



# Annual Report

Canada Council for the Arts

2008/09



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Conseil des Arts  
du Canada



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350 Albert Street  
Post Office Box 1047  
Ottawa, Ontario K1P 5V8  
1-800-263-5588 or  
613-566-4414  
Fax: 613-566-4390  
info@canadacouncil.ca  
www.canadacouncil.ca

350, rue Albert  
Case postale 1047  
Ottawa (Ontario) K1P 5V8  
1-800 263-5588 ou  
613-566-4414  
Téléc. : 613-566-4390  
info@conseildesarts.ca  
www.conseildesarts.ca

Canada

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The 52<sup>nd</sup> Annual Report of the Canada Council for the Arts  
and supplementary information on grants, services and  
awards are available on the Council's website.



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## Message from the Chair



Canada Council Chair Joseph L. Rotman speaking at Rideau Hall during the presentation of the Governor General's Literary Awards in December 2008.  
Photo: Sgt. Serge Gouin, Rideau Hall



In August 2008, when I took up the chairmanship of the Canada Council for the Arts, my first sensation was profound admiration. I found the Council to be an organization of exceptional breadth and complexity. It was a key supporter of almost all the artistic activities in Canada that had enriched my life since my student days, and many contemporary arts practices of which I had little previous knowledge as well. It nourished a far-flung network of creative roots from urban centres to remote areas across the country. At home and abroad it was respected deeply for its leadership in the arts.

As I became more knowledgeable about the Council's internal workings, I found still more to admire. By the standards of the Canadian business world, the Council is an extraordinarily well-managed entity that, in its use of public funds, pays exemplary attention to best practices in accountability, transparency and reporting through its review and audit processes. Its information management systems are highly sophisticated and its electronic data storage and analysis are cutting edge. The Council is also blessed with the advantages of strong leadership, openness to innovation and extensive knowledge and experience at every level of its operations.

I believe that taxpayers are getting exceptional return for their dollars invested.

In finding the Council to be in almost every way a model of efficient and effective management, I was not alone. Two months before my arrival, at the Council's June 2008 Board meeting, the Auditor General of Canada delivered a positive report on the Council, the outcome of a Special Examination by her Office. The auditors examined the Council's systems and practices in the areas of grant management, governance, strategic planning, performance measurement and reporting to determine whether they ensure "that its assets are safeguarded and controlled, that its resources are managed economically and efficiently, and that its operations are carried out effectively." They investigated whether, in aiming to support artistic excellence, the Council ensures "that it awards financial support to the most deserving artists and arts organizations, and that it does so in a fair, consistent and objective manner."

In their report, the examiners concluded: "The systems and practices we examined had no significant deficiencies. In fact, the Canada Council's systems and practices have contributed to its success in several areas."

It is for many reasons, therefore, a true privilege and a source of immense pride for me to chair the Council.

I am particularly grateful to Vice-Chair Simon Brault for the insightful advice and practical support he has so unflinchingly provided. I could not ask for a better partner in leadership. I thank, too, all the members of the Board for their active commitment, their clarity of focus on the Council's mandate, and their important and substantive contributions.

Director Robert Sirman impresses me over and over with his understanding of management theory and his ability to maintain a management structure that supports and encourages the Council's vision and mission. On behalf of the Board, I thank him and all his staff for their dedication and expertise. Our country is deeply indebted to you all.

**Joseph L. Rotman**  
Chair

## Message from the Director



Canada Council Director Robert Sirman (left) is shown presenting the 2008 Walter Carsen Prize for Excellence in the Performing Arts to dancer and choreographer Margie Gillis in the company of Walter Carsen (Toronto, December 2008). Photo: C. Spicer / CP Images

Demand on the Council's resources was heavy in 2008-09, due not only to natural growth in the sector but also to the stress occasioned by the world-wide economic downturn. Organizations with endowment funds suffered especially, and corporate donations were down.

How timely, then, that the government made the \$30 million one-time increase in 2007-08 a permanent part of the Council's appropriation in 2008-09 – a welcome degree of financial stability in difficult times. In all, the Council received a parliamentary appropriation in 2008-09 of \$182 million and awarded 6,168 grants to artists and arts organizations in 689 communities across Canada.

Funding was allocated in accordance with the five directions in the Council's *Strategic Plan 2008-11*:

1. Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada;
2. Broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country;
3. Enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations;
4. Make partnerships with other organizations a key element in the Council's approach to advancing its mandate;
5. Enhance the Council's capacity to support the arts and implement change by strengthening its structure, staffing and services.

As also indicated in the Financial Overview, a decrease in granting for 2008-09 was offset by additional services to the arts community and greater investment in internal capacity as approved in the Strategic Plan.

A visit to Nunavut in April 2008 fulfilled my personal commitment to meet with artists in every province and territory on their home turf. These meetings impressed on me the great variety of arts practices being actively pursued across the country, and the relevance of the support provided by the Council in many different situations.

I was struck still more by seeing at close hand the importance of the Council's peer assessment system. Our program officers travel extensively, but the Council's capacity to perform effectively is heavily dependent on the professional observations and assessments of the peers who adjudicate our grant competitions (805 peers served on assessment committees in 2008-09).

On December 10, 2008 the Council held its first Annual Public Meeting – a welcome opportunity to highlight the Council's success in sustaining the cultural and artistic life of this country. This success is only possible because of the excellent work of the entire Council team, including its Board, and to all of them I extend my most sincere thanks.

**Robert Sirman**  
Director and CEO



## Management's Discussion and Analysis



Donnie Ray Albert as Rigoletto, in the Vancouver Opera production of *Rigoletto*. Photo: Tim Matheson

## Strategic Directions and Performance

Extensive stakeholder consultations that informed the development of *Moving Forward: Strategic Plan 2008-11* affirmed the Council's fundamental values and its essential role as Canada's national arts council. They also identified the need for change within the organization to respond effectively to changes in Canadian society and in the arts community. For the next three years, the Council will focus on the Plan's five interrelated strategic directions.

The Council's performance against the five directions is reported in greater detail in the Corporate Scorecard that follows. Some highlights of the Council's achievements in 2008-09 follow. (Comparison is made with 2005-06 as a "base year," since the Council received one-time funding in the two intervening years that was allocated to special purposes.)

### Direction 1: Individual Artists

**Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada.**

- Support increased by almost \$5 million or 25.2% over 2005-06.
- Development of a web portal was initiated, to improve access to resources for professional development and networking for artists, including young artists. It is expected to be on line by 2011-12.
- In 2008-09, the total value of the Council's prizes for excellence in the arts and scholarship was \$3,545,000. Celebratory activities were focused on prize presentations and promotions with the highest public impact: the Governor General's Literary Awards and the Governor General's Awards in Visual and Media Arts.

### Direction 2: Arts Organizations

**Broaden the Council's commitment to arts organizations to strengthen their capacity to underpin artistic practices in all parts of the country.**

- Investment in arts organizations through funding for operating grant programs increased to \$89,020,000, up 19.4% over 2005-06.
- Arts organizations received project funding of \$32,947,000, an increase of 19.6% over 2005-06.
- The Council provided \$11,998,629 in support for activities in an international context (to individual artists and arts organizations combined), an increase of 15.4% over 2005-06.

### Direction 3: Equity

**Enhance the Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations.**

- The Canada Council Art Bank, in collaboration with the Equity Office, purchased 55 artworks created by Canadian artists of African, Asian, Middle Eastern, Latin American or mixed racial heritage. These works, worth a total of \$225,000, will be rented to public and private sector clients as part of the Art Bank's regular operations.
- The Council provided \$780,000 in funding to ensure the continuation of capacity-building programs for culturally diverse and Aboriginal arts organizations.
- The Council commissioned a report on disability and Deaf arts in Canada and a review of the capacity building initiatives for culturally diverse and Aboriginal arts organizations in order to increase understanding and knowledge of these sectors of the artistic community.
- The Council ensured the continuation of support to artists and arts organizations in official-language minority situations, by replacing the \$800,000 that had formerly been provided by the Department of Canadian Heritage for this purpose.
- The Council signed a Memorandum of Understanding with the Department of Canadian Heritage that will see the budget for Canadian literary translations in English and in French increase by \$750,000 in 2009-10, as part of the implementation of the government's Roadmap for Canada's Linguistic Duality 2008-2013: Acting for the Future.

### Direction 4: Partnership

**Make partnerships with other organizations a key element in the Council's approach to advancing its mandate.**

- The Council has developed a formal framework to use partnerships (financial and other types) with other organizations, including other funders, as an effective and efficient alternative to expanding its own staff and programs, in areas where the Council has a deep interest but neither the mandate nor the resources to deliver direct programs.
- The Council has invested \$216,000 in CADAC (Canadian Arts Database / Données sur les arts au Canada), a partnership initiative with provincial and territorial arts funders to collect and share data on Canadian arts organizations, through a secure web site. The program for Operating Grants to Professional Theatre Organizations, whose deadline was March 1, 2009, was the first to require applicants to use CADAC.
- The Canadian Commission for UNESCO participated in 34 cultural partnership activities, in Canada and abroad, including the Canadian Arts and Learning Symposium at Queen's University.

## Direction 5: Organizational Development

Enhance the Council's capacity to support the arts and implement change by strengthening its structure, staffing and services.

- The Auditor General of Canada reported on the results of its first Special Examination of the Council. The report concluded that the Council's systems and practices have no significant deficiencies and that its systems and practices have contributed to its success.
- The Council undertook a series of comprehensive evaluations of its communications activities, including its web site and intranet site, to assist in significantly enhancing the use of digital media to reach key audiences effectively and efficiently, as part of a strategic, audience-centred communications approach.
- The Council undertook a series of preparatory steps toward the implementation of International Financial Reporting Standards in April 2010, including a diagnostic of its financial reporting activities, to ensure a seamless transition.
- The Council is putting in place an Integrated Risk Management Framework as part of its commitment to strengthen risk management practices.
- A number of initiatives were put in place to build the Council's talent pool and broaden its knowledge base, including an employee engagement survey and the development of role profiles and organizational key competencies.
- The Council commissioned a "green audit," as a benchmark against which progress on green practices can be measured.

## Corporate Scorecard

### Canada Council at a glance

	2008-09	2007-08	2006-07
	('000s)	('000s)	('000s)
<b>Parliamentary appropriation</b>	<b>\$ 182,242</b>	<b>\$ 182,507</b>	<b>\$ 172,507</b>
<b>Grants</b>			
Arts programs <sup>1</sup>	\$ 144,687	\$ 151,932	\$ 139,971
Prizes and fellowships	\$ 3,545	\$ 3,541	\$ 3,553
Public Lending Right payments	\$ 9,954	\$ 9,159	\$ 9,121
<b>Total</b>	<b>\$ 158,186</b>	<b>\$ 164,632</b>	<b>\$ 152,645</b>
<b>Grant applications</b>			
Individual artists	8,751	8,308	8,319
Arts organizations	6,554	6,460	7,344
<b>Total</b>	<b>15,305</b>	<b>14,768</b>	<b>15,663</b>
Applications received via GO! Grants Online (included in total above)	2,349	1,718	1,282
<b>Grants awarded</b>			
Individual artists <sup>2</sup>	2,280	2,369	2,204
Arts organizations <sup>3</sup>	3,888	4,597	4,430
<b>Total</b>	<b>6,168</b>	<b>6,966</b>	<b>6,634</b>
Communities in which the grants were awarded	689	684	658
<b>First-time applicants</b> (individual artists and arts organizations)			
First-time applicants	3,297	3,091	2,994
Communities where they live or are located	643	625	646
First-time recipients	1,195	1,275	1,111
<b>Peer assessors</b>			
Peer assessors	805	771	778
Communities where they live	192	189	183
First-time peer assessors	342	356	337
<b>Canada Council Art Bank</b>			
Works in collection <sup>4</sup>	17,317	17,398	17,498
Works on rental contracts	6,382	6,717	6,470
Rental income	\$ 2,142	\$ 1,961	\$ 1,884
New purchases <sup>4</sup>	13 \$ 55	85 \$ 410	85 \$ 310
Works divested	93 \$ 16	177 \$ 33	86 \$ 190
<b>Canadian Commission for UNESCO</b>			
Participation in events related to UNESCO's mandate	34	39	45

For comparative purposes, all figures are computed as of June 1, or the next business day, of each fiscal year except in the case where figures rely on data from final reports of the grants. These figures will be updated on an annual basis to reflect the most up-to-date information.

1. For 2008-09, grants to artists and arts organizations, which represented about 90% of the total program expenses, decreased by \$6.4 million. While the parliamentary appropriation remained relatively stable year over year, in 2008-09 the Council reallocated resources to program services and program administration in order to address the strategic directions outlined in the Council's *Strategic Plan*. This decrease in grants is also reflected in the grant figures appearing on the following pages. Excludes Art Bank purchases.

2. An individual artist may receive more than one grant in a given year (a project grant and a travel grant, for example).

3. An arts organization may receive more than one grant in a given year (a project grant and an operating grant, for example). The number of grants awarded to arts organizations in 2008-09 decreased compared to the two previous years. In 2006-07 and 2007-08, the Canada Council awarded an additional 561 supplementary operating grants with the new funds received in these years. These supplementary operating grants were not awarded in 2008-09; consequently the total operating support to organizations reported under Direction 2 also decreased in 2008-09.

4. These figures do not include the 55 artworks chosen for the Art Bank's 2008-09 special purchase.

## Direction 1: Individuals

**Reinforce the Council's commitment to individual artists, working alone or collaboratively, as the core of artistic practice in Canada.**

This direction recognizes that artists, working alone or collaboratively, play a central role in the arts and society, as innovators advancing new ideas and creative thinking. It suggests that the Council should devote substantial thought and resources to its work in supporting individual artists and increasing public awareness of their importance to Canadian society. The Council's programs for individuals should be flexible, accessible, and respectful of artists' ability to determine their professional and career interests. The Council should accord a high priority to the national and international mobility of artists, develop new means of reaching young artists, and elevate the profile of the artist in Canadian life.

