

September 28, 2012

Ms Sandra Barnes
Clerk of the House of Assembly

Dear Ms Barnes:

Re: 2011-12 Annual Report

On behalf of the Minister of Tourism, Culture and Recreation, I am pleased to provide 10 paper copies of the 2011-12 Annual Report of the Newfoundland and Labrador Arts Council. It has also been submitted to the House in digital format. By this letter, I am conveying the Minister's intent to table.

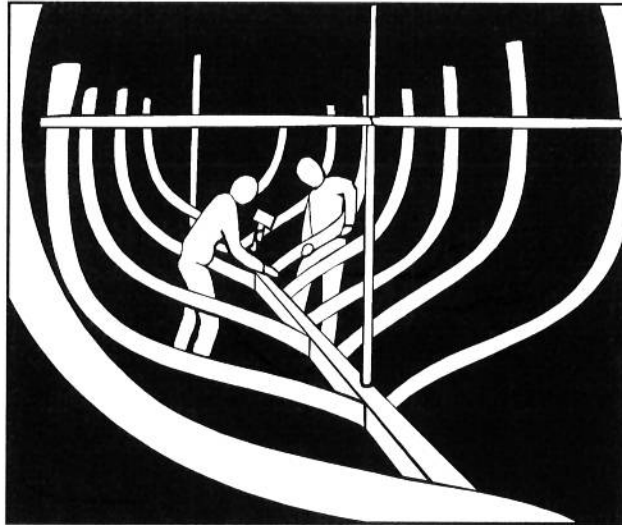
Sincerely,



Janet Miller Pitt
Director, Strategic Planning and Policy Division

c: Ms. Kimberly Puddister, House of Assembly
Mr. Andy Fowler, House of Assembly
Ms. Wanda Mazerolle, Transparency and Accountability Office
Ms. Andrea Hyde, House of Assembly

NEWFOUNDLAND AND
LABRADOR ARTS COUNCIL
2011-2012 ANNUAL REPORT



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MESSAGE FROM THE CHAIR

The Newfoundland and Labrador Arts Council is a non-profit Crown agency created in 1980 by The Arts Council Act. 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 (non-voting). Council receives an annual grant of 2.1 million from the Province to support a variety of granting programs, program delivery, office administration and communications. It also seeks support from the public and private sector. It supports the following artistic disciplines: dance, film, multidiscipline, music, theatre, visual art, and writing.

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 increase in grants awarded to artists, arts organizations and schools in 2011-12, 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,



Tom Gordon
Chair, Newfoundland and Labrador Arts Council

MESSAGE FROM THE CHAIR

The Newfoundland and Labrador Arts Council is a non-profit Crown agency created in 1980 by The Arts Council Act. 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 (non-voting). Council receives an annual grant of 2.1 million from the Province to support a variety of granting programs, program delivery, office administration and communications. It also seeks support from the public and private sector. It supports the following artistic disciplines: dance, film, multidiscipline, music, theatre, visual art, and writing.

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

Sincerely,

Tom Gordon
Chair, Newfoundland and Labrador Arts Council

THE NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

The Newfoundland and Labrador Arts Council 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
Kathleen Hicks	Happy Valley-Goose Bay	Dance
Stan Hill	Conne River	Visual Arts
Randall Maggs	Corner Brook	Writing
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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Fax: (709) 726-0619
E-Mail: nlacmail@nfld.net
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P.O. Box 2243, Station B
Happy Valley-Goose Bay, NL
A0P 1E0
Telephone: (709) 896-9565
Toll Free: 1-888-896-9565
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FINANCIAL INFORMATION

In 2011-12, the Newfoundland and Labrador Arts Council's total budget was approximately 2.6 million. (Audited Financial Statements Page 18)

LINES OF BUSINESS

GRANT PROGRAMS

The NLAC operates nine granting programs. This year the Arts Council received 621 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 2011-12 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 2011-12 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 \$572,351 in grants to 157 artists and arts organizations through the Project Grants Program for the 2011-12 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 \$75,000 in grants to 21 community-based arts organizations and groups for the 2011-12 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 \$31,000 in grants to 34 artists for the 2011-12 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 52 grants totalling \$109,242 for the 2011-12 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 2011-12 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 37 schools in Newfoundland and Labrador for the 2011-12 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 \$ 50,000 in grants to 83 schools in Newfoundland and Labrador for the 2011-12 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 26 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 26th annual Arts Awards Show and Gala evening at the Reid Theatre in St. John's on April 30, 2011. This year's winners were:

Artist of the Year	Jessica Grant
CBC Emerging Artist	Billy Gauthier
Arts Achievement	Marie Sharpe
Patron of the Arts	Statoil Canada
Arts in Education	Charlotte Jones & Patricia Gregory
Hall of Honour Inductees	The Labrador Creative Arts Festival, Roberta Thomas

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 2011 BMO Winterset Award were chosen from among 39 submissions, and they were announced at a public reception on March 21, 2012. The three finalists were:

Mark Callanan	<i>Gift Horse</i>
Don McKay	<i>The Shell of the Tortoise</i>
Edward Riche	<i>Easy to Like</i>

The winner was announced on March 22, 2012, at Government House by the Honourable John Crosbie, Lieutenant-Governor of Newfoundland and Labrador, and Honorary Patron of the BMO Winterset Award. The winner of the award for 2011 was Don McKay.

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 2011 was Scott Bartlett.

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 2011 was Lois Brown.

DIGITAL RESOURCE CENTRE

As part of the Newfoundland and Labrador Arts Council's commitment to develop and advance the cultural industries within the province, the Arts Council provides a digital resource centre for the use of artists. The centre is located at the Newfoundland and Labrador Arts Council's St. John's office. The digital resource centre provides:

- e-mail access to artists
- a resource computer
- high-speed internet access
- a broad selection of software
- a staff person to offer assistance

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.

HIGHLIGHTS AND ACCOMPLISHMENTS

During the 2011-12 fiscal year the Newfoundland and Labrador Arts Council:

- awarded \$1,797,593 in grants to Newfoundland and Labrador artists, arts organizations and schools, an increase of \$177,255 from 2010-11
- awarded \$109,242 in grants to Labrador artists, arts organizations and schools through the Labrador Cultural Travel Fund, an increase of \$22,366 from 2010-11
- held the 26th annual arts awards show in St. John's

- partnered with the Department of Education to further strengthen the Arts in Education Programs and award \$310,000 in Arts in Education grants
- partnered with BMO Financial Group and the Gywn Foundation to increase the cash value of the BMO Winterset Awards and to increase reading fees pay to jury members
- held the second annual Newfoundland and Labrador Culture Days Event in October 2011.
- partnered with the Department of Tourism, Culture and Recreation to host a Business and Arts Initiative roundtable meeting
- partnered with other funding bodies to hold joint funding information sessions in Newfoundland and Labrador
- held 25 outreach sessions across Newfoundland and Labrador
- held outreach sessions in five locations in Newfoundland and Labrador for the first time
- highlighted 24 feature projects on the Newfoundland and Labrador Arts Council website
- conducted an annual review and assessment of NLAC programs and peer assessment process
- developed a draft social media strategy
- 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. In addition, bullets two and three support Government's strategic direction that Newfoundland and Labrador's distinctive tangible and intangible cultural heritage is preserved, protected and strengthened.

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 provincial focus areas of 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 31, 2012 the NLAC will have improved support for artistic creation, research, production and professional development.

Measure: Improved support for individual artistic creation, research, production and professional development.

Indicator Reporting: Objective 2012

Planned for 2011-2012	Actual for 2011-2012
Reviewed NLAC granting structures to ensure that artists at all levels of professional practice are supported in artistic creation, research, production and professional development.	Eligibility requirements and program guidelines were continually refined and updated to reflect the developing arts community and new directions. The review remained a valuable resource as adjustments to programs were considered and implemented.
Increased access to NLAC programs to all artists and arts organizations in all geographic locations in Newfoundland and Labrador.	Council and staff continued meetings and connections with communities throughout the province through in-person consultations, and presentations to artists and artistic groups and organizations. The NLAC continued to inform communities about programs through staff outreach and presentations, school visits and media releases resulting in an increase in first time applicants to all of our programs and an increase in applications to six of our nine grant funding programs.

