



ARTS AND RESILIENCE

Annual Report 2020–21



Canada Council
for the Arts

Conseil des arts
du Canada

ARTS AND RESILIENCE



Canada Council
for the Arts

150 Elgin Street
PO box 1047
Ottawa, Ontario
K1P 5V8
1-800-263-5588 or
613-566-4414
info@canadacouncil.ca
canadacouncil.ca

Conseil des arts
du Canada

150, rue Elgin
Case postale 1047
Ottawa (Ontario)
K1P 5V8
1-800-263-5588 ou
613-566-4414
info@conseildesarts.ca
conseildesarts.ca

Canada

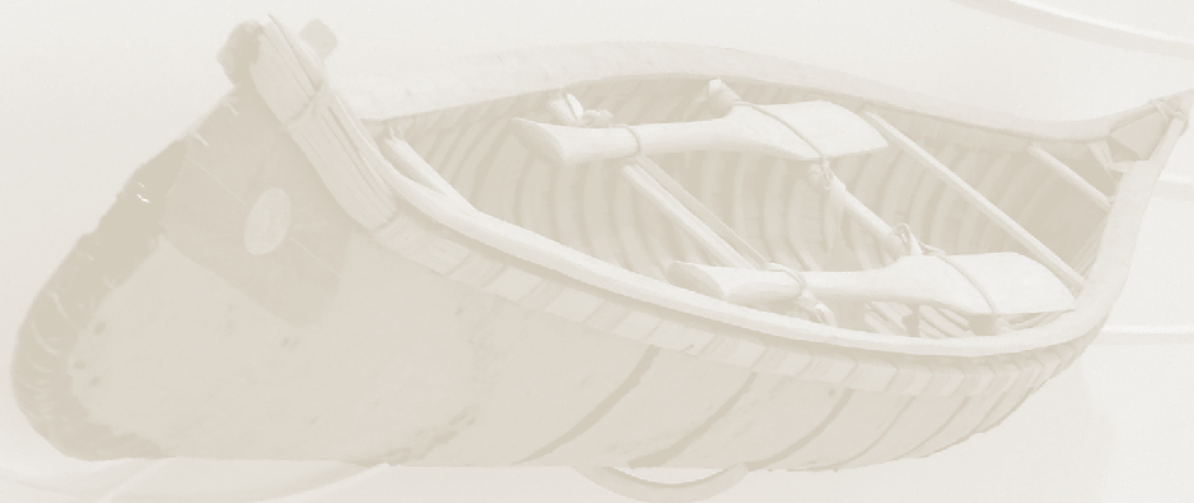
Published in Canada. Cat. No. K21-1E-PDF. ISSN 1493-5589

The 64th Annual Report of the Canada Council for the Arts and supplementary information on grants services, and prizes are available on the Council's website.

Cover: Still of a video from the *Deaf, What?* series. The project was created by Toronto-based artist Sage Lowell, carried out in sign language, and funded through the Digital Originals initiative. It stars eight artists from Canada who are Deaf or hard of hearing, in a series of recorded conversations with Sage Lowell and photographer Alice Lo during the pandemic.

Clockwise: Sage Lowell, Alice Lo, and Amar Mangat.

Julia B. Laperrière (Berlin and Montréal) and Pia Achternkamp (Berlin) performing *Falla*.
Photo: Dorothea Tuch



THE CANADA COUNCIL FOR THE ARTS ACKNOWLEDGES THAT THE LAND ON WHICH ITS OFFICES ARE LOCATED IS THE UNCEDED, UNSURRENDERED TERRITORY OF THE ANISHINAABE ALGONQUIN NATION, WHOSE PRESENCE HERE REACHES BACK TO TIME IMMEMORIAL.

The Council recognizes the Algonquins as the customary keepers and defenders of the Ottawa River Watershed and its tributaries. We honour their long history of welcoming many nations to this beautiful territory and uphold and uplift the voice and values of our host Nation.

Further, the Council respects and affirms the inherent and treaty rights of all Indigenous Peoples across this land. The Council has and will continue to honour the commitments to self-determination and sovereignty we have made to Indigenous Nations and Peoples.

The Council acknowledges the historical oppression of lands, cultures, and the original Peoples in what we now know as Canada and fervently believes the arts contribute to the healing and decolonizing journey we all share.

This land acknowledgement was developed by members of the Algonquin community, and we thank them for their generosity and collaboration.

For Indigenous people, the canoe holds a special and unique place in their relationship with the land.

Virtually unchanged for thousands of years, now used and enjoyed by generations of Canadians, the canoe is an enduring symbol of Indigenous presence, cultural continuity, and our shared future on this land. Algonquin canoes are made of birch bark and sewn with spruce roots. Its construction speaks to the relationship the Algonquin Peoples have with the environment around them, a relationship built on respect for the interrelationship of all things. The canoe epitomizes the relationship with our Mother, the Earth, and the waterways that are its lifeblood.

The canoe and the “idea” of the canoe give us an opportunity to pause and reflect on this most vital of relationships.

The Algonquin Canoe, 2012, Daniel (Pinock) Smith, birch bark canoe, cedar ribs, cedar paddles. Canada Council Art Bank collection. Photo: Sandra Dyck

This canoe is on permanent display in the Âjagemô Exhibition Space, located at the Council's offices in Ottawa.

MANDATE



The Canada Council for the Arts is Canada's public arts funder, with a mandate "to foster and promote the study and enjoyment of, and the production of works in, the arts."

The Council champions and invests in artistic excellence through a broad range of grants, services, prizes, and payments to professional Canadian artists and arts organizations. Its work ensures that excellent, vibrant, and diverse art and literature engage Canadians, enrich their communities, and reach markets around the world.

The Council also raises public awareness and appreciation of the arts through its communications, research, and arts promotion activities. It is responsible for the Canadian Commission for UNESCO, which promotes the values and programs of UNESCO in Canada to contribute to a more

peaceful, equitable, and sustainable future. The Canada Council Art Bank operates an art rental program and furthers public engagement with contemporary arts.

The Council is governed by an 11-member Board. Members of the Board and the Director and CEO are appointed by the Governor in Council. The Council works closely with federal, provincial, territorial, and municipal arts and cultural agencies and departments.

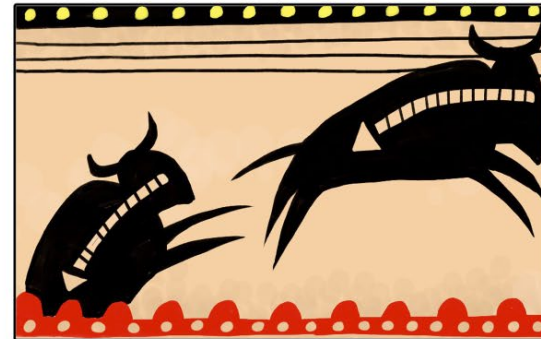
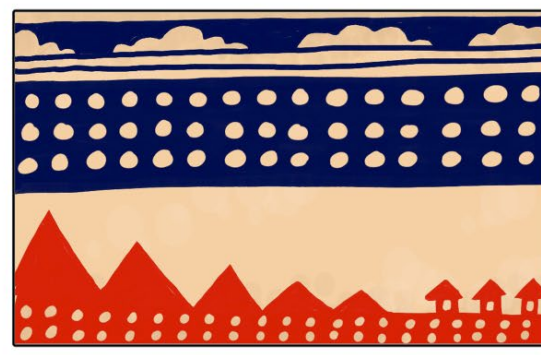
A federal Crown corporation created through an Act of Parliament in 1957, the Council reports to Parliament through the Minister of Canadian Heritage. It receives funding from Parliament and its annual budget is supplemented by endowment income, donations, and bequests.

TABLE OF CONTENTS



07	Message from the Chair
09	Message from the Director and CEO
10	Management's Discussion and Analysis
41	Governance
47	Financial Statements

A storyboard of the upcoming animation movie *Poos*, directed by Celestine Twigg of the Blackfoot Kainai Nation in Alberta





“WHEN OUR PUBLIC INSTITUTIONS ARE REPRESENTATIVE AND REFLECTIVE OF THE PUBLICS THEY SERVE, THEY CAN FULFIL THEIR MANDATE TO THE BENEFIT OF ALL PEOPLE.”

Message from the Chair

My five-year term as Chair of the Canada Council for the Arts began a few months into the COVID-19 pandemic, when most arts and cultural spaces were still closed to the public, most artists separated from their audiences. This past year has been among the most challenging of my life and certainly the most challenging in my time on the Council's Board. Yet while we have all struggled through this tragic moment, I am proud of how the Council's staff has responded. I am also heartened to see how the arts and culture have remained a venue of shared experiences—as an escape and a reckoning, as well as a mirror and a window—of both heartache and joy.

As an Anishinaabe person, the decision to chair a Crown corporation came after much consideration of the responsibilities and obligations such a role entails—for my community and all communities the Council seeks to serve and reflect. To support an arts sector that advances equity, diversity, inclusion, and self-determination, as well as the broader aims of social justice, the Council has had to take a critical look at itself. This informed, for example, a major recruitment campaign this year to diversify the Council's staff. When our public institutions are representative and reflective of the publics they serve, they can fulfil their mandate to the benefit of all people. This is, of course, only the beginning of a much longer process of transformation for the Council, as well as the arts sector and wider Canadian society.

I would like to thank the Government of Canada for its ongoing collaboration with the Council this past year on emergency support for the arts sector. As you will discover in the pages of this annual report, this included the Council's delivery of emergency funds for many parts of the sector—including collectives, groups, and organizations in Indigenous and equity-seeking communities—as they confronted significant financial strain owing to COVID-19. I would like to applaud the Council's executive management for their leadership in making sure the arts sector received the necessary support, as well as the Council's staff who oversaw the implementation of this emergency response while they also assumed much of the organization's regular business at a time of great upheaval and uncertainty.

In a similar vein, I have been deeply moved by the dedication of my fellow Board members, who provided crucial oversight to the organization this past year. I'm grateful to my predecessor, Pierre Lassonde, for his leadership over the previous five years—including in the early days of the pandemic. I also salute the Council's departing Vice Chair, Nathalie Bondil, for her contributions. More than merely carrying the organization through this turbulent time, my fellow Board members contributed importantly to the discussions that shaped the Council's next strategic plan, for 2021–26, which is a rallying call to rebuild a stronger, more resilient, and more inclusive arts sector.

The Council is in good hands: Simon Brault, Director and CEO, led the organization to meet all of its commitments in its last strategic plan, and I'm confident his leadership—which extends to his recently renewed role as Chair of the International Federation of Arts Councils and Culture Agencies—will contribute importantly to the organization's vision for a flourishing of the arts as we emerge from the pandemic. While the journey ahead presents further challenges, I believe it will also present just as many opportunities for the arts to fulfil their most awesome potential to inspire a more vibrant society for all.

Jesse Wente
Chair

Image from the video game *Carmilla the Lonely*, created by Thirza Cuthand, who is based in Toronto, Ontario and is of Plains Cree and Scottish descent





“DEVELOPING A FIVE-YEAR STRATEGIC PLAN DURING A TIME RIFE WITH UNCERTAINTY IS NO SIMPLE MATTER; BUT WE HAD MANY FRUITFUL CONVERSATIONS IN THE PLAN’S DEVELOPMENT, AND I AM POSITIVE THAT ITS VISION HOLDS GREAT PROMISE FOR THE COMING YEARS.”

Message from the Director and CEO

We have just been through a year filled with challenges. The human, financial, and organizational impact of the pandemic, especially on the arts sector, has been devastating. While we cannot yet measure the scope and duration of this worldwide crisis, a public organization like the Council is duty-bound to support its fellow citizens, draw lessons learned, and plan a recovery focussed on sustainable and equitable development.

From the first sign of a pandemic, the Council was proactive and quickly set an objective to guide its work through this period: support an arts sector deeply impacted by the crisis. At the outset of the pandemic, the Council sent out a survey to gain a better understanding of the situation and accelerate core grant payments to organizations. Thanks to federal aid for the arts, the Council was able to provide crucial support to arts organizations, as well as to Indigenous and equity-seeking groups, organizations, and cultural workers. This aid also allowed us to launch the Digital Originals initiative and inject more funds into our Explore and Create program to reach individual artists. Emergency funding helped us see to the most urgent matters and short-term needs, but it was, of course, not part of a long-term solution.

Even with the emergency funding, many suffered greatly, and I want to salute the artists and arts groups and organizations who drew on their own creativity, courage, and resiliency. In these difficult times, they found ways to reach us and remind us just how much we really need them and the arts—now more than ever.

This was the last year of our 2016–21 strategic plan, and we can look back and see that we fulfilled our commitments and that they had a truly positive impact, as evidenced by the contents of this annual report. The commitments we made were ambitious and met several challenges. Thanks in part to the incremental doubling of our budget over the past five years, we were able to increase our support to the arts. The invaluable experience gained over the course of our last strategic plan will be leveraged over the next five years as we implement our next plan.

We have also begun planning the sector’s crucial recovery. Over the last year, we conducted an engagement exercise to gain a better understanding of the current arts landscape. We heard from people of all backgrounds in our surveys and engagement discussions, which helped inform our 2021–26 strategic plan. At the heart of both the arts sector’s recovery and our next plan are the ideas of rebuilding in an inclusive and sustainable way, innovation, amplifying the benefits of the arts for society, and collaboration and partnerships. Developing a five-year strategic plan during a time rife with uncertainty is no simple matter; but we had many fruitful conversations in the plan’s development, and I am positive that its vision holds great promise for the coming years.

In closing, I would like to congratulate Jesse Wenté for his historic nomination as Chair of our Board. A Board member for more than three years, Jesse has strong knowledge of the Council and its vision. I am very pleased to have the opportunity to collaborate with a cultural leader like Jesse, the first Indigenous Chair, as well as with all the Council’s Board members.

I also want to thank my colleagues on the executive management team and the entire Council staff for their unwavering support to the arts community throughout this very demanding year. The adversity we faced will undoubtedly transform the arts sector and wider society. I am convinced that the arts will enable us to reimagine an inspiring, just, inclusive, and equitable future.

Simon Brault, OC, OQ
Director and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

OUR COMMITMENTS

Shaping a New Future, the Canada Council for the Arts' strategic plan for 2016–21, outlines four commitments:

1



Arts support

Increase support to artists, collectives, and organizations striving for artistic excellence and greater engagement in the arts by an increasingly diverse public.

2



Digital

Amplify the quality, scale, and sharing of Canadian arts through digital technology.

3



Indigenous

Renew the relationship between Indigenous artists and Indigenous and non-Indigenous audiences for a shared future.

4



International

Raise the international profile of Canadian artistic and literary creation and artists.

The Council also committed to deepening its long-standing commitment to **equity and inclusion**, including for next generation artists and audiences.

MAKING PROGRESS ON OUR STRATEGIC COMMITMENTS

In 2016, the Government of Canada committed to doubling the Council's budget over the subsequent five years with a total investment of \$550 million. This goal was achieved in 2020-21 when the Council's total budget for grants, author payments, and prizes reached \$319.7 million.

Of the \$550 million the Council received between 2016 and 2021, it invested \$512 million (or 93.1%) directly into the arts sector. The Council committed to investing this money to maximize its impact on the arts. This is how the Council fulfilled that commitment:

\$487M

additional investment
to the arts sector

Surpassed

\$512M Actuals

\$487M

Target by 2020-21

\$137.5M or 25%

of new funds to new recipients

Surpassed

\$271.6M Actuals

\$137.5M

Target by 2020-21

50% / 50%

split between project and core funding by 2020-21

Achieved

As of 2020-21:

54.2% project funding

45.8% core funding

2015-16 baseline: 36% / 64%

\$88.5M

to a digital fund

Surpassed

\$96.5M Actuals

\$88.5M

Target by 2020-21

\$18.9M or 3X

the support for Indigenous creation

Surpassed

\$23.7M Actuals

\$6.3M

2015-16 baseline

\$18.9M

Target in 2020-21

\$20M or 2X

the support for international activities

Not met in 2020-21
due to COVID-19*

\$16.2M Actuals

\$10M

2015-16 baseline

\$20M

Target in 2020-21

*The Council surpassed this target in 2019-20, providing \$33.3M in funding.

OUR 2020-21 FUNDING AT A GLANCE

2,068

ARTS ORGANIZATIONS
RECEIVED \$219.6 MILLION
IN FUNDING, OF WHICH
277 WERE FIRST-TIME
RECIPIENTS AWARDED A
TOTAL OF \$11.4 MILLION

3,084

ARTISTS RECEIVED
\$82.1 MILLION IN FUNDING,
OF WHICH 1,275 WERE
FIRST-TIME RECIPIENTS
AWARDED A TOTAL OF
\$27.1 MILLION

390

GROUPS RECEIVED
\$14.5 MILLION IN
FUNDING, OF WHICH
174 WERE FIRST-TIME
RECIPIENTS AWARDED
A TOTAL OF \$5.6 MILLION

17,925

CREATORS RECEIVED PUBLIC
LENDING RIGHT PROGRAM
PAYMENTS TALLING
\$14.8 MILLION, OF WHICH
\$1.1 MILLION WAS AWARDED
TO NEWLY REGISTERED TITLES

1,969

COMMUNITIES ACROSS
CANADA IN WHICH
GRANTS, PRIZES,
AND PAYMENTS
WERE AWARDED

709

ARTISTS AND ARTS
PROFESSIONALS SERVED
AS PEER ASSESSORS

THE ARTS IN THE CONTEXT OF A GLOBAL PANDEMIC



In 2020–21, the COVID-19 pandemic continued to redefine life in Canada and around the world, with significant repercussions for the arts sector and the work of the Canada Council for the Arts. Arts organizations experienced significant decreases in revenues, limiting employment opportunities for artists and arts workers.

Notably, the pandemic **exacerbated many existing inequities in Canadian society** such that Indigenous, racialized, low-income, and other marginalized populations disproportionately experienced negative effects. In keeping with this, the arts sector in Canada delved into important conversations about its complicity with past injustices and launched work to contribute to a more inclusive and equitable future.

These conversations relate to those around **reconciliation between Indigenous and non-Indigenous peoples** in Canada, which have been taking place for several years. With the devastating impact of the pandemic on Indigenous communities, many have started to question the degree to which Canada has, in fact, advanced on reconciliation—and how it might decolonize its public institutions and policies. In the arts, Indigenous and non-Indigenous artists and arts organizations continued to explore and contribute to this broader public conversation.

In keeping with public health measures meant to limit the spread of COVID-19, many physical venues in the arts had to close this year for various periods of time. This meant there were limited opportunities for public presentation. At the same time, many artists and arts organizations were able to engage with the public by **turning to digital channels**. These channels fostered sustaining connections so that the arts could continue to reach, inspire, and comfort countless people throughout this trying period—be it through interactive plays, audio walking tours, podcasts, 3D exhibitions online, and a number of other new and innovative practices that many artists and audiences had not before considered. This prolonged period of digital engagement has likely **shifted audience expectations and interests** in ways that will outlast the pandemic. Ongoing digital experiences in the arts paired with hybrid live-digital models could further the democratization of the arts in the years ahead by reaching ever broader audiences.

