



*Publisher*

# CANADA COUNCIL FOR THE ARTS

# 2010-11

## Annual Report



*Animator*

CREATIVITY.  
COMMUNITY.  
LIFE.

"At the Translation Rights Fair English- and French-language publishers meet and exchange ideas. It's the idea that we are abolishing borders thanks to a program that allows us to exchange first and foremost."

Antoine Tanguay

"We use work from the Canada Council Art Bank to showcase Canadian art to visiting dignitaries. For many of our guests, this is a unique opportunity to discover and appreciate Canada's artistic talent and diversity."

Sonya Thissen



*Protocol official*

"Culture Days was a wonderful opportunity for collaboration with our residents, businesses, politicians, tourism industry and BIA. It was inspiring to be part of something so grand and on a national scale."

Onalee Groves

"All modesty aside, I can assure you that you have truly invested in fertile ground for artistic creation. I live and breathe the performing arts!"

Maxime Béliveau



*Culture officer*



*Student*



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[www.canadacouncil.ca](http://www.canadacouncil.ca)

CANADA  
COUNCIL  
FOR THE  
ARTS

2010-11

Annual Report



Canada Council  
for the Arts

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du Canada

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Canada

## Mandate

The Canada Council for the Arts is a federal Crown corporation created by an Act of Parliament in 1957 “to foster and promote the study and enjoyment of, and the production of works in, the arts.”

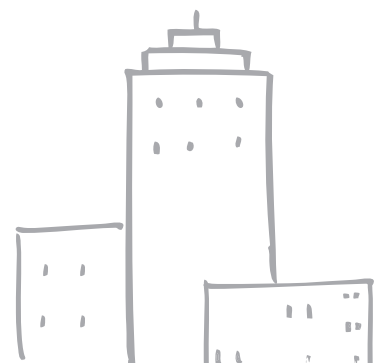
The Council offers a broad range of grants (some 6,100 in 2010-11) and services to professional Canadian artists and arts organizations in music, theatre, writing and publishing, visual arts, dance, media arts and integrated arts. It further seeks to raise public awareness of the arts through its communications, research and arts promotion activities.

The Council also awards prizes and fellowships every year to approximately 200 artists and scholars. The Canadian Commission for UNESCO and the Public Lending Right Commission operate within the Council. The Canada Council Art Bank, which has some 17,500 works of contemporary Canadian art in its collection, rents to the public and private sectors.

The Canada Council is governed by an 11-member Board. The Chair, the members of the Board and the Director of the Council are appointed by the Governor in Council for fixed terms. The Council relies heavily on the advice of artists and arts professionals from all parts of Canada (over 700 serve annually as jurors, or peer assessors) and works in close co-operation with federal, provincial, territorial and municipal arts and cultural agencies and departments. The Council reports to Parliament through the Minister of Canadian Heritage; its accounts are audited by the Auditor General of Canada. The annual budget allocation from Parliament is supplemented by endowment income, donations and bequests.

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*Joseph L. Rotman*



## Message from the Chair

As readers of this annual report may know, I came to the Canada Council's Board of Directors, not as an artist or arts administrator, but as a businessman with a deep appreciation of the arts. Throughout my career I've seen the value of the arts first-hand. Business thrives in a climate of creation – or as I sometimes prefer to say – invention. Artists are inventors. They see new patterns and ways of being, and bring them to light for the rest of us. They bring passion and commitment to their ideas and visions and they must be willing to take risks to bring them to fruition.

I could speak at great length about the benefits that a healthy arts ecology brings to Canada – but in this annual report, we're letting Canadians speak for themselves. Students, seniors, city workers, businessmen, volunteers – all attest to the value of art experiences offered by artists and arts organizations funded by the Canada Council. These individuals are at the very heart of why Canada invests in the arts. They are also just the tip of the iceberg in terms of the huge potential that exists in keeping Canada at the forefront of artistic and cultural engagement.

This annual report also highlights the Canada Council's achievements in the final year of its 2008-11 Strategic Plan. I'm pleased to say that we've made great progress in advancing the plan's five strategic directions: through our programs and services we've increased our support to individual artists and arts organizations, while advancing equity, and developing partnerships and organizational capacity.

But as much as we celebrate these accomplishments, we are already looking ahead with our new five-year Strategic Plan for 2011-16, which was developed through extensive consultation with the arts community and other stakeholders. *Strengthening Connections* provides stability and continuity in a period of economic uncertainty by pursuing the five directions of the past three years. At the same time, it addresses the evolving needs of artists in the 21<sup>st</sup> century, whether they are adapting their practice to new technologies, looking for synergies that will spark new artistic directions, or finding new ways to engage Canadians.

I speak for my fellow Board members when I say that I'm pleased to be embarking on this new plan with Director and CEO Robert Sirman. Mr. Sirman's re-appointment last year for another four years is a testament to the Canada Council's sound management practices and we look forward to continuing to work together to ensure cost-effectiveness, accountability and transparency in all aspects of the organization.

Finally, I've mentioned that as a businessman I understand the societal benefits of the arts. But what really drives me is the impact that the arts have on us all as individuals. The way the arts touch our hearts and minds – whether we're listening to music, touring a gallery or reading a good book.

"AS A BUSINESSMAN I UNDERSTAND THE SOCIETAL BENEFITS OF THE ARTS BUT WHAT REALLY DRIVES ME IS THE IMPACT THAT THE ARTS HAVE ON US ALL AS INDIVIDUALS. THE WAY THE ARTS TOUCH OUR HEARTS AND MINDS — WHETHER WE'RE LISTENING TO MUSIC, TOURING A GALLERY OR READING A GOOD BOOK."



*Robert Sirman*



## Message from the Director & CEO

Culture runs through our everyday lives like a thread that connects us through time and space. It's the music we listen to, the stories we share, the objects that inspire us. It gives our communities character and opens doors to understanding, innovation and well-being. It adds richness and diversity to our lives. But we rarely stop to celebrate our interactions with culture – and its highest form of expression, the arts. They're simply there ... vital yet intangible.

For three days in fall 2010, Canadians did stop to celebrate the arts and culture. The inaugural edition of Culture Days was a grassroots movement – inspired by Quebec's successful Journées de la culture – that became a groundswell of public participation involving over 700 communities and hundreds of thousands of people across the country. People of all ages and backgrounds came together to take part in free, hands-on and behind-the-scenes arts activities. Through Culture Days, the intangible became concrete, and the Canada Council is proud of its role in providing the three-year seed funding that made its first edition possible.

This impressive story is one of thousands that unfold each year. In 2010-11, upwards of 2,000 communities across Canada were impacted by Canada Council funding. While the primary recipients of funding may be artists and arts organizations, the return on investment is a vigorous creative life that benefits all Canadians.

This Annual Report documents the Canada Council's activities in the final year of its 2008-11 strategic plan. It reports on our performance against five strategic

directions – support to artists and arts organizations, equity, partnerships, and organizational capacity. I'm proud of the clarity of vision that the plan provided to the organization and the process of transformation that it kick-started.

By the time you read this report, we will be well into the first year of implementing a new five-year strategic plan (2011-16). The extensive consultations we held with stakeholders confirmed that we are on the right track with the five directions mentioned above. In addition, three themes emerged through the consultations: the importance of synergy within the arts infrastructure to make it more sustainable and adaptable to ever-changing realities; the many ways that new technologies are affecting artistic practices and the way we experience the arts; and a growing consciousness of the need to better engage the public in the arts to build understanding and appreciation. The Canada Council has a leadership role to play in addressing these themes and we have woven them into our planning. Fundamentally, the new strategic plan recognizes the importance of strengthening connections – within the arts community and between Canadians and the arts – to balance stability and continuity with relevance and renewal.

While last year's financial statements reflect the downside impact of market volatility on the Council's investments, the corporate scorecard makes clear the strength of its management and program delivery – and the story doesn't end there. Personal accounts from men and women across Canada show how the arts are making a difference. They reveal this vital thread that connects us ... our culture, our communities, our lives.

"THE NEW STRATEGIC PLAN RECOGNIZES THE IMPORTANCE OF STRENGTHENING CONNECTIONS — WITHIN THE ARTS COMMUNITY AND BETWEEN CANADIANS AND THE ARTS — TO BALANCE STABILITY AND CONTINUITY WITH RELEVANCE AND RENEWAL."

THE FINANCIAL AID OF THE COUNCIL REPRESENTS A STABLE SUPPORT THAT HELPS TO PRESERVE THE CONNECTION BUILT OVER THE YEARS BETWEEN THE CANADIAN PUBLIC AND THE WORK OF THOUSANDS OF ARTISTS.



# Management's Discussion and Analysis

## The scope of the Canada Council

The Canada Council for the Arts plays an active role in the arts ecosystem. The thousands of grants that it awards annually to artists and arts organizations are essential to maintaining the stability of this fragile, but resilient, ecosystem. The environment in which artists and organizations operate is sometimes affected by factors beyond their control; the recent economic downturn, for example, led to a drop in revenue for many organizations. For these organizations and their communities, the Council's financial aid provides stability which is needed to preserve the connection built over the years between the Canadian public and the work of thousands of artists. In 2010-11, the Council's support for professional artists and arts organizations was \$154.5 million. A total of 3,807 organizations and 2,291 artists received grants. Of these, 1,114 artists were first-time grant recipients. Also, over 17,000 writers received public lending right payments. These numbers show that the arts are thriving in Canada and that there is a strong generation of emerging artists. The Council's assistance reaches 518 communities in Canada and 116 others internationally.

## National expertise benefits everyone

The Canada Council is Canada's national arts funding organization. Its operations are based on a unique national expertise and transparent process; its administration is based on values and strategic directions that are clear and revised and analysed in response to the changing realities of the cultural sector.

This year, 721 artists and cultural workers from all regions of Canada participated in peer assessment committees organized by the Council. Their acknowledged expertise was, once again, the guarantee of a rigorous and transparent attribution of funding. They shared their knowledge and understanding of arts practices to select artistic projects and recommend grants. Their expertise represents a unique collective value that results in a remarkable supply of artistic wealth for Canadians.

## Strategic intervention

The Canada Council has now completed the final year of its strategic plan *Moving Forward 2008-11*. The vision it put forward was based on five strategic directions: (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) implement structural changes within the Council to improve communication and strengthen the organization's capacity to implement change. Above all, the Council's goal has been to support the arts sector and its diversity and vitality, which in turn, enriches the lives of Canadians. The tables that follow provide an overview of the distribution of funding, while the following comments give more details on the nature of the Council's interventions.

## Support for artists and arts organizations

The Canada Council has maintained its support for professional artists. The number of applicants, the number of artists receiving their first grant and the number of artists receiving a grant have remained relatively stable throughout the three years of the strategic plan. The results of two programs, in particular, illustrate the operational flexibility of the Council and its concern for streamlining.

First, despite the economic instability of the past year, the Canada Council's Art Bank retained the loyalty of its government clientele and increased its share of private-sector clients, allowing it to post a surplus. The surplus was used to purchase new works of art to expand its collection. As such, the Art Bank's balanced budget approach enables it to pursue its mandate to make contemporary art accessible to as wide an audience as possible.

In the first year of the three-year Strategic Plan, the Council invested \$700,000 in the Public Lending Right program (PLR). Using the payment scale established by the PLR Commission, the program was able to respond to the constant growth in the number of authors who are registered, and offer a significant payment to authors of newly-registered titles. In the last fiscal year, 17,487 authors in 1,783 Canadian communities received \$9.9 million in PLR payments. Throughout 2011, numerous organizations are celebrating the 25th anniversary of the program. Their engagement shows the popularity of the public lending right principle, the high level of support for the program and the importance of acknowledging the right to free access to culture.

The Council examines and revises its programs on an ongoing basis to ensure they are relevant, coherent and reflect the ever-changing arts ecosystem. For example, the Council recently undertook two separate exercises: it reviewed its program evaluation framework and consolidated its programs.

The Council's revised program evaluation framework, entitled *The Path Forward*, describes a framework for regular program evaluation that corresponds more closely to its mandate and the national scope of its interventions. Already, in 2010-11, the Council evaluated, as pilot projects, two programs using this framework: the Artists and Community Collaboration Program, and Assistance to Professional Canadian Contemporary Art Dealers.

The program consolidation exercise, conducted by all sections of the Council, follows up on an exhaustive analysis of the organization's program offerings. This exercise will continue throughout the next few years, adapting as needed to different artistic realities. This year, the Media Arts Section consolidated its programs of assistance to media arts organizations to reflect the current media arts environment and in response to a far-reaching consultation of the media arts community. Ten programs were consolidated into four, allowing for greater flexibility, a simpler application process, a reduced number of applications and as a result, reduced evaluation costs. Further, grouping applications within a single program gives a better overall vision of the media arts practice and a greater coherence in evaluation. The objectives of each program are clearly stated in a way that allows for the measurement of results. The Media Arts Section is now working with Research and Evaluation to develop performance indicators.

Finally, the Canada Council has developed a Program Architecture Logic Model that illustrates the effective and complex interaction of its activities, and the strategic, targeted and concerted nature of its interventions. More than just a chart of Council's operational structure, this model will be used over the next few years to evaluate how the combination of the organization's interventions and the results obtained help it to achieve its objectives. While it highlights that programs are central to the Council's activities, it also takes into account how other strategic directions are applied to overall activities.

## Leading the way in equity

In 2010-11, the Canada Council continued to advance its commitments to equity. For example, the Council recognizes the contribution made by disabled and Deaf artists and is developing a strategy for disabled artists to ensure that they have equitable access to its programs and services. As well, the Council has launched a project to establish an arts strategy for Nunavut. This new initiative is aimed at increasing the Council's presence in Nunavut in a way that takes into account the priorities, interests and realities of this region, and ensures that artists and arts organizations in this territory have equitable access to the Council's programs and services.

## Partnerships

More than ever, the Council is promoting partnerships with other organizations, in order to pool resources to extend its reach. One example is the partnership with Business for the Arts<sup>1</sup> that makes it possible to discuss arts funding on a national scale with the private sector. Also, the Canadian Public Arts Funders (CPAF) network has begun discussions on the digital transition in our society and the impact of new technologies on the arts. It recently conducted research on this theme to support these conversations<sup>2</sup>.

The Council and the Alberta Foundation for the Arts (AFA) renewed the Alberta Creative Development Initiative (ACDI) for 2010-11. Over three years, the program has distributed \$6 million in grants to more than 350 professional artists and arts organizations. For 55% of these artists, this was their first-ever Council grant, and several had never before received funding from either of the two organizations. This initiative allowed the Council to reinforce its support for the arts in Alberta.

Partnerships also make for increased efficiency. The result of a joint effort by arts funding agencies, the CADAC system (Canadian Arts Database / Données sur les arts au Canada) is playing an increasingly significant role. The Council provides the secretariat for this web-based system which captures and analyses financial and statistical data of Canadian arts organizations funded by several federal, provincial, territorial and municipal arts agencies. It provides essential information on the financial and statistical situation of arts organizations in a way that is reliable and consistent across funding agencies, while identifying different trends at the national, provincial and regional levels. Several other arts organizations have already shown a strong interest in participating in CADAC as it lightens the administrative burden on arts organizations by allowing them to complete one set of financial forms. The system was inspired by a commitment to partnership and collaboration, and pays dividends in operational efficiency.

## Organizational development

In 2010-11, the Council embarked on a number of initiatives to help it make the organizational changes needed to adapt to its evolving environment and to ensure efficient processes.

The Council struck the Business Processes and Systems Steering Committee to establish an inventory of administrative processes, the information systems that support them and the corresponding infrastructures with a view to better integrate systems and simplify processes. The exercise also aims to facilitate more effective accountability. It will enable the Council to renew its web presence by offering a user-friendly platform for information exchange, adapted to the needs of the community and integrated into the systems used by the Council.

New technologies offer several possibilities to enhance process efficiency that the Council has not hesitated to adopt. This year, the Council tested the use of the iPad tablet computer and WebEx videoconferencing technology for its peer assessment committees. The iPad could replace the vast amount of paper documentation that committees currently have to review; videoconferencing makes it easier to solicit the one-time participation of specialists to discuss certain items in the committees. The results are encouraging and show that significant savings can be realized.

The Council also wants to respond to the strong trend toward increasing public engagement in the arts. It wants to expand on the scope of its messa-

ges on the role of the arts in society and promote greater citizen engagement. The Council is developing a global communications strategy that will include the redesign of its website and increased use of social media.

## The future: strengthening connections

The end of one strategic plan announces the beginning of another. In April 2010, the Canada Council launched a consultation on follow-up to the 2008-11 Strategic Plan, *Moving Forward*. The 2,500 responses it received demonstrate the interest and confidence of the arts community in the Council. The majority of respondents felt it necessary to continue to pursue the objectives identified in the 2008-11 Strategic Plan. The Council has thus adopted a new strategic plan for the period 2011-16, *Strengthening Connections*, which reaffirms its commitment to the major directions of the previous plan. However, these directions are overlaid by three themes that were identified in the consultation:

- **Synergy**, to bring people together and allow them to share their experiences, and to promote the pooling of various stakeholder resources in the arts;
- **New technologies**, to ensure that the arts sector is not left behind in the transition to a digital society;
- **Public engagement**, to allow artists and arts organizations to broaden and deepen their engagement with audiences. The Council will underscore the contribution that artists and arts organizations make to the lives of all Canadians.

