

MANITOBA ARTS COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 2021



Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of Manitoba Arts Council and have been prepared in accordance with Canadian Public Sector Accounting Standards as issued by the Public Sector Accounting Board. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and data available as at the date of approval of the financial statements. The financial statements have been reviewed by the Audit and Finance Committee and approved by Council on June 29, 2021.

Management maintains internal controls to properly safeguard the assets of Manitoba Arts Council and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of Manitoba Arts Council have been audited by Magnus LLP, Chartered Professional Accountants, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Manitoba Arts Council are fairly presented, in all material respects, in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of Manitoba Arts Council

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Randy Joynt
Executive Director

Original Document Signed

Bridget Hartwich
Senior Accountant

INDEPENDENT AUDITOR'S REPORT

To the Members of the Council of
Manitoba Arts Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Manitoba Arts Council (the "Council"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

June 29, 2021
Winnipeg, Canada



Chartered Professional Accountants

MANITOBA ARTS COUNCIL
An Agency of the Province of Manitoba

Statement of Financial Position

March 31, 2021

	2021 Actual	2020 Actual
Financial assets		
Cash and cash equivalents	\$ 949,663	\$ 550,131
Accounts receivable (Note 4)	5,750,016	26,233
Portfolio investments (Note 5)	221,687	221,070
Recoverable from the Province of Manitoba (Note 7)	36,000	36,000
	<u>6,957,366</u>	<u>833,434</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	136,430	96,792
Commitments for grants and programs	501,535	80,608
Employee future benefits (Note 7)	125,672	111,742
Sustainability funding (Note 8)	5,750,000	-
	<u>6,513,637</u>	<u>289,142</u>
Net financial assets	<u>443,729</u>	<u>544,292</u>
Non-financial assets		
Tangible capital assets (Note 9)	295,502	67,900
Prepaid expenses	1,955	1,955
	<u>297,457</u>	<u>69,855</u>
Accumulated surplus	<u>\$ 741,186</u>	<u>\$ 614,147</u>

Designated assets (Notes 4 and 7)

Collections (Note 10)

Commitments (Note 11)

See accompanying notes to financial statements.

APPROVED ON BEHALF OF COUNCIL:

Original Document Signed Council Chair

Original Document Signed Audit and Finance Committee Chair

MANITOBA ARTS COUNCIL
An Agency of the Province of Manitoba

Statement of Operations

Year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Revenue:			
Province of Manitoba - operating and other grants	\$ 9,748,775	\$ 9,778,775	\$ 9,796,900
Province of Manitoba - Arts Branch funding	2,624,385	2,624,325	-
Province of Manitoba - Department of Education	20,000	-	20,000
Partnerships and other contributions	46,000	115,096	19,213
Investment income	20,000	3,050	32,604
	12,459,160	12,521,246	9,868,717
Expenses:			
Grants:			
Create (Schedule 1)	748,000	807,596	597,077
Share (Schedule 1)	922,400	940,979	887,814
Support (Schedule 1)	5,945,040	5,982,813	5,881,215
Learn (Schedule 1)	304,560	242,933	661,441
Indigenous 360 (Schedule 1)	200,000	216,838	127,771
Recognize (Schedule 1)	122,000	121,100	135,500
	8,242,000	8,312,259	8,290,818
Arts Branch Program grants (Schedule 2)	2,504,385	2,499,766	-
	10,746,385	10,812,025	8,290,818
Arts community services (Schedule 3)	145,208	105,917	145,420
Administration (Schedule 3)	1,567,567	1,476,265	1,486,938
Total expenses	12,459,160	12,394,207	9,923,176
Net operating surplus (deficit) for the year	-	127,039	(54,459)
Accumulated surplus, beginning of year	-	614,147	668,606
Accumulated surplus, end of year	\$ -	\$ 741,186	\$ 614,147

See accompanying notes to financial statements.

MANITOBA ARTS COUNCIL
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Statement of Change in Net Financial Assets

Year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Net operating surplus (deficit) for the year	\$ -	\$ 127,039	\$ (54,459)
Tangible capital assets:			
Acquisition of tangible capital assets	-	(285,525)	(10,721)
Amortization of tangible capital assets	58,000	57,923	66,835
Net acquisition of tangible capital assets	58,000	(227,602)	56,114
Other non-financial assets:			
Decrease in prepaid expenses	-	-	9,300
Net acquisition of other non-financial assets	-	-	9,300
Increase (decrease) in net financial assets	58,000	(100,563)	10,955
Net financial assets, beginning of year	-	544,292	533,337
Net financial assets, end of year	\$ -	\$ 443,729	\$ 544,292

See accompanying notes to financial statements.