In a similar vein, this year **artists from across Canada reached international audiences online** without the environmental impact that often comes with physical travel. Given the global nature of the pandemic, there may be an increased appetite for international exchange in the coming years, something digital channels may be able to support while simultaneously upholding a potentially more environmentally friendly way to share work than physical tours.

Despite the positive aspects of online activity, questions remain about how to ensure the **fair compensation of artists for their contributions to digital arts experiences and about how to advance digital access for all citizens**—both in Canada and abroad. These questions have been at the fore of public conversations across sectors and segments of Canadian society beyond the arts as the digital uptake has broadly transformed the way people live and work.

At this juncture, the pandemic has made it necessary for the arts sector to evolve beyond its pre-pandemic ways, which gave rise to some of the challenges it encountered this past year. To these ends, many in the arts are reconsidering the sector's economic models, its social responsibilities, its relationship to technology, its place in the wider world, and its impact on the environment. All this holds the potential to transform the arts sector into a more sustainable, resilient, and inclusive sector—one better equipped to fulfill its vital role in society.

HIGHLIGHTS

SHIFTING THE COUNCIL'S OPERATIONS DURING THE PANDEMIC



With the arrival of the COVID-19 pandemic in Canada, communities across the country implemented public health measures to prevent the spread of the virus. This meant that the Council had to adapt much of its work to ensure the continuity of its services. For one, the organization moved most of its staff to a remote, virtual work model. Similarly, from the outset of the pandemic, the Council started to hold all its peer assessment committee meetings online.

The organization delayed or suspended several grant program deadlines and prizes to accommodate the many ways in which the pandemic shifted activities in the arts. It also suspended funding to projects dependent on domestic and international travel to align with public health guidelines. The Council allowed grant recipients greater flexibility to adapt their plans to respond to the pandemic, including in terms of eligibility of expenses and an openness to digital activities.

DELIVERING EMERGENCY SUPPORT AND ADAPTING THE COUNCIL'S PROGRAMS



To support the arts sector through the unique challenges of the pandemic, the Council delivered emergency support funding and adapted its programs to meet new realities. The organization did this after surveying the sector in April 2020 about the challenges it was facing. With nearly 9,000 responses, the timely information gathered from the survey helped advance evidence-based decision-making for how both the Council and the federal government responded to this crisis vis-à-vis the arts and culture.

At the outset of the pandemic, the Council delivered approximately \$60 million in advance payments to core-funded organizations to help them meet their immediate commitments, ensure cash flow, and address outstanding payments to the artists and cultural workers they employ. In April 2020, the Council expanded its Digital Strategy Fund to offer grants of up to \$50,000 to support short-term activities that implement digital solutions as a strategic response to the COVID-19 crisis.

In May 2020, the federal government announced that the Council would deliver a portion of the new \$500 million COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations to help alleviate the financial pressures of affected organizations. Of the \$500 million, the Council distributed a total of \$62.8 million, \$55 million of which was allocated to emergency funding for organizations and an additional \$7.8 million of which went to arts groups and organizations specifically from Indigenous, culturally diverse, Deaf and disability, and official language minority communities.

All this was integral to the continuity of the arts sector through this challenging period, sustaining the arts ecosystem—from organizations to individual artists and arts workers.

COLLABORATING WITH PARTNERS FOR A STRENGTHENED RESPONSE




As part of its response to the COVID-19 pandemic, the Council also collaborated with several partners to strengthen its support to the arts sector through the past year.

In May 2020, the Council partnered with CBC/Radio-Canada to launch Digital Originals, an initiative to help artists, arts groups, and organizations adapt their work for online sharing. The initiative directed micro-grants of \$5,000 to more than 1,000 projects in every province and territory in all fields of practice. This represented a total investment of \$5.2 million, which was part of the \$62.8 million in emergency funding. As part of this initiative, RBC Foundation contributed an additional \$150,000 to the Council, in keeping with their ongoing activities to support youth in Canada.

Along with the Aboriginal Curatorial Collective, the Indigenous Performing Arts Alliance, the Indigenous Screen Office, and the Inuit Art Foundation, the Council launched Community Cares: Emergency Response Fund for First Nations, Inuit, and Métis Individuals Working in the Arts in July 2020. This initiative distributed funds of \$1,000 to 440 Indigenous artists and cultural workers whose artistic practices and livelihoods were disrupted by the pandemic. The Council supported this initiative with a total investment of \$500,000.

In addition to close coordination with the federal government, the Council also held ongoing conversations with provincial and territorial arts funders through the Canadian Public Arts Funders (CPAF) network. Members discussed how the pandemic was affecting communities in their jurisdictions, shared information, and gained a better understanding of the overall arts sector in this moment.

LOOKING TO THE FUTURE WITH THE COUNCIL'S NEXT STRATEGIC PLAN



While the pandemic raised many questions about the future of the arts, the Council worked towards the development of its next strategic plan, which will set its directions for the next five years beginning in April 2021. To develop this next plan, the Council launched *Reimagine the Arts*, a far-reaching and inclusive engagement process to hear from the arts sector and the wider public on various considerations. As part of this process, the Council held an online survey open to the public through July and August 2020. It also held dialogue sessions in November 2020 with artists, arts organizations, groups, and collectives across Canada—including focussed sessions with Indigenous stakeholders on the topic of decolonizing arts funding, and sessions with both Indigenous and non-Indigenous stakeholders in the North about the unique circumstances for making and experiencing the arts in their region. All this provided important insights so that the Council could create a plan that will forge a path for the journey ahead.

COMMITMENT

INCREASED ARTS SUPPORT

We will invest in artistic research and development and help the next generation of artists build sustainable careers. We will increase support to artists, collectives, and organizations striving for artistic excellence and greater engagement in the arts by an increasingly diverse public.

Increased support to the sector

The Council's overall funding to the arts sector increased from \$289.9 million in 2019–20 to \$331.8 million in 2020–21 (excluding \$62.8 million in emergency funding)—an increase of 14.5%. This means that more Canadian artists are better able to carry out their research, creation, and presentation activities, and pursue professional development opportunities. Arts organizations are better supported to realize their mandates, and more Canadians have access to a diversity of cultural offerings.

A continued commitment to first-time recipients and new and early career artists

The Council continues its support of new and first-time recipients. Notably, the Council awarded \$44.1 million to 1,726 first-time recipients of prizes or grants in more than 377 communities. In addition, \$1.1 million was awarded for newly registered titles of the Public Lending Right Program.

The Council's pilot project to make it easier for artists to apply for their first grant continued in 2020–21. For this project, the Council launched a profile for new and early career artists in 2019–20 to reach the next wave of artists in Canada and renew support to the arts sector. In 2020–21, 2,578 individuals submitted eligible new and early career artist profiles. From those profiles, the Council received 1,418 applications and supported 447 successful projects in 110 regions across Canada and eight communities abroad, totalling \$8.9 million. This amount represents part of the Council's commitment to direct 25% of new funds to new recipients.


Strengthening diverse voices

Compared to the previous year, the Council's funding support for Indigenous artists, groups, and arts organizations increased by 22.5%. Culturally diverse communities received an increase of 46.8%. Official Language Minority Communities received an increase of 17.7%. Deaf and disability artists, groups, and arts organizations received an increase of 42.8%.

These figures are the result of increased funding to more recipients, indicating ongoing and improved access to the Council's programs for these communities.

The Public Lending Right Program continues to reach literary creators

The Public Lending Right (PLR) Program administers yearly payments to creators whose works are in Canada's public libraries. The payments, which total some \$14.8 million in 2020–21, are paid directly to literary creators. The delivery of PLR payments was especially timely this past year as literary creators experienced publication delays, library closures, and the cancellation of large literary events, all of which limited their opportunities for compensation. Total annual PLR payments have increased from \$9.8 million in 2017–18 as a result of the Council's strategic investment in permanent new funding.

A B-girl, identified as Mai "Maiky" Terada, is captured in mid-air during a breaking battle. She is wearing a dark jacket, light blue pants, and sneakers with orange and blue soles. Her body is arched, with one leg bent and the other extended. The background shows a large, diverse crowd of spectators in a dimly lit venue, some holding up phones to record. The scene is illuminated by stage lights, creating a vibrant atmosphere.

Toronto-based Unity Charity, B-girl Mai "Maiky" Terada in a breaking battle at Unity Charity's Hip Hop Party in Toronto, January 2020

Supporting the arts—more than ever

In 2020–21, the Canada Council for the Arts surpassed its commitment to award 25% of new funds received over five years to new recipients. To make it easier for artists to access their first grant, the new and early career artist profile was extended in 2020–21. The Digital Originals initiative provided micro-innovation grants to many new first-time recipients. The two artists featured below received grants from the Council for the first time, while the organization received its first core grant.

Elder and knowledge keeper Celestine Twigg from the Blackfoot Kainai Nation in Alberta is making an animated film, *Poos*, that will help educate the public about Blackfoot language and culture. A community-unifying filmmaker, she is working with other Elders, knowledge keepers, and students in her community to bring her project to fruition. A genuine learning tool, the film will help audiences become familiar with everyday words in the Blackfoot language. The film's playful narrative features the artist's cat. Twigg received her first short-term grant from the Council for this project.

Inuit artist Josephee Haali comes from Kinngait, a community in Nunavut that has practiced printmaking and stone carving for generations. With the help of two mentors, Ashoona Ashoona

and Alexa Hatanaka, he continues to refine his art. Rather than using stone as his ancestors did, he will use linoleum blocks to create three-dimensional engravings for making prints. The originality of Haali's art combines both the engraving and the print into a single work. Haali was awarded his first short-term grant from the Council for this project.

The Toronto-based organization Unity Charity uses hip-hop to foster resilience and well-being in youth by providing safe spaces where they are free to create and express themselves. The organization also designs national events and other initiatives and explores employment and development opportunities for its aspiring artists. It plans to develop inclusive and professional hip-hop networks and performance spaces throughout Canada. Unity Charity's holistic creative process takes young artists from their early explorations of hip-hop art forms to their first performances on international stages. The organization received its first core grant from the Council.

With its increased support to the arts, the Council is responding to the changing nature of artistic creation, supporting the engagement of an increasingly diverse audience with art, and stimulating artistic renewal and growth.

COMMITMENT DIGITAL

We will amplify the quality, scale, and sharing of art through digital technology, which is changing the way we relate to the arts and culture, and how we connect with each other and the world. Artists and arts organizations need to be able to thrive in this radically changing environment.

Surpassing a commitment to digital

The Council designed the Digital Strategy Fund to help Canadian artists, groups, and arts organizations understand and engage with the digital world and respond to the cultural and social changes it produces. In addition to the 483 projects funded in the past three years of the Fund, this year's competition supported 299 new projects. In 2020–21, the Fund provided a total of \$46.4 million in support. This brings the total grant commitment to \$96.5 million over the past four years. With this investment, the Digital Strategy Fund surpassed its commitment to invest \$88.5 million to develop the digital capacity of the arts sector by 2020–21.

Sustaining audiences through the pandemic with digital channels

This past year, the COVID-19 pandemic accelerated audience uptake of digital arts experiences. At the same time, the pandemic also revealed major shortcomings in the digital transformation of the arts sector. Artist and arts organizations have had to adapt to remote work, finding innovative ways to create work and engage audiences—with varied capacities to undertake this monumental task. While many artists and arts organizations quickly adapted their work for online sharing, they continued to confront the challenges of

audience discoverability of their work and revenue generation in a crowded digital economy.

The Council's Digital Originals initiative responded to these challenges: in addition to investing \$5.2 million in more than 1,000 projects, partner CBC/Radio-Canada selected 44 recipients for a special showcase of projects on their Web channels. In this way, the initiative was about more than just a financial contribution to creators: it also helped audiences across Canada discover artists' work online—notably at a time when audiences could not, for the most part, attend in-person arts experiences.

The results of the Digital Originals initiative were additionally inspiring, as 44% of recipients were from one or more of the Council's designated priority groups: Indigenous, culturally diverse, Deaf and disability, and official language minority communities. These results signal another step towards a more inclusive arts sector that better reflects Canada's diverse population.

Atlantic Ballet Canada (Moncton, New Brunswick) dancers Nozomi Nakabayashi and Laura Flydorf



The vital role of digital technology in the arts

Over the past year, digital technology has enabled the vast majority of people to stay connected. Many artists pursued new digital approaches to provide the public with access to the arts, uncovering innovative ways to reach even more Canadians. The Council's commitment to increase the quality, outreach, and sharing of art through digital approaches is as relevant as ever.

In 2020, Calgary's Chromatic Theatre created its first-ever audio play, *Gimme Chance Leh*, based on a one-woman show written by Calgary playwright Kris Vanessa Teo. By telling the story of a woman growing up between Singapore and Canada, the audio play dissects contemporary issues like unconscious bias, shadism, and body image. Written in English, Mandarin, and Singlish (a Singaporean pidgin language), *Gimme Chance Leh*—which received support from the Digital Originals initiative—creates a rich auditory landscape. Given the rise in xenophobia and racism toward Asian people during the pandemic, the play relates strongly to current social issues.

Located in Moncton, New Brunswick, Atlantic Ballet Canada is a creation-based company with a focus on collaboration and creative practices that foster cross-sector innovation. The company is developing Dance XR, a pilot to help small, midsized, and marginalized dance organizations better adapt to a changing and connected digital environment. They are

undertaking this work in partnership with the national service organization for dance in Canada, the Canadian Dance Assembly. Through this initiative, they plan to adapt a holographic technical solutions system used in aerospace, engineering, oil, gas, and nuclear industries to create digital learning opportunities to foster new work practices in dance.

Les Films du 3 mars, Spira, and Vidéographe, of Quebec, are three independent film distributors that support media artists and promote their work around the world, collect and redistribute royalties, and offer training and production equipment. In 2021, they joined forces to develop an integrated film and video data management system that will accelerate the digital shift of independent distributors and transform the way they work. The innovative system for the audiovisual industry will boost productivity and simplify communication between teams and partners. It will also benefit artists, filmmakers, directors, and other collaborators by streamlining administrative tasks so they can spend more time creating.

From 2017 to 2021, the Council exceeded its commitment to invest \$88.5 million to stimulate the digital transformation of the arts sector in Canada, including through its Digital Strategy Fund. The sector has embraced the digital shift and now has new tools to maximize its development and reach diverse communities. Today, digital spaces are essential to the sector.

COMMITMENT

INDIGENOUS

We commit to supporting the renewal of the relationship between Indigenous artists and Indigenous and non-Indigenous audiences for a shared future. In 2020–21, the Council’s overall funding to Indigenous art, artists, and arts organizations increased from \$19.3 million in 2019–20 to \$23.7 million—an increase of 22.7%. With this, we surpassed our goal to triple our support of Indigenous creation to \$18.9 million by 2020–21.

Decolonizing research methodologies

The Council began work with Archipel, an Indigenous-led research and consultancy group, to understand better the value of public funding for Indigenous arts and culture and related impacts on Indigenous communities.

The Council acknowledges that research undertaken by governmental agencies has historically been grounded in European worldviews to the detriment of Indigenous Peoples, a crucial consideration for the Council as it seeks to recognize and actively supports Indigenous Peoples’ right to self-determination and sovereignty. For this project, Archipel is working with Indigenous and decolonizing research methodologies that will prioritize meaningful and respectful dialogue with Indigenous artists from various backgrounds, Nations, and cultural identities.

Powerful partnerships for Indigenous arts

This past year, the Canada Council for the Arts supported and undertook several Canada-based and international partnerships related to Indigenous arts.

As an example of this, the Council supported a series of virtual discussions between Indigenous arts leader Rhoda Roberts—former Head of Indigenous programming at the Sydney Opera House—and key staff at arts organizations in Canada about best practices and approaches in the decolonization of institutions.

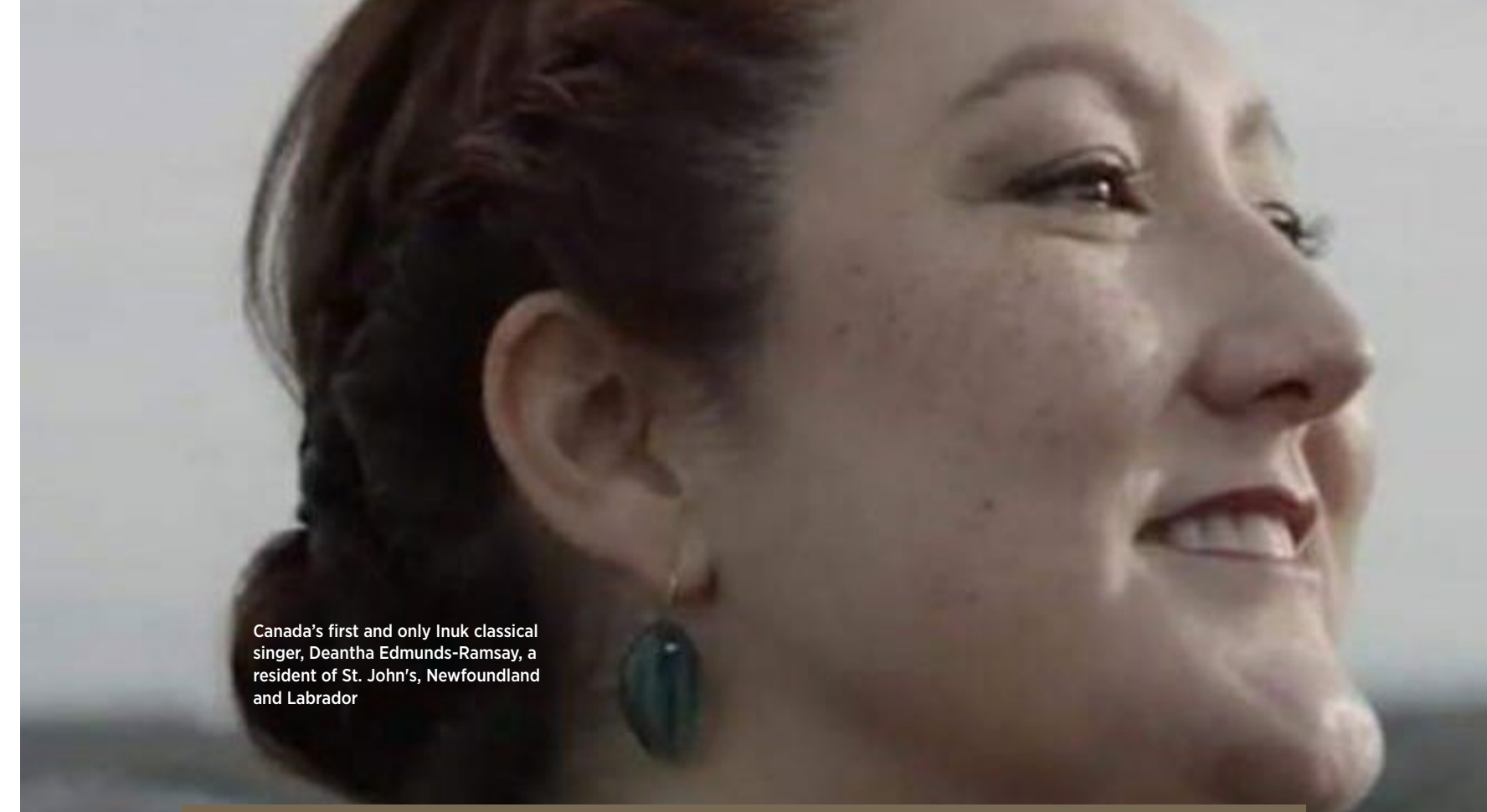
In addition, the Council and the Department of Canadian Heritage established a partnership in 2020–21 to work with Indigenous art experts and co-develop tools and guidance for the promotion and protection of Indigenous art and cultural expression. To date, the partnership led to a virtual session with many Indigenous cultural leaders and scholars, hosted and facilitated by the Indigenous Law Research Unit at the University of Victoria.