Planned for 2011-2012	Actual for 2011-2012
Ensured that aboriginal artists have access to programs and services that promote, preserve and develop their arts forms.	Council and staff continued meetings and connections with communities throughout the province through in-person consultations, and presentations to aboriginal artists and artistic groups and organizations. Targeted workshops and consultations were delivered to Aboriginal arts communities by the NLAC's Labrador Cultural Outreach Officer. The NLAC's Labrador Cultural Travel Fund reached a cross section of communities and supported a wide variety of practices and traditions. As a result there were 17 applications from aboriginal artists funded by the Labrador Cultural Travel Fund. In addition aboriginal artists and artistic groups were also funded through the Professional Project Grants Program, the Professional Festivals Program and the Community Arts Program.

Discussion of Results: The NLAC improved support for individual artistic creation, research, production and professional development during the 2011-12 fiscal year. Feedback from consultations and presentations led to the review and refinement of program requirements and guidelines to better serve the artists and arts organizations in Newfoundland and Labrador. Labrador outreach resulted in an increase in the number of applications from Labrador artists and arts organizations and the Labrador Cultural Travel Fund awarded an additional \$22,366 in grants during 2011-12. Therefore, the NLAC feels confident that it has fulfilled its objective for 2011-12.

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

Measure: Increased support to arts organizations.

Indicators: Provided arts organizations with increased access to training in marketing, audience development, management, governance and planning.

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

Delivered programs and services in a manner that is informed by a review of support to Newfoundland and Labrador arts organizations.

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. Our 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 provincial focus areas of 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, 2012 the NLAC will have promoted partnerships between the arts community and broader communities of interest.

Measure: Promoted partnerships between the arts community and broader communities of interest.

Indicator Reporting: Objective 2012

Planned for 2011-2012	Actual for 2011-2012
Developed partnerships with Canadian Public Arts Funders to increase opportunities for Newfoundland and Labrador artists and arts organizations.	The NLAC continued to be a member of the national funders' organization, the Canadian Public Arts Funders (CPAF), and continued to host Tri-Level Arts Funders meetings. The NLAC also participated in CPAF activities and professional development meetings throughout the year. These partnerships raised NLAC staff awareness about provincial and federal funding programs, policy directions, trends and challenges that were then relayed to Newfoundland and Labrador artists and arts organizations through targeted communication. Joint information sessions were held to increase awareness of potential funding opportunities for Newfoundland and Labrador artists.

Planned for 2011-2012	Actual for 2011-2012
Partnered to support business and arts engagement.	The NLAC partnered with the Department of Tourism, Culture and Recreation to host a Business and Arts Initiative roundtable meeting. This meeting was an important first step in efforts to develop mutually beneficial partnerships that will be advantageous to businesses and the arts.
Built stronger relationships with sectoral organizations to improve services to artists and arts organizations.	<p>The NLAC continued to be a member of the Federal and Provincial Arts Advisory Committee and became a member of the City of St. Johns Arts Advisory Committee. Both committees have representation from all of the sectoral organizations thus providing the opportunity to build stronger relationships and improve services.</p> <p>Council and staff continued meetings and connections with the sectoral organizations through in-person consultations and presentations.</p> <p>Through these committees, there was continuing dialogue with organizations to determine resources and services required for improvement and/or growth and to develop and refine infrastructure necessary to support artistic creation.</p>

Discussion of Results: During 2011-12, partnerships have been developed and continued with the private and public sector. Through the partnership with Canadian Public Arts Funders we held joint information sessions to increase awareness of potential funding opportunities for Newfoundland and Labrador artists. The Business and Arts Initiative will lead to the creation of a Business and the Arts Group later this year resulting in increased dialogue between business and the arts to encourage partnerships and investment for the benefit of both. Through NLAC's participation in Federal, Provincial and Municipal Arts Advisory Committees we have been able to build stronger relationships with the sectoral organizations and get a better understanding of the needs and requirements of each sector. Therefore, the NLAC feels confident that it has fulfilled its objective.

