

Financial Statements of

**ONTARIO ARTS COUNCIL**

And Independent Auditors' Report thereon.

Year ended March 31, 2024

# Ontario Arts Council

## Management's Responsibility for Financial Information

The accompanying financial statements of the Ontario Arts Council (OAC) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards.

Management maintains a system of internal controls designed to provide reasonable assurance that financial information is accurate and that assets are protected.

The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control. The Finance and Audit Committee and the Board of Directors meet regularly to oversee the financial activities of the OAC, and annually to review the audited financial statements and the external auditor's report thereon.

The financial statements have been audited by the Office of the Auditor General of Ontario, whose responsibility is to express an opinion on the financial statements. The Auditor's Report that appears as part of the financial statements outlines the scope of the Auditor's examination and opinion.

On behalf of management:



Michael Murray  
CEO



Henry Xu  
Director of Finance and Corporate Services

June 20, 2024



## INDEPENDENT AUDITOR'S REPORT

To the Ontario Arts Council  
and to the Minister of Tourism, Culture and Gaming

### Opinion

I have audited the financial statements of the Ontario Arts Council, which comprise the statement of financial position as at March 31, 2024 and the statements of operations and changes in fund balances, remeasurement gains and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario Arts Council as at March 31, 2024 and the results of its operations, its remeasurement gains and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these 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 Ontario Arts 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 Ontario Arts Council either intends to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Ontario Arts 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 Ontario Arts Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ontario Arts 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



Toronto, Ontario  
June 20, 2024

Jeremy Blair, CPA, CA, LPA  
Assistant Auditor General

# ONTARIO ARTS COUNCIL

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

			2024	2023
	Operating fund	Restricted and endowment funds	Total	Total
<b>Assets</b>				
Current assets:				
Cash	\$ 3,145,727	\$ 2,149,094	\$ 5,294,821	\$ 5,029,487
Accounts receivable	77,798	-	77,798	248,493
Prepaid expenses	120,420	-	120,420	116,325
	3,343,945	2,149,094	5,493,039	5,394,305
Investments (notes 2(b) and 8)	1,333,497	31,209,833	32,543,330	29,768,065
Capital assets (note 3)	387,345	-	387,345	561,051
	\$ 5,064,787	\$ 33,358,927	\$ 38,423,714	\$ 35,723,421

## Liabilities and Fund Balances

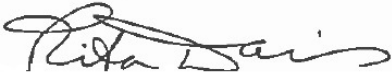
Current liabilities:				
Accounts payable and accrued liabilities (note 2(c))	\$ 864,055	\$ -	\$ 864,055	\$ 466,735
Deferred contributions (note 4)	348,893	-	348,893	344,893
Current portion of deferred lease inducement	165,322	-	165,322	165,322
Employee future benefits (note 2(b))	637,482	-	637,482	404,249
	2,015,752	-	2,015,752	1,381,199
Deferred lease inducement	123,993	-	123,993	289,315
	2,139,745	-	2,139,745	1,670,514
Fund balances:				
Invested in capital assets	98,030	-	98,030	106,414
Restricted for endowment purposes (Schedule 2)	-	70,311	70,311	70,311
Externally restricted funds (Schedule 2)	-	19,207,594	19,207,594	19,955,002
Internally restricted funds (note 5)	-	6,501,398	6,501,398	6,433,997
Unrestricted	2,581,402	-	2,581,402	2,643,101
Accumulated rereasurement gains (note 5 and Schedule 2)	245,610	7,579,624	7,825,234	4,844,082
	2,925,042	33,358,927	36,283,969	34,052,907
	\$ 5,064,787	\$ 33,358,927	\$ 38,423,714	\$ 35,723,421

Commitments (note 9)  
Economic dependence (note 10)

See accompanying notes and schedules to financial statements.