Celebrating Indigenous artists with the Governor General’s Awards in Visual and Media Arts

In 2020–21, the Canada Council for the Arts awarded five out of the eight Governor General’s Awards in Visual and Media Arts (GGArts)—a part of its suite of prizes that recognize excellence in the arts—to First Nations, Inuit, and Métis artists. This marked a record number of Indigenous recipients of the award in one year, a testament to the vitality of Indigenous arts practice in Canada.

Out of the eight awards, six recognize artistic achievements, one award recognizes excellence in the fine crafts (Saidye Bronfman Award), and one award recognizes an outstanding contribution to contemporary visual arts, media arts, or fine crafts. Each winner receives a medallion and a cash prize of

\$25,000. Moreover, the Council promotes the artistic practices of the winners with video portraits of each winner. This year, the video portraits offered an important opportunity for audiences across Canada and around the world to become better acquainted with the work of the pre-eminent Indigenous winners and the cultural communities to which their artistic practices are often deeply connected.



Canada's first and only Inuk classical singer, Deantha Edmunds-Ramsay, a resident of St. John's, Newfoundland and Labrador

The unique perspectives of Indigenous artists

In 2020–21, the Council exceeded its commitment to triple its support for Indigenous creation, as set out in its 2016–21 strategic plan. Not only do First Nations, Inuit, and Métis artists, groups, and arts and culture organizations contribute to both the outreach and advancement of Indigenous arts, but they also bring unique perspectives to gender identity issues and creation models in the arts.

A resident of Newfoundland and Labrador, Deantha Edmunds is the first and only Inuk classical soloist and recording artist in Canada. Edmunds is now creating an Inuit opera, *Ingutak*, which will tell the story of an urban Inuk woman who was adopted out and is going through the journey of reconnecting with her land, culture, and community. This opera will delve into traditional Inuit legends and contemporary issues that resonate with Indigenous people across Turtle Island. The work will be developed in collaboration with Indigenous creators, Elders, knowledge keepers, and language holders to combine the European operatic tradition of storytelling with Inuit legends from Nunatsiavut.

Thirza Cuthand—a filmmaker, performance artist, and writer of Plains Cree and Scottish descent currently based in Toronto—is creating a 2D video game that follows Carmilla, a lesbian vampire, on her quest to find a girlfriend. The game uses this storyline to explore queer community issues and teach players to be more conscious of how they interact and treat others while getting to know them. Carmilla needs to

figure out how to integrate herself into a small community without arousing suspicion that could harm her chances of finding a girlfriend. Cuthand hopes the video game—her second—will reach younger members of the queer community, encouraging them to develop more profound interactions with one another beyond snap judgments.

Indigenous bead artist Whitney Horne—a citizen of the Teslin Tlingit Council and part of the Dakh'laweidi Clan (eagle/split-killer whale) with mixed Irish/Inland Tlingit ancestry—has been digitally illustrating original bead-weaving designs inspired by historical Inland Tlingit sewing and weaving practices, old stories, local landscapes, wildlife, and nature in her community. In 2020, she began transferring these designs into glass beads using varying styles of looms and threads to produce new pieces, such as bags and bag straps, hat bands, headbands, necklaces, bracelets, cuffs, belts, and wall art. The project allowed her to advance her knowledge using digital bead software, plan projects, and expand her creative potential as an Indigenous bead artist. She plans to launch her new collection of works in the spring and summer of 2021.

The Council's pledge to recognize the self-determination and cultural sovereignty of Indigenous Nations and Peoples is paramount. The Council continues to champion Indigenous artistic and cultural expression. The leadership of Indigenous artists and Indigenous people will contribute to a more just, equitable and, most importantly, decolonized society.

COMMITMENT

INTERNATIONAL

We will raise the international profile of Canadian artists and arts organizations, giving them the opportunity to share the best of the arts created in Canada with global audiences. With the help of partners here and abroad, we will help grow Canada's international presence and complement the efforts of other public funders to support Canadian artists abroad. We will also foster reciprocity by welcoming international artists to Canada and by supporting bilateral and multilateral co-productions and artistic residencies. In 2019–20, overall support for international activities was \$33.3 million, an increase of \$23.3 million (233%) since 2015–16. In 2020–21, this investment decreased to \$16.2 million because of travel restrictions and the cancellation and postponement of many international arts gatherings.

Connecting Canada's arts sector with the world

The Council has an agreement with the Salzburg Global Seminar to support the annual participation of five fellows from Canada under the age of 35 in the Young Cultural Innovators (YCI) Forum. The Forum provides these leaders with an opportunity to build leadership skills and engage with other cultural innovators from around the globe. The YCI Forum is usually held in Salzburg, but due to the pandemic, the 2020 edition was held online. As the online model did not require as much financial support as the in-person gathering of past years, the Council was able to support three additional fellows this past year, for a total of eight participants, as well as the cohort's development of a collaborative project in the year following the YCI Forum.

The Council also launched the UK-Canada Immersive Talent Exchange and Co-production Accelerator initiative this past year in partnership with the Canada Media Fund, the Canadian Film Centre,

StoryFutures Academy (UK), the National Centre for Immersive Storytelling (run by the National Film and Television School and Royal Holloway, University of London), and Arts Council England. The first phase of this groundbreaking initiative offers a year-long international exchange program dedicated to immersive storytelling. The initiative selected six creative leads—artists, filmmakers, theatre directors, and visionaries—and six creative producers from Canada, who bring with them an impressive and varied range of experiences from across the creative spectrum. Along with their UK counterparts, they met in virtual spaces to collaborate and engage in weekly creative, content, and business-focussed sessions. Additionally, all participants receive a fixed development grant of \$3,400 to contribute to their time spent on the talent development stage of their creative projects. Participants had the opportunity to develop projects to pitch for international co-production financing. Funded projects will be developed as part of the initiative's second phase.

Maintaining international connections while apart

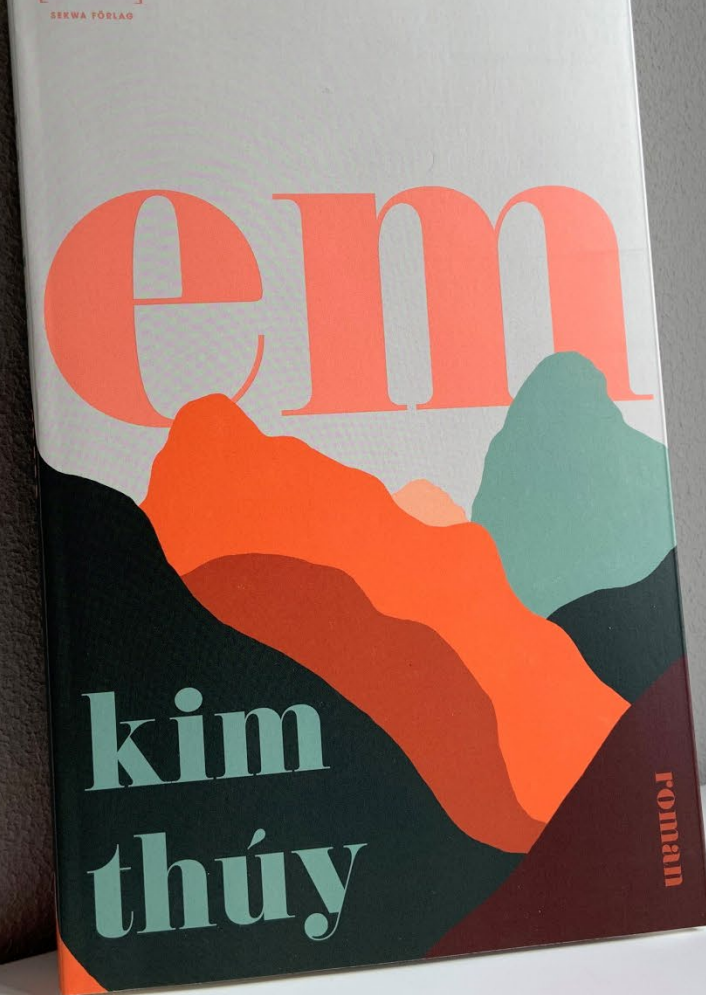
While several in-person international events were delayed or cancelled this year because of COVID-19, the Council continued to participate in online events with international partners. This activity furthered international dialogue about cultural diplomacy and the role of the arts on the world stage.

Among the many online international events the Council participated in this year, Director and CEO Simon Brault spoke at the inaugural session of *Foro México creativo 2020: Towards a Global Pact for Culture*. In his presentation, the Director and CEO reflected on new challenges and perspectives for the cultural sector at a global level. He also participated in a panel discussion organized by the British Council to launch *The Big Conversation*, a global research program that looks at the role of values in creating the conditions for international cooperation. Moreover, the Director and CEO spoke at an online forum organized by the

Conseil des relations internationales de Montréal (CORIM) on La Francophonie—the global community of French-speaking countries and people—and its contributions to cultural diplomacy.

Beyond these examples, the Council maintained strong connections with the International Federation of Arts Councils and Culture Agencies, as Simon Brault's role as the network's chair was renewed. All this allowed the Council to maintain and advance global connections that will be crucial to ongoing cooperation and collaboration following the pandemic.

Book cover of the Swedish edition of *Em* by Kim Thuy, of Montréal's South Shore, published by Sekwa förlag AB (Stockholm)



An extraordinarily challenging year for international projects

Due to COVID-19-related travel restrictions, it was challenging to carry out many international arts projects in 2020–21—and many were cancelled or postponed. Nonetheless, the Council continued to strengthen existing partnerships to ensure that, as soon as activities return to normal, artists from Canada will be hosted abroad and artists from abroad will be welcomed here. The Council's relationships with its numerous partners and collaborators are invaluable, and the work performed on this front over the past year will have a positive impact in the years ahead.

Julia Barrette-Laperrière is a choreographer and dancer who splits her time between Montréal and Berlin. She recently undertook a research, creation, and production project in dance, performance, and music on the themes of gender and power dynamics. After five weeks of residencies with her German collaborators at the Schwankhalle performing arts facility in Bremen, Germany, she co-created *Falla*, a show that was presented three times to sold-out audiences during Queer Power Month in Bremen. Several European festivals plan to screen a video of the 55-minute show, extending its lifespan despite the pandemic.

The 21st MUTEK Festival of digital creativity and electronic music was held in September 2020 during the second wave of the pandemic. As part of the festival's professional component, the MUTEK Forum virtual marketplace served as an online space for Canadian artists and arts professionals to network

with international buyers and other foreign professionals. The marketplace offered a hybrid format that combined a physical experience for participating artists, stakeholders, and audiences in Montréal with a virtual experience for other stakeholders around the world. The marketplace thus helped maintain normal networking activities with international presenters. The Council supported the participation of various international buyers at the event through the Representation and Promotion component of its Arts Abroad program. The MUTEK organization is based in Montréal.

In 2020–21, Sekwa förlag AB, a publishing house based in Stockholm, Sweden, that specializes in fiction written in English, French, and Nordic languages, received a Council grant to translate the book *Em* by Quebec author Kim Thuy. Since releasing a translation of Thuy's first novel in 2011, this publisher has maintained a special relationship with her, inviting her to visit Sweden several times. The translation of *Em*, combined with advertising and social media campaigns, is expected to increase the number of Kim Thuy fans. Sekwa förlag AB's translation of *Em* is slated for publication in mid-May 2021.

Despite all the pandemic-related restrictions, the Council has continued to maintain its channels of communication with the world. Many artists and organizations have also been able to make connections and develop networks. These connections will enable all concerned to access larger audiences and new markets when normal activities and travel resume.

COMMITMENT

AN ONGOING FOCUS ON EQUITY AND INCLUSION

In addition to the four commitments in the Strategic Plan, the Canada Council will continue to deepen its long-standing commitment to equity and inclusion, including for next-generation artists and audiences.

Reshaping the Council

The inclusion and representation of Indigenous Peoples, Black people, racialized people, Deaf people, and people with disabilities are crucial to increasing the relevance, influence, and recognition of the sector and its organizations. In January 2021, the Council launched a major recruitment campaign open to all while prioritizing Indigenous applicants, Black applicants, applicants who are racialized, Deaf applicants, and applicants with disabilities. This campaign will significantly increase the diversity of the Council's staff as it continues into the next year.

In September 2020, the Council supported the creation of a staff-led Anti-Racism, Equity and Social Justice (ARESJ) Committee. Staff at the Council created this committee in response to several calls-to-action around racism and discrimination from artists and arts workers. The committee

meets to share information, discuss ideas, and propose solutions to help identify, address, and prevent systemic barriers in the Council's programs, policies, operations, and culture.

Sharing the stage to amplify Black voices

To give presence to a greater diversity of voices on its social media channels, the Council invited several Black artists to "takeover" its Instagram account throughout the month of February, Black History Month. The artists who participated were Casimiro Nhussi, Nigra luventa, Dionne Simpson, Rhodnie Désir, Webster, and Laura Doyle Péan. Through this initiative, the Council connected with new audiences, while the participating artists shared Black-centred perspectives on the arts with the Council's existing social media audiences. This was the first time the Council set up a "takeover"

of its Instagram account, an important learning experience to develop similar opportunities in the future to broaden representation and engagement with the Council's social media channels. This initiative was complemented by sharing content on the International Decade of People of African Descent from CCUNESCO on the Canada Council's social media accounts. The CCUNESCO also published a blog post on its website about Black history in education and anti-racism resources, as well as an article written by scholar Mark V. Campbell titled "Art for Our Sake: Creativity and Humanity in the African Diaspora."

Building knowledge about Deaf and disability arts practice in Canada

The Council engaged the Université du Québec à Montréal (UQAM) and a research team to carry out a study on Deaf and

disability arts practices in Canada. The research involved a literature review and interviews with artists and cultural workers. The resulting report—which is available to the public on the Council's website—offers a broad picture of Deaf artists and artists with disabilities in Canada, their artistic practices, and current innovations, as well as related findings concerning accessibility, equity, self-determination, and support. Based on the experiences and viewpoints of the artists and cultural workers interviewed, the report offers best practices to the arts sector grouped according to five major hurdles: funding; accessibility; cultural representation; communications; and equity, diversity, and inclusion in cultural, artistic, and media milieus.

Equity and inclusion in the granting programs and strategic funds

In 2020–21, the Council provided the following support to its designated priority groups:¹

	Distinct recipients	Amount awarded (In thousands)
Indigenous	442	\$23,577
Culturally Diverse	1,154	\$48,817
Deaf and Disability	378	\$13,816
Official Language Minority Community - Anglophone ²	383	\$15,496
Official Language Minority Community - Francophone ²	266	\$11,498

¹ This table is based solely on data from recipients who provided information through the Council's self-identification forms and/or its online granting portal.

² Support for artists, groups, and arts organizations working in official-language minority communities is calculated using data collected in a different way than data collected for the other three designated priority groups. Any comparison between these groups is, therefore, not necessarily recommended.

Toronto's Paprika Festival, Jesse Wabegijig and Theresa Cutknife, participants of the Indigenous Arts Program, performing the piece they created.

Creating connections between a diversity of communities

The Canada Council for the Arts applies equity principles in all its funding programs, a long-standing commitment that is more relevant than ever. And its impact on society is essential: Council grant recipients reflect the many communities that make up society. The projects presented below provide a glimpse into the contribution the arts make to an open society and the vitality of diverse cultural and official language minority communities.

Cherissa Richards is a Winnipeg-based theatre artist who is working on a play for young audiences called *Colour Rich*. Her story follows three girls in Winnipeg as they explore the challenges of being mixed-race children. To bring this story to life, Richards drew from her experience and interviewed more than 30 mixed-race individuals from a range of age groups: ten children, ten youth, and ten adults. She hopes to create and present a work that reflects the reality of many of today's young people, the next generation of theatre artists and patrons.

The Paprika Festival, based in Toronto, offers year-round theatre training programs for people aged 16 to 30. Additionally, through their Indigenous Arts Program, they offer artistic development to a small cohort of young emerging Indigenous artists. While the COVID-19 pandemic restricted their ability to hold in-person meetings this year,

they used online tools to connect their participants with artists across North America. They also seized this opportunity to deliver outreach to young and emerging Indigenous artists beyond their city, connecting them with Indigenous mentors and advisors who provided holistic artistic and emotional support at this early stage in their creative development.

Ancrages is an Acadian literary magazine from New Brunswick that features poetry, prose, and short stories. It aims to circulate ideas, discover and support new literary voices, and explore the creative contexts of francophones in Canada. With support from the Council, its editorial board worked on four new issues this past year. To engage francophone minority language communities elsewhere in the country, the magazine collaborated on two issues: one with prairie-focussed publication *À ciel ouvert* and the other with la Maison de la littérature. In this way, the publication is building connections between *Acadie* and communities across Canada while also contributing more broadly to a global French literary culture.

For the Council, supporting equity in the arts means supporting an arts sector that is accessible to people from all walks of life and one to which everyone can relate.

THE ART BANK

The Canada Council Art Bank has the largest collection of contemporary Canadian art in the world. The primary role of the Art Bank is to make its collection accessible to a broad audience, with a view to continually growing exposure for Canadian art and enabling as many Canadians as possible to enjoy it. The Art Bank does this through its art rental program, loans to museums and galleries, curated exhibitions, outreach activities and digital platforms.

DIGITAL ACCESS TO THE COLLECTION

The COVID-19 pandemic has limited people's ability to travel—as well as their access to physical art collections. Like many Canadian museums and galleries, the Art Bank adapted its approach to public access by focussing on digital initiatives to promote Canadian art. Digital access ensures that

a broader audience—not only in Canada, but abroad as well—can view art in the collection. As the world transitions out of the pandemic, digital access to collections will continue as a viable means of supporting artists and providing increased visibility for art.

GOOGLE ARTS & CULTURE: SUPPORTING BROADER PUBLIC ACCESS

In October 2020, the Art Bank successfully launched a new partnership with Google Arts & Culture. Over 50 works of art were made available on the platform, including two featured exhibitions, *Feast For Your Eyes* and the *Commissioned Print Programme*.

