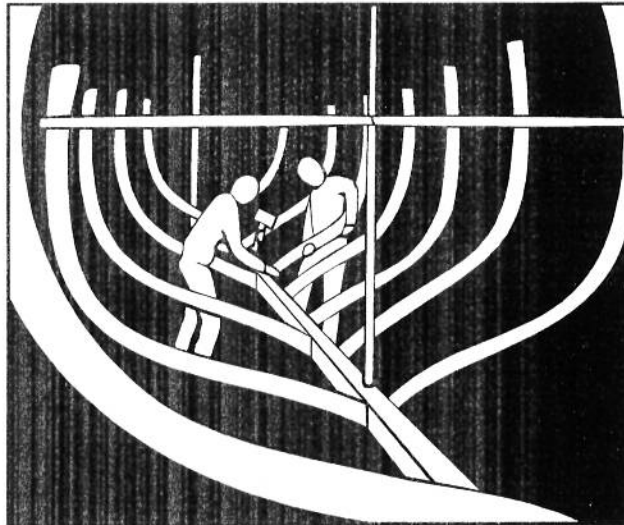


NEWFOUNDLAND AND LABRADOR ARTS COUNCIL 2012-2013 ANNUAL REPORT



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MESSAGE FROM THE CHAIR

The Newfoundland and Labrador Arts Council's mandate is to foster and promote the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians. The grants awarded to artists, arts organizations and schools in 2012-13, our continued relationship with private partners, and our commitment to work closely with the private sector and arts funders at the municipal, provincial and federal levels, all show that the Arts Council is fulfilling its mandate and following the strategic direction from the Minister of Tourism, Culture and Recreation.

An increase in artistic activity has created both an opportunity and a challenge for the Board and Management of the Arts Council. Council is very encouraged by the growth in artistic activity in the community and looks forward to continued collaboration with government and also to potential private sector investment in our efforts to provide support and growth in the cultural sector.

The Newfoundland and Labrador Arts Council is accountable for the preparation and the actual results reported in this annual report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Gordon', written over a circular stamp or seal.

Tom Gordon
Chair, Newfoundland and Labrador Arts Council

THE NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

The Newfoundland and Labrador Arts Council (NLAC) is a not-for-profit organization created in 1980 through provincial legislation called the Arts Council Act.

MANDATE

The Newfoundland and Labrador Arts Council is a non-profit Crown Agency created in 1980 by *The Arts Council Act*. The Act states that the purpose of the Newfoundland and Labrador Arts Council is to foster and promote the creation and production of works in the arts in the province, the study and enjoyment of these works and to encourage public awareness of the arts.

The objects of the Council are to foster and promote the creation and production of works in the arts, the study and enjoyment of these works, and in particular, the Council shall:

- a. Foster and promote through grants and otherwise the arts of the province and the arts of groups indigenous to the province;
- b. Help through grants and otherwise in the development of provincial amateur and professional artists and arts organizations; and
- c. Advise the Minister with respect to the development of arts and arts policy in the province.

VISION

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

MISSION

The mission statement identifies the priority focus area of the Newfoundland and Labrador Arts Council over the next six years. It represents the key longer-term result that the NLAC will be working towards as we move forward on the strategic directions of government. The statement also identifies the measures and indicators that will assist both the NLAC and the public in monitoring and evaluating success.

The NLAC supports the creation and enjoyment of the arts through its programs. The NLAC will review and assess programs to determine the greatest possible value and impact and how better to deliver programs. These priorities support the focus areas of the strategic direction of Strengthen Cultural Sector Partnership and Support as articulated by the Minister of Tourism, Culture and Recreation.

Mission Statement

By 2017, the NLAC will have better supported the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians.

The measures and indicators which will identify the achievement of the NLAC's mission are:

Measures: supported the creation and enjoyment of the arts.

Indicators: Increased support to professional artists and arts organizations.

Increased support to amateur artists and community arts organizations.
 Increased support to arts education through the ArtsSmarts, Visiting Artist Program and School Touring Program.
 Conducted annual reviews and assessments of programs.

GOVERNANCE

The Newfoundland and Labrador Arts Council is a non-profit Crown agency created in 1980 by the *Arts Council Act*. Its mission is to foster and promote the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians. The Council is governed by a volunteer board of 13 appointed by government, reflecting regional representation of the province. This includes 10 professional artists who provide sectoral representation of the arts community; one community representative (with an interest in the arts); one business representative (with an interest in the arts); and one representative of the Department of Tourism, Culture and Recreation. Council members serve on a volunteer basis for a three-year term. There are seven full-time staff employed by the Arts Council. Although a Crown agency, the Arts Council operates at arm's-length from the government.

ARTS COUNCIL MEMBERS

Tom Gordon	St. John's, Chair	Music
Pierre LeBlanc	Corner Brook, Co-Vice Chair	Visual Arts
Christina Parker	St. John's, Co-Vice Chair	Business
Annemarie Christie	St. John's	Music
Todd Hennessey	Corner Brook	Theatre
Stan Hill	Conne River	Visual Arts
Lisa McDonald	St. John's	Community
Derek Norman	St. John's	Film
Helen Peters	St. John's	Writing
Eleanor Dawson	Director of Arts, Department of Tourism, Culture and Recreation	

ARTS COUNCIL STAFF(ST. JOHN'S OFFICE)

Reginald Winsor	Executive Director
Ken Murphy	Program Manager
Katrina Rice	Program Officer
Joshua Jamieson	Communications Officer
Jennifer Cummings	Program Assistant
Amanda Hann	Office Assistant

ARTS COUNCIL STAFF(LABRADOR OUTREACH OFFICE)

Donna Roberts	Labrador Cultural Outreach Officer
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CONTACT INFORMATION

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Labrador Office:

141 Hamilton River Road
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Happy Valley-Goose Bay, NL
A0P 1E0
Telephone: (709) 896-9565
Toll Free: 1-888-896-9565
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FINANCIAL INFORMATION

In 2012-13, the Newfoundland and Labrador Arts Council's total budget was approximately 2.5 million. (Audited Financial Statements Page 19)

LINES OF BUSINESS

GRANT PROGRAMS

The NLAC operates nine granting programs. This year the Arts Council received 697 applications for funding. To ensure that its limited financial resources are used wisely and that decisions are made fairly and objectively, Council uses a **peer-assessment process** for reviewing artistic proposals. Applications are reviewed by a peer-assessment committee, whose members are experienced professionals with expertise in a given discipline. Effort is made to provide a balanced representation of discipline, gender, and region on the assessment committees. The actual make-up of a jury is determined after the closing date for applications. This enables the Arts Council to develop a qualified jury and to avoid potential conflicts of interest. The peer jury is a recommending committee only. The Arts Council Board ratifies the jury recommendations.