	2008-09		2007-08		2006-07	
		('000s)		('000s)		('000s)
Individual artists receiving support	2,097	23,301	2,190	\$ 23,359	2,037	\$ 21,161
<b>Strategies and program initiatives</b>						
Residencies and commissioning grants	33	\$ 490	30	\$ 497	34	\$ 575
Artists and community collaborations	21	\$ 184	6	\$ 84	12	\$ 139
Multi-year project support to individual artists	43	\$ 2,045	43	\$ 1,689	24	\$ 884
<b>Public Lending Right</b>						
Canadian authors receiving payments	16,514	\$ 9,954	15,993	\$ 9,159	15,417	\$ 9,121
Communities where they live (in Canada)	1,751		1,701		1,687	
Communities where they live (outside Canada)	357		341		332	
<b>Celebrating exceptional achievement through prizes and fellowships</b>						
Prize and fellowship winners	199	\$ 3,546	205	\$ 3,556	185	\$ 3,553
Prize presentation ceremonies	21		18		24	
Cities where ceremonies were held	9		6		8	
Fine stringed instruments awarded on three-year loans	13		14		14	
Insured value of the instruments (\$US) <sup>1</sup>		\$ 26,615		\$ 19,865		\$ 16,575
<b>Honoraria and reading fees for members of peer assessment and advisory committees</b>						
Peer assessment committees		\$ 715		\$ 661		\$ 664
Advisory committees		\$ 27		\$ 27		\$ 18
<b>Total</b>		<b>\$ 742</b>		<b>\$ 688</b>		<b>\$ 682</b>
Support for dissemination activities	217	\$ 1,547	190	\$ 1,315	171	\$ 1,279
<b>Travel grants</b>						
Travel grants to professional artists	782	\$ 1,079	857	\$ 1,102	790	\$ 1,063
Other travel grants <sup>2</sup>	529	\$ 1,992	636	\$ 2,310	484	\$ 1,959
<b>Total</b>	<b>1,311</b>	<b>\$ 3,071</b>	<b>1,493</b>	<b>\$ 3,412</b>	<b>1,274</b>	<b>\$ 3,022</b>
Number of countries visited (approximate)	74		76		72	
<b>Touring grants</b>						
Touring grants (music, dance, theatre only)	30	\$ 320	19	\$ 234	22	\$ 250
Grants for work in an international context	722	\$ 3,719	726	\$ 3,600	660	\$ 3,499

1. The insured value of the instruments for the fiscal year 2006-07 has been restated in US dollars. The sum insured in the insurance policy is quoted in US dollars.

2. Includes grants provided through the Audience and Market Development Program and the Aboriginal Peoples Collaborative Exchange Program.

## Direction 2: Arts Organizations

### Broaden the Canada Council's commitment to arts organizations

to strengthen their capacity to underpin artistic practices in all parts of the country.

This direction affirms the crucial role played by arts organizations of all sizes and in all disciplines across Canada. Arts organizations provide opportunities for the practice and appreciation of art, offer employment and income to artists, and contribute to their professional and career development; they connect artists with audiences, engage the public in the arts and demonstrate the value of the arts in society. The quality, stability and resilience of arts organizations are major considerations for the Council. Related concerns are the role arts organizations, especially the larger ones, play within their disciplines and communities and the challenge of adequately funding the numerous organizations of high quality in all disciplines and practices across Canada and supporting important initiatives they are undertaking.

	2008-09		2007-08		2006-07	
		('000s)		('000s)		('000s)
<b>Organizations receiving operating support</b>						
Annual operating support	356	15,518	387	\$ 16,539	540	\$ 23,211
Multi-year operating support	614	73,502	721	\$ 79,161	675	\$ 66,068
<b>Total</b>	<b>970</b>	<b>89,020</b>	<b>1,108</b>	<b>\$ 95,700</b>	<b>1,215</b>	<b>\$ 89,279</b>
<b>Organizations receiving project support</b>						
Annual project support	1,834	\$ 29,331	1,892	\$ 30,532	1,815	\$ 26,544
Multi-year project support	75	\$ 3,616	68	\$ 3,015	78	\$ 3,761
<b>Total</b>	<b>1,909</b>	<b>\$ 32,947</b>	<b>1,960</b>	<b>\$ 33,547</b>	<b>1,893</b>	<b>\$ 30,305</b>
<b>Strategies and program initiatives</b> (amounts included in totals above)						
Residencies and commissioning grants	100	\$ 1,441	90	\$ 1,515	98	\$ 1,640
Artists and community collaborations	78	\$ 1,351	87	\$ 1,508	72	\$ 1,116
Flying Squad and Flying Eagle grants	195	\$ 1,344	196	\$ 1,198	177	\$ 1,071
<b>Support for dissemination activities</b>	<b>1,426</b>	<b>\$ 25,844</b>	<b>1,452</b>	<b>\$ 23,446</b>	<b>1,423</b>	<b>\$ 24,287</b>
<b>Support to visiting foreign artists</b> (amounts included in total support for dissemination activities above)						
Visiting foreign artists grants	68	\$ 139	59	\$ 111	66	\$ 121
Number of countries represented	21		23		21	
<b>Touring grants</b>						
Touring grants (music, dance, theatre only)	157	\$ 3,756	179	\$ 3,749	167	\$ 4,374
<b>Literary readings</b>						
Grants for literary readings	228	\$ 1,237	242	\$ 1,400	252	\$ 1,401
Literary readings	1,055		1,254		1,097	
Venues hosting literary readings <sup>1</sup>			350		415	
Host organizations	201		210		219	
Communities where they are located	117		121		127	
<b>Grants for work in an international context</b>	<b>566</b>	<b>\$ 8,280</b>	<b>563</b>	<b>\$ 9,070</b>	<b>531</b>	<b>\$ 8,684</b>

1. The number of venues hosting literary readings in 2008-09 will be reported in the following fiscal year once the final reports have been received.



### Direction 3: Equity

#### Enhance the Canada Council's leadership role in promoting equity as a critical priority in fulfilling Canada's artistic aspirations.

The external consultations on the strategic plan confirmed the importance of Council leadership in addressing specific issues of equity, including its current leadership on behalf of Aboriginal, culturally diverse, and official language minority community artists and arts organizations. This direction reaffirms the importance of these initiatives and asserts that equity in the broadest sense is a fundamental value of the Council that must be reinforced, further operationalized across the organization, and, as resources allow, expanded into areas the Council has not yet prioritized. It commits the Council to using its unique national perspective to identify and address access-related issues (regional, linguistic, cultural, racial, generational, gender-based and disability-based), and it incorporates equity as a horizontal principle in the Council's operations.

	2008-09		2007-08		2006-07	
		('000s)		('000s)		('000s)
<b>Support to Aboriginal artists and arts organizations</b>						
Capacity Building Initiative: Support for Aboriginal Artistic Practices (arts organizations) <sup>1</sup>	8	\$ 154	24	\$ 559	24	\$ 587
Other support to Aboriginal artists and arts organizations	388	\$ 5,930	417	\$ 6,160	402	\$ 5,629
<b>Total</b>	<b>396</b>	<b>\$ 6,084</b>	<b>441</b>	<b>\$ 6,719</b>	<b>426</b>	<b>\$ 6,216</b>
<b>Capitalize on the stimulus cultural diversity provides in the arts</b>						
<b>Support to culturally diverse arts organizations and artistic practices</b>						
Capacity building program for culturally diverse arts organizations and artistic practices	49	\$ 1,530	51	\$ 1,380	46	\$ 1,380
Other support to culturally diverse arts organizations and artistic practices	487	\$ 7,525	580	\$ 8,227	593	\$ 7,712
<b>Total</b>	<b>536</b>	<b>\$ 9,055</b>	<b>631</b>	<b>\$ 9,607</b>	<b>639</b>	<b>\$ 9,092</b>
Support to Interdepartmental Partnership with the Official-Language Communities (IPOLC)		\$ 800		\$ 806		\$ 596

1. For 2008-09, the multi-year project funding component of the Capacity Building Initiative was being redesigned.

#### Direction 4: Partnership

##### Make partnerships with other organizations a key element in the Canada Council's approach to advancing its mandate.

The Council has undertaken a number of partnership initiatives, some with other arts funders (for example, the Canadian Public Arts Funders, a collaborative network of provincial and territorial arts funders and the Council), and some with other organizations in and outside the arts. This direction affirms that the Council will make partnerships a key element in its operations, and it supports arts funders working more effectively together to improve the delivery of programs and services to the arts and offer new opportunities for the public to experience the arts. By entering into partnerships, the Council can extend its reach across the country and leverage additional resources and a greater societal investment in the arts. Partnerships expand the Council's impact beyond its resources and into arts-related areas in which the Council has an interest but not a direct mandate or adequate resources to act alone.

	2008-09		2007-08		2006-07	
		('000s)		('000s)		('000s)
<b>Draw on the benefits of networks and partnerships</b>						
Alberta Creative Development Initiative (ACDI) <sup>1</sup>	125	\$ 1,907	114	\$ 1,867		
Arts Partners in Creative Development (APCD) <sup>2</sup>	16	\$ 1,500	32	\$ 2,700		
<b>New activities related to research capacity<sup>3</sup></b>						
<b>CADAC: Canadian Arts Data</b>						
Development of a website to allow the Canada Council and other public funders to collect and share data on Canadian arts organizations in order to measure the performance of arts organizations across Canada		\$ 235		\$ 216		

1. The Alberta Creative Development Initiative (ACDI) is a program designed to support the development of the arts in Alberta. It is a partnership between the Alberta Foundation for the Arts and the Canada Council for the Arts in collaboration with the Calgary Arts Development Authority and the Edmonton Arts Council. The program started in 2007-08 for three years with the possibility of renewal for two additional years. The Canada Council is contributing \$1,000,000 per year to ACDI. The figure above represents the total invested by all the partners.

2. Started in 2007-08, Arts Partners in Creative Development (APCD) is a three-year program designed to support the creation and development of original work that will represent the artistic excellence and diverse cultures of British Columbia. APCD is a strategic partnership of the Province of B.C., City of Vancouver, Canada Council for the Arts, Vancouver Foundation, Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games and 2010 Legacies Now. The Canada Council for the Arts is contributing \$500,000 per year to APCD. The figure above represents the total invested by all the partners.

3. The Council developed research capacities in the areas of survey methodologies, reporting on performance and outcomes, alternative research methodologies (e.g., Aboriginal arts community research consultations, "data mining", etc.), developing expertise in the areas of reporting on issues related to equity, audience development and dissemination.

## Direction 5: Organizational Development

### Enhance the Canada Council's capacity to support the arts and implement change by strengthening its structure, staffing and services.

For some years, the Council has provided capacity-building grants and services to arts organizations, recognizing that artistic quality is more likely to be sustained if the organization is healthy, well administered, and professionally staffed. This direction applies the concern for organizational effectiveness to the Council's own operations. An organizational design review (January 2007 to March 2008) recommended improvements to the Council's capacity for research, strategic planning, program evaluation, communications, learning and information exchange, and staff development and succession planning. This direction commits the Council to enhancing its capacities as an organization, increasing opportunities for staff to engage with the artistic community across Canada, making greater use of its knowledge base, and examining its staff structure to address long-standing workload pressures.

	2008-09		2007-08		2006-07	
<b>Practice high standards of accountability</b>						
Human resources						
Employees <sup>1</sup>	208		205		204	
Professional development and training costs per employee		\$ 1,016		\$ 929		\$ 865
Number of trips employees took to regions or to visit with the arts community	762		735		758	
Communities that employees visited	89		97		96	
<b>Promote the arts</b>						
Media / public relations						
News releases / media advisories	47		55		57	
Council messages and ads in arts event programmes	46		42		52	
Media reports on the Governor General's Literary Awards <sup>2</sup>	694		590		431	
Media reports on the Governor General's Awards in Visual and Media Arts <sup>2</sup>	137		117		139	
Canada Council website traffic	('000s)		('000s)		('000s)	
Page views per year	7,921		8,315		6,774	
Visits per year	1,355		1,219		1,232	
Unique visitors	792		719		775	

1. For 2008-09, represents regular full-time positions as of March 31. With the allocation of additional funding, the Council has also temporarily hired 23 term employees in 2008-09 to address the workload required to meet the objectives of the Strategic Plan.

2. For 2008-09, the number of media reports on the Governor's General's Literary Awards and the Governor's General's Awards in Visual and Media Arts includes web reports, in addition to print and broadcast reports.

## Index on the Arts

**\$22,700**

average annual income of an  
artist (2006 census data)

**609,000**

people employed in the arts and  
culture sector (Statistics Canada  
2006)

**\$44.2  
billion**

impact of arts and culture  
on the Canadian economy  
(Industry Canada 2007)

**689**

communities in which artists and  
arts organizations were funded  
by the Canada Council (2008-09)

**23%**

increase in the number of artists  
1996-2006 (2006 census data)

**4.3%**

Canada Council's share of federal  
cultural spending (2005-06)

**0.08%**

Canada Council budget as  
percentage of total federal  
government spending (2008-09)

**\$5.47**

annual cost of the Canada  
Council per Canadian (2008-09)

**\$158.2  
million**

total Canada Council investment  
in the arts (2008-09)

**86%**

percentage of Canadians who  
attended at least one type of  
arts or cultural event or activity  
in the past year (Department of  
Canadian Heritage 2007)

**72%**

percentage of Canadians who  
feel that artistic and cultural  
events are important for their  
quality of life (Department of  
Canadian Heritage 2007)

## Financial Overview

### Highlights

Effective April 1, 2008, Canada Council for the Arts adopted new disclosure standards for financial instruments and for capital in accordance with three new sections of the Canadian Institute of Chartered Accountants' Handbook. These new standards place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments, how the Council manages those risks and how the Council's capital is managed.

The Council's parliamentary appropriation in 2008-09 was \$265 thousand below the previous year. The investment returns of negative 23.0% were significantly lower than last year due to continued declines in the global equity market and depreciation in the Canadian dollar. The Council earned investment income of \$5.4 million, and it will appropriate \$2.0 million from its reserve from the capitalization of investment income. 2008-09 was the first year of implementation of the Council's *Strategic Plan 2008-11*. In order for the Council to address the strategic directions identified in the plan, it had to reallocate resources and, as a result, program expenses decreased by \$3.9 million. The Council's general administration expenses increased \$406 thousand due to increased salary and benefits, office accommodation and professional services costs. Canada Council for the Arts is reporting a deficit for 2008-09 of \$2.4 million.

### Balance Sheet as at March 31

(in thousands of dollars)	2009	2008
Total assets	\$ 264,049	\$ 356,633
Total liabilities	38,669	48,093
Total equity	225,380	308,540

### Statement of Operations for the years ending March 31

(in thousands of dollars)	2009	2008
Parliamentary appropriation	\$ 182,242	\$ 182,507
Net investment income	5,398	19,991
Other revenue	2,852	2,690
<b>Total revenue</b>	<b>190,492</b>	<b>205,188</b>
Programs	175,988	179,900
Canadian Commission for UNESCO	2,521	1,614
General Administration	14,403	13,997
<b>Total expenses</b>	<b>192,912</b>	<b>195,511</b>
<b>Net results for the year</b>	<b>\$ (2,420)</b>	<b>\$ 9,677</b>

## Balance Sheet

### Assets

As at March 31, 2009, total current assets were \$11.7 million, a decrease of \$8.2 million over the previous year. Current assets are those assets that in the normal course of operations are expected to be converted into cash or expensed within the next year. They include cash and cash equivalents, accounts receivable, prepaid expenses and derivatives. The major decrease occurred in cash and cash equivalents. Cash equivalents represent the temporary investment of the Council's excess daily cash requirements in a short-term pooled fund managed by a professional money manager. Cash and cash equivalents decreased from \$17.8 million at March 31, 2008 to \$9.8 million at March 31, 2009, due mainly to the payout of grants that had been accrued at March 31, 2008 and the settlement of a loss from matured currency forward contracts that had also been accrued at March 31, 2008. The short-term pooled fund earned a return of 2.4% in 2008-09 and had an average term to maturity of 51 days (2007-08: a return of 4.8% and an average term to maturity of 53 days).