The goal of the partnership is to make a small part of the collection accessible to a wider audience and to capitalize on Google's gigapixel camera technology. Featured artists were compensated by the Art Bank for their participation in the project,

which will remain on the platform for three years. Many of the artists expressed their gratitude at being included in this important project.

A social media campaign, including two project-specific blog posts, increased traffic to the Art Bank's website. Statistics from the Google Arts & Culture platform indicated over 1,400 page views over a 10-day period in October, with visitors accessing the site from 37 different countries.

THE ART MUSEUM OF THE AMERICAS

On the occasion of Canada's 150th anniversary celebrations in 2017, the Art Bank worked with the Organization of American States (of which Canada is a member) to donate 150 limited-edition prints to the Art Museum of the Americas (AMA), a first for Canadian visual artists.

The Art Museum of the Americas and the Canadian Embassy in Washington are now partnering to present a physical exhibition of a selection of the prints at the Embassy Gallery in early 2022.

In the lead-up to the physical exhibition, the AMA launched a promotional campaign, #AMAatHome, on their digital platforms. In January 2021, the campaign included 10 works of art from the broader selection intended for the physical exhibition. Related content was shared by the Canada Council for the Arts and the Art Bank on their respective channels, with the artists being compensated for their participation.

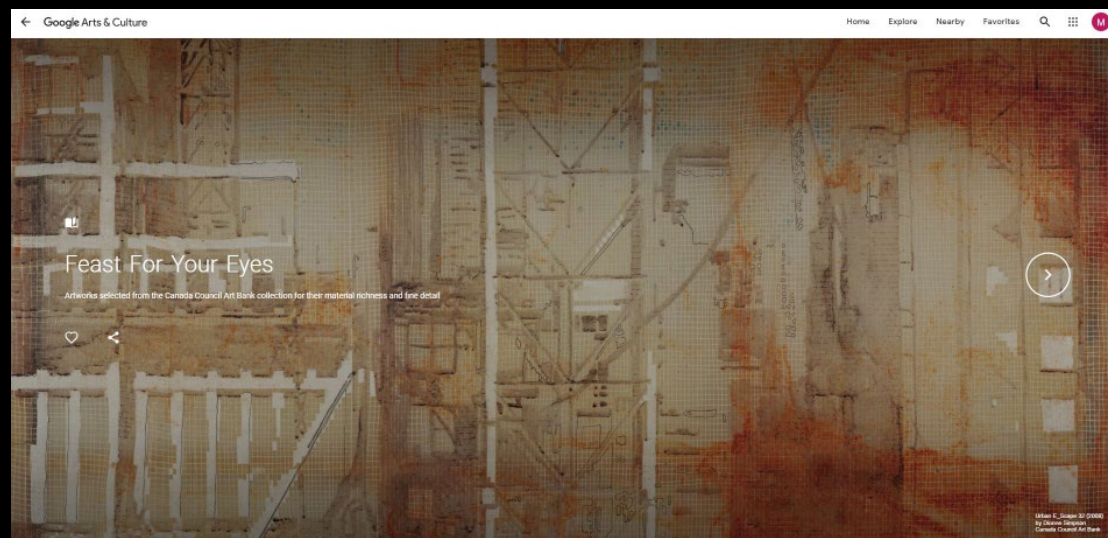


Léo B. LeBlanc, *Country Home*, 1971, oil on board. Canada Council Art Bank collection.



Daphne Odjig, *Thunderbird Woman*, 1973, silkscreen. Canada Council Art Bank collection.

A screenshot from the *Feast For Your Eyes* collection on the Google Arts & Culture platform, with a detail of Dionne Simpson's mixed media work on canvas, *Urban E_Scape 32* (2008).



THE CANADIAN COMMISSION FOR UNESCO

COMMITMENTS

As the champion of UNESCO values in Canada, the Canadian Commission for UNESCO (CCUNESCO) mobilizes its members, extensive networks, and many partners to spark discussion and innovative thinking about the major societal issues embedded in UNESCO priorities. The CCUNESCO also mobilizes its partners to further priorities and advance critical conversations on issues such as open science, gender equality, reconciliation, Indigenous cultures and languages, and youth engagement. The renewed importance and relevance of the joint presence of the Council and the CCUNESCO in the field, combined with the impact of their often-convergent activities and initiatives, make a real contribution to a future of peace, equity, and sustainable development both in Canada and abroad. The CCUNESCO operates under the Canada Council's authority.

The power of partnership

Through partnerships with its networks, the CCUNESCO ensures that its priorities reach communities throughout Canada. In particular, the CCUNESCO's partnerships cover areas like education (through UNESCO Schools), anti-racism (through the Coalition of Inclusive Municipalities), and the protection of natural heritage (through UNESCO Biosphere Regions and Global Geoparks). In 2020–21, the CCUNESCO undertook several notable initiatives with its networks, including for:

- the development and implementation of a new branding and communications strategy for biosphere regions and geoparks,

two important networks of UNESCO designated sites in Canada, to help them showcase their actions and reach new audiences and funders.

- the development of a partnership agreement with the Creative City Network of Canada, which included joint assessment of applications from Canadian cities seeking to join the UNESCO Creative Cities Network and collaboration on projects related to the role of culture in sustainable development in municipal contexts.
- a partnership with the [Global Centre for Pluralism](#) to support the UNESCO Schools network for the delivery of webinars to teachers on how to address anti-Black racism in the classroom, as well as the production of a related policy paper.

Mobilizing knowledge for sustainable development

The CCUNESCO advances the UN's Sustainable Development Goals through knowledge-sharing initiatives like webinars and publications. These initiatives are for decision makers and specialists as well as the public. Some recent initiatives include:

- sharing the contributions of six Canadian UNESCO Chairs through a [publication](#) and [blog post](#) related to CCUNESCO's participation in [UNESCO's Futures of Education](#) initiative, a global consultation to reimagine and rethink education by 2050.

- producing a collection of papers entitled [Half the story is never enough: Threats facing women journalists](#)—in partnership with [Journalists for Human Rights](#), an international media development organization—that features striking accounts by women Indigenous journalists in Canada, as well as women journalists from Syria and the Democratic Republic of the Congo. The CCUNESCO also developed a social media campaign to share these stories and spark solution-based discussions.
- publishing an important [blog post on Indigenous cultural heritage](#), referencing three papers the CCUNESCO produced on this subject in partnership with prominent Indigenous experts.



Racing the Tide
Five Islands, Nova Scotia /
Cliffs of Fundy UNESCO
Global Geopark
Photo: Tourism Nova Scotia

Making voices from Canada heard at UNESCO

An important part of the CCUNESCO's mandate is to bring perspectives from Canada to UNESCO. In 2020–21, for example, the CCUNESCO did this in two important ways:

- The CCUNESCO helped UNESCO mobilize funds to advance consultations related to developing a recommendation on the ethics of artificial intelligence (AI). More than \$105,000 was secured from the Social Sciences and Humanities Research Council, the National Research Council, the Fonds de recherche du Québec, and the Andorra National Commission for

UNESCO. These funds enabled Montréal-based partners Mila and Algora Lab to hold a series of online deliberations, which resulted in the publication of a report, [The Open Dialogue on AI Ethics](#).

- The CCUNESCO contributed to UNESCO's work on open science, a subject that is at the heart of discussions on scientific cooperation in the context of the COVID-19 pandemic. The Commission ensured the publication of a discussion paper on [the role of open science in the decolonization of knowledge](#). The ideas set out in this paper directly influenced the draft recommendation developed by UNESCO, a powerful demonstration of the CCUNESCO's influence.



The journalists who contributed to *Half the story is never enough: threats facing women journalists*, clockwise: Karyn Pugliese, Sandra Safi Bashengezi, Rachel Pulfer and Nisreen Anabli
Illustrator: Sophie Casson

FINANCIAL OVERVIEW

HIGHLIGHTS

The COVID-19 pandemic continued to have a significant impact on two major areas of the financial results for the Canada Council for the Arts (the Council) in 2020-21. First, the Council received \$62.8 million of the new \$500 million COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations from the Government of Canada in the summer of 2020 to help alleviate the financial pressures of affected organizations. Second, the remarkable rebound of the equity market generated a record high one-year return as at March 31, 2021 resulting in a significant increase in the Council's portfolio investment fair value and its investment income.

2020-21 also marked the last year of the progressive doubling of the Council's budget, originally announced in Federal Budget 2016. Cumulatively, the Council injected 93.1% of the \$550.0 million in new funding into the arts sector.

The Council was able to maintain its level of program delivery due to investments over the last few years in modernizing its technology infrastructure and systems and by adjusting its operations.

Summary Statement of Operations for the Years Ended March 31

(in thousands of dollars)	Budget 2021	Actual 2021	Actual 2020
Total revenue and Parliamentary appropriations	\$ 377,993	\$ 463,374	\$ 358,761
Total expenses	377,959	443,594	339,683
Surplus from operations	\$ 34	\$ 19,780	\$ 19,078

For the year ended March 31, 2021, the Council is reporting a surplus from operations of \$19.8 million. The surplus is primarily attributable to a \$17.6 million positive variance in net realized investment income compared to budgeted income, and an additional \$3.1 million received from the government on March 31, 2021 for a retro compensation for the increase in salary going back to 2018 as per the collective agreement.

(in thousands of dollars)	Budget 2021	Actual 2021	Actual 2020
Grants and contributions	\$ 302,158	\$ 378,092	\$ 272,389
Public Lending Right program	14,688	14,807	14,784
Prizes and awards	2,865	1,688	2,755
	\$ 319,711	\$ 394,587	\$ 289,928

Grants, author payments and prizes expenses totaled \$394.6 million for the year ending March 31, 2021 and are above the approved budget and the prior year related expenses. The significant increase compared to the budget comes from the \$62.8 million received to deliver the COVID-19 Emergency Support Fund. In addition to the new funds, the Council reinvested a total of \$12.6 million into grant expenses from intra-year savings and delayed projects due to COVID-19, which was higher than the previous year's reinvestment of \$4.5 million. In comparison to the prior year actuals, a total of \$32.4 million, representing 92.6% of the last tranche of \$35 million in government funding of the progressive doubling, was added to the 2020-21 grants budget. This funding was allocated to the Council's programs based on key commitments made in the 2016-21 Strategic Plan.

As part of its strategic commitment to increase direct support to artists, the Council promised to increase its support to the Public Lending Right Program (PLR). Total annual PLR payments have increased from \$9.8 million in 2017-18 to \$14.8 million starting in 2019-20 as a result of the Council's strategic investment of permanent new funding.

The Council also distributed \$1.7 million in prizes and awards that recognize excellence and innovation in Canada, a decrease of \$1.1 million compared to previous year due to the suspension of some prizes to accommodate the many ways in which the pandemic shifted activities in the arts.

The costs of transfer program delivery, representing 4.8% of total expenses, totaled \$21.2 million for the year ending March 31, 2021. The decrease of \$4.8 million compared to the budget was mostly due to savings of \$1.6 million in peer assessors committees' costs with meetings now being held virtually, \$1.2 million in salaries and benefits and \$1.0 million in staff travel due to travel restrictions imposed by the COVID-19 pandemic. The overall decrease of \$2.0 million in transfer program delivery costs compared to last year is attributable to a reduction in peer assessor travel expenses with virtual meetings instead of in-person meetings.

General administrative expenses, representing 5.1% of total expenses, totaled \$22.5 million for the year ended March 31, 2021. The \$1.9 million increase compared to previous year is explained mainly by a voluntary retirement package that was offered to employees over 60 years of age which represented a cost of \$1.7 million.

Summary Financial Position as at March 31

(in thousands of dollars)	Actual 2021	Actual 2020
Total financial assets	\$ 563,810	\$ 416,171
Total liabilities	208,089	124,395
Net financial assets	355,721	291,776
Non-financial assets	33,319	31,660
Accumulated surplus	\$ 389,040	\$ 323,436

In 2020-21, the Endowment and Special Funds and the Killam Fund generated exceptional positive annual returns of 24.5% and 24.2%, respectively, compared to negative annual returns of 1.7% in 2019-20. In comparison to the prior year, the investment portfolio has increased by \$88.6 million with a fair value of \$479.8 million as at March 31, 2021.

With the strong rebound of the market, the portfolio provided an excess of \$17.6 million of net realized investment income over the \$13.2 million budgeted amount. In accordance with the Council's *Statement of Investment Policies and Goals*, the approved budgeted amount for net realized investment income is calculated using a prescribed spending rate of 3.5% times the previous three-year average market value of the portfolio. The Council's investment policy states that at a minimum any investment income above the allocated approved budget must be reinvested in the portfolio in order to preserve capital. Therefore, this year \$26.0 million was transferred from accumulated surplus from operations to the reserve for excess investment income.

The Council has restated comparative figures in its Statement of Cash Flows to exclude the reinvestments without any cash consideration received. There was no impact on the Surplus from operations or Net Decrease in Cash for the year as a result of the restatement. Further information is provided in Note 3 of the Financial Statements.

In 2020-21, the Council updated its Corporate Risk Profile, presented to the Board in October 2020, taking into consideration new risks related to COVID-19 as well as mitigation strategies. The corporate risk profile is used as a key input in strategic and operational planning and prioritizing management action plans.

FINANCIAL POSITION

Financial Assets

As at March 31, 2021, total financial assets were \$563.8 million, an increase of \$147.6 million from the previous year. Financial assets include the portfolio investments as well as cash and accounts receivable.

The increase of \$59.4 million in cash is explained by a \$61.5 million increase in grants, author payments and prizes payable.

The financial market had a significant rebound after the downturn in March 2020 when the COVID-19 pandemic struck. Canadian and Global equity markets generated record highs for the one-year return at 44.2% and 36.5% respectively. Consequently, the fair value of the Council's investment portfolio has increased significantly. As at March 31, 2021, the fair value of the Council's investments was \$479.8 million, an increase of \$88.6 million from the prior year.

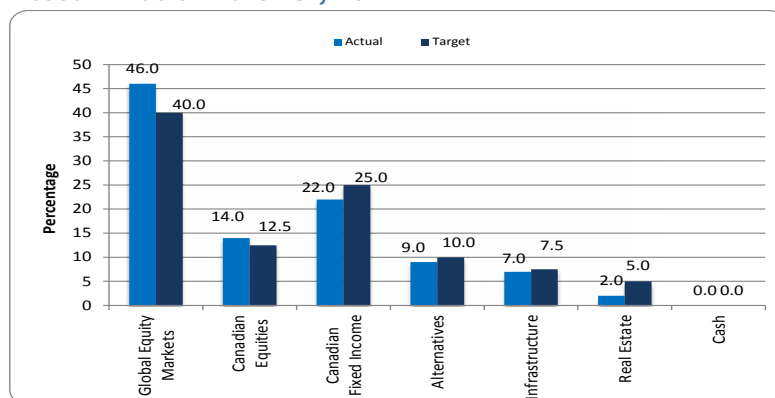
The Council invests in units of pooled funds that are managed by professional investment managers. The Council's investments are guided by a *Statement of Investment Policies and Goals* and the *Board Statement of Investment Beliefs*, which are both approved by the Board. The objective of the portfolio is to generate a 4.5% real rate of return over a 10-year period to supplement the Parliamentary appropriations and to support the fellowships and prizes for the Killam Fund and Special Funds, while maintaining the purchasing power of the endowed capital. The Killam Fund and Special Funds represent contributions that have been received by way of donation and bequest and have been restricted for specific purposes by the donors. The Killam Fund is 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 is received.

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. Two Council board members are also Investment Committee members. In addition, the Council uses the services of an independent investment consultant to assist the Investment Committee in its work.

The Investment Committee reviews the Council's investment policy annually, and, as considered necessary and appropriate, recommends adjustments to the asset mix and to the diversification of the portfolio management structure or to its expenditure policy, currently set at 3.5% times the rolling average of the market value of the fund over the last three years. At each quarterly meeting during the year, the Investment Committee assessed the effect of implementation of the policy on the portfolio through regular updates from investment managers and a thorough review of the portfolio's performance.

The following table shows the actual comparative asset mix and the asset mix targets for the portfolio.

Asset Mix as of March 31, 2021

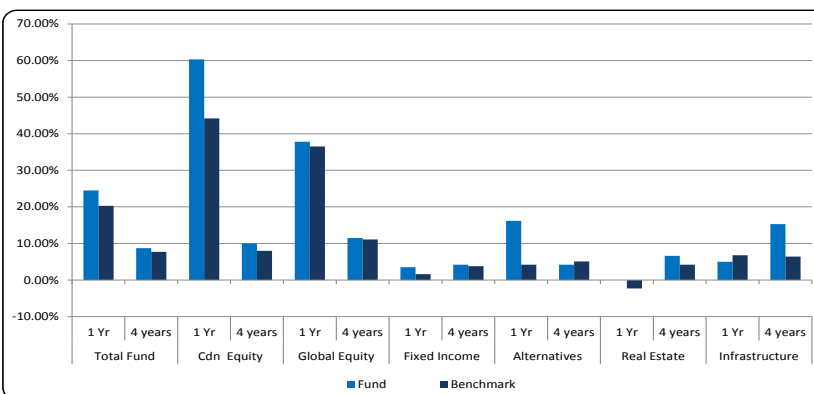


The Investment Committee and senior management monitor closely the level of risk within the portfolio. The 10-year standard deviation was at 7.9% as at March 31, 2021, compared to 6.9% for the benchmark.

The targets set for each asset class are based on an efficient frontier study done in 2017 in order to achieve the long-term objective of 4.5% real rate of return over the 10-year period. In light of COVID-19, the significant volatility in the market and the stagnation of the interests rates, the Investment Committee has requested a new full efficient frontier study and will bring recommended changes to the asset mix for approval at the next Board meeting in June 2021.

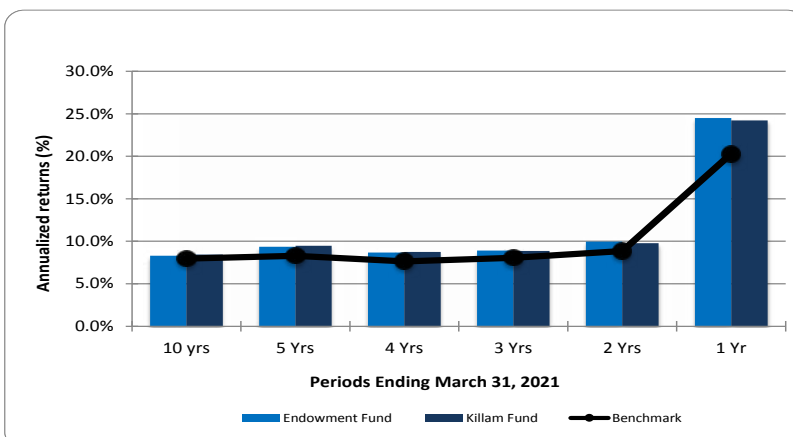
The following chart shows the returns for all of the various asset classes for the one- and four-year periods ending March 31, 2021. The one-year returns reflect the significant rebound in the markets.