The way in which the 2011-16 Strategic Plan will be achieved is further elaborated in the 2011-16 Corporate Plan (a summary version is available on the Council's website). This plan integrates the essential elements of the strategic plan, the budget, the evaluation framework and the risk management plan, and identifies the indicators that will be used to measure the results of Council's actions. The culmination of an internal process of cooperation, it expresses the Council's commitment to align the organization's actions with its strategic priorities and administrative and financial framework.

The current activities and strategic directions of the Council integrate the values that have defined it since its creation. Respect for artistic merit, a historic commitment to diversity and equity, quality of decision-making and responsiveness, expertise and commitment of staff, adaptability and flexibility, transparency and accountability remain the core values of the Canada Council for the Arts.

1. Business for the Arts was founded in 1974 by a group of leading business CEOs in Canada. They saw a need to encourage strong relationships between business and the arts in order to strengthen cultural institutions, support artists and improve quality of life for all. The partnership with the Canada Council makes it possible to hold a series of round tables across the country, bringing together public and private stakeholders to discuss arts funding.

2. Canadian Public Arts Funders (CPAF) is a network that unites and serves the federal, provincial and territorial arts councils and equivalent public arts funders. The CPAF network is assisted by a Secretariat housed at the Canada Council. The research report entitled *Digital Transitions and the Impact of New Technology on the Arts* can be consulted on CPAF's web site (<http://cpaf-opsac.ca>).

# Corporate Scorecard

## Canada Council at a glance

	2010-2011		2009-2010	
		[000s]		[000s]
<b>Parliamentary appropriation</b>		\$ 181,277		\$ 183,122
<b>Grants</b>				
Arts programs		\$ 141,363		\$ 145,104
Prizes and fellowships		\$ 3,261		\$ 3,323
Public Lending Right payments		\$ 9,908		\$ 9,963
Total		\$ 154,532		\$ 158,390
<b>Grant applications</b>				
Individual artists	9,194		9,634	
Arts organizations	6,249		6,505	
Total	15,443		16,139	
Applications received via GO! Grants Online (included in total above)	3,128		2,922	
<b>Grants awarded</b>				
Individual artists <sup>1</sup>	2,291		2,347	
Arts organizations <sup>2</sup>	3,807		3,853	
Total	6,098		6,200	
Communities in which the grants were awarded <sup>3</sup>	634		652	
<b>First-time applicants (individual artists and arts organizations)</b>				
First-time applicants	3,203		3,749	
Communities where they live or are located	620		691	
First-time recipients	1,114		1,130	
<b>Peer assessors</b>				
Peer assessors	721		757	
Communities where they live	169		147	
First-time peer assessors	295		347	
<b>Canada Council Art Bank</b>				
Works in collection	17,512		17,503	
Works loaned on rental contracts	5,144		5,980	
Rental income		\$ 1,916		\$ 2,106
New purchases	26	\$ 69	210	\$ 596
Works divested	17	\$ 50	24	\$ 51
Insured value of works		\$ 71,108		\$ 68,197
<b>Canadian Commission for UNESCO</b>				
Participation in events related to UNESCO's mandate	47		36	

For comparative purposes, all figures are based upon information as at June 1, or the next business day, of each fiscal year, except in some cases where figures rely on data from final reports of the grants. These figures are updated on an annual basis to reflect the most recent information.

1. An individual artist may receive more than one grant in a given year. For example, an individual artist may receive a project grant and a travel grant.

2. An arts organization may receive more than one grant in a given year. For example, an arts organization may receive a project grant and an operating grant.

3. This figure includes 518 communities in Canada and 116 international communities in 2010-11 (Canadian artists and authors residing outside Canada and international publishers and co-producers).

## Direction 1 Individual Artists

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

	2010-2011		2009-2010	
		[000s]		[000s]
<b>Support to individual artists</b> (recipients/funding)	2,118	\$ 22,066	2,165	\$ 23,256
<b>Strategies and program initiatives</b> (recipients/funding)				
Support for residencies and commissioning	39	\$ 513	30	\$ 514
Support to artists and community collaborations	7	\$ 148	13	\$ 143
Multi-year project support to individual artists	43	\$ 1,756	45	\$ 1,798
<b>Public Lending Right program</b>				
Canadian authors receiving payments	17,487	\$ 9,908	17,058	\$ 9,963
Communities where they live (in Canada)	1,783		1,765	
Communities where they live (outside Canada)	365		358	
<b>Celebrating exceptional achievement through prizes and fellowships</b>				
Prize and fellowship recipients	201	\$ 3,261	219	\$ 3,323
Prize presentation ceremonies	16		12	
Communities where ceremonies were held	6		6	
Fine stringed instruments awarded on three-year term loans	14		14	
Insured value of instruments (\$US)		\$ 27,276		\$ 27,276
<b>Honoraria and reading fees for members of peer assessment and advisory committees</b>				
Peer assessment committees - honoraria		\$ 840		\$ 816
Peer assessment committees - file reading fees		\$ 536		\$ 596
Advisory committees		\$ 61		\$ 37
Total		\$ 1,437		\$ 1,449
<b>Support for dissemination activities</b> (recipients/funding)	156	\$ 1,269	223	\$ 1,802
<b>Travel grants</b> (grants/funding)				
Travel grants to professional artists	869	\$ 1,157	873	\$ 1,189
Other travel grants <sup>1</sup>	569	\$ 1,868	542	\$ 2,073
Total	1,438	\$ 3,025	1,415	\$ 3,262
Number of countries visited (approximate)	81		100	
<b>National touring grants</b> (music, dance, theatre)(grants/funding)	33	\$ 324	32	\$ 320
<b>Grants for work in an international context</b> (grants/funding)	648	\$ 3,192	720	\$ 3,400

1. Includes grants through the Audience and Market Development program and Aboriginal Peoples Collaborative Exchange.

## 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.

	2010-2011		2009-2010	
		[000s]		[000s]
<b>Support to organizations</b> (recipients/funding)	2,250	\$ 120,258	2,256	\$ 122,880
<b>Operating support to organizations</b> (recipients/funding)				
Annual operating support	371	\$ 15,988	380	\$ 16,422
Multi-year operating support	647	\$ 75,437	636	\$ 75,119
Total		\$ 91,425		\$ 91,541
<b>Project support to organizations</b> (recipients/funding)				
Annual project support	1,750	\$ 26,835	1,744	\$ 28,203
Multi-year project support	53	\$ 2,000	71	\$ 3,010
Total		\$ 28,835		\$ 31,213
<b>Strategies and program initiatives</b> (recipients/funding)				
(amounts included in totals above)				
Support for residencies and commissioning	83	\$ 1,093	99	\$ 1,399
Support to artists and community collaborations	56	\$ 827	74	\$ 1,126
Flying Squad and Flying Eagle support	223	\$ 1,420	223	\$ 1,460
<b>Support for dissemination activities</b> (recipients/funding)	1,347	\$ 23,292	1,418	\$ 26,955
<b>Support to visiting foreign artists</b> (recipients/funding)				
(amounts included in total support for dissemination activities above)	48	\$ 120	55	\$ 129
Number of countries represented	23		28	
<b>Touring grants</b> (grants/funding)				
Touring grants (music, dance, theatre only)	138	\$ 3,444	173	\$ 3,783
<b>Literary readings<sup>1</sup></b>				
Grants for literary readings (grants/funding)	174	\$ 699	184	\$ 697
Literary readings	1,102		1,093	
Host organizations	153		168	
Communities where they are located	102		108	
<b>Grants for work in an international context</b> (grants/funding)	738	\$ 9,466	731	\$ 8,286

## Direction 3 Equity

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

	2010-2011		2009-2010	
		[000s]		[000s]
<b>Support to Aboriginal arts organizations and artistic practices</b> (recipients/funding)				
Capacity Building Program for Aboriginal arts organizations	31	\$ 711	29	\$ 960
Other support to Aboriginal arts organizations and artistic practices	411	\$ 6,692	409	\$ 6,908
Total		\$ 7,403		\$ 7,868
<b>Support to culturally diverse arts organizations and artistic practices</b> (recipients/funding)				
Capacity building grants for culturally diverse arts organizations and artistic practices	54	\$ 1,501	44	\$ 1,344
Other support to culturally diverse arts organizations and artistic practices	641	\$ 9,356	597	\$ 9,103
Total		\$ 10,857		\$ 10,447
<b>Support to artists and arts organizations from official language minority communities<sup>2</sup></b> (recipients/funding)	470	\$ 8,761	482	\$ 9,328

1. As a result of changes to the Literary Readings program, figures for 2009-10 should not be compared with data reported in 2008-09 or earlier. Beginning in 2009-10, organizations hosting large reading series are funded under the new Grants for Literary Arts Promotion program.

2. Support for artists and organizations working in official language minority communities is calculated on the basis of data collected in a different way than that of the two preceding equity groups. Any comparison between the different groups would therefore not necessarily be accurate.

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

Alberta Creative Development Initiative (ACDI)<sup>1</sup>

New activities related to research capacity<sup>2</sup>

CADAC: Canadian Arts Data

Contribution towards 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

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Contribution towards the development of the book and periodical publishers forms

2010-2011		2009-2010	
	[000s]		[000s]
82	\$ 1,116	135	\$ 2,160
	\$ 159		\$ 134
	\$ 100		

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

### Practice high standards of accountability

## Human Resources

## Employees

Professional development and training costs per employee

Number of employee-trips outside the National Capital Region

### Communities visited by employees

### Promote the arts

Media/public relations

News releases/media advisories issued

### Council messages and ads in arts event programmes

Media reports on the Governor General's Literary Awards (print &amp; broadcast)

Media reports on the Governor General's Awards in Visual and Media Arts (print & broadcast)

Canada Council website traffic (in thousands)

Page views per year

Visits per year

Unique visitors

2010-2011		2009-2010	
239		233	
	\$ 976		\$ 1,342
748		729	
93		96	
49		48	
41		55	
973		603	
191		150	
6,865		8,182	
1,363		1,354	
698		760	

1. The Alberta Creative Development Initiative (ACDI), begun in 2007-08, 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 Canada Council for the Arts and the Alberta Foundation for the Arts each contributed \$1,000,000 annually to ACDI in its first three years and an additional \$500,000 in 2010-11.

2. 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.), and developed expertise in the areas of reporting on issues related to equity, audience development and dissemination.

## Index on the Arts

**\$45.6  
billion**

impact of arts and culture  
on the Canadian economy  
(Statistics Canada 2010)

**1,859**

communities in Canada in  
which grants, prizes and Public  
Lending Right payments were  
awarded (2010-11)

**\$22,700**

average annual income of  
an artist; national average is  
\$36,300 (2006 census data)

**0.08%**

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

**\$5.31**

annual cost of the Canada  
Council per Canadian  
(2010-11)

**\$154.5  
million**

Canada Council direct  
investment in the arts  
(2010-11)

**86%**

percentage of Canadians  
who attended at least one  
type of arts or cultural event  
or activity (Canadian Heritage  
2007)

**90%**

percentage of Canadians who  
feel that live performance  
spaces in their communities  
contribute to their quality of  
life (Canadian Heritage 2007)

**609,000**

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

## Financial Overview

### Highlights

The Council receives an annual appropriation from Parliament which, for the year ended March 31, 2011, was \$181.3 million, \$1.8 million less than in 2009-10. Main elements of this change include a reduction of \$1.4 million due to the elimination of funding for the Sound Recording Program, a net reduction of \$734 thousand relating to wages and fiscal restraint, and a net increase of \$247 thousand related to various minor funding adjustments. The Council's net financial result for the year is a loss of \$46.5 million in comparison to a budgeted net return of \$205 thousand and a loss of \$19 thousand for 2009-10. The major item affecting the result is the net investment income loss of \$36.9 million, a shortfall of \$48.3 million to budget and \$44.8 million less than the previous year. Excluding the shortfall in net investment income to budget, the Council had a net positive result of \$1.8 million.

In 2010-11, the Canada Council Endowment and Special Funds and the Killam Funds had positive one-year returns of 5.4% (14.8% in 2009-10) and 5.6% (15.2% in 2009-10), respectively. The investment portfolios continued to be positively affected by the recovery of world and Canadian equity markets and economies from the significant decline that occurred during the 2008-09 global economic slowdown. As at March 31, 2011, the fair value of the Council's investments was \$279.2 million, an increase of \$13.7 million over the prior year. The extent and timing of this recovery in fair value, however, varies by investment and the Council annually tests each investment instrument for impairment. During the year the Council determined that remaining declines in fair value for certain specific investments were other than temporary and accordingly recognized impairment in their carrying value in the amount of \$58.9 million. This impairment recognition had no impact upon the Council's ability to operate or upon its current or future ability to generate returns from its investments, as these are dependent on fair value and other factors and the decline in fair value has been in effect for a prolonged period. It did impact upon the allocation of the Council's equity as between reserves, accumulated other comprehensive income and retained earnings. 2010-11 was the third year of the *Council's Strategic Plan 2008-11* and the Council continued to deliver against the strategic directions identified in the plan, without significant resource reallocation, while preparing plans consistent with the exercise of fiscal restraint in future years.

### Balance Sheet as at March 31

(in thousands of dollars)	2011	2010
Total assets	\$ 306,035	\$ 299,063
Total liabilities	37,987	37,592
Total equity	268,048	261,471

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

Parliamentary appropriation	\$ 181,277	\$ 183,122
Net investment income	(36,942)	7,825
Other revenue	1,979	3,259
<b>Total revenue</b>	<b>146,314</b>	<b>194,206</b>
Programs	174,433	176,628
Canadian Commission for UNESCO	2,168	2,005
General Administration	16,237	15,592
<b>Total expenses</b>	<b>192,838</b>	<b>194,225</b>
<b>Net results for the year</b>	<b>\$ (46,524)</b>	<b>\$ (19)</b>

## Balance Sheet

### Assets

As at March 31, 2011, total current assets were \$3.3 million, a decrease of \$6.8 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. The major decrease occurred in cash equivalents, which decreased from \$4.5 million at March 31, 2010 to \$340 thousand at March 31, 2011, and in derivatives, which decreased from \$3.8 million to \$300 thousand as at the same dates. The derivative asset for both years represents unrealized gains on foreign currency forward contracts that matured on March 31 but settled subsequently. 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. The short-term pooled fund earned a return of 1.4% in 2010-11 and had an average term to maturity of 32 days (2009-10 a return of 0.25% and an average term to maturity of 19 days). The Council's current liability for bank overdraft at March 31, 2011 was \$2.6 million in comparison to \$3.5 million at March 31, 2010. The net \$3.3 million decrease in cash equivalents and bank overdraft during 2010-11 results from net cash provided by operating activities of \$2.9 million offset by cash used for investing activities of \$6.2 million.

As at March 31, 2011, the fair value of the Council's investments was \$279.2 million, including \$6.9 million in money market pooled funds targeted for future, long-term investments. Total investments increased \$13.7 million over the fair value of \$265.5 million recorded at March 31, 2010. The increase in fair value reflects the continued overall recovery in the world markets from the 2008-09 global economic slowdown. However, the extent and timing of this recovery in fair value vary with the nature of specific investments and the execution of mandates by investment managers.

Annually, as required by generally accepted accounting principles, the Council assesses each of its investment instruments against specific criteria to determine whether there is evidence that the carrying value may not be recovered and is therefore impaired. A significant or prolonged decline in the fair value of an investment below its cost is objective evidence of impairment and must be recognized when it is considered other than temporary. While the Council invests to obtain returns over the long term using a ten-year time horizon and allocates and structures its investments accordingly, other factors, notably significantly shorter time frames, must be considered when assessing impairment. Therefore, the Council considers a significant decline in value lasting three years to be prolonged and to be other than temporary if there is not objective indication of probable recovery within the subsequent year. During the year, the Council recognized an impairment of \$58.9 million in the carrying value of its investments in the global equity pooled funds asset class, as the decline in value was considered other than temporary.

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. The recognition of impairment of certain investments during the year had no impact upon the Council's current or future ability to generate returns from its investments or to meet its commitments regarding the Killam Funds and Special Funds as this is dependent on fair value and other factors and the impact of the decline in value has been in effect for a prolonged period.

In October 2010, the Board approved adjustments to the asset mix policy and as at March 31, 2011 the Council had completed the re-balancing of the portfolio. The *Statement of Investment Policies and Goals* allows for a grace period of six months for the rebalancing of the asset classes to the benchmark.

An Investment Committee, composed of independent experts with experience in both the investment field and the asset classes in which the Council invests, assists in the oversight and management of the 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. Following upon a competitive process, during the year the Council awarded the contract to provide investment advisory services to a new consultant effective April 1, 2011.