As at March 31, 2009, the fair value of the Council's investments is \$229.1 million, which includes \$10.9 million in money market pooled funds targeted for future, long-term investment in infrastructure and real estate. Investments decreased \$84.1 million over the fair value of \$313.2 million recorded at March 31, 2008. The decrease in the fair value reflects the overall decline in the world markets caused mainly by a lack of liquidity and poor conditions in the global credit markets that created a reluctance to lend or borrow. These factors strongly affected the financial sector in particular, as major financial institutions were forced to write down assets against earnings, seek financial bailouts and, in some cases, declare bankruptcy. In addition, a general lack of market confidence globally, rising unemployment, a continuing decline in home values, and fear of inflation or deflation continued to contribute to a global economic slowdown.

The Council invests in units of pooled funds that are managed by professional money managers. The Council's investments are guided by a *Statement of Investment Policies and Goals*, which is approved by the Board and available from the Council. The objectives of the portfolio are to generate long-term real returns to supplement the parliamentary appropriation and to support the fellowships and prizes for the Killam Funds and Special Funds, while maintaining the purchasing power of the endowed capital. The Killam Funds and Special Funds represent contributions from non-owners that have been received by way of donation and bequest and have been restricted for specific purposes by the donors. The Killam Funds are required to be maintained in a separate investment portfolio that is consolidated for reporting purposes. The Special Funds are included with the Council's investment portfolio; a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time each contribution was received.

An Investment Committee composed of independent experts with experience in both the investment field and the asset classes being invested in assists the Council in the oversight and management of its portfolio. Council Board Members sit on the Investment Committee. In addition, the Council uses the services of an independent investment consultant to assist the Investment Committee in its work.

The Investment Committee reviews the Council's investment policy annually, and, as the investment markets continue to evolve, the Committee recommends adjustments to the asset mix and to the diversification of the management structure. This year, the Investment Committee took account of the global economic downturn and assessed the effect on the portfolio at each meeting through regular updates from the money managers and a review of the portfolio's performance with the investment consultant. The table below shows the actual comparative asset mix as well as the asset mix targets for the portfolio; it reflects the impact of the significant decline in the world equity markets.

Investment	Asset Mix 2008-09		Asset Mix 2007-08	
	Actual	Target	Actual	Target
World equity markets	46.9%	61.0%	58.0%	61.0%
Canadian fixed income	27.2%	20.0%	22.4%	20.0%
Hedge funds	14.3%	10.0%	10.6%	10.0%
Real estate	4.9%	4.0%	1.6%	4.0%
Infrastructure	1.9%	5.0%	0.8%	5.0%
Money market	4.8%	0.0%	6.6%	0.0%

The Investment Committee monitors closely the level of risk within the portfolio. Chart I shows risk and return comparing the Council's asset mix four years ago with its asset mix as at March 31, 2009. The horizontal axis represents the level of risk, and the vertical axis represents the return. At March 31, 2005, the portfolio did not have the same level of diversification that it has today, and, while the portfolio contains slightly more risk than the benchmark, the chart shows that the level of risk has declined with the increased diversification of the portfolio.

**Chart I: Risk Return Analysis**

Four Years Ending March 31, 2009 and  
Four Years Ending March 31, 2005

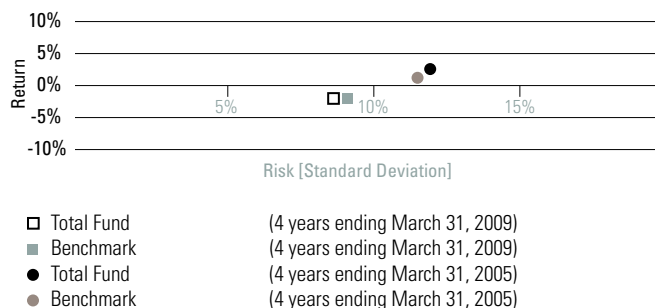


Chart reproduced with the permission of Hewitt Associates

During the year, the Council realized net capital losses of \$977 thousand from the sale of a portion of its investment portfolio. In order to reduce the risk of currency exposure in the portfolio, the Council tries to minimize the impact of changes in currency by hedging 50% of the non-Canadian portion of the portfolio, excluding emerging markets. During the year, this program resulted in a net currency loss of \$5.5 million, as the Canadian dollar depreciated mainly against the U.S. dollar during the year.

Works of art and musical instruments appear on the Council's balance sheet at a value of \$20.2 million as at March 31, 2009, a net increase of \$47 thousand over the previous year. During the year, the Canada Council Art Bank acquired new works at a cost of \$59 thousand and disposed of works costing \$12 thousand. The Art Bank has the largest collection of contemporary Canadian art in Canada, with about 17,300 works, and rents works of art to interested public and private sector organizations. The Art Bank is allowed to reinvest any surplus from its operations in the acquisition of new works of art. The Council's Musical Instrument Bank owns or manages 13 historically important, fine stringed instruments and a fine cello bow, which are loaned to gifted young musicians for three year terms.

Other capital assets include office equipment and leasehold improvements, which have decreased by \$388 thousand over the course of the year. Acquisitions have been offset by amortization expenses during the year.

## Liabilities

As at March 31, 2009, the combined balance of current liabilities was \$33.8 million, a decrease of \$9.4 million over the previous year. Current liabilities are those liabilities that in the normal course of operations are expected to be paid within the next year. They have been included in the Council's expenses for 2008-09. Current liabilities include grants payable; accounts payable and accrued liabilities; derivatives; and deferred parliamentary appropriations. The major changes over the previous year occurred in grants payable, which decreased \$4.2 million due to payments to grant recipients that were accrued at March 31, 2008, and derivatives of \$5.4 million, which represents the year over year difference in the loss on currency forward contracts for the month of March. The losses are only settled in early April.

Other liabilities include deferred revenues, which pertain to Art Bank rental fees received in advance of their due date; the unamortized portion of the lease inducement received from the Council's landlord; and employee future benefits, which represent the severance entitlements of the Council's employees and typically increase with each additional year of service.



## Equity

Equity consists of the following elements as at March 31:

(in thousands of dollars)	2009	2008
<b>Equity</b>		
Contributed surplus	\$ 50,000	\$ 50,000
Retained earnings	13,317	13,796
Accumulated other comprehensive income	(24,847)	55,881
Reserve from the capitalization of investment income	166,745	168,745
Reserve for investment in works of art and musical instruments	20,165	20,118
	<b>\$ 225,380</b>	<b>\$ 308,540</b>

An amount of \$50 million continues to be recognized in contributed surplus as the original contribution by the government of an endowment when the Council was established in 1957.

Retained earnings in the amount of \$13.3 million include unspent grant budgets of previous years and a balance of uncommitted funds to allow for the smooth operation of the Council.

Accumulated other comprehensive income (AOCI) consists of two items: available-for-sale financial assets and contributions from non-owners. Available-for-sale financial assets include the unrealized gain or loss on the Council's financial assets at March 31 and the reclassification to operations of any gains or losses on disposal of investments previously recognized in this component of AOCI. The contributions from non-owners consist of contributions received by way of donation or bequest that have been restricted for specific purposes by the donors; any income attributed to non-owner contributions that was not required during the year for the stated purposes of the contribution; the proportionate share of the unrealized gain or loss on the Council's investments at March 31; and the reclassification to operations of any gains or losses on disposal of investments previously recognized in this component of AOCI.

The reserve from the capitalization of investment income has decreased by \$2.0 million over the course of the year, as investment income was below the budgeted amount. The Council's policy is that, in years when investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the retained earnings to the reserve from the capitalization of investment income, and, in years when investment income is less than the amount of net budgeted investment income, an amount may be transferred to the retained earnings from the reserve from the capitalization of investment income. The total of \$166.7 million at March 31, 2009 represents the sum of excess investment income since the establishment of the Council. The balance of the equity account is the recognition as a reserve of an amount which equals the cost of its works of art and musical instruments.

## Statement of Operations

Summary Statement of Operations for the years ending March 31

(in thousands of dollars)	2009 Actual	2009 Budget	2008 Actual
<b>Revenue</b>			
Parliamentary appropriation	\$ 182,242	\$ 180,641	\$ 182,507
Net investment income	5,398	12,680	19,991
Net Art Bank revenue (costs)	395	(35)	206
Other	2,457	933	2,484
	<b>190,492</b>	<b>194,219</b>	<b>205,188</b>
<b>Expenses</b>			
Programs	175,988	175,859	179,900
Canadian Commission for UNESCO	2,521	2,281	1,614
General administration	14,403	16,029	13,997
	<b>192,912</b>	<b>194,169</b>	<b>195,511</b>
<b>Net results for the year</b>	<b>\$ (2,420)</b>	<b>\$ 50</b>	<b>\$ 9,677</b>

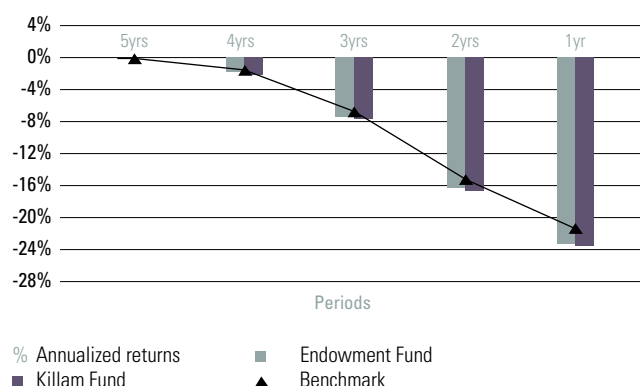
The Council receives an annual appropriation from Parliament. For the year ended March 31, 2009, this amount was \$182.2 million, \$0.3 million lower than in 2007-08.

The financial markets in which the Council invests are quite diversified and, in 2008-09, the Endowment and Special Funds and the Killam Funds had one-year annualized returns of negative 23.0% and negative 23.2% respectively (the annualized benchmark return for one year was negative 20.5%). The portfolios were negatively affected by the overall decline in the world equity markets; a general lack of market confidence globally; rising unemployment; a continuing decline in home values; a fear of inflation or deflation; and a depreciation in the Canadian dollar.

The poor returns resulted in recognized net investment income of \$5.4 million, which was \$14.6 million less than 2007-08 and \$7.3 million lower than budget. Dividends of \$10.8 million represented the largest portion of investment income for the year, a decrease of \$13.6 million over 2007-08. In 2007-08, the Council had significant dividends from one of its world equity funds. Net losses on foreign currency forward contracts increased by \$5.0 million over the previous year to \$5.5 million and were attributable to a significant depreciation in the Canadian dollar. Net losses on disposal of investments were \$977 thousand compared to net losses of \$445 thousand in the previous year.

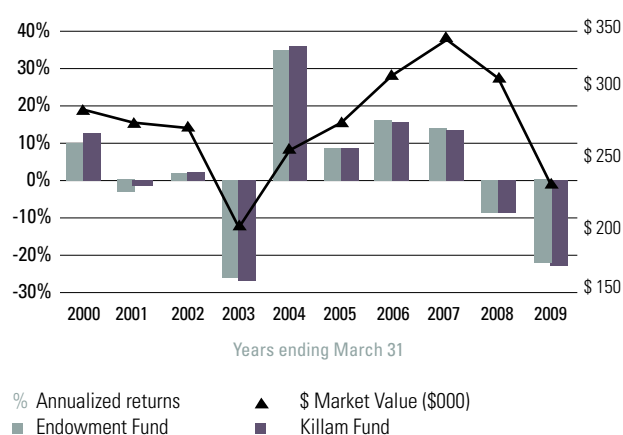
Chart II shows the annualized portfolio returns for the last five years of the Endowment and Special Funds and the Killam Funds against the benchmark return. It shows the impact of the economic downturn and reflects the experience of most other institutions.

Chart II: Annualized Portfolio Returns



The Council's investment policy prescribes that cash can be withdrawn from the portfolio at a rate of up to 4½% of the previous three-year average market value, using balances at September 30. Chart III shows the annual portfolio returns for the Council in each year since 2000 and the corresponding effect those returns have had on the year-end market value. Chart III also demonstrates how the investment market returns can fluctuate year over year. The Council reinvests excess investment income above the budgeted amount in order to ensure the continued growth of the fund. This reinvestment is also intended to bring the value of the portfolio closer to what the original endowment amount from 1957 would be if expressed in today's dollars. This proactive approach helps bring additional stability and long-term growth for the Council. In years where investment income is not as favourable as expected, the Board may approve the use of previous years' capitalized income that is represented by the reserve from the capitalization of investment income, a component of equity on the balance sheet.

Chart III: Annual Portfolio Returns



Net Art Bank revenue of \$395 thousand is higher than anticipated for the year and above last year's reported figure of \$206 thousand due to increased rental of works of art.

Other revenue includes the cancellation of grants awarded in previous years, boardroom rental fees, donations, tax rebates and others. These revenues can fluctuate from year to year; they declined slightly in 2008-09.

Program expenses for the years ending March 31 include the following three components:

	2009	2009	2008
(in thousands of dollars)	Actual	Budget	Actual
Grants	\$ 158,186	\$ 155,886	\$ 164,632
Administration	12,398	12,983	10,668
Services	5,404	6,990	4,600
	\$ 175,988	\$ 175,859	\$ 179,900

In 2008-09, program expenses accounted for over 91% of Council's total expenses of \$192.9 million, about the same percentage as in 2007-08 (92%). Program expenses were \$3.9 million below the previous year, but were close to budget. Grants to artists and arts organizations represented about 90% of the total program expenses; they decreased by \$6.4 million this year. While the parliamentary appropriation remained relatively stable year over year, in 2008-09 the Council reallocated resources to program services and program administration in order to address the strategic directions outlined in the Council's *Strategic Plan 2008-11*. Services include other types of support provided to the arts community, such as expenses related to workshops, adjudication of programs and advisory committees. Program administration costs represent the direct cost of operating the Council's programs. These include salaries, benefits, travel and professional services, and they increased \$1.7 million over 2007-08.

The Canadian Commission for UNESCO (CCU) operates under the aegis of the Canada Council. The CCU spent \$2.5 million in 2008-09, an increase of \$907 thousand over 2007-08 and \$240 thousand over the budget. The increase was due mainly to a one-time contribution of \$500 thousand on behalf of the Government of Canada to the UNESCO International Fund for Cultural Diversity. The CCU co-ordinates UNESCO program activities in Canada; encourages Canadian participation in UNESCO activities abroad, including the provision of expert advice and assistance from both governmental and non-governmental organizations; and provides advice about future UNESCO programs and budgets to the Department of Foreign Affairs and International Trade. The CCU also initiates activities in Canada to advance and obtain visibility for UNESCO's program objectives.

General administration expenses include the cost of Council Secretariat and Strategic Initiatives (which includes Research and Partnerships), Communications and Corporate Services (which includes Finance, Human Resources and Information Management). Items include salaries, benefits, travel, professional services,

amortization, accommodation and others. These costs were \$406 thousand higher than those reported in 2007-08, but were \$1.6 million under budget. The increase was due principally to regular salary increases and increased office accommodation costs.