Annual Returns by Asset Classes



The following chart shows the annualized portfolio returns for various periods of the Endowment and Special Funds and the Killam Fund against the benchmark return. It shows that the diversification in the portfolio helped sustain the performance results above the 10-year long-term objective of 4.5%.

Annualized Portfolio Returns



Liabilities

As at March 31, 2021, total liabilities were \$208.1 million, an increase of \$83.7 million from the previous year as shown in the table below:

(in thousands of dollars)	2021	2020
Liabilities		
Grants, author payments and prizes payable	\$ 119,590	\$ 58,070
Accounts payable and accrued liabilities	5,565	5,128
Deferred revenues	6,506	6,604
Employee future benefits	5,155	4,340
Deferred revenues - Externally restricted contributions	71,273	50,253
Total liabilities	\$ 208,089	\$ 124,395

The main increase is due to the \$61.5 million addition in Grants, author payments and prizes payable compared to 2019-20, which is directly related to a high volume of grants that were approved in the last quarter but not yet paid as at March 31, 2021.

The Deferred revenues from externally restricted contributions also increased by \$21.0 million. This increase is due to the increase in market value of the portfolio for which a portion is externally restricted. This liability consists of externally restricted investment income and accumulated gains which are being deferred until the resources are used for the specified purposes. The original externally restricted endowment principal of \$37.6 million is required to be maintained intact and is reported under accumulated surplus.

The other liabilities include:

- accounts payable and accrued liabilities which represent outstanding payments to various suppliers/managers for services rendered and some payroll liabilities incurred as of March 31, 2021;
- deferred revenues which include the leasehold inducement at 150 Elgin, Ottawa, which is being amortized over the lease period of 20 years, deferred rental income from the Art Bank and other deferred income for specific initiatives; and
- employee future benefits representing the severance entitlements of the Council's employees and post-retirement benefits covering employees and retirees.

Non-Financial Assets

Tangible capital assets include computer software, office and computer equipment, leasehold improvements and work in progress mostly related to the development of a new information management system and grant reporting functionality on the Council's on-line portal. The net increase of \$1.6 million in comparison to the prior year is mainly attributable to an investment of \$3.5 million in the Council's Digital Shift Roadmap to modernize both its technology infrastructure and its systems offset by \$2.0 million in amortization.

The Council's Art Bank has the largest collection of contemporary Canadian art in the world, with 17,169 works, and it rents the collection to interested public and private sector organizations. The Art Bank collection is presented under Art Bank assets, which are carried at a cost of \$19.5 million on the Statement of Financial Position as at March 31, 2021. The total appraised value of the collection is estimated at \$73.2 million as at March 31, 2021.

The Council's Musical Instrument Bank owns or manages 24 historically important, fine stringed instruments and a fine cello bow, which are loaned to gifted young musicians for three-year terms. Musical instruments appear on the Council's Statement of Financial Position at a nominal value of \$1 thousand as a reasonable estimate of the future benefits associated with such assets cannot be made. At March 31, 2021, the appraised and insured value of the musical instruments was US\$46.7 million.

Accumulated Surplus

Accumulated surplus consists of the following elements as at March 31:

(in thousands of dollars)	2021	2020
Accumulated surplus		
Endowment - Original contribution	\$ 50,000	\$ 50,000
Endowment principal - Externally restricted contributions	37,569	37,569
Reserve for excess investment income	229,445	203,445
Surplus	26,234	32,454
Total accumulated surplus from operations	\$ 343,248	\$ 323,468
Accumulated remeasurement gains (losses)	45,792	(32)
Accumulated surplus	\$ 389,040	\$ 323,436

The \$50 million Endowment - Original contribution represents the original government transfer in 1957 of endowments which enabled the establishment of the Council. The externally restricted endowment principal of \$37.6 million represents the original value of other endowment funds received by the Council over the years almost entirely from private individuals. By recording these values within accumulated surplus the endowments, while being shown separately, are in effect being treated as if they had been revenues.

The reserve of \$229.4 million at March 31, 2021 represents the sum of excess investment income relating to the original endowment since the establishment of the Council.

OPERATIONS

Summary Statement of Operations for the Years Ended March 31

(in thousands of dollars)	Budget 2021	Actual 2021	Actual 2020
Parliamentary appropriations	\$ 362,644	\$ 428,631	\$ 327,771
Net realized investment income	13,189	30,784	23,693
Other revenues	2,160	3,959	7,297
Total Revenues	377,993	463,374	358,761
Transfer programs	354,959	418,592	316,511
Net Art Bank results	111	27	1
Canadian Commission for UNESCO	2,623	2,446	2,512
General administration	20,266	22,529	20,659
Total expenses	377,959	443,594	339,683
Surplus from operations	\$ 34	\$ 19,780	\$ 19,078

The Council's net financial results for the year is a surplus of \$19.8 million, compared to a balanced budget forecasting a surplus of \$34 thousand. The surplus is primarily attributable to a \$17.6 million positive variance in net realized investment income compared to budgeted income, and an additional \$3.1 million received on March 31, 2021 from government for a retro compensation for the increase in salary going back to 2018 as per the collective agreement.

The decrease of \$3.3 million in other revenues is explained mainly by \$1.5 million of external contributions received this year for the Frankfurt Book Fair compared to \$5.1 million last year.

The total expenses of \$443.6 million in 2020-21 are \$65.6 million more than budgeted. This variance is directly attributable to the \$62.8 million received from government to deliver COVID-19 Emergency Support Fund to the arts sector.

Through an effective budget monitoring process and delayed projects due to COVID, the Council was able to invest a total of \$12.6 million into grant expenses from intra-year savings and delayed projects comparable to a similar investment of \$4.5 million last year.

Parliamentary Appropriations

The Council receives its main funding through Parliamentary appropriations voted by Parliament. The Council records the Parliamentary appropriations received in the period as revenue in the Statement of Operations. The Council submits a monthly cash flow analysis to the Department of Canadian Heritage to justify its monthly drawdown cash requirements. The monthly drawdown is invested in a preferred rate account in a financial institution from which the Council draws its daily cash requirements. For the year ended March 31, 2021, the appropriations received by the Council were \$428.6 million, an increase of \$100.9 million over 2019-20. The increase includes the last tranche of \$35.0 million from the progressive doubling in government funding, in accordance with the Federal Budget 2016 announcement, an additional receipt of \$62.8 million to deliver COVID-19 Emergency Support Fund to the arts sector and a retro compensation for salary increase of \$3.1 million.

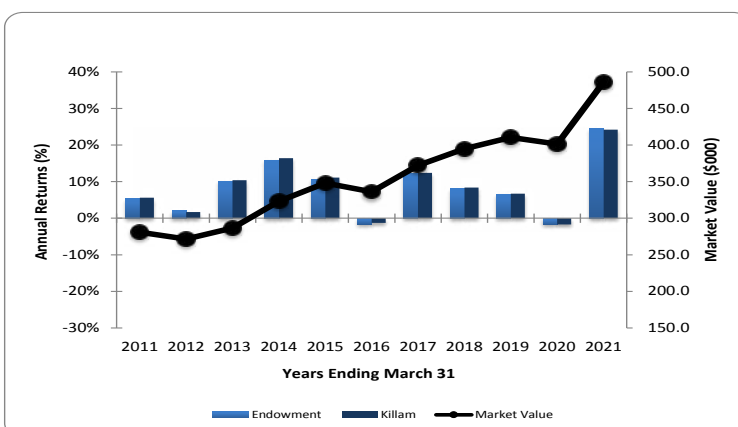
Investment Income

The financial markets in which the Council invests are diversified and, in 2020-21, both the Endowment and Special Funds and the Killam Fund generated exceptional positive annual returns of 24.5% and 24.2%, respectively, compared to negative annual returns of 1.7% for both the Endowment and Special Funds and the Killam Fund in 2019-20. The significant positive returns of the portfolio are mainly due to the Canadian and Global equity markets that generated record highs for the one-year return at 44.2% and 36.5%, respectively.

The Council's investment policy prescribes for 2020-21 that cash can be withdrawn from the portfolio at a rate of up to 3.5% of the previous three-year average market value for both the Endowment and Special Funds and the Killam Fund. This approach recognizes the need to balance returns with the long-term preservation of capital.

The following chart shows the annual portfolio returns for the Council in each year since 2011 and the corresponding effect that these returns have had on the year-end market value. The chart also demonstrates how 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 funds. This proactive approach is intended to bring additional stability and long-term growth for the Council's investment portfolio.

Annual Portfolio Returns



With the exceptional rebound of the market during the last year, the portfolio provided an excess of \$17.6 million of net realized investment income over the \$13.2 million budgeted amount. The main contributors were large distributions of dividends by the equity and fixed income pooled funds totaling \$21.4 million and significant realized gains of \$18.3 million coming mainly from reshuffling the investment management structure within the Global Equity asset class and moving the Canadian Equity segregated fund into a pooled fund.

Other revenues

Other revenues include the cancellation of grants awarded in previous years, donations, tax rebates, and other sources of revenues received. During the year, the Council recovered \$0.5 million more in unused grants than budgeted mostly due to returns of grants related to travel activities that were cancelled with COVID-19 travel restrictions. The Council also received an additional \$1.5 million from the departments of Global Affairs

Canada and Canadian Heritage, in addition to the \$5.1 million received in the previous year, to support program activities related to the 2020 Frankfurt Book Fair. These explain the positive variance of \$1.8 million compared to budgeted amounts.

Program expenses

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

(in thousands of dollars)	Budget 2021	Actual 2021	Actual 2020
Grant, author payments and prizes	\$ 319,711	\$ 394,587	\$ 289,928
Transfer program delivery	26,016	21,205	23,181
Arts community services	9,232	2,800	3,402
Net Art Bank results	111	27	1
Canadian Commission for UNESCO	2,623	2,446	2,512
	\$ 357,693	\$ 421,065	\$ 319,024

In 2020-21, program expenses accounted for 94.9% of the Council's total expenses of \$443.6 million, an increase of 1% compared to previous year. Overall, program expenses are \$102.0 million more than the previous year.

The vast majority of the program expenses are related to grants, author payments and prizes at \$394.6 million which were \$74.9 million above budget. The \$104.7 million increase compared to the previous year is explained mostly by an inflow in the grants budget of \$32.4 million, representing 92.6% of the additional \$35 million in government funding plus a \$62.8 million received from government to deliver COVID-19 Emergency Support Fund to the arts sector.

In addition to the new funds, the Council reinvested a total of \$12.6 million into grant expenses from intra-year savings and delayed projects due to COVID, which was higher than the previous year's reinvestment of \$4.5 million.

As part of its strategic commitment to increase direct support to artists, the Council also distributed \$14.8 million in payments to authors via the Public Lending Right program. The Council also distributed \$1.7 million in prizes and awards that recognize excellence and innovation in Canada, a reduction of \$1.1 million compared to last year due to the postponement of some prizes because of COVID-19.

Transfer program delivery costs represent the direct cost of operating the Council's grants, prizes and Public Lending Right programs. These include salaries, benefits, adjudication of programs, travel, professional services and prizes promotion. The costs of transfer program delivery totaled \$21.2 million for the year, \$4.8 million below the budgeted amount. This shortfall from the budgeted amount was mostly due to savings of \$1.6 million in peer assessors committees' costs with meetings now being held virtually, of \$1.2 million in salaries and benefits and \$1.0 million in staff travel due to travel restrictions imposed by the COVID-19 pandemic. The Council continues to review and simplify processes by modernizing its current systems to create the efficiency required to respect its high delivery standards but with a much higher volume of applications.

Services to the arts community include other types of financial support such as partnerships (which provide funding to support the arts), research, workshop expenses, event costs and program evaluation. These costs were lower than the previous year by \$0.6 million but lower than budget by \$6.4 million, savings which contributed half of the \$12.6 million reinvestment in grants. This year the Council had to postpone or even cancel its planned events and partnerships because of COVID-19.

Net Art Bank results were \$84 thousand under budget in 2020-21. The Art Bank was limited in its activities during the year because of COVID-19 restrictions. The majority of active rental contracts were renewed but very few new contracts were signed which resulted in lower rental revenues than budgeted. With most of the in-person outreach and promotion activities put to a halt, the reduction in rental and staff travel costs more than compensated for the loss of revenues.

The Canadian Commission for UNESCO (CCUNESCO) had net expenses of \$2.4 million in 2020-21, a decrease of \$66 thousand in comparison to last year, and slightly under budget by \$177 thousand. The decrease in program expenses is related to planned activities that took place virtually instead of in-person due to COVID travel restrictions. CCUNESCO, established by an Order in Council in 1957, supports UNESCO priorities, networks and activities in Canada; encourages Canadian participation in UNESCO activities domestically and abroad, including the provision of expert advice and assistance from both governmental and non-governmental organizations; and provides advice about UNESCO to various levels of governments, including Global Affairs Canada.

General Administration

General administration expenses include the cost of the Council Secretariat, Communications, and Corporate Services (which includes Finance, Human Resources, Information Management/Technology and Administrative Services). Items include salaries and benefits, travel, accommodation, professional services, amortization, and others. At \$22.5 million, these costs were higher than budget by \$2.3 million mostly explained by a voluntary retirement package that was offered to employees over 60 years of age which represented a cost of \$1.7 million. The general administration expenses represented 5.1% of total expenses compared to 6.1% in 2019-20. The Council continues to exercise fiscal restraint and seek efficiencies regarding general administration costs.

REMEASUREMENT GAINS AND LOSSES

The accumulated remeasurement gains from portfolio investments as at March 31, 2021 were \$45.8 million. These are the accumulated unrealized gains, net of reclassification to the Statement of Operations upon realization, for changes in fair value of the Council's unrestricted portfolio investments.

RISK MANAGEMENT

Effective risk management is fundamental to the success of the Council in fulfilling its mandate. The Council continues to develop a strong risk management culture where risk management is a responsibility shared by all of its employees. The primary goal of enterprise risk management is to ensure that the outcomes of risk-taking activities are consistent with the Council's plans, strategies and risk appetite.

The Council's existing risk management framework consists of four key elements:

- risk governance;
- risk appetite;
- risk profile, assessment, and mitigation; and,
- financial risk mitigation.

Risk Governance

The Council's risk management governance begins with oversight by its Board, either directly or through its committees, to ensure that decision-making is aligned with strategies and risk appetite. The Board receives regular updates on the Council's key risks including its risk profile and related mitigation, financial performance and performance of the investment portfolio. The Council's executive management is responsible for risk management under the direct oversight of the Board.

Risk Appetite

The Council follows a prudent risk-taking approach in managing its activities. It defines prudent risks as those seen to contribute to the organization's capacity to better deliver its mandate within a range of consequences that are well understood and appropriately mitigated. It manages risk within the constraints of its mandate, values, organizational culture, and both its public and internal commitments.

<i>Risk Category</i>	<i>Area of Work</i>	<i>Canada Council Risk Appetite</i>
Strategic risk	Mandate and reputation	<p>The Council will avoid any situations that could adversely affect its support of the arts in Canada.</p> <p>The Council is cautious in accepting risks that could affect its ability to build and sustain reputational strength with the public.</p> <p>The Council will accept risk in activities that support artistic aspirations, creativity and innovation as these are essential to the development and evolution of a vital and diverse arts sector that enriches the lives of all Canadians.</p>
Program delivery risk	Granting processes	<p>The Council is accountable to its stakeholders (government, clients, and the general public) for the effective delivery of its funding programs. As such, it will avoid any situations that could negatively impact the rigour and transparency of its granting processes.</p> <p>With regards to its suite of funding programs and support to the arts community, the Council will not put at risk its ability to be flexible and responsive to changes in the arts environment.</p>
Human Resources risk	Internal structure Staffing	The Council is willing to accept moderate risks that could lead to improved internal structure, staffing, and services, as well as overall strategy execution to enable continuous improvement of its operating performance.
Information and systems risk	Services Systems	The Council is willing to accept moderate risks that could lead to improved processes and efficiencies in program delivery to enable continuous improvement of its operating performance.
Financial risk	Financial management Investments	<p>The Council will avoid any financial decisions or activities that would negatively impact its cost-effectiveness.</p> <p>Risk decisions for investments will be consistent with the Council's <i>Board Statement of Investment Beliefs</i> and <i>Statement of Investment Policies and Goals</i>.</p>
Compliance risk	Legislative and corporate reporting requirements	The Council will avoid any risks that could affect its capacity to independently govern itself or its ability to meet its legislative obligations.

Risk Profile

Using the Council's risk appetite as key context, a new risk management framework was created in the fall of 2018. Every year the Council reviews the identified risks which are ranked based on likelihood and potential impact on the Council's operations with a focus on potential operational, financial, and reputational dimensions. The corporate risk profile highlighting the top risks areas and their mitigation strategies was presented to the Board in October 2020.

The risk mitigation strategies and related activities are monitored on an ongoing basis by assigned members of the executive management to reduce the risk exposure. Regular updates on these risks are provided to the Audit and Finance Committee to ensure continuous oversight and the effectiveness of the mitigation strategies that have been put in place.

Financial Risk

The Council is exposed to a variety of financial risks as a result of its activities. These include credit risk, liquidity risk, and market risk. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council. A significant portion of the Council's receivables are expected to be received within 90 days after year-end and as such the related credit risk is very low. Liquidity risk is the risk that Council will not be able to meet its financial obligations as they fall due. The Council currently receives most of its revenues by way of Parliamentary appropriations drawn down monthly. That revenue is invested in a preferred rate account at a financial institution until it is required. The Council's investment activities are primarily exposed to price risk, interest rate risk and currency risk. The directive to the Council's investment managers is to manage the Council's market risks on a daily basis in accordance with the Council's policies. Overall market positions are monitored quarterly by the Investment Committee and the Board.

GOVERNANCE

Board mandate

The Canada Council for the Arts is led by a director and CEO appointed by the [Governor in Council](#) and 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.

As a steward of the Council, the Board is responsible for the oversight of the organization's policies, programs, budgets, granting decisions and strategic planning. The Board is accountable to Parliament through the Minister of Canadian Heritage.

The general duties of the Board are described in the Council's [By-laws](#) and [Governance Policy](#).

Highlights

In 2020–21, the Board held six meetings, during which it:

- welcomed the first Indigenous Chair of the Council, Jesse Wenté, as well as one new Board member, Gaëthane Verna;
- approved emergency assistance of more than \$500,000 to arts organizations through the federal government's COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations;
- approved the Council's 2021–26 strategic plan;
- approved the nomination of a new member to the Governance and Nominating Committee, as well as two appointments and one reappointment of external members on the Investment Committee;
- exercised oversight on the Council's budgets and various policies, including changes to the *Statement of Investment Policies and Goals*;
- continued to exercise its oversight of the Council's internal shift to digital operations and service delivery;
- approved the *Operational and Capital Budget*, the *Annual Financial Statements*, the Council's Risk Management Profile and the *2021–22 to 2023–24 Rolling Risk-Based Internal Audit Plan*; and
- held a virtual annual public meeting on January 26, 2021.

All Board meetings were held virtually as a result of the COVID-19 pandemic, in line with public health restrictions on gatherings.

