

ANNUAL REPORT

2015 | 2016



MAC | CAM

50

1965
2015

YEARS | ANS



Diana Thorneycroft, *Early Snow with Bob and Doug*,
C print, 2005

2015-2016 COUNCIL

MEMBERS OF COUNCIL

Keith Bellamy
Chair, Winnipeg
End: September 2015

Cynthia Rempel Patrick
Vice-Chair, Steinbach
(Acting Chair September
2015 -
January 2016)

Aimée Craft
Chair, Giroux
Start: January 2016

Yisa Akinbolaji
Winnipeg

Roye Anderson
Winnipeg Beach
End: September 2015

Scott Baldwin
Winnipeg

Cheryl Bear
Peguis First Nation

Brenda Blaikie
Winnipeg

Jan Brancewicz
Brandon
End: September 2015

Sharron Curry Wiens
Morden
Start: September 2015

Amy Karlinsky
Winnipeg

Dr. Michael Kim
Brandon
End: September 2015

Crystal Kolt
Flin Flon

Tricia Penner
Winnipeg
Start: September 2015

David Roberts
Winnipeg
Start: September 2015

Gurpreet Sehra
Winnipeg
Start: September 2015

Jason Smith
Winnipeg

Etoile Stewart
Winnipeg

Dr. Lea Stogdale
Winnipeg



Leanne Zacharias, Nes Artist Residency,
2016 Iceland Performing Arts Residency



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.

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Les Bibliothèques éphémères, Éditions du Blé, Culture Days,
Photo Miguel Fortier



MANITOBA ARTS COUNCIL
CONSEIL DES ARTS DU MANITOBA

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

September 12, 2016

The Honourable Brian Pallister,
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, 2015, to March 31, 2016.

Sincerely,

Aimée Craft
Chair, Manitoba Arts Council



MAC Brandon Office Grand Opening, Photo courtesy of the City of Brandon

REPORT OF THE ACTING CHAIR

In a year of transition and change in the Council's administration, the Manitoba Arts Council's Focus Forward strategic plan, 2012–2016, and its business plan, MAC PLAN 14–17, provided a solid foundation for grantmaking, and helped to guide and inform decisions about support to partnerships and initiatives. In 19 full Council and committee meetings, Council continued to emphasize priorities of best practices in governance, equity, leadership, and resilience. The Council entered into a new partnership with the City of Brandon, Community Services Department, which has led to the establishment of a part-time office in Brandon. This year also marked the tenth year of our relationship with Riding Mountain National Park for the Deep Bay Artists Residency, and Council was pleased to renew that Memorandum of Understanding. As well, through Council's Memorandum of Agreement with Conseil Régional, Basse-Normandie, we welcomed three artists to Manitoba for a residency. These partnerships and agreements have provided invaluable opportunities for outreach and wider dissemination and impact of Manitoba's artistic community.

There was a change in Council composition as members reached the end of their appointments. We thank Keith Bellamy, Raye Anderson, Jan Brancewicz, the Honourable Glenn Joyal, Dr. Michael Kim, and Dr. Donna Michaels for

their commitment and their stewardship of the public trust for resources allocated to the arts for the benefit of all Manitobans. We welcome new Council members Tricia Penner, David Roberts, Gurpreet Sehra, and Sharron Curry Wiens.

This year also marked the retirement of Council's long-time Executive Director, Douglas Riske. At the local, national, and international levels, Douglas worked to foster the growth and excellence of Manitoba's professional arts, and to ensure that arts practice, participation, and learning were available to all Manitobans. The Council would like to express its gratitude and appreciation to Douglas for his commitment to our province's arts community. We look forward to working with his successor, Akoulina Connell, who begins her contract as Chief Executive Officer in 2016–17.

My sincere thanks to all Council's staff, who maintain strong relationships with the community and continue to support the Council in its work.

Cynthia Rempel Patrick
Acting Chair



REPORT OF THE ACTING EXECUTIVE DIRECTOR

This past year marked the last year of Council's Focus Forward Strategic Plan 2012–2016, and the penultimate year of its business plan, MAC PLAN 14–17. Together, these two documents have guided the work of management and staff over the past year.

