



Canada Council
for the Arts

Conseil des arts
du Canada

2024-25 Annual Report

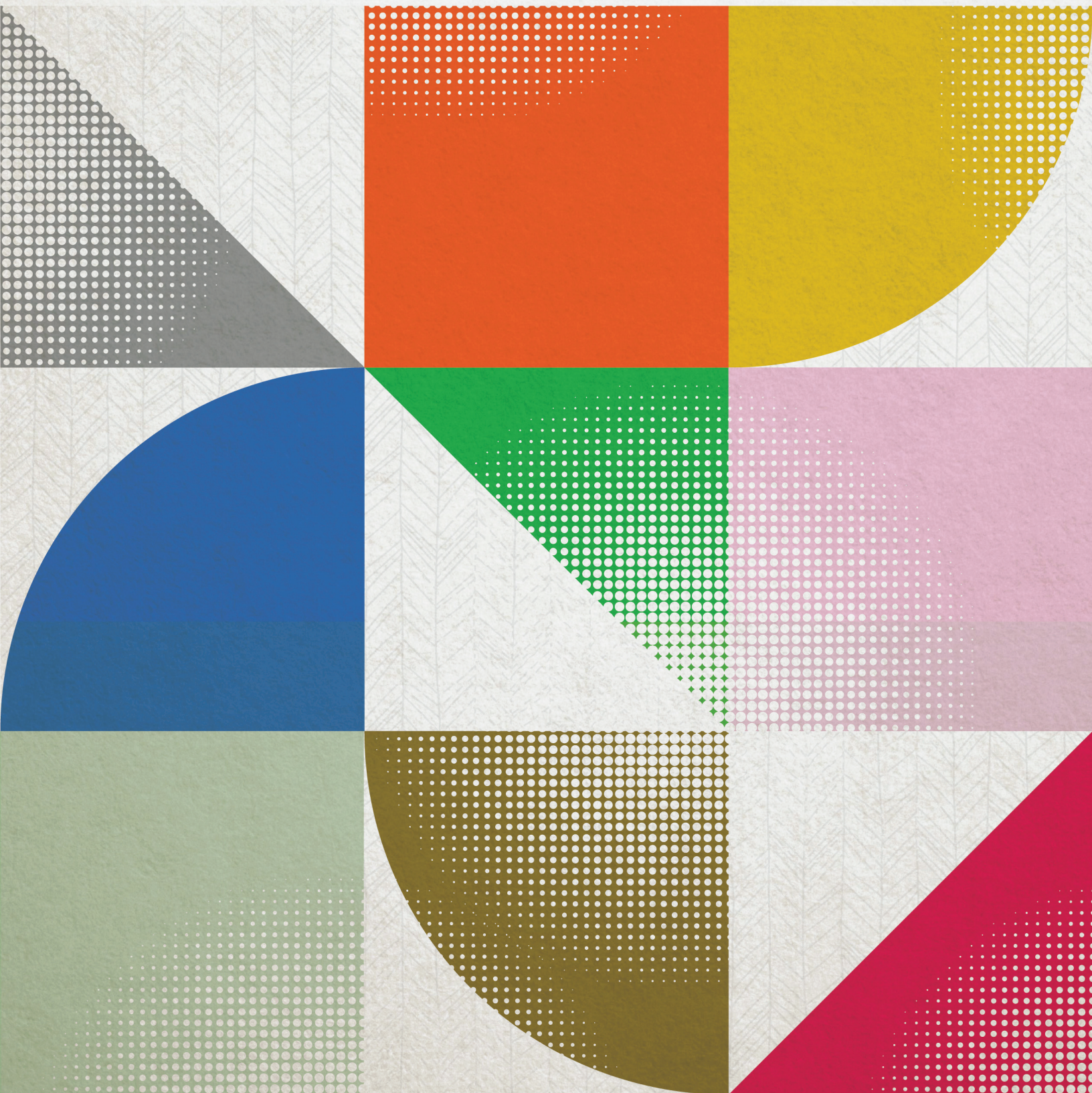


Photo: For Indigenous people, the canoe holds a special and unique place in their relationship with the land.

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

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

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

This canoe is on permanent display in the Âjagemô exhibition space, located at the Canada Council's offices in Ottawa.



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

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

Further, the Canada Council respects and affirms the inherent and treaty

rights of all Indigenous Peoples across this land. The Canada Council has honoured and will continue to honour the commitments to self-determination and sovereignty it has made to Indigenous Nations and Peoples.

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

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



**Canada Council
for the Arts**

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du Canada**

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The Canada Council for the Arts' offices are located on the traditional unceded territory of the Algonquin Nations.

Canada

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The 68th Annual Report of the Canada Council for the Arts and supplementary information on grants, services and prizes are available on the Canada Council's website.

MANDATE

The Canada Council for the Arts contributes to the vibrancy of a creative and diverse arts and literary scene and supports its presence across Canada and around the world. The Canada Council is Canada’s public arts funder, with a mandate to “foster and promote the study and enjoyment of, and the production of works in, the arts.”

The Canada Council’s grants, services, initiatives, prizes, and payments support artists, authors, and arts groups and organizations from Canada. This support allows them to pursue artistic expression, create works of art, and promote and disseminate the arts and literature.

Through its arts funding, communications, research, and promotion activities, the Canada Council fosters ever-growing engagement of audiences in Canada and abroad.

The Canada Council’s Public Lending Right (PLR) program makes annual payments to creators whose works are held in Canadian public libraries.

The Canada Council’s Art Bank operates art rental programs and helps further public engagement with contemporary arts through exhibition and outreach activities.

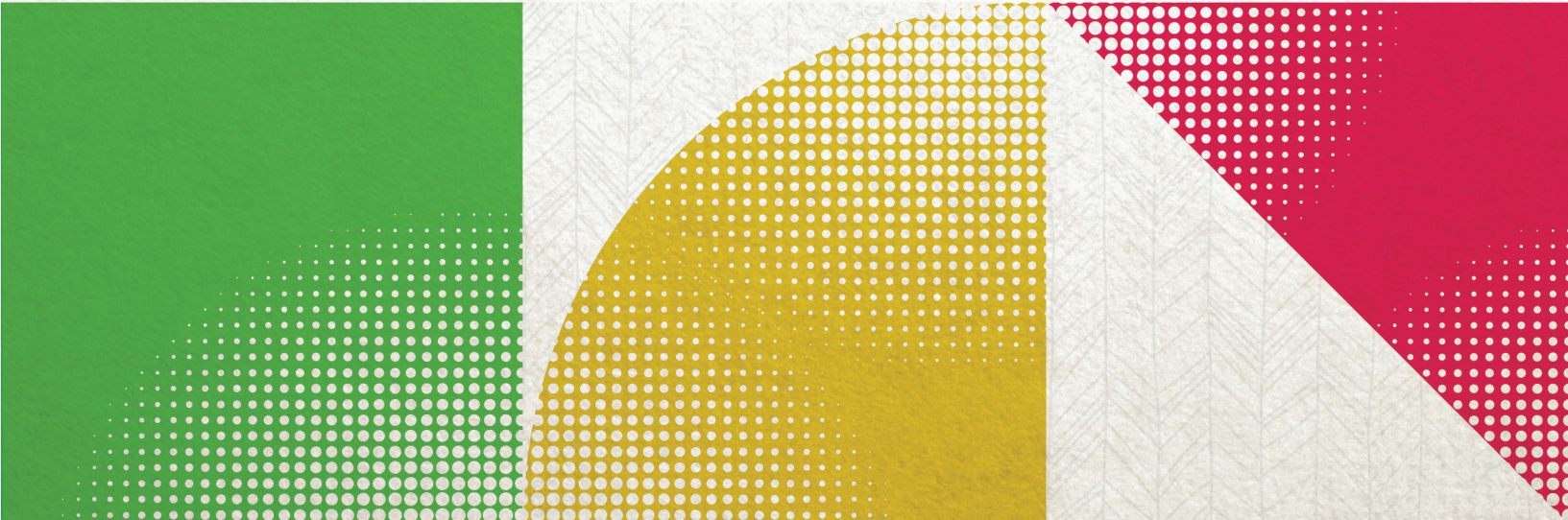
The Canada Council is responsible for the Canadian Commission for UNESCO, which promotes the values and programs of UNESCO to contribute to a future of peace, reconciliation, equity, and sustainable development.