The Investment Committee reviews the Council's investment policy annually, and, as considered necessary and appropriate, recommends adjustments to the asset mix and to the diversification of the portfolio management structure. During the year, the Investment Committee assessed the effect of implementation of the policy on the portfolio at each meeting through obtaining regular updates from investment 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.

	Asset Mix 2010-11		Asset Mix 2009-10	
	Actual	Target	Actual	Target
<b>Investment</b>				
Canadian equities	6%	5%	0%	5%
Global equities	43%	40%	46%	40%
Canadian fixed income	31%	35%	24%	35%
Alternatives	10%	10%	13%	10%
Real estate	4%	5%	3%	5%
Infrastructure	3%	5%	3%	5%
Money market	3%	0%	11%	0%

The Investment Committee closely monitors the level of risk within the portfolio. For the four years ending March 31, 2011 total fund return was -3.8% in comparison to a benchmark return for a portfolio of similar mix of -1.0%. For the same period the risk, as measured by the standard deviation of quarterly returns, was 10.1% for the fund compared to 10.0% for the benchmark. Both the benchmark and Council's investments underperformed in comparison to peers while the levels of risk were relatively high. Overall the risk levels indicate that Council's investments should outperform in times of market appreciation and over the longer term. However, this expectation varies with specific investments, their managers and investment strategies. The Council is currently undertaking a review of its asset allocation strategies and the desired levels of risk.

During the year, the Council realized net capital losses of \$4.2 million 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 the non-Canadian portion of the portfolio, excluding emerging markets, using a dynamic strategic hedging approach whereby the hedging by currency may range between 30% and 70% at a given point in time. During the year, this program resulted in a net currency gain of \$0.8 million, as the Canadian dollar appreciated in value, notably 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 \$20.7 million as at March 31, 2011, a net increase of \$19 thousand over the previous year. The Council insures these items at their fair value, which is significantly greater than the recorded carrying value. The Canada Council Art Bank has the largest collection of contemporary Canadian art in Canada, with over 17,500 works, and rents these 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 15 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 increased by \$116 thousand over the course of the year, reflecting that additions to assets marginally offset declines in useful value of existing assets as represented by amortization.

## Liabilities

As at March 31, 2011, the combined balance of current liabilities was \$33.6 million, an increase of \$640 thousand 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 and which have been included in the Council's expenses for 2010-11. They include the bank overdraft, grants payable; accounts payable and accrued liabilities; derivatives; and deferred parliamentary appropriations. In comparison to the prior year, the overdraft declined by \$901 thousand, grants payable declined by \$525 thousand, while accounts payable and other items increased by \$2.1 million.

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. The net decrease in these items was \$245 thousand.

## Equity

Equity consists of the following elements as at March 31

(in thousands of dollars)	2011	2010
<b>Equity</b>		
Contributed surplus	\$ 50,000	\$ 50,000
Retained earnings	11,423	12,715
Accumulated other comprehensive income	64,451	11,301
Reserve from the capitalization of investment income	121,445	166,745
Reserve for investment in works of art and musical instruments	20,729	20,710
	<b>\$ 268,048</b>	<b>\$ 261,471</b>

The contributed surplus of \$50 million represents the remaining original contribution by the government of an endowment in 1957 to enable the Council to be established.

Retained earnings in the amount of \$11.4 million include unspent grant budgets of previous years that are carried forward for a known future use and a balance of uncommitted funds to allow for the smooth operation of the Council. The Council transferred \$45.3 million to retained earnings from the reserve from capitalization of investment income. This transfer offset the impact of the net shortfall in investment income resulting primarily from the recognition of impairment in certain equity investments.

Accumulated other comprehensive income (AOCI) includes amounts relating to two items: unrealized gains or losses from available-for-sale financial assets and contributions from non-owners. Values relating to available-for-sale financial assets also include the reclassification to operations of any gains or losses on disposal or impairment 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 resulting from the fair value measurement of the Council's investments at March 31; and the reclassification to operations of any gains or losses on disposal of investments or impairment of investment previously recognized in this component of AOCI. The net effect of disposals of investments, the reclassification of impairment in investments and the unrealized portions of the increase in fair value of investments experienced during the year is an increase in AOCI of \$53.1 million in comparison to the prior year. After reclassifications, at March 31, 2011 net unrealized gains from available-for-sale financial assets were \$533 thousand (negative \$51 million at March 31, 2010); restricted contributions from non-owners were \$63.9 million (\$62.3 million at March 31, 2010).

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 reserve from the capitalization of investment income was reduced by \$45.3 million during the year, representing the amount, that investment income was below the budgeted amount, that amount being primarily an impairment recognition resulting from a prior years' decline in fair value of investments. This transfer to retained earnings did not provide current-year funds to the Council, which was able to conduct its activities without requiring drawdown from the reserve. The total reserve of \$121.4 million at March 31, 2011 represents the sum of excess investment income since the establishment of the Council.

The final reserve of the equity account is the recognition of an amount which equals the cost of the Council's works of art and musical instruments. This recognizes that the ownership of works of art and musical instruments provides physical, rather than financial, capital to the Council.

## Statement of Operations

Summary Statement of Operations for the years ending March 31

	Actual 2011	Budget 2011	Actual 2010
(in thousands of dollars)			
<b>Revenue</b>			
Parliamentary appropriation	\$ 181,277	\$ 181,697	\$ 183,122
Net investment income	(36,942)	11,400	7,825
Net Art Bank revenue	158	195	404
Other	1,821	1,374	2,855
	146,314	194,666	194,206
<b>Expenses</b>			
Programs	174,433	175,767	176,628
Canadian Commission for UNESCO	2,168	2,316	2,005
General Administration	16,237	16,378	15,592
	192,838	194,461	194,225
<b>Net results for the year</b>	<b>\$ (46,524)</b>	<b>\$ 205</b>	<b>\$ (19)</b>

The Council's net financial result for the year is a loss of \$46.5 million in comparison to a budgeted net return of \$205 thousand and a loss of \$19 thousand for 2009-10. The major item affecting the result is the net investment income loss of \$36.9 million, a shortfall of \$48.3 million to budget and \$44.8 million less than the previous year. Excluding the shortfall in net investment income to budget, the Council had a net positive result of \$1.8 million.

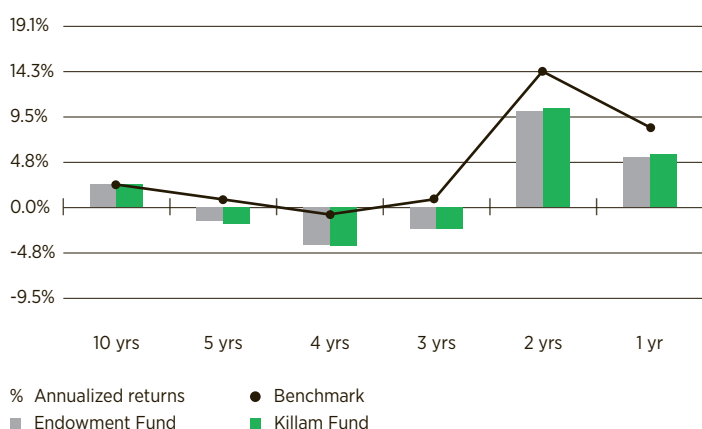
The Council receives an annual appropriation from Parliament. For the year ended March 31, 2011, this amount was \$181.3 million, \$1.8 million less than in 2009-10. The sources for the change are a reduction of \$1.4 million relating to the elimination of funding for the Sound Recording Program, a net reduction of \$734 thousand relating to wages and fiscal restraint, and a net increase of \$247 thousand representing several minor funding changes.

The financial markets in which the Council invests are quite diversified and, in 2010-11, the Endowment and Special Funds and the Killam Funds had positive one-year returns of 5.4% (14.8% in 2009-10) and 5.6% (15.2% in 2009-10) respectively. The portfolios continued to be positively affected by the overall improvement in the world and Canadian equity markets and economies.

Recognized net investment income, excluding impairment recognition of \$58.9 million, and the \$18.7 million portion attributable to contributions from non-owners, was \$3.2 million in comparison to \$13.1 million the prior year. This represents an increased return from interest, dividends and investment trading of \$2.0 million offset by a reduction in gains from foreign currency trading of \$11.9 million in comparison to the prior year. While the Canadian dollar continued to strengthen overall during the year, the extent and impact of this was not as significant as for the previous year. Net realized losses on disposal of investments were \$4.2 million compared to \$4.9 million the previous year. These losses resulted primarily from the disposal of equities for which the impairment in the carrying value of the remaining investments was recognized.

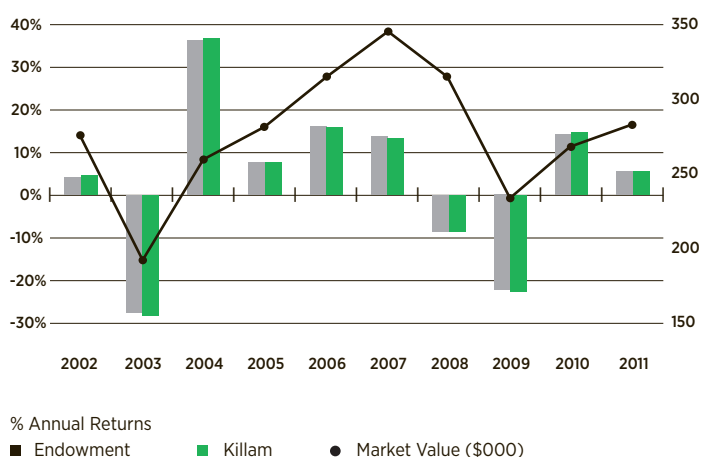
Chart I shows the annualized portfolio returns for the last ten years of the Endowment and Special Funds and the Killam Funds against the benchmark return. It shows the impact of the 2008 economic downturn and the subsequent recovery.

Chart I: Annualized Portfolio Returns (periods ending March 31)



The Council's investment policy prescribes that cash can be withdrawn from the portfolio at a rate of up to 4.5% of the previous three-year average market value, using balances at September 30. Chart II shows the annual portfolio returns for the Council in each year since 2002 and the corresponding effect those returns have had on the year-end market value. Chart II 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. For 2010-11 the Council transferred \$45.3 million from the reserve to retained earnings.

Chart II: Annual Portfolio Returns (periods ending March 31)



Net Art Bank revenue of \$158 thousand is \$37 thousand less than anticipated for the year and \$246 thousand less than last year's reported figure. This net return reflected the challenges of maintaining the increased rental of works of art attained in the prior year in the current environment. During the year, the Council acquired art works valued at \$68 thousand and disposed of works valued at \$49 thousand.

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 decreased by \$1.0 million in 2010-11, but were \$447 thousand higher than budget.

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

(in thousands of dollars)	Actual 2011	Budget 2011	Actual 2010
Grants	\$ 154,532	\$ 155,319	\$ 158,390
Administration	13,244	13,337	12,512
Services	6,657	7,111	5,726
	<b>\$ 174,433</b>	<b>\$ 175,767</b>	<b>\$ 176,628</b>

In 2010-11, program expenses accounted for 91% of Council's total expenses of \$192.8 million, the same percentage as in 2009-10. Program expenses were \$2.2 million less than the previous year and \$1.3 million less than budget. Grants to artists and arts organizations represented about 89% of the total program expenses; they decreased by \$3.8 million this year in comparison to the prior year. This decrease resulted primarily from the elimination of funding received for the Sound Recording program, the scheduled wind-down of programs such as the Alberta Creative Development Initiative and increases in service provision. Services include other types of support provided to the arts community, such as partnerships, advisory committees, research, workshop expenses, adjudication of programs, and program evaluation. Program administration costs represent the direct cost of operating the Council's programs. These include salaries, benefits, travel and professional services; these increased \$732 thousand over 2009-10. The Council will exercise fiscal restraint and seek economies regarding these costs in the next three fiscal years.

The Canadian Commission for UNESCO (CCU) operates under the aegis of the Canada Council. The CCU spent \$2,168 thousand in 2010-11, an increase of \$163 thousand over 2009-10 but \$148 thousand under budget. 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 the Council Secretariat, 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 \$645 thousand higher than those reported in 2009-10 and were \$141 thousand under budget. The increase represents the effect of wage increases, inflation and the Council's investment in processes and technologies which will provide net cost and service benefits in future years. As for administration costs related to general administration, the Council will exercise fiscal restraint and seek economies regarding these costs in the next three fiscal years.

## Accounting Changes

In December 2009, the Public Sector Accounting Board (PSAB) amended the Introduction to Public Sector Accounting Standards (PSAS). This amendment eliminated the Government Business Type Organization (GBTO) classification which had applied to the Council and which had enabled the Council to present its financial statements applying the standards of part V of the Canadian Institute of Chartered Accountants (CICA) Handbook rather than PSAS. The CICA has replaced these standards with a series of new standards varying by type of enterprise, none of which are appropriate to the Council. Therefore, the Council revised its classification to Other Government Organization (OGO) and determined that the most appropriate basis of accounting that meets the financial information disclosure needs of its stakeholders are the standards issued by the PSAB relating to this classification. The Council has adopted the new accounting framework effective for the fiscal year beginning April 1, 2011. The financial statements for the March 31, 2012 year-end will include an opening balance sheet at April 1, 2010 and full

PSAS comparative information for the year ended March 31, 2011 compliant to the new statements, standards and formats.

The Council has completed a detailed review and developed a series of position papers to identify the impact of its transition to PSAB standards. In-depth analyses were performed regarding the following topics:

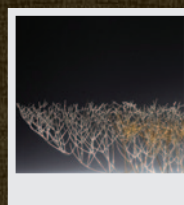
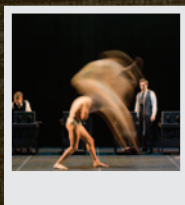
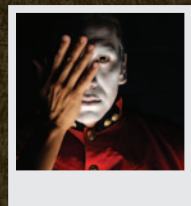
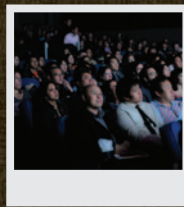
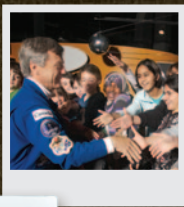
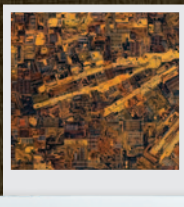
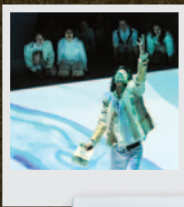
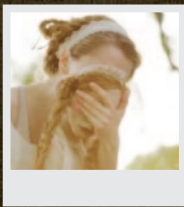
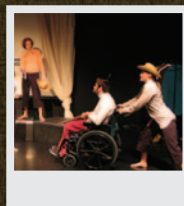
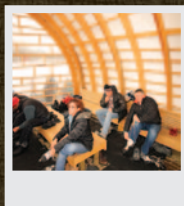
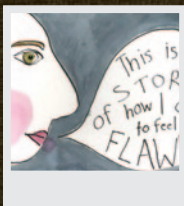
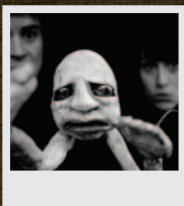
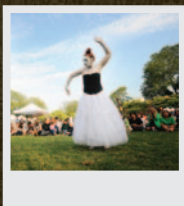
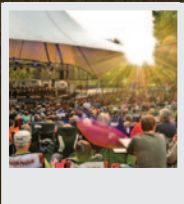
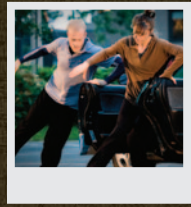
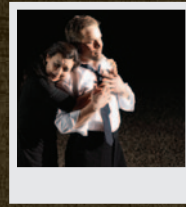
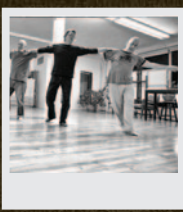
- First-Time Adoption
- Financial Instruments and Foreign Currency
- Tangible Assets (Work of Arts and Musical Instruments Bank)
- Endowments and Reserves


As for all other Crown corporations, effective April 1, 2011 the Council is required to provide financial statements to the Government of Canada quarterly. These quarterly financial statements will be prepared in accordance with PSAS.

# CREATIVITY. COMMUNITY. LIFE.

"THE ARTS RUN THROUGH OUR LIVES LIKE A THREAD THAT  
CONNECTS US. IT'S THE MUSIC WE LISTEN TO, THE STORIES  
WE SHARE, THE OBJECTS THAT INSPIRE US..."





A man with short dark hair, wearing a light blue polo shirt and dark trousers, is sitting on a wooden bench. He is positioned in front of a building with large glass windows. Above the entrance, a sign reads "POWELL & MAIN". The glass windows have some white tape or markings on them. The man is looking directly at the camera with a slight smile. The background shows some greenery and a tree to the left.

POWELL & MAIN

"LOCAL BUSINESSES ARE ALWAYS PROUD TO BE A PART OF THE POWELL STREET FESTIVAL. THE FESTIVAL DOES AN INCREDIBLE JOB BRINGING SO MANY VISITORS AND TALENTED ARTISTS TOGETHER. PLUS, IT'S A WONDERFUL OPPORTUNITY TO CELEBRATE ONE OF THE MANY ASPECTS OF WHAT MAKES OUR COMMUNITY UNIQUE — ITS RICH JAPANESE-CANADIAN HERITAGE."