### Audit Notes

The Special Examination by the Office of the Auditor General that began in the 2007-08 fiscal year was completed in June 2008. The Auditor General of Canada presented the final report to the Board and complimented the Council on the fact that the report showed no significant deficiencies. During 2008-09, the Council's internal auditors completed audits of the Council's entity level controls and budget process and conducted follow-up audits for the grant application process, the peer assessment process and contracting. An information technology risk assessment and a privacy audit of the Council's tracking system for its grants were started in 2008-09; they are scheduled for completion in June 2009. The internal auditors have also been assisting the Council with the development of an integrated risk management framework.

### Future Accounting Changes

The Accounting Standards Board of Canada has confirmed that the transition to International Financial Reporting Standards (IFRS) from Canadian generally accepted accounting principles (GAAP) will occur for fiscal years beginning on or after January 1, 2011. The first IFRS reporting period for the Council will be the fiscal year ending March 31, 2012. The Public Sector Accounting Board is revisiting the application of IFRS to Government Business Enterprises (GBE) and Government Business Type Organizations (GBTO). The results of this review may have an impact on the application of IFRS at the Council, a GBTO.

The transition from GAAP to IFRS is a significant undertaking for the Council. The Council has completed a diagnostic review that has identified the possible effects of IFRS on accounting and reporting processes, information systems, business processes and external disclosures.

Using the conversion roadmap provided in the diagnostic report the Council had commissioned in 2008, the Council has validated the priorities and issues of the conversion project and has defined the requirements for IFRS reporting in each of the critical areas of reporting, business and information technology. A core project team and an IFRS Steering Committee to monitor progress have been established. The Council has prepared a project charter that has been reviewed and approved by the Audit and Finance Committee of the Board. The project charter outlines the IFRS project and includes the technical accounting templates and a detailed IFRS transition plan that addresses project structure, resourcing, training and the information technology applications that could be affected by the conversion to IFRS. The following

table provides details regarding the Council's expected timing for the transition to IFRS.

Milestones	Timing
Detailed analysis of relevant IFRS requirements	2009-10 fiscal year
Assessment of first-time adoption requirements	2009-10 fiscal year
IFRS staff training	2009-10 fiscal year
Final determination of changes	First quarter: 2010-11 fiscal year
Opening balance sheet adjustments	First quarter: 2010-11 fiscal year
Accounting policy, information technology and internal control changes	Third quarter: 2010-11 fiscal year
Parallel processing	2010-11 fiscal year
Implementation	April 1, 2011

The most significant areas of difference between GAAP and IFRS identified in the diagnostic report are the decisions to be made by first-time adopters of IFRS, the disclosure, recognition and measurement of financial instruments, and the effects of foreign exchange rates, revenue and property plant and equipment. The impact of this transition on the Council's financial statements has not been determined; however, the core project team has started the process of reviewing the international standards and assessing what effect the implementation will have on its operations.







### Wanda Koop

"I remember seeing this..." Wanda Koop's works often evoke a sense of familiarity. And it's no accident. A compulsive note-taker, she documents fleeting observations of her surroundings on sticky notes, snapshots and videos. Afterwards, she condenses her notes into iconic images, so culturally familiar that we think we remember them. She is currently creating six large-scale paintings that will be featured in a major exhibition. The exhibition will open at the Winnipeg Art Gallery in fall 2010, then will be toured nationally and internationally by the National Gallery of Canada. *Stack*, 2008, *Green Zone* series, acrylic on canvas. Photo: William Eakin

### Kalabanté

Productions Kalabanté, a Montreal-based company that combines African music and circus arts, is only five years old. But it already has an impressive roster of partners — Artcirc (Nunavut), Cirque Éloize (Montreal), Hand Drum Rhythms (Victoria and Winnipeg), Education Without Borders (Vancouver) — and a solid network of national and international distributors. Isuma Productions (Igloodik) is videotaping Kalabanté's most recent creation, *Kô Ryass*, a fusion of Guinean arts and western circus, dance and music. Kalabanté's mission is two-fold: to promote African culture and to carry out a humanitarian aid project. All of its profits go toward developing a circus school in Conakry, Guinea. Shown is artist and Kalabanté co-founder Yamoussa Bangoura, at the Alianait Arts Festival in Iqaluit. Photo: Ed Maruyama





## NITV

Inuit filmmaking is flourishing and earning international acclaim. Yet ironically, Inuit living in remote Northern communities without 35 mm cinemas have been the last to see the films created about them. The Nunavut Independent Television Network and Igloolik's Isuma Productions embarked on a project to address this. In collaboration with imagineNATIVE Film + Media Arts Festival and Vtape, they have digitized and posted online ([www.isuma.tv](http://www.isuma.tv)) some 100 films and videos made by Inuit and other indigenous media artists. They've also supplied projectors to several remote communities for public screenings of the online movies. Photo: Actor Peter Henry Arnatsiaq (Apak) is shown drum-dancing while cameraman Félix Lajeunesse films a scene from *Before Tomorrow*. The making of the film by Arnait Video Productions is featured on [www.isuma.tv](http://www.isuma.tv).

## Afrikadey!

Africa is alive in Calgary! Each August, the Afrikadey! Music Festival infuses the city with vibrant Afro-beat rhythms from musicians across Canada and around the world. In 2008, Afrikadey (meaning "Africa is alive") highlighted artists who have been refugees and whose music has been influenced by the experience. Included in the line-up was British-based hip hop artist, Emmanuel Jal (right), a former child soldier in Sudan, and Canadian-based Jean Paul Samputu, a survivor of the Rwandan genocide, known for his diverse styles of African singing, dancing and drumming. Photo: James Tworow





#### Sour Brides Theatre

Yukon's Sour Brides Theatre delivered sincere and raw performances in a powerful and moving play, *So Many Doors*, that toured eastern Canada in January and February 2009. The production reached a total audience of 1,671 at venues in Ontario (Kitchener, Markham, Oakville, Brampton and St. Catharines) and New Brunswick (Saint John and Fredericton). Written by the company's co-Artistic Director, Celia McBride, the play explores how bereavement and grief affect a ruptured friendship. It also played in Whitehorse and Dawson City. The company was founded in 2004 by McBride and another Montreal theatre artist, Moira Sauer (hence the company's name, Sour Brides). Photo: Rick Massie

#### Vancouver Cantata Singers

The CBC Radio Competition for Amateur Choirs, a partnership between the Canada Council for the Arts, Radio-Canada's Espace musique and CBC Radio Two, promotes the excellence of choral music in Canada. At Choral 2008, the Vancouver Cantata Singers, under artistic director Eric Hannan, won the Canada Council's Healey Willan Prize and placed first in the Chamber Choir category. The choir performed at the gala winners concert, broadcast live on CBC Radio Two and Espace musique. It has also been invited by CBC Radio to represent Canada at the 2009 Let the Peoples Sing Euroradio Choral Competition in Oslo, Norway. Photo: Rick Collins





TICKETS





### Decidedly Jazz Danceworks

As Decidedly Jazz Danceworks (DJD) celebrated its 25<sup>th</sup> anniversary in Calgary this year, it also celebrated its extraordinary achievement in creating a contemporary jazz dance form that is viable and compelling, yet true to its roots in swing, tap and African rhythms. The company has also been a leader in developing in-house dance and choreographic talent as an investment in its future. DJD has a strong presence in Calgary, where, with the help of the Kahanoff Foundation, it is building a new space to open in 2011. It also has a strong national and international touring program. Photo: Trudie Lee

### Frye Festival

Each year, Moncton, New Brunswick pays tribute to one of its own – renowned literary critic Northrop Frye – in a literary festival with a stellar line-up of guest authors. In 2009, some 28 Canadian and international authors helped to celebrate the festival's 10th anniversary, including Jane Urquhart, Antonine Maillet, Wayne Johnston, John Ralston Saul, Michel Tremblay and Heather O'Neill (photo). The festival is committed to inspiring school-age writers, and in 2009, it arranged for 24 authors to make 142 school visits across the province. Photo: Dolores Breau, courtesy Frye Festival

### Denis Côté

The Directors' Fortnight at the Cannes Film Festival is known for its "cinéophile" standards and the independent judgment shown in its choice of films. In 2009, Denis Côté's *Carcasses* had its world premiere at the event, and France's influential film magazine, *Cahiers du cinéma*, devoted two full pages to Côté. *Carcasses* blends documentary and fiction as it enters the world of a man who recycles burned-out, beat-up old cars. Fiction takes over when four teenagers with Down's syndrome appear out of nowhere and bring the film to an even odder, more poetic place. The talented Montreal filmmaker of Acadian origins has toured the world's top international film festivals with his 15 short films and four feature films. Shown: Marc Scanlon and Célia Léveillé-Marais. Photo: Christian Perrault







### Tracee Smith

"It's not about dance, it's about the experience," according to Tracee Smith. And when a group of high school students from isolated Northern Ontario communities perform a hip hop dance production at a major Toronto venue, the experience can be life-altering. Since 2007, Cree hip hop dancer Tracee Smith has worked with youth in the Lac La Croix and the Pikangikum First Nations to train hard, then perform in the community and in front of sold-out audiences in Toronto. Through her program, Outside Looking In, the students get to see beyond their communities and experience the thrill of a successful performance. Photo: Daniel Krawchuk



### St. John's International Women's Film Festival

The 19th St. John's International Women's Film Festival, a five-day event, provided opportunities for local, Canadian and international women filmmakers to showcase their film, video and new media work. It also provided local access to outstanding, yet unfamiliar and limited-release works by women filmmakers. Free public lectures, summer filmmaking workshops and province-wide screenings encouraged audience participation. Almost 100 films from 17 countries were screened: in addition to Canadian films, there were films from Argentina, Australia, Belgium, Brazil, the Czech Republic, Denmark, Germany, Hungary, India, Ireland, Israel, Italy, Spain, Turkey, the UK and the USA. Almost half of the Canadian films were produced in Newfoundland. A notable screening was the brilliant documentary *Gene Boy Came Home* (image), by filmmaker and Governor General's Visual and Media Arts Award-winner Alanis Obomsawin. Photo: © 2007 Eugene Benedict



### secret/theatre

Migration, drift, isolation and dislocation. These realities of urban existence become rich themes for secret/theatre's latest work, *(We) are Here*. Since 2003, the Halifax theatre company has created theatrical parodies, multi-media solo shows, historical satire and documentary theatre. With *(We) are Here*, secret/theatre will take a more interdisciplinary approach, layering video, animation, music and narration into the production. It is expected to premiere in Halifax in May 2010 and afterwards will tour throughout Nova Scotia and internationally. Photo: actor and playwright Dustin Harvey, in secret/theatre's production of *Best Wishes*.

### Great Northern Arts Festival

The Inuvik-based Great Northern Arts Festival, a July attraction since 1989, is an international circumpolar event, attracting musicians from the full spectrum of northern cultures, Aboriginal and non-Aboriginal. In 2008 it showcased 107 artists, including performers from Alaska, Ireland and Japan, and was recognized by Rand McNally Maps as one of the top 25 festivals in North America. From fiddles and drums to fashion, film and crafts, the 10-day festival promotes diverse cultural programming and stimulates artistic production. Workshops and seminars are organized year-round to promote professional development and teach practical skills such as pricing and marketing. Photo: GNAF/Terry Halifax









#### Citadel Theatre

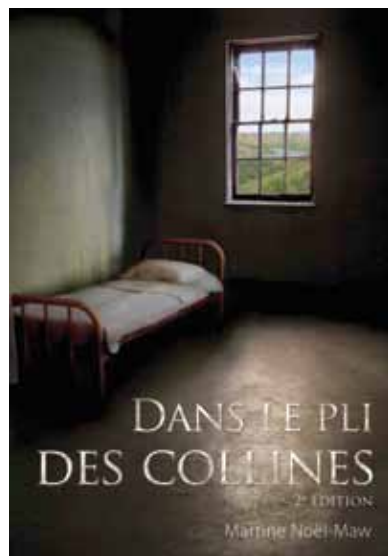
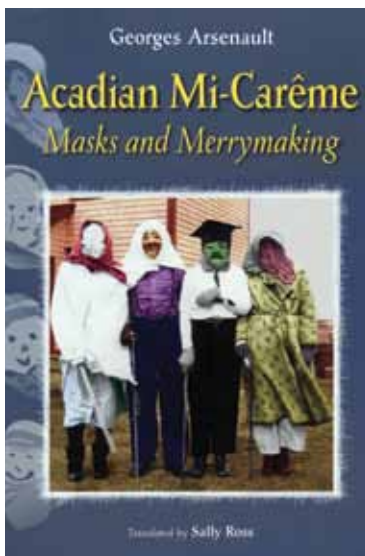
A magical theatre production for children from seven up, *The Forbidden Phoenix* was developed by Edmonton's Citadel Theatre in partnership with Lorraine Kimsa Theatre for Young People in Toronto. Premiered in Edmonton in October 2008, it combines elements of Peking opera, martial arts, acrobatics and North American musical theatre. With book by Marty Chan and lyrics by Marty Chan and Robert Walsh, the play features the adventures of Sun Wukong, Monkey King, exiled to the West, where the mighty William Van Horne is building a railroad across Canada. Loosely based on the experience of Chinese immigrants to Canada in the 1880s, the play explores themes of cultural diversity and environmentalism. Photo: Epic Photography

#### Montreal Symphony Orchestra

Art and sport can inspire and move us. Nowhere was this more obvious than when the two came together at the Montreal Symphony Orchestra's (MSO) tribute to the Montreal Canadiens. The Orchestra celebrated its 75th anniversary and the Canadiens' 100th anniversary with a special concert at the Bell Centre, in spring 2009. It was a memorable night for the 12,000 music and hockey fans who attended. Shown here is Kent Nagano suited up and playing in his starring position as MSO conductor. Photo: Allen McInnis/courtesy MSO

#### Acorn Press

English readers will have access to a fascinating byway of Canadian history and folklore through *Acadian Mi-Carême: Masks and Merrymaking*, Sally Ross's translation of a book by the noted Acadian historian, Georges Arsenault of Prince Edward Island. The book, published by PEI's Acorn Press, describes the traditional practices — closely related to the Newfoundland tradition of mummering — through which communities celebrated, and in scattered areas still celebrate, the mid-point of the Lenten fast, three weeks before Easter.



#### Les Éditions de la nouvelle plume

The only Francophone publisher west of Winnipeg, Les Éditions de la nouvelle plume of Regina publishes authors from Western Canada and books dealing with the Canadian West. Since 1984, the publisher (previously Les Éditions Louis Riel) has enabled French-language authors from minority official-language communities to affirm the vitality of their culture. This year, the company had its greatest literary output ever and developed a new collection for young readers, eSKapade, with authors David Baudemont and Martine Noël-Maw. This year, Noël-Maw, Québécoise by birth and Saskatchewanian by adoption, re-issued her first novel with La nouvelle plume and received her first Canada Council grant for her forthcoming novel for young people.







