

Newfoundland and Labrador Arts Council

ArtsNL

Annual Report 2023-24

Message from the Chair

As Chair of the Newfoundland and Labrador Arts Council (ArtsNL), I am pleased to present the annual report for fiscal year 2023-24. The annual report is submitted in accordance with our obligation as a category two entity under the **Transparency and Accountability Act**. As the Chair of ArtsNL, I accept accountability on behalf of the Council for the preparation of the report and the achievement of its objectives and the results reported.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Brown', with a horizontal line extending to the right.

David Brown,

Chairperson

Table of Contents

Entity Overview.....	1
Organizational Structure.....	1
Mandate.....	1
Vision.....	1
Lines of Business.....	2
Staff and Budget.....	3
Board of Directors.....	3
Physical Location.....	4
Highlights and Partnerships.....	4
Highlights.....	4
Partnerships.....	4
Report on Performance: Issue #1: Investment in Newfoundland and Labrador's Professional Artists and Arts Organizations.....	5
2023-24 Objectives.....	5
Opportunities and Challenges.....	7
Opportunities.....	7
Challenges.....	8
Financial Information.....	10

Entity Overview

Organizational Structure

ArtsNL is a non-profit Crown Agency created in 1980 by the **Arts Council Act**. As a Crown Agency, it operates at arm's length from the Provincial Government. ArtsNL's purpose is to foster and promote the creation and production of works, the study and enjoyment of those works, and to encourage public awareness of the arts in the province. The primary function of ArtsNL is to develop and administer grant programs for professional artists and arts organizations, community groups and schools.

Mandate

Section 5 of the **Arts Council Act** states the objectives of ArtsNL 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:

- Foster and promote, through grants and otherwise, the arts of the province and the arts of groups indigenous to the province.
- Help, through grants and otherwise, in the development of provincial amateur and professional artists and arts organizations.
- Advise the minister of Tourism, Culture, Arts and Recreation with respect to the development of arts and arts policy in the province.

Vision

The vision of ArtsNL 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.

Lines of Business

The primary function of ArtsNL is to develop and administer grant programs for professional artists and arts organizations, community groups and schools. Currently ArtsNL achieves this through seven funding programs:

1. Sustaining Program for Professional Arts Organizations
2. Annual Operating Program for Professional Arts Organizations
3. Professional Project Grants Program
4. Community Arts Program
5. Professional Artists' Travel Fund
6. School Touring Program
7. ArtsSmarts
8. Senior Artist Program *
9. Creation Grants (Indigenous Arts Program) *
10. Year of the Arts Project for Professional Arts Organizations *

*Year of the Arts Programs described under Highlights and Partnerships.

ArtsNL also initiates partnerships with the business community and other funding agencies; administers the Newfoundland and Labrador Arts Awards designed to honour the accomplishments of Newfoundland and Labrador artists; and manages the BMO Winterset Award, the Lawrence Jackson Writing Award, the Rhonda Payne Theatre Award, the Ross Leslie Award, and the Gerry Porter Music Award. ArtsNL consults closely with its Indigenous Advisory Circle, which is instrumental in advising on the development of programs and building relationships with Indigenous artists.

For additional information about any of ArtsNL's programs or events, please visit www.artsnl.ca.

Staff and Budget

There are currently six full-time staff employed by ArtsNL, as well as one contractual staff person. In fiscal year 2023-24, ArtsNL's base budget allocation was \$5.2 million plus the additional \$2 million for the Year of the Arts initiative for a total budget of approximately \$7.2 million.

