

Financial Statements of

**PROVINCE OF ONTARIO
COUNCIL FOR THE ARTS**
(OPERATING AS ONTARIO ARTS COUNCIL)

And Independent Auditor's Report thereon

Year ended March 31, 2022

Province of Ontario Council for the Arts

Management's Responsibility for Financial Information

The accompanying financial statements of the Province of Ontario Council for the Arts (the 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:



Sandra Cruickshanks
Interim CEO



Jerry Zhang
Director of Finance and Administration

June 8, 2022



INDEPENDENT AUDITOR'S REPORT

To the Province of Ontario Council for the Arts and
to the Minister of Heritage, Sport, Tourism and Culture Industries

Opinion

I have audited the financial statements of the Province of Ontario Council for the Arts (operating as Ontario Arts Council), which comprise the statement of financial position as at March 31, 2022 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 the Ontario Arts Council as at March 31, 2022 and the results of its operations, its remeasurement gains and losses 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 the 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 the 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 the 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 the 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. I remain solely responsible for our 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 8, 2022



Susan Klein, CPA, CA, LPA
Assistant Auditor General

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Statement of Financial Position

March 31, 2022, with comparative information for 2021

			2022	2021
	Operating fund	Restricted and endowment funds	Total	Total
Assets				
Current assets:				
Cash	\$ 2,743,036	\$ 1,862,362	\$ 4,605,398	\$ 3,572,703
Accounts receivable	28,391	–	28,391	36,083
Prepaid expenses	68,613	–	68,613	52,574
	2,840,040	1,862,362	4,702,402	3,661,360
Investments (notes 2(b) and 8)	1,156,607	29,004,293	30,160,900	29,983,658
Capital assets (note 3)	672,177	–	672,177	821,386
	\$ 4,668,824	\$ 30,866,655	\$ 35,535,479	\$ 34,466,404

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 313,190	\$ –	\$ 313,190	\$ 265,120
Deferred contributions (note 4)	513,654	–	513,654	331,971
Current portion of deferred lease inducement	165,322	–	165,322	165,322
Current portion of employee future benefits (note 2(b))	550,736	–	550,736	277,722
	1,542,902	–	1,542,902	1,040,135
Deferred lease inducement	454,635	–	454,635	619,957
Employee future benefits (note 2(b))	71,547	–	71,547	–
	2,069,084	–	2,069,084	1,660,092
Fund balances:				
Invested in capital assets	52,220	–	52,220	36,107
Restricted for endowment purposes (Schedule 2)	–	70,311	70,311	70,311
Externally restricted funds (Schedule 2)	–	17,640,644	17,640,644	17,063,019
Internally restricted funds (note 5)	–	6,188,623	6,188,623	6,141,926
Unrestricted	2,367,798	–	2,367,798	2,163,490
Accumulated rereasurement gains (Schedule 2)	179,722	6,967,077	7,146,799	7,331,459
	2,599,740	30,866,655	33,466,395	32,806,312
	\$ 4,668,824	\$ 30,866,655	\$ 35,535,479	\$ 34,466,404


Commitments (note 10)

Economic dependence (note 11)

See accompanying notes and schedules to financial statements.

On behalf of the Board:

 Director

 Director

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	Operating fund		Restricted and endowment funds		Total	
	2022	2021	2022	2021	2022	2021
Revenue:						
General grant - Province of Ontario	\$ 59,937,400	\$ 59,937,400	\$ -	\$ -	\$ 59,937,400	\$ 59,937,400
Special grants:						
Arts Recovery Support Fund	-	24,901,881	-	-	-	24,901,881
Indigenous Arts Support and Career Catalyst Fund	4,999,778	-	-	-	4,999,778	-
Canada/Ontario French Language Projects	-	37,500	-	-	-	37,500
Indigenous Culture Fund	-	49,748	-	-	-	49,748
Investment income (note 8)	295,040	253,517	1,808,048	1,212,089	2,103,088	1,465,606
Fund administration fee (note 6(a))	71,591	71,236	-	-	71,591	71,236
Recovery of prior years' grants	140,811	121,463	-	-	140,811	121,463
Miscellaneous	115,819	146,424	-	-	115,819	146,424
Contributions	-	-	23,813	17,185	23,813	17,185
	65,560,439	85,519,169	1,831,861	1,229,274	67,392,300	86,748,443
Expenses:						
Awards and expenses	-	-	325,127	234,206	325,127	234,206
Grants	51,313,884	52,011,195	1,212,500	1,710,000	52,526,384	53,721,195
Special grants	4,663,000	24,899,816	-	-	4,663,000	24,899,816
Administration (Schedule 1)	8,201,078	7,352,310	-	-	8,201,078	7,352,310
Services (Schedule 1)	831,968	795,378	-	-	831,968	795,378
	65,009,930	85,058,699	1,537,627	1,944,206	66,547,557	87,002,905
Excess of revenue over expenses (expenses over revenue)	550,509	460,470	294,234	(714,932)	844,743	(254,462)
Fund balances, beginning of year	2,383,963	1,626,948	30,422,349	26,156,004	32,806,312	27,782,952
Interfund transfers (note 5 and Schedule 2)	(330,088)	163,823	330,088	(163,823)	-	-
Net remeasurement change for the year	(4,644)	132,722	(180,016)	5,145,100	(184,660)	5,277,822
Fund balances, end of year	\$ 2,599,740	\$ 2,383,963	\$ 30,866,655	\$ 30,422,349	\$ 33,466,395	\$ 32,806,312