In addition to core functions in peer-assessed grantmaking, staff worked to support and develop new initiatives and partnerships. We were very pleased to begin our first year of the part-time Brandon office, the result of a collaboration between Council and the City of Brandon Community Services. MAC's consultants are available in Brandon regularly throughout the year, and have conducted workshops, consultations, and juries from the Brandon office. It has been an opportunity for MAC to enhance its services to Manitobans outside the city of Winnipeg. This partnership would not have been possible without the generous support, planning, and encouragement of the coordinators at Community Services.

We were also pleased to begin development of a pilot project to assist rural arts councils and organizations in developing administrative and governance capacity. The project, Strengthening Rural Arts Organizations, will be developed in partnership with Manitoba Arts Network and has the goal of enhancing the ability of rural arts organizations to present professional arts experiences in their communities.

Expanded and revised arts and learning activities, with more emphasis on ArtsSmarts projects, enabled staff to meet with school and community groups, and provide professional development for artists wishing to work with students.

The renewal of our Memorandum of Understanding with Riding Mountain National Park ensured the continuation of our Deep Bay Artists Residency program in collaboration with the park. Again, we greatly appreciated the assistance and support of park personnel in reviewing the



Memorandum, and look forward to further enhancement of this valued relationship. We renewed our partnership agreement for an artist residency with the Churchill Northern Studies Centre, a rare opportunity for Manitoba artists to work in the context of this unique northern ecosystem. Other artist residency activities included the establishment of a pilot residency for performing artists in Iceland, and the welcoming of French artists for a short residency in Manitoba as part of our Memorandum of Agreement with Basse-Normandie.

As always, MAC staff and management continued to participate in workshops and conferences at provincial and national levels, with representation on boards and working groups.

Executive Director Douglas Riske retired from the Council this year. His 17 years of commitment to Council and the professional arts community extended to participation in national and international grantmaking policy and research,

and we extend our appreciation and gratitude for his leadership and direction. Incoming CEO Akoulina Connell has participated with Douglas and several other MAC staff members on national working groups and steering committees.

I would like to extend my gratitude to the staff at Council and to the Council, who continue to demonstrate their passion for the arts and their responsibility to the public trust in the administration of arts policies and programs for the benefit of all Manitobans.

Patricia Sanders

Acting Executive Director





ArtsSmarts II Project with Alejandra Diaz Roman, Kildonan-East Collegiate

PARTNERSHIPS AND SPECIAL INITIATIVES

The Manitoba Arts Council has continued to reach out across the province and to international partners with funding, support, and strategic initiatives. Thanks to a partnership with the City of Brandon, Community Development, MAC was able to open a part-time Brandon office and provide service, outreach, and programming to the Westman area. A MAC jury—comprised solely of Westman-area professional artists—was also held in Brandon in 2015–2016.

In partnership with Manitoba Arts Network a pilot project, Strengthening Rural Arts Organizations, was developed. The project will assist Manitoba Arts Network members in building their capacity to present professional arts experiences to their community. Specific projects in five rural centres—Carman, Portage La Prairie, Steinbach, Winkler and Onanole—will be supported in the first year.

A Memorandum of Understanding with Riding Mountain National Park was renewed to provide continued support for the Deep Bay Artists' Residency Program. About 100 artists have benefited from the program, which celebrated its tenth year in the fall of 2015.

MAC also renewed a partnership agreement with the Churchill Northern Studies Centre for its Churchill Artists' Residency. The program continues to provide a rare opportunity for Manitoba artists to work in this unique, northern environment.

The Council values its ongoing partnerships with organizations and groups such as Culture Days Manitoba, Manitoba Arts Network, ArtSupport Manitoba, and the Alliance for Arts Education in Manitoba. These partnerships extend the scope and impact of Council's support for the arts.

