

FINANCIAL STATEMENTS

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canada Council for the Arts and all the information in this annual report are the responsibility of Management and have been approved by the Board.

The financial statements have been prepared by Management in accordance with Canadian 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 Canada 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 Canada 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 Canada Council. The Audit and Finance Committee meets with Management, the internal auditors and the Auditor General of Canada on a regular basis. The Committee reports its findings to the Board for consideration when approving the financial statements.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Canada Council, and for issuing the report thereon.

June 13, 2016



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



Linda Drainville, CPA auditor, CGA
Chief Financial Officer and Director General,
Corporate Services



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Canada Council for the Arts, which comprise the statement of financial position as at 31 March 2016, and the statement of operations, statement of remeasurement gains and losses, statement of change in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canada Council for the Arts as at 31 March 2016, 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.

Report on Other Legal and Regulatory Requirements

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

Further, in my opinion, the transactions of the Canada Council for the Arts that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Canada Council for the Arts Act* and the by-laws of the Canada Council for the Arts.



Riowen Yves Abgrall, CPA, CA
Principal
for the Auditor General of Canada

13 June 2016
Ottawa, Canada

Statement of Financial Position

as at March 31 (in thousands of dollars)

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 495	\$ 1,226
Accounts receivable	2,775	2,732
Portfolio investments (Note 4)	331,651	344,491
Total financial assets	334,921	348,449
LIABILITIES		
Bank indebtedness	646	-
Grants, prizes and author payments payable	27,674	28,751
Accounts payable and accrued liabilities	3,486	2,499
Deferred revenues	6,877	7,061
Employee future benefits (Note 6)	2,909	2,592
Deferred revenues - Externally restricted contributions (Note 7)	39,501	42,956
Total liabilities	81,093	83,859
NET FINANCIAL ASSETS	253,828	264,590
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	7,348	7,524
Art Bank assets (Note 9)	19,384	19,425
Musical instruments (Note 10)	1	1
Prepaid expenses	184	180
Total non-financial assets	26,917	27,130
ACCUMULATED SURPLUS (Note 11)	\$ 280,745	\$ 291,720
Accumulated surplus is comprised of:		
Accumulated surplus from operations	249,587	237,757
Accumulated remeasurement gains	31,158	53,963
ACCUMULATED SURPLUS	\$ 280,745	\$ 291,720

Contractual obligations and commitments (Note 16)

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

APPROVED BY THE BOARD OF DIRECTORS



Chair



Vice-Chair

Statement of Operations

year ended March 31 (in thousands of dollars)	Budget 2016	Actual 2016	Actual 2015
Revenue			
Net realized investment income (Note 12)	\$ 8,946	\$ 20,685	\$ 11,027
Other revenue	1,107	1,792	1,484
Total revenue	10,053	22,477	12,511
Expenses			
Transfer Programs			
Grants, prizes and author payments (Schedule I)	154,787	157,440	155,141
Transfer program delivery (Schedule II)	17,848	16,357	16,697
Arts community services (Schedule III)	2,007	1,788	2,038
	174,642	175,585	173,876
Net Art Bank results (Note 13)	222	365	327
Canadian Commission for UNESCO (Note 14)	2,122	1,773	1,951
General administration (Schedule II)	15,162	15,148	15,764
Total expenses	192,148	192,871	191,918
Annual deficit from operations before Parliamentary appropriations	(182,095)	(170,394)	(179,407)
Parliamentary appropriations	182,097	182,224	182,224
ANNUAL SURPLUS FROM OPERATIONS	2	11,830	2,817
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF YEAR	237,757	237,757	234,940
ACCUMULATED SURPLUS FROM OPERATIONS, END OF YEAR	\$ 237,759	\$ 249,587	\$ 237,757

Statement of Remeasurement Gains and Losses

year ended March 31 (in thousands of dollars)	2016	2015
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	\$ 53,963	\$ 39,037
Unrealized gains (losses) attributable to:		
Portfolio investments	(22,066)	15,960
Amounts reclassified to the Statement of Operations:		
Portfolio investments	(739)	(1,034)
NET REMEASUREMENT GAINS (LOSSES) FOR THE YEAR	(22,805)	14,926
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	\$ 31,158	\$ 53,963