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

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

TABLE OF CONTENTS

06	24
Message from the Chair	Governance
08	32
Message from the Director and CEO	Management Discussion and Analysis
12	46
Key Accomplishments	Financial Statements



MESSAGE FROM THE CHAIR

This past year marks my last as Chair of the Board of the Canada Council for the Arts as I will complete my five-year mandate in July 2025.

It has been a great privilege to serve the arts in this role, and before that as a member of the Board. I am also proud to have been the first Indigenous Chair of the Canada Council, setting the precedent for a second, third, fourth and so on.

Over the last five years, the arts have experienced significant challenges. At the start of my mandate as Chair, we were confronting the early days of the COVID-19 pandemic. Now, we are experiencing a moment of intense unpredictability, both here in Canada and around the world.

Through this period, the Canada Council has remained a steadfast support for the arts. This past year was no exception.

Of particular note, this year the Canada Council strengthened its connections and support to regions across the country. This work ensures that Canadians can engage with a diverse and dynamic arts scene in communities of all shapes and sizes, urban, suburban, rural and remote, from coast to coast to coast.

This work also brings Canadians together, in all their diversity, encouraging a greater understanding of one another and a strengthened sense of belonging.

To close, I want to thank the members of the Board for sharing their invaluable expertise and strategic oversight with the Canada Council this year. I also want to

congratulate Board member Cheryl Hickman on being named the next Chair of the Board of the Canada Council for the Arts, providing important continuity and guidance for the organization.

There is, undoubtedly, much work ahead for the arts community. This includes, for example, becoming more sustainable and resilient so that it can face whatever challenges come next. Under the forward-thinking leadership of Michelle Chawla as Director and CEO, I know the Canada Council will continue to play a foundational role in supporting the arts through it all.



JESSE WENTE
CHAIR



MESSAGE FROM THE DIRECTOR AND CEO

This past year, my second as Director and CEO, the Canada Council for the Arts undertook important work to ensure the arts continue to play its vital role in the lives of Canadians.

Indeed, the arts have an important role to play in Canada right now, maybe more than ever before. In large part, that is because our country is facing significant challenges related to economic uncertainty, sovereignty and various social issues. The arts can make impressive contributions in each of these areas at the same time, creating economic, social and cultural impact. They can express uniquely Canadian perspectives and experiences, while also improving quality of life and wellbeing. Put another way, we need the arts.

This meant strengthening the resilience and sustainability of the arts sector so that it can more fully engage Canadians and realize its potential, both today and in the coming years.

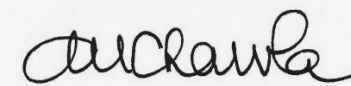
And it meant deepening our engagement and increasing the transparency of our work with the arts sector, in turn building the trust that is essential to fulfilling our mandate.

As you will read in these pages, the Canada Council's efforts in each of these areas ensured our investment in the arts delivered meaningful impact and relevance for Canadians.

I would like to thank the Canada Council's Board members for their continued support this past year. I also want to thank Jesse Wenthe for his dedication to the Canada Council as Chair of the Board.

My thanks also to the Canada Council's employees, who bring much creativity, intelligence and care to their work every day. Without their dedication, there would be no Canada Council as we know it.

Finally, I want to thank the artists and people working in the arts for sharing their talents, hard work and creativity with Canada. You give expression to the ideas, hopes and dreams needed to create a stronger future together.



MICHELLE CHAWLA
DIRECTOR AND CEO



OUR 2024-25
FUNDING AT A GLANCE

2,157

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

1,969

ARTS ORGANIZATIONS
RECEIVED \$201.9M
IN FUNDING

3,049

ARTISTS RECEIVED \$67.3M
IN FUNDING

18,465

CREATORS RECEIVED PUBLIC
LENDING RIGHT PAYMENTS
TOTALING \$14.8M, OF WHICH
\$1.1M WAS AWARDED TO
NEWLY REGISTERED TITLES

392

GROUPS RECEIVED \$15.5M
IN FUNDING

705

ARTISTS AND ARTS
PROFESSIONALS FROM
COAST TO COAST TO COAST
SERVED AS PEER ASSESSORS,
OF WHICH 285 WERE FIRST-
TIME PEER ASSESSORS



Samantha Yang performs on the cello. Still from
Canada Council Musical Instrument Bank video,
produced by Ajax Creative.

KEY ACCOMPLISHMENTS

In 2024-25, the Canada Council for the Arts invested in the arts to deliver impact and relevance for Canadians.

The Canada Council built meaningful connections through the arts in all parts of Canada, strengthened the resilience and sustainability of the arts sector, and advanced trust through open engagement and transparency.

The examples reflected in this section highlight how the Canada Council strengthened the arts sector's vital work and expanded its economic, social and cultural contributions to the lives of people across all of Canada and beyond.

KEY ACCOMPLISHMENTS

Empowering the arts to connect with Canadians across the country

In 2024-25, the Canada Council for the Arts built meaningful connections through the arts in all parts of the country—across communities, cultures and geographies. By reaching further, listening more deeply and strengthening partnerships and collaborations, the Canada Council's work this year ensured the arts are visible, accessible and relevant to Canadians from coast to coast to coast.

The Canada Council expanded its outreach efforts significantly, with a particular focus on historically underrepresented regions and communities. Outreach ensures the Canada Council delivers its programs and initiatives to artists and arts organizations in all parts of the country. In turn, this strengthens the presence of the arts in all regions and deepens their connection to communities.

In total, Canada Council employees engaged with the community in over 115 outreach events this year, reaching artists and arts organizations in all parts of the country, including at:

- *Supporting Performing Arts in Rural and Remote Communities (SPARC) Symposium* in Minto, Ontario, where Canada Council employees held outreach sessions with artists, presenters and community leaders from rural and remote regions to bridge geographic barriers to arts funding in their communities.

- *Petapan: First Light Symposium*, in Charlottetown, Prince Edward Island, where Canada Council employees held nearly 75 one-on-one meetings with Indigenous artists to support their funding applications and portal registrations.
- *Sound OFF Festival* and the *Beginning 2.0 Disability Arts Conference*, in Edmonton, Alberta, where Canada Council employees showcased program information, held individual sessions and participated on panels to support the needs of Deaf and disability arts communities.

The Canada Council launched its Alberta Focus Initiative to address historical funding imbalances experienced by Alberta's arts communities. Two Alberta-based arts liaison consultants will engage with communities across the province to increase awareness of and access to funding opportunities at the Canada Council. They will also provide the Canada Council with important

on-the-ground knowledge about the arts in the province so that it can respond to the realities of Alberta's arts sector for increased impact.

This year, the Canada Council also successfully renewed the *Collaboration Agreement for the Development of Arts and Culture in the Francophone Minority Communities of Canada (2024–2028)* between the Department of Canadian Heritage, the National Arts Centre, the Canada Council for the Arts, the Société Radio-Canada, the National Film Board of Canada, Telefilm Canada and the Fédération Culturelle Canadienne-Française. Following the modernization of the *Official Languages Act*, this renewed agreement officially acknowledges arts and culture as essential to the vitality of official language minority communities. The agreement highlights key areas of focus, including strengthening dialogue between francophone cultural actors and federal institutions, prioritizing research, driving digital transformation and enhancing support for creation and dissemination.