ARTS AND LEARNING

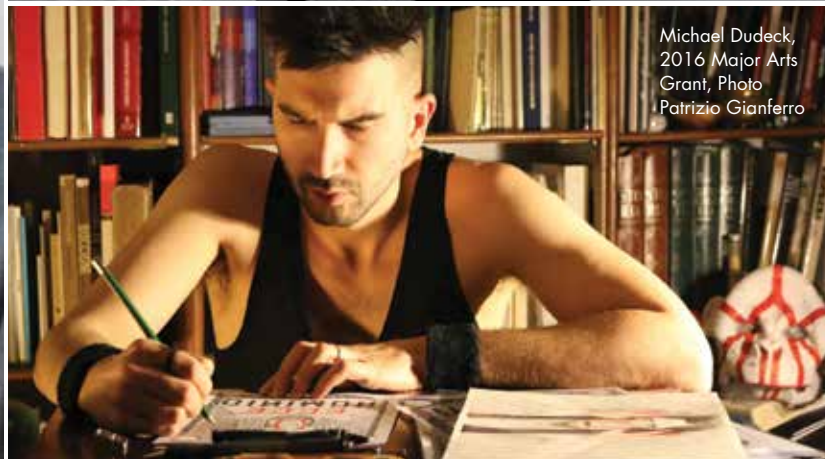
In 2015–2016, more emphasis on ArtsSmarts projects has provided professional development for artists and supported their work with students across the province. The Artists in the Schools and ArtsSmarts programs focus on facilitating partnerships between professional Manitoba artists and K to 12 schools in Manitoba. These programs are a vital part of MAC's commitment to serving all the people of Manitoba, especially those in the North and rural areas.



Diana Thorneycroft,
2016 Major Arts
Grant



Méira Cook, 2016
Major Arts Grant,
Photo Mandy
Malazdrewich



Michael Dudeck,
2016 Major Arts
Grant, Photo
Patrizio Gianferro



Florian Vorreiter,
2016 Major
Arts Grant

SPECIAL AWARDS

MANITOBA ARTS AWARD OF DISTINCTION

Visual artist Diana Thorneycroft was awarded the 2016 Manitoba Arts Award of Distinction. The bi-annual award recognizes a senior artist for the highest level of excellence and artistic achievement. Thorneycroft has exhibited various bodies of work across Canada, the United States and Europe, as well as in Moscow, Tokyo and Sydney. Since 2010 she has been focusing on her studio practice full time, and has gallery representation in Paris, Los Angeles, Detroit, Calgary, Winnipeg, London (Ontario) and Montreal.

Méira Cook will be writing a new collection of linked short stories, tentatively titled *My Holocaust Survivor*.

Michael Dudeck will be writing/coding/illustrating a compendium tentatively entitled *The Encyclopedia Messianica (Ecce Hominid)*.

Diana Thorneycroft will be creating a photo-based series currently entitled *Black Forest (still waters)*.

Florian Vorreiter will be using 3D-CT scan data to analyse and build a replica of a guitar originally built by Antonio de Torres.

MAJOR ARTS GRANTS

Major Arts Grants were awarded to Méira Cook, Michael Dudeck, Diana Thorneycroft, and Florian Vorreiter. These grants are provided to professional artists whose work shows exceptional quality or accomplishment to allow them to concentrate on a particular work over a six- to ten-month period.

MAC's programming and awards, and a full grants listing, is available at www.artscouncil.mb.ca.

MANITOBA ARTS COUNCIL FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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/Finance/HR Committee and approved by the Council on June 29, 2016.

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 of the financial statements by the Council.

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 Auditor's Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of Manitoba Arts Council,



Patricia Sanders

Acting Executive Director

Associate Director of Policy, Planning & Partnerships
Writing & Publishing Consultant

Independent Auditor's 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, 2016, 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 the 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 the 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, the financial statements present fairly, in all material respects, the financial position of Manitoba Arts Council as at March 31, 2016 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.