MANITOBA ARTS COUNCIL
An Agency of the Province of Manitoba

Statement of Cash Flows
Year ended March 31, 2021

	2021 Actual	2020 Actual
Cash provided by (applied to)		
Operating activities:		
Net operating surplus (deficit) for the year	\$ 127,039	\$ (54,459)
Adjustment for:		
Amortization of tangible capital assets	57,923	66,835
	184,962	12,376
Changes in the following:		
Accounts receivable	(5,723,783)	(20,863)
Accounts payable and accrued liabilities	39,638	(12,427)
Commitments for grants and programs	420,927	(432,029)
Sustainability funding	5,750,000	-
Employee future benefits	13,930	(11,182)
Prepaid expenses	-	9,300
Cash provided by operating activities	685,674	(454,825)
Investing activities:		
Change in portfolio investments	(617)	(3,525)
Cash (applied to) investing activities	(617)	(3,525)
Capital activities:		
Acquisition of tangible capital assets	(285,525)	(10,721)
Cash (applied to) capital activities	(285,525)	(10,721)
Change in cash and cash equivalents	399,532	(469,071)
Cash and cash equivalents, beginning of year	550,131	1,019,202
Cash and cash equivalents, end of year	\$ 949,663	\$ 550,131

See accompanying notes to financial statements.

MANITOBA ARTS COUNCIL
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Notes to Financial Statements

Year ended March 31, 2021

1. Nature of organization

The Arts Council Act established the Manitoba Arts Council (the "Council") in 1965 as an arm's length agency of the Province of Manitoba to "promote the study, enjoyment, production, and performance of works in the arts." The Council provides awards to professional arts organizations and individuals in all art forms including theatre, literature, music, dance, painting, sculpture, architecture or the graphic arts and includes other similar creative or interpretative activity, including arts education.

The Council is a registered charity (Public Foundation) and, as such, is exempt from income taxes pursuant to *The Income Tax Act* (Canada).

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards which are Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

3. Summary of significant accounting policies

(a) Revenue

Government transfers

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to a liability.

Partnerships and other contributions

Revenue from partnerships and other contributions is recognized on the accrual basis in accordance with the underlying agreements.

Investment income

Investment income is recognized on the accrual basis.

(b) Expenses

All expenses incurred for goods and services are recorded on the accrual basis when the related goods or services are received.

MANITOBA ARTS COUNCIL
An Agency of the Province of Manitoba

Notes to Financial Statements

Year ended March 31, 2021

3. Summary of significant accounting policies (continued)

(c) Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term deposits and investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

Portfolio investments

Portfolio investments are investments and deposits with original maturities of more than three months. These investments are recognized at cost.

(d) Liabilities

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

(e) Commitments for grants and programs

Grants and program commitments are recognized as expenses when the awards are formally approved and committed by the Council. Commencing with the year ended March 31, 2021, cancellations of prior year grant expenses are credited to the respective grant expense category in the year of cancellation; previously, any cancellations were separately presented as rescinded grants on the statement of operations. This change was applied retrospectively to the comparative information included in these financial statements - see Schedule 1.

(f) Non-financial assets

Non-financial assets do not normally provide resources to discharge existing liabilities of the Council. These assets are normally employed to provide future services.

Tangible capital assets

Tangible capital assets are recognized at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets, less any residual value, are amortized over their estimated useful lives as follows:

	<u>Method</u>	<u>Rate</u>
Office furniture and equipment	Straight-line	5-10 years
Computer hardware and software	Straight-line	3 years
Leasehold improvements	Straight-line	Term of lease

Prepaid expenses

Prepaid expenses are payments for goods or services which will provide economic benefits in future periods. The prepaid amount is recognized as an expense in the period the goods or services are consumed.

MANITOBA ARTS COUNCIL
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Notes to Financial Statements

Year ended March 31, 2021

3. Summary of significant accounting policies (continued)

(g) Collections of musical instruments and works of visual art

The Council has collections of musical instruments and works of visual art which are not recognized in these financial statements in accordance with Canadian Public Sector Accounting Standards. See Note 10 for information relating to the Council's collections.

(h) Financial instruments - measurement

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Council records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities and commitments for grants and programs.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on financial instruments measured at fair value, if any, are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

(i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results may differ from these estimates.

