provincial organizations as Culture Days, Manitoba Arts Network, and the Alliance for Arts Education in Manitoba. Staff and Council members support and attend regional arts council meetings and juried art shows throughout the province.

## Arts Education in Action

MAC also has a unique role to play in the provincial arts education field through the delivery of the Artists in the Schools and ArtsSmarts residency programs. MAC engages artists to participate in the programs, advertises the programs through the Manitoba school system, accepts applications from schools and artists, assesses the applications through a peer panel process, contracts the artist and the schools, and ensures that the contracted services are delivered. The Arts Education Manager travels to schools to monitor the quality of the delivered programs and provides yearly performance reviews to the artists, and plans and delivers a two-day professional development conference for artists and teachers. Artists are supported while in the field as they deal with changes to program dates, travel arrangements, and the extraordinary challenges of a province as large and diverse as Manitoba. This program received additional direct support this year, allowing increased numbers of artists and schools to participate across the province.

## The New Normal

MAC moved to two- and three-year granting cycles for many programs, thus reducing the need for once-a-year panels and juries. The Manitoba Arts Partnership Agreement has a peer panel assessment once every three years with meetings between the organization and the panel, thus increasing the sense and value of these negotiated partnership agreements. MAC also consolidated a number of program deadlines in order to make more effective use of the investment in juries and assessors. The success of MAC's programs is assessed by the number, type, and quality of applications by Manitoba artists, arts organizations, and communities. There is now a wider range of applications for the resources available and an improved quality of applications. MAC's Travel and Professional Development program requires hands-on responsive management, and now has three deadlines a year plus a Quick Response option for those opportunities that fall outside the deadlines. This program continues to grow as Manitoba artists are taking their work across Canada, the United States, and beyond. Manitoba now is a major exporter of the arts nationally and internationally.

## Investing

Staff training and professional development are key to the overall stability and quality of work delivered by MAC personnel. Training is accessed through Government Services and private companies as needed, along with in-house courses developed by outside consultants specifically for MAC. MAC's Program Consultants take advantage of professional development sessions targeted for their particular arts discipline and the grantmaking profession through PD sessions developed and delivered by the Canadian Public Arts Funders (CPAF) organization. Each discipline meets once every three years, with directors meeting more often to explore current trends and challenges in the field. Chairs of agencies also participate at least once a year in a national CPAF meeting.

Staffing levels have been stable for a number of years, with the current personnel in place for between three and twenty-five years. Savings in various areas over the past years have been reinvested in planning and program development, including the full strategic planning process completed in 2012. Council members are from across the province and participate in person or via conference calls. They also have a responsibility to be aware of the arts community in the province through attending events, as possible.

Communications at MAC have evolved over the past ten years, and focus has shifted significantly from printed materials to web-based information services, including the various types of delivery options on the web in both official languages. MAC is engaging the community through artists' stories on its website, as well as Facebook and Twitter conversations and information sharing.

MAC has constructed its own support-systems infrastructure, including a full in-house IT system and increased web presence, plus a comprehensive and accountable grants management system (AIMS), which is already paying dividends in information and statistics on the growth and change in Manitoba's arts communities. MAC is also a partner in the national database, CADAC (Canadian Arts Database), which allows organizations to input their financial and statistical information only once when applying to Canada Council and MAC. CADAC is developing an invaluable database of national, aggregate, cultural statistics, and, through its reports, enables arts organizations to improve their own management practices. MAC continues to participate in national and international organizations, sharing our knowledge and experience in grantmaking, and learning new and original ways to connect communities and artists.

MAC actively pursues collaboration and cooperation with other agencies in order to more effectively support the work of Manitoba artists and organizations for the benefit of Manitobans throughout the province.

## Big Ideas

In January 2013, the Manitoba Arts Council brought Richard Evans of EmcArts, NY, to Winnipeg. Evans had recently worked with the Canadian Public Arts Funders at its annual meeting, exploring the role of arts agencies and their commitment to innovation and transformative change. He presented a day-long workshop for the members of Council, examining the assumptions supporting the role and programs of arts agencies. The Council also invited into separate sessions a number of arts organization managers and board members, and a group of funders who work with artists and arts organizations at all levels. Council invited representatives of Arts Development Calgary, the Saskatchewan Arts Board, and the MacKenzie Art Gallery of Regina to observe the sessions.