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

Statement of Change in Net Financial Assets

year ended March 31 (in thousands of dollars)	Budget 2016	Actual 2016	Actual 2015
ANNUAL SURPLUS FROM OPERATIONS	\$ 2	\$ 11,830	\$ 2,817
Acquisition of tangible capital assets (Note 8)	(1,197)	(842)	(443)
Write-down of tangible capital assets	-	-	712
Amortization of tangible capital assets (Note 8)	1,178	1,018	1,111
Acquisition of Art Bank assets (Note 9)	-	(47)	(28)
Disposal of Art Bank assets (Note 9)	-	88	3
	(19)	217	1,355
Acquisition of prepaid expenses	-	(230)	(241)
Use of prepaid expenses	-	226	376
	-	(4)	135
Net remeasurement gains (losses)	-	(22,805)	14,926
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(17)	(10,762)	19,233
NET FINANCIAL ASSETS, BEGINNING OF YEAR	264,590	264,590	245,357
NET FINANCIAL ASSETS, END OF YEAR	\$ 264,573	\$ 253,828	\$ 264,590

Statement of Cash Flow

year ended March 31 (in thousands of dollars)	2016	2015
Operating Transactions		
Annual surplus from operations	\$ 11,830	\$ 2,817
Losses (gains) from disposal of portfolio investments (Note 12)	627	(1,767)
Amortization of tangible capital assets (Note 8)	1,018	1,111
Write-down of tangible capital assets	-	712
Donations of Art Bank assets (Note 9)	87	3
Loss on disposal of Art Bank assets (Note 9)	1	-
(Increase) decrease in prepaid expenses	(4)	135
Increase in employee future benefits	317	62
Income transferred to Deferred revenues - Externally restricted contributions to investment income (Note 7)	3,854	1,923
Net change in other non-cash items (Note 15)	(317)	(2,227)
Cash provided by operating activities	17,413	2,769
Capital Transactions		
Acquisition tangible capital assets (Note 8)	(842)	(443)
Acquisition Art Bank assets (Note 9)	(47)	(28)
Cash used by capital activities	(889)	(471)
Investing Transactions		
Acquisition of portfolio investments	(93,473)	(29,172)
Disposal of portfolio investments	75,572	28,391
Cash used by investing activities	(17,901)	(781)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,377)	1,517
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,226	(291)
CASH AND CASH EQUIVALENTS, END OF YEAR	(151)	1,226
Represented by:		
Cash	-	240
Cash equivalents (Note 3)	495	986
Bank indebtedness	(646)	-
	\$ (151)	\$ 1,226

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

Notes to the Financial Statements March 31, 2016

1. Authority and Activities

The Canada Council for the Arts (the "Council"), established by the *Canada Council Act* in 1957 and subsequently amended in 2001 by Bill C-40 to the *Canada Council for the Arts Act*, is not an agent of Her Majesty and is deemed to be a registered charity for the purposes of the *Income Tax Act*. In accordance with section 85(1.1) of the *Financial Administration Act*, the Council is exempt from Divisions I to IV of Part X of this Act, except for subsection 105(2) and sections 113.1 and 119 of Division II, sections 131 to 148 of Division III and section 154.01 of Division IV. The Council is a Crown corporation whose objectives are to foster and promote the study and enjoyment of, and the production of works in, the arts.

The Council achieves its objectives primarily through grant programs to professional Canadian artists and arts organizations. The Council incurs administration and services expenses in the delivery of programs. 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 Canada 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 Canada 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 considers itself to be 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
Cash equivalents	Fair value
Accounts receivable	Amortized cost
Portfolio investments	Fair value
Bank indebtedness	Fair value
Grants, prizes and author payments payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Cash equivalents

Cash equivalents represent short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents on the Council's Statement of Financial Position comprise units in a short-term pooled fund. Distributed income is recorded on an accrual basis and is recognized in the Statement of Operations under net realized investment income during the year in which it is earned.

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.

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

Tangible capital assets

Office equipment 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	5 years
Leasehold improvements	remaining term of the lease

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 cost less accumulated amortization. The cost, less any residual value, is amortized using a straight line method over the estimated useful lives of these assets which are estimated to be 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.