4. Accounts receivable

	2021	2020
Province of Manitoba	\$ 5,750,000	\$ 20,000
Accrued interest	16	1,233
Other receivables	-	5,000
	<u>\$ 5,750,016</u>	<u>\$ 26,233</u>

As at March 31, 2021, amounts due from the Province of Manitoba are from the Department of Sport, Culture and Heritage to support the sustainability of Manitoba's arts and culture sector through the COVID-19 pandemic to foster resilience and provide support for safely restoring services and activities - see also Note 8. As at March 31, 2020, amounts due from the Province of Manitoba are from the Department of Education in support of the Artists in Schools project.

5. Portfolio investments

As at March 31, 2021, the market value of the Council's investments was equal to cost of \$221,687 (2020 - \$221,070).

MANITOBA ARTS COUNCIL
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Notes to Financial Statements

Year ended March 31, 2021

6. Accounts payable and accrued liabilities

	2021	2020
Trade payables and accrued liabilities	\$ 38,565	\$ 17,827
Wages payable	12,142	6,377
Accrued vacation entitlements	84,722	69,204
Accrued overtime entitlements	1,001	2,453
Other accruals	-	931
	\$ 136,430	\$ 96,792

7. Employee future benefits

Pension Benefits

Employees of the Council are provided pension benefits as a result of the participation of its eligible employees in the *Civil Service Superannuation Act (CSSA)*. The Council participates on a fully funded basis and its contributions of \$63,486 (2020 - \$57,982) represents the total pension expense for the year. Pursuant to the CSSA, the Council has no further liability for pension benefits as at year end.

Severance Liability

Effective March 31, 1999, Manitoba Arts Council, as a Crown organization, is required to record a severance liability. The Province of Manitoba has recognized an opening liability of \$36,000 as at April 1, 1998 and the Council has recorded a corresponding recoverable from the Province. This recoverable from the Province is designated for future severance obligations of the Council. Any subsequent changes to the severance liability is the responsibility of the Council.

As at March 31, 2021, the Council recorded a severance liability of \$125,672 (2020 - \$111,742) based on the provisions of its Employee Handbook and management's best assumptions regarding severance rates and compensation increases. The assumptions used parallel those used by the Province of Manitoba and include a 3.2% (2020 - 3.8%) rate of return and 3.50% (2020 - 3.75%) annual salary increases. The liability is based on actuarial calculations and is updated annually based on a formula included in the most recent actuarial valuation dated December 31, 2019. The periodic actuarial valuations of this liability may determine that adjustments are needed when actual experience is different than expected or when there are changes in the actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the employee group of 15 years (2020 - 15 years).

The severance liability as at March 31 includes the following components:

	2021	2020
Severance liability, beginning of year	\$ 104,542	\$ 115,124
Actuarial (gain)	(7,215)	-
Interest cost	3,114	4,375
Current service cost	11,911	10,032
Severance benefits paid during the year	-	(24,989)
	112,352	104,542
Plus: unamortized actuarial gains	13,320	7,200
Severance liability, end of year	\$ 125,672	\$ 111,742

Total severance benefits paid during the year ended March 31, 2021 were \$nil (2020 - \$24,989).

MANITOBA ARTS COUNCIL
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Notes to Financial Statements

Year ended March 31, 2021

8. Sustainability funding liability

Effective March 31, 2021, the Council was authorized to receive a transfer of \$5,750,000 from the Province of Manitoba, Department of Sport, Culture and Heritage to support the sustainability of Manitoba's arts and culture sector through the COVID-19 pandemic to foster resilience and provide support for safely restoring services and activities. A stipulation of this transfer was that this funding be expended during the fiscal year ending March 31, 2022; therefore, as at March 31, 2021, the Council has recorded a liability for these amounts which will be expended in the form of sustainability grants less \$50,000 for administration during the year ending March 31, 2022.

9. Tangible capital assets

	2021			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office furniture and equipment	\$ 140,979	\$ 44,787	\$ -	\$ 185,766
Computer hardware and software	713,617	-	-	713,617
Leasehold Improvements	-	240,738	-	240,738
	\$ 854,596	\$ 285,525	\$ -	\$ 1,140,121
Accumulated Amortization				
Office furniture and equipment	\$ (134,980)	\$ (1,450)	\$ -	\$ (136,430)
Computer hardware and software	(651,716)	(56,473)	-	(708,189)
	\$ (786,696)	\$ (57,923)	\$ -	\$ (844,619)
Net book value	\$ 67,900	\$ 227,602	\$ -	\$ 295,502

As at March 31, 2021, the total net book value of tangible capital assets not subject to amortization is \$285,525 (2020 - \$nil). Amortization will commence once the leasehold improvements are complete and the assets are in use.