The Canada Council also brought art to the everyday lives of Canadians through public-facing initiatives such as the Canada Council Art Bank's *Stories We Tell* project. Developed in collaboration with the Manitoba Arts Network, this initiative brought works

from the Canada Council Art Bank collection to rural and remote communities across Manitoba. The project encouraged residents to experience and engage with Canadian art in new ways, highlighting how the Canada Council Art Bank's public art collection can serve as a powerful tool for storytelling, reflection and community dialogue.

The Canada Council Art Bank also acquired six new artworks by Indigenous artists, with a focus on innovative interpretations of beadwork. This purchase strengthens the Canada Council Art Bank's representation of Indigenous art and supports both emerging and established artists. The focus



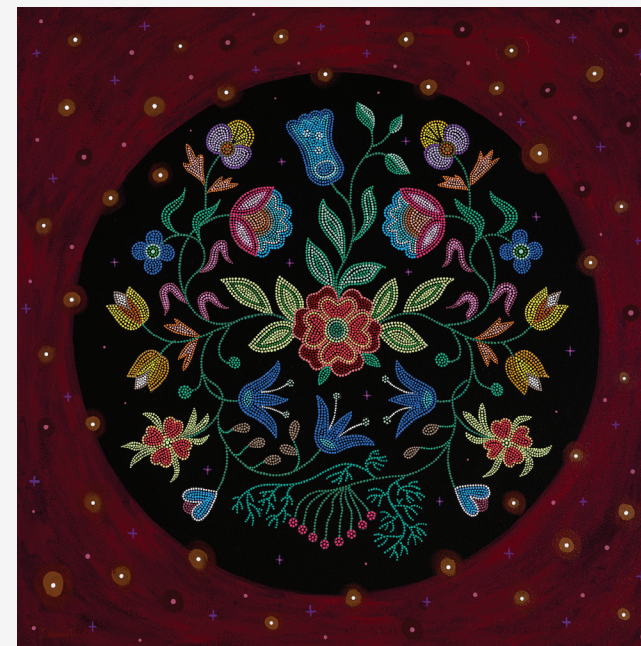
Nico Williams, *Playful Otter* (2023), Delica beads, printed velvet.
Photo: Brandon Clarida Image Services

on beadwork was in response to the growing public interest in this art form and its resurgence within contemporary Indigenous practice.

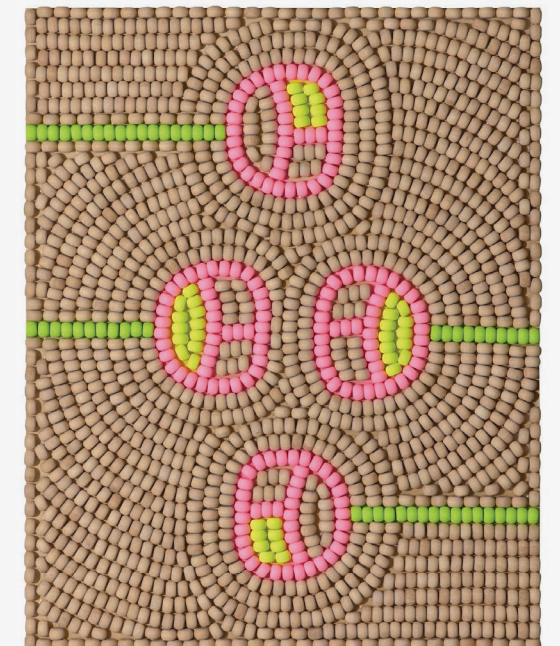
This year, more than 18,000 Canadian creators in more than 2,000 communities across Canada received payments through the Public Lending Right (PLR) Program for works available in Canada's public libraries. The PLR Program is a world leader in terms

of its inclusion of print books, electronic books and audiobooks in its payment model. It also ensures broad representation by sampling Indigenous, small and regional libraries—across all provinces and territories.

These initiatives reflect the breadth and depth of the Canada Council's reach and its dedication to fostering an arts sector that is inclusive, responsive and rooted in the lived experiences of people in all parts of Canada.



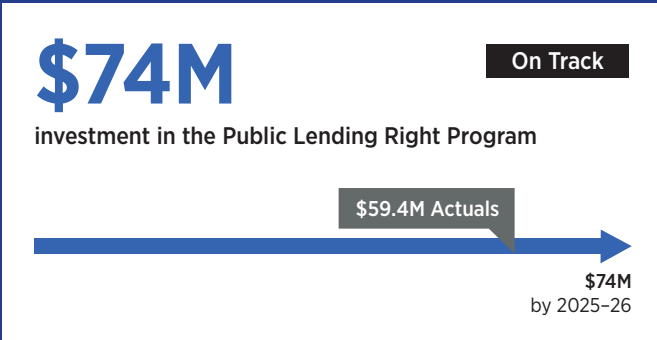
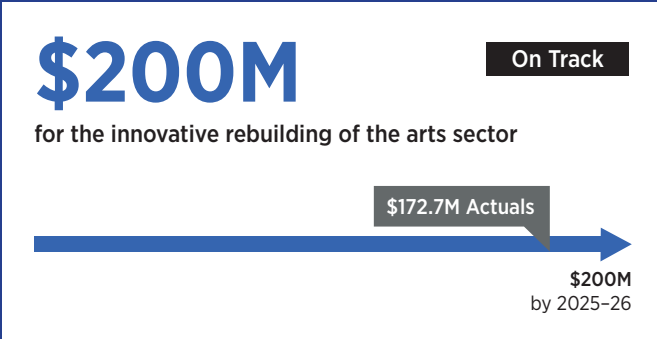
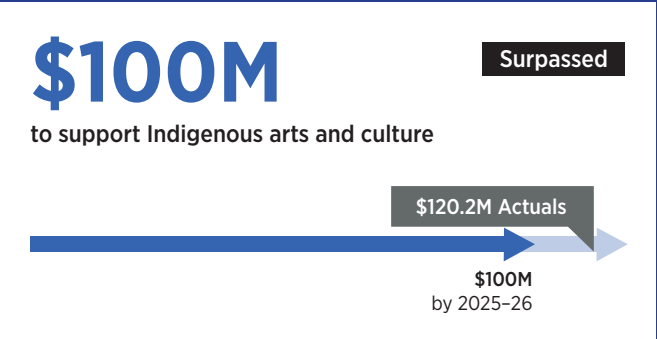
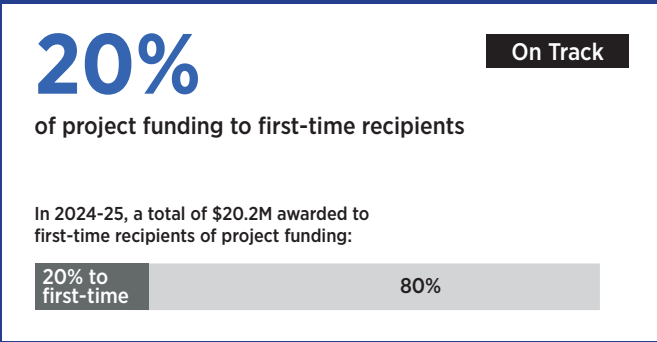
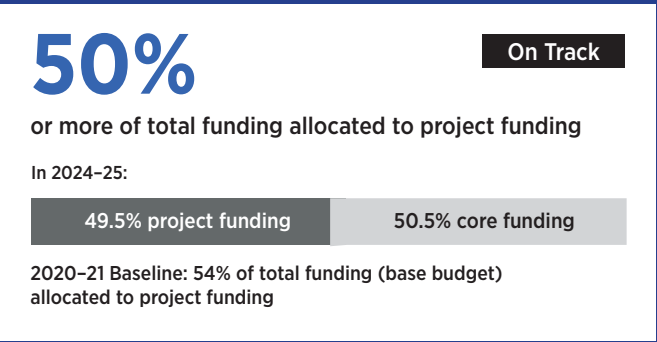
Christi Belcourt, *Untitled (Burgundy Circle)* (2024), acrylic on canvas.
Photo: Brandon Clarida Image Services



Renée Condo, *Wasuegji'j II* (2024), wood beads, acrylic paint, epoxy on wood panel.
Photo: Brandon Clarida Image Services

MAKING PROGRESS
ON THE 2021-26 STRATEGIC
FUNDING COMMITMENTS

As at March 31, 2025



KEY ACCOMPLISHMENTS

Strengthening the sustainability and resilience of the arts

In 2024-25, the Canada Council was committed to supporting the sustainability and resilience of the arts sector in Canada. This work was even more important in a period marked by rising costs, shifting audience behaviours, economic tensions and tariffs and operational uncertainty for many arts organizations and the arts sector more broadly.