Arts Council assessment is normally based on the artistic merit of the work proposed. Several other criteria, such as originality, growth potential, permanence, access, ability and feasibility, are also used to assist peer assessment committees in making objective decisions. This is determined by a comparative review of all the other projects submitted. Other factors, such as the quality of the support material submitted, the impact of the project on the development of the artist and/or art form, and financial viability, are also considered.

The **Sustaining Program for Professional Arts Organizations** is available to professional arts organizations that further the arts of Newfoundland and Labrador. Grants support administration and project costs. This fund is maintained by the annual government allocation. The annual deadline is February 15, and grants are awarded on April 15. The Newfoundland and Labrador Arts Council awarded \$575,000 to 17 professional arts organizations for the 2012-13 fiscal year.

The **Professional Festivals Program** is available to professional festivals and not-for-

profit organizations that operate festivals or series that run during a concentrated period of time. Applicants can apply for costs related to artist fees, technical costs, venue rental, administration costs, workshop sessions and travel expenses. This fund is maintained by the annual government allocation. The annual deadline is February 15, and grants are awarded on April 15. The Newfoundland and Labrador Arts Council awarded \$125,000 to 14 professional festivals for the 2012-13 fiscal year.

The **Professional Project Grants Program** is available to professional artists, groups and not-for-profit arts organizations. Grants support projects related to creation, production, operating and travel costs. This fund is maintained by the annual government allocation. There are two deadlines annually: March 15 and September 15. Grants are awarded on May 15 and November 15. The Newfoundland and Labrador Arts Council awarded \$557,618 in grants to 162 artists and arts organizations through the Project Grants Program for the 2012-13 fiscal year.

The **Community Arts Program** is available to community-based arts organizations and groups. The program funds projects related to arts workshops, presentations, productions, new creation, adjudicator fees and travel costs. This fund is maintained by the annual government allocation. The annual deadline is September 30, and grants up to a maximum of \$5,000 are awarded. The Newfoundland and Labrador Arts Council awarded \$73,000 in grants to 18 community-based arts organizations and groups for the 2012-13 fiscal year.

The **Professional Artists' Travel Fund** is available to professional artists taking part in unexpected activities that will enhance their careers. Such activities could include the presentation, development or celebration of the artist's work. This fund is maintained by the annual government allocation. The Newfoundland and Labrador Arts Council awarded \$30,665 in grants to 34 artists for the 2012-13 fiscal year.

The **Labrador Cultural Travel Fund** provides travel assistance to residents of Labrador to participate in arts and heritage activities on the island portion of the province and for Labrador organizations to bring in resource people from the island for seminars, workshops or similar events. This fund is maintained by the annual government allocation. The NLAC awarded 29 grants totalling \$69,507 for the 2012-13 fiscal year.

The **School Touring Program** is available to professional artists, groups, and not-for-profit arts organizations to support significant touring productions to schools throughout the province. The program covers touring costs only (i.e. travel, accommodation, per diems, artist and technician fees, tour administration, royalties, and limited rehearsal). This program is funded by the Cultural Connections Strategy of the Newfoundland and Labrador Department of Education and is administered by the Newfoundland and Labrador Arts Council. The Newfoundland and Labrador Arts Council awarded \$110,000 to 8 artists and arts organizations for the 2012-13 fiscal year.

ArtsSmarts is available to schools or school boards in the provincial K-12 system. Projects must incorporate artistic disciplines served by the NLAC. The ArtsSmarts mission is to afford schools and their communities a chance to enhance artistic activities linked to educational outcomes. ArtsSmarts NL is supported by the Newfoundland and Labrador Department of Education's Cultural Connections Strategy, and the Newfoundland and Labrador Arts Council. The NLAC awarded \$150,000 in grants to 34 schools in Newfoundland and Labrador for the 2012-13 school year.

The **Visiting Artist Program** is available to schools to bring artists, groups of artists, or arts organizations into the school to provide students with direct personal contact with practicing professional artists. The program covers artist fees, materials, and travel costs. This program is supported by the Cultural Connections Strategy of the Newfoundland and Labrador Department of Education, the Newfoundland and Labrador Teacher's Association, and the Newfoundland and Labrador Arts Council. The NLAC awarded \$56,869 in grants to 91 schools in Newfoundland and Labrador for the 2012-13 school year.

AWARDS

The Newfoundland and Labrador Arts Council produces the **Arts Awards show** annually. The show is designed to honour the accomplishments of Newfoundland and Labrador artists. In 1983 the first awards were presented during a live telecast on the CBC regional network. Since then the NLAC has produced 27 successful ceremonies that have honoured many prominent artists. This production publicizes the outstanding achievements of artists who define who we are and what we're about. The Newfoundland and Labrador Arts Council presented its 27th annual Arts Awards Show and Gala evening at the Arts and Culture Centre in Gander on April 28, 2012. This year's winners were:

Artist of the Year	Ruth Lawrence
CBC Emerging Artist	Jordan Bennett
Arts Achievement	Douglas Dunsmore
Patron of the Arts	Heather McKinnon
Arts in Education	Christina Smith
Hall of Honour Inductees	Garmel Rich, Suzanne Woolridge

The **Winterset Award** was established in 2000 to honour the memory of Sandra Fraser Gwyn, award-winning social historian and ardent advocate and promoter of Newfoundland and Labrador culture. It was designed to encourage and promote excellence in all genres of writing. Published literary works, written either by a native-born Newfoundlander and Labradorian or a resident of the province, are eligible for consideration for the award. One prize of \$10,000 is awarded to the winner and two prizes of \$2,500 to the other two finalists. The award is sponsored by BMO Bank of Montreal, the Sandra Fraser Gwyn Foundation and administered by the Newfoundland and Labrador Arts Council.

