



Photo: Cylla von Tiedemann

---

The Sampradaya Dance Creations' 1998 premiere of *Drishya Kavya* at the Meadowvale Theatre in Mississauga, Ontario, choreographed and performed by Lata Pada.

# Financial Report

# Financial Report

Financial Overview .....	33
Management's Responsibility for Financial Reporting .....	36
Auditor's Report .....	37
Financial Statements .....	38



Photo: Pacal Sanchez

Kids with books during "Les livres dans la rue," organized by Les Amis de la Bibliothèque de Montréal, summer 1998. With funding from the Council's Co-operative Projects in Writing and Publishing, "Les livres dans la rue" helps bring children and books together in an accessible, friendly setting.

# Financial Overview

The Council's objective of maximizing the grants to artists and arts organizations continues to be a priority. Last year the government approved additional funding for the Council of \$25 million a year for five years. During the year, the additional funds gave the Council the opportunity to begin addressing the strategic priorities identified in the corporate plan. In addition, the government approved \$10 million for three years for the Millennium Arts Fund.

## Revenue

With the volatility in the global equity markets during the year, the Council's investment managers were active in their management of the Council's investment portfolios. As a result, investment income was significantly higher than the previous year.

## Grant Expenditures

Grant expenditures on arts programs, Public Lending Right Commission and Millennium arts projects increased to \$114.6 million, reflecting the additional funding for the Millennium Arts Fund and a full year of grants committed from the additional funding of \$25 million. In addition, some of the uncommitted funds from the previous year were spent during 1998-99.

## Services and Operating Expenditures

During the year, due to the additional funding of \$25 million, the Council had higher adjudication costs as well as the costs of undertaking a number of outreach and dissemination initiatives to provide an opportunity for the arts community better to understand the Council. Administration

expenses increased mostly due to salary and benefit costs caused by a general increase for staff after six years of a government-imposed wage freeze and additional costs for professional services.

## Other Items

The reporting guidelines issued by the Canadian Institute of Chartered Accountants require that government assistance be excluded from revenue and disclosed separately immediately before net income.

## Investment Strategy

The Council's investment objective is to generate sufficient annual returns to supplement the Council's Parliamentary Appropriation while maintaining the purchasing power of the endowed capital. The Canada Council's formula for prudent and diligent management of its endowment funds has four key elements:

- an investment committee of business and finance professionals;
- a clear and precise mandate and sound investment policies;
- investment managers for managing day-to-day investments; and
- a fund evaluation service to monitor investment manager performance.

To ensure the long-term purchasing power of the funds and to obtain better returns to help finance the Council's activities, most of the Canada Council and Other Endowments assets are invested in global equity markets, including Canada. Because of restrictions placed on the Killam Endowments by the donor, most of its assets are invested in a balanced Canadian portfolio.



*If you want peace, prepare for war*, by visual artist Geoff Butler of Granville Ferry, Nova Scotia, who received an Established Artist grant in 1998/99.

## Investment Report

As at 31 March 1999, the market value of the portfolio totalled \$278 million, no change from the previous year. The global markets declined during the year, particularly in the last quarter of 1998. The table below shows the performance of the Canada Council and Other Endowments as well as the Killam Endowments for the current year and the past five years on an annualized basis.

	Canada Council and Other Endowments		Killam Endowments	
	1 YEAR	5 YEARS	1 YEAR	5 YEARS
Total Fund Return	4.4%	13.2%	4.2%	11.6%
Inflation Rate	1.0	1.5	1.0	1.5
Real Return	3.4%	11.7%	3.2%	10.1%

The current year total fund return was affected by the volatility in the global equity markets, but the performance compares favourably to the Canadian stock market that had a current year return of *negative* 11.3% as measured by the Toronto Stock Exchange (TSE) 300 Index.