The Canada Council took action based on evidence from the lived realities of the arts community. In 2024-25, the Canada Council led work to gain a clear understanding of the current context for the sector through the Arts Community Pulse Survey. With over 7,200 respondents from every province and territory, and representing all fields of practice, the survey findings offered a comprehensive snapshot of the challenges and opportunities currently shaping the arts landscape. In particular, the survey findings shed light on critical issues such as financial pressures, workforce sustainability, mental health and organizational capacity. These insights helped shape the Canada Council’s work, while also offering other funders—both public and private—vital information on the current challenges and how they too can best respond. Furthermore, the findings equipped the entire arts sector

with evidence to illustrate that public support for the arts is essential to their positive impact on the economy, health and wellbeing and society.

Complementing this work, the Canada Council also undertook a research project on the peer assessment process to better understand the experiences and perspectives of individuals who serve on peer assessment committees, a cornerstone of the Canada Council’s granting process. The results highlighted both strengths and areas for improvement within the Canada Council’s grant evaluation processes. More than 500 respondents provided valuable insights that are now informing improvements to how the Canada Council supports assessors and reinforces fairness, transparency and consistency in its peer assessment process. In response to these findings,

the Canada Council took concrete steps toward improvements. This included piloting group feedback sessions on applications. The Canada Council also strengthened the presence of artistic disciplinary expertise on peer committees where artistic criteria was key to the assessment.

In promoting sustainability and resilience, the Canada Council actively created opportunities for Canadian artists abroad, including showcasing their work

internationally. For example, the Canada Council supported many projects in the context of the Canada-Korea Year of Cultural Exchanges (2024-25), to elevate Canada's presence at major Korean cultural events.

In 2024-25, the Canada Council continued to advance innovation through the Strategic Innovation Fund. In addition, the Canada Council enabled organizational resilience through the *Sector Innovation*

and *Development* component that supported the development of new business models and the strengthening of networks for artists and arts workers. With an emphasis on learning and continuous improvement, funded initiatives included mentorship opportunities, knowledge sharing and professional development.

The Canada Council is steadfast in its commitment to advance cultural leadership, recognizing its role in the health of arts organizations. This year, through the John Hobday Awards in Arts Management, which are given to talented arts managers for professional development and mentoring activities, the Canada Council recognized two outstanding leaders: Toyin Lafenwa Oladele and Heather Lamoureux. Their visionary, community-rooted work is vital to a more inclusive and resilient arts sector.

Through strategic funding contributions, the Canada Council also invested in a suite of strategic initiatives led by other funders and sector leaders—including the *Catalyst and Transformation Fund*, *The Future Focus Program*, *Invent and Adapt*, and *Thriving Non-Profits*—to support resilience in the arts and champion sector-wide transformation.

In addition, the Canada Council worked on the design of improvements to its granting programs, informed by feedback from the arts sector. In particular, the Canada Council noted a general call to make its funding

more flexible and address current pressures. In response, the Canada Council took several steps to simplify its application process. For example, the Canada Council designed micro-grants that will be launched in 2025-26 to fund activities that grow and advance artists' careers or practices. The Canada Council also streamlined touring support for artists and arts organizations, allowing them to apply for both national and international touring in a single application starting in 2025-26.

Together, these initiatives reflect a deliberate shift toward more adaptive and responsive public funding—one that supports not only the creation and presentation of art, but that also includes the systems and structures needed for artists and organizations to thrive over time. By grounding its actions in data and undertaking continuous improvements, the Canada Council actively adapts to the evolving needs and aspirations of the sector it serves.



KEY ACCOMPLISHMENTS

Building trust through engagement and transparency

In 2024–25, the Canada Council for the Arts deepened its engagement and increased transparency with the arts sector, building the trust that is essential to fulfilling its mandate as Canada’s national public arts funder. To advance this goal, the Canada Council prioritized opportunities for open dialogue and close collaboration with the sector on its policies, programs and initiatives.

In this vein, the Canada Council made significant progress on foundational work to modernize its granting systems this past year. While not yet launched publicly, 2024–25 was a critical year in preparing the Canada Council’s updated granting portal. This modernization reflects an extensive period of research and design, incorporating feedback from artists and arts organizations. The goal is to build a stronger and more streamlined user experience. Once implemented, it will be easier for users to create an applicant profile and search for funding opportunities. This work underscores the Canada Council’s ongoing commitment to improving accessibility, efficiency and responsive service delivery. Throughout this process, the Canada Council actively and

transparently communicated updates to the arts community in regular bulletins.

In addition, this past year the Canada Council hosted 53 webinars focused on sharing information about its key granting programs. These sessions also included a dedicated webinar to assist the sector in understanding forthcoming changes to Canada Council programs and the updated funding portal. The webinars reached nearly 7,000 artists and arts administrators across the country.

The Canada Council has also launched a regular newsletter that provides subscribers from the arts community and beyond with easy access to important and relevant information in a clear and digestible format. For example, the newsletter includes updates

on programs, helpful tips for applicants and stories celebrating the impact of the arts and arts funding.

This year, the Canada Council increased data transparency and accessibility by sharing competitions and program results. It published open data tables for several of the 2023-24 *Explore and Create*, *Arts Across Canada* and *Arts Abroad* competitions. To further improve the accessibility and transparency of data, the Canada Council developed tools such as an interactive dashboard that helps users explore key findings from the *Arts Community Pulse Survey*.

The Canada Council also played an important role as a convenor for the arts sector this past year, bringing the sector together for open dialogue about current challenges and possible opportunities for shared collaboration. In November 2024, the Canada Council hosted *Confluence*, a national gathering of representatives from Arts Service Organizations and the Canadian Public Arts Funders (CPAF) community. This event is the culmination of ongoing engagement with partners and stakeholders. It created space for knowledge sharing and discussions about how the many different players in the arts sector can align their work, across sectors and disciplines, for greater collective impact in Canadian society.

The Canada Council also led efforts to tell and promote the story of how the arts impact Canadian society. To do this work, the Canada Council gathered and shared research and evidence, launching its *Impact of the Arts* webpage, a tool to help artists and arts organizations communicate the impact of their sector to decision makers, community leaders and arts audiences.

The Canada Council’s Director and CEO, Michelle Chawla, conveyed the impact of the arts—economic, social and cultural—through several important national public conversations and letters to the community. This included her attendance at the Canada-U.S. Economic Summit, where she championed the sector’s contributions to employment, gross domestic product (GDP) and tourism. Moreover, the Canada Council supported the sector in its efforts to gather and share information on their impact, including the Canadian Live Music Association’s first-ever economic impact study, *Hear and Now: Understanding the economic power and potential of Canada’s live music industry*.

These efforts to connect, consult with and champion the arts sector are central to how the Canada Council operates as a national public funder and trusted steward of public investment.

The Canadian Commission for UNESCO

The Canadian Commission for UNESCO (CCUNESCO) operates under the authority of the Canada Council for the Arts and has supported Canada's multilateral commitment to UNESCO since 1957. Its mandate is to help Canadians share knowledge locally and globally in order to create better societies and build peace in the minds of people. CCUNESCO brings knowledge holders together and fosters dialogue, collaboration and exchange across the fields of education, science, culture and communication and information.