	2020			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office furniture and equipment	\$ 133,730	\$ 7,249	\$ -	\$ 140,979
Computer hardware and software	710,145	3,472	-	713,617
	\$ 843,875	\$ 10,721	\$ -	\$ 854,596
Accumulated Amortization				
Office furniture and equipment	\$ (133,530)	\$ (1,450)	\$ -	\$ (134,980)
Computer hardware and software	(586,331)	(65,385)	-	(651,716)
	\$ (719,861)	\$ (66,835)	\$ -	\$ (786,696)
Net book value	\$ 124,014	\$ (56,114)	\$ -	\$ 67,900

MANITOBA ARTS COUNCIL
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Notes to Financial Statements

Year ended March 31, 2021

10. Collections

Works of visual art

The Council's collection of works of visual art is comprised of 399 pieces of art currently in the care of the Arts Gallery of Southwestern Manitoba in Brandon, Manitoba and at the Council's Winnipeg, Manitoba office. There were no acquisitions or disposals of collection items during the year (2020 - \$nil). Total expenditures on collection items during the year amounted to \$nil (2020 - \$nil). The most recent appraisal of the Council's visual art collection was completed in 2005 indicating a market value of \$449,222. No amounts relating to these collection items are recognized in these financial statements.

Musical instruments

The Manitoba Arts Council jointly owns a collection of stringed instruments with the Universities of Manitoba and Brandon Schools of Music which are for the exclusive use of the students. There were no acquisitions, disposals or expenditures on stringed instruments during the year (2020 - \$nil). The most recent valuation of these instruments was completed in 2015 indicating a value of \$424,770. No amounts relating to these collection items are recognized in these financial statements.

11. Commitments

During the year ended March 31, 2021, the Council entered into a lease amendment and renewal agreement with its previous landlord for leased office premises amending the space leased and effective dates of the lease for a ten year term commencing March 1, 2021 and ending February 28, 2031. The basic annual rent pursuant to this amended agreement for the period March 1, 2021 to February 28, 2026 is \$108,885 with the basic annual rent increasing to \$115,290 for the period March 1, 2026 to February 28, 2031. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

12. Financial instruments and financial risk management

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Council did not incur any remeasurement gains or losses during the year (2020 - \$nil).

Financial risk management – overview

The Council has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk are cash and cash equivalents, accounts receivable, recoverable from the Province of Manitoba and portfolio investments.

MANITOBA ARTS COUNCIL
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Notes to Financial Statements

Year ended March 31, 2021

12. Financial instruments and financial risk management (continued)

Credit risk (continued)

The maximum exposure of the Council to credit risk at March 31 is:

	2021	2020
Cash and cash equivalents	\$ 949,663	\$ 550,131
Accounts receivable	5,750,016	26,233
Portfolio investments	221,687	221,070
Recoverable from the Province of Manitoba	36,000	36,000
	<u>\$ 6,957,366</u>	<u>\$ 833,434</u>

Cash and cash equivalents and portfolio investments: The Council is not exposed to significant credit risk as these amounts are held by a reputable Canadian financial institution and by the Minister of Finance.

Accounts receivable: The Council is not exposed to significant credit risk as the balance is primarily due from the Province of Manitoba or other government organizations and payment in full is typically collected when due. The Council manages this credit risk through close monitoring of any overdue accounts.

The Council establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. The balance in the allowance for doubtful accounts as at March 31, 2021 is \$nil (2020 - \$nil).

As at March 31, 2021, the aging of accounts receivable balances is \$5,750,016 current (2020 - \$6,233 current and \$20,000 greater than 90 days).

Liquidity risk

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

The Council manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's net income (loss) or the fair values of its financial instruments.

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 relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered low as the original deposits are reinvested at rates for investments with similar terms and conditions.

Foreign currency risk

Foreign 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. The Council is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

MANITOBA ARTS COUNCIL
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Notes to Financial Statements

Year ended March 31, 2021

13. COVID-19 implications

During March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Council's operations is unknown. Management is of the opinion that financial implications, if any, will be temporary and will not have a significant long-term impact on the Council's operations. As at the date of approval of these financial statements, the most significant financial implications include additional partnership and other contributions and other sources of funding in order to provide pandemic relief and related support in the form of grants to other eligible organizations in the arts and culture sector.