Joji Kumagai, executive director, Strathcona Business Improvement Association, Vancouver



*Jay Hirabayashi and Barbara Bourget of Kokoro Dance. Photo: Stuart Davis / PNG*

## POWELL STREET FESTIVAL: 35 YEARS OF BUILDING COMMUNITY

In August 2010, one of Canada's most vibrant community festivals once again brought art, music and colour to Vancouver's historic, yet challenged Downtown Eastside. The Powell Street Festival is known for the high calibre of artists it presents, but also for fostering a strong sense of community. It pays homage to the neighborhood's Japanese heritage and the thriving Japanese-Canadian community that existed before WWII when members of this community were forced into internment camps. This year, festival-goers explored some of Powell Street's historic buildings through an open-doors event organized with the Japanese Canadian National Museum and with the cooperation of local businesses and organizations. The festival, Vancouver's longest-running arts fest, celebrates its 35<sup>th</sup> anniversary in 2011.

## Sparks fly on stage

The past year has been fully charged for Vancouver's Electric Company Theatre. It earned rave reviews for its six-city tour of *Studies in Motion: The Hauntings of Eadweard Muybridge*. Inspired by the life and work of the 19th-century photographer whose work was a precursor to modern-day cinema, this production uses the latest technology in sound, light and projection to tell a captivating story of art, passion, memory and identity. In November 2010, company co-founder Kim Collier was honoured with one of the largest annual arts prizes in Canada: the Elinore & Lou Siminovitch Prize in Theatre. In January 2011, Electric Company Theatre travelled to the International Society of Performing Arts congress in New York City to promote its latest production, *Tear the Curtain!*, to 380 delegates from over 35 countries.

Gaelan Beatty, Kyle Rideout and Josh Epstein in *Studies in Motion: The Hauntings of Eadweard Muybridge*. Photo: Tim Matheson



## Arts and Learning

UNESCO has long considered the arts as a vector for strengthening mutual understanding and interaction as well as for building a culture of peace and respect for cultural diversity. As far back as 1948, just three years after its creation, UNESCO gave its National Commissions a major role in the promotion of arts education, and Canadians have always been leaders in the field. The Canadian Commission for UNESCO joined forces with other Canadians in the UNESCO World Conferences on Arts Education held Seoul in 2010 and in Lisbon in 2006. It is also working in partnership with federal and provincial partners, including the Council of Ministers of Education, Canada, and the UNESCO Chair in Arts and Learning at Queen's University, to promote a greater awareness of the benefits of arts and creativity within Canadian schools and the broader community.

David Gillis and Toby Hughes in *Liars*, by the Manitoba Theatre for Young People, which was honoured by the Canadian Network for Arts and Learning at its 2010 symposium, for which the Canadian Commission for UNESCO was a partner. Photo: Leif Norman



## The Frye Festival

In a spirit of discovery, enjoyment, accessibility and openness, the Frye Festival offers activities for every taste and age and reaches out to people in cafés, bars, shopping centres, libraries and schools – even city hall and the airport! During the Frye, Moncton becomes a city of books. A bilingual, international literary festival, the Frye welcomes some 15,000 people every year, giving them opportunities to meet many guest authors. In 2010, the festival's school/youth program arranged for some authors to meet with more than 10,000 students in New Brunswick schools. The festival also donated books to schools and awarded prizes totalling \$4,600 to the winners of its writing contest for high school students. The Frye's impact in Moncton is simply contagious. With a powerful presence on the Web, including social networks, the festival's year-round activities, supported by 90 partnerships, inject a vitalizing dose of literary culture into everyday life.

Children's literature author Jennifer McGrath-Kent. Photo: Dolores Breau



## Reel Asian Film Festival

In February 2011, the Toronto Reel Asian International Film Festival went on tour with *Suite Suite Chinatown* to Winnipeg, Montreal, New York and San Francisco. For this project, seven Toronto filmmakers, all second-generation Asian-Canadian, were asked: "What is your Chinatown?" Their responses were then woven into a fascinating, multi-genre suite of short films revealing a broad range of perspectives on Chinatown's past, present and future. The suite is accompanied by music and acoustic effects performed live in front of the audience at film screenings. Each year, the festival showcases to the public the rich variety of contemporary Asian cinema and work by filmmakers from the Asian diaspora.

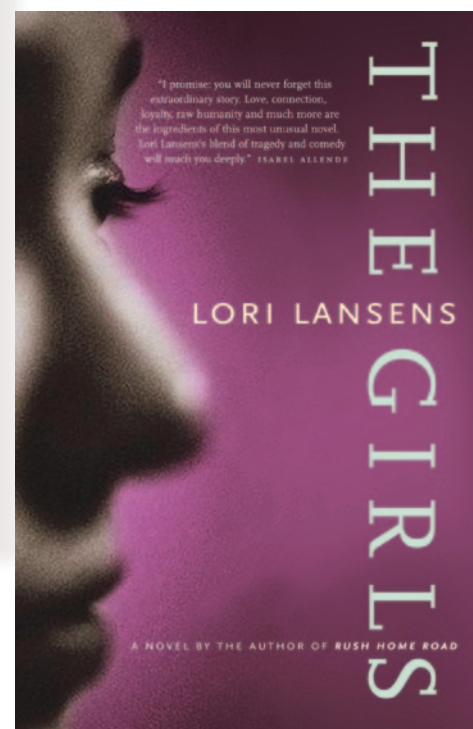
Audience at a screening of *Suite Suite Chinatown*.  
Photo: Ren Hui Yoong





"HERE (AT THE TRANSLATION RIGHTS FAIR) ENGLISH AND FRENCH-LANGUAGE PUBLISHERS MEET AND EXCHANGE IDEAS, CATALOGUES AND BUSINESS CARDS. SEVERAL MEET FOR THE FIRST TIME. IT'S THE IDEA THAT L'JE ARE ABOLISHING BORDERS THANKS TO A PROGRAM THAT ALLOWS US TO EXCHANGE FIRST AND FOREMOST."

Antoine Tanguay, founder and president, Éditions Alto, Quebec City



Covers of Lori Lansens's *Les filles* (translation, illustration: Matte Stephens, Éditions Alto) and *The Girls* (original, Random House of Canada Limited)

## WHEN A BUSINESS MEETING LEADS TO A MEETING OF CULTURES

We come to understand each other through our stories. But what happens when our stories are told in another language? Writers, publishers and translators play a role in breaking through language barriers to mutual understanding. With the cooperation of the Department of Canadian Heritage, the Canada Council provides publishers with funding to have Canadian books translated into French, English or an Aboriginal language. On January 28, 2011, the Council hosted Canada's first-ever translation rights fair, bringing together English and French-language publishers in Ottawa to meet and to ultimately make deals to publish translations of their books. It's an investment in the publishing industry that's a good news story for us all.

## Les Sages Fous

With its public workshops, research labs and small-scale puppet festivals, Les Sages Fous is a theatrical company that gives a big boost to the artistic vitality of the Trois-Rivières and Mauricie regions as well as to the development of the theatrical discipline of puppets, masks and other objects. The company's travelling theatre – where images and gestures, not words, have pride of place and where circus-type acts are performed in unusual places – has piqued the interest of theatre professionals and has delighted large audiences of all ages around the world. The company has so far performed in 145 international festivals in 25 countries on four continents. In February 2011, these “wild puppet tamers and displayers of curiosities” premiered *The Orphan Circus*, and then headed off to tour Quebec, followed by the Netherlands, Norway, Italy, Denmark, Poland and Hungary during the remainder of 2011.

*Le Cirque Orphelin* (The Orphan Circus), 2010.  
Photo: Cinthia Chouinard





Gu Xiong, *Becoming Rivers*, 2010. In *Border Zones: New Art Across Cultures*, Museum of Anthropology, Vancouver. Photo: Chris Borchert

### Art in the border zones

In our increasingly connected, global world, the borders that define and divide us are blurring. This blurry zone is an area of engagement and exchange, but also of tension and discomfort. These are the concepts that were explored in *Border Zones: New Art Across Cultures*, an innovative exhibition organized by the University of British Columbia's Museum of Anthropology in Vancouver (June–September 2010) that brought together 12 diverse contemporary artists. Gu Xiong's mixed-media installation, *Becoming Rivers*, referenced China's Yangtze River and B.C.'s Fraser River, both of which “come together” in the Pacific Ocean. Thematically, the work explores cultural integration and assimilation; physically it travels across museum boundaries, from gallery spaces to the outdoors. In 2010, Xiong's work was also featured in an exhibition catalogue, *Waterscapes*, produced by the Richmond Art Gallery, in Richmond, B.C.



"WE USE WORK FROM THE CANADA COUNCIL ART BANK TO SHOWCASE CANADIAN ART TO VISITING DIGNITARIES. FOR MANY OF OUR GUESTS, THIS IS A UNIQUE OPPORTUNITY TO DISCOVER AND APPRECIATE CANADA'S ARTISTIC TALENT AND DIVERSITY."

Sonya Thissen, Associate Chief of Protocol, and Director, Official Visits,  
Foreign Affairs and International Trade Canada, Ottawa



## ART IS IN THE AIR

Our art is a reflection of us as a people – so what better way to welcome visitors to Canada’s capital than with some of the country’s finest artworks. During the spring and summer of 2011, the hundreds of thousands of tourists who explore Ottawa’s historic Confederation Boulevard were treated to vibrant banners depicting 13 artworks from artists in each province and territory. The artworks were selected from the Canada Council Art Bank’s vast collection of contemporary Canadian art, and printed onto banners in collaboration with the National Capital Commission. Dignitaries (such as Prince William and Kate Middleton, the Duke and Duchess of Cambridge) who enter Canada via the Canada Reception Centre at Ottawa International Airport’s Hangar 11 are also greeted by Canadian art thanks to the Art Bank’s successful art rental program.



Photo: Wei Yew

## Edmonton Symphony Orchestra

Canadian classics like Neil Young's *Heart of Gold* and Joni Mitchell's *Big Yellow Taxi* take on a whole new sound when heard in the company of friends and family, at an open air concert, performed by one of Canada's finest symphony orchestras. The Edmonton Symphony Orchestra wrapped up its 2010 Symphony under the Sky festival with the Great Canadian Song Book. The outdoor music festival is just one of the Orchestra's many programs which range from great classical masterworks to pops and children's concerts.

## Canadian Opera Company

A descent into Hell that draws audience raves with its heights of artistic perfection – critics unanimously agree that's what the Canadian Opera Company has cooked up with its version of Gluck's grandiose opera, *Orfeo ed Euridice*, brilliantly staged by Robert Carsen. Completely captivated by the piece, thousands of people have followed Orpheus all the way to Hell. "This is one of those rare, charmed opera productions where every element comes together for a magically memorable emotional and esthetic whole," wrote the Toronto Star. The excellent creations and adventurous spirit of the company, which operates out of Toronto's Four Seasons Centre for the Performing Arts, have earned it an international reputation – in fact, the COC was one of the first companies to open its doors to such groundbreaking directors as Atom Egoyan, Robert Lepage and François Girard.



Lawrence Zazzo and Isabel Bayrakdarian in *Orfeo ed Euridice*, 2011. Photos: Michael Cooper



"I VALUE THE OPEN, EXPRESSIVE, EMOTIONAL AND SPIRITUAL CONNECTION WITH A GROUP OF MEN WHO, WITHOUT COMPETITION OR EGO, ARE TRYING TO EXPLORE AND EXPRESS THEMSELVES THROUGH MOVEMENT."

Peter Hewett, social worker, participant in Old Men Dancing, Peterborough



*Photo: Esther Vincent*

## OLD MEN DANCING

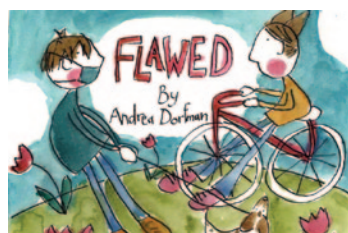
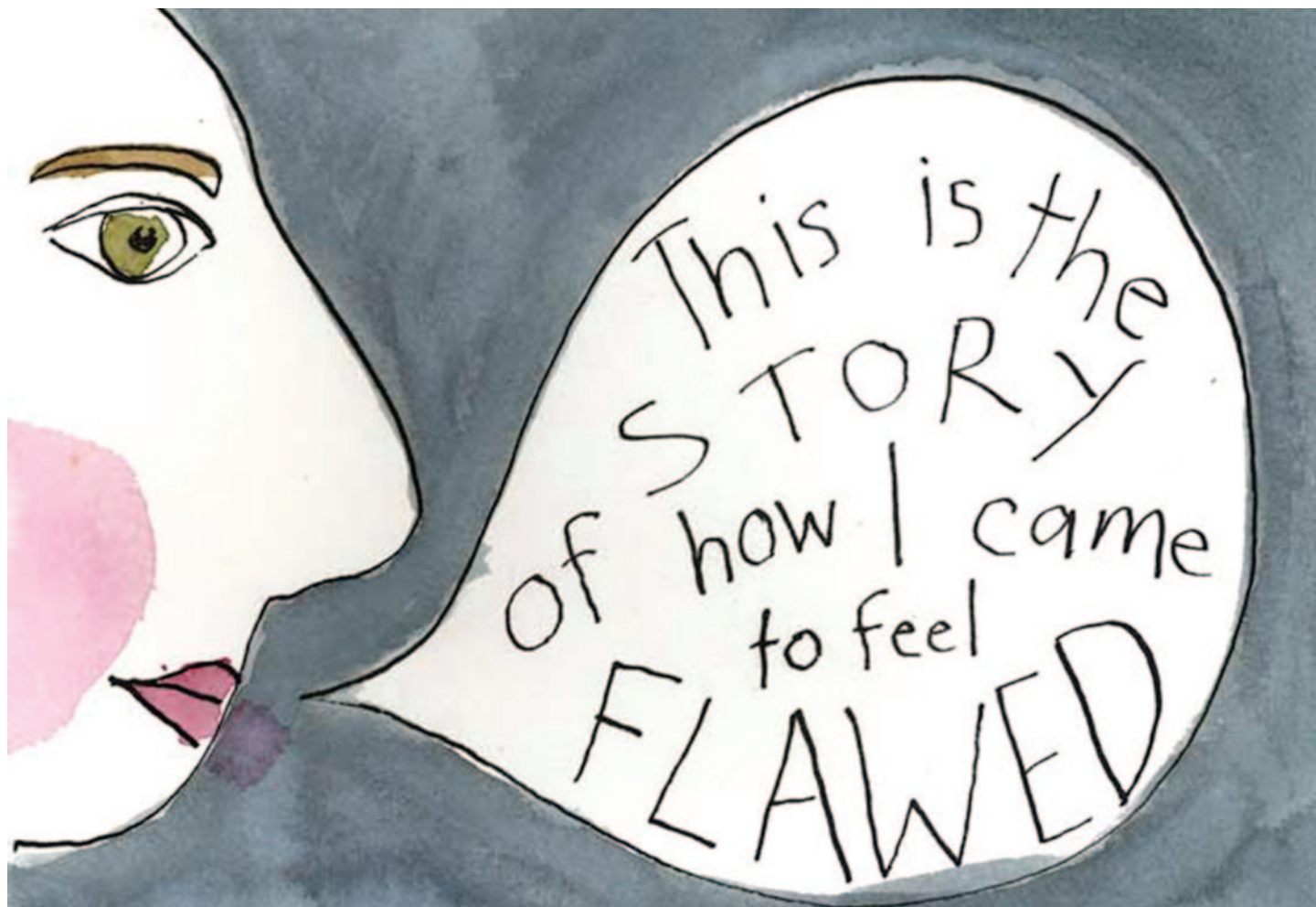
Old Men Dancing, a community dance troupe based in Peterborough, Ontario, came about in a most unusual way: a group of men in their fifties, from a variety of backgrounds and with virtually no dance training, combined their desire to express themselves through dance with a determination to learn and share with each other. In 2005, choreographer Bill James suggested they work with his dance company, Atlas Moves Watching, and he commissioned works for them from renowned Canadian choreographers. When these “old men dance,” they transcend social norms and notions of aging and what it means to be an older male in our society. In 2010, the troupe moved out of its “comfort zone” of Peterborough to conquer some of Toronto’s most prestigious stages: the Harbourfront Centre’s Enwave Theatre and the MOonhORse Dance Theatre.



### One light... prismatic effect

In October 2010, Halifax, N.S. was the site of a week-long celebration of Canada's rich diversity of artistic talent. Halifax's OneLight Theatre hosted Prismatic 2010, a festival that brought together exceptional Aboriginal and culturally-diverse artists to perform, network and innovate. One of the highlights of Prismatic was Native Earth Performing Arts' *Almighty Voice and His Wife*. This production, the story of an accidental martyr who was persecuted for hunting on Crown lands, has been performed to sold-out crowds in seven Canadian cities. Halifax's poet laureate, Shauntay Grant, was also featured at Prismatic, heading a line-up of some of Canada's most talented spoken word artists.