Board independence

All members of the Board are independent. While the Director and CEO and executive management attend Board meetings to provide information and report on activities, only Board members may vote and make decisions. Board committees are composed of Board members. The Investment Committee also includes external experts selected for their knowledge and expertise. At each Board meeting, in camera sessions are held with the Director and CEO and with Board members only.

A culture of ethical business conduct

Board members, as part-time public office holders, are bound by the federal government's [Conflict of Interest Act](#) and the [Values and Ethics Code for the Public Sector](#). The Board is required to disclose any real, apparent or potential conflicts of interest on an annual basis and as they occur throughout the year.

Corporate social responsibility

The Council is committed to carrying out its role and mandate in a way that is guided by corporate social responsibility. As such, it strives to be a leader in terms of social, ethical, and environmental policies and practices, and considers social, ethical and environmental impacts in all decisions.

To fulfil this commitment, the Council:

- conducts its business with honesty, integrity, and fairness, and ensures that ethical considerations and implications are embedded in all decision-making processes;
- works with and is inspired by the community that it serves—Canadians as a whole. It strives to inspire Canadians through a vital and diverse arts sector that enriches communities and reaches markets across the world;
- strives to provide an organizational climate that demonstrates respect, encourages well-being, and stimulates and supports employee performance and development;
- is forward-thinking and proactive in reducing its environmental footprint and incorporates environmental sustainability considerations into its activities; and
- recognizes the importance of public accountability and open communications and conducts its business in a transparent manner in order to maintain the trust and confidence of its stakeholders.

The Board oversees these commitments and is responsible for integrating social, environmental, and ethical considerations into all Board-related matters.

Appointments

Jesse Wenté was appointed as Chair of the Board for a five-year term effective from July 28, 2020, to July 27, 2025. This appointment followed the Governor in Council application and selection process, which is open, transparent, and merit-based to ensure the integrity of its public institutions. Jesse Wenté had been a member of the Board since April 5, 2017. He succeeded Pierre Lassonde, who held the position for the last five years.

Gaëthane Verna was appointed to the Board for a four-year term effective from September 30, 2020, to September 29, 2024.

As at March 31, 2021, the vice-chair position was vacant.

Onboarding program

New Board members receive a comprehensive information package prior to their first meeting. They also participate in an orientation session with executive management and sit in on committee meetings to learn about the Council's work. Orientation sessions are held with new Board members prior to any committee meetings to which they have been appointed.

Board diversity

The Council has a history of embedding values of equity and diversity within its operations. The "Board Diversity Statement of Principles" in the *Governance Policy* is intended to summarize and make public the Council's values and objectives related to board diversity. This includes representation on the Board of Canada's official languages, regions, generations, Deaf and disability, Indigenous Peoples, Black people, and racialized people, along with gender equity and diversity.

Performance evaluation

Annually, under the direction of the Governance and Nominating Committee, the Board evaluates the performance of the full Board and its committees.

The Director and CEO's performance is assessed annually by the Board, based on the Privy Council Office's Performance Management Program for Chief Executive Officers of Crown corporations. The Board communicates the results of the Director and CEO's annual performance evaluation to the Minister of Canadian Heritage.

Communications and reporting

In accordance with specific acts and regulations, and to ensure ongoing communications and transparency, the Council submits several reports on an annual basis to different government departments in line with deadlines set by legislation and/or responsible departments.

Annual Public Meeting

On January 26, 2021, the Council held its Annual Public Meeting (APM) virtually to report on its recent activities and plans. The meeting was live-streamed across the country in English, French, and sign languages (ASL and LSQ). Video recordings of the event, in fully accessible formats, are available on the Council's website along with the speeches from each of the event's speakers.

Annual Report

According to the *Canada Council for the Arts Act*, the Council must submit an annual report after each fiscal year to the Minister of

Canadian Heritage to be tabled in Parliament. The annual report presents all proceedings for the fiscal year, including the Council's financial statements.

Access to Information Act and Privacy Act

The Canada Council is responsible for completing an annual report on the administration of the *Access to Information Act* and an annual report on the administration of the *Privacy Act*. These reports are submitted to the Minister of Canadian Heritage to be tabled in Parliament.

Canadian Multiculturalism Act

The Canada Council is responsible for completing an annual report on the operation of the *Canadian Multiculturalism Act*. This report is submitted annually to the Department of Canadian Heritage.

Employment Equity Act

As a federal organization with over 100 employees, the Canada Council files an annual *Employment Equity Report* with Employment and Social Development Canada.

Official Languages Act

The Canada Council is responsible for implementing Parts IV, V, VI and VII of the *Official Languages Act*. It submits a multi-year action plan to Canadian Heritage regarding section 41 of Part VII of the Act. The Canada Council also presents an annual review detailing its activities under Part VII to the Department of Canadian Heritage. Every three years, it presents a report on Parts IV, V, VI and VII to the Department of Canadian Heritage and to the Treasury Board Secretariat.

Board Committees

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight, and monitoring of areas of concern. The committees' roles, responsibilities and reporting requirements are defined in the Council's [By-laws](#). There are four standing committees of the Board.

Executive Committee

The Executive Committee acts on behalf of the Board (with exceptions related to the approval or amendment of by-laws, policies, budgets, financial statements, grants or the annual report) in the interval between meetings of the Board. The Director and CEO is also a member of the Executive Committee, but in a non-voting capacity.

Membership: Pierre Lassonde (Chair until July 27, 2020), Jesse Wenté (Chair starting on July 28, 2020), Nathalie Bondil (Vice-Chair until March 12, 2021), Beverley K. Foy (Chair of the Audit and Finance Committee until June 5, 2021), and Cheryl Hickman (Chair of the Governance and Nominating Committee).

Audit and Finance Committee

The Audit and Finance Committee provides oversight of the Canada Council's financial performance and ensures the integrity, effectiveness and accuracy of the Canada Council's financial reporting, control systems, integrated risk management processes and audit functions. In camera sessions are held with the Office of the Auditor General, with the internal auditors and with Audit and Finance Committee members only.

Membership: Beverley K. Foy (Chair until June 5, 2021), David Binet, Karl Schwonik and Kim Spencer-Nairn (Interim Chair starting on June 6, 2021).

Governance and Nominating Committee

The Governance and Nominating Committee provides ongoing review and recommendations to the Board with respect to discharging its stewardship and oversight responsibilities on matters relating to corporate governance, the conduct of the Board's affairs, and human resources strategies and other related matters.

Membership: Cheryl Hickman (Chair), Jesse Wente (until July 27, 2020), David Binet, Ben Nind and Gaëtane Verna (starting on January 27, 2021).

Investment Committee

The Investment Committee oversees and provides 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: Beverley K. Foy, David Binet, Karl Schwonik (starting on March 23, 2021), and external experts Michael White (Chair), George Mavroudis (until June 13, 2020), John Montalbano (until September 30, 2020), Paul Robillard, Kim Shannon, Martha Tredgett, Helen Kearns (starting on April 15, 2020), Denis Larose (starting on June 23, 2020), and Brenda Eaton as the Killam representative (starting on October 6, 2020).

Advisory groups

Jennifer Dorner serves as Board representative on the Canadian Commission for UNESCO Executive Committee.

Ben Nind serves as Board representative to the Canadian Public Arts Funders network.

Proactive disclosure

The disclosure of grants, contributions, travel, and hospitality expense information of Board members and senior executives, contracts entered into for amounts over \$10,000, the reclassification of positions, and summary reports of completed access to information requests are posted on the Council's [website](#).



THE COUNCIL'S 2021 ANNUAL PUBLIC MEETING: AN IMPORTANT UPDATE

The Council's Annual Public Meeting (APM) is one of the ways it reports on its activities. It is a bridge between the accomplishments of the last fiscal year and the projects underway in the current year. Like many other organizations, this year the Council adapted its event in keeping with COVID-19-related public health measures and held its first all-virtual APM. The streamed event, which took place on January 26, 2021, had over 17,000 live views—a significant increase from 698 views the year before. This signals a strong digital uptake of the event by audiences across the country and around the world. While there were technical issues during the live stream that prevented some audiences from watching the event live, the Council posted a recording of the APM to its website immediately afterwards for ease of access.

The Council's 2021 APM featured remarks from four representatives from the organization: Director and CEO Simon Brault; Michelle Chawla, Director General of the Strategy, Public Affairs and Arts Engagement division; Jesse Wente, Chair of the Board; and Carolyn Warren, Director General of the Arts Granting Programs Division. The four speakers reflected on the Council's emergency response to the pandemic, issues of racism and discrimination in the arts, and the Council's forthcoming strategic plan. The four speakers also fielded questions from the online audience about various topics of relevance to the Council and the arts sector. The event was available in both official languages with simultaneous sign interpretation in American Sign Language (ASL) and Quebec Sign Language (QSL).

Disclosure of wrongdoing

In compliance with the *Council's Policy on the Internal Disclosure of Wrongdoing in the Workplace*, which is based on the requirements of the [Public Servants Disclosure Protection Act](#), a quarterly report on the disclosure of wrongdoing in the workplace is provided to the Audit and Finance Committee. In 2020–21, there were no internal disclosures of wrongdoing in the workplace.

Remuneration

The Board remuneration is fixed by the Governor in Council, pursuant to Section 6(1) of the *Canada Council for the Arts Act*. Per diem amounts are determined by the [Remuneration guidelines for part-time Governor in Council appointees in Crown corporations](#), published by the Privy Council Office.

Board members' compensation is comprised of an annual retainer and per diems. Board members are also eligible for reimbursement of travel.

The annual retainer is paid on a pro-rata basis. The rates are as follows:

- Chair: \$8,800
- Vice-Chair: \$4,700
- Board members: \$4,400

Per diems are a daily amount based on time spent on Board and Council business. The rates are as follows:

- Chair: \$375
- Vice-Chair: \$325
- Board members: \$325

In 2020–21, the total remuneration was:

- Board: \$52,500 (aggregate honorarium)
- Director and CEO: \$226,000–\$265,800 (fixed by the Governor in Council)
- Executive positions: \$125,900–\$165,700

Executive Management



At March 31, 2021, the Executive Management Committee consisted of (from left to right) Joanne Larocque-Poirier, Chief of Staff and Corporate Secretary; Carole Boileau, Chief Financial Officer and Chief Security Officer; Michelle Chawla, Director General, Strategy, Public Affairs and Arts Engagement; Ian Lovsin, Chief Information Officer; Simon Brault, Director and CEO; and Carolyn Warren, Director General, Arts Granting Programs.

Photo: Christian Lalonde

Board Members (as at March 31, 2021)



Jesse Wente
Chair (Toronto, Ont.)



David Binet
(Toronto, Ont.)



Jennifer Dorner
(Montréal, Que.)



Beverley K. Foy
(Calgary, Alta.)



Cheryl Hickman
(St. John's, N.L.)



Yann Martel
(Saskatoon, Sask.)



Ben Nind
(Yellowknife, N.W.T.)



Karl Schwonik
(Calgary, Alta.)



Kim Spencer-Nairn
(Vancouver, B.C.)



Gaëtane Verna
(Toronto, Ont.)

Board and Committee Meetings and Attendance (April 1, 2020, to March 31, 2021)

	Board Meetings	Executive Committee	Investment Committee	Audit and Finance Committee	Governance and Nominating Committee
Total Number of Meetings	6	0	4	7	3
Pierre Lassonde	2/2	--	Ex officio	Ex officio	Ex officio
Jesse Wente	6/6	--	Ex officio	Ex officio	Ex officio
Nathalie Bondil	2/5	--	Ex officio	Ex officio	Ex officio
David Binet	5/6	N/A	3/4	7/7	4/4
Jennifer Dorner	6/6	N/A	N/A	N/A	N/A
Beverley K. Foy	6/6	--	4/4	7/7	N/A
Cheryl Hickman	5/6	--	N/A	N/A	4/4
Ben Nind	6/6	N/A	N/A	N/A	4/4
Yann Martel	6/6	N/A	N/A	N/A	N/A
Karl Schwonik	6/6	N/A	N/A	7/7	N/A
Kim Spencer-Nairn	6/6	N/A	N/A	7/7	N/A
Gaëtane Verna	4/4	N/A	N/A	N/A	1/1

Notes:

- Pierre Lassonde's term as Board Chair ended on July 27, 2020.
- Jesse Wente was appointed Board Chair on July 28, 2020. He was a member of the Board until July 27, 2020. He became an Ex Officio member of the Investment Committee, the Audit and Finance Committee and the Governance and Nominating Committee on July 28, 2020.
- Gaëtane Verna was appointed to the Board on September 30, 2020. She became a member of the Governance and Nominating Committee on January 27, 2021.
- Nathalie Bondil resigned as Board Vice-Chair on March 12, 2021.
- Karl Schwonik became a member of the Investment Committee on March 23, 2021.

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Board is responsible for the management of the business and activities of the Council. 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 Council. The Audit and Finance Committee meets with Management, the internal auditors and the Office of 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 Council and for issuing the report thereon.

June 22, 2021



Simon Brault, O.C., O.Q., FCPA, FCGA
Director and Chief Executive Officer



Carole Boileau, CPA, CA
Chief Financial Officer



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2021, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Canada Council for the Arts coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are 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.

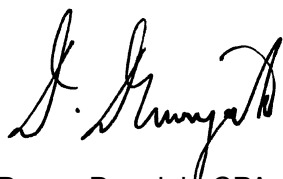
In our opinion, the transactions of the Canada Council for the Arts that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Canada Council for the Arts' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Canada Council for the Arts to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Dusan Duvnjak, CPA, CMA
Principal
for the Auditor General of Canada

Ottawa, Canada
22 June 2021

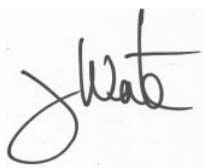
Statement of Financial Position

As at March 31 (in thousands of dollars)	2021	2020
FINANCIAL ASSETS		
Cash	\$ 81,065	\$ 21,624
Accounts receivable	2,925	3,347
Portfolio investments (Note 4)	479,820	391,200
Total financial assets	563,810	416,171
LIABILITIES		
Grants, author payments and prizes payable	119,590	58,070
Accounts payable and accrued liabilities	5,565	5,128
Deferred revenues	6,506	6,604
Employee future benefits (Note 6)	5,155	4,340
Deferred revenues - Externally restricted contributions (Note 7)	71,273	50,253
Total liabilities	208,089	124,395
NET FINANCIAL ASSETS	\$ 355,721	\$ 291,776
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	13,078	11,446
Art Bank assets (Note 9)	19,466	19,465
Musical instruments (Note 10)	1	1
Prepaid expenses	774	748
Total non-financial assets	33,319	31,660
ACCUMULATED SURPLUS (Note 11)	\$ 389,040	\$ 323,436
Accumulated surplus is comprised of:		
Accumulated surplus from operations	343,248	323,468
Accumulated remeasurement gains (losses)	45,792	(32)
ACCUMULATED SURPLUS	\$ 389,040	\$ 323,436

Contractual obligations and commitments (Note 16)

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

APPROVED BY THE BOARD



Jesse Wente
Chair



Kim Spencer-Nairn, CPA
Interim Chair, Audit and Finance Committee

Statement of Operations

	Budget 2021	Actual 2021	Actual 2020
For the year ended March 31 (in thousands of dollars)			
Revenues			
Net realized investment income (Note 12)	\$ 13,189	\$ 30,784	\$ 23,693
Other revenues	2,160	3,959	7,297
Total revenues	15,349	34,743	30,990
Expenses			
Transfer Programs			
Grants, author payments and prizes (Schedule I)	319,711	394,587	289,928
Transfer program delivery (Schedule II)	26,016	21,205	23,181
Arts community services (Schedule III)	9,232	2,800	3,402
	354,959	418,592	316,511
Net Art Bank results (Note 13)	111	27	1
Canadian Commission for UNESCO (Note 14)	2,623	2,446	2,512
General administration (Schedule II)	20,266	22,529	20,659
Total expenses	377,959	443,594	339,683
Deficit from operations before Parliamentary appropriations	(362,610)	(408,851)	(308,693)
Parliamentary appropriations	362,644	428,631	327,771
SURPLUS FROM OPERATIONS	34	19,780	19,078
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF YEAR	335,121	323,468	304,390
ACCUMULATED SURPLUS FROM OPERATIONS, END OF YEAR	\$ 335,155	\$ 343,248	\$ 323,468

Statement of Remeasurement Gains and Losses

	2021	2020
For the year ended March 31 (in thousands of dollars)		
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	\$ (32)	\$ 30,731
Unrealized gains (losses) attributable to:		
Portfolio investments	60,724	(19,733)
Amounts reclassified to the Statement of Operations:		
Portfolio investments	(14,900)	(11,030)
NET REMEASUREMENT GAINS (LOSSES) FOR THE YEAR	45,824	(30,763)
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	\$ 45,792	\$ (32)

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

Statement of Changes in Net Financial Assets

	Budget 2021	Actual 2021	Actual 2020
For the year ended March 31 (in thousands of dollars)			
ANNUAL SURPLUS FROM OPERATIONS	\$ 34	\$ 19,780	\$ 19,078
Acquisition of tangible capital assets (Note 8)	(7,017)	(3,630)	(3,347)
Write-down of tangible capital assets	-	23	-
Amortization of tangible capital assets (Note 8)	3,190	1,975	1,694
Acquisition of Art Bank assets (Note 9)	-	(1)	(10)
	(3,827)	(1,633)	(1,663)
Acquisition of prepaid expenses	-	(798)	(871)
Use of prepaid expenses	-	772	347
	-	(26)	(524)
Net remeasurement gains (losses)	-	45,824	(30,763)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(3,793)	63,945	(13,872)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	291,776	291,776	305,648
NET FINANCIAL ASSETS, END OF YEAR	\$ 287,983	\$ 355,721	\$ 291,776

Statement of Cash Flows

	2021	Restated (Note 3) 2020
For the year ended March 31 (in thousands of dollars)		
Operating Transactions		
Surplus from operations	\$ 19,780	\$ 19,078
Gains from disposal of portfolio investments (Note 12)	(18,332)	(11,526)
Dividend and other distributed income - reinvested (Note 12)	(11,559)	(11,084)
Amortization of tangible capital assets (Note 8)	1,975	1,694
Write-down of tangible capital assets	23	-
Increase in prepaid expenses	(26)	(524)
Increase in employee future benefits	815	473
Income transferred to Deferred revenues - Externally restricted contributions from investment income (Note 7)	7,705	4,702
Net change in other non-cash items (Note 15)	62,288	(10,576)
Cash provided (used) by operating activities	62,669	(7,763)
Capital Transactions		
Acquisition of tangible capital assets (Note 8)	(3,675)	(3,389)
Acquisition of Art Bank assets (Note 9)	(1)	(10)
Cash used by capital activities	(3,676)	(3,399)
Investing Transactions		
Acquisition of portfolio investments	(152,859)	(32,678)
Disposal of portfolio investments	152,016	31,284
Cash used by investing activities	(843)	(1,394)
NET INCREASE (DECREASE) IN CASH	58,150	(12,556)
CASH, BEGINNING OF YEAR	23,852	36,408
CASH, END OF YEAR	82,002	23,852
Represented by:		
Cash	81,065	21,624
Cash held for investment purposes included in the portfolio investments	937	2,228
	\$ 82,002	\$ 23,852

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

Notes to the Financial Statements

March 31, 2021

1. AUTHORITY, MANDATE AND ACTIVITIES

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. Transfer Program delivery expenses represent the direct costs of program delivery. Arts community services expenses represent costs incurred for non-grant activities in fulfillment of the Council's mandate. General administration costs represent the costs related to corporate management, communications, human resources, information management, finance, accommodation and amortization.