Board of Directors

ArtsNL is governed by a Council of 13 people appointed by the Provincial Government, which strives for regional and artistic representation from across the province. Council members serve on a volunteer basis for a three-year term. As of March 31, 2023, the Council consisted of the following members:

Chairperson:	David Brown, St. John's (Music)
Co-Vice Chairpersons:	Ann Connors, St. John's (Theatre)
	Ray Penton, Jr., St. John's (Film)
Members:	Michelle Keep, Bonavista (Writing)
	Gina Power, Kilbride (Community)
	Charlene Rumbolt, Mary's Harbour (Visual Arts)
	1 vacancy in Literary
	1 vacancy in Music
	1 vacancy in Dance
	1 vacancy in Theatre
	1 vacancy in Visual Arts
	1 vacancy in Community

Non-Voting Member: Colleen Soulliere, St. John's (Acting Director of Arts and Heritage, Department of Tourism, Culture, Arts and Recreation)

Physical Location

53 Bond St., Suite 100

P.O. Box 98

St. John's, NL A1C 5H5

Telephone: (709) 726-2212, Toll Free: 1-877-726-2212 (NL only)

Facsimile: (709) 726-0619 | Website: www.artsnl.ca

Highlights and Partnerships

Highlights

In May 2023, the Government of Newfoundland and Labrador announced their plans for a 2024 Year of the Arts initiative to celebrate the province's unique and colourful arts community. The vision for Year of the Arts is to leave a lasting impact on both artists and communities and to feature public events, festivals, music, and public art exhibitions. Considered seed money, a \$2 million one-time investment was provided to ArtsNL and it was utilized to address the artistic community's demonstrated need by:

- Increasing the funding envelope of the Professional Projects Grant Program (PPGP).
- Launching a one-time specialized funding initiative—Year of the Arts Projects for Professional Arts Organizations.
- Piloting a Senior Artist Grant Program.
- Developing the province's first Indigenous Arts Creation Grants Program.

ArtsNL maintains an ongoing dialogue with its Indigenous Advisory Circle (IAC) comprised of representatives from Indigenous groups within the province. The IAC advises ArtsNL on how to best remove funding barriers for Indigenous artists, and how to build successful relationships with artists in the Indigenous communities of Nunatukavut, Nunatsiavut, Innu Nation, Miawpukek First Nation, Qalipu First Nation, as

well as Indigenous artists from other Nations residing in rural and urban Newfoundland and Labrador. The Advisory Circle has been an invaluable resource to ArtsNL's Indigenous Outreach Officer and provides ongoing advice on the development of the Creation (Indigenous Arts) Grant program.

Partnerships

Year of the Arts

In 2023, the Government of Newfoundland and Labrador identified ArtsNL as a key delivery partner in the Year of the Arts initiative. Through CelebrateNL, a Crown Corporation of the Government of Newfoundland and Labrador, \$2M in funding was provided to ArtsNL to further support existing programs and pilot new ones.

- **Professional Project Grant Program**

ArtsNL topped up the fall 2023 session of PPGP with an additional \$520,000 for a total funding envelope of \$1.3 million. This led to a higher applicant success rate and the direct creation of more art. There were 315 applications received and 107 funded. Of those received, 85 were new artists and 230 were established artists.

- **Senior Arts Program**

A \$400,000 funding envelope was established to pilot a Senior Artist Grant offered to 10 artists over the age of sixty, who have contributed greatly to the provincial artistic landscape for at least 25 years. A highly competitive program, the Senior Artist Grant provides \$40,000 over two fiscal years (\$20,000 per year) for these prolific artists to continue their creative endeavors uninterrupted. The highly competitive nature of the program illustrates the need to provide this specialized support to our senior artists.

- **Year of the Arts Projects Grant for Professional Arts Organizations**

This one-off program was created with a base funding amount of \$800,000 to support a range of activities to benefit an organization's growth, sustainability, resilience, preservation, creation, or new direction and was designed to help organizations undertake projects they were previously unable to because of funding restraints. Forty-nine professional arts organizations availed of this special program.

- **Indigenous Arts Creation Grants**

This pilot program allocated \$200,000 in funding specifically for Indigenous artists, artistic groups, and culture carriers within Newfoundland and Labrador for the creation, development, exhibition, and transfer of knowledge related to an art form or artistic

practice. Grants are available to Indigenous artists at any stage of their artistic career, working in all disciplines. There are two funding streams available:

- **Creation Micro-grant** (up to \$1,500) for small-scale projects, general materials, and related expenses.
- **Creation Grant** (up to a maximum of \$15,000) for projects running less than one year.