Education

CCUNESCO has taken concrete steps to advance UNESCO's top priority in education: promoting learning that addresses sustainability challenges, such as climate change, biodiversity and sustainable lifestyles. With support from Environment and Climate Change Canada, CCUNESCO commissioned a national environmental scan to assess the current state of Education for Sustainable Development (ESD) in Canada and facilitated two working groups to support and advise CCUNESCO in the development of a toolkit scheduled for publication in 2025. The toolkit will provide educators with ESD teaching resources and guidance on how to incorporate Indigenous Land-Based Education practices respectfully.

Culture

As part of its efforts to support the United Nations International Decade of Indigenous



Anishinaabe illustrator Bridget George from the *Safeguarding Your Language Through Documentation* toolkit.

Languages, CCUNESCO partnered with Supporting Indigenous Language Revitalization at the University of Alberta to publish a practical toolkit on Indigenous

language documentation. The toolkit is an easy-to-follow guide for anyone to get involved in language revitalization work.

Social and human sciences

In fall 2024, Africville was announced as Canada's first UNESCO Place of History and Memory linked to Enslavement and the Slave Trade. This historic designation recognizes Africville as an important Black community in the Maritimes established in the mid-19th century by Black settlers, many of them formerly enslaved people.

Natural sciences

The Manicouagan-Uapishka Biosphere Region, located within the traditional territory of the Innu community of Pessamit in Quebec, is one of Canada's 19 UNESCO Biosphere Regions. This year, it took a leading role on the global stage by hosting an international conference dedicated to strengthening the leadership of UNESCO sites in the North Atlantic and Arctic regions. Organized in collaboration with Nordic Atlantic Cooperation and with support from CCUNESCO and the Government of Quebec, the event gathered UNESCO site managers, ministers, policy makers and other international leaders to define a common roadmap to strengthen the impact of UNESCO sites in the North in terms of climate change adaptation, conservation, biodiversity and sustainable tourism.

Communication and information

This year, three new archives were added to the Canada Memory of the World Register, administered by CCUNESCO to safeguard and promote access to documentary heritage of national significance. These include: the archives documenting the service of Black Canadians in the No. 2 Construction Battalion that tell the story of Black soldiers who served in a segregated unit of the Overseas Military Forces of Canada during the First World War; the original handwritten copy of Lucy Maud Montgomery's celebrated novel *Anne of Green Gables*; and the Canadian Women's Movement Archives Collection which encompasses documentary materials from hundreds of women's organizations and individuals active in the feminist movement in Canada from the 1960s to 1990s.

To conclude, these highlights from 2024–25 demonstrate how the Canada Council for the Arts strengthened the arts sector. Through sustained investment, meaningful engagement and a commitment to openness, the Canada Council ensured that the arts remained a vital and accessible part of Canadian society. The Canada Council's ongoing work reinforces the value of the arts in building stronger communities, enabling cultural expression, and enriching the everyday experiences of people across the country and beyond.

GOVERNANCE

Board mandate

The Canada Council for the Arts is led by a director and CEO appointed by the Governor in Council and governed by a board consisting of a chair, vice-chair and nine other members from across Canada. Members are appointed by the Governor in Council for fixed terms. The Board meets at least three times a year.

All members of the Board are independent. While the Director and CEO and members of the Senior Management Committee attend Board meetings to provide information and report on activities, only Board members may vote and make decisions.

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

The general duties of the Board are described in the Canada Council *By-laws* and *Governance Policy*.

Highlights

In 2024–25, the Board:

- held four meetings, one of which was held in St. John's, Newfoundland and Labrador, along with a community reception, providing an opportunity to connect and engage with stakeholders;

- continued to exercise its oversight role over the implementation of the 2021–26 strategic plan, as well as its oversight of the corporate risk profile and risk mitigation plans;
- approved the reappointment of the Chair of the Investment Committee, as well as the reappointment of the President and appointment of the Vice-President of the Canadian Commission for UNESCO Executive Committee;
- continued to exercise its oversight role over the Canada Council's internal digital transformation to modernize information technology infrastructure and systems, including the Customer and Grant Management System project to modernize the processes associated with the delivery of grants and prizes;
- approved changes to various Canada Council policies, including to the *Statement of Investment Policies and Goals* and the *Delegation of Financial Authorities Policy*;
- approved the operational and capital budget, the annual financial statements and the 2024–25 to 2026–27 Rolling Risk-Based Internal Audit Plan; and
- held the Canada Council's Annual Public Meeting on March 19, 2025.

A culture of ethical business conduct

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

Board composition

As at March 31, 2025, there was one vacancy on the Board.

Board effectiveness

Ongoing training and orientation ensure that Board members are equipped to carry out their duties effectively. New Board members undergo a comprehensive onboarding program.

Annually, under the direction of the Governance and Nominating Committee, the Board evaluates the performance of the full Board and its committees. Through this process, key topics and issues are identified for Board training and development, keeping Board knowledge up to date and enabling the Board to effectively carry out its mandate.

Board committees

Board committees enhance the overall effectiveness of the Board by ensuring closer focus, oversight and monitoring of areas of concern. The committees’ roles, responsibilities and reporting requirements are defined in the *Canada Council for the Arts By-laws*. There are four standing committees of the Board.

Executive Committee

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

The Executive Committee did not meet in 2024–25.

Membership: Jesse Wenté (Chair), Marie Pier Germain (Vice-Chair), Ingrid Leong (Chair of the Audit and Finance Committee) and Cheryl Hickman (Chair of the Governance and Nominating Committee).

Audit and Finance Committee

The Audit and Finance Committee provides oversight of the Canada Council’s financial performance and ensures the integrity, effectiveness and accuracy of the Canada Council’s financial reporting, control systems, integrated risk management processes and audit functions. Representatives of the Office of the Auditor General of Canada and internal auditors are invited to attend meetings.

Membership: Ingrid Leong (Chair), Karl Schwonik and Charlie Wall-Andrews.

Governance and Nominating Committee

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

Membership: Cheryl Hickman (Chair), Stephane Moraille, Ben Nind, Jan-Fryderyk Pleszczynski and Gaëtane Verna (until September 29, 2024).

Investment Committee

The Investment Committee oversees and provides expert advice on the Canada Council’s investment portfolio, including recommending Board policies with respect to investments, hiring professional fund managers and monitoring their activities.

Membership: Ingrid Leong, Irfhan Rawji; external experts: Michael White (Chair), Paul Robillard, Kim Shannon, Helen Kearns, Denis Larose, Jean-François Pépin, Lally Rementilla and Brenda Eaton.

Advisory groups

Stephane Moraille serves as Board representative on the Canadian Commission for UNESCO Executive Committee.

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

Proactive disclosure

The disclosure of grants, contributions, travel and hospitality expense information of Board members and senior executives, contracts entered into for amounts over \$10,000, the reclassification of positions and summary reports of completed access to information requests are published on the Canada Council’s website and on the *Open Government Portal*.

Disclosure of wrongdoing

In compliance with the Canada Council *Policy on the Internal Disclosure of Wrongdoing in the Workplace*, which is based on the requirements of the *Public Servants Disclosure Protection Act*, a quarterly report on the disclosure of wrongdoing in the workplace is provided to the Audit and Finance Committee. In 2024–25, there were no internal disclosures of wrongdoing in the workplace.

Remuneration

Board member compensation is comprised of an annual retainer and per diems. Board members are also eligible for reimbursement of travel. Board remuneration is fixed by the Governor in Council, pursuant to Section 6(1) of the *Canada Council for the Arts Act*.

Per diem amounts are determined by the *Remuneration guidelines for part-time Governor in Council appointees in Crown corporations*, published by the Privy Council Office.

The annual retainer is paid on a pro-rata basis:
Chair: \$8,800
Vice-Chair: \$4,700

Board members: \$4,400

Per diems are a daily amount based on time spent on Board and Council business:

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

In 2024–25, the total remuneration for the Board was \$70,107 (aggregate honorarium).