See accompanying notes and schedules to financial statements.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Statement of Remeasurement Gains

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 7,331,459	\$ 2,053,637
Unrealized gains attributed to:		
Portfolio investments	215,070	5,784,823
Realized amounts reclassified to the statement of operations:		
Portfolio investments	(399,730)	(507,001)
Net remeasurement change for the year	(184,660)	5,277,822
Accumulated remeasurement gains, end of year	\$ 7,146,799	\$ 7,331,459

See accompanying notes and schedules to financial statements.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 844,743	\$ (254,462)
Items not involving cash:		
Gain on income distributions	(1,474,997)	(807,160)
Gain on sale of investments	(399,730)	(507,001)
Amortization of capital assets	215,134	256,349
Change in deferred lease inducement	(165,322)	(165,322)
Change in non-cash operating working capital:		
Accounts receivable	7,692	(23,213)
Prepaid expenses	(16,039)	8,774
Accounts payable and accrued liabilities	48,070	(14,747)
Deferred contributions	181,683	51,373
Employee future benefits	344,561	(67,982)
	<u>(414,205)</u>	<u>(1,523,391)</u>
Capital activities:		
Purchase of capital assets	(65,925)	(83,104)
Investing activities:		
Purchase of new investments	–	(1,000,000)
Proceeds from sale of investments	1,512,825	1,925,856
	<u>1,512,825</u>	<u>925,856</u>
Increase (decrease) in cash	1,032,695	(680,639)
Cash, beginning of year	3,572,703	4,253,342
Cash, end of year	<u>\$ 4,605,398</u>	<u>\$ 3,572,703</u>

See accompanying notes and schedules to financial statements.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements

Year ended March 31, 2022

The Province of Ontario Council for the Arts (operating as 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).

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards, which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada. 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 10(b)).

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2022

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.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

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:

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

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. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments 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.

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.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (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. 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.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

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.

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 \$439,158 (2021 - \$444,965) are included in salaries and benefits in Schedule 1.

(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 severance payments, unused vacation pay, sick leave liabilities and other earned benefits accrued at year-end was \$622,283 (2021 - \$277,722), of which \$550,736 (2021 - \$277,722) has been classified as a current liability.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Employee future benefits (continued):

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, 2022, this investment has a market value of \$1,156,607 (2021 - \$1,100,583) and is shown under the operating fund as investments.

3. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Audiovisual equipment	\$ 138,451	\$ 137,139	\$ 1,312	\$ 3,645
Computer hardware and software	1,048,854	961,112	87,742	66,414
Furniture and fixtures	323,844	315,648	8,196	15,289
Office equipment	67,881	67,382	499	1,188
Office renovations	81,625	60,732	20,893	33,706
Leasehold improvements	1,476,093	922,558	553,535	701,144
	\$ 3,136,748	\$ 2,464,571	\$ 672,177	\$ 821,386

4. Deferred contributions:

	2022	2021
Balance, beginning of year	\$ 331,971	\$ 280,598
Add amount received during the year	5,181,461	25,000,000
Less amount recognized during the year	(4,999,778)	(24,948,627)
Balance, end of year	\$ 513,654	\$ 331,971

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Internally restricted fund balances:

	Fund balances beginning of year	Transfer from (to) Operating Fund	Investment income	Awards and expenses paid	Fund balances, end of year
2022					
Venture fund	\$ 1,897,301	\$ –	\$ 106,944	\$ (515,758)	\$ 1,488,487
Board-designated reserve fund	894,775	(654,775)	–	–	240,000
Capital fund	2,705,351	800,000	152,490	(20,067)	3,637,774
Granting programs fund	644,499	177,863	–	–	822,362
	\$ 6,141,926	\$ 323,088	\$ 259,434	\$ (535,825)	\$ 6,188,623

	Fund balances beginning of year	Transfer from (to) Operating Fund	Investment income	Awards and expenses paid	Fund balances, end of year
2021					
Venture fund	\$ 2,267,939	\$ –	\$ 496,957	\$ (867,595)	\$ 1,897,301
Board-designated reserve fund	1,117,000	(222,225)	–	–	894,775
Capital fund	2,234,115	–	487,845	(16,609)	2,705,351
Granting programs fund	593,097	51,402	–	–	644,499
	\$ 6,212,151	\$ (170,823)	\$ 984,802	\$ (884,204)	\$ 6,141,926

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.

	2022	2021
Fund administration fee	\$ 71,591	\$ 71,236

- (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 \$18,790 (2021 – \$16,064) which is included in the statement of operations and changes in fund balances.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

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.

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, \$49,961,510 of the total of \$95,801,434 (2021 - \$48,580,840 of the total of \$93,268,031), 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:

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Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Ontario Arts Foundation (continued):

(a) Financial position:

	2022	2021
Assets		
Cash and investments	\$ 96,107,785	\$ 93,385,641
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	\$ 306,351	\$ 117,610
Fund balances	95,801,434	93,268,031
	\$ 96,107,785	\$ 93,385,641

(b) Changes in fund balances:

	2022	2021
Fund balances, beginning of year	\$ 93,268,031	\$ 71,981,456
Contributions received	3,390,091	1,967,470
Investment gain	3,923,195	3,439,612
Fund administration fee	499,510	413,049
Awards and expenses	(7,501,281)	(6,741,189)
Net remeasurement gains	2,221,888	22,207,633
Fund balances, end of year	\$ 95,801,434	\$ 93,268,031

(c) Cash flows:

	2022	2021
Cash flows used in operating activities	\$ (3,379,253)	\$ (4,356,920)
Cash flows from investing activities	1,616,643	160,648
	\$ (1,762,610)	\$ (4,196,272)

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Investments and investment income:

Net investment income comprises the following:

	2022	2021
Income distributions	\$ 1,474,997	\$ 807,160
Realized gains	399,730	507,001
Bank interest	228,361	151,445
	<u>\$ 2,103,088</u>	<u>\$ 1,465,606</u>

The asset mix of the investments is as follows:

	2022	2021
Foreign equities, predominantly U.S.	39%	40%
Fixed income securities	24%	24%
Canadian equities	24%	23%
Alternative investments	12%	12%
Cash and cash equivalents	1%	1%

The OAC holds \$7,350,696 (cost - \$5,554,567) (2021 - \$7,169,068 (cost - \$5,346,702)) in fixed income securities that are exposed to interest rate risk. The interest rates range from 0.25% to 8.29% (2021 - 1.10% to 8.29%) and mature between November 2022 and January 2082 (2021 – between June 2022 and March 2081).

9. Public sector salary disclosures:

Section 3(5) of the Public Sector Salary Disclosure Act (1996) requires disclosure of Ontario public sector employees who were paid an annual salary in excess of \$100,000 in the calendar year 2021. For the OAC, this disclosure is shown below:

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

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Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Public sector salary disclosures (continued):

Surname	Given Name	Position Title	Salary	Taxable benefits
ALINSANGAN	HEATHER	Director of Research and Evaluation	\$119,615	\$132
BLACK	CHRIS	Associate Director of Granting, Business Operations	110,706	147
CHA	JAMES	Manager of Operations	118,229	157
DELJOURAVESH	JESSICA	Granting Projects Officer	101,267	132
GUNTER	KIRSTEN	Director of Communications	129,653	172
HASLAM	MARK	Media Arts Officer	109,962	142
JUNAID	BUSHRA	Outreach and Development Manager, Access and Career Development Program Officer	112,246	149
LANGGARD	KELLY	Director of Granting	141,000	186
LAWRENCE	LOREE	Multi-Inter and Community-Engaged Arts Officer	102,177	136
PARSONS	DAVID	Classical Music Officer	107,467	142
SMALL	NINA	Director of Human Resources	128,729	170
VESELY	CAROLYN	Chief Executive Officer	235,000	310
ZHANG	JERRY	Director of Finance and Administration	146,647	194