- Objective 2013: 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.
- Indicators: Gathered and shared success stories regarding how the arts has touched people's lives.
- Celebrated the success of our artists regionally, nationally and internationally.

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 provincial focus areas of 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, 2012 the NLAC will have developed effective partnerships among key cultural and educational stakeholders.
- Measure: Developed effective partnerships among key cultural and educational stakeholders.

Indicator Reporting: Objective 2012

Planned for 2011-2012	Actual for 2011-2012
<p>Built stronger relationships with cultural and educational stakeholders to leverage support for Newfoundland and Labrador artists and arts organizations.</p>	<p>The NLAC continued to liaise and build partnerships with a variety of federal, provincial and municipal cultural and educational stakeholders including the Department of Educations Cultural Connection Advisory Board, the Federal and Provincial Arts Advisory Committee, the City of St. Johns Arts Advisory Committee and the Atlantic Public Arts Funders.</p> <p>During 2011-12 the NLAC executive director became a member of the City of St. John's Arts Advisory Committee and continued to be a member of the other organizations. In addition the NLAC program manager became an alternate member of these committees.</p> <p>These relationships led to increased NLAC staff awareness about the goals and objectives of each of the organizations and the possibility of funding opportunities for Newfoundland and Labrador artists and arts organizations. For instance, the City of St. John's Arts Grants budget was increased during the year and Department of Cultural Connections Strategy introduced a new funding program - information that the NLAC were able to distribute to the community immediately because of staff membership involvement.</p>

Planned for 2011-2012	Actual for 2011-2012
Explored possibilities for funding partnerships	<p>The NLAC partnered with the Department of Tourism, Culture and Recreation to host a Business and Arts Initiative roundtable meeting. This meeting was an important first step in efforts to develop mutually beneficial partnerships that will be advantageous to businesses and the arts.</p> <p>The NLAC, as part of the Atlantic Public Arts Funders Group, met with the Department of Canadian Heritage to explore the possibility of an Atlantic Arts Funding Program.</p> <p>The NLAC met with the Canada Council for the Arts to explore the possibility of an Arts Funding Program.</p>
Worked with the Department of Education (Cultural Connections Strategy) to identify gaps in existing arts programming in schools.	As a member of the Department of Education's Cultural Connections Strategy Advisory Board worked to identify gaps in existing arts programming in schools. During 2011-12 a review of the initial goals of the Cultural Connections 2005 document was completed, a communications plan was created, a new website launched and a new arts and heritage infused Curriculum pilot project was introduced.

Discussion of Results: During 2011-12 the NLAC developed effective partnerships among key cultural and educational stakeholders. Continued partnerships with Federal, Provincial and Municipal colleagues led to stronger relationships and the exploration of potential collaborations - both financial and human resource expertise. Therefore, the NLAC feels confident that it has fulfilled its objective.

Objective 2013: 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.

Indicators: Supported artists working in arts education through targeted professional development opportunities.

Supported Arts in Education programs such as ArtsSmarts and the School Touring Program to support professional artists and arts organizations in educational settings.

Recruited and encouraged participation by rural artists in Arts in Education programs

Supported teachers working in arts education through targeted professional development opportunities.

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 our 2011-14 Activity Plan. This year improvements were made to existing programs and the peer assessment process that better served our artists and arts organizations in Newfoundland and Labrador. Additional funds announced in the 2011-12 provincial budget were allocated to the Professional Project Grants Program and the Sustaining Program for Professional Arts Organizations Program. Funds were also secured through the Department of Education'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. Nine new Council members were appointed to ensure more effective and efficient operations and to encourage 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 2011-12 budget increase and 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 we were able to award \$1,797,593 in grants to artists, arts organizations and schools. This amount was sufficient to fund only 48 percent of eligible applicants and the average project grant is \$3,600. 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. 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 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 and to engage the community as a whole in the conversation about the value of the arts and in acting as a catalyst in the arts community to provoke connections and communication between and about the arts community. 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

31 MARCH 2012

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.