On behalf of the Board:

 Director

 Director

# ONTARIO ARTS COUNCIL

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Operating fund		Restricted and endowment funds		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenue:</b>						
General grant - Province of Ontario	\$ 59,937,400	\$ 64,937,400	\$ -	\$ -	\$ 59,937,400	\$ 64,937,400
Special grant:						
Canada/Ontario						
French Language Projects	70,000	70,000	-	-	70,000	70,000
Investment income (note 8)	1,619,257	1,062,866	1,273,017	2,663,688	2,892,274	3,726,554
Fund administration fee (note 6(a))	77,887	66,221	-	-	77,887	66,221
Recovery of prior years' grants	94,494	152,078	-	-	94,494	152,078
Miscellaneous	22,893	129,151	-	-	22,893	129,151
Contributions	-	-	431,048	30,321	431,048	30,321
Special Award Income Metcalf Foundation	201,461	181,160	-	-	201,461	181,160
	62,023,392	66,598,876	1,704,065	2,694,009	63,727,457	69,292,885
<b>Expenses:</b>						
Awards and expenses	-	-	1,119,927	250,086	1,119,927	250,086
Grants	52,761,065	56,197,391	1,637,215	910,200	54,398,280	57,107,591
Administration (note 2(c) and Schedule 1)	8,256,693	8,027,396	-	-	8,256,693	8,027,396
Services (Schedule 1)	702,647	1,018,583	-	-	702,647	1,018,583
	61,720,405	65,243,370	2,757,142	1,160,286	64,477,547	66,403,656
(Deficiency) excess of revenue over expenses	302,987	1,355,506	(1,053,077)	1,533,723	(750,090)	2,889,229
Fund balances, beginning of year	2,871,330	2,599,740	31,181,577	30,866,655	34,052,907	33,466,395
Interfund transfers (note 5 and Schedule 2)	(373,070)	(1,026,007)	373,070	1,026,007	-	-
Net remeasurement change for the year	123,795	(57,909)	2,857,357	(2,244,808)	2,981,152	(2,302,717)
Fund balances, end of year	\$ 2,925,042	\$ 2,871,330	\$ 33,358,927	\$ 31,181,577	\$ 36,283,969	\$ 34,052,907

See accompanying notes and schedules to financial statements.

# ONTARIO ARTS COUNCIL

## Statement of Remeasurement Gains

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 4,844,082	\$ 7,146,799
Unrealized gains (losses) attributed to:		
Portfolio investments	3,408,901	(985,635)
Realized amounts reclassified to the statement of operations:		
Portfolio investments	(427,749)	(1,317,082)
Net remeasurement change for the year	2,981,152	(2,302,717)
Accumulated remeasurement gains, end of year	\$ 7,825,234	\$ 4,844,082

See accompanying notes and schedules to financial statements.

# ONTARIO ARTS COUNCIL

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
(Deficiency) excess of revenue over expenses	\$ (750,090)	\$ 2,889,229
Items not involving cash:		
Gain on income distributions	(890,353)	(1,421,218)
Realized gain on sale of investments	(427,749)	(1,317,082)
Amortization of capital assets	235,784	225,983
Change in deferred lease inducement	(165,322)	(165,320)
Change in non-cash operating working capital:		
Accounts receivable	170,695	(220,102)
Prepaid expenses	(4,095)	(47,712)
Accounts payable and accrued liabilities	397,320	153,545
Deferred contributions	4,000	(168,761)
Employee future benefits	233,233	(218,034)
	<u>(1,196,577)</u>	<u>(289,472)</u>
Capital activities:		
Purchase of capital assets	(62,078)	(114,857)
Investing activities:		
Purchase of new investments	(431,047)	(4,270,822)
Proceeds from sale of investments	1,955,036	5,099,240
	<u>1,523,989</u>	<u>828,418</u>
Increase in cash	265,334	424,089
Cash, beginning of year	5,029,487	4,605,398
Cash, end of year	<u>\$ 5,294,821</u>	<u>\$ 5,029,487</u>

See accompanying notes and schedules to financial statements.



# ONTARIO ARTS COUNCIL

Notes to Financial Statements

Year ended March 31, 2024

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Ontario Arts Council (the "OAC") was established in 1963 by the Government of Ontario to promote the development and enjoyment of the arts across the province. The OAC plays a leadership role in fostering excellence in the arts and making the arts accessible to all Ontarians. The OAC is a registered charity and is exempt from tax under the Income Tax Act (Canada). The Ontario Arts Council operated under the legal name of The Province of Ontario Council for the Arts until June 6, 2024 when Bill 185, *Cutting Red Tape to Build Homes Act, 2024* received Royal Assent. With the passing of Bill 185, the name has been legally changed to Ontario Arts Council.

## 1. Significant accounting policies:

### (a) Basis of presentation:

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards. The OAC has elected to use the standards for government not-for-profit organizations that include the 4200 series of the Public Sector Accounting Standards.

The OAC follows the restricted fund method of accounting for contributions.

The OAC has elected not to consolidate controlled entities (note 7).