## The Heart of the Work

The heart of the conversations with the community and Richard Evans can be summed up in EmcArts' definition of innovation:


*organizational innovation* n. instances of organizational change that:

1. result from a shift in underlying assumptions
2. are discontinuous from previous practices
3. provide new pathways to creating public value

There are opportunities for arts agencies and our communities as we ask these questions:

How can we build new public value?  
How can we foster resilient organizations?  
How can we provide incentives for innovation?  
How can we underwrite incubation and prototyping?  
How can we promote new collaborative solutions?  
How can we engage with creativity in the wider community?

The changing face of the Manitoba Arts Council over the past year reflects the changing dynamics of the arts community as well as the audiences, supporters, and advocates who are essential to the success of the arts. This Manitoba Arts Council must lead the exploration of new ideas and directions by challenging and involving artists, supporters of the arts, and the citizens of Manitoba in a dynamic and vigorous, creative, and collaborative process. The results of this imaginative process will shape the Manitoba of the future.



Keith Bellamy, Chair



Douglas Riske, Executive Director



## INDEPENDENT AUDITORS' REPORT

To the Members of the Council of Manitoba Arts Council

### Report on the Financial Statements

We have audited the accompanying financial statements of Manitoba Arts Council, which comprise the statement of financial position as at March 31, 2013, the statements of operations, changes in fund balances and cash flow 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 for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 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 auditor's judgment, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Manitoba Arts Council as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

### Comparative information

Without modifying our opinion, we draw attention to Note 4 to the financial statements which describes that Manitoba Arts Council adopted Canadian Public sector accounting standards for government not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These new standards were applied retroactively by management to the comparative information included in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in fund balances and cash flow for the year ended March 31, 2012 and related disclosures. This restated comparative information is unaudited.

June 24, 2013  
Winnipeg, Canada



Magnus Chartered Accountants LLP

**MANITOBA ARTS COUNCIL**  
**Management's Responsibility for Financial Reporting**

The accompanying financial statements and note disclosures are the responsibility of management of Manitoba Arts Council and have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board. The financial statements have been reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors on June 24, 2013.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and other data available as at the date of approval by the Board of Directors.

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

The financial statements have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Manitoba Arts Council are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditors' Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of Manitoba Arts Council,



Douglas Riske  
Executive Director

**MANITOBA ARTS COUNCIL**  
**Statement of Financial Position**  
 March 31, 2013

	Grants & Program Funds	Bridges Fund	March 31, 2013	March 31, 2012	April 1, 2011 (Note 4)
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**ASSETS**

Current Assets

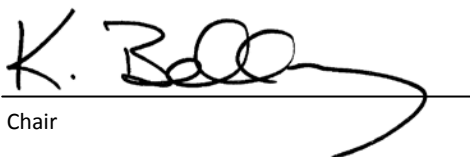
Cash and cash equivalents	\$636,280	\$0	\$636,280	\$224,371	\$376,164
Accounts receivable (Note 5)	24,821	0	24,821	6,653	24,878
Prepaid expenses	14,918	0	14,918	216,942	14,290
	<b>\$676,019</b>	<b>\$0</b>	<b>\$676,019</b>	<b>\$447,966</b>	<b>\$415,332</b>
Recoverable from Province of Manitoba (Note 8)	36,000	0	36,000	36,000	36,000
Portfolio investments	196,953	0	196,953	194,907	193,900
Capital assets (Note 6)	22,300	0	22,300	23,473	58,276
Interfund balances	(22,500)	22,500	0	0	0
<b>TOTAL ASSETS</b>	<b>\$908,772</b>	<b>\$22,500</b>	<b>\$931,272</b>	<b>\$702,346</b>	<b>\$703,508</b>