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. Other event driven termination benefits will be recognized in the period when the event that obligates the Council occurs.

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 (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 hosting fees charged for services provided to a third party.

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.

Grants , prizes and author payments

Grants, prizes and author payments 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.

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-related 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. Actual results could differ from those estimated.

Budgeted figures

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

3. Cash Equivalents

The Council invests its cash in excess of daily requirements in a short-term pooled fund managed by State Street Global Advisors. All instruments held in the pooled funds are rated R1 (low) or A (low) or better as rated by a recognized bond rating agency. These funds are comprised of securities issued by different levels of government, chartered banks and corporate issuers. Except for instruments guaranteed by governments, no more than 10% of the short-term portfolio is invested with any one issuer. The Council's cash equivalents invested in the pooled fund was \$495,000 at March 31, 2016 (2015 - \$986,000).

4. Portfolio Investments

(in thousands of dollars)	2016					2015		
	Cost	Unrealized losses	Unrealized gains	Fair value		Cost	Fair value	
	\$	\$	\$	\$	%	\$	\$	%
Canada Council Endowment and Special Funds								
Pooled funds								
Equity	126,336	1,904	20,423	144,855	53	112,970	156,036	55
Fixed income	70,750	-	2,676	73,426	27	70,750	75,463	27
Alternatives	20,630	-	6,306	26,936	10	20,630	27,148	10
Money market	5,992	-	-	5,992	2	6,446	6,446	2
Real estate	7,717	62	2,390	10,045	4	7,735	9,525	3
Infrastructure	7,827	94	4,468	12,201	4	5,689	8,596	3
	239,252	2,060	36,263	273,455	100	224,220	283,214	100
Killam Fund								
Pooled funds								
Equity	26,832	380	4,535	30,987	53	24,095	33,593	55
Fixed income	13,787	-	515	14,302	25	14,745	15,720	26
Alternatives	5,298	-	1,613	6,911	12	5,298	6,965	11
Money market	-	-	-	-	-	-	-	-
Real estate	2,051	16	648	2,683	4	2,062	2,560	4
Infrastructure	2,036	24	1,301	3,313	6	1,561	2,439	4
	50,004	420	8,612	58,196	100	47,761	61,277	100
Total investments	289,256	2,480	44,875	331,651		271,981	344,491	

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, 2016. The Council manages two separate portfolios, the Canada Council Endowment and Special Funds and the Killam Fund. The Killam will requested that their donation be invested separately. Apart from the Killam Fund, the amounts received that are subject to external restrictions are invested within the Canada Council Endowment and Special Funds and represent 8% (2015 - 8%) of that Fund with a total fair value of \$21,904,000 (2015 - \$22,685,000). The total fair value of the externally restricted investment including the Killam Fund is \$80,100,000 (2015 - \$83,962,000).

All transactions for the externally restricted contributions are originally 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, 2016 by the Special Funds is \$2,996,000 (2015 - \$2,515,000) and owed by the Council to the Killam Fund is \$212,000 (2015 - \$1,007,000 owed to Council).

The long-term objectives of the Canada Council Endowment and Special Funds and 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 five real estate funds and four infrastructure funds. 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	10%	5%	10%	15%
Global equities	43%	35%	40%	45%
Fixed income	26%	15%	25%	35%
Alternatives	10%	5%	10%	15%
Real estate	4%	0%	7.5%	10%
Infrastructure	5%	0%	7.5%	10%
Money market	2%	0%	0%	10%

The money market asset class includes short-term pooled funds used for future investments in alternatives and capital commitments in limited partnership units of real estate and infrastructure funds. These funds had a balance of \$5,992,000 (2015 - \$6,446,000). For the year ended March 31, 2016, these funds earned a return of 0.76% (2015 - 1.11%) and the underlying investments had an average weighted term to maturity of 28 days (2015 - 37 days).

Investments in the equity pooled funds are comprised of units of three pooled funds, one Canadian fund and two funds that are invested in the global equity markets. The Canadian equities are measured against the returns of the Standard and Poor's Toronto Stock Exchange Index. The global equities are measured against the returns of the Morgan Stanley Capital International (MSCI) All Country World Index. Investments in the fixed income pooled fund are comprised of a mix of bonds, mortgages, emerging debt and other fixed income instruments. The fixed income fund is measured against the returns of the FTSE TMX 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 91-day Canadian 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 four portfolios of diversified infrastructure investments. These investments are measured against the Consumer Price Index plus 4.5%.