Three finalists for the 2012 BMO Winterset Award were chosen from among 35 submissions, and they were announced at a public reception on March 28, 2013. The three finalists were:

Andy Jones	<i>Jack and Mary in the Land of Thieves</i>
Greg Malone	<i>Don't Tell the Newfoundlanders</i>
Russell Wangersky	<i>Whirl Away</i>

The winner was announced on March 29 2013, at Government House by the Honourable Frank Fagan, Lieutenant-Governor of Newfoundland and Labrador, and Honourary Patron of the BMO Winterset Award. The winner of the award for 2012 was Andy Jones.

The Lawrence Jackson Writers' Award was established to commemorate the memory of Lawrence Jackson, writer and former Arts Council member. It was designed to

encourage and promote original creative thought in all genres of writing. There is one \$500 award annually that is open to all applicants to the Arts Council Project Grant Program in the writing category. This award is sponsored by the Lawrence and Laura Jackson Trust Fund and administered by the Newfoundland and Labrador Arts Council. The winner of the Lawrence Jackson Writers' Award for 2012 was Catherine Safer Hogan.

The Rhonda Payne Theatre Award was established to annually commemorate the memory of Rhonda Payne. It is designed to assist women theatre artists in this province who are struggling to achieve their goals as actors or writers. There is one \$500 award annually that is open to all applicants to the Arts Council Project Grant Program in the theatre category. This award is sponsored by Rhonda's father, Rod Payne, royalties from performances of Rhonda's works, and the Rhonda Payne Memorial Fund. It is administered by the Newfoundland and Labrador Arts Council. The winner of the Rhonda Payne Theatre Award for 2012 was Tara Manuel

FURTHER ROLES

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

SHARED COMMITMENTS

The Newfoundland and Labrador Arts Council continued to work with the Department of Tourism, Culture and Recreation to foster and promote the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians through designated grants and awards.

The Newfoundland and Labrador Arts Council continued to work with the Department of Education to further strengthen linkages between the educational and cultural communities through designated Arts in Education Programs.

The Newfoundland and Labrador Arts Council also continued to partner with the private sector to strengthen connections between the business and cultural communities through designated award programs.

HIGHLIGHTS AND ACCOMPLISHMENTS

During the 2012-13 fiscal year the Newfoundland and Labrador Arts Council:

1. Awarded \$1,747,659 in grants to 407 Newfoundland and Labrador artists, arts organizations and schools.
2. Held the 27th annual arts awards show in Gander.
3. Held spring board meeting in Twillingate. During this meeting Council met with the Minister of Tourism, Culture and Recreation to discuss budget and funding issues.

4. Partnered with the Department of Education to further strengthen the Arts in Education Programs and award \$310,000 in Arts in Education grants.
5. Partnered with BMO Financial Group and the Gywn Foundation to increase the cash value of the BMO Winterset Awards.
6. Signed a Memorandum of Understanding on Atlantic Cooperation in the Arts with the Arts Councils of the Atlantic Provinces.
7. Launched a fundraising campaign to secure increased sponsorship funding for the annual arts awards.
8. Held the third annual Newfoundland and Labrador Culture Days Event in September 2012.
9. Partnered with the Department of Tourism, Culture and Recreation to continue working towards a Business and Arts Initiative.
10. Partnered with other funding bodies to hold joint funding information sessions in Newfoundland and Labrador.
11. Partnered with the Cultural Human Resources Board of Canada to host a meeting with provincial arts organizations to address training, career development and other human resources issues.
12. Highlighted 24 feature projects on the Newfoundland and Labrador Arts Council website.
13. Conducted an annual review and assessment of NLAC programs and peer assessment process.
14. Council undertook a review of the Sustaining Program for Professional Arts Organizations that included a one day meeting with all of the Sustaining Organizations.
15. Artists and arts organizations that received NLAC funding had success on the national and international stage during the past year. For example, the exhibition "About Turn" by Will Gill and Peter Wilkins at the 55th Venice Biennale in Venice, Italy was supported by professional project grants from the Arts Council.
16. Launched a social media strategy.
17. Revised communication plan.

All of the highlights and accomplishments outlined in this section support Government's strategic direction that the Province's vibrant artistic community is recognized for its cultural and economic contributions, and offers stable working conditions to professionals through public and private sector support.

REPORT ON ACTIVITY PLAN

PROGRESS ON 2011-2012 GOALS, MEASURES AND INDICATORS

Issue 1: Artistic Excellence, Creativity and Innovation

The primary function of the Newfoundland and Labrador Arts Council is to develop and administer granting programs for artists and arts organizations. The NLAC strives to develop its programs in response to the changing needs of artists and arts organizations in the province. Programs for individual artists should be flexible and accessible. Over the past 30 years, tremendous changes have occurred in the arts community with emerging arts forms, technology and new media. Artists working in new and emerging arts forms and media need access to programs and services that will support their art form. Arts organizations need access to training in marketing, finances, audience development, governance, and planning - resources required for improvement and growth and ensuring that they have the capacity to pursue their mandates and be viable and sustainable over the course of their existence. This issue is in line with the strategic direction to recognize and support artists and cultural professionals, further support cultural industries and arts organizations, support infrastructure for the cultural sector and support for aboriginal culture .