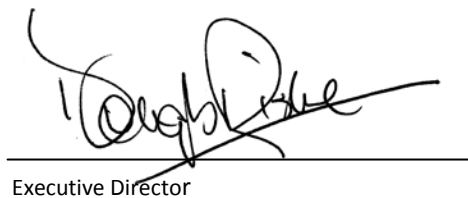
**LIABILITIES & FUND BALANCES**

Current Liabilities

Accounts payable & accrued liabilities	125,594	0	125,594	125,301	107,702
Commitment for grants & programs	344,015	22,500	366,515	319,067	404,662
	<b>469,609</b>	<b>22,500</b>	<b>492,109</b>	<b>444,368</b>	<b>512,364</b>
Employee Future Benefits (Note 8)	53,600	0	53,600	31,845	24,642
Fund Balances					
Invested in capital assets	22,300	0	22,300	23,473	58,276
Internally restricted	0	0	0	0	11,290
Unrestricted	363,263	0	363,263	202,660	96,936
	<b>385,563</b>	<b>0</b>	<b>385,563</b>	<b>226,133</b>	<b>166,502</b>
Collections (Note 7)					
Designated Assets (Note 8)					
Commitments (Note 9)					
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$908,772</b>	<b>\$22,500</b>	<b>\$931,272</b>	<b>\$702,346</b>	<b>\$703,508</b>

Approved on behalf of Council:

  
 Chair

  
 Executive Director

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

**MANITOBA ARTS COUNCIL**
**Statement of Operations**

Year ended March 31, 2013

	Grants & Program Funds	Bridges Fund	2013 Total	2012 Total
<b>REVENUES</b>				
Province of Manitoba – Operating Grant	\$8,755,000	\$0	\$8,755,000	\$8,595,000
Province of Manitoba – Bridges Grant	0	875,000	875,000	875,000
Province of Manitoba – Manitoba Theatre Centre	0	150,000	150,000	150,000
Province of Manitoba – Prairie Scene (NAC)	0	0	0	150,000
Investment Income	18,875	0	18,875	17,558
Other	65,370	0	65,370	59,549
	<b>8,839,245</b>	<b>1,025,000</b>	<b>9,864,245</b>	<b>9,847,107</b>
<b>EXPENSES</b>				
<b>ORGANIZATIONS</b>				
<i>Annual &amp; Operating Grants</i>				
Arts Training Schools	162,500	0	162,500	162,500
Arts Service Organizations	95,000	0	95,000	95,000
Dance Companies	900,000	0	900,000	900,000
Music Organizations	1,199,000	0	1,199,000	1,349,000
Theatre Companies	1,714,000	150,000	1,864,000	1,864,000
Visual Arts Organizations	889,000	0	889,000	889,000
Book Publishers	271,000	0	271,000	271,000
Periodical Publishers	211,225	0	211,225	211,225
	<b>5,441,725</b>	<b>150,000</b>	<b>5,591,725</b>	<b>5,741,725</b>
<i>Touring Grants</i>	319,000	0	319,000	319,000
<i>Presentation Grants</i>	352,029	0	352,029	326,812
<i>Special Grants</i>	1,000	0	1,000	1,000
<i>Management &amp; Governance</i>	0	20,000	20,000	20,000
	<b>6,113,754</b>	<b>170,000</b>	<b>6,283,754</b>	<b>6,408,537</b>
<b>INDIVIDUALS</b>				
Professional Development Grants	221,292	0	221,292	232,413
Creation & Production Grants	718,092	0	718,092	730,908
Touring Grants	25,000	0	25,000	20,000
Aboriginal Arts Grants	0	37,500	37,500	76,550
	<b>964,384</b>	<b>37,500</b>	<b>1,001,884</b>	<b>1,059,871</b>
<b>ARTS DEVELOPMENT</b>				
Residencies	454,258	0	454,258	340,674
ArtsSmarts Projects	81,813	0	81,813	56,000
Award of Distinction	0	0	0	30,000
Special Projects	10,024	12,961	22,985	29,436
Special Opportunities	0	0	0	50,000
Community Connections & Access	0	147,200	147,200	164,537
Arts Education Initiatives	0	20,000	20,000	27,500
French Language (NB/MB Residency)	0	42,500	42,500	48,120
	<b>546,095</b>	<b>222,661</b>	<b>768,756</b>	<b>746,267</b>
	7,624,233	430,161	8,054,394	8,214,675
Arts Program Delivery Expenses (Schedule 1)	852,957	179,533	1,032,490	986,559
	<b>8,477,190</b>	<b>609,694</b>	<b>9,086,884</b>	<b>9,201,234</b>
Administrative Expenses (Schedule 2)	628,661	0	628,661	625,385
	<b>9,105,851</b>	<b>609,694</b>	<b>9,715,545</b>	<b>9,826,619</b>
Rescinded Commitments	(10,730)	0	(10,730)	(39,143)
	<b>9,095,121</b>	<b>609,694</b>	<b>9,704,815</b>	<b>9,787,476</b>
Excess (Deficiency) of revenues over expenses	<b>(255,876)</b>	<b>415,306</b>	<b>\$159,430</b>	<b>\$59,631</b>