Executive management

As at March 31, 2025, the Senior Management Committee consisted of Michelle Chawla, Director and CEO; Eva Jacobs, Chief Financial, Administration and Security Officer; Lise Ann Johnson, Director General, Arts Granting Programs; Joanne Larocque-Poirier, Director General, Communications and Arts Engagement; Yves-Gérard Méhou-Loko, Secretary General, Canadian Commission for UNESCO; Eric Sauvé, Chief Information Officer; and Sanjay Shahani, Director General, Strategy and Public Affairs.



At March 31, 2025, the Senior Management Committee consisted of (from left to right): Eric Sauvé, Chief Information Officer; Joanne Larocque-Poirier, Director General, Communications and Arts Engagement; Sanjay Shahani, Director General, Strategy and Public Affairs; Michelle Chawla, Director and CEO; Yves-Gérard Méhou-Loko, Secretary General, Canadian Commission for UNESCO; Lise Ann Johnson, Director General, Arts Granting Programs; Eva Jacobs, Chief Financial, Administration and Security Officer.

Board members

As at March 31, 2025, the Board consisted of:



Jesse Wente
Chair
Toronto, Ont.



Marie Pier Germain
Vice-Chair
Montréal, Que.



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



Ingrid Leong
Vancouver, B.C.



Stephane Moraille
Boucherville, Que.



Ben Nind
Yellowknife, N.W.T.



Jan-Fryderyk Pleszczynski
Montréal, Que.



Irfhan Rawji
Calgary, Alta.



Karl Schwonik
Calgary, Alta.



Charlie Wall-Andrews
Toronto, Ont.

Board and committee meetings and attendance (April 1, 2024 to March 31, 2025)

	Board Meetings	Audit and Finance Committee	Governance and Nominating Committee	Investment Committee
Total Number of Meetings	4	5	4	4
Jesse Wente	4/4	Ex officio	Ex officio	Ex officio
Marie Pier Germain	4/4	Ex officio	Ex officio	Ex officio
Cheryl Hickman	4/4	N/A	4/4	N/A
Ingrid Leong	4/4	5/5	N/A	3/4
Stephane Moraille	4/4	N/A	3/4	N/A
Ben Nind	4/4	N/A	4/4	N/A
Jan-Fryderyk Pleszczynski	4/4	N/A	4/4	N/A
Irfhan Rawji	4/4	N/A	N/A	4/4
Karl Schwonik	4/4	5/5	N/A	N/A
Gaëtane Verna	1/1	N/A	1/1	N/A
Charlie Wall-Andrews	4/4	5/5	N/A	N/A

Note:

- Gaëtane Verna’s term on the Board ended on September 29, 2024.



Employees collaborating at the Canada Council offices.
Photo: Christian Lalonde

MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHTS

In 2024-25, following the announcement from the Government of Canada to re-allocate funds through its Refocusing Government Spending initiative, the Council decided to sunset its Strategic Innovation Fund program. The Council is also modernizing its granting systems, programs and processes, bringing a more seamless, accessible, efficient and secure experience to the arts community. As a result of the transition period for the updated portal, Canada Council received a lower-than-expected demand in the Explore and Create program.

As a result of these initiatives, spending in grants dropped by approximately \$12.0 million. An additional cut of \$3.8 million in grant expenses was also necessary due to the reduction in the Council's Parliamentary Appropriations.

The Council will carry-forward the unspent savings in grants expenses of \$14.3 million to 2025-26 following its program review to create new and combined grant components which will be added later in 2025 in the updated funding portal. The components will provide more flexible and comprehensive support, allowing for a wider range of activities and expenses to be included within a single application.

Summary Statement of Operations for the Years Ended March 31			
(in thousands of dollars)	Budget 2025	Actual 2025	Actual 2024
Total revenues and Parliamentary appropriations	387,192	398,627	397,320
Total expenses	387,186	368,682	386,038
Annual surplus from operations	6	29,945	11,282

For the year ended March 31, 2025, the Canada Council is reporting an annual surplus from operations of \$29.9 million.

The surplus is primarily attributable to favourable variances of \$10.0 million in net realized investment income as well as a reduced spending of \$14.3 million in Grants, author payments and prizes and \$5.0 million of savings in General administration and Arts community services.

(in thousands of dollars)	Budget 2025	Actual 2025	Actual 2024
Grants and contributions	298,800	284,360	308,773
Public Lending Right program	14,688	14,883	14,783
Prizes and awards	3,199	3,113	2,012
	316,687	302,356	325,568

Grants, author payments and prizes expenses amounted to \$302.4 million for the year ended March 31, 2025 and were below budget due to several reasons such as the sunset of the Strategic Innovation Fund program, the lower-than-expected demand in the Explore and Create program, and the reduced parliamentary appropriations of \$3.8 million related to the Refocusing Government Spending initiative.

The Public Lending Right program (PLR) sends yearly payments to creators whose works are in Canada's public libraries. Total annual PLR payments have been stable at approximately \$15.0 million since 2019-20.

The Canada Council also distributed \$3.1 million in prizes and awards that recognize artistic merit and innovation in Canada – an increase of \$1.1 million compared to the prior year. This variance is due to the Killam Research Fellowships awarding 15 prizes this year compared to one in the prior year. Since April 2022, the National Killam Program has been administered by the National Research Council of Canada through a partnership with the Canada Council.

General administrative expenses, representing 6.8% of total expenses, totaled \$24.9 million for the year ended March 31, 2025. These expenses were lower than budgeted by \$4.0 million, largely due to lower professional and special services than expected.

Summary Financial Position as at March 31		
(in thousands of dollars)	2025	2024
Total financial assets	636,701	603,109
Total liabilities	175,834	191,564
Net financial assets	460,867	411,545
Non-financial assets	27,227	28,221
Accumulated surplus	488,094	439,766

Financial assets are made up of Cash, Accounts receivable and Portfolio investments. While cash decreased during the year by \$6.4 million, the Canada Council Endowment and the Killam investment funds generated positive annual returns of 10.7% and 10.6% respectively, compared to positive annual returns of 11.5% and 11.4% in 2023-24. With these returns, the fair value of portfolio investments has increased by \$41.2 million for a total value of \$591.3 million as at March 31, 2025.

The overall portfolio provided an additional \$10.0 million of net realized investment income above the \$20.1 million budget. The Canada Council’s investment accounting policy states that, at a minimum, any investment income above the allocated approved budget must be reinvested in the portfolio to preserve capital. Therefore, this year, \$29.0 million was transferred from accumulated surplus from operations to the reserve for excess investment income.

In 2024-25, the Canada Council updated its *Corporate Risk Profile*, presented to the Board in January 2025, taking into consideration the context in which the Canada Council is operating, as well as the risks faced by the sector served by the Canada Council. The Corporate Risk Profile is used as a key input in strategic and operational planning and prioritizing management action plans.

FINANCIAL POSITION

Financial Assets

(in thousands of dollars)	2025	2024
Financial Assets		
Cash	42,093	48,519
Accounts receivable	3,356	4,492
Portfolio investments	591,252	550,098
Total financial assets	636,701	603,109

As at March 31, 2025, total financial assets were \$636.7 million, an increase of \$33.6 million from the previous year.

The decrease of \$6.4 million in cash is mostly explained by the \$29.9 million surplus from operations and cash provided by investing activities of \$14.2 million being offset by the cash used by operating activities, notably the decrease in Grants, author payments and prizes payable by \$29.9 million and \$24.7 million in investment revenues which were re-invested instead of cashed. The cash provided by investing activities largely relates to the annual 3.5% drawdown on its investments that the Canada Council is permitted to execute, which in 2024-25 totalled \$13.3 million.

The financial markets yielded varying returns for the different asset classes: Canadian equity (+8.4%), global equity (+12.0%), fixed income (+8.2%), real estate (+2.1%), and infrastructure (+15.2%), for an overall positive portfolio return of 10.7%. Consequently, the fair value of the Canada Council’s investment portfolio increased.