Goal 1: By 2014, the NLAC will have improved support for artistic excellence, creativity and innovation.

Objective: By March 2013, the NLAC will have increased support to arts organizations.

Measure: Increased support to arts organizations.

Indicator Reporting: Objective 2013

Planned for 2012-2013	Actual for 2012-2013
<p>Provided arts organizations with increased access to training in marketing, audience development, management, governance and planning.</p>	<p>The NLAC partnered with the Cultural Human Resources Board of Canada (CHRC) to host a meeting with provincial arts organizations to address training, career development and other human resources issues. This included marketing, audience development, management, and governance and planning. This was a new opportunity for the 22 people attending the meeting thus increasing access as per the indicator. The NLAC will continue to partner with CHRC in the next year to provide arts organizations with the opportunity to access workshops in the areas of marketing, audience development, management, governance and planning</p> <p>The NLAC partnered with the Canadian Public Arts Funders on a special Dance Mapping Project to identify particular needs of the dance sector. Increased access to training in marketing and audience development was identified and the NLAC will partner with CPAF in the next year to provide arts organizations with the opportunity to access workshops in both areas.</p> <p>In 2012-13 the NLAC signed an agreement with the Atlantic Public Arts Funders to foster exchanges of artists with arts organizations among the four Atlantic provinces. As part of the exchange project the artist is required to hold workshops that could include, for instance, the use of social media (marketing). This agreement will lead to increased access in the future.</p>

Provided targeted resources and opportunities that assist arts organizations of diverse size and discipline to pursue artistic excellence, creativity and innovation.

Council and staff continued meetings and connections with arts organizations throughout the province through in-person consultations and presentations. Feedback assisted the NLAC in determining resources and opportunities needed to assist organizations. As a result eligibility requirements and program guidelines were continually refined and updated to reflect the developing arts community and new directions.

NLAC staff partnered with the Canadian Public Arts Funders on a special Dance Mapping Project to identify particular needs of the dance sector. This provided Council with feedback on how best to provide targeted resources and opportunities to assist dance organizations in their pursuit of artistic excellence, creativity and innovation. As a result eligibility requirements and program guidelines were refined.

The NLAC signed an agreement with the Atlantic Public Arts Funders to foster exchanges of artists with arts organizations among the four Atlantic provinces. This program will benefit both the artist and the arts organization by providing the opportunity to partner in the creation of a body of work. The Atlantic Public Arts Funders provided \$40,000 in targeted financial resources to ensure that the arts organizations would have the opportunity to avail of the program with no cost to them.

NLAC staff partnered with the Resource Centre for the Arts to hold workshops that provided arts organizations with the opportunity to pursue artistic excellence and creativity (grant writing and meet the media workshops), and innovation (social media platforms workshop). The NLAC provided targeted financial and human resources to organize and to offer this service free to the arts organizations.

<p>Delivered programs and services in a manner that is informed by a review of support to Newfoundland and Labrador arts organizations.</p>	<p>Council undertook a review of the Sustaining Program for Professional Arts Organizations that included a one day meeting with all of the Sustaining Organizations.</p> <p>Council implemented a new application form, reporting and peer assessment process for the Sustaining Program.</p> <p>Council completed a review of arts organizations that receiving funding under the Professional Project Grant and Professional Festivals programs. Following the review it was determined that merging the two programs into one program would be the best option for improving delivery to the arts organizations.</p>
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Discussion of Results: The NLAC increased support to arts organizations during the 2012-13 fiscal year. Feedback from meetings, consultations and presentations with arts organizations led to the review and refinement of program requirements and guidelines to better serve the arts organizations in Newfoundland and Labrador. Partnerships with the Cultural Human Resources Board, the Canadian Public Arts Funders and the Atlantic Public Arts Funders have resulted in increased opportunities for arts organizations in Newfoundland and Labrador. Therefore, the NLAC feels confident that it has fulfilled its objective for 2012-13.

Objective 2014: By March 31, 2014 the NLAC will have ensured granting structures effectively reflect artists and arts organizations practices in innovation, collaboration and experimentation.

Measure: Ensured granting structures effectively reflect artists and arts organizations practices in innovation, collaboration and experimentation

Indicators: Implemented a process of accepting grant applications digitally to provide the highest level of service to the arts community and to maximize public investment.

Provided targeted resources and opportunities to assist artists at all career stages to pursue innovation, collaboration and experimentation.

Continued consultations with Newfoundland and Labrador artists and arts organizations to ensure that the NLAC delivers programs and

services in a manner that reflects current practices.

Issue 2: Leadership, Advocacy and Public Value

The public consultations confirmed the importance of Council being a leader in the arts community, advocating on behalf of the community and promoting the value of arts. NLAC stakeholders expect us to encourage collaboration among organizations in the arts community, encourage partnerships beyond the arts community, provide leadership on issues facing artists, and raise the visibility of the arts in public policy development. They expect us to take a greater role in advocating for the arts and in building connections that advance NL artists and arts organizations. This issue is in line with the strategic direction to recognize and support artists and cultural professionals, further support cultural industries and arts organizations, private sector and not-for-profit partnerships and investment, support infrastructure for the cultural sector, support for aboriginal culture and increase public engagement in the arts.

Goal 2: By 2014, the NLAC will have been an effective leader and advocate in the arts community and promoted the value of the arts in peoples lives.

Objective: By March 31, 2013 the NLAC will have implemented a public awareness campaign to enhance recognition and support for the professional artists and the valuable contribution they make to the province's society and economy.

Measure: Implemented a public awareness campaign to enhance recognition and support for the professional artists and the valuable contribution they make to the province's society and economy.

Indicator Reporting: Objective 2013

Planned for 2012-2013	Actual for 2012-2013
Gathered and shared success stories regarding how the arts has touched people's lives.	The NLAC gathered stories and testimonials from a wide variety of artists and arts organizations to support directions and vision for the arts in Newfoundland and Labrador. This information was shared and available to the public via Council's enhanced web capabilities and the adoption of social media platforms (facebook, twitter, google+) and video production.