#### AHS Collective

Art is powerful medicine for the 80 seniors taking part in the Arts, Health and Seniors Project in Vancouver and North Vancouver, B.C. For three years, they worked directly with professional artists of the AHS Collective, creating visual art, writing, puppetry, performance, theatre and video art. Many of the seniors are marginalized by language, low income, frailty and sexual orientation. Through their artistic explorations, they were able to reconnect with their community and discover talents buried within themselves. The project culminated in an exhibition and performance in June 2009, but plans are underway with community health partners to renew the "prescription." Shown is Choi Sau Ching. Photo and video: Andrew Nguyen

#### Althea Thauberger

When Althea Thauberger plays the role of witness, prepare to feel uneasy. Her collaborations with amateur performers lead to photographic, video and performance works that often leave viewers uncomfortable. Is it the naivety of the performers? Our suspicion that they've been exploited? Or is it our own stereotypes, perpetuated by reality television, that have been exploited? Currently Althea Thauberger is creating a photographic work based on her fall 2008 visit to CFB Kandahar as part of the Canadian Forces Artist Program. She's also exploring the performance of parliamentary-style debate, and has engaged two Inuit youth to debate a historically-specific topic at the Hart House Debating Club at the University of Toronto. Above: *La mort e la miseria*, 2008, large-scale photographic mural, dimensions variable. Photo: courtesy the artist and Manifesta 7

## Governance



Marie Chouinard in *morning glories*, her solo return to the stage after 20 years. Photo: Jean-François Gratton

## Board Mandate

The Canada Council for the Arts is governed by a Board consisting of a Chair, Vice-Chair and nine other members from across Canada. Members are appointed by the Governor in Council for fixed terms. The Board meets at least three times a year and is responsible for the organization's policies, programs, budgets and grant decisions.

As stewards of the organization, the Board oversees the organization's governance. It conducts the Council's business, directs Management and ensures that all major issues affecting the Council are given proper consideration. The Board is accountable to Parliament through the Minister of Canadian Heritage and Official Languages.

The duties of Board members include:

- attending Board meetings in Ottawa or elsewhere;
- voting, except where they are in a conflict of interest;
- establishing the overall policies and approving the programs of the Canada Council;
- approving the allocation of the budget between various disciplines, purposes and programs;
- monitoring the effectiveness of the programs and the integrity of the peer assessment system;
- authorizing the awarding of grants, either directly or through delegated authority;
- reflecting regional concerns in discussions, within a national perspective;
- bringing to bear an area of expertise, usually in some aspect of the arts, business or community activity;
- explaining the Council's role in supporting the arts to the arts community, to national, provincial and local leaders, and to the general public;
- serving on standing or special Council committees;
- representing the Council at public events or other activities; and
- performing other duties which the Chair may assign.

## Board Independence

All members of the Board are independent directors. Their independence is fundamental to sound governance and effective accountability. While the Director (CEO) and Executive Management attend Board meetings to provide information

and report on activities, only members may vote and make decisions. Board committees are also composed of Board members, with some committees expanded to include external experts selected for their knowledge and expertise.

## Strategic and Corporate Planning

The Board is responsible for overseeing and approving the overall policies of the Council and formulating its strategic directions, developing and approving the *Corporate Plan* and assessing its implementation.

The *Corporate Plan* encompasses the Council's business and activities and establishes the organization's priorities, objectives, strategies, performance indicators and desired impact. The Council's current *Corporate Plan* was approved by the Board in October 2008, for the period 2008-09 to 2010-11. It reinforces the values and directions set out in the *Strategic Plan* and the *Action Plan*. A summary of the *Corporate Plan* is available on the Canada Council website ([www.canadacouncil.ca/aboutus/strat\\_plan](http://www.canadacouncil.ca/aboutus/strat_plan)).

Management reports to the Board on how the Council is performing in relation to the objectives set out in the *Corporate Plan* and on the actual results achieved throughout the year. Regular monitoring of corporate performance assists the Board in its decision-making and provides a key accountability framework for the work of the organization.

## Risk Management

The Board identifies and assesses on a regular basis the principal risks inherent in the Council's activities and its external environment. It ensures that appropriate systems to monitor and manage these risks have been implemented. This involves briefings from management as well as reports from the Council's internal and external auditors.

Work began in 2008-09 to develop an integrated risk management framework, which will be implemented in 2009-10.

The first Special Examination of the Canada Council was completed in June 2008 by the Office of the Auditor General. The OAG found that the Council's systems and practices "had no significant deficiencies" and "have contributed to its success in several areas." The Board met with the Auditor General to discuss the findings and recommendations, and worked with Council's Executive Management team to develop a comprehensive response to the report's recommendations.

## Culture of Ethical Business Conduct

Board members, as public office holders, are bound by the federal government's *Conflict of Interest Act*. They are also bound by the *Code of Ethics for Canada Council Board Members*. Work has begun to update the *Code of Ethics*, aligning it with the *Conflict of*

*Interest Act*. In 2008-09, all new Board members were apprised of the requirements of the latter two documents.

### Board Renewal and Appointments

The Board advises the government on appropriate selection criteria for the Chair of the organization, as well as competency profiles and future needs for Board members and for the position of Director.

The Nominating Committee of the Board maintains an up-to-date skills and expertise profile based on the Council's mandate, strategies, strengths and weaknesses, and the key issues and challenges facing the organization. Along with experience in the arts and expertise in areas such as finance and governance, it is also a priority to represent Canada's official languages, regions, different generations, Aboriginal Peoples and cultural diversity. Recommendations must also address gender equity.

The skills and expertise profile is provided to the Minister of Canadian Heritage and Official Languages as vacancies arise.

Joseph L. Rotman (Toronto, Ontario) was appointed Chair of the Board for a five-year term beginning July 30, 2008. Simon Brault was re-appointed Vice-Chair for a five-year term, effective March 31, 2009. Luc LaRochelle (Montreal, Quebec) was appointed for a four-year term, beginning June 18, 2008. Philip Ponting (Calgary, Alberta) was appointed for a four-year term, effective February 12, 2009.

At March 31, 2009, there was one Board vacancy.

### Board Orientation and Continuing Education

New Board members are provided with an orientation session and information package, and attend all committee meetings at the time of their first Board meeting. The information package describes the role of the Board, its committees and members, relevant policies and information relating to the Council and its management. New Board members also meet with the Council's Executive Management Group to discuss key functions and activities.

In September 2008 and March 2009, orientation sessions with management were organized for new members. Several members also attended an information session on the financial responsibilities of the Board in October 2008, given by the Director of Finance and Administration.

In 2008-09, three Board members attended courses on governance in Crown corporations organized by the Canada School of Public Service: *Financial Literacy in a Government Environment* and *Roles and Accountabilities of Boards and Board Members*.

### Board Performance Evaluation

Every year, under the direction of the Governance Committee, the Board undertakes an evaluation of the performance of the full Board and Board committees. In June 2008, the annual evaluation was reported to the Minister of Canadian Heritage and Official Languages.

### Senior Appointments

Guided by standard staffing principles and practices, a recruitment and selection process is in place for all senior management positions. Positions are filled either by the Human Resources Division or by an executive search firm. Job profiles are regularly reviewed and updated; vacancies are advertised nationally as well as on the Council's website for a minimum of one month; hiring and selection committees include experts that represent Canada's cultural diversity.

In 2008-09, there was one senior appointment: Joanne Larocque-Poirier, Head, Endowments and Prizes (May 5, 2008).

### CEO Assessment Activities

The Director is the organization's chief executive officer. The Director is accountable to and reports to the Board, carries out its policies and directives, attends meetings of the Board and Board committees, and represents the Council personally or through a delegate in its relations with departments and agencies of the government and with other organizations. The Director keeps the Board updated on important factors affecting the achievement of the Council's strategic objectives.

The Director's performance is assessed annually by the Board, according to the Privy Council Office's *Performance Management Program for Chief Executive Officers of Crown Corporations*. The Board communicates the results of the Director's annual performance appraisal to the Minister of Canadian Heritage and Official Languages.

### Communications with the Minister of Canadian Heritage and Official Languages, Parliamentarians and Other Stakeholders

Good governance requires transparency and accountability. The Board has the responsibility to ensure that the Council communicates effectively with the Minister and officials in the Department of Canadian Heritage, as it is accountable to Parliament through its Minister. It is also important for the Council, as a federal Crown corporation, to communicate effectively and in a timely manner with parliamentarians and other key stakeholders – public, government, and the arts community.

Among the key documents provided to the Minister, parliamentarians and other stakeholders in 2008-09 were the Canada Council's *Annual Report* and its *Corporate Plan* (full plan or its summary).



These reports as well as a compendium of funding provided to artists and arts organizations (a national overview and provincial and territorial profiles), are available on the Canada Council's website ([www.canadacouncil.ca/aboutus](http://www.canadacouncil.ca/aboutus)).

### Annual Public Meeting

On December 10, 2008, the Council held its first Annual Public Meeting, in Ottawa. It reported on its recent activities and plans for the future, and received feedback from interested stakeholders.

### Board Committee Mandates and Membership

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of particular concern. There are five standing committees of the Board: the Executive Committee, the Audit and Finance Committee, the Governance Committee, the Nominating Committee and the Investment Committee. Their roles, responsibilities and reporting requirements are defined in the by-laws.

#### Executive Committee

The Executive Committee acts on behalf of the Board (with exceptions related to the approval or amendments of by-laws, policies, budgets, financial statements, grants or the annual report) in the interval between meetings of the Board. Among other things, it reviews and recommends for approval the performance assessment of the Director and reviews the salary and benefits of the Director.

Membership (one vacancy): Joseph L. Rotman (Chair) and Simon Brault.

Note: No meetings of the Executive Committee were held in 2008-09, as the Board decided to wait for two existing Board vacancies to be filled before naming a third member.

#### Audit and Finance Committee

The Audit and Finance Committee is responsible for the oversight of the Council's financial performance and ensures the integrity, effectiveness and accuracy of Council's financial reporting, control systems, integrated risk management processes and audit functions.

Membership: Simon Brault (Chair), Jerry Mazerolle, Anna Porter, Joseph L. Rotman and Jean Saucier.

In 2008-09, the Audit and Finance Committee reviewed:

- the quarterly financial statements;
- the annual budget proposal;

- the financial statement diagnostic, the project plan and charter for the implementation of International Financial Reporting Standards (IFRS);
- the risk-based internal audit plan;
- the internal audit report on Entity Level Controls;
- the annual financial audit plan of the Office of the Auditor General; and
- the Auditor General's Special Examination report.

#### Governance Committee

The Governance Committee is responsible for ensuring that proper structures and processes are in place for the effective oversight and direction of the Council's activities, including establishing a process to assess the Board's performance, orienting new Board members and reviewing the corporate by-laws and governance framework regularly.

Membership: Barbara Burley (Chair), Simon Brault, Susan Knight and Joseph L. Rotman (ex-officio).

In 2008-09, the Governance Committee:

- began comprehensive reviews of the Council's governance policy, its by-laws, and the code of ethics for Board members;
- managed the Board evaluation process;
- began development of a web portal for Board information;
- implemented a Board orientation program;
- updated the job profiles for the Chair, Vice-Chair and Director, and the competency profile for the Board; and
- oversaw the planning of the Council's first Annual Public Meeting.

#### Nominating Committee

The Nominating Committee is responsible for maintaining a list of criteria for filling Board vacancies that ensure that the positions of Board member, Chair and Vice-Chair are representative of the diverse communities served by the Council.

Membership: Simon Brault (Chair), Tom Hill, Anna Porter and Joseph L. Rotman.

In 2008-09, the Nominating Committee:

- reviewed and communicated to Canadian Heritage the skill sets and competency profiles required for two Board vacancies. The committee recommended that priority be given to Western

representation, cultural diversity, female representation, and representation from the dance and media arts sectors.

#### Investment Committee

The Investment Committee is responsible for overseeing and providing expert advice on the Council's investment portfolio, including recommending Board policies with respect to investments, hiring professional fund managers and monitoring their activities.

Membership: Anna Porter, Joseph L. Rotman and the following outside experts (non-Board members): Tania Willumsen (Chair), Henry W.C. Gibbs, Laurent Lapierre, Susan Luke Hill, John H. Matthews and William J. Smith.

In 2008-09, the Investment Committee:

- closely monitored Council's investments in a time of fluctuating markets and had regular meetings with underperforming managers; and
- reviewed asset classes to ensure that Council's investments are appropriate.

#### Other Bodies

Certain Board members also serve on other bodies. Susan Knight serves on the Executive Committee of the Canadian Commission for UNESCO. Luc LaRochelle serves on the Public Lending Right Commission.

#### Remuneration for Board Members

Board members are paid an annual retainer and honoraria based on a fee structure recommended by the Government and approved by Order in Council. For 2008-09, the total of fees paid to Board members was \$113,344.

#### Executive Management Compensation

The Council has adopted salary ranges for its executive management group that reflect those established by the government for all EX-level positions in the federal public service. For 2008-09, the salary ranges were \$197,800 to 232,700 for the position of Director and \$98,000 to 144,800 for executive positions.

At March 31, 2009, the Executive Management Group consisted of Robert Sirman, Director (CEO); Carol Bream, Director, Communications; Michelle Chawla, Corporate Secretary and Director, Strategic Initiatives; Nicole Doucet, Director, Arts Disciplines; Manon Dugal, Director, Human Resources; John Goldsmith, Director, Stakeholder Relations; William Stevenson, Director, Finance and Administration; and David Walden, Secretary-General, Canadian Commission for UNESCO.

#### Proactive Disclosure

The travel and hospitality expense information of senior executives is available on the Council's website ([www.canadacouncil.ca/aboutus/organization/disclosure\\_divulgation.htm](http://www.canadacouncil.ca/aboutus/organization/disclosure_divulgation.htm)).

#### Disclosure of Wrongdoing

The Council has implemented a *Policy on the Internal Disclosure of Wrongdoing in the Workplace*, based on the requirements of the *Public Servants Disclosure Protection Act*, which applies to all persons employed in the public sector, including employees of the Council and other Crown corporations.

In 2008-09, there were no internal disclosures of wrongdoing in the workplace.

## Attendance Records for Meetings of the Board and Board Committees

Board/Committees	Board	Executive	Investment	Audit and Finance	Governance	Nominating
NO. OF MEETINGS	6	0	4	5	4	2
J. L. Rotman, Chair*	4 of 4		1 of 3	3 of 3		0 of 1
S. Brault, Vice-Chair	6			5	4	2
B. Burley	6				4	
T. Hill	6					2
L. LaRochelle*	4 of 5					
S. Knight	5 of 6				4	
J. Mazerolle**	6		1 of 1	5		
P. Ponting*	1 of 1					
A. Porter	5 of 6		3 of 4	5		2
J. Saucier**	4 of 6		1 of 1	3 of 5		

Notes:

\* J. L. Rotman was appointed effective July 30, 2008. L. LaRochelle was appointed effective June 18, 2008. P. Ponting was appointed effective February 12, 2009.