*Almighty Voice and His Wife*, 2010, written by Daniel David Moses and directed by Michael Greyeyes, a production of Native Earth Performing Arts, Toronto. Photo Nadya Kwandibens.



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

St. John's, Newfoundland, can be justifiably proud of hosting one of the longest-running women's film festivals in the world: the St. John's International Women's Film Festival. The festival's 21<sup>st</sup> edition in 2010 had the beguiling slogan, "Unrestricted access to independent minds," and the works featured were indeed the expression of independent minds. For example, Andrea Dorfman, whose work magnificently illustrates the human condition, presented *Flawed*, a highly personal, animated short on the quest for love. The festival was founded to support and promote women filmmakers through film screenings, face-to-face meetings between filmmakers and producers, and film workshops for young people and others.

Stills from Andrea Dorfman's *Flawed*, 2010, animated short, 12:29 min.  
NFB © 2010, All rights reserved

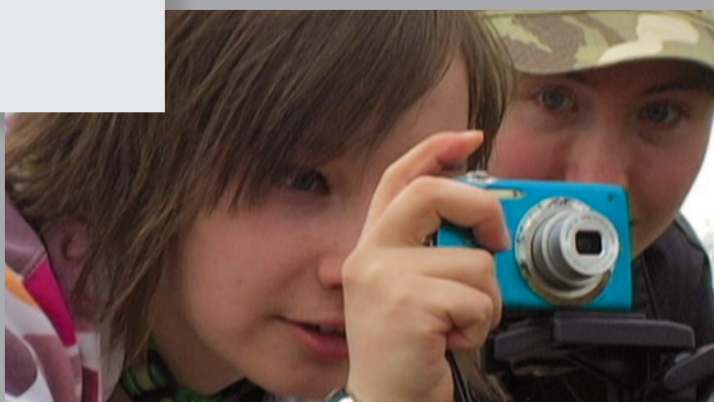


"THE VIDEO PROJECT ENABLED THE 'LIVING' STUDY OF A BOOK. THE STUDENTS WERE TRULY MOTIVATED BY THE VIDEOCONFERENCE WITH THE AUTHOR AND BY THE VERY IDEA OF A VIDEO, MORE THAN THEY WOULD HAVE BEEN BY A DISSERTATION. WOULD WE DO IT AGAIN? YES, CERTAINLY!"

Nancy Proulx-Kissick, high school teacher, Collège Louis-Riel, Winnipeg



Stills from instructional videos created for the partnership project. Above: students from Holy Trinity High School, Ottawa; video produced by Miles Finlayson, Endless Road Productions. Right: students from Collège Louis-Riel, Winnipeg; video produced by Danielle Sturk, Dieselle Productions.



## PARTNERING IN SCHOOLS

The Canada Council, the Canadian Teachers' Federation (CTF), the Public Lending Right Commission and the Canadian Commission for UNESCO have launched a joint project combining literature and media arts to promote literacy, Canadian literature and social action in schools. Holy Trinity Catholic High School in Ottawa and Collège Louis-Riel in Winnipeg agreed to participate in the project's pilot phase. Students read books in English or French by two Governor General's Literary Award winners: the Ottawa students read *Greener Grass* by Caroline Pignat and their Winnipeg counterparts read *Ru* by Kim Thúy. After meeting the authors (via Skype in the case of the Winnipeggers), the students not only discussed the role of Canadian literature, reading and creative activity in daily life, but also produced videos illustrating the broad scope of creativity in our lives. Created for the Public Lending Right program's 25<sup>th</sup> anniversary, this project will be launched nationally on the CTF's website, [imagine-action.ca](http://imagine-action.ca), in September 2011.

## Skating huts with a difference

When the Forks Foundation in Winnipeg came up with the idea of holding an architectural exhibition on ice, little did they know it would evolve into a competition and international gathering. The Warming Huts project has become a happening that allows skaters gliding along the world's longest skating rink – the Assiniboine Credit Union River Trail – to warm up in unique originally-designed huts. At the junction of the Red River and the Assiniboine, approximately 450,000 skaters had an opportunity to admire (and use!) three huts designed by architects from Tel Aviv, Philadelphia and New York, one by University of Manitoba students and another by two renowned Vancouver architects (and ex-Winnipeggers) John and Patricia Patkau. The Forks is a natural meeting place for the people of Winnipeg, but in winter it has become an attraction for the entire world.

*Carcass*, 2010. Sputnik Architecture and Jonathan Pylypchuk,  
Photo: Leif Norman for the Assiniboine Credit Union River Trail





*Launch of **Accessibilité universelle**, a co-production of Audiotopie, Conscience urbaine and Action des femmes handicapées.  
Photo: Sophie Aubry and Fanie St-Michel / Conscience urbaine*

## Universal accessibility

"The 2006 census found that there are approximately 166,000 women with disabilities in Greater Montreal," recounts the narrator of **Accessibilité universelle**, an audio walking tour produced by the artists' cooperative, Audiotopie (co-founded by Édith Normandeau, landscape architect and sound ecologist) in partnership with Conscience urbaine and L'Action des femmes handicapées. The audio-guided tour and photography exhibition, **Accessibilité universelle**, offer the experience of feeling what it is like to be any one of nine women with disabilities who encounter problems with accessibility in the city. Over the course of a specific itinerary on foot, the women's comments make participants aware of not only new urban design practices, but also a city that is often still ill-suited to people with disabilities. Participants are encouraged to imagine a world in which all of us can enter by the same door.

A woman with short blonde hair and glasses, wearing a floral dress, is sitting on a grey upholstered bench. She is smiling and looking towards the camera. Behind her is a large white board held up by two pieces of white tape. The background consists of a modern building with large windows and a grey carpeted floor.

"CULTURE DAYS WAS A WONDERFUL OPPORTUNITY FOR COLLABORATION, NOT JUST WITH OUR ARTS COMMUNITY BUT WITH OUR RESIDENTS, BUSINESSES, POLITICIANS, TOURISM INDUSTRY AND BIA. IT WAS INSPIRING TO BE PART OF SOMETHING SO GRAND AND ON A NATIONAL SCALE."

Onalee Groves, culture officer, City of Barrie, Ontario



*Open Sky Creative Society, Fort Simpson, NWT.  
Photo : Tracy Kovalench / Open Sky Creative Society*



*Songwriters Workshop, Barrie Folk  
Society: Scott Cooper  
Photo : cookie @ double-scoop*



*Dancing on Main Street, Flin Flon, Manitoba.  
Photo : Julian Kalt / Cottage North*

## CULTURE DAYS

In September 2010, over 700 cities and towns across Canada celebrated arts and culture and the value they bring to our lives. This first-ever Culture Days set in motion a groundswell of public participation in the arts and built momentum for future celebrations. Take Barrie, Ontario, for example. Many local businesses and organizations got involved to host activities that brought artists and the public together in non-traditional ways. A flash mob by Opera Belcanto took place in a local mall; the Barrie Folk Society gave music workshops and invited musicians and the public to an open stage concert at the Barrie Public Library. The community's arts organizations offered behind-the-scenes tours and residents got a sneak peek at the Barrie Film Festival selections. Culture Days is a volunteer movement, led by a national steering committee and funded by a number of corporate and government funders, including the Canada Council.

# THE CANADA COUNCIL PRESENTS ...



## GOVERNOR GENERAL'S LITERARY AWARDS

The 2010 GGs introduced Canadians to several new authors who are making their mark on the literary scene in Canada and beyond. For example, Regina author Dianne Warren won in the category of English Fiction for her first novel, *Cool Water*. This recognition attracted international interest and led to deals with major American, French and Australian publishers. In 2011, the GGs mark their 75<sup>th</sup> anniversary. Visit the Canada Council website to find out how you can take part in the celebrations.



## GOVERNOR GENERAL'S AWARDS IN VISUAL AND MEDIA ARTS

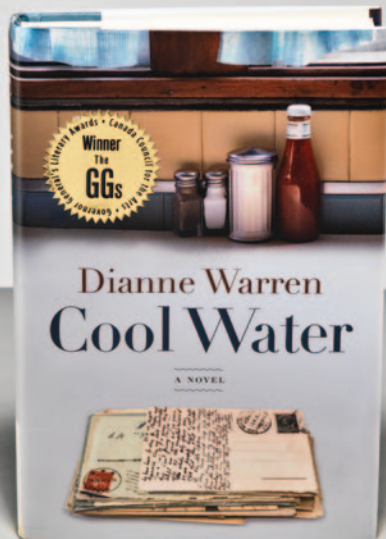
The 2011 Governor General's Awards in Visual and Media Arts recognized the work of eight artists who have made significant achievements in Canadian art, and are continuing to have an impact through their art, as teachers, writers and mentors. One of the ways the Canada Council helps to tell the stories of these artists is through video profiles. This year, the videos were made available to a wider public through social media on YouTube.



### GGs: to space and back

What would you bring along to a desert island ... or outer space? Astronaut Robert Thirsk brought two GG-winning books provided by the Canada Council (*Airborn* by Kenneth Oppel and *Deux pas vers les étoiles* by Jean-Rock Gaudreault) on his six-month stint at the International Space Station in 2009. Here, Thirsk shakes hands with students at the Canada Science and Technology Museum in October 2010.

Photo: Martin Lipman

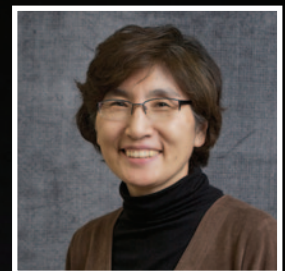


"I had no idea winning an award like the GG would make such a difference but it has truly been career changing. The income from the new book deals is going to allow me to take some time off work to get the next book done, which as you know is huge to a writer (time to write)."

Dianne Warren, Saskatoon  
GG winner – fiction, 2010

"Winning this award means a lot to me. It has been a dream of mine. And as a Korean-Canadian, for me it means that I really belong... that I'm really a part of Canada."

Kye-Yeon Son, Halifax  
GGAVMA winner, 2011  
Saidye Bronfman Award for fine craft



Top: Book cover photo: Canada Council / Photoluxstudio.com - Christian Lalonde, Author photo: Don Hall

Bottom: *Calming*, 2006, sterling silver, gold-filled wire, 24k gold plate, 46 x 13 x 12 cm. Private collection. Photo: Perry Jackson. Artist photo: Martin Lipman



"I'M LEAVING THE STAGE LEFT WORKSHOP WITH MANY TOOLS TO CHALLENGE THE OPPRESSIVE BEHAVIORS I SEE SO OFTEN IN MY WORK. MY SPIRIT HAS BEEN ENERGIZED AND MY MIND HAS BEEN OPENED IN VERY MANY WAYS."

Max Jacobs, community animator, Calgary



*Photos: Stage Left / Michele Decottignies*



## STAGE LEFT

Since 2003, Stage Left has provided a safe and accessible place for disability artists to express themselves and share their creativity. Through mentoring, training, festivals and artist-community collaborations, it has helped to develop talent and bring Canada's rich disability arts offerings to the world stage. Stage Left is now enlarging its scope to support a broad range of marginalized artists. For example, it created *The Hate Show*, an original production shown at the Calgary International Children's Festival in May 2011. This show explores how a group of diverse urban teenagers – disabled, queer, Muslim, Aboriginal or poor – are forming their identities while trying to fit in with their peers. The common thread through all of Stage Left's work? Great art that is authentic, dynamic and non-sentimental.

## Festival de théâtre de rue de Lachine

The only one of its kind in North America, this street theatre festival takes place in the Montreal borough of Lachine. It invites artists from Canada and around the world to step onto an amazing stage – the city itself! Art becomes embedded into Lachine's urban and natural landscapes: choreography for three dancers and a car portrays an imaginary crossing; mobile machines emit curious insect sounds and create a musical fantasy that responds to the crowd's reactions; and large-scale marionettes draw crowds into a fantastical world of tales. Every year, on the front steps of a church, in a parking lot, on the Old Brewery site and along the canal, some 150 artists and thousands of passing spectators share a common space of artistic creation. To celebrate the festival's 15<sup>th</sup> anniversary in 2011, the whole borough will be transformed into a massive amusement park of theatrical entertainment.

*Auto-Fiction*, 2010, by Human Playground, choreography by Milan Gervais. Photos: Marie-Michèle Dion (right) and Justine Latour (below)





*Punzelle*, 2010, performed  
by multidisciplinary artist  
Julie Desrosiers, produced  
by Poupées [k]rinkées.  
Photo: Justine Latour



"ALL MODESTY ASIDE, I CAN ASSURE YOU THAT YOU HAVE TRULY INVESTED IN FERTILE GROUND FOR ARTISTIC CREATION. I LIVE AND BREATHE THE PERFORMING ARTS."

Maxime Béliveau, student, National Theatre School of Canada, Montreal



*Arctic Ocean* by Jill Connell (Peter Dwyer Scholarship recipient and National Theatre School Student, Playwriting, 2011). Photo: © Maxime Côté



## INVESTING IN TOMORROW'S PERFORMERS

After their studies, many students of Canada's National Ballet School and National Theatre School go on to have successful careers, performing for Canadians on stages across the country. But first they must go through an intense program of study with long hours that make it difficult to hold part-time jobs to earn tuition money. The Canada Council's Peter Dwyer Scholarships are awarded annually to the most promising students at the National Ballet School (\$10,000) and the National Theatre School (\$10,000). For students like Maxime Béliveau, the scholarship can have a tremendous impact.



### Aboriginal art abroad

Canadian Aboriginal art is making waves on the international art scene. And the Canada Council is helping to develop this audience. For the past three years it has brought a delegation of four to five Canadian Aboriginal curators to attend two major international art festivals, the Venice and Sydney Biennales. There, the curators connect with fellow curators, gallery and museum directors and artists – all with the goal of bringing Canadian Aboriginal art to international markets and paving the road for more exchange between Indigenous art from around the world.

Wally Dion, *Thunderbird*, 2008, computer circuit boards, nails, plywood support (acrylic stain: sides), 119.4 cm x 295.9 x 7.6 cm. Photo: Don Hall

Wally Dion, *Man Changing into Thunderbird (Gut Brain)*, 2010, computer circuit boards, nails, plywood support (acrylic stain: sides), 184.1 cm x 167.6 cm



GOOD GOVERNANCE REQUIRES TRANSPARENCY AND ACCOUNTABILITY. IT IS IMPORTANT FOR THE COUNCIL TO COMMUNICATE EFFECTIVELY AND IN A TIMELY MANNER WITH PARLIAMENTARIANS, GOVERNMENT AND OTHER KEY STAKEHOLDERS, SUCH AS THE ARTS COMMUNITY AND THE PUBLIC.



# Governance

## 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.

The general duties of the Board are available in the Canada Council's Governance Policy and the By-laws ([canadacouncil.ca/aboutus](http://canadacouncil.ca/aboutus)).

## Highlights

In 2010-11, the Board:

Held four meetings in Ottawa and one meeting in Toronto, Ontario

Held its Annual Public Meeting in Toronto, Ontario

Approved *Strengthening Connections: Strategic Plan 2011-16*, which was released following the Annual Public Meeting

Approved the creation of the ad hoc Board Communications Strategy Working Group

Approved a strengthened Board and committee evaluation process

Approved the annual Financial Overview and Financial Statements

Approved the risk-based internal audit plan

Approved the annual budget

Approved major program modifications and grants over \$100,000

Reviewed the corporate risk profile and the risk mitigation plans.

## Board Independence

All members of the Board are independent directors. This 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 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 and approving the Strategic Plan and assessing its implementation.

In October 2010, the Council released its strategic plan, *Strengthening Connections 2011-16*, which sets out the vision and strategic directions for the next five years. The development of the plan occurred over a period of

10 months, through extensive consultation with the Board, Council staff, and various stakeholders.

The Corporate Plan encompasses the Council's business and activities and establishes the organization's priorities, objectives, strategies, performance indicators and desired impact. It addresses how the Council intends to implement its strategic directions and vision. A summary is available on the Council's website.

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. This 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, manage and mitigate these risks have been implemented. This involves briefings from management as well as reports from the Council's internal and external auditors.

The Board reviews the risk mitigation plans at regular intervals throughout the year.

## Culture of Ethical Business Conduct

Board members, as public office holders, are bound by the federal government's *Conflict of Interest Act*, the *Ethical Guidelines for Public Office Holders*, as well as the *Code of Ethics for Canada Council Board Members*. The Board is required to disclose any conflicts of interest (whether new or ongoing) on an annual basis.

## Corporate Social Responsibility

The Canada Council is committed to carrying out its mandate in an environmentally, socially and ethically responsible manner in accordance with its values and principles.

In an effort to fulfill this commitment, Council continues to:

Conduct its business with honesty, integrity and fairness

Strive to reduce its environmental footprint by incorporating environmental sustainability considerations into plans, programs, activities and projects

Provide an organizational climate that stimulates and supports employee performance and development.