Other Partnerships

BMO Financial and Sandra Fraser Gwynn Foundation

Fiscal year 2023-24 represented year four of BMO Financial Group's current five-year \$100,000 sponsorship of the BMO Winterset Awards. The Award, offered through the Sandra Fraser Gwynn Foundation, is a partnership between BMO Financial Group, ArtsNL, and the Sandra Fraser Gwynn Foundation. The sponsorship maintains the annual award of \$12,500 to the winner and \$3,000 to each of the two finalists. This is the most prominent literary award in Atlantic Canada.

Equinor and the Department of Education

In 2023-24, Equinor renewed its partnership with ArtsNL for a tenth year in support of the ArtsSmarts Scholarship. The \$2,500 scholarship was established as part of Equinor's ongoing commitment to arts and culture development in the province. Administered by ArtsNL, the scholarship is awarded annually to a Newfoundland and Labrador student pursuing post-secondary education in the arts. Applications for the scholarship are accepted from any Newfoundland and Labrador high school student commencing first-year, full-time art studies. In partnership with the Department of Education, which provides \$200,000, Equinor also contributes \$17,500 to the Arts in Education initiative for ArtsNL to administer the School Touring and ArtsSmarts programs.

F. James Consulting Inc.

ArtsNL partnered again with F. James Consulting Inc., Picture NL, and NTV Broadcasting Corporation to produce a final season of **Home, It's Where the Art Is**.

Stemming from the success of the previous season, this last six-episode mini-series will continue to showcase the arts sector in Newfoundland and Labrador. This includes the producer's expanded partnership with SCETV-PBS out of South Carolina. Last season resulted in a one-hour special currently airing on over 100 television stations in select US markets. Not only does this provide new export opportunities for local artists, but it is an additional tourism marketing product for the province.

Report on Performance

Issue # 1: Responding to the Changing needs of the Arts Community

ArtsNL has spent more than four decades fostering and promoting the creation and enjoyment of the arts for the benefit of all Newfoundlanders and Labradorians. The last number of years have been some of the most difficult years to navigate, amid a global pandemic. The arts community is undergoing a transformation and ArtsNL remains integral to the long-term growth and sustainability of the arts community.

2023-24 Objective

As the Newfoundland and Labrador arts community continues to transform, ArtsNL must ensure its programs and policies can effectively support the continued growth and sustainability of the provincial arts ecosystem. By March 31, 2024, ArtsNL will have effectively responded to the shifting priorities of the arts community through programs and policies.

Indicator 1: Completed focus groups with program stakeholders.

Four focus groups were completed with program stakeholders to critically assess programs, identify adjustment areas, explore program improvements and evaluation mechanisms to respond to the changing needs of the arts community.

Indicator 2: Completed a jurisdictional review of other similar programs.

Arts funding programs across Canada were reviewed to see how they approached/responded to similar challenges and opportunities. Consulting with the leadership of other arts councils around challenges and the desire for change, clarified how other jurisdictions framed their issues. It also revealed their successes, the challenges they faced along the way, and identified opportunities to work together on a national level.

Indicator 3: Hired an Indigenous Outreach Officer

In April 2023, ArtsNL hired an Indigenous Outreach Officer in Happy Valley-Goose Bay responsible for building relationships between ArtsNL and artists in the communities of Nunatukavut, Nunatsiavut, Innu Nation, Miawpukek First Nation, Qalipu First Nation, and Indigenous artists from other Nations residing in Newfoundland and Labrador. The officer's role is to raise awareness of ArtsNL programs, as well as other public arts funding opportunities for Indigenous artists, advise and guide on the development of Indigenous arts programming, and provide support to Indigenous artists wishing to apply.

Indicator 4: Created an Indigenous Advisory Circle

ArtsNL formed an Indigenous Advisory Circle with representatives from the distinct Indigenous groups of Newfoundland and Labrador. Circle members not only provide counsel on the development of Indigenous programming, but they also bring knowledge and experience from their respective communities. Circle members also help ArtsNL shape policy and criteria to better support Indigenous artists and build lasting relationships with Indigenous communities. These Circle members are integral to ArtsNL's understanding of Indigenous ways of knowing, creating and sharing, and will continue to transform our approach to program and policy development.