5. Financial Risks and Fair Value

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)

		2016	2015
Financial assets and liabilities	Measurement categories	Carrying amount and fair value (\$)	Carrying amount and fair value (\$)
Cash and cash equivalents	Fair value	495	1,226
Accounts receivable	Amortized cost	2,775	2,732
Portfolio Investments ¹	Fair value	331,651	344,491
Bank indebtedness	Fair value	646	-
Grants, prizes and author payments payable	Amortized cost	27,674	28,751
Accounts payable and accrued liabilities	Amortized cost	3,486	2,499

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

A) ESTABLISHING FAIR VALUE

The carrying value of accounts receivable, grants, prizes and author payments 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:

- Equity, Fixed Income and Money Market pooled fund investments are valued at the unit values supplied by the pooled fund managers, which represent the Council's proportionate share of the underlying net assets at fair values, determined using closing market prices.
- The Alternatives is a pooled fund investment which is valued at the unit values supplied by the pooled fund manager. The fund manager manages multiple funds with different strategies and determines the unit's fair value using the closing market prices for some strategies when available or using a valuation model with non-observable data for other strategies.
- Real estate investment values are supplied by the fund managers using independently audited appraisals which are based on a valuation model with non-observable data. The independently audited appraisals are obtained annually.
- Infrastructure investment values are supplied by the fund managers using internally determined appraisals. The appraisals are based on a valuation model with non-observable data and are audited annually.

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)	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	-	495	-	495	240	986	-	1,226
Portfolio Investments								
Canada Council Endowment and Special Funds								
Pooled Funds								
Equity	-	144,855	-	144,855	-	156,036	-	156,036
Fixed Income	-	73,426	-	73,426	-	75,463	-	75,463
Alternatives	-	-	26,936	26,936	-	-	27,148	27,148
Money Market	-	5,992	-	5,992	-	6,446	-	6,446
Real Estate	-	-	10,045	10,045	-	-	9,525	9,525
Infrastructure	-	-	12,201	12,201	-	-	8,596	8,596
Killam Fund								
Pooled Funds								
Equity	-	30,987	-	30,987	-	33,593	-	33,593
Fixed Income	-	14,302	-	14,302	-	15,720	-	15,720
Alternatives	-	-	6,911	6,911	-	-	6,965	6,965
Real Estate	-	-	2,683	2,683	-	-	2,560	2,560
Infrastructure	-	-	3,313	3,313	-	-	2,439	2,439
Total	-	270,057	62,089	332,146	240	288,244	57,233	345,717

Financial liabilities at fair value as at March 31

(in thousands of dollars)	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Bank indebtedness	646	-	-	646	-	-	-	-

During the year, there were no significant transfers of amounts between Level 1 and 2.

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

(in thousands of dollars)	2016				2015			
	Alternatives fund	Real estate funds	Infrastructure funds	Total	Alternatives fund	Real estate funds	Infrastructure funds	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Canada Council Endowment and Special Funds								
Opening balance	27,148	9,525	8,596	45,269	25,307	9,452	5,994	40,753
Total gains (losses)								
recognized in re-measurement statement	(195)	495	1,349	1,649	1,694	290	1,258	3,242
recognized in externally restricted contributions	(17)	43	118	144	147	25	109	281
Purchases	-	742	3,268	4,010	-	2,670	3,073	5,743
Sales	-	(760)	(1,130)	(1,890)	-	(2,912)	(1,838)	(4,750)
Closing balance	26,936	10,045	12,201	49,182	27,148	9,525	8,596	45,269
Killam Fund								
Opening balance	6,965	2,560	2,439	11,964	6,493	2,555	1,790	10,838
Total gains (losses)								
recognized in externally restricted contributions	(54)	135	399	480	472	83	424	979
Purchases	-	185	818	1,003	-	673	773	1,446
Sales	-	(197)	(343)	(540)	-	(751)	(548)	(1,299)
Closing balance	6,911	2,683	3,313	12,907	6,965	2,560	2,439	11,964

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 cash equivalents, 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 five real estate funds and four infrastructure funds, 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 through monitoring of the outstanding balances. As at March 31, 2016, 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 the short-term pooled fund 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 the short-term funds and portfolio investments ensures that the Council is able to meet its obligations and commitments. The majority of the investment portfolio can be redeemed within three days. As well, the permitted and prohibited investments are governed by Board-approved short-term and long-term investment policies which ensure that the liquidity risk is minimized.