The Board is responsible for overseeing these commitments. Both individual Board members and the Board as a collective are responsible for ensuring the integration of social, environmental and ethical considerations into Board-related matters.

## Board Appointments

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

The Governance and Nominating Committee 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 recommend candidates who represent or reflect Canada's official languages, regions, different generations, Aboriginal Peoples, cultural diversity, gender equity and persons with disabilities.

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

At March 31, 2011, there were no Board vacancies.

## 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 the organization's key functions and activities.

In 2010-11, Board members attended the following courses offered by the Canada School of Public Service: *Understanding the Government Environment and its Impact on Crown Corporations*, *Roles and Accountabilities of Boards and Board Members*, and *Financial Literacy in a Government Context*. One member attended the Commonfund Forum, a leading investment conference for trustees and investment staff of nonprofit institutional investors. Two Board members attended networking sessions offered by the Conference Board of Canada's Public Enterprise Governance Centre. One member attended Brown Governance's *The Art of Chairmanship* seminar. A session on risk management was also held for Board members in March 2011.

## Board Performance Evaluation

Every year, under the direction of the Governance and Nominating Committee, the Board undertakes an evaluation of the performance of the full Board and its committees. The Board works throughout the year to implement the recommendations resulting from the Board evaluation.

## Senior Appointments

Guided by standard staffing principles and practices, a recruitment and selection process is in place for senior management positions. Staffing processes are managed either by Human Resources 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 also represent Canada's cultural diversity and official languages.

In 2010-11, there were three senior appointments: Tammy Scott, Director, Communications and Arts Promotion (April 6, 2010); Anne Valois, Director, Arts Disciplines (November 17, 2010); and Denyse Jomphe, Director, Human Resources (January 10, 2011).

## Director/CEO Assessment Activities

The Director/CEO 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 government departments and agencies, and with other organizations. The Director/CEO keeps the Board updated on important factors affecting the achievement of the Council's strategic objectives.

The Director/CEO'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/CEO's annual performance appraisal to the Minister of Canadian Heritage.

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

Good governance requires transparency and accountability. It is important for the Council, as a federal Crown corporation, to communicate effectively and in a timely manner with parliamentarians, government and other key stakeholders, such as the arts community and the public. The Board is responsible for ensuring that the Council communicates effectively and consistently with the Minister and officials in the Department of Canadian Heritage.

Among the key documents provided to the Minister, parliamentarians and other stakeholders in 2010-11 were the Canada Council's Strategic Plan, Annual Report and a compendium of funding provided to artists and arts organizations (including a national overview and provincial and territorial profiles). ([canadacouncil.ca/aboutus](http://canadacouncil.ca/aboutus))

### Annual Public Meeting

On October 20, 2010, the Council held its Annual Public Meeting in Toronto, Ontario. It reported on its recent activities and plans for the future, released its new strategic plan, *Strengthening Connections*, and received feedback from interested stakeholders. The Director/CEO, the Chair, the Vice-Chair and all other members of the Board, as well as senior staff, were present.

The Annual Public Meeting was webcast ([canadacouncil.ca/aboutus](http://canadacouncil.ca/aboutus)).

## Board Committees

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of particular concern. There are four standing committees of the Board: the Executive Committee, the Audit and Finance Committee, the Governance and Nominating Committee and the Investment Committee. Their roles, responsibilities and reporting requirements are defined in the By-laws. The Board Communications Strategy Working Group was struck with a time-limited mandate from June 2010 to October 2011.

### 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.

Membership: Joseph L. Rotman (Chair), Simon Brault and Rosemary Vodrey.

### Highlights

In 2010-11, the Executive Committee:

Reviewed and recommended for approval the Director/CEO's performance assessment

Oversaw the work undertaken by the Board Communications Strategy Working Group.

### Board Communications Strategy Working Group (ad hoc)

Under the direction of the Executive Committee, the Board Communications Strategy Working Group is tasked with reviewing the overall Board communications practices, and providing advice for the planning and development of a communications framework and branding strategy.

Membership: Thomas V. Hill, Luc LaRochelle, Philip Ponting, Anna Porter and Rosemary Vodrey (Chair).

### 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), Luc LaRochelle, Jerry Mazerolle, Anna Porter and Jean Saucier.

### Highlights

In 2010-11, the Audit and Finance Committee reviewed:

The quarterly and annual financial statements, along with updates on financial reporting standards and Canadian auditing standards

The annual budget proposal, along with Council's fiscal restraint plan

The risk-based internal audit plan and internal audit reports

The annual financial audit plan of the Office of the Auditor General

The actions taken to respond to the Special Examination recommendations

The corporate risk profile and the risk mitigation strategies.

### Governance and Nominating Committee

The Governance and Nominating 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; reviewing the corporate By-laws and governance framework regularly; and maintaining a list of criteria for filling Board vacancies.

Membership: Simon Brault, Barbara Burley (Chair), Thomas V. Hill, Susan Knight and Philip Ponting.

### Highlights

In 2010-11, the Governance and Nominating Committee:

Managed and reviewed the Board evaluation process

Undertook a comprehensive review of the Board and Board committee processes

Reviewed the committee appointment process

Developed a professional development plan for Board members

Reviewed the Board orientation program

Oversaw the planning of the Council's Annual Public Meeting

Reviewed the skill set and profile required for upcoming Board vacancies.

## Board and Board Committee Attendance: April 1, 2010 to March 31, 2011

	Board	Executive	Investment	Audit & Finance	Governance & Nominating	Board Communications Strategy Working Group
# of Meetings	7	5	4	6	7	5
J.L. Rotman	5	5				
S. Brault	7	5		6	7	
B. Burley	7				7	
T. Hill	6				5	4
S. Knight	7				7	
L. LaRochelle	6			5		4
J. Mazerolle	6			5		
P. Ponting	6				7	5
A. Porter	6		4	6		5
J. Saucier	7		4	6		
R. Vodrey	7	5				5

## 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, Jean Saucier and the following external experts: Tania Willumsen (Chair), Henry W.C. Gibbs, Susan Luke Hill, Ann Marshall, John H. Matthews and William J. Smith.

## Highlights

In 2010-11, the Investment Committee:

Closely monitored Council's investments in a time of fluctuating markets, and had regular meetings with managers to review performance

Retained a new investment manager to advise and work with the committee

Began a review of the committee's structure and governance

Proposed the re-appointments of external members Tania Willumsen (Chair) and John H. Matthews, until June 1, 2013, and William J. Smith and Susan Luke Hill, until July 1, 2013.

## 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; Thomas V. Hill serves on the Aboriginal Arts Advisory Committee (Kakaekwewin); and Rosemary Vodrey serves on the Advisory Committee for Racial Equality in the Arts (REAC).

## Remuneration for Board Members

Board members are paid an annual retainer and honoraria based on a fee fixed by the Governor-in-Council. For 2010-11, the total of fees paid to Board members was \$127,719.

## 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 2010-11, the salary ranges were \$203,800-239,800 for the position of Director/CEO (fixed by the Governor-in-Council) and \$101,100-149,300 for executive positions.

At March 31, 2011, the Executive Management Group consisted of Robert Sirman, Director/CEO; Michelle Chawla, Corporate Secretary and Director, Strategic Initiatives; Robin Ghosh, Director, Finance and Administration; John Goldsmith, Director, Stakeholder Relations; Denyse Jomphe, Director, Human Resources<sup>1</sup>; Tammy Scott, Director, Communications and Arts Promotion; Anne Valois, Director, Arts Disciplines<sup>2</sup>; and David Walden, Secretary-General, Canadian Commission for UNESCO.

1. Manon Dugal served as Director of Human Resources until October 2010.

2. Nicole Doucet served as Director of Arts Disciplines Division until September 2010.

## Proactive Disclosure

The disclosure of grants and contributions, travel and hospitality expense information of senior executives, contracts entered into for amounts over \$10,000 and the reclassification of positions are all available on the Council's website.

## Disclosure of Wrongdoing

The Council's *Policy on the Internal Disclosure of Wrongdoing in the Workplace* is 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 Canada Council and other Crown corporations.

In 2010-11, there were no internal disclosures of wrongdoing in the workplace.

## Biographies of the Board and Director & CEO



From left to right: Thomas Hill, Philip Ponting, Barbara Burley, Susan Dyer Knight, Robert Sirman, Simon Brault, Joseph Rotman, Rosemary Vodrey, Luc LaRoche, Anna Porter, Jean Saucier, Jerry Mazerolle. Photo: Martin Lipman and Ned Pratt

### Joseph L. Rotman, Chair, Ontario

Mr. Rotman is currently Chair of Roy-L Capital Corporation, a private family investment company. His business career has focused on establishing a number of private and public companies active in oil trading, petroleum distribution, oil and gas exploration, merchant banking, real estate, and venture capital. He is the founder of Clairvest Group Inc., a Canadian-based merchant bank, for which he is still a board member. He was involved with numerous other corporate boards, including the Bank of Montreal, Barrick Gold Corporation, and Canada Northwest Energy Ltd.

Mr. Rotman was appointed an Officer of the Order of Canada for his contribution to the 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. He was educated at the University of Western Ontario, University of Toronto and Columbia University. [Appointed July 30, 2008]

### Simon Brault, Vice-Chair, Quebec

Originally from Montreal, Mr. Simon Brault has been Director General of the National Theatre School of Canada since 1997. He was the School's Administrative Director from 1992 to 1997, during which time he was the driving force behind the project to restore the historic Monument-National in Montreal.

Convinced that the cultural milieu needed to increase its connections with other players in society, Mr. Brault was closely associated with the Forum d'action des milieux culturels de la Métropole from 1994 to 1999. He also initiated Journées de la culture, a massive undertaking first held in 1997 to popularize the arts and culture across Quebec. During the Sommet de Montréal in June 2002, he led a delegation of 20 leaders of the cultural community. He was Chief organizer and Chair of the steering committee of RV07 - Montreal, Cultural Metropolis (2007). Mr. Brault is also a founding member of Culture Montréal and has been its elected Chair since it began in 2002. In 2008, Mr. Brault received the Canadian Conference of the Arts Keith Kelly Award for Cultural Leadership. That year, he was also appointed a Fellow of the Certified General Accountants Association. He is an Officer of the Order of Canada and of l'Ordre national du Québec. In September 2009, he published *Le Facteur C – L'avenir passe par la culture*, Éditions Voix parallèles (*No Culture, No Future* – Cormorant Books).

A long-time advocate for cultural communities, Mr. Brault is a self-described "cultural development activist." [Re-appointed March 31, 2009]

### Thomas V. Hill, Ontario

Mr. Thomas V. Hill has held prominent positions in the arts in Canada for over 30 years. As a curator, writer, art historian, volunteer and artist, he has played an influential role in the development of Aboriginal visual arts. A Konadaha Seneca, Mr. Hill studied at the Ontario College of Art; he also has a certificate in museums studies from the Ontario Museums Association. From his involvement in the Indians of Canada Pavilion at Expo '67, he went on to become the first Aboriginal art curator in Canada.

A tireless contributor to countless committees and boards, he has lectured and written extensively. In 2004, he received a Governor General's Award in Visual and Media Arts for his many contributions to the arts in Canada. He also has an honorary doctorate from Wilfrid Laurier University. He has been museum director at the Woodland Cultural Centre near Brantford for over 20 years. Thomas V. Hill lives in Ohsweken, Ontario. [Re-appointed January 29, 2008]

### **Susan Dyer Knight, Newfoundland and Labrador**

Ms. Susan Knight is a social entrepreneur working in music education. A conductor, educator and producer of international repute, she works through the arts to celebrate heritage while also invoking/provoking change. Her innovative practice has engaged youth to create empathic community through the transformative power of music-making, while promoting their autonomy, leadership and global consciousness and fostering their development as critical agents-of-change.

Founder and Artistic Director Emeritus of both Shallaway – Newfoundland and Labrador Youth in Chorus (1992) and Festival 500 (1994), she is a visiting researcher at the International Music Education Research Center in the Institute of Education, University of London, and is active as a consultant, speaker and author. She currently serves on the boards of Chorus America, Irish Business Partnerships, World's End Theatre Company, Opera on the Avalon, International Federation of Choral Music and the Canadian Commission for UNESCO. She holds a Ph.D. from the University of London and an honorary LL.D. from Memorial University, and is invested in the Orders of both Canada, and Newfoundland and Labrador. [Re-appointed September 15, 2009]

### **Barbara Burley, New Brunswick**

Ms. Barbara Burley has had long and varied management experience within the public and volunteer sectors, most of which has been at the senior management level. She was an assistant deputy minister in the Department of Community Services of the Government of Nova Scotia until her retirement in 2004. She has been actively involved in the arts sector since retirement serving as vice-chair of the board of the Sunbury Shores Art and Nature Centre and vice-chair of the board of the Ross Memorial Museum of St. Andrews, New Brunswick.

She is president and sponsor of the Centre JMC de St Andrews bringing Jeunesses Musicales of Canada concert series to the local community with her focus being youth attendance. She is also a member of The Shiretown Singers choral group of St Andrews, New Brunswick. [Appointed December 3, 2007]

### **Jean Saucier, Quebec**

Mr. Jean Saucier has been an Investment Advisor for BMO Nesbitt Burns for the past 12 years. Holding a B.A. in finance and a Masters in international relations, he has also worked as a business finance and human resources consultant for Isak International Inc.

His involvement in the arts sector started in 1995, when he became a board member of the publication *Vie des Arts* from 1995 to 2007. From 1999 to 2007 he was a board member of the Musée d'art contemporain de Montréal, was vice-chair of the board of the Festival international des films sur l'art from 2002 to 2007 and chair of the board of the Fondation du Musée d'art contemporain from 1999 to 2006. [Appointed December 3, 2007]

### **Anna Porter, Ontario**

Ms. Anna Porter has extensive experience as a publisher and author. She held several executive positions in leading book-publishing houses, among them Key Porter Books, which she founded with Key Publishers. She left the company in 2006 after selling her shares to HB Fenn. She is the author of two award-winning non-fiction books and three novels, all of which have been published in several languages throughout the world. She has written about culture, history, formidable individuals and politics for several publications including Macleans and The Globe and Mail. She is an Officer of the Order of Canada and was appointed to the Order of Ontario in 2003 in recognition of her work in promoting Canadian authors internationally. She is a member of several boards, including PEN Canada and CODE. [Appointed January 29, 2008]

### **Jerry Mazerolle, New Brunswick**

Mr. Jerry Mazerolle has held many different positions with La Fédération des Caisses Populaires Acadiennes Ltée since 1982, after being director general of La Caisse Populaire de Caraquet Ltée from 1970 to 1979. He was also an advisor for the New Brunswick Judicial Council, from 1999 to 2006, and a member of the Canadian Bar Association from 1982 to 2001.

He is currently treasurer of the Jeunesses Musicales du Nouveau-Brunswick board and a former member of the Jeunesses Musicales du Canada board. He has been a member of the board of directors of the community radio station Radio Péninsule (CKRO) since 2003. [Appointed February 26, 2008]

### **Luc LaRochelle, Quebec**

Mr. LaRochelle is a counsel with the law firm of Borden Ladner Gervais, and serves on the board of directors of the Dessau engineering group. He has been an extensive collector of the visual arts for several years and owns numerous works by Quebec, Canadian, and international artists. He is a former board member of Vie des Arts and the Association des collections d'entreprises du Québec. He has given frequent lectures and workshops on law, visual art and literature. As a writer, he has published six books, and his short stories and poetry have appeared in literary reviews in Quebec, Ontario and France. A graduate of the Université de Sherbrooke Law School, Mr. LaRochelle was admitted to the Quebec Bar in 1971. He also holds a Bachelor of Arts, an M.B.A., and an M.A. in Literary Studies. [Appointed June 18, 2008]

### **Philip G. Ponting, Alberta**

Mr. Ponting is a senior partner in the Calgary office of McLennan Ross and practises administrative law with the major focus on the field of employment law. His extensive legal career, which spans more than 35 years, has brought him before numerous Canadian institutions, including the Supreme Court of Canada, the Alberta Court of Appeal, as well as the Alberta and Canada Labour Relations Boards.

His involvement in the arts sector is stellar. He has served on the boards of a number of cultural organizations, including the Board of Governors of the Banff Centre, the Edmonton Concert Hall Foundation, the Alberta Performing Arts Stabilization Fund, and the Council of Governors of the Edmonton Aviation Historical Society. He was also involved in the Edmonton Symphony Society from 1986 to 1996. Mr. Ponting graduated from the University of Alberta with a Bachelor of Commerce degree and obtained his law degree from Queen's University. [Appointed February 12, 2009]

### **Rosemary L. Vodrey, Manitoba**

Ms. Vodrey has extensive experience working with Manitoba's cultural community. A Member of the Manitoba Legislature from 1990 to 1999, she held a number of Cabinet positions, including Minister of Education and Training, Minister of Justice and Attorney General, and Minister of Culture, Heritage and Citizenship. In the latter capacity, she was responsible for Manitoba's Council for the Arts from 1997 to 1999. Ms. Vodrey has an educational background in psychology and law. She is currently a member of the Western Canada Aviation Museum's Board and also served as a member on several other boards, including The Royal Winnipeg Ballet, The Manitoba Theatre Centre and The Manitoba Theatre for Young People. [Appointed April 23, 2009]

## Robert Sirman, Director and CEO

Mr. Robert Sirman was originally appointed Director of the Canada Council for the Arts for a four-year term effective June 26, 2006. In April 2010, he was reappointed for another four years to June 2014.