Magnus Chartered Accountants LLP

June 29, 2016

Winnipeg, Canada

STATEMENT OF FINANCIAL POSITION MARCH 31, 2016

	Grants & Programs Fund	Bridges Fund	Total 2016	Total 2015
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$328,976	\$0	\$328,976	\$360,347
Accounts receivable (NOTE 4)	19,750	0	19,750	3,055
Prepaid administrative and grant expenses	13,159	0	13,159	138,632
	361,885	0	361,885	502,034
Recoverable from Province of Manitoba (NOTE 8)	36,000	0	36,000	36,000
Portfolio investments (NOTE 5)	187,041	0	187,041	203,598
Capital assets (NOTE 6)	26,708	0	26,708	22,479
Interfund balances	(11,375)	11,375	0	0
TOTAL ASSETS	\$600,259	\$11,375	\$611,634	\$764,111
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities (NOTE 9)	\$126,972	\$0	\$126,972	\$133,770
Commitments for grants and programs	538,431	11,375	549,806	426,377
	665,403	11,375	676,778	560,147
Employee future benefits (NOTE 9)	85,755	0	85,755	73,903
FUND BALANCES:				
Invested in capital assets	26,708	0	26,708	22,479
Unrestricted	(177,607)	0	(177,607)	107,582
	(150,899)	0	(150,899)	130,061
Collections (NOTE 7)				
Designated Assets (NOTE 9)				
Commitments (NOTE 10)				
TOTAL LIABILITIES AND FUND BALANCES	\$600,259	\$11,375	\$611,634	\$764,111

Approved on behalf of Council,



ACTING CHAIR



ACTING EXECUTIVE DIRECTOR

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

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2016

	Grants & Programs Fund	Bridges Fund	Total 2016	Total 2015
REVENUE				
Province of Manitoba - Operating Grant	\$8,598,000	\$0	\$8,598,000	\$8,598,000
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 - Manitoba Opera Association	0	300,000	300,000	0
Other	45,649	0	45,649	45,000
Investment Income	12,004	0	12,004	14,099
	8,655,653	1,325,000	9,980,653	9,682,099
EXPENSES				
ORGANIZATIONS				
Annual & Operating Grants				
Arts Training Schools	162,500	0	162,500	162,500
Arts Service Organizations	94,000	0	94,000	94,000
Dance Companies	882,050	0	882,050	882,500
Music Organizations	1,197,060	375,000	1,572,060	1,197,060
Theatre Companies	1,657,450	150,000	1,807,450	1,801,700
Visual Arts Organizations	881,840	0	881,840	881,840
Book Publishers	268,200	0	268,200	268,200
Periodical Publishers	207,690	0	207,690	207,690
	5,350,790	525,000	5,875,790	5,495,490
Touring Grants	300,000	0	300,000	304,000
Presentation Grants	383,329	0	383,329	363,380
Special Grants	1,000	0	1,000	30,000
Management & Governance	0	25,000	25,000	0
	6,035,119	550,000	6,585,119	6,192,870
INDIVIDUALS				
Professional Development Grants	212,104	0	212,104	232,350
Creation and Production Grants	627,433	0	627,433	721,905
Touring Grants	20,000	0	20,000	25,000
Aboriginal Arts Grants	0	60,000	60,000	68,000
	859,537	60,000	919,537	1,047,255
ARTS DEVELOPMENT				
Residencies	403,367	66,574	469,941	461,725
ArtsSmarts Projects	116,608	0	116,608	115,938
Award of Distinction	30,000	0	30,000	0
Special Projects	46,196	124,111	170,307	84,737
Community Connections & Access	0	158,000	158,000	164,975
Arts Education Initiatives	0	20,000	20,000	21,000
	596,171	368,685	964,856	848,375
	7,490,827	978,685	8,469,512	8,088,500
Arts Program Delivery Expenses (SCHEDULE 1)	943,819	136,399	1,080,218	1,015,444
	8,434,646	1,115,084	9,549,730	9,103,944
Administrative Expenses (SCHEDULE 2)	745,247	0	745,247	706,122
	9,179,893	1,115,084	10,294,977	9,810,066
Rescinded Commitments	(33,364)	0	(33,364)	(30,412)
Total Expenses	9,146,529	1,115,084	10,261,613	9,779,654
(Deficiency) Excess of Revenue over Expenses	(\$490,876)	\$209,916	(\$280,960)	(\$97,555)