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

**MANITOBA ARTS COUNCIL****Statement of Changes in Fund Balances**

Year ended March 31, 2013

	Grants & Program Fund		Bridges Fund	2013 Total	2012 Total
	Invested in Capital Assets	General			
<b>Fund Balances, beginning of year</b>	\$23,473	\$202,660	\$0	\$226,133	\$166,502
Excess (Deficiency) of revenues over expenses	(19,001)	(236,875)	415,306	159,430	59,631
Additions to capital assets	17,828	(17,828)	0	0	0
Interfund transfer (Note 10)	0	415,306	(415,306)	0	0
<b>Fund Balances, end of year</b>	<b>\$22,300</b>	<b>\$363,263</b>	<b>\$0</b>	<b>\$385,563</b>	<b>\$226,133</b>

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

**MANITOBA ARTS COUNCIL****Statement of Cash Flow**

Year ended March 31, 2013

	2013 Total	2012 Total
Cash provided by (applied to):		
<b>Operating Activities:</b>		
Excess (Deficiency) of revenues over expenses	\$159,430	\$59,631
Adjustment for:		
Amortization of capital assets	19,001	46,763
	<u>178,431</u>	<u>106,394</u>
Changes in the following:		
Accounts receivable	(18,168)	18,225
Prepaid expenses	202,024	(202,652)
Accounts payable & accrued liabilities	293	17,599
Commitments for grants & programs	47,448	(85,595)
Employee future benefits	21,755	7,203
	<u>253,352</u>	<u>(245,220)</u>
Cash provided by (applied to) operating activities	431,783	(138,826)
<b>Investing Activities:</b>		
Portfolio investments	<u>(2,046)</u>	<u>(1,007)</u>
Cash (applied to) investing activities	(2,046)	(1,007)
<b>Capital Activities:</b>		
Acquisition of capital assets	<u>(17,828)</u>	<u>(11,960)</u>
Cash (applied to) capital activities	(17,828)	(11,960)
Change in cash & cash equivalents	411,909	(151,793)
<b>Cash &amp; cash equivalents, beginning of year</b>	<u><b>224,371</b></u>	<u><b>376,164</b></u>
<b>Cash &amp; cash equivalents, end of year</b>	<u><b>\$636,280</b></u>	<u><b>\$224,371</b></u>

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

**MANITOBA ARTS COUNCIL**  
**Notes to Financial Statements**  
Year Ended March 31, 2013

**1. Nature of Organization**

The *Arts Council Act* established the Manitoba Arts Council ("the 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. Basis of Accounting**

These financial statements have been prepared in accordance with Canadian public sector accounting (PSA) standards for government not-for-profit organizations as issued by the Public Sector Accounting Board. Additional disclosures relating to the transition to PSA standards are provided in Note 4 to these financial statements.

**3. Significant Accounting Policies**

**(a) Fund Accounting**

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

(i) Grants & Program Fund

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

(ii) 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 expenses, if any, is transferred to the Grants & Programs Fund at an amount determined by the Council to fulfill similar goals and objectives.

**(b) Revenue Recognition**

(i) Contributions

The Council follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted contributions are recognized as revenue in the applicable fund when received or receivable.

(ii) Investment Income

Interest income is recognized on the accrual basis.

**(c) Expenses**

All expenses incurred are recognized on the accrual basis.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and short-term investments and deposits with original maturities of three months or less.

**(e) Accounts Receivable**

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

**(f) Portfolio Investments**

Portfolio investments include investments and term deposits with original maturities greater than three months. These investments are recognized at cost.

**(g) Capital Assets**

Capital assets are recognized at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Office furniture and equipment	5-10 years straight line
Computer hardware and software	3 years straight line

**(h) Collections of Musical Instruments and Works of Visual Art**

The Council has collections of musical instruments and works of visual art which are not recorded in its financial statements. Information relating to the Council's collections are disclosed in Note 7 to these financial statements.