After graduating from the University of Toronto with an MA in sociology, Mr. Sirman worked for over a decade in the Ontario Government, including five years in the province's first Ministry of Culture. He then joined the Ontario Arts Council in 1980, where he served for 10 years as Director of Operations and Director of Research and Policy Planning.

In 1991, Mr. Sirman was appointed Administrative Director of Canada's National Ballet School. During his 15 years in that position, he stabilized the School's finances and spearheaded an award-winning \$100-million capital expansion program that tripled the School's physical plant and re-animated the North Jarvis neighbourhood in which the School had operated since 1959.

Since his arrival, the Canada Council has enjoyed a 20% increase in its ongoing government appropriation, undertaken the most extensive strategic planning process 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.

Mr. Sirman has served on a number of volunteer boards throughout his career, and in 2002 was librettist for James Kudelka's full-length ballet, *The Contract*. In 2004 he was featured by the Toronto Star as one of the city's top 10 "leading lights" in arts and culture, and in 2005 was honoured by having a Toronto street – Sirman Lane – named after him. Mr. Sirman currently serves on the board of the George Cedric Metcalf Charitable Foundation in Toronto and is treasurer of the International Federation of Arts Councils and Cultural Agencies (IFACCA) based in Sydney, Australia.

## Senior Staff (as of March 31, 2011)

### Director and CEO's Office

**Robert Sirman**, Director and CEO\*

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

**John Goldsmith**, Director\*  
Stakeholder Relations

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

### Strategic Initiatives

**Sheila James**, Coordinator  
Equity

**Claire McCaughey**, Head  
Research and Evaluation,  
Manager, CADAC Secretariat

**Louise Profeit-LeBlanc**, Coordinator  
Aboriginal Arts

**Claude Schryer**, Acting Coordinator  
Partnership and Networks

### Arts Disciplines

**Anne Valois**, Director\*

**Stacey Atkinson**, Acting Coordinator  
Audience and Market Development

**Lolita Boudreault**, Acting Executive Secretary  
Public Lending Right Commission

**Ellen Busby**, Acting Head  
Dance

**Youssef El-Jai**, Head  
Media Arts

**Roger Gaudet**, Head  
Theatre

**Donna Gazale**, Head  
Arts Services

**Russell Kelley**, Head  
Music

**Arash Mohtashami-Maali**, Head  
Writing and Publishing

**Doug Sigurdson**, Head  
Visual Arts

**Gerri Trimble**, Acting Coordinator  
Inter-Arts

### Communications and Arts Promotion

**Tammy Scott**, Director\*

**Victoria Henry**, Director  
Art Bank

**Joanne Larocque-Poirier**, Head  
Endowments and Prizes

**Vacant**, Head  
Marketing Communications

### Finance and Administration

**Robin Ghosh**, Director\*

**Carole Boileau**, Head  
Finance

**Luc Charlebois**, Head  
Financial Planning

**André Cléroutx**, Manager  
Administrative Services

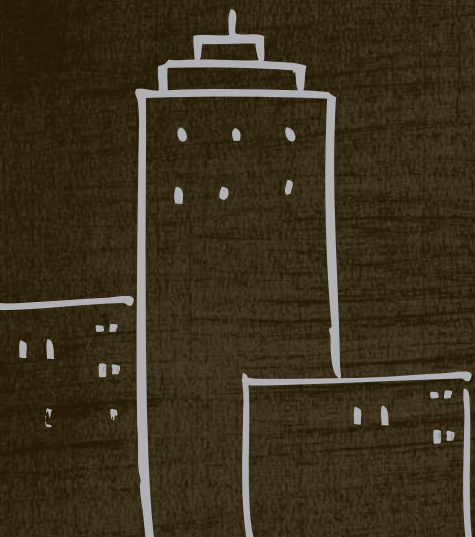
**Daniel Plouffe**, Head  
Information Management Services

### Human Resources

**Denyse Jomphe**, Director\*

\*Members of the Executive  
Management Group

"WHILE THE PRIMARY RECIPIENTS OF FUNDING MAY BE ARTISTS AND ARTS ORGANIZATIONS, THE RETURN ON INVESTMENT IS A VIGOROUS CREATIVE LIFE THAT BENEFITS ALL CANADIANS."





## 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 the report thereon.

June 21, 2011

Director and Chief Executive Officer



**Robert Sirman**

Chief Financial Officer



**Robin Ghosh, CA, CPA**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

I have audited the accompanying financial statements of the Canada Council for the Arts, which comprise the balance sheet as at 31 March 2011, and the statement of operations, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canada Council for the Arts as at 31 March 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canada Council for the Arts 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* and regulations, the *Canada Council for the Arts Act* and the by-laws of the Canada Council for the Arts.

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

21 June 2011  
Ottawa, Canada

## Balance Sheet

as at March 31 (in thousands of dollars)

2011

2010

### ASSETS

#### Current assets

Cash equivalents (Note 5)	\$ 340	\$ 4,501
Accounts receivable	2,395	1,669
Prepaid expenses	272	217
Derivatives (Note 6)	300	3,761
	3,307	10,148
Investments (Note 7)	279,232	265,554
Works of art and musical instruments (Note 9)	20,729	20,710
Other capital assets (Note 10)	2,767	2,651
<b>Total assets</b>	<b>\$ 306,035</b>	<b>\$ 299,063</b>

### LIABILITIES

#### Current liabilities

Bank overdraft	\$ 2,574	\$ 3,475
Grants payable	25,927	26,452
Accounts payable and accrued liabilities	4,900	2,971
Derivatives (Note 6)	187	13
Deferred parliamentary appropriations	-	37
	33,588	32,948
Deferred revenues	2,108	2,452
Employee future benefits (Note 11)	2,291	2,192
<b>Total liabilities</b>	<b>37,987</b>	<b>37,592</b>

### EQUITY

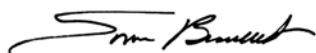
Contributed surplus (Note 12)	50,000	50,000
Retained earnings	11,423	12,715
Accumulated other comprehensive income (Note 13)	64,451	11,301
	75,874	24,016
Reserve from the capitalization of investment income	121,445	166,745
Reserve for investment in works of art and musical instruments	20,729	20,710
	142,174	187,455
<b>Total equity</b>	<b>268,048</b>	<b>261,471</b>
<b>Total liabilities and equity</b>	<b>\$ 306,035</b>	<b>\$ 299,063</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:



Joseph L. Rotman  
Chair



Simon Brault  
Vice-Chair

## Statement of Operations

for the year ended March 31 (in thousands of dollars)

2011

2010

### REVENUES

Net investment (loss) income (Note 14)	\$ (36,942)	\$ 7,825
Net Art Bank revenue (Note 15)	158	404
Other revenues	1,821	2,855
<b>Total revenues</b>	<b>(34,963)</b>	<b>11,084</b>

### EXPENSES

#### Programs

Grants (Schedule 1)	154,532	158,390
Administration (Schedule 2)	13,244	12,512
Services	6,657	5,726
	174,433	176,628
Canadian Commission for UNESCO (Note 15)	2,168	2,005
General administration (Schedule 2)	16,237	15,592
<b>Total expenses</b>	<b>192,838</b>	<b>194,225</b>

Net cost of operations before parliamentary appropriation	227,801	183,141
Parliamentary appropriation	181,277	183,122
<b>Net results for the year</b>	<b>\$ (46,524)</b>	<b>\$ (19)</b>

## Statement of Comprehensive Income

for the year ended March 31 (in thousands of dollars)

2011

2010

Net results for the year	\$ (46,524)	\$ (19)
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### OTHER COMPREHENSIVE INCOME

Available-for-sale financial assets		
Unrealized gains on unrestricted available-for-sale financial assets during the year	5,751	17,598
Reclassification to the statement of operations of realized losses in the year	45,749	8,525
Net change in unrealized income in available-for-sale financial assets	51,500	26,123

### RESTRICTED CONTRIBUTIONS FROM NON-OWNERS

Unrealized gains on contributions from non-owners during the year	2,116	6,518
Reclassification to the statement of operations of realized losses in the year	18,319	3,450
Donations from non-owners received during the year	-	1,287
Net investment (loss) income attributed to non-owners	(15,961)	1,621
Use of funds attributed to non-owners	(2,824)	(2,851)

Net change in unrealized income in contributions from non-owners	1,650	10,025
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<b>Comprehensive income for the year</b>	<b>\$ 6,626</b>	<b>\$ 36,129</b>
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(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)

2011

2010

### EQUITY

<b>Contributed surplus</b> (Note 12)	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>Retained earnings</b>		
Balance at beginning of the year	12,715	13,317
Net results for the year	(46,524)	(19)
Appropriated from the reserve from the capitalization of investment income during the year	45,300	-
Appropriated to the reserve for the investment in works of art and musical instruments during the year	(68)	(583)
Balance at end of the year	11,423	12,715
<b>Accumulated other comprehensive income</b> (Note 13)		
<b>Net unrealized gains (losses) from available-for-sale financial assets</b>		
Balance at beginning of the year	(50,967)	(77,090)
Other comprehensive income for the year	51,500	26,123
Balance at end of the year	533	(50,967)
<b>Restricted contributions from non-owners</b>		
Balance at beginning of the year	62,268	52,243
Other comprehensive income for the year	1,650	10,025
Balance at end of the year	63,918	62,268
Total accumulated other comprehensive income	64,451	11,301
<b>Total retained earnings and accumulated other comprehensive income</b>	<b>75,874</b>	<b>24,016</b>
<b>Reserves</b>		
<b>Reserve from the capitalization of investment income</b>		
Balance at beginning of the year	166,745	166,745
Appropriated to retained earnings during the year	(45,300)	-
Balance at end of the year	121,445	166,745
<b>Reserve for the investment in works of art and musical instruments</b>		
Balance at beginning of the year	20,710	20,165
Net disposals during the year	(49)	(38)
Appropriated from retained earnings during the year	68	583
Balance at end of the year	20,729	20,710
<b>Total reserves</b>	<b>142,174</b>	<b>187,455</b>
<b>Balance of equity at end of the year</b>	<b>\$ 268,048</b>	<b>\$ 261,471</b>

(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)

2011

2010

### OPERATING ACTIVITIES

Net results for the year	\$ (46,524)	\$ (19)
Items not affecting cash and cash equivalents		
Income on contributions from non-owners capitalized	(18,785)	(1,230)
Losses from disposal of financial assets classified as available for sale	4,207	4,903
Impairment on available for sale financial instruments	58,925	6,549
Loss on foreign currency from disposal of financial assets classified as available for sale	73	13
Amortization - other capital assets	1,060	968
Employee future benefits	99	68
	(945)	11,252
Change in non-cash operating assets and liabilities (Note 16)	3,877	(8,356)
<b>Cash provided by operating activities</b>	<b>2,932</b>	<b>2,896</b>

### FINANCING ACTIVITIES

<b>Contributions received from non-owners</b>	<b>-</b>	<b>1,287</b>
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### INVESTING ACTIVITIES

Purchases of investments	(52,693)	(43,917)
Sales of investments	47,747	32,061
Acquisition of other capital assets, works of art and musical instruments	(1,246)	(1,130)
<b>Cash used for investing activities</b>	<b>(6,192)</b>	<b>(12,986)</b>
Decrease in cash and cash equivalents	(3,260)	(8,803)
Cash and cash equivalents at beginning of the year	1,026	9,829
<b>Net (bank overdraft) cash position at the end of the year</b>	<b>\$ (2,234)</b>	<b>\$ 1,026</b>

### REPRESENTED BY:

Cash equivalents (Note 5)	\$ 340	\$ 4,501
Bank overdraft	(2,574)	(3,475)
	<b>\$ (2,234)</b>	<b>\$ 1,026</b>

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

# Notes to Financial Statements

March 31, 2011

## 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). 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, 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 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
Bank Overdraft	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 at the time the donation is received. No amortization is recorded on these assets.

## **G Employee future benefits**

### **1 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.

### **2 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**

### **1 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.

### **2 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 disposed or the original appraised value of works of art or musical instruments donated to, or disposed by, the Council.

## **I Revenue recognition**

### **1 Parliamentary appropriation**

Parliamentary appropriation is recognized as revenue in the year for which it is approved by Parliament. Parliamentary appropriation for specific projects is 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.

### **2 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.

### **3 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.

### **4 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 and non-monetary assets carried at market are translated to Canadian dollars at the exchange rate in effect at the balance sheet. 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. 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**

In December 2009, the Public Sector Accounting Board (PSAB) issued an amendment to the Introduction to Public Sector Accounting Standards (PSAS) of the PSA Handbook. This amendment eliminated the Government Business Type Organization (GBTO) classification which had applied to the Council, and entities were required to re-assess their classification. The Council revised its classification to Other Government Organization (OGO). As an OGO, the Council has determined that the most appropriate basis of accounting that meets the needs of the users of its financial statements is PSAS. The Council will adopt PSAS for its fiscal year beginning April 1, 2011.

The Council has performed a detailed review and developed a series of position papers to identify the impact of its transition to PSAB standards. The impact on the financial statements at the transition date has not been finalized.

### 3. 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.

There have been no changes to the way Council manages its capital from the previous year.

#### A Restricted contributions from non-owners

The contributions from non-owners consist of contributions received or receivables 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, 2011 is \$38,758,000 (2010 - \$38,758,000). 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.

### 4. Financial Instruments

#### A Summary of financial instruments

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

(in thousands of dollars)		2011	2010
Financial assets and liabilities	Classification	Carrying amount and fair value	Carrying amount and fair value
Cash equivalents	Held for trading	340	4,501
Accounts receivables	Loans and receivables	2,395	1,669
Derivatives net	Held-for-trading	113	3,748
Investments <sup>1</sup>	Available for sale	279,232	265,554
Bank overdraft	Held-for-trading	2,574	3,475
Grants payable	Other liabilities	25,927	26,452
Accounts payable and accrued liabilities	Other liabilities	4,900	2,971

<sup>1</sup> The detailed fair value for the investments is listed in Note 7.

#### 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 that includes 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.

#### 1 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 the 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, 2011, there were no significant amounts past due (Nil - 2010).

The credit risks on derivatives are managed by contracting only with credit-worthy 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.

#### 2 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.

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.

The following table presents a maturity analysis for the Council's financial assets and liabilities.

As at March 31	2011			2010		
	Total	No Fixed Maturity	Less than 3 years	Total	No Fixed Maturity	Less than 3 years
(in thousands of dollars)						
<b>Financial Assets</b>						
Cash equivalents	340	-	340	4,501	-	4,501
Accounts receivable	2,395	-	2,395	1,669	-	1,669
Derivatives	300	-	300	3,761	-	3,761
Investments	279,232	279,232	-	265,554	265,554	-
	<b>282,267</b>	<b>279,232</b>	<b>3,035</b>	<b>275,485</b>	<b>265,554</b>	<b>9,931</b>
<b>Financial Liabilities</b>						
Bank overdraft	2,574	-	2,574	3,475	-	3,475
Grants payable	25,927	-	25,927	26,452	-	26,452
Accounts payable and accrued liabilities	4,900	-	4,900	2,971	-	2,971
Derivatives	187	-	187	13	-	13
	<b>33,588</b>	<b>-</b>	<b>33,588</b>	<b>32,911</b>	<b>-</b>	<b>32,911</b>

In the table above, investments are assets with no fixed maturity. The Council has an Investment Policy that enables it to withdraw amounts, during the year, from its investment portfolio valued up to 4.5% of the previous three-year average market value using balances at September 30, if needed.

### 3 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% (2010 – 10%) increase or decrease in the market prices, with 10% (2010 – 10%) 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 2011, if market prices had a 10% (2010 – 10%) increase or decrease with all other variables held constant, the increase or decrease in accumulated other comprehensive income for the year would have been \$27,670,000 (2010 – \$26,750,000) 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 liability valued at \$187,000 (2010 – derivatives liability of \$13,000) and no exposure (2010 – Nil) in cash equivalents. Given the small size of the foreign currency exposure compared with the total assets of the Council, currency risk is not considered material.

## 5. Cash Equivalents

The Council invests in a short-term pooled fund managed by State Street Global. All instruments held in the pooled funds are rated R1 (low) or A (low) or better as rated by a recognized bond rating agency. These funds are comprised of securities issued by different levels of government, chartered banks and corporate issuers. Except for instruments guaranteed by all levels of government, no more than 10% of the short-term portfolio is invested with any one issuer.

The pooled fund is the temporary investment of the Council's excess daily cash requirements which had a balance of \$340,000 (2010 – \$4,501,000). For the year ended March 31, 2011, this fund earned a return of 1.4% (2010 – 0.25%) and the underlying investments had an average weighted term to maturity of 32 days (2010 – 19 days).