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

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED MARCH 31, 2016

	GRANTS & PROGRAMS FUND		BRIDGES FUND	Total	Total
	Invested In Capital Assets	General		2016	2015
FUND BALANCES, BEGINNING OF YEAR	\$22,479	\$107,582	\$0	\$130,061	\$227,616
(Deficiency) Excess of Revenue over Expenses	(14,338)	(476,538)	209,916	(280,960)	(97,555)
Additions to Capital Assets	18,567	(18,567)	0	0	0
Interfund Transfers (NOTE 11)	0	209,916	(209,916)	0	0
FUND BALANCES, END OF YEAR	\$26,708	(177,607)	\$0	(150,899)	\$130,061

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

STATEMENT OF CASH FLOW YEAR ENDED MARCH 31, 2016

	2016	2015
CASH PROVIDED BY (APPLIED TO)		
Operating activities:		
(Deficiency) of Revenue over Expenses	(\$280,960)	(\$97,555)
Adjustment for:		
Amortization of capital assets	14,338	14,658
	(266,622)	(82,897)
Changes in the following:		
Accounts receivable	(16,695)	4,313
Prepaid expenses	125,473	26,723
Accounts payable and accrued liabilities	(6,798)	(2,340)
Commitments for grants and programs	123,429	(40,916)
Employee future benefits	11,852	10,307
	237,261	(1,913)
Cash (applied to) operating activities	(29,361)	(84,810)
Investing activities:		
Change in portfolio investments	16,557	(3,197)
Cash provided by (applied to) investing activities	16,557	(3,197)
Capital activities:		
Acquisition of capital assets	(18,567)	(22,151)
Cash (applied to) capital activities	(18,567)	(22,151)
Change in cash and cash equivalents	(31,371)	(110,158)
Cash and cash equivalents, beginning of year	360,347	470,505
Cash and cash equivalents, end of year	\$328,976	\$360,347

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

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 pursuant to *The Income Tax Act* (Canada).

2. Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board, including the standards available to government not-for-profit organizations (PS 4200-PS 4270).

3. Summary of Significant Accounting Policies

(a) 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 the Council as defined in *The Arts Council Act*.

(ii) Bridges Fund

This fund was established in June of 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 revenue over expenses, if any, is transferred to the Grants & Programs Fund at an amount as 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 and when collection is reasonably assured.

(ii) Investment Income

Investment income is recognized on the accrual basis.

(c) Expenses

All expenses incurred are recognized on the accrual basis when the related goods or services are received.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short term deposits and investments 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 term deposits and investments 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 recognized in the financial statements. See Note 7 for information relating to the Council's collections.

(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 recognized 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.

3. Summary of Significant Accounting Policies (continued)

(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 accordance 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 may differ from these estimates.

4. Accounts Receivable

Accounts receivable at March 31 is comprised of the following:

	2016	2015
Accrued interest	\$1,328	\$2,540
Due from the Province of Manitoba	17,504	0
Other receivables	918	515
	<u>\$19,750</u>	<u>\$3,055</u>

5. Portfolio investments

As at March 31, 2016, the market value of the Council's portfolio investments is \$188,365 (2015—\$205,781).

6. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$133,730	\$131,935	\$1,795	\$2,139
Computer hardware and software	520,754	495,841	24,913	20,340
	<u>\$654,484</u>	<u>\$627,776</u>	<u>\$26,708</u>	<u>\$22,479</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 Arts Gallery of Southwestern Manitoba in Brandon, Manitoba and at Council's Winnipeg, Manitoba office. There were no acquisitions, disposals or expenditures on collection items incurred during the year (2015—\$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, 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 (2015—\$nil). The most recent valuation of these instruments indicated a value of \$424,770.