## INVESTMENT COMMITTEE

Investment Committee membership as at 31 March 1999 comprises:

**John W. Crow** (Chairman)

**Jean-Louis Roux** Chairman, Canada Council for the Arts

**François Colbert** Vice-Chairman, Canada Council for the Arts

**Michel Thérout** President, Jas. A. Ogilvy Inc.

**John H. Matthews** Consultant

**Nancy Orr-Gaucher** President, Groupe Dynamix

**J. William E. Mingo** Partner, Stewart McKelvey Sterling Scales

**Tania Willumsen** Consultant

## AUDIT & FINANCE COMMITTEE

The membership as at 31 March, 1999 comprises the following Council members:

**François Colbert** (Chairman)

Jean-Louis Roux

Claudette Lizotte

Irving Zucker



# Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canada Council and all the information in this annual report are the responsibility of Management and have been approved by the Council.

The financial statements have been prepared by Management in accordance with generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Canada Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the organization's assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its Audit and Finance Committee.

The Audit and Finance Committee is appointed by the Council and its members are Council members. The Committee meets periodically with Management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditor's report. The Committee reports its findings to Council for consideration when approving the financial statements.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Canada Council, and for issuing his report thereon.

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Acting Secretary-Treasurer

May 21, 1999



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

**AUDITOR'S REPORT**

To the Canada Council  
and the Minister of Canadian Heritage

I have audited the balance sheet of the Canada Council as at March 31, 1999 and the statements of operations, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'R. Flageole'.

Richard Flageole, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
May 21, 1999



# Financial Statements


as at March 31, 1999

## CANADA COUNCIL Balance Sheet

(in thousands of dollars)

	1999	1998
<b>ASSETS</b>		
Current Assets		
Cash and short-term deposits (Note 3)	\$ 15,042	\$ 11,068
Accrued investment income	2,292	3,298
Accounts receivable	1,095	1,153
Deferred charges	1,310	1,541
	<u>19,739</u>	<u>17,060</u>
Investments (Note 4)	247,036	235,165
Works of art and musical instruments (Note 5)	19,027	18,496
Other capital assets, net (Note 6)	<u>3,221</u>	<u>2,199</u>
Total Assets	<u>\$ 289,023</u>	<u>\$ 272,920</u>
<b>LIABILITIES</b>		
Current Liabilities		
Grants payable	\$ 24,577	\$ 19,328
Accounts payable and accrued liabilities (Note 7)	<u>2,639</u>	<u>2,660</u>
	<u>27,216</u>	<u>21,988</u>
Deferred credits (Note 8)	2,768	3,463
Deferred contributions (Note 9)	<u>4,810</u>	<u>5,002</u>
Total Liabilities	<u>34,794</u>	<u>30,453</u>
<b>PRIVATE ENDOWMENTS (Note 10)</b>	<u>66,895</u>	<u>63,311</u>
<b>EQUITY</b>		
Endowment		
Original contribution	50,000	50,000
Appropriated surplus	<u>108,770</u>	<u>96,770</u>
	<u>158,770</u>	<u>146,770</u>
Surplus		
Works of art and musical instruments	19,027	18,496
Operating	<u>9,537</u>	<u>13,890</u>
	<u>28,564</u>	<u>32,386</u>
Total Equity	<u>187,334</u>	<u>179,156</u>
Total Liabilities, Private Endowments and Equity	<u>\$ 289,023</u>	<u>\$ 272,920</u>

On behalf of the Council:



Chair



Vice Chair

(See accompanying notes to the financial statements)

for the year ended March 31, 1999

CANADA COUNCIL  
**Statement of Operations**

(in thousands of dollars)