**(i) Liabilities**

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year, the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

**(j) Commitments for Grants and Programs**

Grants and program commitments are reflected as expenses when funding is formally approved and committed by the Council. Cancellations of prior years' grant expenses are reflected as rescinded commitments in the statement of operations in the year of cancellation.

**(k) Financial Instruments - Measurement**

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Council records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities and commitments for grants and programs.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on any financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

**(l) Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**4. Adoption of Canadian Public Sector Accounting Standards for Government Not-For-Profit Organizations**

In previous fiscal years, the Council was classified as a not-for-profit organization and followed the recommendations of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook - Part V. Given the recent restructuring of the CICA Accounting Handbook, all public sector entities are now directed to the Public Sector Accounting (PSA) Handbook. In accordance with the recommendations of the PSA Handbook, the Council has determined that it is a "Government Not-for-Profit Organization" and has determined that PSA standards including the standards for government not-for-profit organizations (PS 4200 - PS 4270) are the most appropriate framework for financial reporting purposes.

The Council adopted Canadian PSA standards for government not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These are the Council's first financial statements prepared in accordance with PSA standards and PS 2125, *First Time Adoption*, has been applied. The Council did not use any elective exemptions available on first-time adoption.

These new standards were required to be applied retroactively. Adjustments to the previously reported assets, liabilities and fund balances as a result of adopting these new standards are as follows:



	<b>March 31, 2012</b>	<b>April 1, 2011</b>
<b>Musical Instruments</b>		
Musical instruments as per previous financial statements	\$104,796	\$104,796
Less: adjustments as per PSA standards – Note (i)	(104,796)	(104,796)
Musical instruments as per PSA standards	<u>\$0</u>	<u>\$0</u>
<b>Works of Visual Art</b>		
Works of visual art as per previous financial statements	\$329,995	\$329,995
Less: adjustment as per PSA standards – Note (i)	(329,995)	(329,995)
Works of visual art as per PSA standards	<u>\$0</u>	<u>\$0</u>
<b>Investments in Musical Instruments &amp; Works of Visual Arts</b>		
Investments in musical instruments & works of visual art as per previous financial statements	\$434,791	\$434,791
Less: adjustments as per PSA standards – Note (i)	(434,791)	(434,791)
Investments in musical instruments & works of visual art as per PSA standards	<u>\$0</u>	<u>\$0</u>

There were no adjustments to the previously reported net fund balances, results of operations or cash flows of the Council as a result of adopting Canadian PSA standards for government not-for-profit organizations. A statement of cash flow has been included in these financial statements as required per PSA standards.

Notes:

- (i) Under its previous accounting standards, the Council recorded its collections of musical instruments and works of visual art on the statement of financial position at cost with an offsetting credit to investments in musical instruments and works of visual art.

## 5. Accounts Receivable

Accounts Receivable as at March 31 is comprised of the following:

	<b>2013</b>	<b>2012</b>
Receivable from Province of Manitoba	\$20,000	\$0
Accrued interest	4,537	2,631
Other receivables	284	4,022
	<u>\$24,821</u>	<u>\$6,653</u>

## 6. Capital Assets

	<b>2013</b>		<b>2012</b>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture & equipment	\$132,202	\$127,350	\$4,852	\$4,866
Computer hardware & software	477,075	459,627	17,488	18,607
	<u>\$609,277</u>	<u>\$586,977</u>	<u>\$22,300</u>	<u>\$23,473</u>

## 7. Collections

### Works of Visual Art

The Council's collection of works of visual art is comprised of 399 pieces of art currently in the care of the Art Gallery of Southwestern Manitoba in Brandon and at Council's Winnipeg, Manitoba office. There were no acquisitions, disposals or expenditures on collection items incurred during the year (2012 - \$nil). The most recent appraisal of the visual art collection was completed in 2005 indicating a market value of \$449,222.

### Musical Instruments

The Manitoba Arts Council jointly owns a collection of stringed instruments with the Universities of Manitoba and Brandon's, Schools of Music which are for the exclusive use of the students. There were no acquisitions, disposals or expenditures on stringed instruments during the year (2012 - \$nil). The most recent valuation of these instruments indicated a value of \$104,796.

## 8. Employee Future Benefits and Designated Assets

### Pension Benefits

Employees of the Council are provided pension benefits as a result of the participation of its eligible employees in the *Civil Service Superannuation Act* (CSSA). The Council participates on a fully funded basis and its contributions of \$40,405 (2012 - \$34,247) represents the total pension expense for the year. Pursuant to the CSSA, the Council has no further liability for pension benefits.