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2016	2015
Trade payables and accruals	\$27,856	\$30,139
Accrued vacation entitlements	96,317	96,191
Accrued overtime entitlements	1,545	6,266
Other accruals	1,254	1,174
	<u>\$126,972</u>	<u>\$133,770</u>

9. Employee Future Benefits

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 \$57,440 (2015–\$50,531) represents the total pension expense for the year. Pursuant to the CSSA, the Council has no further liability for pension benefits as at year end.

Severance Liability

Effective March 31, 1999, Manitoba Arts Council, as a Crown organization, is 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, 2016, the Council recorded a severance liability of \$85,755 (2015–\$73,903) 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 December 31, 2013.

The severance liability as at March 31 includes the following components:

	2016	2015
Severance liability, beginning of year	\$73,903	\$63,596
Actuarial (gains) losses	-	-
Interest cost	4,434	3,820
Current service cost	7,418	6,487
Severance benefits paid during the year	-	-
	<u>85,755</u>	<u>73,903</u>
Less: Unamortized actuarial (gains) losses	-	-
Severance liability, end of year	<u>\$85,755</u>	<u>\$73,903</u>

As at March 31, 2016, the total obligation for severance benefits for employees not participating in the CSSA is \$nil (2015–\$nil). During the year ended March 31, 2016, the Council paid a retirement allowance of \$32,125 (2015–\$nil) to a long-time employee not part of the Civil Service.

10. Commitments

The Council has entered into an agreement to lease office premises for ten years commencing April 1, 2012. The 2016 basic annual rent was \$128,604. The 2017 basic annual rent is estimated to be \$129,959. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

11. Interfund Transfers and Internally Restricted Fund Balances

In 2016, there were no internally restricted funds allocated to programs. In addition, \$209,916 (2015–\$329,945) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Organizations and Arts Development Grants during the year.

12. 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 (2015–\$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.

12. Financial Instruments and Financial Risk Management (continued)

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:

	2016	2015
Cash and cash equivalents	\$328,976	\$360,347
Accounts receivable	19,750	3,055
Portfolio investments	187,041	203,598
Recoverable from the Province of Manitoba	36,000	36,000
	<u>\$571,767</u>	<u>\$603,000</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, 2016 is \$nil (2015 - \$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.

SCHEDULE 1 - ARTS PROGRAM DELIVERY EXPENSES YEAR ENDED MARCH 31, 2016

	Grants & Programs Fund	Bridges Fund	Total 2016	Total 2015
Salaries and benefits	\$749,412	\$110,689	\$860,101	\$760,535
Jurors' fees and expenses	61,136	8,564	69,700	82,070
Rent	64,305	12,861	77,166	74,280
Communications	31,600	0	31,600	30,195
Professional fees	0	0	0	25,347
Staff travel and expenses	16,036	2,258	18,294	15,923
Postage, courier and telephone	10,320	1,854	12,174	11,579
Office supplies	1,010	173	1,183	1,913
Sundry	0	0	0	612
Memberships & partnerships	10,000	0	10,000	12,990
	\$943,819	\$136,399	\$1,080,218	\$1,015,444

SCHEDULE 2 - ADMINISTRATIVE EXPENSES YEAR ENDED MARCH 31, 2016

	Grants & Programs Fund 2016	2015
Salaries and benefits	\$474,230	\$452,675
Council expenses	34,319	39,692
Rent	51,484	54,994
Postage, courier and telephone	10,189	14,759
Office supplies, printing and stationery	13,791	12,007
Communications:		
Recruitment costs	699	4,783
Advocacy	298	1,344
Annual report	10,184	11,072
Strategic planning	0	1,855
Amortization	14,338	14,658
Equipment repairs and maintenance	23,449	33,042
Professional fees	64,968	15,348
Memberships and subscriptions	15,496	12,585
Insurance and sundry	4,770	7,179
Staff travel and expenses	12,032	15,129
Other (Art Bank Administration)	15,000	15,000
	\$745,247	\$706,122