14. Comparative information

Certain of the amounts from the year ended March 31, 2020 have been reclassified to conform to the financial statement presentation adopted for the current year.

MANITOBA ARTS COUNCIL
An Agency of the Province of Manitoba

Schedule of Grants Expenses

Schedule 1

Year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual (Restated) (see (i) below)
Create	\$ 748,000	\$ 807,596	\$ 597,077
Share			
Present	350,000	374,577	348,799
Artists in Communities	252,700	252,651	247,765
Tour	261,700	256,751	291,250
Connecting at a Distance	58,000	57,000	-
	922,400	940,979	887,814
Support			
Operate	5,713,540	5,713,540	5,705,415
Strengthen	111,500	119,604	175,800
Arts Leaders	120,000	149,669	-
	5,945,040	5,982,813	5,881,215
Learn			
Artists in Schools	217,000	189,136	497,562
Residencies	39,000	38,413	71,912
Travel/Professional Development	48,560	15,384	91,967
	304,560	242,933	661,441
Indigenous 360			
Create	130,000	151,649	67,771
Share	60,000	65,189	52,500
Learn	10,000	-	7,500
	200,000	216,838	127,771
Recognize			
Scholarships	60,000	61,000	89,000
Prizes	40,000	40,000	30,000
Competitions	22,000	20,100	16,500
	122,000	121,100	135,500
	\$ 8,242,000	\$ 8,312,259	\$ 8,290,818

(i) During the year ended March 31, 2021, the Council changed its accounting policy for cancellations of prior year grant expenses and credited the respective grant expense category for any cancellations. This change was applied retrospectively to the comparative information included in these financial statements and resulted in rescinded grants and total grants expense for the year ended March 31, 2020 decreasing by \$20,804 with no net impact on the net operating surplus (deficit) for the year ended March 31, 2020.

MANITOBA ARTS COUNCIL
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Schedule of Arts Branch Program Grants

Schedule 2

Year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Arts Branch Program Grants			
Arts Development Project Support Program	\$ 35,200	\$ 16,141	\$ -
Indigenous Cultural Initiatives Program	65,000	44,500	-
Comités Culturels Operating Support Program	63,000	62,992	-
Community Arts Council Operating Support Program	369,800	369,703	-
Consolidated Arts Program	222,300	222,300	-
Cultural Operating Grants Program	367,800	367,800	-
Major Arts Festival Operating Support Program	307,385	334,467	-
Provincial Arts Organizations Operating Support Program	317,500	317,464	-
Urban Art Centres Operating Support Program	459,400	459,400	-
Project Support	297,000	304,999	-
	\$ 2,504,385	\$ 2,499,766	\$ -

MANITOBA ARTS COUNCIL
An Agency of the Province of Manitoba
Schedule of Arts Community Services and Administration Expenses

Schedule 3

Year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
	(see (i) below)		
Arts Community Services			
Peer assessment fees and expenses	\$ 70,000	\$ 66,325	\$ 92,219
Outreach	37,708	20,144	29,736
Residency support	5,000	2,338	3,286
Research	5,000	60	3,359
Accessibility costs	2,500	550	320
Northern remote allowances	10,000	1,500	16,500
Art Bank	15,000	15,000	-
	\$ 145,208	\$ 105,917	\$ 145,420
Administration			
Salaries and benefits	\$ 1,024,567	\$ 1,038,111	\$ 1,000,781
Staff expenses	12,000	6,711	-
Rent and renovations	157,000	130,114	137,333
Council meetings and expenses	25,000	12,359	44,098
Communications	46,000	44,345	54,115
Office expenses	59,000	48,529	46,122
Amortization	58,000	57,923	66,835
IT licensing and support	85,000	52,655	74,123
Membership fees	32,000	22,936	22,113
Professional fees	69,000	62,582	41,418
	\$ 1,567,567	\$ 1,476,265	\$ 1,486,938

(i) The 2021 budgeted amounts for Administration expenses include a total budget of \$120,000 relating to the administration of the Arts Branch funding during the year which has been allocated as follows: \$60,000 to salaries and benefits, \$18,000 to rent and renovations, \$3,000 to communications, \$13,000 to office expenses, \$18,000 to IT licensing and support and \$8,000 to membership fees.