	1999	1998
<b>REVENUE</b>		
Net investment income (Note 11)	\$ 22,747	\$ 14,485
Other	<u>1,286</u>	<u>827</u>
Total Revenue	<u>24,033</u>	<u>15,312</u>
<b>EXPENSES</b>		
Programs		
Grants (Schedule 2)	114,560	103,866
Administration (Schedule 3)	6,080	5,519
Services	<u>2,584</u>	<u>1,360</u>
	123,224	110,745
Canadian Commission for UNESCO (Note 12)	1,178	929
General administration (Schedule 3)	7,552	6,917
Net Art Bank costs (Note 12)	<u>601</u>	<u>463</u>
Total Expenses	<u>132,555</u>	<u>119,054</u>
Net loss before parliamentary appropriation	108,522	103,742
Parliamentary appropriation	<u>116,169</u>	<u>113,968</u>
<b>Net income</b>	<b>\$ <u>7,647</u></b>	<b>\$ <u>10,226</u></b>

for the year ended March 31, 1999

CANADA COUNCIL  
**Statement of Changes in Equity**

(in thousands of dollars)

	1999	1998
<b>ENDOWMENT</b>		
Original contribution	\$ <u>50,000</u>	\$ <u>50,000</u>
Appropriated surplus		
Balance at beginning of the year	96,770	94,770
Appropriated from surplus during the year	<u>12,000</u>	<u>2,000</u>
Balance at end of the year	<u>108,770</u>	<u>96,770</u>
<b>Balance of Endowment at end of the year</b>	<b>\$ <u>158,770</u></b>	<b>\$ <u>146,770</u></b>
<b>SURPLUS</b>		
Works of art and musical instruments		
Balance at beginning of year	\$ 18,496	\$ 18,605
Net additions (disposals) and adjustments during the year	<u>531</u>	<u>(109)</u>
Balance at end of the year	<u>19,027</u>	<u>18,496</u>
Operating		
Balance at beginning of the year	13,890	5,664
Net income	7,647	10,226
Appropriated during the year	<u>(12,000)</u>	<u>(2,000)</u>
Balance at end of the year	<u>9,537</u>	<u>13,890</u>
<b>Balance of surplus at end of the year</b>	<b>\$ <u>28,564</u></b>	<b>\$ <u>32,386</u></b>

(See accompanying notes to the financial statements)

for the year ended March 31, 1999

CANADA COUNCIL  
**Statement of Cash Flows**

*(in thousands of dollars)*

	1999	1998
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 7,647	\$ 10,226
Items not affecting cash		
Amortization - other capital assets	793	710
Amortization - other capital assets - Art Bank	5	-
	<u>8,445</u>	<u>10,936</u>
Change in non-cash operating assets and liabilities	<u>5,636</u>	<u>(574)</u>
Cash flows from operating activities	<u>14,081</u>	<u>10,362</u>
<b>FINANCING ACTIVITIES</b>		
Endowment contributions received	<u>-</u>	<u>263</u>
Cash flows from financing activities	<u>-</u>	<u>263</u>
<b>INVESTING ACTIVITIES</b>		
Investment income credited directly to private endowments	2,427	766
Investment income internally restricted to private endowments	1,157	-
Net increase in investments	(11,871)	(14,073)
Acquisition of other capital assets	(1,824)	(477)
Proceeds from sale of other capital assets	<u>4</u>	<u>-</u>
Cash flows used in investing activities	<u>(10,107)</u>	<u>(13,784)</u>
Increase (decrease) in cash and cash equivalents	3,974	(3,159)
Cash and cash equivalents at beginning of the year	<u>11,068</u>	<u>14,227</u>
<b>Cash and cash equivalents at end of the year</b>	<b>\$ <u>15,042</u></b>	<b>\$ <u>11,068</u></b>

*(See accompanying notes to the financial statements)*

CANADA COUNCIL  
**Notes to Financial Statements**  
 March 31, 1999

1. *Authority, Operations and Objectives*

The Canada Council, established by the *Canada Council Act* in 1957, is not an agent of Her Majesty and is deemed to be a registered charity for the purposes of the *Income Tax Act*. In accordance with Section 85 of the *Financial Administration Act*, the Canada Council is exempt from Part X of this Act. The Canada Council is a national organization whose objectives are to foster and promote the study, enjoyment and production of works in the arts. These objectives are achieved through the giving of grants to professional Canadian artists and arts organizations. The Council has been assigned the functions and duties for the Canadian Commission for UNESCO.