\*\* J. Mazerolle represented A. Porter at the Investment Committee meeting on May 28, 2008. J. Saucier represented J. L. Rotman at the Investment Committee meeting on September 24, 2008.



## Biographies of the Board and Director of the Canada Council for the Arts (as of March 31, 2009)



**Joseph L. Rotman, Chair**  
Ontario

Mr. Rotman is currently chair of Roy-L Capital Corporation, a private family investment company. He has played a key role in establishing a number of private and public companies, including Clairvest Group Inc., a Canadian-based merchant bank, of which he is still a board member. An Officer of the Order of Canada and a passionate supporter of the arts, Mr. Rotman has contributed to Canada's educational, cultural, economic, health care, and research communities. Many organizations have benefited from his generous leadership and financial support, including the Art Gallery of Ontario, Baycrest Centre for Geriatric Care, CIHR, MaRs, the Toronto Hospital, and the University of Toronto. [Appointed July 30, 2008.]



**Tom Hill**  
Ontario

Mr. Hill has played an influential role in the development of Aboriginal visual arts as a curator, writer, art historian, artist and volunteer. The first Aboriginal art curator in Canada, he was museum director at the Woodland Cultural Centre near Brantford Ont., for over 20 years. In 2004, he received a Governor General's Award in Visual and Media Arts for outstanding contributions to the visual arts in Canada; he has an honorary doctorate from Wilfrid Laurier University. [Re-appointed effective January 29, 2008]



**Barbara Burley**  
New Brunswick

Ms. Burley has long and varied management experience in the public and volunteer sectors. She was an Assistant Deputy Minister in the Department of Community Services of the Government of Nova Scotia until her retirement in 2004. She then moved to New Brunswick and became more directly involved in the arts sector, becoming Vice-Chair of the board of the Sunbury Shores Art and Nature Centre, a volunteer at the Ross Museum of St. Andrews, N.B., local organizer for Jeunesses Musicales du Nouveau Brunswick, member of the Civic Trust dedicated to the preservation of the Loyalist heritage of St. Andrews and member of The Shiretown Singers choral group. [Appointed December 3, 2007]



**Simon Brault, Vice-Chair**  
Quebec

Mr. Brault has been CEO of the National Theatre School of Canada since 1997. A long-time advocate for the arts, he initiated Journées de la culture (1997), led the cultural delegation at the Sommet de Montréal (2002), was chief organizer and chair of the steering committee of RV07 - Montreal, Cultural Metropolis (2007), and is a founding member and president of Culture Montréal. In 2008, Mr. Brault received the Canadian Conference of the Arts' Keith Kelly Award for Cultural Leadership. He is an Officer of the Order of Canada. [Re-appointed effective March 31, 2009]



**Susan Mary (Dyer) Knight**  
Newfoundland and Labrador

Ms. Knight is a choral conductor and music educator of international repute, and the artistic director of Shallaway (formerly the Newfoundland Symphony Youth Choir), which she founded in 1992. In 1994, she founded Festival 500, a biennial international choral festival in St. John's, which she initiated as a means of cultural affirmation and economic renewal for her province. She is a Member of the Order of Canada and of the Order of Newfoundland and Labrador. [Appointed September 15, 2006].



**Jean Saucier**  
Quebec

Mr. Saucier has been an investment advisor for BMO Nesbitt Burns for the past 12 years. His involvement in the arts sector started in 1995. He has sat on the boards of *Vie des Arts* (1995-2007) and the Musée d'art contemporain de Montréal (1999-2007), was chair of the museum's foundation (1999-2006) and Vice-Chair of the Festival international des films sur l'art (2002-07). [Appointed December 3, 2007]

**Anna Porter**

Ontario

Ms. Porter has extensive experience in the publishing industry. She held several executive positions in leading book-publishing houses before founding Key Porter Books. She was Chief Executive Officer and Publisher until 2006. An award-winning author, she is an Officer of the Order of Canada, and was appointed to the Order of Ontario in recognition of her work in promoting Canadian authors internationally. [Appointed January 29, 2008]

**Luc LaRochelle**

Quebec

Mr. LaRochelle is counsel with the national law firm of Borden Ladner Gervais, and serves on the board of directors of several corporations. He has been an extensive collector of the visual arts for many years and his collection is represented in most Quebec museums. A former board member of *Vie des Arts* and the Association des collections d'entreprises du Québec, he has given frequent lectures on law and the visual arts. As a writer, he has published four books, and his short stories and poetry have appeared in literary reviews in Quebec, Ontario and France. [Appointed June 18, 2008]

**Robert Sirman**

Director and CEO

Before joining the Canada Council, Mr. Sirman served for five years as policy advisor in Ontario's first Ministry of Culture, 10 years as Director of Operations and Director of Research and Policy Planning at the Ontario Arts Council, and 15 years as co-CEO of Canada's National Ballet School. While at the National Ballet School, Mr. Sirman spearheaded a \$100 million capital expansion program that tripled the School's physical plant and garnered national and international awards. Under his leadership the Canada Council has undertaken the most extensive strategic planning exercise in its history, reorganized internally following a year-long organizational design review, and successfully completed its first special examination by the Office of the Auditor General. [Appointed June 26, 2006]

**Jerry Mazerolle**

New Brunswick

Mr. Mazerolle has held many different positions with La Fédération des Caisses populaires acadiennes Itée since 1982, after being director general of La Caisse populaire de Caraquet. He was also an advisor for the New Brunswick Judicial Council (1999-2006). He is currently Treasurer of the Jeunesses Musicales du Nouveau-Brunswick, and a board member of the community radio station Radio Péninsule (CKRO). [Appointed February 26, 2008]

**Philip G. Ponting**

Alberta

With a legal career that spans 35 years, Mr. Ponting is currently a senior partner in the Calgary office of McLennan Ross, where he practises administrative law, focussing primarily on employment law. He has contributed significantly to the arts, and has served on the boards of the Edmonton Concert Hall Foundation, the Alberta Performing Arts Stabilization Fund, the Board of Governors of the Banff Centre, and the Council of Governors of the Edmonton Aviation Historical Society. He was also a member of the Edmonton Symphony Society from 1986 to 1996. [Appointed February 16, 2009]

## Senior Staff (as of March 31, 2009)

### Director's Office

Robert Sirman,  
Director and CEO \*

John Goldsmith,  
Director, Stakeholder Relations \*

David Walden,  
Secretary-General, Canadian Commission  
for UNESCO \*

Michelle Chawla,  
Corporate Secretary,  
and Director, Strategic Initiatives \*

### Strategic Initiatives

Alexis Andrew,  
Acting Coordinator, Partnership and Networks

Sheila James,  
Coordinator, Equity

Claire McCaughey,  
Manager, Research

Louise Profeit-LeBlanc,  
Coordinator, Aboriginal Arts

### Arts Disciplines

Nicole Doucet,  
Director \*

Carole Boucher,  
Acting Head, Writing and Publishing

Youssef El-Jai,  
Head, Media Arts

Roger Gaudet,  
Head, Theatre

Russell Kelley,  
Head, Music

Kelly Langgard,  
Coordinator, Audience and  
Market Development

Michelle Legault,  
Executive Secretary,  
Public Lending Right Commission  
and Acting Head, Arts Services

Claude Schryer,  
Coordinator, Inter-Arts

Doug Sigurdson,  
Acting Head, Visual Arts

Anne Valois,  
Head, Dance

### Communications

Carol Bream,  
Director \*

Victoria Henry,  
Director, Art Bank

Joanne Larocque-Poirier,  
Head, Endowments and Prizes

Kim Lymburner,  
Manager, Business Management and Web sites

Terry O'Grady,  
Manager, Design, Writing and Publications

Grace Thrasher,  
Coordinator, Arts Promotion  
and Acting Senior Communications Manager

### Finance and Administration

William Stevenson,  
Director \*

Carole Boileau,  
Head, Finance

Luc Charlebois,  
Head, Financial Planning

Pierre Crispin,  
Manager, Administrative Services

Daniel Plouffe,  
Head, Information Management Services

### Human Resources

Manon Dugal,  
Director \*

\* Members of the Executive Management Group.

For an up-to-date staff list, see the Canada Council website.



## Financial Statements



Jana Sasaki, *"Tabi" and "Socks"* (diptych), 2009, etching, one of 55 purchases by the Canada Council Art Bank from culturally-diverse artists. Photo: courtesy the artist

## Management's Responsibility For Financial Reporting

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

The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. The financial statements include amounts based on Management's best estimates as determined through experience and judgment. 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 for the Arts 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 safeguarded.

The Board is responsible for the management of the business and activities of the Canada Council for the Arts. In particular, they are responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. They exercise this responsibility through the Audit and Finance Committee, which is composed of members who are not employees of the Canada Council for the Arts. The Audit and Finance Committee meets with Management, the internal auditors and the Auditor General of Canada on a regular basis. The Committee reports its findings to the Board for consideration when approving the financial statements.

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

May 29, 2009



Robert Sirman, Director and CEO



William Stevenson, CA  
Director, Finance and Administration



Auditor General of Canada  
Vérificatrice générale du Canada

## AUDITOR'S REPORT

To the Canada Council for the Arts  
and the Minister of Canadian Heritage and Official Languages

I have audited the balance sheet of the Canada Council for the Arts as at March 31, 2009 and the statements of operations, comprehensive income, 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 Canadian 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Council that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act*, the *Canada Council for the Arts Act* and the by-laws of the Council.

Sylvain Ricard, CA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
May 29, 2009

## Balance Sheet

as at March 31

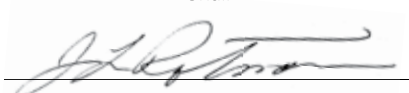
(in thousands of dollars)	2009	2008
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,829	\$ 17,812
Accounts receivable	1,296	1,419
Prepaid expenses	605	530
Derivatives (Note 7)	10	134
	11,740	19,895
Investments (Note 8)	229,073	313,161
Works of art and musical instruments (Note 9)	20,165	20,118
Other capital assets (Note 10)	3,071	3,459
<b>Total assets</b>	<b>\$ 264,049</b>	<b>\$ 356,633</b>
<b>LIABILITIES</b>		
Current liabilities		
Grants payable	\$ 30,387	\$ 34,576
Accounts payable and accrued liabilities	3,227	2,938
Derivatives (Note 7)	96	5,506
Deferred parliamentary appropriations	43	171
	33,753	43,191
Deferred revenues	2,792	2,957
Employee future benefits (Note 11)	2,124	1,945
<b>Total liabilities</b>	<b>38,669</b>	<b>48,093</b>
<b>EQUITY</b>		
Contributed surplus (Note 12)	50,000	50,000
Retained earnings	13,317	13,796
Accumulated other comprehensive income (Note 13)	(24,847)	55,881
	(11,530)	69,677
Reserve from the capitalization of investment income	166,745	168,745
Reserve for investment in works of art and musical instruments	20,165	20,118
	186,910	188,863
<b>Total equity</b>	<b>225,380</b>	<b>308,540</b>
<b>Total liabilities and equity</b>	<b>\$ 264,049</b>	<b>\$ 356,633</b>

Contractual obligations and commitments (Note 17)

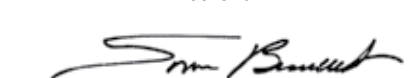
(The accompanying notes and schedules form an integral part of the financial statements.)

On behalf of the Board:

Chair



Vice-Chair





## Statement of Operations

for the year ended March 31

(in thousands of dollars)	2009	2008
<b>REVENUE</b>		
Net investment income (Note 14)	\$ 5,398	\$ 19,991
Net Art Bank revenue (Note 15)	395	206
Other revenues	2,457	2,484
<b>Total revenue</b>	<b>8,250</b>	<b>22,681</b>
<b>EXPENSES</b>		
Programs		
Grants (Schedule 1)	158,186	164,632
Administration (Schedule 2)	12,398	10,668
Services	5,404	4,600
	175,988	179,900
Canadian Commission for UNESCO (Note 15)	2,521	1,614
General administration (Schedule 2)	14,403	13,997
<b>Total expenses</b>	<b>192,912</b>	<b>195,511</b>
Net cost of operations before parliamentary appropriation	184,662	172,830
Parliamentary appropriation	182,242	182,507
<b>Net results for the year</b>	<b>\$ (2,420)</b>	<b>\$ 9,677</b>

(The accompanying notes and schedules form an integral part of the financial statements)

## Statement of Comprehensive Income

for the year ended March 31

(in thousands of dollars)	2009	2008
Net results for the year	\$ (2,420)	\$ 9,677
<b>Other comprehensive income (loss)</b>		
Available-for-sale financial assets		
Unrealized losses on unrestricted available-for-sale financial assets during the year	(58,167)	(40,065)
Reclassification to the statement of operations of realized losses (gains) in the year	811	(373)
<b>Net change in unrealized losses in available-for-sale financial assets</b>	<b>(57,356)</b>	<b>(40,438)</b>
Restricted contributions from non-owners		
Unrealized losses on contributions from non-owners during the year	(21,242)	(14,536)
Reclassification to the statement of operations of realized losses in the year	401	221
Donations from non-owners received during the year	-	1,137
Net investment income attributed to non-owners	537	4,884
Use of funds attributed to non-owners	(3,068)	(3,207)
<b>Net change in unrealized losses in contributions from non-owners</b>	<b>(23,372)</b>	<b>(11,501)</b>
<b>Comprehensive loss for the year</b>	<b>\$ (83,148)</b>	<b>\$ (42,262)</b>

(The accompanying notes and schedules form an integral part of the financial statements)

**Statement of Changes in Equity**  
for the year ended March 31

(in thousands of dollars)	2009	2008
<b>EQUITY</b>		
Contributed surplus (Note 12)	\$ 50,000	\$ 50,000
Retained earnings		
Balance at beginning of the year	13,796	15,517
Net results for the year	(2,420)	9,677
Appropriated from (to) the reserve from the capitalization of investment income during the year	2,000	(11,000)
Appropriated to the reserve for the investment in works of art and musical instruments during the year	(59)	(398)
Balance at end of the year	13,317	13,796
Accumulated other comprehensive income (Note 13)		
Net unrealized gains (losses) from available-for-sale financial assets		
Balance at beginning of the year	(19,734)	20,704
Other comprehensive loss for the year	(57,356)	(40,438)
Balance at end of the year	(77,090)	(19,734)
Restricted contributions from non-owners		
Balance at beginning of the year	75,615	87,116
Other comprehensive loss for the year	(23,372)	(11,501)
Balance at end of the year	52,243	75,615
Total accumulated other comprehensive income	(24,847)	55,881
Total retained earnings and accumulated other comprehensive income	(11,530)	69,677
Reserves		
Reserve from the capitalization of investment income		
Balance at beginning of the year	168,745	157,745
Appropriated (to) from retained earnings during the year	(2,000)	11,000
Balance at end of the year	166,745	168,745
Reserve for the investment in works of art and musical instruments		
Balance at beginning of year	20,118	19,747
Net disposals during the year	(12)	(27)
Appropriated from retained earnings during the year	59	398
Balance at end of the year	20,165	20,118
Total reserves	186,910	188,863
Balance of equity at end of the year	\$ 225,380	\$ 308,540

(The accompanying notes and schedules form an integral part of the financial statements)

## Statement of Cash Flows

for the year ended March 31

(in thousands of dollars)	2009	2008
<b>OPERATING ACTIVITIES</b>		
Net results for the year	\$ (2,420)	\$ 9,677
Items not affecting cash and cash equivalents		
Income on contributions from non-owners capitalized	(2,531)	1,677
Amortization – other capital assets	899	866
Amortization – other capital assets – Art Bank	149	134
Employee future benefits	179	211
	(3,724)	12,565
Change in non-cash operating assets and liabilities (Note 16)	(9,431)	(516)
Cash (used by) provided by operating activities	(13,155)	12,049
<b>FINANCING ACTIVITIES</b>		
Contributions received from non-owners	-	1,137
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(55,664)	(47,416)
Sales/maturities of investments	61,555	23,623
Acquisition of other capital assets, works of art and musical instruments	(719)	(1,128)
Cash provided by (used for) investing activities	5,172	(24,921)
Decrease in cash and cash equivalents	(7,983)	(11,735)
Cash and cash equivalents at beginning of the year	17,812	29,547
Cash and cash equivalents at the end of the year	\$ 9,829	\$ 17,812
Represented by:		
Cash equivalents (Note 6)	\$ 12,203	\$ 21,245
Bank overdraft	(2,374)	(3,433)
	\$ 9,829	\$ 17,812

(The accompanying notes and schedules form an integral part of the financial statements)

## Notes to Financial Statements

March 31, 2009

### 1. Authority, Operations and Objectives

The Canada Council for the Arts (the "Council"), established by the *Canada Council Act* in 1957 and subsequently amended in 2001 by Bill C-40 to the *Canada Council for the Arts Act*, 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(1.1) of the *Financial Administration Act*, the Council is exempt from Divisions I to IV of Part X of this Act, except for subsection 105(2) and sections 113.1 and 119 of Division II, sections 131 to 148 of Division III and section 154.01 of Division IV. The Council is a Crown corporation whose objectives are to foster and promote the study and enjoyment of, and the production of works in, the arts.