The 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 and the Killam Fund (2015 - 3.75% for the Endowment and Special Funds and 3.5% for the Killam Fund) of the previous three-year average market value using balances at September 30.

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

(in thousands of dollars)	Less than six months	Between six months to one year	Between one to two years	Over two years	2016 Total
	\$	\$	\$	\$	\$
Financial Liabilities					
Bank indebtedness	646	-	-	-	646
Grants, prizes and author payments payable	7,267	10,046	7,812	2,549	27,674
Accounts payable and accrued liabilities	2,956	220	310	-	3,486
	10,869	10,266	8,122	2,549	31,806

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 of Directors and the Investment Committee.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Council is exposed to market price risk arising from its investments in units of equity and alternative pooled funds and in limited partnership units of five real estate funds and four infrastructure funds.

Price sensitivity

The following details the Council's portfolio sensitivity to a 5.4% increase or decrease in the market prices, with 5.4% being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of a reasonably possible change in market prices.

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

At March 31, 2016, if market prices had a 5.4% (2015 - 5.8%) increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses and deferred revenues – externally restricted contributions for the year would have been a total of \$17,909,000 (2015 - \$19,919,000) due to the increase or decrease in the fair value of financial assets measured at fair value.

A separate sensitivity analysis for level 3 financial instruments is not possible given the underlying assumptions used are not available to Council.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate exposure of the Council arises from its interest bearing assets. The Council's cash includes amounts on deposit with a financial institution that earns interest at market rates. The objective of the Council is to manage its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Council's results of operations.

The Council's investments in a short-term pooled fund, fixed income pooled fund 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 \$18,132,000 (2015 - \$12,443,000). Given the small size of the foreign currency exposure compared with the total assets of the Council, 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 Corporation's contribution rate effective at year-end was 1.15 times (2015 - 1.28) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.11 times (2015 - 1.28) the employee's contribution. Total contributions of \$1.9 million (2015 - \$2.0 million) were recognized as expense in the current year.

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)	2016	2015
Employer's contributions	\$ 1,878	\$ 2,001
Employees' contributions	1,458	1,385

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 as per the collective agreement. 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. 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)	2016	2015
Accrued benefit obligation, beginning of year	\$ 514	\$ 749
Current service cost	-	(21)
Benefits paid during the year	(56)	(214)
Accrued benefit obligation, end of year	\$ 458	\$ 514

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. In 2015-16, the Council obtained a full actuarial valuation as at March 31, 2016.

(in thousands of dollars)	2016	2015
Accrued benefit obligation, beginning of year	\$ 4,348	\$ 3,313
Current service cost	186	135
Interest cost	87	99
Benefits paid	(80)	(147)
Participant contributions	-	91
Actuarial loss	579	857
	5,120	4,348
Unamortized net actuarial losses	(2,669)	(2,270)
Accrued benefit obligation, end of year	\$ 2,451	\$ 2,078

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 fourteen years.

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

	2016	2015
Discount rate for calculation of net benefit costs	2%	3%
Discount rate for calculation of accrued benefit obligation	2%	2%
Dental costs rate increase	4%	4%
Initial Health care cost trend rate increase - Prescription drugs	7%	8%
Ultimate health care cost trend rate	4%	4%
Year ultimate rate reached	2026	2023

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)	2016	2015
Balance, beginning of year	\$ 42,956	\$ 37,097
Transferred from investment income (Note 12)		
Net Investment income	6,243	4,247
Use of funds	(2,389)	(2,324)
	3,854	1,923
Unrealized gains (losses) on portfolio investments	(6,622)	5,664
Reclassified to statement of operations - portfolio investments	(687)	(1,728)
Balance at end of year	\$ 39,501	\$ 42,956