<p>Celebrated the success of our artists regionally, nationally and internationally.</p>	<p>The NLAC held the 2012 Arts Awards at the Arts and Culture Centre in Gander. The awards honoured the work of 15 artists and arts organizations in Newfoundland and Labrador.</p> <p>The NLAC held the 2012 BMO Winterset Awards at Government House. The award promotes a national awareness of the arts of this province. Three artists were recognized during the presentation.</p> <p>The NLAC featured the 2012 Arts Awards winners via Council's web site and the CBC Newfoundland and Labrador website.</p> <p>Council implemented a policy of having the Council Chair send a congratulatory letter to artists or arts organizations that received national or international recognition.</p>
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Discussion of Results: During 2012-13 the NLAC implemented a revised communications strategy (adoption of social media platforms) that made use of its enhanced web capabilities and social media platforms (facebook, twitter, google+) to gather, share and celebrate the success of our artists regionally, nationally and internationally. Arts Awards winners were also celebrated through the NLAC featured projects website section and the CBC NL website. As a result of the revisions the public are more aware of the success of our artists on the region, national and international stage. Currently the NLAC has 287 followers on facebook and 611 followers on twitter, allowing the NLAC to inform the public in an efficient and timely manner. Therefore, the NLAC feels confident that it has fulfilled its objective.

Objective 2014: By March 31, 2014 the NLAC will have worked to ensure that public policy decision-makers consider the public value of the arts when making policy decisions.

Measure: Worked to ensure that public policy decision-makers consider the public value of the arts when making policy decisions.

Indicators: Consulted with Newfoundlanders and Labradorians to gain insights into what they value in the arts

Made presentations to Government on the work of Council and the state of the arts in Newfoundland and Labrador.

Developed proposals for Provincial Arts Policy based on our consultations.

Issue 3: Education, Awareness and Engagement

Newfoundlanders and Labradorians value the important role that the arts play in contributing to the quality of their lives and the vibrancy of their communities. The arts offer opportunities to deepen our appreciation of our diversity and heritage. People have opportunities, at all stages of their lives to learn about the arts. Children and adults who are exposed to arts education broaden their understanding of the world and strengthen their capacity for creativity and innovation. Artists in rural NL are strongly attached to their communities and their art is powerfully shaped by a strong connection to the land. At the same time rural artists and arts organizations face challenges of higher costs for materials and travel and have fewer opportunities for professional development. This issue is in line with the strategic direction to recognize and support artists and cultural professionals, further support cultural industries and arts organizations, private sector and not-for-profit partnerships and investment, support infrastructure for the cultural sector, support for aboriginal culture, expand cultural education and outreach and increase public engagement in the arts.

Goal 3: By 2014, the NLAC will have encouraged and supported opportunities for all Newfoundlanders and Labradorians to engage in and experience arts and cultural activities.

Objective: By March 31, 2013 the NLAC will have fostered and encouraged professional interaction among artists, arts organizations, teachers, students and communities.

Measure: Fostered and encouraged professional interaction among artists, arts organizations, teachers, students and communities.

Indicator Reporting: Objective 2013

Planned for 2012-2013	Actual for 2012-2013
<p>Supported artists working in arts education through targeted professional development opportunities.</p>	<p>The NLAC offered a professional development session to assist artists in meeting special and unique opportunities and challenges in educational settings. This session offered information on what the artist needs to know before going into a classroom. This included outlining the role of the artist, the teacher and the school in arts in education projects. For example teachers are required to remain in the classroom when the artist leads the art activity. Teachers are also responsible for offering insight on specific student needs.</p> <p>The NLAC continued to provide mentorship opportunities to emerging artists.</p>
<p>Supported Arts in Education programs such as ArtsSmarts and the School Touring Program to support professional artists and arts organizations in educational settings.</p>	<p>The NLAC continued its partnership with the Department of Educations Cultural Connections strategy and provided \$310,000 to support professional artists and arts organizations in educational settings.</p> <p>The NLAC continued to advocate for artists in the schools through participation in conferences (Canadian Network for Arts and Learning, Cultural Human Resources Council), presentations to associations (Canadian Public Arts Funders, Memorial University)and meetings (Department of Education, Cultural Connections Advisory Board) and research in arts education provincially and nationally.</p>

<p>Recruited and encouraged participation by rural artists in Arts in Education programs</p>	<p>The NLAC continued to provide mentorship opportunities to rural artists wanted to participate in Arts in Education programs.</p> <p>The NLAC developed a database of rural artists available to work in educational settings.</p> <p>Forty-six artists residing outside of St. John's were involved in Arts in Education projects in 2012-13. This was an increase of 27% from the 2011-12 fiscal year.</p>
<p>Supported teachers working in arts education through targeted professional development opportunities.</p>	<p>The NLAC partnered with the Cultural Connections Strategy to provide teachers with targeted professional development opportunities through three programs: Learning Partners, Arts and Culture Infused Curriculum and Virtual Professional Learning.</p>

Discussion of Results: During 2012-13 the NLAC continued to foster and encourage professional interaction among artists, arts organizations, teachers, students and communities. The NLAC supported opportunities that recognized the value of a quality arts education including high-quality arts training, experiences and involvement in a diversity of traditions and disciplines. Therefore, the NLAC feels confident that it has fulfilled its objective.

Objective 2014: By March 31, 2014 the NLAC will have implemented a public awareness campaign about the enjoyment and benefits of participating and engaging in the arts.

Measure: Implemented a public awareness campaign about the enjoyment and benefits of participating and engaging in the arts.

Indicators: Prepared a public awareness campaign that focused on the enjoyment and benefits of participating and engaging in the arts.

Continued partnership with the national Culture Days office to build greater awareness of the wide diversity of public participation in the arts.

Revised communications strategy that focused on targeted opportunities that promote public engagement and reached out to new and underserved communities.