Opportunities and Challenges

Opportunities

Consistent and targeted engagement has offered an in-depth look at the existing challenges facing the arts community, particularly as it relates to professional arts organizations who have shouldered much stress over the last four years. Critical issues have been raised and collective solutions sought. All professional arts organizations

feed into the health and well-being of the provincial arts ecosystem and these open conversations have led to a better understanding of the gaps and challenges, and how we can best work together to ensure a sustainable arts sector. It has also led to an exploration of shared information and resources, mentorship, and long-term human resource planning.

Since the establishment of ArtsNL's Indigenous Advisory Circle and the hiring of the Indigenous Outreach Officer, the number of Indigenous artists reaching out to explore funding options has significantly increased. The opportunity to provide funding to Indigenous artists, some of whom had not previously sought out support, ensures the creation and dissemination of Indigenous art and increases marketing and development opportunities for those artists.

Challenges

Professional arts organizations continue to grapple with transformational change. An exodus of senior arts administrators and artistic leadership from pandemic burnout is a worrisome trend, culminating in a loss of corporate knowledge and seasoned mentors. Lack of support staff and a non-living wage threatens this training ground for the next generation of professional artists. Administrators have begun advocating for increased core support for organizations to retain top talent.

New professional arts organizations and community-led arts groups continue to emerge, and their infrastructure and project sophistication is increasing. These organizations expect access to ArtsNL funding to continue their artistic growth. While ArtsNL's incremental budget increase from \$2 million to \$5million between 2018 and 2021 provided increases to operating programs to encourage sustainable growth in the arts sector, this increase has now been negated by inflation.

The high cost of living continues to plague individual professional artists also as they struggle to cover the rising costs of materials, studio spaces, and touring. The costs associated with purchasing and shipping materials remain high, particularly for remote parts of the province. This forces some artists to defer their art in pursuit of jobs to pay the bills or leave the space all together, which is renewing calls to improve the working conditions and income security for artists.

ArtsNL remains a willing and active participant in important conversations around decolonization, inclusion, equity, diversity, and accessibility, as well as prioritizing an Indigenous-centered approach to relationship-building in the arts. The sector is also exploring the role of arts in climate action, climate justice and other social justice issues, which is affecting how arts is created, exported and purchased.

As the world increasingly comes to rely on a virtual environment and with the emergence of artificial intelligence (AI) tools—copyright, royalties, and residuals are becoming a larger part of the artist conversation. The literary community has grave concerns regarding their copyrighted material being used in generative AI models, lack of remuneration for their work being exploited through AI, and an influx of AI-generated books that writers fear will eventually lead to the loss of their livelihood.

Broadband and internet access remain ongoing challenges for artists, especially in parts of rural Newfoundland and in Labrador. It is impossible for many rural artists to grow their practice into a reliable digital space like their colleagues in urban areas.

Financial Information

**NEWFOUNDLAND AND LABRADOR
ARTS COUNCIL**

FINANCIAL STATEMENTS

MARCH 31, 2024

Management's Report

Management's Responsibility for the Newfoundland and Labrador Arts Council's 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.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and 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 internal financial information on a periodic basis and external audited financial statements yearly.

The Office of 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 Office of 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.

A handwritten signature in blue ink that reads "Melanie Martin". The signature is fluid and cursive, with the first name "Melanie" and the last name "Martin" clearly distinguishable.

Melanie Martin
Executive Director



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of Newfoundland and Labrador Arts Council (the Council), which comprise the statement of financial position as at March 31, 2024, and the statement of operations, statement of change in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2024, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

Independent Auditor's Report (cont.)

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.