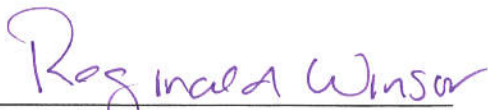
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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 are 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

26 September 2012



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

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 31 March 2012, 31 March 2011, and 1 April 2010, the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the years ended 31 March 2012 and 31 March 2011, 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 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.

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 31 March 2012, 31 March 2011 and 1 April 2010, and its financial performance and its cash flows for the years ended 31 March 2012 and 31 March 2011 in accordance with Canadian public sector accounting standards.

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

TERRY PADDON, CA
Auditor General

26 September 2012
St. John's, Newfoundland and Labrador

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

As at

	31 March 2012	31 March 2011	1 April 2010
		(Note 2)	(Note 2)
FINANCIAL ASSETS			
Cash	\$ 285,188	\$ 207,456	\$ 76,402
Accounts receivable (Note 6)	33,949	29,219	40,610
Portfolio investments (Notes 7 and 13)	170,717	274,374	322,035
	489,854	511,049	439,047
LIABILITIES			
Accounts payable and accrued liabilities (Note 8)	134,021	190,171	123,660
Deferred revenue (Note 9)	119,604	110,530	97,405
Obligation under capital lease (Note 10)	607	4,264	7,921
Employee future benefits (Note 11)	63,943	49,567	46,077
	318,175	354,532	275,063
Net Financial Assets	171,679	156,517	163,984
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 12)	607	4,264	7,921
Prepaid expenses	2,327	2,485	2,612
	2,934	6,749	10,533
Accumulated surplus	\$ 174,613	\$ 163,266	\$ 174,517

Trust account - CAPE Fund (Note 14)

*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 31 March

	2012 Budget	2012 Actual	2011 Actual
	(Note 19)		(Note 2)
REVENUES			
Province of Newfoundland and Labrador grants	\$ 2,254,629	\$ 2,153,343	\$ 2,026,676
Projects (Note 15)	343,500	325,683	336,000
Miscellaneous	-	3,000	-
<u>Income earned on portfolio investments</u>	<u>500</u>	<u>2,576</u>	<u>3,088</u>
	<u>2,598,629</u>	<u>2,484,602</u>	<u>2,365,764</u>
EXPENSES (Note 16)			
Grants and awards			
Community Arts	75,000	75,000	75,000
Labrador Initiative	210,529	109,242	86,876
Professional Artists Travel Fund grants	30,000	31,000	31,020
Professional Festivals	125,000	125,000	89,195
Professional Project Grants Program	575,000	572,351	526,455
Sustaining Program for Professional Arts Organizations	<u>575,000</u>	<u>575,000</u>	<u>500,000</u>
	<u>1,590,529</u>	<u>1,487,593</u>	<u>1,308,546</u>
Projects (Note 17)	403,500	405,780	421,037
<u>Operating expenses (Note 18)</u>	<u>599,450</u>	<u>579,882</u>	<u>647,432</u>
	<u>2,593,479</u>	<u>2,473,255</u>	<u>2,377,015</u>
Annual surplus (deficit)	<u>5,150</u>	<u>11,347</u>	<u>(11,251)</u>
Accumulated surplus, beginning of year	<u>163,266</u>	<u>163,266</u>	<u>174,517</u>
Accumulated surplus, end of year	<u>\$ 168,416</u>	<u>\$ 174,613</u>	<u>\$ 163,266</u>

*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 31 March

	2012 Budget	2012 Actual	2011 Actual
	(Note 19)		(Note 2)
<u>Annual surplus (deficit)</u>	\$ -	\$ 11,347	\$ (11,251)
Tangible capital assets			
<u>Amortization of tangible capital assets</u>	-	3,657	3,657
	-	3,657	3,657
Prepaid Expenses			
Acquisition of prepaid expense	-	(3,412)	(3,735)
Use of prepaid expense	-	3,570	3,862
	-	158	127
Increase (decrease) in net financial assets	-	15,162	(7,467)
Net financial assets, beginning of year	-	156,517	163,984
Net financial assets, end of year	\$ -	\$ 171,679	\$ 156,517

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL**STATEMENT OF CASH FLOWS****For the Year Ended 31 March****2012****2011****(Note 2)****Operating transactions**