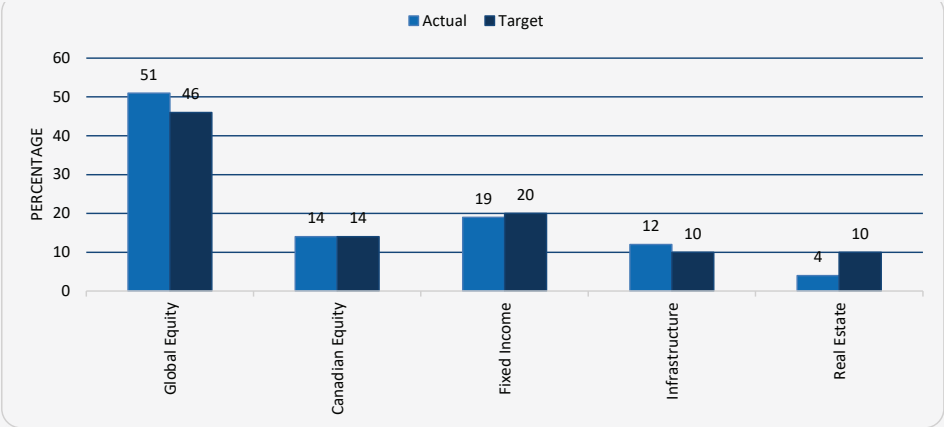
The Canada Council invests in units of pooled funds that are managed by professional investment managers. The Canada Council’s investments are guided by a *Statement of Investment Policies and Goals (SIPG)* and the Board *Statement of Investment Beliefs*, which are both approved by the Board. The objective of the portfolio is to generate a real rate of return of at least 3.5% over a 10-year period to supplement the Canada Council’s funding received through Parliamentary appropriations and to support the fellowships and prizes for the Killam Fund and Special Funds, while maintaining the purchasing power of the endowed capital. The Killam Fund and Special Funds represent contributions that have been received by way of donation and bequest and have been restricted for specific purposes by the donors. The Killam Fund is required to be maintained in a separate investment portfolio that is consolidated for reporting purposes. The Special Funds are included with the Canada Council’s investment portfolio; a proportionate share for each contribution is calculated based upon the fair value of the investment portfolio at the time each contribution is received.

The Investment Committee is composed of independent experts with experience in both the investment field and the asset classes in which the Canada Council invests, which assists in the oversight and management of the portfolio. Two Canada Council Board members are also Investment Committee members. In addition, the Canada Council uses the services of an independent investment consultant to assist the Investment Committee in its work.

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

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

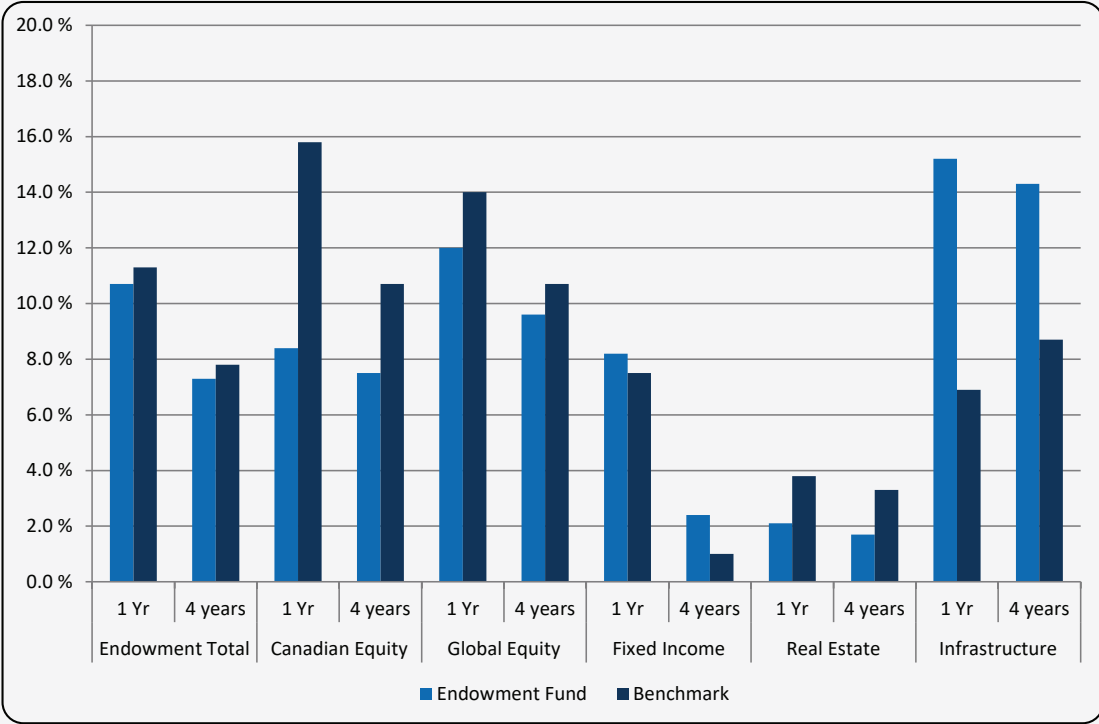
Asset Mix as of March 31, 2025



While the actual allocation to Real Estate is half of its target, it still falls within the permitted range of 0% to 15% as outlined in the *SIPG*. The Investment Committee is currently searching for a new Real Estate fund manager. Once that manager is selected, the overallocation in Global Equity will be transferred in part to Real Estate to bring both asset classes closer to their targets.

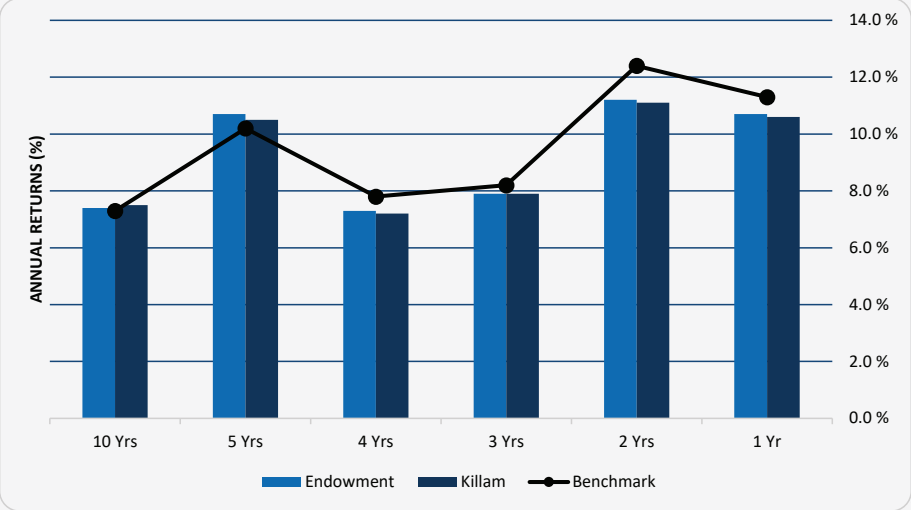
The following chart shows the returns for all the asset classes for the one- and four-year periods ending March 31, 2025.

Annual Returns by Asset Classes



The following chart shows the annualized portfolio returns for various periods for the Canada Council Endowment and Special Funds and the Killam Fund against the benchmark return. It shows that the diversification in the portfolio helped sustain the performance results above the 10-year long-term objective of 3.5%.