Developed better relations with the public and private sectors

through a partnership with Business and the Arts.

OPPORTUNITIES AND CHALLENGES AHEAD

The past year has brought both positive developments and challenges for the Arts Council and for the arts community of Newfoundland and Labrador. On the positive side, the Arts Council continued to work towards the goals and objectives outlined in the 2011-14 Activity Plan. This year improvements were made to existing programs and the peer assessment process that better served artists and arts organizations in Newfoundland and Labrador. The \$2.1 million allocation announced in the 2012-13 provincial budget was allocated to grant programs, program delivery, communication and administration. Funds were also secured through Government's Cultural Connection Strategy for the Arts and Education programs that the NLAC administers. New partnerships were developed and existing partnerships continued during the past fiscal year. The new Council members that were appointed ensured a more effective and efficient operation and encouraged broader community representation on Council.

The NLAC fosters and promotes the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians. Through its grants to arts organizations, NLAC contributes to the stability of cultural infrastructures by assisting with day-to-day operations, program implementation, the ability to leverage other funding, and helps organizations become more business-like, professional and accountable.

NLAC funding also contributes to the creation of new work, which has the potential to lead to increased job growth and earned incomes for professional artists. Travel grants provide professional development opportunities and increased capacity for market access and exposure of work, while various artists in the schools program deliver valuable exposure to art for youth.

Together, these various avenues of support contribute to the growth of cultural activity within the sector. The sector has responded positively to increased government support over the last several years, with the result that artistic activity in all disciplines is flourishing. With this growth comes the challenge of meeting increased success and subsequent need for support to the cultural sector. To that end, NLAC welcomes the opportunity to continue to work closely with government to grow and foster artistic activity and professionalism and realize the goals and objectives of the Cultural Plan – Creative Newfoundland and Labrador.

The principal challenge for the Arts Council continues to be the ability to meet the requests for funding from the province's artists and arts organizations. This year \$1,747,659 in grants was awarded to artists, arts organizations and schools. This amount represents an average project grant of \$3,600 to 43 percent of eligible applicants. The NLAC will continue to work with the Department of Tourism, Culture and Recreation to address the growing need and level of activity in the cultural sectoral.

Outreach to the community has meant increased activity and applications. During the 2012-13 fiscal year the NLAC received a record number of professional project grant applications. This has created a "good problem" and we will continue to work with government to address Council's capacity to provide support to artists and for the benefit

of everyone in the province. It's well known that societies that value the arts tend to be innovative, creative, and prosperous.

The importance of artists being paid adequately for their work, income averaging, pension and insurance plans are also issues for future consideration. In tandem with this, we need to foster greater public awareness of the value of the arts and of artists in our province. There is both opportunity and challenge to increase dialogue between the Business and the Arts to encourage partnerships and investment for the benefit of both.

As well as artists, arts organizations and institutions need funding support to be able to nurture emerging and established artists. The resources available to arts organizations, both human and infrastructure, is making it increasingly difficult to help artists in the development of their careers or to support new creative initiatives.

In the coming year, the NLAC will focus on developing an approach to build public awareness about the enjoyment and benefits of participating and engaging in the arts. and to engage our stakeholders in the conversation about the value of the arts. We will continue to work with artists, arts organizations, community groups and the public and private sector to address these issues.

**NEWFOUNDLAND AND LABRADOR
ARTS COUNCIL**

FINANCIAL STATEMENTS

MARCH 31, 2013

Management's Report

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

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

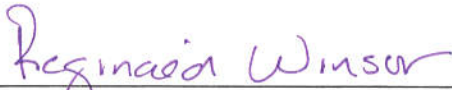
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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

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

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

On behalf of the Newfoundland and Labrador Arts Council.



Reginald Winsor
Executive Director

September 26, 2013



**AUDITOR
GENERAL**
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Newfoundland and Labrador Arts Council which comprise the statement of financial position as at March 31, 2013, the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the auditor, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT (cont.)

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Arts Council as at March 31, 2013, and its financial performance and its cash flows for the year then ended March 31, 2013, in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read 'T. Paddon', with a long horizontal line extending to the right.

TERRY PADDON, CA
Auditor General

September 26, 2013
St. John's, Newfoundland and Labrador

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF FINANCIAL POSITION**

As at March 31

2013

2012

FINANCIAL ASSETS

Cash	\$ 251,138	\$ 285,188
Accounts receivable (Note 4)	34,440	33,949
Portfolio investments (Notes 5 and 11)	173,187	170,717
	458,765	489,854

LIABILITIES

Accounts payable and accrued liabilities (Note 6)	94,059	134,021
Deferred revenue (Note 7)	107,229	119,604
Obligation under capital lease (Note 9)	7,287	607
Employee future benefits (Note 8)	72,594	63,943
	281,169	318,175

Net financial assets	177,596	171,679
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NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	7,287	607
Prepaid expenses	2,923	2,327
	10,210	2,934

Accumulated surplus	\$ 187,806	\$ 174,613
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The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Council: _____
Chairperson

Member

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

	2013 Budget	2013 Actual	2012 Actual
(Note 17)			
REVENUES			
Province of Newfoundland and Labrador grants	\$ 2,215,387	\$ 2,116,607	\$ 2,153,343
Projects (Note 12)	364,317	352,868	325,683
Miscellaneous	-	-	3,000
Income earned on portfolio investments	300	2,520	2,576
	2,580,004	2,471,995	2,484,602
EXPENSES (Note 13)			
Grants and awards			
Community Arts	75,000	73,000	75,000
Labrador Initiative	168,287	69,507	109,242
Professional Artists Travel Fund grants	30,000	30,665	31,000
Professional Festivals	125,000	125,000	125,000
Professional Project Grants Program	575,000	557,618	572,351
Sustaining Program for Professional Arts Organizations	575,000	575,000	575,000
	1,548,287	1,430,790	1,487,593
Projects (Note 14)	429,317	430,103	405,780
Operating expenses (Note 15)	606,296	597,909	579,882
	2,583,900	2,458,802	2,473,255
Annual surplus (deficit)	(3,896)	13,193	11,347
Accumulated surplus, beginning of year	174,613	174,613	163,266
Accumulated surplus, end of year	\$ 170,717	\$ 187,806	\$ 174,613