### Severance Liability

Effective March 31, 1999, the Manitoba Arts Council, as a Crown organization, was required to record a severance liability. The Province of Manitoba has recognized an opening liability of \$36,000 as at April 1, 1998 and the Council has recorded a corresponding recoverable from the Province; this recoverable from the Province is designated for future severance obligations of the Council. Any subsequent changes to the severance liability is the responsibility of the Council.

As at March 31, 2013, the Council recorded a severance liability of \$53,600 (2012 - \$31,845) based on the provisions of its Employee Handbook and management's best assumptions regarding severance rates and compensation increases. The assumptions used parallel those used by the Province of Manitoba and include a 6% rate of return and 3.75% annual salary increases. The liability is based on actuarial calculations and is updated annually based on a formula included in the most recent actuarial valuation dated March 31, 2010.

## 9. Commitments

The Council has entered into an agreement to lease office premises for ten years commencing April 1, 2012. The 2013 basic annual rent was \$126,839. The 2014 basic annual rent is estimated to be \$126,839. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

## 10. Interfund Transfers and Internally Restricted Fund Balances

In 2013, there were no internally restricted funds allocated to programs. In addition, \$415,306 (2012 - \$356,716) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Individual Artists and Arts Development Grants.

## 11. Financial Instruments and Financial Risk Management

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Council did not incur any remeasurement gains or losses during the year (2012 - \$nil).

### **Financial Risk Management - Overview**

The Council has exposure to the following risks resulting from its financial instruments: credit risk; liquidity risk; market risk; interest rate risk; and foreign currency risk.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consist principally of cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba.

The maximum exposure of the Council to credit risk at March 31 is:

	<b>2013</b>	<b>2012</b>
Cash & cash equivalents	\$636,280	\$224,371
Accounts receivable	24,821	6,653
Portfolio investments	196,953	194,907
Recoverable from the Province of Manitoba	36,000	36,000
	<u>\$894,054</u>	<u>\$461,931</u>

### Cash and Cash Equivalents and Portfolio Investments

The Council is not exposed to significant credit risk as these amounts are held by a reputable Canadian financial institution and the Minister of Finance.

### Accounts Receivable and Recoverable from the Province of Manitoba

The Council is not exposed to significant credit risk as any significant balances are due from the Province of Manitoba. The Council manages this credit risk through close monitoring and follow-up of any overdue accounts.

When necessary, the Council establishes an allowance for doubtful accounts that represent its estimate of potential credit losses. The balance in the allowance for doubtful accounts as at March 31, 2013 is \$nil (2012 - \$nil).

### **Liquidity Risk**

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due. The Council manages liquidity risk by maintaining adequate cash balances to meet its obligations.

### **Market Risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's results of operations or the fair values of its financial instruments.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

## **12. Comparative Information**

Certain of the amounts as at March 31, 2012 and April 1, 2011 have been reclassified to conform to the financial statement presentation adopted for the current year.