2. *Significant Accounting Policies*

The most significant accounting policies are:

(a) Investments

Investments are recorded at cost and are written down to market value when the loss in value is considered to be other than a temporary decline.

(b) Works of art and musical instruments and other capital assets

Equipment and leasehold improvements are recorded at cost and amortized over their estimated useful lives using the straight-line method, as follows:

Office equipment	5 years
Leasehold improvements	term of the lease

Purchased works of art and musical instruments are recorded at cost. Donated works of art and musical instruments are recorded at their appraised value. No amortization is recorded on these assets.

(c) Employee termination benefits

Employees are entitled to specific termination benefits as provided for under the Council's policy and conditions of employment. The cost of these benefits is recorded as the benefits accrue to the employees.

(d) Parliamentary appropriation

Parliamentary appropriation is recognized as revenue in the year for which it is approved by Parliament. Parliamentary appropriations intended for future years received or approved by Parliament before the end of the year are recorded as deferred parliamentary appropriations.

(e) Contributions

The Canada Council follows the deferred contribution method of accounting for contributions.

Annual contributions are recognized as revenue in the year received or in the year the funds are committed to the Canada Council if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted net interest and dividends, unrestricted net realized capital gains or losses, Art Bank rental fees and other revenues are recorded as revenue in the year they are earned. Externally restricted investment income is recorded as deferred contributions and is recognized as revenue in the year in which the related expenses are incurred. Capital gains in the Killam Endowments are restricted by the donor and are added directly to the endowment.

Endowment contributions are recognized as direct increases to private endowments.

Contributions received in a form other than cash are recorded at their fair value at the date they are received by the Canada Council.

(f) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Council contribute equally to the cost of the Plan. This contribution represents the total pension liability of the Council. The Council is not required to make

contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(g) Post retirement benefits

Retired employees are entitled to participate in the Council's dental, medical and life insurance benefit programs. The Council expenses a maximum one-half of the cost of the medical benefits for retired employees on a pay-as-you-go basis. The costs for the remaining benefits are borne entirely by the retired employees.

(h) Grants

Grants are recorded as an expense in the year for which they are approved by Council. Cancelled grants and refunds of grants approved in previous years are shown as revenue.

3. *Cash and Short-Term Deposits*

The Canada Council invests temporary surplus cash in a short-term pooled fund managed by Lancaster Investment Counsel. All instruments held in the pooled fund are rated R1(low) or A(low) or better by a recognized bond rating agency. Except for federal and federally guaranteed instruments, no more than 10% of the short-term portfolio is invested with one issuer.

The net book value of short-term deposits as at March 31, 1999 and March 31, 1998 approximated the market value.

4. *Investments*

	1999		1998	
	Cost	Market Value (in thousands of dollars)	Cost	Market Value
<i>Canada Council and Other Endowments</i>				
Pooled funds	\$ 159,865	\$ 187,038	\$ 148,900	\$ 188,990
Bonds	28,983	29,278	29,658	30,188
Mortgages	<u>11</u>	<u>11</u>	<u>35</u>	<u>35</u>
	<u>188,859</u>	<u>216,327</u>	<u>178,593</u>	<u>219,213</u>
<i>Killam Endowments</i>				
Bonds	30,855	31,029	31,446	31,895
Pooled Funds	15,912	18,349	14,586	18,213
Equities	11,410	11,963	10,519	12,311
Mortgages	<u>—</u>	<u>—</u>	<u>21</u>	<u>21</u>
	<u>58,177</u>	<u>61,341</u>	<u>56,572</u>	<u>62,440</u>
Total investments	\$ <u>247,036</u>	\$ <u>277,668</u>	\$ <u>235,165</u>	\$ <u>281,653</u>

Pooled funds are in units of two global equity pooled funds, 49.9% in the Brinson Global Equity with Canada Fund for Canadian Charitable Trusts and 50.1% in the Templeton Master Trust - Series 2.