The Council achieves its objectives primarily through grant programs to professional Canadian artists and arts organizations. The Council incurs administration and services expenses in the delivery of programs. Program administration expenses are detailed in Schedule 2 and represent the direct costs of program delivery. Program services expenses mainly represent the costs associated with the adjudication of the Council's grants. General administration costs represent the costs related to corporate management, communications, human resources, information management, finance, accommodation and amortization.

The *Canada Council for the Arts Act* assigns the Council with the functions and duties for the Canadian Commission for UNESCO (the "Commission"). The Commission advises the Government of Canada on its relations with the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Commission also fosters co-operation between Canadian organizations in civil society and UNESCO.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). On April 1, 2008, the Council adopted the new standards for capital disclosures and financial instruments outlined in Note 3. The significant accounting policies of the Council are:

#### (a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year.

Employee-related liabilities, accrued investment income, the estimated useful lives of capital assets and the fair value of financial instruments are the most significant items where estimates are used. Actual results could differ from those estimated.

#### (b) Financial instruments

All financial instruments are initially measured at fair value. The following table identifies the Council's financial assets and liabilities and identifies how they are classified and subsequently measured.

Financial asset or liability	Basis of classification	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Derivatives	Held-for-trading	Fair value
Grants payable	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

#### (c) Cash equivalents

Cash equivalents represent short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents on the Council's balance sheet comprise units in a short-term pooled fund. Distributed income is recorded on an accrual basis and is recognized in the statement of operations under net investment income in the year in which it is earned.

#### (d) Derivatives

The Council does not apply hedge accounting to its derivatives. Derivatives are recognized at fair value on the balance sheet. Derivatives with a positive (negative) fair value are reported as assets (liabilities). All changes in the fair value of derivatives are recognized on the statement of operations under net investment income in the year in which they occur.

#### (e) Investments

Changes in the fair value of investments are recognized directly in other comprehensive income until the investment is derecognized, or until a loss is considered to be other than temporary, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in net investment income on an average cost basis for the year. The investments may be sold in response to changes in the Council's liquidity requirements and to rebalance the asset mix to benchmarks stipulated in the Council's investment policy. Purchases of investments are recorded on the

settlement date. All investment revenues are recorded in the statement of operations under net investment income. All management fees paid are expensed in the year.

**(f) Other capital assets, works of art and musical instruments**

Equipment and leasehold improvements are carried at cost less the accumulated amortization. Amortization is calculated using the straight-line method, over the estimated useful lives of the assets as follows:

Office equipment	5 years
Leasehold improvements	remaining term of the lease

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

**(g) Employee future benefits**

**(i) Severance benefits**

Employees are entitled to severance benefits, as provided for under conditions of employment and the collective agreement. The cost of these benefits is accrued as the employees render the services necessary to earn them. The liability is calculated based on management's best estimates and assumptions, on the employee's salary and number of years of service as at March 31. For employees who have attained the age of 50, with one year or more of continuous service, one week's salary is calculated for each completed year of continuous service up to a maximum of 28 weeks. For employees who have not attained the age of 50, with one or more years of service, one-half of one week's salary is calculated for each completed year of continuous service up to a maximum of 26 weeks. Term employees who have 12 consecutive months of continuous service are entitled to either two days pay for each completed year of continuous service or five days pay, whichever is greater. These benefits represent the only employment obligation of the Council that entails settlement by future payment.

**(ii) Pension benefits**

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Council's contribution to the plan reflects the full cost as employer. The amount is currently based on a multiple of the employee's required contributions and may change over time depending on the experience of the Plan. These contributions are expensed during the year in which the services are rendered and represent the total pension

obligations of the Council. The Council is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

**(h) Reserves**

**(i) Reserve from the capitalization of investment income**

This reserve represents the sum of excess investment income since the establishment of the Council in 1957. In years when net investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the retained earnings to the reserve from the capitalization of investment income. In years when net investment income is less than the amount of net budgeted investment income, an amount may be transferred to the retained earnings from the reserve from the capitalization of investment income. These transfers are approved by the Board.

**(ii) Reserve for investment in works of art and musical instruments**

This reserve represents a transfer from retained earnings to the reserve of an amount equal to the cost of works of art or musical instruments purchased or the appraised value of works of art or musical instruments donated during the year.

**(i) Revenue recognition**

**(i) Parliamentary appropriation**

Parliamentary appropriation is recognized as revenue in the year for which it is approved by Parliament. Parliamentary appropriations for specific projects are deferred and recognized on the statement of operations in the year in which the related expenses are incurred. The parliamentary appropriation is mainly used for operations.

**(ii) Contributions**

The Council receives non-owner contributions that are externally restricted for specific purposes by the donors.

Externally restricted non-owner contributions, including realized and unrealized gains and losses for the associated externally restricted investment income, are recognized in other comprehensive income. The accumulated income from restricted non-owner contributions is reduced and recognized in the statement of operations under net investment income once the related expenses are incurred.

Unrestricted non-owner contributions are recognized as other revenue in the year received or in the year the funds are committed to the Council if the amount can be reasonably estimated and collection is reasonably assured.

In-kind contributions are recorded at their fair value when they are received.

(iii) Art Bank rental revenues

Revenues generated from the rental of works of art are recognized in the year in which services are provided. They are included in net Art Bank revenue.

(iv) Other revenues

Other revenues consist mainly of the cancellation in the current year of grants approved in previous years.

(j) Grants

Grants are recorded as an expense in the year for which they are approved by the Board.

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expense items are translated at average exchange rates prevailing throughout the year. All exchange gains and losses are included in determining the net results for the year except for available-for-sale investments where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

(l) Operating leases

The Council enters into operating leases for its office accommodation. The lease inducements are recorded as a reduction to the office accommodation expense on a straight-line basis over the term of the lease.

(m) Future accounting changes

On February 13, 2008, the Canadian Accounting Standards Board confirmed that the transition to International Financial Reporting Standards (IFRS) from Canadian GAAP will occur on January 1, 2011 for publicly accountable entities. Some of the converged standards will be implemented in Canada during the transition period with the remaining standards adopted at the change over date. The Council has completed an initial analysis identifying differences between IFRS and Canadian GAAP. The Council is continuing to assess the impact of IFRS on its financial reporting. The impact cannot be reasonably estimated at this time.

### 3. Adoption of New Accounting Policies

On April 1, 2008, the Council adopted new disclosure and presentation standards in accordance with CICA Handbook; Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. Section 1535 establishes disclosure requirements about an entity's capital and how it is managed. The purpose is to enable users of the financial statements to evaluate the Council's objectives, policies and processes for managing capital. Refer to note 4 for the Council's Capital Disclosures.

Sections 3862 and 3863 replace Section 3861, *Financial Instruments – Disclosure and Presentation* by revising and enhancing disclosure requirements for financial instruments while leaving presentation requirements unchanged. They also place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Council manages those risks. Refer to note 5 for the Council's financial instruments disclosures.

### 4. Capital Management

The Council's capital consists of Restricted contributions from non-owners, Contributed Surplus (see Note 12), a Reserve from the capitalization of investment income (see Note 2(h)i), a Reserve for investment in works of art and musical instruments (see Note 2(h)ii) and Retained Earnings.

The Council's objective when managing capital is to safeguard the Council's ability to continue its mandate (as described in Note 1). In order to meet its capital management objectives, the Council invests in a diversified portfolio.

Restricted contributions from non-owners

The contributions from non-owners consist of contributions received by way of bequest and donation that have been restricted for specific purposes by the donors, the proportionate share of unrealized and/or recognized gains or losses on the associated investments and unspent restricted income earned on the associated investments.

The original contribution principal from non-owners received up to March 31, 2009 is \$37,471,000 (2008 - \$37,471,000). Each contribution received is included with the Council's investment portfolio and a proportionate share of that contribution is calculated based upon the fair value of the investment portfolio at the time it was received. The Council manages the contributions as stipulated in the trust documents. The Council has complied with the requirements of these external contributions.

## 5. Financial Instruments

### (a) Summary of financial instruments

At March 31, 2009, the classification of the Council's financial instruments, as well as their carrying amounts and fair values are as follows:

Financial assets and liabilities	Classification	2009 Carrying Amount and Fair Value (\$)	2008 Carrying Amount and Fair Value (\$)
Cash and cash equivalents <sup>1</sup>	Held for trading	9,829	17,812
Accounts receivable <sup>1</sup>	Loans and receivables	1,296	1,419
Derivatives <sup>2</sup>	Held for trading	(86)	(5,372)
Investments <sup>3</sup>	Available for sale	229,073	313,161
Grants payable <sup>1</sup>	Other liabilities	30,387	34,576
Accounts payable and accrued liabilities <sup>1</sup>	Other liabilities	3,227	2,938

<sup>1</sup> The carrying amounts of these financial instruments approximate their fair value because of their short-term maturity.

<sup>2</sup> Fair value for the derivatives is calculated using supportable observable market rates including the current market spot and the forward exchange rates at year end (see Note 7).

<sup>3</sup> The fair values of the investments are determined as follows: Pooled fund investments are valued at the unit values supplied by the pooled fund managers, which represent the Council's proportionate share of the underlying net assets at fair values, determined using closing market prices.

Real estate investment values are supplied by the managers using independently audited appraisals obtained annually.

Infrastructure investment values are supplied by the managers using internally audited appraisals which are reviewed annually by the Fund's auditors as part of the annual fiscal year end audit of the fund.

The detailed fair value for investments is listed in Note 8.

### (b) Risk management

The Council is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and market risk (price risk, interest rate risk and currency risk). The long term goal of the Council's investment policy is to produce long term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital. This policy allows the use of certain derivative financial instruments.

In order to manage risk, the Council invests in a diversified portfolio that is managed by professional investment managers. The Council's investments are guided by a *Statement of Investment Policies and Goals* which is approved by the Board and reviewed on an annual basis. The Council is assisted in the oversight and management of its portfolio by an Investment

Committee composed of independent experts with experience in both the investment field and the asset classes being invested in. In addition, the Council uses the services of an independent investment consultant to assist the investment Committee in its work. As the investment markets continue to evolve, the Investment Committee recommends adjustments to the asset mix to minimize the overall risk of the portfolio.

#### (i) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council.

At balance sheet date financial assets exposed to credit risk include investments, accounts receivable and derivatives. The carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

Through its investments in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund, the Council is indirectly exposed to the credit risk of the underlying investments of those funds. These risks are managed at the investment manager level. Their objectives are to invest in high quality financial instruments with creditworthy counterparties, by limiting the amount that can be invested in any one counterparty and by using other limits set out in the Council's investment policy.

The majority of the Council's accounts receivables are due from the Government of Canada and, as such, have low credit risk. The Council mitigates credit risk through monitoring of the outstanding balances. As at March 31, 2009, there were no significant amounts past due.

The credit risk on derivatives is managed by contracting only with creditworthy counterparties that must satisfy two out of the three following ratings from external credit rating agencies: A3 for Moody's, A- for Standard & Poor's or A- for Fitch/IBCA.

#### (ii) Liquidity Risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due.

The Council receives most of its revenue by way of parliamentary appropriation from the Government of Canada. That revenue is temporarily invested in the short-term pooled fund until it is required. Also, if needed, the Council can withdraw from its investment portfolio up to 4.5% of the previous three-year average market value using balances at September 30.

The objectives of the Council with respect to the management of liquidity is to ensure that the capital value of its

short-term pooled funds is preserved, that the investments are sufficiently liquid and that investment income is distributed in cash when possible.

The liquidity available from the short-term funds and investments ensures that the Council is able to meet its obligations and commitments. The majority of the investment portfolio can be redeemed within three days. As well, the permitted and prohibited investments are governed by Board-approved short-term and long-term investment policies which ensure that the liquidity risk is minimized.

See note 17 for the contractual obligations and commitments of the Council as at March 31, 2009.

### (iii) Market Risks

The Council's activities are primarily exposed to price risk, interest rate risk and currency risk.

The investment managers' directives are to manage the Council's market risks on a daily basis in accordance with the Council's policies. The Council's overall market positions are monitored on a quarterly basis by the Board of Directors and the Investment Committee.

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Council is exposed to market price risk arising from its investments in units of equity and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund.

#### *Price sensitivity*

The following details the Council's portfolio sensitivity to a 10.1% increase or decrease in the market prices, with 10.1% being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of a reasonably possible change in market prices. The sensitivity rate is determined using the historical standard deviation for the total fund as determined by the investment advisor.

At 31 March 2009, if market prices had a 10.1% increase or decrease with all other variables held constant, the increase or decrease in accumulated other comprehensive income for the year would have been \$24,046,000 due to the increase or decrease in the fair value of available for sale financial assets.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate exposure of the Council arises from its interest bearing assets. The Council's cash includes amounts on deposit with a financial institution that earns interest at market rates. The objective of the Council is to manage its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Council's results of operations.