**MANITOBA ARTS COUNCIL**

**Statement of Operations**

**SCHEDULE I – ARTS PROGRAM DELIVERY EXPENSES**

Year ended March 31, 2013

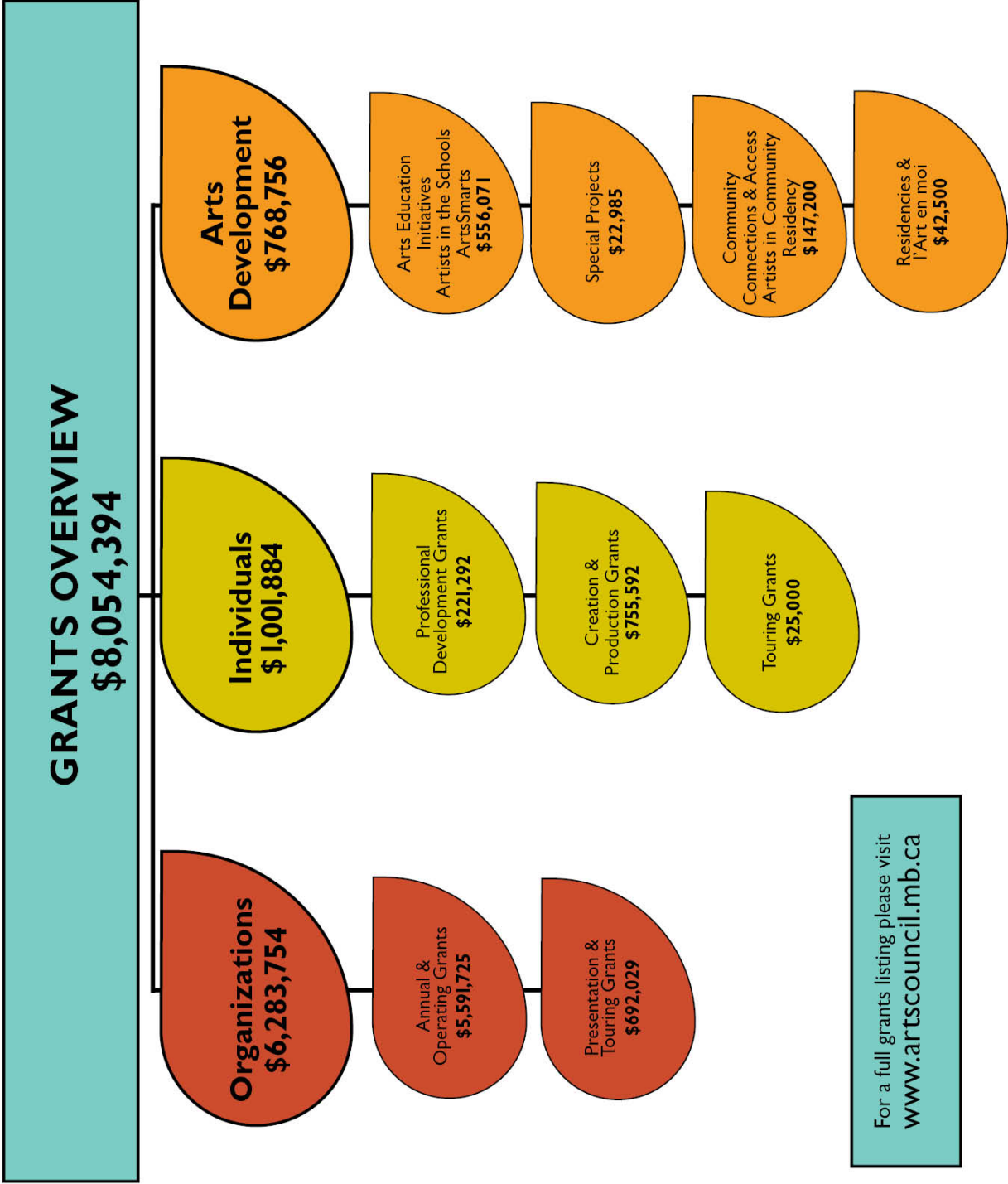
	Grants & Program Fund	Bridges Fund	2013 Total	2012 Total
Salaries & benefits	\$624,140	\$157,498	\$781,638	\$759,699
Jurors' fees & expenses	45,168	4,798	49,966	64,153
Rent	60,883	12,684	73,567	67,842
Communications	24,491	0	24,491	32,174
Professional fees	48,133	0	48,133	6,300
Staff travel & expenses	10,219	2,075	12,294	15,803
Postage, courier & telephone	10,391	2,325	12,716	10,832
Office supplies	929	153	1,082	1,182
Touring development	20,000	0	20,000	20,000
Sundry	243	0	243	214
Memberships & partnerships	8,360	0	8,360	8,360
	<b>\$852,957</b>	<b>\$179,533</b>	<b>\$1,032,490</b>	<b>\$986,559</b>

**MANITOBA ARTS COUNCIL**

**SCHEDULE 2 – ADMINISTRATIVE EXPENSES**

Year ended March 31, 2013

	GRANTS & PROGRAM FUND	
	2013 TOTAL	2012 TOTAL
Salaries & benefits	\$367,169	\$345,901
Council expenses	39,585	29,402
Community consultations	0	2,409
Rent	54,671	49,383
Postage, courier & telephone	11,786	10,602
Office supplies, printing & stationery	11,140	10,821
Communications:		
Recruitment costs	276	0
Advocacy	5,004	4,701
Annual report	12,013	16,239
Strategic planning	222	15,486
Amortization	19,001	46,763
Equipment repairs & maintenance	25,273	21,704
Professional fees	13,929	8,087
Memberships & subscriptions	13,741	15,699
Insurance & sundry	6,094	6,725
Staff travel & expenses	14,596	22,463
Other (Art Bank Administration)	34,161	19,000
	<b>\$628,661</b>	<b>\$625,385</b>