All bonds are rated "BBB" or better by a recognized bond rating agency. Except for federal and federally guaranteed instruments, no more than 10% of a manager's portfolio may be invested with one issuer. As at March 31, 1999, the Canada Council and other endowments and the Killam endowments have invested \$27,426,000 and \$29,143,000 in Government of Canada bonds with an average duration of six and one half years and a yield to maturity of 5.07%.

The investment in equities represents a diversified Canadian common equity portfolio made up of companies listed on the Toronto Stock Exchange 300 Index.

5. *Works of Art and Musical Instruments*

The Canada Council Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes 18,000 paintings, sculptures, drawings, photographs and prints by over 2,500 artists. The Canada Council Art Bank rents the art works to interested parties and presently has about 7,000 works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.



The Canada Council created the Musical Instrument Bank in 1985 and it presently owns four quality musical instruments. The first instrument, a Tecchler cello, was acquired through the fundraising efforts of W.I.M. Turner and cellist Denis Brott. The Brott-Turner-Tecchler cello is currently on loan to Denis Brott for the duration of his career. The second, the Windsor-Weinstein Stradivarius violin, was acquired through the generous transfer of the instrument to the Canada Council by the Ontario Heritage Foundation. The Windsor-Weinstein Stradivarius is currently on loan to James Ehnes for a period of three years. During the year the Canada Council acquired two instruments at an appraised value of \$462,000, the 1674 McConnell Petrus Ranta cello and the 1824 McConnell Nicolaus Gagliano cello, through a generous donation from the J. W. McConnell Family Foundation. The McConnell Petrus Ranta is currently on loan to Sophie Rolland for the duration of her career. The McConnell Nicolaus Gagliano will be loaned following a juried competition to be held during the next year.

6. *Other Capital Assets*

	1999			1998
	Cost	Accumulated amortization <i>(in thousands of dollars)</i>	Net Book Value	Net Book Value
Office equipment	\$ 4,614	\$ 3,129	\$ 1,485	\$ 368
Leasehold improvements	<u>4,757</u>	<u>3,021</u>	<u>1,736</u>	<u>1,831</u>
	<u>\$ 9,371</u>	<u>\$ 6,150</u>	<u>\$ 3,221</u>	<u>\$ 2,199</u>

7. *Accounts Payable and Accrued Liabilities*

	1999	1998
	<i>(in thousands of dollars)</i>	
Accrued liabilities	\$ 740	\$ 692
Accrued termination benefits	672	664
Accounts payable	509	432
Accrued payroll expenses	428	573
Accrued vacation pay	<u>290</u>	<u>299</u>
	<u>\$ 2,639</u>	<u>\$ 2,660</u>

8. *Deferred Credits*

	1999	1998
	<i>(in thousands of dollars)</i>	
Deferred lease inducement	\$ 2,447	\$ 2,994
Art Bank - rentals of works of art	321	349
Deferred rent	<u>—</u>	<u>120</u>
	<u>\$ 2,768</u>	<u>\$ 3,463</u>

The deferred lease inducement represents an inducement payment received from the landlord and is being amortized against rental accommodation expense over the term of the lease.

9. *Deferred Contributions*

Deferred contributions represent unspent externally restricted net income on endowments and contributions received by way of bequest and donations that have been restricted for specific purposes. In addition, deferred contributions include other sources of revenue that have been restricted for specific purposes. The funds of the endowments are included with the Canada Council's investment portfolio and a proportionate share for each endowment is calculated based upon the market value of the investment portfolio at the time the endowment was received. The externally restricted net income includes investment income (interest, dividends and net capital gains or losses) calculated annually as the proportionate share of each endowment plus any other sources of revenue. Revenue recognized

during the year is equal to the grants and administration expenses incurred in order to meet the specific purpose for each endowment.