Annual surplus (deficit)	\$ 11,347	\$ (11,251)
Adjustment for non-cash items		
Amortization of tangible capital assets	3,657	3,657

15,004 (7,594)

Change in non-cash operating items

Accounts receivable	(4,730)	11,391
Accounts payable and accrued liabilities	(56,150)	66,511
Deferred revenue	9,074	13,125
Employee future benefits	14,376	3,490
Prepaid expenses	158	127

Cash provided from (applied to) operating transactions (22,268) 87,050

Financing transactions

Repayment of obligation under capital lease	(3,657)	(3,657)
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Cash applied to financing transactions (3,657) (3,657)

Investing transactions

Purchase of portfolio investments	(170,717)	(169,041)
Redemption of portfolio investments	274,374	216,702

Cash provided from investing transactions 103,657 47,661

Increase in cash 77,732 131,054

Cash, beginning of year 207,456 76,402

Cash, end of year \$ 285,188 \$ 207,456

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2012

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. Conversion to Canadian Public Sector Accounting Standards

In accordance with recent recommendations of the Public Sector Accounting Board (PSAB), the Council has determined that it is an Other Government Organization within the Government Reporting Entity. Accordingly, commencing with the 2012 fiscal year, the Council has adopted Canadian public sector accounting (CPSA) standards. These financial statements are the first financial statements for which the Council has applied CPSA standards. The Council had previously been preparing its financial statements using Canadian generally accepted accounting principles (CGAAP). The changeover became effective on 1 April 2011 with retroactive application to 1 April 2010.

As a result of the conversion to CPSA standards, the annual deficit for the year ended 31 March 2011 changed from \$(13,532) to \$(11,251), a difference of \$2,281. This difference represents the interest earned on the Arts Fund. Previously, the interest earned on the Arts Fund was recorded as a direct increase to the Arts Fund, a component of equity (accumulated surplus for the current year), and did not get recognized on the statement of revenues, expenses, and deficit (statement of operations for the current year). Under CPSA standards, the interest earned on the Arts Fund has to be included in the statement of operations as there are no external restrictions on the Council's use of the interest earned. With the exception of the treatment of the interest earned on the Arts Fund, the conversion affected primarily only the presentation of the financial statements. There was no change to the accumulated surplus at the date of transition due to the conversion to Canadian public sector accounting standards.

3. Changes in accounting standards: early adoption of released CICA Public Sector Accounting Handbook sections

In March 2011, the PSAB approved new Section PS 3450, *Financial Instruments*, Section PS 2601, *Foreign Currency Translation* to replace current Section PS 2600, *Foreign Currency Translation* and Section PS 1201, *Financial Statement Presentation* to replace current Section PS 1200, *Financial Statement Presentation*. Government organizations are required to adopt the three sections in the same year. In addition, in March 2012, the PSAB approved Section PS 3041, *Portfolio Investments*, to replace current Section PS 3040, *Portfolio Investments*. The four sections are effective 1 April 2012 for government organizations but earlier adoption is permitted.

The Council decided to early adopt these sections for the year ending 31 March 2012. The adoption of sections PS 3450, PS 2601, and PS 1201 had no significant impact on the Council's financial statements.

The primary implication of adopting Section PS 3041 is that the Council can no longer apply Section PS 3030, *Temporary Investments*. As a result, when the temporary investments cannot be accounted for as cash equivalents (i.e.; when the investments have a maturity of three months or less from the date of acquisition) they have to be accounted for as portfolio investments. The Council had previously been accounting for its investments as temporary investments. Under PS 3041, the Council will now have to account for its investments as portfolio investments as the investments have a maturity of greater than three months from the date of acquisition. The primary implication of this change is that the Council will now have to present its purchase and redemptions of portfolio investments on the statement of cash flows.

4. Summary of significant accounting policies

(a) Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the 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) Portfolio investments

The Council invests in Guaranteed Investment Certificates. The portfolio investments are recorded at cost, which due to the current market rate associated with these investments approximates market value.

4. Summary of significant accounting policies (cont.)

(c) Deferred revenue

Deferred revenue consists of contributions received from the Province of Newfoundland and Labrador to be used for various initiatives as directed by the Province. These contributions are recognized as revenue in the fiscal year the related expenses are incurred.