### (b) Fund accounting:

Resources are classified for accounting and reporting purposes into funds that are held in accordance with their specified purposes.

The operating fund reports the publicly funded activities of the OAC funded mainly through a general grant from the Province of Ontario. Funding from the Province of Ontario for restricted programs is accounted for as deferred contributions and recognized when the related expenses are incurred.

The restricted and endowment funds are internally restricted by the OAC or by the terms specified by the donors in their trust agreements.

Grants approved to be paid in the future upon specific requirements being met are not included in the statement of operations and changes in fund balances (note 9(b)).

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (c) Investment income:

Investment income comprises income on pooled investments and bank balances.

Investment income related to the operating fund is recognized based on the actual number of units held in the pooled investment and recognized as income of the operating fund.

Investment income on the pooled investments related to the restricted and endowment funds is recognized as income of the restricted funds.

### (d) Employee benefits:

(i) The OAC follows Public Sector Accounting Standards for accounting for employee future benefits, which include post-employment benefits payable upon termination. Under these standards, the cost of the post-employment benefits paid upon termination is charged to operations annually as earned.

(ii) The OAC accrues for vacation pay, sick leave liabilities and other earned benefits for amounts that accrue but have not vested.

### (e) Lease inducements:

Lease inducements include a leasehold improvement allowance and free rents received by the OAC. The total amount of the lease inducements is amortized on a straight-line basis over the lease term.

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

(f) Capital assets:

Capital assets are recorded at cost (purchase price). All capital assets are amortized on a straight-line basis over the assets' estimated useful lives as follows:

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Audiovisual equipment	5 years
Computer hardware and software	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Office renovations	5 years
Leasehold improvements	Lease term

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When a capital asset no longer contributes to OAC's ability to provide services, its carrying value is written down to its residual value.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are reported at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains until they are realized, when they are transferred to the statement of operations and changes in fund balances.

All other financial instruments, including cash, accounts receivable and accounts payable and accrued liabilities are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and changes in fund balances and any unrealized gain or loss is adjusted through the statement of remeasurement gains.

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (g) Financial instruments (continued):

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains are reversed and recognized in the statement of operations and changes in fund balances.

The standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The OAC invests in pooled funds that hold investments categorized as Level 1 and Level 2. There was no movement between categories during the years ended March 31, 2024 and 2023. The OAC categorizes these pooled funds as Level 2.

### (h) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains. In the period of settlement, the realized foreign exchange gains and losses are recognized in the statement of operations and changes in fund balances and the unrealized balances are reversed from the statement of remeasurement gains.

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### i) Related party transactions:

Related party transactions are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

### j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditures during the year. Significant estimates include valuation of investments, carrying value of capital assets and provisions for certain employee future benefits liabilities. Actual results could differ from those estimates.

### k) PS 3400, Revenue:

Effective April 1, 2023, the OAC prospectively adopted PS 3400, Revenue. The adoption of the new standard had no impact on the OAC.

## 2. Employee future benefits:

### (a) Pension benefits:

The OAC's full-time employees participate in the Public Service Pension Fund ("PSPF"), which is a defined benefit pension plan for employees of the Province of Ontario and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF, determines the OAC's annual payments to the PSPF. Since the OAC is not a sponsor of the PSPF, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the OAC, as the sponsor is responsible for ensuring that the PSPF is financially viable. The annual payments to the PSPF of \$437,142 (2023 - \$458,242) are included in salaries and benefits in Schedule 1.

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 2. Employee future benefits (continued):

### (b) Non-pension benefits:

The cost of post-retirement non-pension employee benefits is paid by the Province of Ontario and is not included in the statement of operations and changes in fund balances.

The amount of liabilities related to employee benefits, payment owing, and other earned benefits accrued at year-end was \$637,482 (2023 - \$404,249), of which \$637,482 (2023 - \$404,249) has been classified as a current liability.

The OAC has set aside funds to meet these liabilities and other obligations and invested these funds in the same pooled investments as the restricted and endowment funds. As at March 31, 2024, this investment has a market value of \$1,333,497 (2023 - \$1,169,320) and is shown under the operating fund as investments.

### (c) Bill 124:

Bill 124 was repealed by the Ontario government on February 23, 2024 and therefore the restrictions on OAC under the Bill no longer apply. OAC has accrued \$283,755 in the 2023-24 fiscal year to account for retroactive compensation related to the introduction and eventual repeal of Bill 124.