The Council's investments in short-term pooled funds, fixed income pooled fund and alternative pooled funds are indirectly affected by movements in their fair value as a result of fluctuations in market interest rates. The impact of the fluctuation cannot be assessed since Council holds units of pooled funds and not the underlying assets.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At the balance sheet date, the Council's only monetary financial instruments exposed to foreign currency were the derivatives at \$10,000 (2008 - \$134,000) and a balance of \$136,000 USD (2008 - \$38,000 USD) in cash in investments. Given the small size of the foreign currency exposure compared with the total assets of the Council, currency risk is not considered material.

## 6. Cash Equivalents

The Council invests in a short-term pooled fund managed by TD Asset Management Inc. This fund invests primarily in debt instruments issued or guaranteed by the Government of Canada.

The pooled fund is the temporary investment of the Council's excess daily cash requirements which had a balance of \$8,199,000 (2008 - \$17,585,000). For the year ended March 31, 2009, this fund earned a return of 2.4% (2008 - 4.8% with State Street Global Advisors) and the underlying investments had an average weighted term to maturity of 51 days (2008 - 53 days with State Street Global Advisors).

## 7. Derivatives

Use of derivatives has been limited to foreign currency forward contracts. The Council currently uses foreign currency forward



contracts that represent commitments to purchase or sell foreign currencies for delivery at a specific date in the future at a fixed rate to manage its foreign currency exchange risk. These contracts are typically for a one-month period.

During the year, the Council entered into foreign currency forward contracts to manage half of its exposure to foreign currency exchange risk on the non Canadian dollar denominated portion of its investments portfolio, except for the emerging market component which was unhedged and represented approximately 3.2% of the investment portfolio.

Foreign currency forward contracts have notional amounts that serve as points of reference for calculating payments and are not the actual amounts that are exchanged. These amounts are not recorded on the balance sheet, as they do not represent their fair value. At March 31, 2009, the Council held foreign currency forward contracts, for settlement May 5, 2009, with a total notional amount of \$62.6 million (2008 – \$84.4 million).

Currency	Forward rate	Notional Amount <sup>1</sup>
US Dollar	0.795	\$ 35,399,000
Euro	0.599	11,918,000
Japanese Yen	78.493	6,432,000
United Kingdom Pound sterling	0.555	4,981,000
Others	2.355	3,847,000

<sup>1</sup> The notional amount represents 50% of the Council's exposure to those currencies as per its hedging strategy.

The fair value of outstanding foreign exchange forward contracts represents an asset of \$10,000 (2008 – \$134,000) and reflects the potential gain if settlement were to take place on March 31, 2009. The derivatives liability consists of an unrealized loss of \$96,000 (2008 – \$5,506,000) on foreign currency forward contracts that matured on March 31, 2009, but only settled on April 2, 2009. The net investment income includes a net foreign currency loss for the year of \$5,471,000 (2008 – \$498,000).

## 8. Investments

(in thousands of dollars)		2009				2008		
	Cost	Unrealized losses	Unrealized gains	Fair Value	%	Cost	Fair Value	%
<b>Canada Council Endowment and Special Funds</b>								
Pooled funds								
Equity	\$ 164,882	\$ 79,483	\$ -	\$ 85,399	46.8	\$ 164,125	\$ 144,427	57.9
Fixed income	52,180	2,371	-	49,809	27.3	57,398	55,745	22.4
Alternatives	26,622	699	89	26,012	14.3	26,622	26,461	10.6
Money market	8,946	-	-	8,946	4.9	16,820	16,820	6.8
Real estate	10,311	2,094	768	8,985	4.9	4,094	4,094	1.6
Infrastructure	3,257	-	72	3,329	1.8	1,793	1,793	0.7
	266,198	84,647	929	182,480	100.0	270,852	249,340	100.0
<b>Killam Funds</b>								
Pooled funds								
Equity	44,228	22,156	-	22,072	47.4	44,075	37,301	58.5
Fixed income	13,182	615	-	12,567	27.0	14,750	14,307	22.4
Alternatives	6,831	178	23	6,676	14.3	6,831	6,787	10.6
Money market	1,942	-	-	1,942	4.2	3,832	3,832	6.0
Real estate	2,647	539	192	2,300	4.9	1,036	1,036	1.6
Infrastructure	1,013	-	23	1,036	2.2	558	558	0.9
	69,843	23,488	238	46,593	100.0	71,082	63,821	100.0
Total investments	\$ 336,041	\$ 108,135	\$ 1,167	\$ 229,073		\$ 341,934	\$ 313,161	

Unrealized losses on investments are primarily due to the timing of the market prices, foreign exchange movements, or the early years in the business cycle for some investments. The Council does not consider these investments to be other-than-temporarily impaired as at March 31, 2009.

The long-term objectives of the Canada Council Endowment and Special Funds and the Killam Funds are to generate long-term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital.

The Council invests in units of equity, fixed income and alternative pooled funds and in limited partnership units of four real estate funds and an infrastructure fund. The permitted and prohibited investments as well as the asset mix are governed by a Board approved investment policy. All of the investments are managed by professional investment managers.

The Council manages its portfolio to the following benchmarks adopted by the Board in March 2008. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset Classes	Actual Market Value	Minimum	Benchmark	Maximum
Equities	46.9%	50%	61%	70%
Fixed income	27.2%	10%	20%	25%
Alternatives	14.3%	5%	10%	15%
Real Estate	4.9%	0%	4%	6%
Infrastructure	1.9%	0%	5%	7%
Money market	4.8%	0%	0%	15%

The non-compliance with the asset class allocation ranges is due to the poor performance of the equity funds. The Council's Statement of Investment Policies and Goals allows for a grace period of six months for the rebalancing of the asset classes to the benchmark. Due to the impact that the economic downturn has had on the fair value of the investments, the Council has decided not to rebalance the asset classes at this time.

Money market includes short-term pooled funds used for capital committed to future investment in limited partnership units of real estate and infrastructure funds. This fund had a balance of \$10,888,000 (2008 - \$20,652,000). For the year ended March 31, 2009, this fund earned a return of 2.4% (2008 - 3.3% with State Street Global Advisors) and the underlying investments had an average weighted term to maturity of 51 days (2008 - 53 days with State Street Global Advisors).

Investments in the equity pooled funds are comprised of units of two pooled funds. These funds are invested in the global equity markets. The global equities are measured against the returns of the Morgan Stanley Capital International World Hedge Index. Investments in the fixed income pooled fund are comprised of Canadian Government and corporate bonds with a minimum credit quality of BBB or equivalent rated by a recognized bond

rating agency. The fixed income fund is intended to replicate the returns of the DEX Universe Bond Index. Investments in the alternative pooled funds are comprised of units of two hedge funds with diversified positions across global asset classes. These investments are measured against the returns of the Scotia Capital 91-day T-bill plus 20%. The assets included in real estate funds are commercial real estate properties in Canada and the United States. These investments are measured against the returns of the Investment Property Databank for the Canadian managers and the National Council of Real Estate Investment Fiduciaries (NCREIF) for the US manager. The infrastructure fund includes a portfolio of diversified infrastructure investments. These investments are measured against the Consumer Price Index plus 4.5%.

## 9. Works of Art and Musical Instruments

(in thousands of dollars)	2009	2008
Works of Art	\$ 18,617	\$ 18,570
Musical Instruments	1,548	1,548
	\$ 20,165	\$ 20,118

The Council's Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes about 17,300 paintings, sculptures, drawings, photographs and prints by over 3,025 artists. The Art Bank rents art works to interested parties and presently has about 6,400 (2008 - 6,700) works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Council created the Musical Instrument Bank in 1985, and it presently owns a fine cello bow and five quality musical instruments. In addition, the Council manages eight instruments on loan, seven from an anonymous donor and one from another donor until August 2009.

Agreements are signed with the organizations that rent the works of art and with the individuals to whom the instruments are loaned. Those agreements include clauses that stipulate how the works of art or musical instruments are to be handled in order to safeguard them. The Council insures the works of art and the musical instruments for their fair value.

## 10. Other Capital Assets

(in thousands of dollars)	2009		2008	
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Office equipment	\$ 6,048	\$ 5,042	\$ 1,006	\$ 925
Leasehold improvements	5,340	3,275	2,065	2,534
	\$ 11,388	\$ 8,317	\$ 3,071	\$ 3,459

## 11. Employee Future Benefits

### i) Severance benefits

The Council provides severance benefits to its employees based on years of service and final salary. These benefits are not pre-funded and thus have no assets, resulting in a deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue. Information about the benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2009	2008
Accrued benefit obligation, beginning of year	\$ 1,945	\$ 1,734
Cost for the year	290	309
Benefits paid during the year	(111)	(98)
Accrued benefit obligation, end of year	\$ 2,124	\$ 1,945

### ii) Pension benefits

The Council and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Council's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)	2009	2008
Employer's contributions	\$ 1,882	\$ 1,730
Employees' contributions	924	795

## 12. Contributed Surplus

Contributed surplus represents the original contribution by the Government of Canada of \$50 million, which constituted an Endowment Fund when the Council was established in 1957.

## 13. Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of unrealized gains or losses on available-for-sale investments and restricted contributions from non-owners.

The restricted contributions from non-owners are included with the Council's investment portfolio, and a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time the contribution was received. The proportionate share for each restricted contribution of the unrealized gains or losses from the revaluation to fair value of the Council's investment portfolio as at March 31, net of the reclassifications to income of realized gains or losses in the year, is recognized in other comprehensive income as non-owner contributions.

## 14. Net Investment Income

(in thousands of dollars)	2009	2008
Losses from disposal of financial assets classified as available for sale	\$ (977)	\$ (445)
Gains (losses) on foreign currency from disposal of financial assets classified as available for sale	16	(5)
Net foreign currency loss on financial assets and liabilities classified as held for trading	(5,471)	(498)
Interest and dividend income from financial assets classified as available for sale	10,847	24,393
Interest income from financial assets designated as held for trading	40	67
Loss (Income) attributable to contributions from non-owners	2,531	(1,677)
Investment portfolio management costs	(1,588)	(1,844)
	\$ 5,398	\$ 19,991

The financial markets in which the Council invests are quite diversified, and investment income can fluctuate year over year. In years where investment income exceeds expectations, the Council reinvests excess income in order to maintain the purchasing power of the fund and to ensure its continued growth. This approach brings stability and long-term growth, so that, in years where income is not as favourable, previous years' income represented by reserve from the capitalization of investment income, a component of equity, can be utilized.

## 15. Net Art Bank Revenue and Canadian Commission for UNESCO

(in thousands of dollars)	2009	2008
<b>Net Art Bank Revenue</b>		
Rental revenue	\$ 2,142	\$ 1,961
Other income	178	222
Administration	(1,776)	(1,843)
Amortization	(149)	(134)
Net Art Bank Revenue	\$ 395	\$ 206

### Canadian Commission for UNESCO

Program expenses	\$ 1,284	\$ 423
Program – contributions received	(238)	(117)
Administration	1,475	1,308
	\$ 2,521	\$ 1,614

Program expenses represent mainly the costs associated with the Commission's activities at international meetings related to education, science and culture. These costs are offset by contributions received from other organizations partnering with the Commission on these activities. Administration expenses represent the direct costs of delivering the Commission's programs.

## 16. Change in Non-cash Operating Assets and Liabilities

(in thousands of dollars)	2009	2008
Decrease in accrued investment income	\$ -	\$ 1,125
Decrease (increase) in accounts receivable	123	(127)
Decrease (increase) in derivatives - assets	124	(134)
Increase in prepaid expenses	(75)	(304)
Decrease in grants payable	(4,189)	(5,816)
Increase in accounts payable and accrued liabilities	289	48
(Decrease) increase in derivatives - liabilities	(5,410)	5,506
Decrease in deferred revenues	(165)	(89)
Decrease in deferred parliamentary appropriations	(128)	(725)
Net cash used by non-cash operating assets and liabilities	\$ (9,431)	\$ (516)

As at March 31, the Council recorded the following amounts on the balance sheet for transactions with related parties:

(in thousands of dollars)	2009	2008
Accounts receivable	\$ 684	\$ 791
Grants payable	110	197
Accounts payable and accrued liabilities	41	168
Deferred revenues	850	879

## 19. Comparative Figures

Certain 2008 figures have been reclassified to conform to the presentation adopted in 2009.

## 17. Contractual Obligations and Commitments

- (a) Payments of grants extending into future years are subject to the provision of funds by Parliament. Future year grants commitments approved prior to March 31, 2009 are as follows:

(in thousands of dollars)	
2010	\$ 85,002
2011	24,901

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

(in thousands of dollars)	
2010	\$ 4,383
2011	4,403
2012	4,403
2013	4,403
2014	3,440
2015 – 2020	2,211
Total	\$ 23,243

## 18. Related Party Transactions

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with related parties in the normal course of business on normal trade terms applicable to all individuals and enterprises, and these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Council incurred grant expenses totaling \$130,000 (2008 – \$246,500) and recorded rental revenues of works of art, contributions and other revenues totaling \$2,132,000 (2008 - \$1,948,000) with related parties.

**Schedule 1 – Grant Expenses by Section**  
for the year ended March 31

<b>(in thousands of dollars)</b>	<b>2009</b>	<b>2008</b>
<b>Arts Programs</b>		
Music	\$ 29,633	\$ 27,402
Theatre	26,852	24,041
Writing and Publishing	23,750	21,864
Visual Arts	21,054	18,917
Dance	18,766	16,405
Media Arts	14,244	13,273
Public Lending Right Commission	9,954	9,159
Inter-Arts	3,187	2,247
Audience and Market Development	1,997	2,034
Alberta Creative Development Initiative	1,907	1,867
Equity	1,683	1,875
Aboriginal Arts	894	1,309
Other	1,699	1,511
Supplementary Operating Funds Initiative	-	20,000
<b>Killam Program</b>		
Killam Research Fellowships	1,330	1,433
Killam Prizes	500	500
<b>Other Prizes and Awards</b>		
Commission internationale du théâtre francophone	125	96
Victor Martyn Lynch-Staunton Awards	105	105
Molson Prizes	100	100
John G. Diefenbaker Award	75	75
Vida Peene Award	51	79
Walter Carsen Prize	50	50
Other prizes and awards < \$50,000	230	290
	<b>\$ 158,186</b>	<b>\$ 164,632</b>

**Schedule 2 – Administration Expenses**  
for the year ended March 31

(in thousands of dollars)	2009			2008
	Programs	General Administration	Total	Total
Salaries	\$ 8,665	\$ 5,230	\$ 13,895	\$ 12,552
Employee benefits	2,308	1,486	3,794	3,508
Office accommodation	33	3,386	3,419	3,268
Professional and special services	371	1,376	1,747	1,493
Staff travel	703	304	1,007	948
Amortization	-	899	899	866
Printing, publications and duplicating	80	537	617	713
Communications	155	299	454	495
Information management	-	370	370	262
Office expenses and equipment	2	298	300	229
Meeting expenses including members' honoraria	76	191	267	302
Miscellaneous	5	27	32	29
	<b>\$ 12,398</b>	<b>\$ 14,403</b>	<b>\$ 26,801</b>	<b>\$ 24,665</b>