For a full grants listing please visit  
[www.artscouncil.mb.ca](http://www.artscouncil.mb.ca)

## MEMBERS OF COUNCIL

Keith Bellamy  
CHAIR, WINNIPEG  
**start:** August 2, 2012

Dr. Judith Flynn  
CHAIR, WINNIPEG  
**end:** August 1, 2012

Cynthia Rempel Patrick  
VICE-CHAIR, STEINBACH  
**start:** August 2, 2012

Coralie Bryant  
VICE-CHAIR, WINNIPEG  
**end:** August 1, 2012

Yisa Akinbolaji  
WINNIPEG

Raye Anderson  
WINNIPEG BEACH  
**start:** August 2, 2012

Scott Baldwin  
WINNIPEG  
**start:** August 2, 2012

Cheryl Bear  
PEGUIS FIRST NATION

Brenda Blaikie  
WINNIPEG

Jan Brancewicz  
BRANDON

Aimée Craft  
GIROUX  
**start:** August 2, 2012

Michael Elves  
WINNIPEG  
**end:** July 23, 2012

The Honourable Glenn  
Joyal  
WINNIPEG  
**start:** August 2, 2012

Amy Karlinsky  
WINNIPEG

Crystal Kolt  
FLIN FLON  
**start:** August 2, 2012

Dr. Lucien Loiselle  
WINNIPEG  
**end:** July 23, 2012

Brennan Manoakesik  
WINNIPEG  
**end:** July 23, 2012

Dr. Donna M. Michaels  
BRANDON  
**start:** August 2, 2012

Addie Penner  
WINNIPEG  
**end:** August 1, 2012

Pam Rebello  
WINNIPEG  
**end:** August 1, 2012

Etoile Stewart  
WINNIPEG  
**start:** August 2, 2012

Dr. Lea Stogdale  
WINNIPEG

## STAFF

### MANAGEMENT

Douglas Riske  
EXECUTIVE DIRECTOR

David R. Scott  
ASSOCIATE DIRECTOR OF  
GRANTING PROGRAMS

Patricia Sanders  
ASSOCIATE DIRECTOR OF POLICY,  
PLANNING & PARTNERSHIPS/  
PROGRAM CONSULTANT WRITING  
& PUBLISHING

### COMMUNICATIONS

Leanne Foley  
COMMUNICATIONS MANAGER

Kiley Dyck  
COMMUNICATIONS ASSISTANT  
**start:** August 2012

Rekha Ramachandran  
COMMUNICATIONS ASSISTANT/  
RECEPTIONIST  
**end:** August 2012

Dominique Lemoine  
FRENCH SERVICES  
**start:** January 2013

### PROGRAM CONSULTANTS

Marian Butler  
VISUAL ARTS/FILM & VIDEO

Cathleen Enns  
MUSIC/DANCE

Kristen Pauch-Nolin  
COMMUNITY CONNECTIONS &  
ACCESS/ARTIST-IN-COMMUNITY  
RESIDENCY/CRAFT/JURIED ART  
SHOWS/STUDENT BURSARIES

Martine Friesen  
THEATRE/TOURING/  
DEEP BAY ARTISTS' RESIDENCY

Tracey Longbottom  
ABORIGINAL ARTS

### ARTS EDUCATION

Susan Israel  
MANAGER

### MANITOBA FOUNDATION FOR THE ARTS

Douglas Riske  
MANAGER

### ADMINISTRATION

Elly Wittens  
ACCOUNTS ADMINISTRATION/  
OFFICE MANAGER

### INFORMATION & TECHNOLOGY

Linda Eagleton  
DATABASE COORDINATOR

Joel Crisp  
NETWORK ADMINISTRATOR

### PROGRAM ASSISTANTS

Geneviève Rosset  
PROGRAM ASSISTANT  
COORDINATOR

Teresa Kowalke

Roxanne Letourneau

Chantal Thériault  
**end:** July 2012