## 3. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Audiovisual equipment	\$ 4,240	\$ 4,167	\$ 73	\$ 515
Computer hardware and software	397,447	277,828	119,619	137,133
Furniture and fixtures	34,947	33,784	1,163	3,779
Office equipment	2,826	2,772	54	163
Office renovations	46,505	38,384	8,121	13,535
Leasehold improvements	1,476,093	1,217,778	258,315	405,926
	<u>\$ 1,962,058</u>	<u>\$ 1,574,713</u>	<u>\$ 387,345</u>	<u>\$ 561,051</u>

During the year, fully depreciated capital assets with total cost and accumulated amortization of \$569,554 (2023 - \$782,071) were written-off.

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 4. Deferred contributions:

	2024	2023
Balance, beginning of year	\$ 344,893	\$ 513,654
Add amount received during the year	42,823	12,700
Less amount recognized during the year	(38,823)	(181,461)
<b>Balance, end of year</b>	<b>\$ 348,893</b>	<b>\$ 344,893</b>

## 5. Internally restricted fund balances:

2024	Fund balances beginning of year	Transfer from (to) Operating Fund	Investment income	Awards and expenses paid	Fund balances, end of year
Venture fund	\$ 1,501,261	\$ -	\$ 144,607	\$ (506,758)	\$ 1,139,110
Board-designated reserve fund	520,447	339,553	-	(806,805)	53,195
Strategic Initiatives & Capital fund	3,662,125	-	528,902	(24,720)	4,166,307
Granting programs fund	1,562,382	26,517	-	-	1,588,899
	<b>\$ 7,246,215</b>	<b>\$ 366,070</b>	<b>\$ 673,509</b>	<b>\$ (1,338,283)</b>	<b>\$ 6,947,511</b>

2023	Fund balances beginning of year	Transfer from (to) Operating Fund	Investment income	Awards and expenses paid	Fund balances, end of year
Venture fund	\$ 1,488,487	\$ -	\$ 21,497	\$ (8,723)	\$ 1,501,261
Board-designated reserve fund	240,000	280,447	-	-	520,447
Strategic Initiatives & Capital fund	3,637,774	-	40,983	(16,632)	3,662,125
Granting programs fund	822,362	740,020	-	-	1,562,382
	<b>\$ 6,188,623</b>	<b>\$ 1,020,467</b>	<b>\$ 62,480</b>	<b>\$ (25,355)</b>	<b>\$ 7,246,215</b>

\*Fund balances end of year include accumulated remeasurement gains of \$446,113 (2023 - \$812,218) presented separately in the statement of financial position.

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 6. Related party transactions:

- (a) Included in Schedule 2, awards and expenses paid, are administration fees charged by the OAC for providing day-to-day administrative support and services to the restricted and endowment funds held by the OAC. As permitted in the respective agreements, the OAC has levied an administration fee, either on a fixed or percentage basis, on the funds held or on the annual investment income earned by the funds held by the OAC.

	2024	2023
Fund administration fee	\$ 77,887	\$ 66,221

- (b) The Ontario Arts Foundation (the "Foundation") is controlled by the OAC's Board of Directors, as described in note 7. During the year, the OAC charged a fee for the administration of the Foundation's awards program which amounted to \$23,634 (2023 – \$22,668) which is included in the statement of operations and changes in fund balances.

## 7. Ontario Arts Foundation:

The Foundation was incorporated under the Corporations Act (Ontario) on October 15, 1991 and is a registered charity under the Income Tax Act (Canada). The Foundation was established:

- (a) to receive and maintain a fund or funds to apply all or part of the principal and income therefrom to charitable organizations, which are also registered charities under the Income Tax Act (Canada);
- (b) to provide scholarships for study or research in the arts in Ontario or elsewhere; and
- (c) to make awards to persons for outstanding accomplishments in the arts in Ontario or elsewhere.



# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## **7. Ontario Arts Foundation (continued):**

As defined by Canadian accounting standards for government not-for-profit organizations, the OAC controls the Foundation in that the OAC's Board of Directors controls the election of the Foundation's Board of Directors.

The Foundation's financial statements have not been consolidated in the OAC's financial statements. There are no restrictions on the resources of the Foundation, nor are there significant differences from the accounting policies used by the OAC.