(d) Employee future benefits

- i. Severance pay 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. Severance 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 Public Service Pension Plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of the best five years of earnings.

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

(e) Tangible capital assets

Tangible capital assets are recorded at cost, including amounts that are directly related to the acquisition of the assets.

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

Assets under capital lease	5 years
Office equipment	5 years

4. Summary of significant accounting policies (cont.)

(e) Tangible capital assets (cont.)

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.

(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, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

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 expensed.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2012

4. Summary of significant accounting policies (cont.)

(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.

5. Accounting pronouncements

Section PS 3410 Revised, *Government Transfers*

In December 2010, Section PS 3410, *Government Transfers*, was amended by the PSAB. These amendments are effective for fiscal years beginning on or after 1 April 2012, but earlier adoption is encouraged. The main changes pertain to recognition criteria for government transfers, affecting how the Council accounts for such transfers. The Council is still evaluating the impact of adopting the revised section in the coming year.

6. Accounts receivable

	31 March <u>2012</u>	31 March <u>2011</u>	1 April <u>2010</u>
Trade accounts receivable	\$ 4,531	\$ 2,500	\$ -
Harmonized sales tax receivable Province of Newfoundland and Labrador	29,418	26,719	30,610
	-	-	10,000
	\$ 33,949	\$ 29,219	\$ 40,610

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2012

7. Portfolio investments

	31 March 2012	31 March <u>2011</u>	1 April <u>2010</u>
Portfolio investments, at cost	\$ 170,717	\$ 274,374	\$ 322,035
Portfolio investments, at market	\$ 170,717	\$ 274,374	\$ 322,035

Investments consist of guaranteed investment certificates, with a maturity date of 2 November 2012 and interest rates ranging from 1.7% to 1.85%.

8. Accounts payable and accrued liabilities

	31 March 2012	31 March <u>2011</u>	1 April <u>2010</u>
Trade accounts payable	\$ 116,209	\$ 76,432	\$ 37,708
Accrued employee benefits	17,812	113,739	85,952
	\$ 134,021	\$ 190,171	\$ 123,660

9. Deferred revenue

Deferred revenue as at 31 March 2012 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.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2012

9. Deferred revenue (cont.)

	31 March <u>2012</u>	31 March <u>2011</u>	1 April <u>2010</u>
Labrador Initiative	\$ 101,287	\$ 110,530	\$ 97,405
Visiting Artist Program	<u>18,317</u>	-	-
	<u>\$ 119,604</u>	<u>\$ 110,530</u>	<u>\$ 97,405</u>

10. Obligation under capital lease

	31 March <u>2012</u>	31 March <u>2011</u>	1 April <u>2010</u>
Obligation under capital lease	<u>\$ 607</u>	<u>\$ 4,264</u>	<u>\$ 7,921</u>

11. Employee future benefits

(a) Severance pay

Employee future benefits consist of the liability for severance pay of \$63,943 (2011 - \$49,567; 2010 - \$46,077).

(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 to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 8.6% (2011 - 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 31 March 2012 was \$22,628 (2011 - \$23,655).

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2012

12. Tangible capital assets

	<u>Assets under capital lease</u>	<u>Office equipment</u>	<u>Total</u>
Cost			
Balance, 1 April 2010	\$ 18,282	\$ 89,442	\$ 107,724
<u>Disposals</u>	-	(62,289)	(62,289)
Balance, 31 March 2011	18,282	27,153	45,435
<u>Balance, 31 March 2012</u>	18,282	27,153	45,435
Accumulated amortization			
Balance, 1 April 2010	10,361	89,442	99,803
Amortization Expense	3,657	-	3,657
<u>Disposals</u>	-	(62,289)	(62,289)
Balance, 31 March 2011	14,018	27,153	41,171
<u>Amortization Expense</u>	3,657	-	3,657
<u>Balance, 31 March 2012</u>	17,675	27,153	44,828
<u>Net book value, 31 March 2012</u>	\$ 607	\$ -	\$ 607
<u>Net book value, 31 March 2011</u>	\$ 4,264	\$ -	\$ 4,264
<u>Net book value, 1 April 2010</u>	\$ 7,921	\$ -	\$ 7,921