## 6. Derivatives

The 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 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 3.3% (2010 – 2.7%) of the investment portfolio. The hedge strategy allows hedging of the designated assets within a range of 30% to 70% of the foreign exposure.

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, 2011, the Council held foreign currency forward contracts, for settlement May 3, 2011, with a total notional amount of \$53,719,000 (2010 – \$63,909,000).

The fair value of outstanding foreign exchange forward contracts represents a liability of \$187,000 (2010 – liability of \$13,000) and reflects the potential loss if settlement were to take place on March 31, 2011. The derivative asset consists of an unrealized gain of \$300,000 (2010 – unrealized gain of \$3,761,000) on foreign currency forward contracts that matured on March 31, 2011, but only settled on April 4, 2011. The net investment income includes a net foreign currency gain for the year of \$757,000 (2010 – gain of \$12,614,000).

Currency	(in thousands of dollars)	
	Forward rate	Notional amount <sup>1</sup>
US dollar	1.027	28,758
Euro	0.724	11,401
United Kingdom Pound sterling	0.641	4,764
Japanese yen	85.124	3,657
Others	4.115	5,139

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

## 7. Investments

	2011					2010		
	Cost	Unrealized losses	Unrealized gains	Fair value		Cost	Fair value	
(in thousands of dollars)	\$	\$	\$	\$	%	\$	\$	%
<b>Canada Council Endowment and Special Funds</b>								
Pooled funds								
Equity	107,242	-	2,113	109,355	49.3	149,358	96,339	45.5
Fixed income	73,309	2,575	-	70,734	31.8	52,181	50,198	23.7
Alternatives	20,017	47	1,619	21,589	9.7	26,622	26,838	12.7
Money market	5,788	-	-	5,788	2.6	26,135	26,135	12.4
Real estate	7,769	163	443	8,049	3.6	6,027	5,764	2.7
Infrastructure	7,208	514	-	6,694	3.0	6,525	6,325	3.0
	221,333	3,299	4,175	222,209	100.0	266,848	211,599	100.0
<b>Killam Funds</b>								
Pooled funds								
Equity	27,692	-	539	28,231	49.4	39,930	24,896	46.1
Fixed income	18,605	671	-	17,934	31.5	13,183	12,666	23.5
Alternatives	5,150	12	412	5,550	9.7	6,831	6,884	12.8
Money market	1,071	-	-	1,071	1.9	6,049	6,049	11.2
Real estate	2,079	42	117	2,154	3.8	1,561	1,492	2.8
Infrastructure	2,243	160	-	2,083	3.7	2,030	1,968	3.6
	56,840	885	1,068	57,023	100.0	69,584	53,955	100.0
<b>Total investments</b>	<b>\$ 278,173</b>	<b>\$ 4,184</b>	<b>\$ 5,243</b>	<b>\$ 279,232</b>		<b>\$ 336,432</b>	<b>\$ 265,554</b>	

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. Annually, the Council assesses each of its investment instruments against specific criteria to determine whether there is objective evidence that the adjusted cost may not be recovered and is therefore impaired. The fair value of the Council's investment in two global equity pooled funds, which is determined using closing market prices as at the balance sheet date, significantly declined during the financial crisis in 2008 and has not been able to fully recover over the last three years and full recovery is not expected in the next year. Therefore the Council considers this decline to be other-than-temporarily and has recognized an impairment loss on these two investments for a total of \$58.9 million in 2011. This amount represents the difference between the adjusted cost value of the investments and the closing fair value as at the balance sheet date. As a result, this amount has been removed from accumulated other comprehensive income and reported in net results for the year.

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 October 2010. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset classes	Actual market value	Minimum	Benchmark	Maximum
Canadian equities	6%	0%	5%	7%
Global equities	43%	30%	40%	50%
Fixed income	31%	25%	35%	40%
Alternatives	10%	5%	10%	15%
Real estate	4%	0%	5%	7%
Infrastructure	3%	0%	5%	7%
Money market	3%	0%	0%	15%

The money market asset class includes short-term pooled funds used for capital committed to future investment in limited partnership units of real estate and infrastructure funds and re-balancing to fixed income asset class. These funds had a balance of \$6,860,000 (2010 – \$32,184,000). For the year ended March 31, 2011, these funds earned a return of 1.4% (2010 – 0.25%) and the

underlying investments had an average weighted term to maturity of 32 days (2010 – 19 days).

Investments in the equity pooled funds are comprised of units of three pooled funds, one Canadian fund and two funds that are invested in the global equity markets. The Canadian equities are measured against the returns of the Standard and Poor's Toronto Stock exchange Index. 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 the 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%.

## 8. Fair Value

### A Establishing fair value

The carrying value of cash equivalents, accounts receivable, bank overdraft, grants payable and accounts payable and accrued liabilities approximates their fair values due to their short-term maturity.

The fair value of derivative instruments is calculated using supportable observable market inputs including the current market spot and the forward exchange rates at year end (see Note 6).

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 (Level 2).
- Real estate investment values are supplied by the fund managers using independently audited appraisals which are based on a valuation model with non-observable data. The independently audited appraisals are obtained annually (Level 3).
- Infrastructure investment values are supplied by the fund 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 appraisals are based on a valuation model with non-observable data (Level 3).

### B Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Balance Sheet, classified using the fair value hierarchy described above:

### Financial assets at fair value

(in thousands of dollars)									
	Level 1	Level 2	Level 3	2011 Total		Level 1	Level 2	Level 3	2010 Total
<b>Held-For-Trading Financial Assets</b>									
Bank overdraft	(2,574)	-	-	(2,574)		(3,475)	-	-	(3,475)
Cash equivalents	-	340	-	340		-	4,501	-	4,501
Foreign currency forward contracts	300	-	-	300		3,761	-	-	3,761
	(2,274)	340	-	(1,934)		286	4,501	-	4,787
<b>Available-for-Sale Financial Assets</b>									
<b>Canada Council Endowment and Special Funds</b>									
<b>Pooled Funds</b>									
Equity		109,355	-	109,355			96,339	-	96,339
Fixed Income		70,734	-	70,734			50,198	-	50,198
Alternatives		-	21,589	21,589			-	26,838	26,838
Money Market		5,788	-	5,788			26,135	-	26,135
Real Estate		-	8,049	8,049			-	5,764	5,764
Infrastructure		-	6,694	6,694			-	6,325	6,325
<b>Killam Funds</b>									
<b>Pooled Funds</b>									
Equity		28,230	-	28,230			24,896	-	24,896
Fixed Income		17,935	-	17,935			12,666	-	12,666
Alternatives		-	5,550	5,550			-	6,884	6,884
Money Market		1,072	-	1,072			6,049	-	6,049
Real Estate		-	2,154	2,154			-	1,492	1,492
Infrastructure		-	2,082	2,082			-	1,968	1,968
	-	233,114	46,118	279,232		-	216,283	49,271	265,554
<b>Total</b>	<b>(2,274)</b>	<b>233,454</b>	<b>46,118</b>	<b>277,298</b>		<b>286</b>	<b>220,784</b>	<b>49,271</b>	<b>270,341</b>

## Financial liabilities at fair value

(in thousands of dollars)				2011	2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Held-For-Trading Financial Liabilities</b>								
Foreign currency forward contracts	187	-	-	187	13	-	-	13
<b>Total</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>187</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>13</b>

During the year, there were no significant transfers of amounts between Level 1 and 2 (no transfer in 2010).  
The following tables reconciles the changes in fair value of financial instruments classified as Level 3 during the year:

(in thousands of dollars)				2011	2010			
Available-for-Sale financial Assets	Alternative Funds	Real Estate Funds	Infrastructure Funds	Total	Alternative Funds	Real Estate Funds	Infrastructure Funds	Total
<b>Canada Council Endowment and Special Funds</b>								
Opening balance	26,838	5,764	6,325	38,927	26,012	8,985	3,329	38,326
Total gains or losses								
- recognized in other comprehensive income	1,356	544	(314)	1,586	826	1,063	(273)	1,616
Purchases	-	1,930	683	2,613	-	926	3,273	4,199
Issues	(6,605)	(189)	-	(6,794)	-	-	-	-
Settlements	-	-	-	-	-	-	(4)	(4)
Impairment	-	-	-	-	-	(5,210)	-	(5,210)
Transfers in/out of level 3	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>21,589</b>	<b>8,049</b>	<b>6,694</b>	<b>36,332</b>	<b>26,838</b>	<b>5,764</b>	<b>6,325</b>	<b>38,927</b>
<b>Killam Funds</b>								
Opening balance	6,884	1,492	1,968	10,344	6,676	2,300	1,036	10,012
Total gains or losses								
- recognized in other comprehensive income	347	144	(98)	393	208	278	(85)	401
Purchases	-	565	212	777	-	253	1,018	1,271
Issues	(1,681)	(47)	-	(1,728)	-	-	-	-
Settlements	-	-	-	-	-	-	(1)	(1)
Impairment	-	-	-	-	-	(1,339)	-	(1,339)
Transfers in/out of level 3	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>5,550</b>	<b>2,154</b>	<b>2,082</b>	<b>9,786</b>	<b>6,884</b>	<b>1,492</b>	<b>1,968</b>	<b>10,344</b>

The Council's valuation of Level 3 Investments was based on its assessment of the prevailing conditions at March 31, 2011, which may change materially in subsequent periods. The most significant factor which may have an impact on the future value of these assets is the market price. If market prices had a 6% increase or decrease with all other variables held constant, the increase or decrease on the future value of these assets would be approximately \$2,734,000 in accumulated other comprehensive income.

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

## 9. Works of Art and Musical Instruments

(in thousands of dollars)		2011	2010
Works of art	\$	19,181	\$ 19,162
Musical instruments		1,548	1,548
	<b>\$</b>	<b>20,729</b>	<b>\$ 20,710</b>

The Council's Art Bank has the largest number of contemporary Canadian works of art in Canada. It includes over 17,500 paintings, sculptures, drawings, photographs and prints by over 3,116 artists. The Art Bank rents art works to interested parties and presently has over 5,140 (2010 - 5,900) 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 ten instruments on loan, nine from anonymous donors and one from another donor.

Agreements are signed with the organizations that rent the works of art and with the individuals to whom the instruments are loaned. Those agreements

(in thousands of dollars)		2011	2010
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 6,680	\$ 5,106	\$ 1,574
Leasehold improvements	5,365	4,172	1,193
	<b>\$ 12,045</b>	<b>\$ 9,278</b>	<b>\$ 2,767</b>
			<b>\$ 2,651</b>

## 11. Employee Future Benefits

### A 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 plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue. Information about the plan benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2011	2010
Accrued benefit obligation, beginning of year	\$ 2,192	\$ 2,124
Cost for the year	254	286
Benefits paid during the year	(155)	(218)
<b>Accrued benefit obligation, end of year</b>	<b>\$ 2,291</b>	<b>\$ 2,192</b>

## B 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)	2011	2010
Employer's contributions	\$ 2,044	\$ 2,063
Employees' contributions	1,064	1,029

## 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 (Loss) Income

(in thousands of dollars)	2011	2010
Losses from disposal of financial assets classified as available-for-sale	\$ (4,207)	\$ (4,903)
Impairment on available-for-sale financial instruments <sup>1</sup>	(58,925)	(6,549)
Losses on foreign currency from disposal of financial assets classified as available-for-sale	(73)	(13)
Net foreign currency gain on financial assets and liabilities classified as held-for-trading	757	12,614
Interest and dividend income from financial assets classified as available-for-sale	8,169	6,859
Interest income from financial assets designated as held-for-trading	21	12
Income attributable to contributions from non-owners	18,785	1,230
Investment portfolio management costs	(1,469)	(1,425)
	<b>\$ (36,942)</b>	<b>\$ 7,825</b>

<sup>1</sup> During the year, the Council recognized an impairment in the value of its interest in both global equity pooled funds of \$58.9 million as the loss in value was considered other-than-temporary (see Note 7).

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)	2011	2010
<b>Net Art Bank Revenue</b>		
Rental revenue	\$ 1,916	\$ 2,106
Other income	289	267
Administration expense	(2,025)	(1,949)
Amortization of other capital assets	(22)	(20)
<b>Net Art Bank revenue</b>	<b>\$ 158</b>	<b>\$ 404</b>

<b>Canadian Commission for UNESCO</b>		
Program expenses	\$ 826	\$ 608
Program - contributions received	(4)	(40)
Administration expense	1,346	1,437
<b>Canadian Commission for UNESCO expenses</b>	<b>\$ 2,168</b>	<b>\$ 2,005</b>

Program expenses represent mainly the costs associated with the Commission's activities at national and 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)	2011	2010
Increase in accounts receivable	\$ (726)	\$ (373)
Decrease (increase) in derivatives - assets	3,461	(3,751)
(Increase) decrease in prepaid expenses	(55)	388
Decrease in grants payable	(525)	(3,935)
Increase (decrease) in accounts payable and accrued liabilities	1,929	(256)
Increase (decrease) in derivatives - liabilities	174	(83)
Decrease in deferred revenues	(344)	(340)
Decrease in deferred parliamentary appropriations	(37)	(6)
<b>Net cash received (used) by non-cash operating assets and liabilities</b>	<b>\$ 3,877</b>	<b>\$ (8,356)</b>

## 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, 2011 are as follows:

(in thousands of dollars)

2012	\$	79,813
2013		53,451
2014		10,110

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

2012	\$	4,586
2013		4,586
2014		3,541
2015		361
2016		419
2017 - 2020		1,431
<b>Total</b>	<b>\$</b>	<b>14,924</b>

c) The Council has signed agreements with real estate and infrastructure investment managers and committed capital in limited partnership funds. Because it takes time for those funds to be fully invested, the balance of committed capital not yet drawn at March 31, 2011 is \$9,280,000. The outstanding balance of committed capital is currently invested in short term pooled funds.

## 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 \$399,000 (2010 - \$145,000) and recorded rental revenues of works of art, contributions and other revenues totaling \$1,701,000 (2010 - \$1,871,000) with related parties.

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

(in thousands of dollars)

	2011	2010
Accounts receivable	\$ 471	\$ 627
Grants payable	77	60
Accounts payable and accrued liabilities	4	7
Deferred revenues	677	774

## 19. Comparative Figures

Certain 2010 figures have been reclassified to conform to the presentation adopted in 2011.

## Schedule 1: Grant Expenses by Section

for the year ended March 31 (in thousands of dollars)	2011	2010
<b>Arts Programs</b>		
Music	\$ 28,156	\$ 29,474
Theatre	26,824	26,540
Writing and Publishing	24,261	24,597
Visual Arts	21,255	21,273
Dance	18,650	18,308
Media Arts	13,441	14,304
Inter-Arts	2,564	2,522
Audience and Market Development	2,035	2,189
Equity	1,605	1,417
Aboriginal Arts	1,395	1,747
Alberta Creative Development	1,116	2,163
Other	1,075	1,595
<b>Public Lending Right</b>	9,908	9,963
<b>Killam Program</b>		
Killam Research Fellowships	1,120	1,190
Killam Prizes	500	500
<b>Other Prizes and Awards</b>		
Victor Martyn Lynch-Staunton Awards	105	105
Molson Prizes	100	100
John G. Diefenbaker Award	95	75
Walter Carsen Prize	50	50
Other prizes and awards < \$50,000	277	278
	<b>\$ 154,532</b>	<b>\$ 158,390</b>

## Schedule 2: Administration Expenses

for the year ended March 31 (in thousands of dollars)	2011	2010
Programs	General Administration	Total
Salaries	\$ 9,070	\$ 6,324
Employee benefits	2,476	1,665
Office accommodation	33	3,833
Professional and special services	619	1,390
Amortization	-	1,038
Staff travel	756	228
Printing, publications and duplicating	24	480
Information management	5	475
Communications	145	239
Meeting expenses including members' honoraria	95	224
Office expenses and equipment	5	309
Miscellaneous	16	32
	<b>\$ 13,244</b>	<b>\$ 16,237</b>
		<b>\$ 29,481</b>
		<b>\$ 28,104</b>





*Teacher*

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"The video project enabled the 'living' study of a book. The students were motivated by the videoconference with the author and by the very idea of a video, more than they would have been by a dissertation."

Nancy Proulx-Kissick



*Business person*

"Local businesses are always proud to be a part of the Powell Street Festival. It's a wonderful opportunity to celebrate one of the many aspects of what makes our community unique - its rich Japanese Canadian heritage."

Joji Kumagai



*Social worker*

"I value the open, expressive, emotional and spiritual connection with a group of men who, without competition or ego, are trying to explore and express themselves through movement."

Peter Hewett



*Community activist*

"I'm leaving the Stage Left workshop with many tools to challenge the oppressive behaviors I see so often in my work. My spirit has been energized and my mind has been opened in many ways."

Max Jacobs



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The Canada Council for the Arts has printed separate English- and French-language versions of its 2010-11 Annual Report in order to save paper and reduce our impact on the environment. Both language versions are available at:

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