	Deferred Contributions (in thousands of dollars)				
	Balance at beginning of year	Externally restricted net income	Revenue recognized during the year	Appropriated to (from) private endowments	Balance at end of year
Killam Fellowships and Prizes	\$ 927	\$ 2,547	\$ 2,284	\$ -	\$ 1,190
Molson Prize	279	276	216	289	50
Lynch-Staunton	367	284	100	451	100
John G. Diefenbaker	56	187	75	118	50
Joseph S. Stauffer	81	46	8	69	50
Coburn Fellowship	103	126	40	169	20
Jean A. Chalmers	22	157	40	-	139
Vida Peene	15	69	84	-	-
Frances Elizabeth and J.P. Barwick	(6)	29	16	-	7
Japan-Canada Literary Prize	27	30	-	45	12
York Wilson Prize	7	30	15	12	10
Duke and Duchess of York Prize	23	19	8	18	16
John Stephen Hirsch	34	15	17	-	32
John B.C. Watkins	195	18	-	-	213
Ronald J. Thom Award	5	13	-	-	18
Jean M. Beaudet	3	2	-	-	5
Petro-Canada	40	6	-	-	46
Fund for Future Generations	-	-	-	(14)	14
Glenn Gould Prize Fund	946	66	31	-	981
Japan-Canada Fund	1,330	62	102	-	1,290
Visiting Foreign Artists program	17	1	-	-	18
Canadian Commission for UNESCO	501	202	174	-	529
Commission Internationale du Théâtre Francophone	30	70	80	-	20
	\$ 5,002	\$ 4,255	\$ 3,290	\$ 1,157	\$ 4,810

#### 10. Private Endowments

Private endowments consist of restricted donations received by the Council. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by the donors. Also, the Council may internally restrict to private endowments a portion of the income earned. In addition, the Killam bequests require that all net capital gains or losses be applied to the principal.

Changes in private endowments are as follows:

	<u>1999</u>	<u>1998</u>
	<i>(in thousands of dollars)</i>	
Balance, beginning of year	\$ 63,311	\$ 62,281
Add donations received during the year		
York Wilson Prize	–	250
Other	–	14
	<u>–</u>	<u>264</u>
Add investment income credited directly to private endowments	2,427	766
Add investment income of the Special Funds internally restricted to private endowments	1,157	–
	<u>3,584</u>	<u>766</u>
Balance at end of year (Schedule 1)	\$ <u>66,895</u>	\$ <u>63,311</u>

11. *Net Investment Income*

	<u>1999</u>	<u>1998</u>
	<i>(in thousands of dollars)</i>	
Net gains on investments	\$ 18,563	\$ 6,188
Interest and dividends	9,301	11,675
Transferred from (to) deferred contributions	220	(987)
Investment portfolio management costs	(1,753)	(1,625)
Investment income credited directly to private endowments	(2,427)	(766)
Investment income of the Special Funds internally restricted to private endowments	(1,157)	–
	<u>\$ 22,747</u>	<u>\$ 14,485</u>

Investment income exceeded the expected amount this year due to the nature of the investment portfolio. The Council decided to appropriate part of the income from operating surplus to endowment in order to compensate for the fluctuations in investment income and to provide for the continued growth of the endowment.

12. *Canadian Commission for UNESCO and Net Art Bank Costs*

	<u>1999</u>	<u>1998</u>
	<i>(in thousands of dollars)</i>	
Canadian Commission for UNESCO		
Program	\$ 471	\$ 294
Administration	<u>707</u>	<u>635</u>
	<u>\$ 1,178</u>	<u>\$ 929</u>
Net Art Bank Costs		
Rental revenue	\$ (1,138)	\$ (1,128)
Other income	(48)	(90)
Administration	1,782	1,681
Amortization	<u>5</u>	<u>–</u>
	<u>\$ 601</u>	<u>\$ 463</u>

### 13. Commitments

- (a) Payments of grants extending into future years are subject to the provision of funds by Parliament. Future year grants approved prior to March 31, 1999 are payable as follows:

*(in thousands of dollars)*

2000	\$	36,291
2001		28,502
2002		5,453

- (b) The Council is party to long-term leases with respect to rental accommodation. The net minimum annual rental is as follows:

*(in thousands of dollars)*

2000	\$	3,286
2001		3,058
2002		3,058
2003		3,058
2004		1,945
2005 - 2010		1,962

For the year ended March 31, 1999, the annual rentals have been reduced by \$3,107,000 (1998 - \$2,847,000) as a result of sub-leases with Public Works and Government Services Canada and The Encon Group.