13. 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 31 March 2012, \$2,301 (2011 - \$2,281) 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:

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2012

13. Arts Fund (cont.)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Province of Newfoundland and Labrador	\$ 40,000	\$ 40,000	\$ 40,000
Gifts and bequests as per Section 12 (2) of the <i>Arts Council Act</i>	<u>10,352</u>	10,352	10,352
	<u>50,352</u>	50,352	50,352
Interest, beginning of year	118,064	115,783	112,521
Interest earned	<u>2,301</u>	2,281	3,262
Interest, end of year	<u>120,365</u>	118,064	115,783
Fund balance	<u>\$ 170,717</u>	\$ 168,416	\$ 166,135

At 31 March 2012, the Fund consisted of portfolio investments of \$170,717 (2011 - \$168,416; 2010 - \$166,135).

14. Trust account - CAPE Fund

The trust account of \$287 (2011 - \$790; 2010 - \$790) represents amounts received by the Council from the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) for the Cultural Assistance Plan for Emergencies (CAPE) Fund which provides funds to local artists in the event of an emergency. The Council administers the trust account on behalf of ACTRA, disbursing funds to local artists who meet the established criteria for emergency assistance.

15. Revenues - Projects

	<u>2012</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Arts Smarts	\$ 150,000	\$ 150,000
School Touring Program	110,000	110,000
Visiting Artists Program	31,683	50,000
Winterset Award	30,000	23,000
Arts awards	2,500	2,500
Rhonda Payne Award	500	500
Larry Jackson Award	<u>1,000</u>	-
	<u>\$ 325,683</u>	\$ 336,000

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2012

16. Expenses by object

	2012 <u>Actual</u>	2011 <u>Actual</u>
Grants and awards	\$ 1,835,152	\$ 1,680,482
Salaries and employee benefits	446,622	467,792
Purchased Services	113,130	94,975
Travel	49,160	79,719
Professional services	20,067	44,439
Telephone	5,467	5,951
<u>Amortization</u>	<u>3,657</u>	<u>3,657</u>
	\$ 2,473,255	\$ 2,377,015

As of March 2012, the Council's actual expenses did not exceed its legislated expense limit.

17. Expenses - Projects

	2012 <u>Actual</u>	2011 <u>Actual</u>
Arts awards	\$ 73,395	\$ 81,011
Arts smarts	160,983	150,090
Larry Jackson Award	1,000	-
Rhonda Payne Award	500	500
School Touring Program	113,302	111,106
Visiting Artists' Program	31,683	57,292
<u>Winterset Award</u>	<u>24,917</u>	<u>21,038</u>
	\$ 405,780	\$ 421,037

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2012

18. Operating expenses

	2012 <u>Actual</u>	2011 <u>Actual</u>
Advertising	\$ 1,623	\$ 1,098
Amortization	3,657	3,657
Labrador Initiative	95,493	87,413
Miscellaneous	13,284	13,456
Office and postage	12,386	13,049
Professional services	3,200	3,300
Project evaluating fees	16,867	16,512
Salaries and employee benefits	379,412	400,656
Strategic plan	-	53,085
Telephone	5,467	5,951
Travel and Council meetings	43,689	45,611
Website	4,804	3,644
	\$ 579,882	\$ 647,432

19. 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.

20. Related party transactions

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

21. Financial Instruments

The Council's financial instruments recognized on the statement of financial position consist of cash, portfolio investments, accounts receivable, accounts payable and accrued liabilities, and obligation under capital lease. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and obligation under capital lease approximate current fair value due to their nature and the short-term maturity associated with them. The carrying value of portfolio investments approximates the current market value due to the current market rate associated with these investments.

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. A significant risk currently managed by the Council is liquidity risk.

21. Financial Instruments (cont.)

Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its financial liabilities. The Council manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its liabilities.

22. Comparative figures

Certain comparative figures as at 31 March 2011 and 1 April 2010 and for the year ended 31 March 2011 have been reclassified to conform to the current year's presentation.

23. 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.