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

8. Tangible Capital Assets

(in thousands of dollars)	Office Equipment	Leasehold improvements	Work in Progress	Total
Cost				
Opening balance at April 1, 2015	\$ 5,272	\$ 7,314	\$ 384	\$ 12,970
Acquisitions	620	128	94	842
Disposals	(649)	-	-	(649)
Closing balance at March 31, 2016	\$ 5,243	\$ 7,442	\$ 478	\$ 13,163
Accumulated Amortization				
Opening balance at April 1, 2015	\$ 3,857	\$ 1,589	\$ -	\$ 5,446
Amortization expense	698	320	-	1,018
Disposals	(649)	-	-	(649)
Closing balance at March 31, 2016	\$ 3,906	\$ 1,909	\$ -	\$ 5,815
Net carrying amount at March 31, 2015	\$ 1,415	\$ 5,725	\$ 384	\$ 7,524
Net carrying amount at March 31, 2016	\$ 1,337	\$ 5,533	\$ 478	\$ 7,348

9. Art Bank Assets

(in thousands of dollars)	2016	2015
Opening balance	\$ 19,425	\$ 19,400
Acquisitions	47	28
Disposals/Donations	(88)	(3)
Closing Balance	\$ 19,384	\$ 19,425

The Council's Art Bank has the largest collection of contemporary Canadian art in Canada. It includes over 17,300 paintings, sculptures, drawings, photographs and prints by over 3,152 artists. The Art Bank rents its assets to interested parties and as at March 31, 2016 has over 3,300 (2015 - 3,200) 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 assessment valuation of the Art Bank assets was completed in 2001 and any artwork acquired after 2001 has been independently appraised upon acquisition. Significant events such as special recognition or artist passing are known to trigger a change in valuation. Management monitors significant events and obtains independent reassessment as required. The total appraised value of the Art Bank assets is estimated at \$71 million as at March 31, 2016 (\$71 million - 2015).

The residual values are estimated to be greater than the cost; therefore no Art Bank assets amortization is recognized.

The Council insures the Art Bank assets for their estimated appraised value.

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 thirteen instruments on loan, nine from anonymous donors and four from four 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, 2016 is \$53,860,000, converted from a value of US\$41,750,000 using the March 31, 2016 US exchange rate of 1.29 (2015 - \$53,050,000, converted from a value of US\$41,770,000 using the March 31, 2015 US exchange rate of 1.27).

11. Accumulated Surplus

(in thousands of dollars)	2016	2015
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	124,445	122,445
Appropriated from the accumulated surplus during the year	12,000	2,000
Balance at end of the year	136,445	124,445
Surplus		
Balance at beginning of the year	25,743	24,926
Appropriated to the reserve for excess investment income during the year	(12,000)	(2,000)
Surplus for the year	11,830	2,817
Balance at end of the year	25,573	25,743
Total accumulated surplus from operations	249,587	237,757
Accumulated remeasurement gains		
Balance at beginning of the year	53,963	39,037
Change in fair value	(22,805)	14,926
Balance at end of the year	31,158	53,963
Balance of accumulated surplus at end of year	\$ 280,745	\$ 291,720

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)	2016	2015
(Losses) gains from disposal of portfolio investments	\$ (627)	\$ 1,767
Income transferred to deferred revenues -		
Externally restricted contributions (Note 7)	(3,854)	(1,923)
Net gains on foreign exchange	319	310
Interest, dividend and other distributed income	26,697	13,074
Investment portfolio management costs	(1,850)	(2,201)
	\$ 20,685	\$ 11,027

13. Net Art Bank Results

(in thousands of dollars)	2016	2015
Rental revenue	\$ 1,205	\$ 1,251
Other income	168	164
Disposal/donation of Art Bank assets	(88)	(3)
Administration expense	(1,639)	(1,721)
Amortization of other capital assets	(11)	(18)
	\$ (365)	\$ (327)

14. Canadian Commission for UNESCO

(in thousands of dollars)	2016	2015
Program expenses	\$ 583	\$ 700
Program - contributions received	(11)	-
Administration expense	1,201	1,251
	\$ 1,773	\$ 1,951