### 14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Council's ability to conduct normal business operations. The Canada Council has implemented an informatics plan identifying the expected effects of the Year 2000. An assessment of the readiness of third parties such as customers, suppliers and others is ongoing. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Council, including those related to the efforts of clients, suppliers, or other third parties, will be fully resolved.

### 15. Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council enters into transactions with Government of Canada departments, agencies and Crown corporations in the normal course of business, at the same trade terms applicable to all individuals and enterprises.

### 16. Comparative Figures

Certain of the 1998 figures have been reclassified to conform to the presentation adopted in 1999.

## Schedule 1

as at March 31, 1999

CANADA COUNCIL  
Schedule of Private Endowments

(in thousands of dollars)

	1999	1998
Killam Fellowships and Prizes	\$ 55,996	\$ 53,569
Molson Prize	2,577	2,288
Lynch-Staunton	2,570	2,118
John G. Diefenbaker	1,622	1,504
Coburn Fellowship	1,445	1,276
Vida Peene	600	600
Jean A. Chalmers	500	500
Joseph S. Stauffer	469	400
Japan-Canada Literary Prize	294	250
York Wilson Prize	262	250
Duke and Duchess of York Prize	188	170
John Stephen Hirsch	134	134
Frances Elizabeth and J.P. Barwick	113	113
Ronald J. Thom Award	107	107
Other	18	32
	<b>\$ 66,895</b>	<b>\$ 63,311</b>

## Schedule 2

for the year ended March 31, 1999

CANADA COUNCIL  
Schedule of Grant Expenses by Section

(in thousands of dollars)

	1999	1998
<i>Arts Programs (Note 9)</i>		
Music	\$ 21,558	\$ 21,127
Theatre	20,349	20,047
Writing and Publishing	17,415	17,812
Visual Arts	15,364	13,087
Dance	12,269	12,152
Media Arts	10,081	8,257
Public Lending Right Commission	8,033	8,033
Millennium Arts Fund	5,318	—
Other	1,370	1,140
<i>Killam Program</i>		
Killam Research Fellowships	1,795	1,489
Izaak Walton Killam Memorial Prizes	150	150

continued on following page



*Other Prizes and Awards*

Canada Council Molson Prizes	200	–
Japan-Canada Fund	102	223
Victor Martyn Lynch-Staunton Awards	100	86
Vida Peene Awards	84	–
John G. Diefenbaker Award	75	75
Commission Internationale du Théâtre Francophone	74	–
Other prizes and awards < \$50,000	<u>223</u>	<u>188</u>
	\$ <u>114,560</u>	\$ <u>103,866</u>

Schedule 3

for the year ended March 31, 1999

CANADA COUNCIL  
**Schedule of Administration Expenses** *(in thousands of dollars)*

	1999			1998
	Program	General Administration	Total	Total
Salaries	\$ 4,136	\$ 2,062	\$ 6,198	\$ 5,866
Employee benefits	734	495	1,229	1,051
Office accommodation	60	2,210	2,270	2,148
Professional and special services	399	669	1,068	684
Amortization	-	793	793	710
Printing, publications and duplicating	76	500	576	440
Staff travel	357	107	464	351
Communications	204	192	396	430
Information management	9	211	220	238
Meeting expenses including members' honoraria	56	141	197	275
Office expenses and equipment	10	167	177	192
Miscellaneous	<u>39</u>	<u>5</u>	<u>44</u>	<u>51</u>
	\$ <u>6,080</u>	\$ <u>7,552</u>	\$ <u>13,632</u>	\$ <u>12,436</u>