Independent Auditor's Report (cont.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

August 12, 2024
St. John's, Newfoundland and Labrador

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

As at March 31

2024

2023

FINANCIAL ASSETS

Cash and cash equivalents	\$ 1,757,271	\$ 748,885
Accounts receivable (Note 4)	162,397	33,269
Portfolio investments (Note 5)	551,041	476,928
Restricted cash (Note 21)	75,000	-
	2,545,709	1,259,082

LIABILITIES

Accounts payable and accrued liabilities (Note 6)	313,738	316,656
Deferred revenue (Note 7)	1,309,176	80,000
Cash held in trust (Note 21)	75,000	-
	1,697,914	396,656
Net financial assets	847,795	862,426

NON-FINANCIAL ASSETS

Tangible capital assets (Note 9)	28,448	22,170
Prepaid expenses	59,313	5,065
Arts Fund (Note 10)	53,673	53,673
	141,434	80,908
Accumulated surplus	\$ 989,229	\$ 943,334

Contingent liability (Note 15)
Contractual obligations (Note 22)

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
For the Year Ended March 31

	2024 Budget	2024 Actual	2023 Actual
	Unaudited (Note 17)		
REVENUES			
Province of Newfoundland and Labrador			
Grants	\$ 5,018,000	\$ 5,214,191	\$ 5,218,000
Projects (Note 11)	258,000	51,007	82,523
Interest revenue	13,500	121,815	43,700
Donations revenue (Note 7)	-	-	50
Other revenue	-	22,700	168
Year of the Arts (Note 20)	-	784,633	-
	5,289,500	6,194,346	5,344,441
EXPENSES (Note 12)			
Grants			
Annual Operating	300,000	344,390	310,748
Community Arts	100,000	112,753	102,172
Professional Artists Travel Fund grants	100,000	156,306	142,739
Professional Project Grants Program	1,700,000	1,752,331	2,009,308
Sustaining Program for Professional Arts Organizations	1,875,000	1,970,010	1,970,010
Year of the Arts (Note 20)	-	720,000	-
	4,075,000	5,055,790	4,534,977
Year of the Arts expenses (Note 20)	-	64,633	-
Projects (Note 13)	350,000	322,434	340,189
Operating expenses (Note 14)	666,298	705,594	679,931
	5,091,298	6,148,451	5,555,097
Annual surplus (deficit)	198,202	45,895	(210,656)
Accumulated surplus, beginning of year	943,334	943,334	1,153,990
Accumulated surplus, end of year	\$ 1,141,536	\$ 989,229	\$ 943,334

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

	2024 Budget Unaudited (Note 17)	2024 Actual	2023 Actual
Annual surplus (deficit)	\$ 198,202	\$ 45,895	\$ (210,656)
Tangible capital assets			
Acquisition of tangible capital assets	-	(14,046)	(9,560)
Amortization of tangible capital assets	10,800	7,768	7,178
	10,800	(6,278)	(2,382)
Prepaid expenses			
Acquisition of prepaid expenses	-	(59,313)	(5,065)
Use of prepaid expense	-	5,065	5,846
	-	(54,248)	781
Arts Fund	-	-	(50)
Increase (decrease) in net financial assets	209,002	(14,631)	(212,307)
Net financial assets, beginning of year	862,426	862,426	1,074,733
Net financial assets, end of year	\$ 1,071,428	\$ 847,795	\$ 862,426

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

	2024	2023
Operating transactions		
Annual surplus (deficit)	\$ 45,895	\$ (210,656)
Adjustment for non-cash items		
Amortization of tangible capital assets	7,768	7,178
	53,663	(203,478)
Change in non-cash working capital		
Accounts receivable	(129,128)	12,453
Accounts payable and accrued liabilities	(2,918)	67,502
Deferred revenue	1,229,176	(20,000)
Prepaid expenses	(54,248)	781
Arts Fund	-	(50)
Cash provided from (applied to) operating transactions	1,096,545	(142,792)
Capital transactions		
Purchase of tangible capital assets	(14,046)	(9,560)
Cash applied to capital transactions	(14,046)	(9,560)
Investing transactions		
Purchase of portfolio investments	(1,206,623)	(2,546,905)
Redemption of portfolio investments	1,132,510	3,323,977
Cash (applied to) provided from investing transactions	(74,113)	777,072
Increase in cash	1,008,386	624,720
Cash, beginning of year	748,885	124,165
Cash, end of year	\$ 1,757,271	\$ 748,885

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

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

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 ten 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 remeasurement gains and losses as the Council does not enter into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

(b) Cash

Cash includes cash in bank, less any amount restricted for the Arts Fund.