The Canadian Commission for UNESCO (CCUNESCO) was established by the Council pursuant to a 1957 Order in Council. The CCUNESCO acts as a forum for governments and civil society to mobilize the participation of Canadians in UNESCO's mandated areas of education, natural and social sciences, and culture, communication and information. The Secretariat for the CCUNESCO is provided by the Council and led by a Secretary General who reports directly to the Director and Chief Executive Officer.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Council is an "other government organization." These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as promulgated by the Chartered Professional Accountants (CPA) of Canada.

The Council's significant accounting policies are as follows:

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 subsequently measured on the Statement of Financial Position:

Financial asset or liability	Subsequent measurement
Accounts receivable	Amortized cost
Portfolio investments	Fair value
Grants, author payments and prizes payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Portfolio investments

Unrealized changes in the fair value of portfolio investments are recognized in the Statement of Remeasurement Gains and Losses, except for the restricted portion which is recognized as a liability under Deferred revenues - Externally restricted contributions. Once realized, the cumulative gain or loss previously recognized in the Statement of Remeasurement Gains and Losses is recorded in net realized investment income on an average cost basis for the year. The realized gains and losses on externally restricted contributions are recognized in accordance with the externally restricted contributions accounting policy. Purchases and dispositions of portfolio investments are recorded on the trade date. Management fees charged are expensed in the year they are incurred.

The cash held for investment purposes is included in portfolio investments in the Statement of Financial Position and also shown as a separate item in the Statement of Cash Flows.

A decline in the fair value considered to be other than temporary is recognized as an impairment loss and is removed from the Statement of Remeasurement Gains and Losses and reported in net realized investment income in the Statement of Operations.

Tangible capital assets

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

Office equipment	10 years
Computer equipment	4 years
Computer software	7 years
Leasehold improvements	remaining term of the lease

The estimated useful lives, residual values and depreciation method are determined in the capital asset policy, which is reviewed on a regular basis with the effect of any changes in estimate accounted for on a prospective basis.

Work in progress represents the costs incurred to date on a capital project that is incomplete and not in use, or for system implementations, when the system is not in production at the end of an accounting period. Work in progress projects are not amortized until in use or in production.

Art Bank assets

The Art Bank assets are carried at the cost of purchase or independently appraised value of donation plus cost of framing, mounting and shipping when acquired. If the cost of assets, less any estimated residual value, is greater than the appraised value, it will be amortized over the estimated useful lives of these assets which is 50 years.

Musical instruments

Musical instruments, which have cultural and historical value, are recorded at nominal value in the Statement of Financial Position as a reasonable estimate of the future benefits associated with such assets cannot be made.

Employee future benefits

i) PENSION BENEFITS

Substantially all of the employees of the Council are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Council to cover current service cost. Pursuant to legislation currently in place, the Council has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Council.

Notes to the Financial Statements (continued)

March 31, 2021

ii) SEVERANCE BENEFITS

In 2012, under labour contracts and conditions of employment, the decision was made to terminate the severance benefits. The severance benefit obligation for eligible employees who will retire or resign, that accrued up to June 30, 2012 and remains unpaid, is adjusted at year end to reflect actuarial gains and losses and salary adjustments.

iii) RETIREES' BENEFITS

The Council provides extended health care and dental benefits to its current and retired employees. Retirees pay 50% of the extended health care premium and 100% of the dental premium. The Council accrues its obligations as the employees render the services necessary to earn these benefits. The cost of these benefits earned by employees has been estimated using the accrued benefit method (Projected unit credit).

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains (losses) are amortized over the average remaining service period of active employees.

Deferred revenues - Externally restricted contributions

Externally restricted income is recognized as revenue in the Statement of Operations in the year in which the resources are used for the purpose or purposes specified. An externally restricted inflow, excluding original principal, received before this criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Endowment principal - Externally restricted contributions

Externally restricted contributions consist of endowments and restricted donations received by the Council that are required to be maintained intact. They are reported under Accumulated Surplus from Operations.

Reserve for excess investment income

This reserve represents the sum of excess investment income since the establishment of the Council in 1957 and is presented as a separate internal reserve within the accumulated surplus from operations. In years when net investment income exceeds the amount of net budgeted investment income, an amount may be transferred from the accumulated surplus from operations to the reserve for excess 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 accumulated surplus from operations from the reserve for excess investment income. These transfers are approved by the Board.

Revenue recognition

i) PARLIAMENTARY APPROPRIATIONS

Parliamentary appropriations are considered government transfers and are recognized as revenue in the year for which they are approved by Parliament. Parliamentary appropriations received for specific projects are deferred when the stipulations and circumstances create an obligation that meets the definition of a liability. They are subsequently recognized on the Statement of Operations when the obligation no longer exists.

ii) RESTRICTED AND UNRESTRICTED CONTRIBUTIONS

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

Externally restricted contributions that are to be held in perpetuity are recognized as revenue in the year in which they are received. The externally restricted contributions that are not held in perpetuity, externally restricted investment income, and realized and unrealized gains and losses on externally restricted investments are recorded as a liability until the resources are used for their specified purpose, at which time the contributions are recognized as revenue.

Unrestricted 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 consist mostly of donations to the Art Bank assets and are recorded at their appraised value as a non-financial asset and as revenue under Net Art Bank results when they are received.

iii) ART BANK RENTAL REVENUES

Rental revenues generated from Art Bank assets are recognized in the year in which services are provided. They are included in Net Art Bank results on the Statement of Operations.

iv) OTHER REVENUES

Other revenues consist mainly of the cancellation in the current year of grants approved in previous years and contributions for partnership agreements.

v) FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate in effect at the date of the Statement of Financial Position. Revenue and expense items are translated at exchange rates prevailing throughout the year. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses, except for the restricted portion which is recognized as a liability under Deferred revenues - Externally restricted contributions. Once realized, the cumulative gain or loss is recognized in net realized investment income on the Statement of Operations.

Grants, author payments and prizes

Grants, author payments and prizes are considered to be a government transfer. They are recorded as an expense in the year for which they are budgeted and approved by the Board, authority to pay has been obtained through the *Appropriation Act*, and results communicated to the applicants.

Operating leases

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

Notes to the Financial Statements (continued)

March 31, 2021

Measurement uncertainty

The preparation of financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting year. Employee future benefits liabilities, the estimated useful lives of tangible capital assets, the residual and appraised value of the Art Bank assets, and the fair value of financial instruments are the most significant items where estimates are used.

With respect to the portfolio investments, the level of measurement uncertainty varies based on the classification of the financial instruments in the fair value hierarchy as described in Note 5. Due to the inherent nature of Level 3 financial instruments measured using unobservable inputs there is a significant level of measurement uncertainty.

Actual results could differ from those estimated.

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i) Inter-entity transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered.
- ii) Goods or services received without charge between commonly controlled entities are not recorded.

Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Budget

Budgeted figures, as approved by the Board, have been provided for comparison purposes.

3. RESTATEMENT OF THE STATEMENT OF CASH FLOWS

The Council receives dividends and other distributed income from its portfolio investments. Some of these are received as cash, while others are automatically reinvested without any cash consideration received. The Council has restated comparative figures in its Statement of Cash Flows to exclude those non-cash transactions, which had previously been presented as operating cash inflows and investing cash outflows. There was no impact on the Surplus from operations or Net Decrease in Cash for the year as a result of the restatement.

The impact of the restatement on the comparative figures for the year ended March 31, 2020 is as follows:

Operating Transactions:		(in thousands of dollars)
Cash provided by operating activities		
- As previously reported	\$	3,321
- Dividend and other distributed income - reinvested		(11,084)
Cash provided (used) by operating activities	\$	(7,763)
Investing Transactions:		
Cash used by investing activities		
- As previously reported	\$	(12,478)
- Adjustment to Acquisition of portfolio investments		11,084
Cash used by investing activities	\$	(1,394)

4. PORTFOLIO INVESTMENTS

	2021					2020		
	Cost	Unrealized losses	Unrealized gains	Fair value		Cost	Fair value	
(in thousands of dollars)	\$	\$	\$	\$	%	\$	\$	%
Canada Council Endowment and Special Funds								
Pooled funds								
Canadian Equity	43,853	-	13,051	56,904	14	8,205	6,896	2
Global Equity	163,732	1,724	20,047	182,055	46	139,975	131,213	41
Fixed income	87,460	126	189	87,523	22	87,118	87,258	27
Alternatives	20,630	-	13,356	33,986	9	20,630	29,259	9
Canadian Equity	-	-	-	-	-	35,086	28,122	9
Real estate	7,557	-	1,083	8,640	2	7,660	9,802	3
Infrastructure	22,708	942	5,177	26,943	7	23,537	29,958	9
Cash	937	-	-	937	-	1,583	1,583	-
	346,877	2,792	52,903	396,988	100	323,794	324,091	100
Killam Fund								
Pooled funds								
Canadian Equity	9,419	-	1,786	11,205	14	8,795	6,959	10
Global Equity	34,500	357	4,040	38,183	46	27,741	26,001	39
Fixed income	17,790	43	48	17,795	21	17,704	17,715	26
Alternatives	5,298	-	3,422	8,720	10	5,298	7,507	11
Real estate	1,939	-	274	2,213	3	1,965	2,530	4
Infrastructure	3,769	236	1,183	4,716	6	4,168	5,752	9
Cash	-	-	-	-	-	645	645	1
	72,715	636	10,753	82,832	100	66,316	67,109	100
Total Portfolio investments	419,592	3,428	63,656	479,820		390,110	391,200	

Notes to the Financial Statements (continued)

March 31, 2021

Unrealized gains/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 Council does not consider these investments to be other-than-temporarily impaired as at March 31, 2021.

The Council manages two separate portfolios, the Canada Council Endowment and Special Funds as well as the Killam Fund. The Killam's will requested that their donation be invested separately. Apart from the Killam Fund, all other externally restricted contributions are consolidated into the Canada Council Endowment and Special Funds and represent 8% (2020 - 8%) of that Fund with a total fair value of \$31,799,000 (2020 - \$25,960,000). The total fair value of the externally restricted investment including the Killam Fund is \$114,631,000 (2020 - \$93,069,000).

All transactions for the externally restricted contributions are initially paid by or received in the Council's general bank account thus creating temporary interfund balances. The interfund balance of externally restricted contributions owed to Council at March 31, 2021 by the Special Funds is \$4,083,000 (2020 - \$4,058,000) and owed by the Killam Fund is \$2,606,000 (2020 - \$3,187,000).

The long-term objectives of the Canada Council Endowment and Special Funds as well as the Killam Fund 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 three real estate funds and six infrastructure funds (March 31, 2020 - also into a segregated Canadian equity fund). The permitted and prohibited investments, the asset mix as well as some maximum holding quantity restrictions are governed by a Board approved investment policy to mitigate risk. All of the investments are managed by professional investment managers.

The Council manages its portfolio to the following benchmarks as per the *Statement of Investment Policies and Goals* approved by the Board. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset Classes	Market Value	Minimum	Benchmark	Maximum
Canadian equities	14%	5%	12.5%	20%
Global equities	46% ¹	35%	40%	45%
Fixed income	22%	15%	25%	35%
Alternatives	9%	0%	10%	15%
Real estate	2%	0%	5%	10%
Infrastructure	7%	0%	7.5%	10%
Money market/Cash	0%	0%	0%	10%

¹ The *Statement of Investment Policies and Goals* indicates that any allocations outside the ranges shall be rebalanced towards the mid-point of the range within six months of the quarter end.

The amounts in the money market or cash asset classes are for future investments or to fund capital calls on commitments already approved and signed.

Investments in the equity pooled funds are comprised of units of six pooled funds, two Canadian funds and four funds that are invested in the global equity markets (March 31, 2020 - the Council also had a Canadian equity segregated fund for the Endowment and Special Funds). The Canadian equities are measured against the returns of the Standard and Poor's Toronto Stock Exchange (S&P/TSX) Index. The global equities are measured against the returns of the Morgan Stanley Capital International (MSCI) All Country World Index. Investments in the fixed income pooled funds are comprised of a mix of bonds, mortgages, emerging debt and other fixed income instruments. The fixed income funds are measured against the returns of the FTSE Canada Universe Bond Index. Investments in the alternative pooled funds are comprised of units of one hedge fund with diversified positions across global asset classes. This investment is measured against the returns of the FTSE Canada 91-day T-bill plus 4%. The assets included in the real estate funds are commercial real estate properties in Canada, the United States and globally. These investments are measured against the returns of the Investment Property Databank. The infrastructure funds include six portfolios of diversified infrastructure investments. These investments are measured against the Consumer Price Index (CPI) plus 4.5%.

5. FINANCIAL RISKS AND FAIR VALUE

a) Establishing fair value

The carrying value of accounts receivable, grants, author payments and prizes payable and accounts payable and accrued liabilities approximates their fair values due to their short-term maturity.

The fair values of the investments are determined as follows:

- Canadian Equity, Global Equity, Fixed Income, and Money Market pooled fund investments are valued at the unit values supplied by the pooled fund external managers, which represent the Council's proportionate share of the underlying net assets at fair values, determined using closing market prices.
- The segregated Canadian equity fund was valued using closing market prices at March 31, 2020.

- The Alternatives is a pooled fund investment which is valued at the unit values supplied by the external pooled fund manager. The fund manager manages multiple funds with different strategies within the fund and determines the unit's fair value predominantly using valuation models with unobservable inputs and for smaller portions using closing market prices when available.
- Real Estate and Infrastructure investment values are supplied by the external fund managers using internally determined appraisals as at March 31 based on valuation models with unobservable inputs.

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

(in thousands of dollars)

Financial assets and liabilities	Measurement categories	2021	2020
		Carrying amount and fair value (\$)	Carrying amount and fair value (\$)
Cash	Fair value	81,065	21,624
Accounts receivable	Amortized cost	2,925	3,347
Portfolio Investments ¹	Fair value	479,820	391,200
Grants, author payments and prizes payable	Amortized cost	119,590	58,070
Accounts payable and accrued liabilities	Amortized cost	5,565	5,128

¹ The detailed fair value for the portfolio investments is listed in Note 4.

Notes to the Financial Statements (continued)

March 31, 2021

b) Fair value hierarchy

The financial instruments are 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).

- 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 Statement of Financial Position, classified using the fair value hierarchy described above:

Financial assets at fair value as at March 31

(in thousands of dollars)	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	81,065	-	-	81,065	21,624	-	-	21,624
Portfolio Investments								
Canada Council Endowment and Special Funds								
Pooled Funds								
Canadian Equity	-	56,904	-	56,904	-	6,896	-	6,896
Global Equity	-	182,055	-	182,055	-	131,213	-	131,213
Fixed Income	-	87,523	-	87,523	-	87,258	-	87,258
Alternatives	-	-	33,986	33,986	-	-	29,259	29,259
Canadian Equity	-	-	-	-	28,122	-	-	28,122
Real Estate	-	-	8,640	8,640	-	-	9,802	9,802
Infrastructure	-	-	26,943	26,943	-	-	29,958	29,958
Cash	937	-	-	937	1,583	-	-	1,583
Killam Fund								
Pooled Funds								
Canadian Equity	-	11,205	-	11,205	-	6,959	-	6,959
Global Equity	-	38,183	-	38,183	-	26,001	-	26,001
Fixed Income	-	17,795	-	17,795	-	17,715	-	17,715
Alternatives	-	-	8,720	8,720	-	-	7,507	7,507
Real Estate	-	-	2,213	2,213	-	-	2,530	2,530
Infrastructure	-	-	4,716	4,716	-	-	5,752	5,752
Cash	-	-	-	-	645	-	-	645
	937	393,665	85,218	479,820	30,350	276,042	84,808	391,200
Total	82,002	393,665	85,218	560,885	51,974	276,042	84,808	412,824

During the year, the Canadian Equity segregated fund within the Canada Council Endowment and Special Funds was transferred over to the Canadian Equity Pooled funds already invested in by the Killam Fund. There were no other transfers of amounts between Level 1 and 2.

Notes to the Financial Statements (continued)

March 31, 2021

The following table reconciles the changes in fair value of financial instruments classified as Level 3 during the year:

(in thousands of dollars)	2021				2020			
	Alternatives fund	Real estate funds	Infrastructure funds	Total	Alternatives fund	Real estate funds	Infrastructure funds	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Canada Council Endowment and Special Funds								
Opening balance	29,259	9,802	29,958	69,019	30,936	12,648	25,276	68,860
Total gains (losses)								
Recognized in remeasurement statement	4,348	(974)	(2,011)	1,363	(1,543)	(520)	(4,020)	(6,083)
Recognized in externally restricted contributions	379	(85)	(175)	119	(134)	(45)	(350)	(529)
Purchases	-	-	1,902	1,902	-	-	13,046	13,046
Sales	-	(103)	(2,731)	(2,834)	-	(2,281)	(3,994)	(6,275)
Closing balance	33,986	8,640	26,943	69,569	29,259	9,802	29,958	69,019
Killam Fund								
Opening balance	7,507	2,530	5,752	15,789	7,937	3,386	6,728	18,051
Total gains (losses)								
Recognized in externally restricted contributions	1,213	(291)	(637)	285	(430)	(173)	(1,453)	(2,056)
Purchases	-	-	247	247	-	-	1,526	1,526
Sales	-	(26)	(646)	(672)	-	(683)	(1,049)	(1,732)
Closing balance	8,720	2,213	4,716	15,649	7,507	2,530	5,752	15,789

Level 3 Sensitivity Analysis

In the course of measuring the fair value of financial instruments classified as Level 3, valuation techniques used incorporate assumptions that are based on unobservable inputs. As the underlying assumptions used in these valuations are not available to the Council a sensitivity analysis of reasonably possible alternate assumptions for estimation of the fair value measurement of the Level 3 financial instruments is not possible.

c) 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).

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 reduce the overall risk of the portfolio to an acceptable level.

i. CREDIT RISK

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

At the Statement of Financial Position date, financial assets exposed to credit risk include portfolio investments and accounts receivable. The carrying amounts of these financial assets represent the maximum credit risk exposure at the Statement of Financial Position date.

Through its investments in units of equity, fixed income, and alternatives pooled funds, and in limited partnership units of three real estate funds and six infrastructure funds (March 31, 2020 - also in a segregated Canadian equity 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 Council mitigates credit risk of accounts receivable through monitoring of the outstanding balances. As at March 31, 2021, there were no significant amounts past due and no impairment losses have been recognized.

ii. LIQUIDITY RISK

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

The Council receives most of its revenue by way of parliamentary appropriation from the Government of Canada. That revenue is temporarily invested in a preferred rate account in a financial institution until it is required.