10. Commitments:

(a) Lease commitments:

The OAC leases office premises and office equipment under operating leases expiring up to 2026. The future annual lease payments, including utilities and operating costs, are summarized as follows:

2023	\$ 786,406
2024	792,746
2025	800,673
2026	605,031
	<u>\$ 2,984,856</u>

(b) Grant commitments:

The OAC has approved grants of \$822,362 (2021 - \$644,499), 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.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. 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.

12. 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.

(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 two professional investment managers 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 managers.

(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.

There has been no change to the above risk exposures from 2021.

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Schedule 1 - Administration Expenses and Services

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Administration expenses:		
Salaries and benefits (notes 2(a) and 9)	\$ 6,458,211	\$ 5,911,543
Office rent and hydro	590,958	586,658
Consulting and legal fees	316,885	32,976
Amortization of capital assets	215,134	256,349
Information Services	212,203	223,096
Miscellaneous	98,634	86,903
Communications	95,373	104,231
Personnel hiring and training	67,010	31,700
Telephone, postage and delivery	56,240	58,265
Maintenance and equipment rental	50,595	45,385
Meetings	31,308	7,940
Office supplies, printing and stationery	7,493	5,613
Travel	1,034	1,651
	8,201,078	7,352,310
Services:		
Jurors and advisors	520,801	489,230
Other programs	311,167	306,148
	831,968	795,378
	\$ 9,033,046	\$ 8,147,688

PROVINCE OF ONTARIO COUNCIL FOR THE ARTS

(OPERATING AS ONTARIO ARTS COUNCIL)

Schedule 2 - Externally Restricted and Endowment Funds

Year ended March 31, 2022, with comparative information for 2021

2022	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	\$ -	\$ 23,204,503	\$ -	\$ -	\$ 1,307,951	\$ (959,179)	\$ 23,553,275
The Oskar Morawetz Memorial Fund	26,000	329,933	-	-	20,063	(22,807)	327,189
Dr. Heinz Unger Scholarship Fund	17,235	110,245	-	-	7,186	(1,006)	116,425
The Leslie Bell Scholarship Fund	9,078	224,876	-	7,000	13,187	(1,828)	243,235
The Vida Peene Fund	-	206,662	23,813	-	11,649	(6,631)	235,493
The John Hirsch Memorial Fund	-	73,059	-	-	4,118	(663)	76,514
The Canadian Music Centre John Adaskin Memorial Fund	17,998	34,601	-	-	2,965	(414)	37,152
Colleen Peterson Songwriting Fund	-	17,287	-	-	975	(1,808)	16,454
The Ruth Schwartz Fund	-	8,946	-	-	504	(7,466)	1,984
	\$ 70,311	\$ 24,210,112	\$ 23,813	\$ 7,000	\$ 1,368,598	\$ (1,001,802)	\$ 24,607,721

2021	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	\$ -	\$ 19,104,230	\$ -	\$ -	\$ 5,146,213	\$ (1,045,940)	\$ 23,204,503
The Oskar Morawetz Memorial Fund	26,000	256,542	-	-	76,110	(2,719)	329,933
Dr. Heinz Unger Scholarship Fund	17,235	83,958	-	-	27,259	(972)	110,245
The Leslie Bell Scholarship Fund	9,078	171,059	-	7,000	48,526	(1,709)	224,876
The Vida Peene Fund	-	150,416	17,185	-	40,518	(1,457)	206,662
The John Hirsch Memorial Fund	-	61,963	-	-	16,691	(5,595)	73,059
The Canadian Music Centre John Adaskin Memorial Fund	17,998	23,754	-	-	11,248	(401)	34,601
Colleen Peterson Songwriting Fund	-	14,516	-	-	3,910	(1,139)	17,287
The Ruth Schwartz Fund	-	7,104	-	-	1,912	(70)	8,946
	\$ 70,311	\$ 19,873,542	\$ 17,185	\$ 7,000	\$ 5,372,387	\$ (1,060,002)	\$ 24,210,112

*Fund balances end of year include unrealized gain of \$6,967,077 (2021 - \$7,147,093) as presented in the statement of financial position.