(c) Financial instruments

The Council's financial instruments recognized on the statement of financial position consist of cash and cash equivalents, accounts receivable, portfolio investments and accounts payable and accrued liabilities. 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. Financial assets measured at cost include cash and cash equivalents, accounts receivable and portfolio investments. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying value of cash and cash equivalents, accounts receivable, portfolio investments and accounts payable and accrued liabilities 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.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

2. Summary of significant accounting policies (cont.)

(d) Employee future benefits

The Council and its employees are subject to the Public Service Pensions Act, 2019. Employee contributions are matched by the Council and then remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This pension plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

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.

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

Office equipment	5 years
Computer equipment	3 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.

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.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

2. Summary of significant accounting policies (cont.)

(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.

Revenue from projects is recorded when the performance obligation of administering the project has been satisfied.

Interest revenue 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. An item requiring the use of significant estimates is the useful life of tangible capital assets.

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, 2024

3. Change in accounting policy

The Council adopted PS 3400 Revenue, effective April 1, 2023, which establishes standards on how to account for and report on revenue. PS 3400 sets out general guidance for how entities recognize, measure, present and disclose revenue arising from transactions that include performance obligations (exchange transactions) and transactions that do not have performance obligations (non-exchange transactions). There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied.

PS 3400 has been applied prospectively to these financial statements and, as permitted by the transitional provisions, prior periods were not restated.

The implementation of this new Section did not have a material impact on the financial statements.

4. Accounts receivable

	<u>2024</u>	<u>2023</u>
Harmonized sales tax receivable	\$ 33,426	\$ 17,613
Province of Newfoundland and Labrador (Note 18)	120,000	-
Trade accounts receivable	8,971	15,656
	<u>\$162,397</u>	<u>\$ 33,269</u>

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

5. Portfolio investments

	<u>2024</u>	<u>2023</u>
Portfolio investments, at cost	\$ 551,041	\$ 476,928
Portfolio investments, at market	<u>\$ 551,041</u>	<u>\$ 476,928</u>

Investments consist of a Guaranteed Investment Certificate with a maturity date of December 7, 2024 and an interest rate of 4.75%.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

6. Accounts payable and accrued liabilities

	<u>2024</u>	<u>2023</u>
Trade accounts payable	\$ 262,684	\$ 278,327
Accrued employee benefits	51,054	38,329
	<u>\$ 313,738</u>	<u>\$ 316,656</u>

7. Deferred revenue

	<u>2024</u>	<u>2023</u>
Year of the Arts	\$ 1,240,367	\$ -
ArtsSmarts	18,809	-
Donations	50,000	-
Culture Connection School Touring	-	80,000
	<u>\$ 1,309,176</u>	<u>\$ 80,000</u>

8. Employee future benefits

Public Service Pension Plan

The Council and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pensions Act, 2019 (the Act). The Plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The Plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees is 11.85% (2023 - 11.85%). The Council's contributions equal the employee contributions of the Plan. Total pension expense for the Council for the year ended March 31, 2024 was \$43,382 (2023 - \$44,698).

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

9. Tangible capital assets

	Office equipment	Computer equipment	Total
Cost			
Balance, March 31, 2023	\$ 36,009	\$ 37,896	\$ 73,905
Acquisition of tangible capital assets	2,662	11,384	14,046
Disposals	(17,204)	-	(17,204)
Balance, March 31, 2024	21,467	49,280	70,747
Accumulated amortization			
Balance, March 31, 2023	32,445	19,290	51,735
Amortization expense	865	6,903	7,768
Disposals	(17,204)	-	(17,204)
Balance, March 31, 2024	16,106	26,193	42,299
Net book value, March 31, 2024	\$ 5,361	\$ 23,087	\$ 28,448
Net book value March 31, 2023	\$ 3,564	\$ 18,606	\$ 22,170