Liquidity sources in the event of an immediate need to fulfill the timely payment guarantee include overdraft facilities and cash and short-term investments in marketable securities.

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 either the preferred rate account in a financial institution or from the portfolio investments ensures that the Council is able to meet its obligations and commitments. The portfolio investments classified into Levels 1 and 2 of the fair value hierarchy can be redeemed within a maximum of 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 Council has an investment policy that enables it to withdraw annual amounts from its investment portfolio valued up to 3.5% for the Endowment and Special Funds as well as for the Killam Fund (2020 - 3.5%) of the previous three-year average market value using balances at September 30.

Notes to the Financial Statements (continued)

March 31, 2021

The following table presents a maturity analysis based on historical data for the Council's financial liabilities as at March 31:

(in thousands of dollars)	Less than one year	Between one to two years	Over two years	2021 Total
	\$	\$	\$	\$
Financial Liabilities				
Grants, author payments and prizes payable	99,998	16,573	3,019	119,590
Accounts payable and accrued liabilities	4,860	705	-	5,565
	104,858	17,278	3,019	125,155

iii. MARKET RISKS

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

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

Measurement of market risk

The following details the Council's portfolio investments sensitivity to a 7.9% increase or decrease in market prices. The sensitivity rate is used when reporting market risk internally to key management personnel and represents management's assessment of a reasonably possible change in value in an investment, or portfolio of investments, as a result of fluctuations in market prices.

The sensitivity rate is determined using the 4-year historical standard deviation for the total fund return as determined by the investment advisor.

At March 31, 2021, a fluctuation of market prices of 7.9% (2020 - 6.6%), with all other variables held constant, would result in a change in remeasurement gains and losses and deferred revenues – externally restricted contributions of \$37,832,000 (2020 - \$25,672,000) due to the increase or decrease in the fair value of the portfolio investments.

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 three real estate funds and six infrastructure funds (March 31, 2020 - also in a segregated Canadian equity fund).

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 and preferred 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 fixed income pooled funds and alternatives pooled fund 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. The Council is exposed to limited foreign exchange risk on revenues and expenses denominated in a foreign currency. The majority of these transactions are denominated in US dollars and Euros.

At the Statement of Financial Position date, the non-Canadian dollar denominated portion of its investment portfolio represents \$25,219,000 (2020 - \$33,189,000). Compared with the total financial assets of the Council of \$563,810,000 (2020 - \$416,171,000), currency risk is not considered significant.

6. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

Substantially all of the employees of the Council are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Council. The President of the Treasury Board of Canada sets the required employer contribution rates based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Council's contribution rate effective at year-end was 1.01 times (2020 - 1.01) the employee's contribution; and for employment start dates after December 31, 2012, the Council's contribution rate effective at year-end was 1.00 times (2020 - 1.00) the employee's contribution.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are indexed to inflation.

(in thousands of dollars)	2021	2020
Employer's contributions	\$ 2,436	\$ 2,390
Employees' contributions	2,384	2,329

Notes to the Financial Statements (continued)

March 31, 2021

b) Severance benefits

The Council provided severance benefits to its employees based on years of service and final salary. These benefits were not pre-funded and thus had no assets, resulting in a plan deficit equal to the accrued benefit obligation. These benefits no longer accrue since 2011. The employees were given the option to either cash out their severance benefits or to wait until their departure. The obligation was adjusted at year-end to reflect employees' actual salary level.

During 2020-21, the Council offered a Voluntary Retirement package for employees over 60 years of age with a minimum of 2 years of service. The cost of this package was \$1,661,000 and was recorded as an expense during the year under salaries and employee benefits. Some employees elected to defer a portion of their payment to the next fiscal year. That amount of \$292,400 was accrued in the benefit obligation under current service cost.

The total obligation 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)	2021	2020
Accrued benefit obligation, beginning of year	\$ 255	\$ 256
Current service cost	293	7
Benefits paid during the year	(88)	(8)
Accrued benefit obligation, end of year	\$ 460	\$ 255

c) Retirees benefits

The Council has defined post-retirement benefit plans covering certain employee groups. These plans provide extended health and dental benefits to retired employees. Retirees pay 50% of the extended health care premium and 100% of the dental premium. The Council's independent actuary measures the accrued benefit obligation for accounting purposes as at March 31 of each year. The obligation as at March 31, 2021 (and March 31, 2020) was determined using an extrapolation of the valuation results based on membership data as at December 31, 2019.

(in thousands of dollars)	2021	2020
Accrued net benefit obligation, beginning of year	\$ 6,353	\$ 5,541
Current service cost	382	263
Interest cost	81	104
Benefits paid	(108)	(106)
Actuarial loss (gain)	(619)	551
	6,089	6,353
Unamortized net actuarial losses	(1,394)	(2,268)
Accrued net benefit obligation, end of year	\$ 4,695	\$ 4,085

The net actuarial loss arising from the experience and the changes in assumptions is amortized over the expected average remaining service period of the employee group which is thirteen years.

The significant actuarial assumptions adopted in estimating the accrued benefit obligations and net benefit costs are as follows:

	2021	2020
Discount rate for calculation of net benefit costs	1.3%	1.9%
Discount rate for calculation of accrued benefit obligation	1.9%	1.3%
Initial Health care cost trend rate increase - Prescription drugs	5.7%	5.8%
Ultimate health care cost trend rate	4.0%	4.0%
Year ultimate rate reached	2040	2040

7. DEFERRED REVENUES - EXTERNALLY RESTRICTED CONTRIBUTIONS

The deferred revenues from externally restricted contributions consist of accumulated income, both realized and unrealized, which has been deferred until the resources have been used for the purpose or purposes specified by the endowment. The restricted endowment principal of \$37,569,000 is required to be maintained intact and is reported under accumulated surplus from operations (see Note 11).

(in thousands of dollars)	2021	2020
Balance, beginning of year	\$ 50,253	\$ 55,736
Transferred from investment income (Note 12)		
Net Investment income	9,607	6,908
Use of funds	(1,902)	(2,206)
	7,705	4,702
Unrealized gains (losses) on portfolio investments	23,023	(5,678)
Reclassified to statement of operations - portfolio investments	(9,708)	(4,507)
Balance at end of year	\$ 71,273	\$ 50,253

The unrealized gains and losses on portfolio investments are related to the change in fair value of those assets from the previous year.

Notes to the Financial Statements (continued)

March 31, 2021

8. TANGIBLE CAPITAL ASSETS

(in thousands of dollars)	Computer Software	Computer Equipment	Office Equipment	Leasehold improvements	Work in Progress	Total
Cost						
Opening balance at April 1, 2020	\$ 6,063	\$ 5,666	\$ 1,478	\$ 7,752	\$ 889	\$ 21,848
Acquisitions	2,076	260	153	-	1,141	3,630
Transfer from Work in Progress	447	-	-	-	(447)	-
Disposals	-	(1,437)	-	-	-	(1,437)
Closing balance at March 31, 2021	\$ 8,586	\$ 4,489	\$ 1,631	\$ 7,752	\$ 1,583	\$ 24,041
Accumulated Amortization						
Opening balance at April 1, 2020	\$ 1,766	\$ 4,323	\$ 1,108	\$ 3,205	\$ -	\$ 10,402
Amortization expense	1,016	565	63	331	-	1,975
Disposals	-	(1,414)	-	-	-	(1,414)
Closing balance at March 31, 2021	\$ 2,782	\$ 3,474	\$ 1,171	\$ 3,536	\$ -	\$ 10,963
Net carrying amount at March 31, 2020	\$ 4,297	\$ 1,343	\$ 370	\$ 4,547	\$ 889	\$ 11,446
Net carrying amount at March 31, 2021	\$ 5,804	\$ 1,015	\$ 460	\$ 4,216	\$ 1,583	\$ 13,078

9. ART BANK ASSETS

(in thousands of dollars)	2021	2020
Opening balance	\$ 19,465	\$ 19,455
Acquisitions	1	10
Disposals/donations	-	-
Closing Balance	\$ 19,466	\$ 19,465

The Council's Art Bank has the largest collection of contemporary Canadian art in Canada. It includes 17,169 paintings, sculptures, drawings, photographs and prints by 3,168 artists. The Art Bank rents its assets to interested parties and as at March 31, 2021 has 3,686 (2020 - 4,011) works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Council uses an independent appraiser to determine the fair value of the Art Bank assets. A full independent valuation of the Art Bank assets was completed in 2001, with a significant update of the appraisals occurring in 2010. An individual piece of art may be separately independently appraised when management identifies significant events such as special recognition, type of artworks or artist passing which are known to trigger a change in valuation. The total appraised value of the Art Bank assets is estimated at \$73,242,000 as at March 31, 2021 (2020 - \$71,678,000).

The residual values of these assets are estimated to be greater than the cost of purchases or independent appraisals when donated plus associated cost of framing, mounting and shipping; therefore no amortization is recognized.

The Council insures the Art Bank assets based on its assessment of risk.

10. MUSICAL INSTRUMENTS

The Council created the Musical Instrument Bank in 1985, and it currently owns a fine cello bow and nine prestigious musical instruments. In addition, the Council manages fifteen instruments on loan, nine from anonymous donors and six from six other donors.

Agreements are signed with the individuals to whom the instruments are loaned. Those agreements include clauses that stipulate how the musical instruments are to be handled in order to safeguard them. The appraised value of the Council's Musical Instruments Bank as at March 31, 2021 is \$58,642,000 converted from a value of US\$46,658,000 using the March 31, 2021 US exchange rate of 1.26 (2020 - \$66,411,000, converted from a value of US\$46,658,000 using the March 31, 2020 US exchange rate of 1.42).

The Council insures the musical instruments at their appraised value, in US dollars.

Notes to the Financial Statements (continued)

March 31, 2021

11. ACCUMULATED SURPLUS

(in thousands of dollars)	2021	2020
Accumulated surplus from operations		
Endowment - original contribution	\$ 50,000	\$ 50,000
Endowment principal - Externally restricted contributions	37,569	37,569
Reserve for excess investment income		
Balance at beginning of the year	203,445	190,445
Appropriated from the accumulated surplus during the year	26,000	13,000
Balance at end of the year	229,445	203,445
Surplus		
Balance at beginning of the year	32,454	26,376
Appropriated to the reserve for excess investment income during the year	(26,000)	(13,000)
Surplus for the year	19,780	19,078
Balance at end of the year	26,234	32,454
Total accumulated surplus from operations	343,248	323,468
Accumulated remeasurement gains (losses)		
Balance at beginning of the year	(32)	30,731
Change in fair value	45,824	(30,763)
Balance at end of the year	45,792	(32)
Balance of accumulated surplus at end of year	\$ 389,040	\$ 323,436

Included in accumulated surplus is the original contribution by the Government of Canada of \$50 million, which constituted a government transfer ("Endowment Fund") when the Council was established in 1957.

12. NET REALIZED INVESTMENT INCOME

(in thousands of dollars)	2021	2020
Gains from disposal of portfolio investments	\$ 18,332	\$ 11,526
Income transferred to deferred revenues -		
Externally restricted contributions (Note 7)	(7,705)	(4,702)
Net gains on foreign exchange	160	533
Dividend and other distributed income - reinvested	11,559	11,084
Interest, dividend and other distributed income - cashed	9,828	6,707
Investment portfolio management costs	(1,390)	(1,455)
	\$ 30,784	\$ 23,693

13. NET ART BANK RESULTS

(in thousands of dollars)	2021	2020
Rental revenue	\$ (1,574)	\$ (1,589)
Other income	(107)	(265)
Administration expense	1,708	1,851
Amortization of other capital assets	-	4
	\$ 27	\$ 1

14. CANADIAN COMMISSION FOR UNESCO

(in thousands of dollars)	2021	2020
Program expenses	\$ 1,201	\$ 1,421
Program - contributions received	(235)	(530)
Administration expense	1,480	1,621
	\$ 2,446	\$ 2,512

Program expenses represent mainly the costs associated with the Commission's activities at national and international meetings related to education, science and culture. When applicable, 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.

15. NET CHANGE IN OTHER NON CASH ITEMS

(in thousands of dollars)	2021	2020
Decrease (increase) in accounts receivable	\$ 422	\$ (201)
Increase (decrease) in grants, author payments and prizes payable	61,520	(10,011)
Increase in accounts payable and accrued liabilities	444	75
Decrease in deferred revenues	(98)	(439)
Net change	\$ 62,288	\$ (10,576)

Notes to the Financial Statements (continued)

March 31, 2021

16. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

a) Grants, author payments and prizes

Grants, author payments and prizes extending into future years are subject to the provision of funds by Parliament. Future year commitments for those payments approved prior to March 31, 2021 amounted to \$342,038,000 (2020 - \$252,357,000). The future payments of grant commitments as of March 31, 2021 are as follows:

(in thousands of dollars)

2022	\$	151,994
2023		131,932
2024		58,112

The commitments for future years for grants, author payments and prizes include transactions with related parties totaling \$9,629,000 (2020 - \$3,578,000).

b) Rent

The Council is party to long-term operating leases with respect to rental accommodation. Future year payments related to operating leases as of March 31, 2021 amounted to \$56,926,000 (2020 - \$61,640,000). The future payments of operating leases as of March 31, 2021 are as follows:

(in thousands of dollars)

2022	\$	4,367
2023		4,448
2024		4,292
2025		4,194
2026		4,263
2027-2034		35,362

c) Investment commitments

The Council has committed funds with real estate and infrastructure investment managers through limited partnership funds. As it takes time for those funds to be fully invested, the balance of committed capital not yet drawn at March 31, 2021 is \$7,461,000 (2020 - \$10,791,000). A portion of the outstanding balance of committed capital is currently invested in a preferred rate account in a financial institution.

d) Other commitments

The Council entered into various contracts during the year creating commitments of payments in future years. Future year payments related to these commitments as of March 31, 2021 amounted to \$9,564,000 (2020 - \$8,667,000). Future annual payments as of March 31, 2021 are as follows:

(in thousands of dollars)	Less than 1 year	Less than 5 years	Total
Tangible capital assets	\$ 4,290	\$ -	\$ 4,290
General administration	2,217	1,558	3,775
Arts community services	974	-	974
Program Delivery	166	8	174
Canadian Commission for UNESCO	169	155	324
Net Art Bank results	27	-	27

The other commitments for future years include transactions with related parties totaling \$873,000 (2020 - \$524,000), \$663,000 under General administration and \$210,000 under Arts community services.

17. IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has led to the closure of public spaces and the cancellation of events around the world, causing great stress on the arts sector.

The Council has maintained its level of program delivery while adjusting its priorities and operations due to events related to COVID-19. During 2020-21, the Council received \$62,800,000 from the Government of Canada through the COVID-19 Emergency Support Fund in order to distribute emergency assistance to its core and project funded organizations.

The Council continues to work with the Government of Canada, as well as provincial, territorial, and municipal partners, to ensure the strength of the sector.

Funding to Support Arts and Live Events Workers in Response to COVID-19

In the Fall Economic Statement 2020 delivered on November 30, 2020, the Minister of Finance announced that "to support the planning and presentation of COVID-19-safe events and the arts — including both live and digital — and to provide work opportunities in these sectors, the government will provide \$181,500,000 in 2021-22 to the Department of Canadian Heritage and the Canada Council for the Arts to expand their funding programs."

The Council's portion representing \$116,500,000, which is expected to be received in June 2021, will help support the recovery and sustainability of the arts sector, by making it possible for eligible recipients to financially bridge this prolonged period of pandemic restrictions. Through a new digital innovation initiative (Digital Now) \$50,500,000 will enable arts groups, collectives and organizations to adapt or create works to be shared with virtual audiences; and \$66,000,000 of new funding will go to stimulate increased research, creation and production of new work through the Explore and Create granting program.

Notes to the Financial Statements (continued)

March 31, 2021

18. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all Government of Canada departments, agencies, and Crown corporations. Other related parties of the Council are key management personnel, close family members of key management personnel and entities that are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members. 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 expenses totaling \$7,601,000 (2020 – \$3,519,000) and recorded rental revenues for the Art Bank assets, contributions and other revenues totaling \$2,764,000 (2020 – \$6,418,000) with related parties.

During the year, the Council received audit services without charge from the Office of the Auditor General. The estimated cost for these services is \$545,000 (2020: \$335,000).

As at March 31, the Council recorded the following amounts on the Statement of Financial Position for transactions with related parties:

(in thousands of dollars)	2021	2020
Accounts receivable	\$ 654	\$ 902
Grants, author payments and prizes payable	852	663
Accounts payable and accrued liabilities	686	700
Deferred revenues	437	447
Tangible capital assets	-	122
Prepays	-	2

19. COMPARATIVE FIGURES

Certain 2020 figures have been reclassified to conform to the presentation adopted in 2021.

Notes to the Financial Statements (continued)
March 31, 2021

Schedule I - Grants, Author Payments and Prizes by Section

(in thousands of dollars)		2021	2020
Arts Granting Programs			
Explore and Create	\$	105,248	\$ 77,422
Engage and Sustain		80,580	73,879
Supporting Artistic Practice		37,787	35,572
Arts Across Canada		20,596	24,344
Arts Abroad		6,184	16,309
Creating, Knowing and Sharing: The Arts and Cultures of First Nations, Inuit and Métis Peoples		15,625	14,317
Digital Strategy Fund		46,388	20,520
Strategic Investments		2,884	10,026
COVID-19 Emergency Support Fund		62,800	-
Prizes		314	1,028
Public Lending Right		14,807	14,784
Killam Program			
Killam Research Fellowships		420	840
Killam Prizes		500	500
Other Prizes and Awards			
Molson Prizes		100	100
Other prizes and awards < \$75,000		354	287
		\$ 394,587	\$ 289,928

Notes to the Financial Statements (continued)
March 31, 2021

Schedule II - Other Expenses

(in thousands of dollars)				
	2021			2020
	Transfer Program Delivery	General Administration	Total	Total
Salaries and employee benefits	\$ 18,007	\$ 12,411	\$ 30,418	\$ 27,844
Peers and advisory committees	1,523	-	1,523	4,563
Office accommodation	28	3,807	3,835	3,803
Professional and special services	651	2,816	3,467	3,044
Amortization	557	1,441	1,998	1,689
Information management	73	1,358	1,431	972
Staff travel	8	4	12	616
Prizes presentation	332	-	332	357
Printing, publications and duplicating	1	235	236	324
Communications	2	266	268	240
Office expenses and equipment	5	120	125	200
Meeting expenses including members' honoraria	14	61	75	163
Miscellaneous	4	10	14	25
	\$ 21,205	\$ 22,529	\$ 43,734	\$ 43,840

Schedule III - Arts Community Services

(in thousands of dollars)		
	2021	2020
Partnership and networking	\$ 1,664	\$ 2,019
Research and consultation	1,096	1,125
Event costs	40	258
	\$ 2,800	\$ 3,402

Bringing the arts to life

canadacouncil.ca