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

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

	2013 Budget	2013 Actual	2012 Actual
(Note 17)			
<u>Annual surplus</u>	\$ -	\$ 13,193	\$ 11,347
Tangible capital assets			
Acquisition of tangible capital asset	-	(9,109)	-
<u>Amortization of tangible capital asset</u>	-	2,429	3,657
	-	(6,680)	3,657
Prepaid Expenses			
Acquisition of prepaid expense	-	(2,923)	(3,412)
<u>Use of prepaid expense</u>	-	2,327	3,570
	-	(596)	158
Increase in net financial assets	-	5,917	15,162
Net financial assets, beginning of year	-	171,679	156,517
Net financial assets, end of year	\$ -	\$ 177,596	\$ 171,679

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

STATEMENT OF CASH FLOWS

For the Year Ended March 31

2013

2012

Operating transactions

Annual surplus	\$ 13,193	\$ 11,347
Adjustment for non-cash items		
Amortization of tangible capital assets	2,429	3,657
	15,622	15,004
Change in non-cash operating items		
Accounts receivable	(491)	(4,730)
Accounts payable and accrued liabilities	(39,962)	(56,150)
Deferred revenue	(12,375)	9,074
Employee future benefits	8,651	14,376
Prepaid expenses	(596)	158
Cash applied to operating transactions	(29,151)	(22,268)
Capital transactions		
Acquisition of tangible capital asset	(9,109)	-
Cash applied to capital transactions	(9,109)	-
Financing transactions		
Acquisition of capital lease	9,109	-
Repayment of obligation under capital lease	(2,429)	(3,657)
Cash provided from (applied to) financing transactions	6,680	(3,657)
Investing transactions		
Purchase of portfolio investments	(173,187)	(170,717)
Redemption of portfolio investments	170,717	274,374
Cash provided from (applied to) investing transactions	(2,470)	103,657
Increase (decrease) in cash	(34,050)	77,732
Cash, beginning of year	285,188	207,456
Cash, end of year	\$ 251,138	\$ 285,188

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of accounting

The Council is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Council does not prepare a statement of re-measurement gains and losses as the Council does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Cash

Cash includes cash in bank.

(c) Financial instruments

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

The Council subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, accounts receivable, and portfolio investments. Financial liabilities measured at cost include accounts payable and accrued liabilities. Financial liabilities measured at amortized cost include obligation under capital lease.

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

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

2. Summary of significant accounting policies (cont.)

(d) Employee future benefits

- i. Severance pay for entitled employees is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service, and accordingly a liability has been recorded for these employees. No liability or provision has been recorded for employees with less than nine years of continuous service as the amount would be insignificant. The amount is payable when the employee ceases employment with the Council unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.
- ii. The employees of the Council are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Council and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

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

(e) Tangible capital assets

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

Obligation under capital lease is recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

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

Assets under capital lease	5 years
Office equipment	5 years

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

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

2. Summary of significant accounting policies (cont.)

(f) Prepaid expenses

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

(g) Revenues

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

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

Income from portfolio investments is recorded as earned.

(h) Expenses

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

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

(i) Measurement uncertainty

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

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

3. Change in accounting policy

In December 2010, Section PS 3410, *Government Transfers*, was amended by the PSAB. These amendments are effective for fiscal year beginning on or after April 1, 2012. The main changes pertain to recognition criteria for government transfers, affecting how the Council accounts for such transfers, particularly whether the deferral of such transfers is appropriate. During the year, the Council adopted this standard. The Council determined that the government transfers it receives contain stipulations that give rise to obligations that meet the definition of a liability for the Council and should continue to be recognized as deferred revenue until the related stipulations have been satisfied. Therefore, the adoption of this standard had no significant impact on the Council's financial statements.

4. Accounts receivable

	<u>2013</u>	<u>2012</u>
Trade accounts receivable	\$ 8,188	\$ 4,531
Harmonized sales tax receivable	26,252	29,418
	<u>\$ 34,440</u>	<u>\$ 33,949</u>

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

5. Portfolio investments

	<u>2013</u>	<u>2012</u>
Portfolio investments, at cost	\$ 173,187	\$ 170,717
Portfolio investments, at market	\$ 173,187	\$ 170,717

Portfolio investments consist of guaranteed investment certificates, with a maturity date of December 18, 2013, and an interest rate of 1.75%.

6. Accounts payable and accrued liabilities

	<u>2013</u>	<u>2012</u>
Trade accounts payable	\$ 89,884	\$ 116,209
Accrued employee benefits	4,175	17,812
	<u>\$ 94,059</u>	<u>\$ 134,021</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

7. Deferred revenue

Deferred revenue as at March 31, 2013, consists of contributions received from the Province to be used for the Labrador Initiative and the Visiting Artist Program. The purpose of the Labrador Initiative is to provide travel assistance grants to residents of Labrador to participate in arts and heritage activities on the Island portion of the Province. Another purpose of the Initiative is to provide travel assistance grants to arts and heritage organizations based in Labrador to enable them to have resource personnel from the Island portion of the Province travel to Labrador to attend seminars, workshops or similar events.

The purpose of the Visiting Artist Program (VAP) is to allow schools to bring individual artists, groups of artists, or arts organizations into the school to provide students with direct personal contact with practicing professional artists. The program covers artist fees, materials, and travel costs.

	<u>2013</u>	<u>2012</u>
Labrador Initiative	\$ 95,781	\$ 101,287
Visiting Artist Program	11,448	18,317
	<u>\$ 107,229</u>	<u>\$ 119,604</u>

8. Employee future benefits

(a) Severance pay

Employee future benefits consist of the liability for severance pay of \$72,594 (2012 - \$63,943).