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)	2016	2015
(Increase) decrease in accounts receivable	\$ (43)	\$ 1,384
Decrease in grants, prizes and author payments payable	(1,077)	(2,150)
Increase (decrease) in accounts payable and accrued liabilities	987	(1,045)
Decrease in deferred revenues	(184)	(416)
Net change	\$ (317)	\$ (2,227)

16. Contractual Obligations and Commitments

A) GRANTS , PRIZES AND AUTHOR PAYMENTS

Grants, prizes and author payments extending into future years are subject to the provision of funds by Parliament. Future year commitments for those payments approved prior to March 31, 2016 amounted to \$96,176,000 (2015 – \$132,650,000). The future payments of grant commitments as of March 31, 2016 are as follows:

(in thousands of dollars)

2017	\$	80,937
2018		9,055
2019		6,184

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, 2016 amounted to \$81,372,000 (2015 – \$87,511,000). The future payments of operating leases as of March 31, 2016 are as follows:

(in thousands of dollars)

2017	\$	4,251
2018		4,326
2019		4,406
2020		4,260
2021		4,179
2022-2034		59,950

C) INVESTMENT COMMITMENTS

The Council has committed funds with real estate and infrastructure investment managers through limited partnership funds. Because it takes time for those funds to be fully invested, the balance of committed capital not yet drawn at March 31, 2016 is \$22,389,000 (2015 – \$26,585,000). A portion of the outstanding balance of committed capital is currently invested in short-term pooled funds.

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, 2016 amounted to \$415,000 (2015 - \$852,000). Future annual payments as of March 31 are as follows:

	1 Yr	Less than 3 yrs
Program delivery	\$ 25,000	\$ -
Arts community services	166,000	20,000
General Administration	158,000	22,000
Tangible capital assets	24,000	-

17. Related Party Transactions

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with related parties in the normal course of business on normal trade terms applicable to all individuals and enterprises, and these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the Council incurred grants, prizes and author payments and other expenses totalling \$149,000 (2015 – \$282,000) and recorded rental revenues for the Art Bank assets, contributions and other revenues totalling \$767,000 (2015– \$736,000) with related parties.

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)	2016	2015
Accounts receivable	\$ 328	\$ 179
Grants, prizes and payments payable	5	165
Accounts payable and accrued liabilities	41	18
Deferred revenues	293	275

Schedule I - Grants, Prizes and Author Payments by Section

(in thousands of dollars)

	2016	2015
Arts Programs and Prizes		
Music	\$ 28,499	\$ 28,195
Theatre	27,282	27,025
Writing and Publishing	24,637	24,249
Visual Arts	21,557	21,070
Dance	18,645	18,467
Media Arts	14,594	14,720
Audience and Market Development	3,129	3,087
Inter-Arts	2,788	2,563
Aboriginal Arts	2,095	1,324
Equity	1,460	1,858
Other	1,081	1,010
Public Lending Right	9,760	9,741
Killam Program		
Killam Research Fellowships	840	770
Killam Prizes	500	500
Other Prizes and Awards		
Victor Martyn Lynch-Staunton Awards	105	105
Molson Prizes	100	100
John G. Diefenbaker Award	95	95
Other prizes and awards < \$50,000	273	262
	\$ 157,440	\$ 155,141

Schedule II - Other Expenses

(in thousands of dollars)

	2016			2015
	Transfer Program Delivery	General Administration	Total	Total
Salaries and employee benefits	\$ 12,384	\$ 8,002	\$ 20,386	\$ 20,741
Office accommodation	28	3,481	3,509	3,533
Peers and advisory committees	2,559	-	2,559	2,516
Professional and special services	347	843	1,190	1,166
Amortization	-	1,007	1,007	1,093
Information management	78	772	850	1,211
Staff travel	421	109	530	594
Prizes presentation	453	-	453	325
Communications	2	294	296	420
Printing, publications and duplicating	5	271	276	341
Meeting expenses including members' honoraria	76	152	228	259
Office expenses and equipment	4	198	202	249
Miscellaneous	-	19	19	13
	\$ 16,357	\$ 15,148	\$ 31,505	\$ 32,461

Schedule III - Arts Community Services

(in thousands of dollars)

	2016	2015
Research and consultation	\$ 912	\$ 969
Partnership and networking	551	738
Event costs	325	331
	\$ 1,788	\$ 2,038