The majority of the fund balances, \$75,763,340 of the total of \$109,499,134 (2023 - \$67,260,467 of the total of \$95,951,194), represents the balances of the individual arts endowment funds held by the Foundation under the Arts Endowment Fund program of the Government of Ontario for a number of arts organizations. Under this program, money contributed and matched is held in perpetuity. The Board of Directors of the Foundation determines the amount of income that may be paid annually.

Audited financial statements of the Foundation are available upon request. Financial summaries of the Foundation, reported in accordance with Canadian public sector accounting standards for government not-for-profit organizations, are as follows:

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 7. Ontario Arts Foundation (continued):

(a) Financial position:

	2024	2023
<b>Assets</b>		
Cash and investments	\$109,658,450	\$ 96,106,214
<b>Liabilities and Fund Balances</b>		
Accounts payable and accrued liabilities	\$ 159,316	\$ 155,020
Fund balances	109,499,134	95,951,194
	<b>\$ 109,658,450</b>	<b>\$ 96,106,214</b>

(b) Changes in fund balances:

	2024	2023
Fund balances, beginning of year	\$ 95,951,194	\$ 95,801,434
Contributions received	2,474,733	3,356,193
Investment gain	4,199,263	3,283,109
Fund administration fee	503,167	454,221
Awards and expenses	(6,606,533)	(5,744,821)
Net remeasurement gains (losses)	12,977,310	(1,198,942)
Fund balances, end of year	<b>\$ 109,499,134</b>	<b>\$ 95,951,194</b>

(c) Cash flows:

	2024	2023
Cash flows used in operating activities	\$ (3,504,806)	\$ (1,941,864)
Cash flows from investing activities	5,095,375	1,292,791
	<b>\$ 1,590,569</b>	<b>\$ (649,073)</b>

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 8. Investments and investment income:

Net investment income comprises the following:

	2024	2023
Income distributions	\$ 890,353	\$ 1,421,218
Realized gains	427,749	1,317,082
Bank interest	1,574,172	988,254
	<b>\$ 2,892,274</b>	<b>\$ 3,726,554</b>

Investments consist of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Foreign equities, predominantly U.S.	\$10,267,050	\$16,024,294	\$9,695,369	\$14,000,226
Fixed income securities	9,360,702	9,837,641	8,999,137	8,538,009
Canadian equities	4,535,136	6,564,980	5,556,699	6,997,863
Cash and cash equivalents	113,804	116,415	228,454	231,967
	<b>\$24,276,692</b>	<b>\$32,543,330</b>	<b>\$24,479,659</b>	<b>\$29,768,065</b>

The asset mix of the investments is as follows:

	2024	2023
Foreign equities, predominantly U.S.	49%	47%
Fixed income securities	30%	29%
Canadian equities	20%	23%
Cash and cash equivalents	1%	1%

The OAC holds fixed income securities that are exposed to interest rate risk. The interest rates range from 0.90% to 11.95% (2023 - 0.90% to 8.29%) and mature between April 2024 and July 2083 (2023 – between April 2023 and November 2082).

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 9. Commitments:

### (a) Lease commitments:

The OAC leases office premises and office equipment under operating leases expiring up to December 2028. The future annual lease payments, including utilities and operating costs, are summarized as follows:

2025	\$	849,111
2026		629,693
2027 and thereafter		4,435
	\$	1,483,239

### (b) Grant commitments:

The OAC has approved grants of \$1,588,899 (2023 - \$1,562,382), which will be paid in future years once the conditions of the grants have been met. These amounts are not reflected in the statement of operations and changes in fund balances. These amounts are included in the internally restricted fund balance, as described in note 5.

## 10. Economic dependence:

The OAC is dependent on the Province of Ontario for the provision of funds to provide awards and grants and to cover the cost of operations.

## 11. Financial instruments:

### (a) Interest rate and foreign currency risks:

The OAC is exposed to interest rate and foreign currency risks arising from the possibility that changes in interest rates and foreign exchange rates will affect the value of fixed income and foreign currency-denominated investments. OAC is in regular contact with its bank and investment manager to discuss investment options to achieve appropriate balance between risks and returns.

# ONTARIO ARTS COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 11. Financial instruments (continued):

### (b) Market risk:

Market risk arises as a result of trading equities and fixed income securities. Fluctuations in the market expose the OAC to a risk of loss. The OAC uses a professional investment manager to advise on investment risks, asset selection and mix to achieve an appropriate balance between risks and returns. The Finance and Audit Committee of the Board of Directors of the OAC monitors investment decisions and results and meets regularly with the manager.