(b) The Council and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pensions Act, 1991*. The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension upon retirement based on the member's age at retirement, length of service and the average of their best five years of earnings. The maximum contribution rate for eligible employees was 8.6% (2012 - 8.6%). The Council's contributions equal the employee contributions to the plan. The Council is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Council at March 31, 2013, was \$23,318 (2012 - \$22,628).

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

9. Obligation under capital lease

The Council has acquired equipment for office operations through capital leases.

	<u>2013</u>	<u>2012</u>
<u>Obligation under capital lease</u>	<u>\$ 7,287</u>	<u>\$ 607</u>

Future minimum lease payments under capital lease are:

2014	\$ 2,924
2015	2,924
2016	2,924
2017	<u>2,924</u>
	11,696
Less: interest portion of payments	<u>4,409</u>
	<u>\$ 7,287</u>

10. Tangible capital assets

	<u>Assets under capital lease</u>	<u>Office equipment</u>	<u>Total</u>
Cost			
Balance, March 31, 2012	\$ 18,282	\$ 27,153	\$ 45,435
Disposals	(18,282)	-	(18,282)
Additions	<u>9,109</u>	<u>-</u>	<u>9,109</u>
<u>Balance, March 31, 2013</u>	<u>9,109</u>	<u>27,153</u>	<u>36,262</u>
Accumulated amortization			
Balance, March 31, 2012	17,675	27,153	44,828
Amortization Expense	607	-	607
Disposals	(18,282)	-	(18,282)
Amortization expense	<u>1,822</u>	<u>-</u>	<u>1,822</u>
<u>Balance, March 31, 2013</u>	<u>1,822</u>	<u>27,153</u>	<u>28,975</u>
<u>Net book value, March 31, 2013</u>	<u>\$ 7,287</u>	<u>\$ -</u>	<u>\$ 7,287</u>
<u>Net book value, March 31, 2012</u>	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ 607</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

11. Arts Fund

The Arts Fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the Fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This Fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. Interest earned on the fund is held in trust in the Fund until it is withdrawn. For the year ended March 31, 2013, \$2,470 (2012 - \$2,301) was earned through investment of the Fund and is included with income earned from portfolio investments. The Fund balance is included in the accumulated surplus of the Council. The Fund is comprised of monies received from:

	<u>2013</u>	<u>2012</u>
Province of Newfoundland and Labrador	\$ 40,000	\$ 40,000
Gifts and bequests as per Section 12 (2) of the <i>Arts Council Act</i>	10,352	10,352
	<u>50,352</u>	<u>50,352</u>
Accumulated interest, beginning of year	120,365	118,064
Interest earned	2,470	2,301
Accumulated interest, end of year	<u>122,835</u>	<u>120,365</u>
Fund balance	\$ 173,187	\$ 170,717

At March 31, 2013, the Fund consisted of portfolio investments of \$173,187 (2012 - \$170,717).

12. Revenues - Projects

	<u>2013</u>	<u>2012</u>
Arts Smarts	\$ 150,000	\$ 150,000
School Touring Program	110,000	110,000
Visiting Artists Program	56,868	31,683
Winterset Award	25,000	30,000
Culture Days	10,000	-
Arts awards	-	2,500
Rhonda Payne Award	500	500
Larry Jackson Award	500	1,000
	<u>\$ 352,868</u>	<u>\$ 325,683</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

13. Expenses by object

	<u>2013</u>	<u>2012</u>
Grants and awards	\$ 1,804,257	\$ 1,835,152
Salaries and employee benefits	461,558	446,622
Purchased Services	89,701	113,130
Travel	70,313	49,160
Professional services	24,961	20,067
Telephone	5,583	5,467
Amortization	2,429	3,657
	<u>\$ 2,458,802</u>	<u>\$ 2,473,255</u>

As of March 31, 2013, the Council's actual expenses did not exceed its legislated expense limit.

14. Expenses - Projects

	<u>2013</u>	<u>2012</u>
Arts awards	\$ 69,045	\$ 73,395
Arts smarts	155,211	160,983
Larry Jackson Award	500	1,000
Rhonda Payne Award	500	500
School Touring Program	111,669	113,302
Visiting Artists' Program	56,869	31,683
Winterset Award	26,110	24,917
Culture Days	10,199	-
	<u>\$ 430,103</u>	<u>\$ 405,780</u>

15. Operating expenses

	<u>2013</u>	<u>2012</u>
Advertising	\$ -	\$ 1,623
Amortization	2,429	3,657
Labrador Initiative	86,875	95,493
Miscellaneous	16,303	13,284
Office and postage	11,993	12,386
Professional services	10,600	3,200
Project evaluating fees	14,361	16,867
Salaries and employee benefits	390,812	379,412
Telephone	5,583	5,467
Travel and Council meetings	58,953	43,689
Website	-	4,804
	<u>\$ 597,909</u>	<u>\$ 579,882</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

16. Financial risk management

The Council recognizes the importance of managing significant risks and this includes oversight designed to reduce the risks identified to an appropriate threshold. The risks that the Council is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Council's main exposure to credit risk relates to cash, accounts receivable and portfolio investments. The Council is not exposed to significant credit risk with its cash or portfolio investments because these financial instruments are held with a Chartered Bank. The Council is not exposed to significant credit risk related to its accounts receivable as these amounts are primarily due from the Government of Canada. Accordingly, there is no allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its financial liabilities. The Council's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities and its obligation under capital lease as described in Note 9. The Council manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Council is not exposed to significant foreign exchange or other price risk. The Council is not exposed to significant interest rate risk related to portfolio investments because these investments have fixed interest rates and fixed values at maturity. In addition, the Council is not exposed to significant interest rate risk on the obligation under capital lease as the interest rate is fixed to maturity.

17. Budgeted figures

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

18. Related party transactions

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

19. Non-Financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Council. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Council's objectives.