10. 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 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. The principal portion of the Fund is included in non-financial assets as these funds are restricted and are not available for use for operations or capital purchases. 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. The accumulated interest earned on the restricted funds is held as a designated asset until it is withdrawn. For the year ended March 31, 2024, \$1,515 (2023 - \$929) was earned through investment of the Fund and is included with interest revenue. The audited financial statements for the year ended March 31, 2023 disclosed the interest earned as \$50, the correct amount is \$929.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

10. Arts Fund (cont.)

	<u>2024</u>	<u>2023</u>
Restricted funds		
Province of Newfoundland and Labrador	\$ 40,000	\$ 40,000
Gifts and bequests as per Section 12 (2) of the Arts Council Act	13,673	13,673
	<u>\$ 53,673</u>	<u>\$ 53,673</u>

At March 31, 2024, the Guaranteed Investment Certificate included restricted funds in the amount of \$53,673 (2023 - \$53,673).

Accumulated interest on restricted funds

Accumulated interest, beginning of year	\$ -	\$ -
Interest earned	1,515	929
Interest allocated for operations	(1,515)	(929)
	<u>\$ -</u>	<u>\$ -</u>

11. Revenues - Projects

	<u>2024</u> <u>Budget</u> <u>Unaudited</u> <u>(Note 17)</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Winterset Awards	\$ 35,000	\$ 28,007	\$ 29,544
Arts in Education	220,000	20,000	20,000
Ross Leslie Award	500	500	500
Rhonda Payne Award	500	500	750
CPAF Annual Meeting	-	-	29,729
Gerry Porter Award	2,000	2,000	2,000
	<u>\$ 258,000</u>	<u>\$ 51,007</u>	<u>\$ 82,523</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

12. Expenses by object

	2024 <u>Budget</u> Unaudited (Note 17)	2024 <u>Actual</u>	2023 <u>Actual</u>
Grants and awards	\$ 4,293,000	\$ 5,362,905	\$ 4,808,035
Salaries and employee benefits	492,598	560,728	567,058
Purchased services	180,500	125,913	96,157
Travel	40,000	17,958	18,031
Professional services	54,400	59,835	43,406
Amortization	10,800	7,768	7,178
Telephone	20,000	13,344	15,232
	\$ 5,091,298	\$ 6,148,451	\$ 5,555,097

13. Expenses – Projects

	2024 <u>Budget</u> Unaudited (Note 17)	2024 <u>Actual</u>	2023 <u>Actual</u>
Arts Awards	\$ 50,000	\$ 45,453	\$ 36,162
Arts Smarts	135,000	123,691	150,670
Ross Leslie Award	500	500	500
Rhonda Payne Award	500	500	500
School Touring Program	75,000	75,000	73,307
Winterset Award	35,000	28,007	29,544
Arts NL Website	2,000	600	1,425
Home is Where the Art is	50,000	40,291	22,000
Indigenous Outreach	-	3,184	-
Strategic Initiatives	-	3,208	-
CPAF Annual Meeting	-	-	24,081
Gerry Porter Award	2,000	2,000	2,000
	\$ 350,000	\$ 322,434	\$ 340,189

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

14. Operating expenses

	2024 <u>Budget</u> Unaudited (Note 17)	2024 <u>Actual</u>	2023 <u>Actual</u>
Amortization	\$ 10,800	\$ 7,768	\$ 7,178
Legal fees	1,000	7,415	-
Micellaneous	33,000	35,297	22,357
Office and postage	10,500	13,348	9,669
Project evaluating fees	48,400	47,520	38,201
Salaries and employee benefits	492,598	560,728	567,058
Telephone	20,000	13,344	15,232
Travel and Council meetings	45,000	15,274	18,031
Professional Fees	5,000	4,900	2,205
	\$ 666,298	\$ 705,594	\$ 679,931

15. Contingent liability

A Statement of Claim has been served on the Council by an applicant related to the loss of grant funding. The Council has filed a defense. This claim has not progressed far enough to enable the formation of a definite opinion as to its outcome. Therefore, the likelihood and the amount of loss to the Council is not determinable at this time.