### (c) Liquidity risk:

Liquidity risk is the risk that the OAC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The OAC manages its liquidity risk by monitoring its operating requirements. The OAC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice. OAC is not exposed to significant liquidity risk.

There has been no change to the above risk exposures from 2023.

## 12. Comparative amounts:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

# ONTARIO ARTS COUNCIL

## Schedule 1 - Administration Expenses and Services

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Administration expenses:		
Salaries and benefits (notes 2)	\$ 6,691,012	\$ 6,276,304
Office rent and hydro	591,599	597,895
Consulting and legal fees	66,755	305,485
Amortization of capital assets	235,784	225,983
Information Services	250,898	242,405
Miscellaneous	132,287	69,642
Communications	114,817	107,267
Personnel hiring and training	59,941	117,210
Telephone, postage, and delivery	42,629	36,591
Maintenance and equipment rental	12,856	17,093
Meetings	5,777	2,068
Office supplies, printing, and stationery	14,584	7,368
Travel	37,754	22,085
	<u>8,256,693</u>	<u>8,027,396</u>
Services:		
Jurors and advisors	490,399	374,661
Other programs	212,248	643,922
	<u>702,647</u>	<u>1,018,583</u>
	<u>\$ 8,959,340</u>	<u>\$ 9,045,979</u>

# ONTARIO ARTS COUNCIL

## Schedule 2 - Externally Restricted and Endowment Funds

Year ended March 31, 2024, with comparative information for 2023

2024	Balance of Endowment Fund	Fund balances, beginning of year	Contributions received	Transfer from (to) operating fund	Investment income	Awards and expenses paid	Fund balances, end of year*
The Chalmers Family Fund	\$ -	\$ 22,774,392	\$ -	\$ -	\$ 3,289,196	\$ (1,368,098)	\$ 24,695,490
The Oskar Morawetz Memorial Fund	26,000	330,220	-	-	51,447	(23,056)	358,611
Dr. Heinz Unger Scholarship Fund	17,235	109,572	-	-	18,314	(856)	127,030
The Leslie Bell Scholarship Fund	9,078	252,400	-	7,000	37,764	(11,765)	285,399
The Vida Peene Fund	-	267,835	-	-	38,682	(11,807)	294,710
The John Hirsch Memorial Fund	-	77,170	-	-	11,145	(520)	87,795
The Canadian Music Centre John Adaskin Memorial Fund	17,998	37,625	-	-	8,034	(375)	45,284
Colleen Peterson Songwriting Fund	-	15,295	-	-	2,209	(1,766)	15,738
The Ruth Schwartz Fund	-	542	-	-	74	(616)	-
O M A Turner – Classical Piano Fund	-	-	338,428	-	-	-	338,428
Barbara A F Shadbolt – Spoken Word	-	-	92,620	-	-	-	92,620
	\$ 70,311	\$ 23,865,051	\$ 431,048	\$ 7,000	\$ 3,456,865	\$ (1,418,859)	\$ 26,341,105

2023	Balance of Endowment Fund	Fund balances, beginning of year	Contributions received	Transfer from operating fund	Investment income	Awards and expenses paid	Fund balances, end of year*
The Chalmers Family Fund	\$ -	\$ 23,553,275	\$ -	\$ -	\$ 340,156	\$ (1,119,039)	\$ 22,774,392
The Oskar Morawetz Memorial Fund	26,000	327,189	-	-	5,101	(2,070)	330,220
Dr. Heinz Unger Scholarship Fund	17,235	116,425	-	-	1,930	(8,783)	109,572
The Leslie Bell Scholarship Fund	9,078	243,235	-	7,000	3,644	(1,479)	252,400
The Vida Peene Fund	-	235,493	30,321	-	3,402	(1,381)	267,835
The John Hirsch Memorial Fund	-	76,514	-	-	1,105	(449)	77,170
The Canadian Music Centre John Adaskin Memorial Fund	17,998	37,152	-	-	796	(323)	37,625
Colleen Peterson Songwriting Fund	-	16,454	-	-	237	(1,396)	15,295
The Ruth Schwartz Fund	-	1,984	-	(1,460)	29	(11)	542
	\$ 70,311	\$ 24,607,721	\$ 30,321	\$ 5,540	\$ 356,400	\$ (1,134,931)	\$ 23,865,051

\*Fund balances end of year include accumulated remeasurement gains of \$7,133,511 (2023 - \$3,910,049) presented separately in the statement of financial position.