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. There was no significant change in the Council's exposure to these risks or its processes for managing these risks from the prior year.

16. Financial risk management (cont.)

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 and cash equivalents, portfolio investments and accounts receivable. The Council's maximum exposure to credit risk is the carrying amounts of these financial instruments. 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 and the Province of Newfoundland and Labrador. 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. 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 its portfolio investments because these investments have fixed rates and fixed values at maturity.

17. Budgeted figures

During the current year, the Council approved a one-time budget increase of \$220,000 for Sustaining Program for Professional Arts Organizations. The Council also approved permanent increases of \$100,000 for the Annual Operating Program and \$50,000 for the Professional Artist Travel Fund.

Budgeted figures, which have been prepared primarily on a cash basis, are provided for comparison purposes and have been derived from the estimates approved by the Council. Budgeted figures included in the financial statements are not audited.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

18. Related party transactions

- (a) The Council receives grant funding from the Province of Newfoundland and Labrador. During the year, the Council received grants totaling \$5,233,000 (2023 - \$5,218,000). The Council recognized \$5,214,191 (2023 - \$5,218,000) in revenue from the Province of Newfoundland and Labrador, including deferred revenue recognized in the fiscal year in which it is spent.
- (b) During the year, the Council received grants totaling \$2,025,000 (2023 - \$0) from Celebrate NL Inc., a Crown Corporation of the Province of Newfoundland and Labrador. See Note 20 for further details.
- (c) The Council provided office equipment with a carrying value of \$0 to the Heritage Foundation of Newfoundland and Labrador during the 2023-2024 year. No consideration was received for this non-reciprocal related party transaction, and there is no financial impact to the Council as a result of this transaction having occurred. These parties are included within the Province of Newfoundland and Labrador's government reporting entity.
- (d) Accounts receivable includes \$120,000 (2023 - \$0) due from the Province of Newfoundland and Labrador through the normal course of business.

19. Non-financial assets

The recognition and measurement of non-financial assets, other than the restricted assets of the Arts Fund, is based on their service potential. These assets will not provide resources to discharge liabilities of the Council. For these non-financial assets, the future economic benefit consists of their capacity to render service to further the Council's objectives. The restricted assets of the Arts Fund are not available to provide resources to discharge the liabilities of the Council as outlined in Note 10.

20. Year of the Arts

The Province of Newfoundland and Labrador designated 2024 as "Year of the Arts" to celebrate artistic works and contributions in Newfoundland and Labrador. Newfoundland and Labrador Arts Council was identified as a service delivery partner by the Government of Newfoundland and Labrador in this initiative. \$2,025,000 of funding was provided to the Council from Celebrate NL Inc. to undertake new programming and to top-up existing programs. As of March 31, 2024, revenues totalling \$784,633 related to Year of the Arts have been recognized with the remaining \$1,240,367 deferred for use in 2024-25.

21. Restricted cash

In March 2024, the Council received \$75,000 from a registered charity and held this cash in trust for St. John's Fashion Week. No commission was taken by the Council and funds were disbursed in full to the intended recipient in April 2024.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

22. Contractual obligations

As at March 31, 2024, the Council entered into a lease with the following payment schedule.

2025	\$ 40,562
2026	40,562
2027	40,562
2028	40,562
2029	27,042
	<hr/>
	\$189,290



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

August 12, 2024

Ref: DP52-F2824

Mr. David Brown
Chairperson
Newfoundland and Labrador Arts Council
P.O. Box 98, Station C
St. John's, Newfoundland and Labrador
A1C 5H5

Dear Mr. Brown:

We enclose three copies of the audited financial statements of the Newfoundland and Labrador Arts Council for the year ended March 31, 2024. After signing, please return a copy to us.

The Comptroller General has indicated that a signed copy of the audited financial statements should also be forwarded to that Office.

Yours truly,

SANDRA RUSSELL, CPA, CA
Deputy Auditor General

Enclosure

c.c. Honourable Steve Crocker
Minister of Tourism, Culture, Arts
and Recreation

Ms. Julie Moore, CPA, CMA, MBA
Comptroller General of Finance (A)