Annualized Portfolio Returns



Liabilities

As at March 31, 2025, total liabilities were \$175.8 million, a decrease of \$15.7 million from the previous year as shown in the table below:

(in thousands of dollars)	2025	2024
Liabilities		
Grants, author payments and prizes payable	57,065	86,965
Accounts payable and accrued liabilities	8,658	7,206
Deferred revenues	7,068	5,049
Employee future benefits	6,248	5,955
Deferred revenues - Externally restricted contributions	96,795	86,389
Total liabilities	175,834	191,564

This decrease in total liabilities includes a \$29.9 million decrease in Grants, author payments and prizes payable compared to 2023-24, offset by an increase of \$10.4 million in Deferred revenues - Externally restricted contributions. This latter increase is due to a growth in market value of the portfolio investments for which a portion is externally restricted.

The other liabilities include:

- Accounts payable and accrued liabilities which include payments to various suppliers/managers for services rendered, partnership payables and payroll liabilities incurred or accrued as at March 31, 2025. This \$1.5 million relates to additional professional service fees related to the new portal development.

- Deferred revenues include the leasehold inducement at 150 Elgin Street in Ottawa which is amortized over the term of the remaining lease period, deferred rental income from the Canada Council Art Bank, and other deferred income for specific initiatives. Also included in Deferred revenues are bequests received by the Canada Council until such a time as a determination is made that the funds would either be invested and held in perpetuity, or held in deferred revenues and paid out at the same value of the bequest. The value of these bequests received by Canada Council during 2024-25 totalled \$2.5 million.
- Employee future benefits which includes the severance entitlements of the Canada Council's employees and post-retirement benefits covering employees and retirees.

Non-Financial Assets

(in thousands of dollars)	2025	2024
Tangible capital assets	6,107	6,806
Art Bank assets	19,975	19,924
Musical instruments	1	1
Prepaid expenses	1,144	1,490
Total non-financial assets	27,227	28,221

Tangible capital assets

Tangible capital assets include office and computer equipment, computer software that is purchased or developed, with ownership rights residing with the Canada Council, and leasehold improvements. The net decrease of \$0.7 million in comparison to the prior year is explained by capital asset acquisitions of \$0.6 million, which was offset by \$1.3 million in amortization expenses.

Art Bank assets

The Canada Council Art Bank has the largest collection of contemporary art from Canada in the world, with 17,246 works (17,239 in 2024), and rents the collection to interested public and private sector organizations. The Art Bank collection is presented under Art Bank assets, which are carried at a cost of \$20.0 million on the Statement of Financial Position as at March 31, 2025. The total appraised value of the collection is estimated at \$87.6 million as at March 31, 2025.

Musical instruments

The Canada Council's Musical Instrument Bank owns or manages 25 historically important, fine stringed instruments, a fine cello bow and a fine violin bow, which are loaned to gifted young musicians for three-year terms. Musical instruments appear on the Canada Council's Statement of Financial Position at a nominal value of one thousand dollars as a reasonable estimate of the future benefits associated with such assets cannot be made. The appraised value of the Canada Council's Musical Instrument Bank as at March 31, 2025 is \$104,851,000, converted from a value of USD\$72,935,000 using the March 31, 2025 USD exchange rate of 1.44.

Accumulated Surplus

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

(in thousands of dollars)	2025	2024
Endowment - Government of Canada contribution	50,000	50,000
Endowment – Other contributions	37,569	37,569
Reserve for excess investment income	300,445	271,445
Surplus	28,743	27,798
Total accumulated surplus from operations	416,757	386,812
Accumulated remeasurement gains	71,337	52,954
Accumulated surplus	488,094	439,766

The \$50.0 million Endowment - Government of Canada contribution represents the original government transfer in 1957 which enabled the establishment of the Canada Council for the Arts. The Endowment - Other contributions principal of \$37.6 million represents the original value of other endowment funds received by the Canada Council over the years, almost entirely from private individuals. By recording these values within accumulated surplus, the endowments, while presented separately, are in effect being treated as if they had been revenues.

The reserve of \$300.4 million as at March 31, 2025, represents the sum of excess investment income relating to the original endowment since the establishment of the Canada Council.

OPERATIONS

Summary Statement of Operations for the Years Ended March 31			
(in thousands of dollars)	Budget 2025	Actual 2025	Actual 2024
Net realized investment income	20,119	30,088	23,358
Other revenues	3,542	4,256	4,623
Total revenues	23,661	34,344	27,981
Transfer programs	355,604	340,514	360,303
Net Art Bank results	62	56	120
Canadian Commission for UNESCO	2,544	3,201	2,656
General administration	28,976	24,911	22,959
Total expenses	387,186	368,682	386,038
Parliamentary appropriations	363,531	364,283	369,339
Annual surplus from operations	6	29,945	11,282

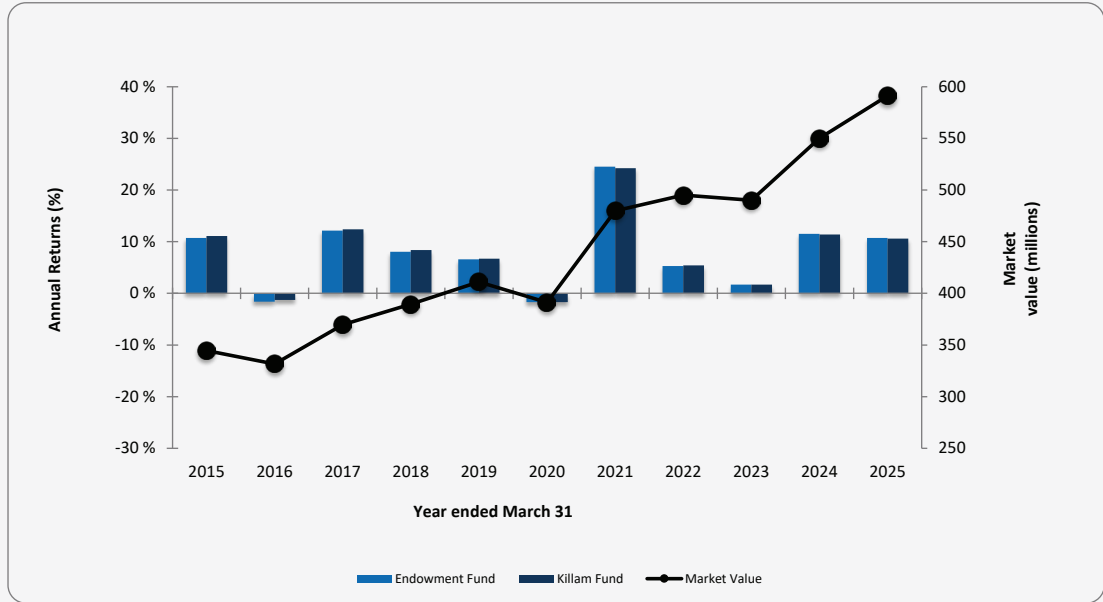
The Canada Council's net financial results for the year are a surplus of \$29.9 million, compared to a balanced budget forecasting a surplus of \$6.0 thousand. The surplus is primarily attributable to Net realized investment income exceeding budget by \$10.0 million as well as reduced spending in Transfer programs and General administration of \$15.1 million and \$4.1 million respectively.

Investment income

The Canada Council invests in diversified financial markets and, in 2024-25, the Canada Council Endowment and Special Funds and the Killam Fund generated positive annual returns of 10.7% and 10.6% respectively. The net realized investment income of \$30.1 million exceeded the \$20.1 million budgeted amounts this year by \$10.0 million due to dividends and other distributed income exceeding expectations.

The following chart shows the annual portfolio returns for the Canada Council in each year since 2015 and the corresponding effect that these returns have had on the year-end market values. The chart also demonstrates how investment market returns can fluctuate year-over-year. The Canada Council reinvests excess investment income above the budgeted amount to ensure the continued growth of the funds. This proactive approach is intended to bring additional stability and long-term growth for the Canada Council’s investment portfolio.

Annual portfolio returns



Parliamentary appropriations

The Canada Council receives its funding mainly through Parliamentary appropriations voted by Parliament. The Canada Council records the Parliamentary appropriations received in the period as revenue in the Statement of Operations. The Canada Council submits a monthly cash flow analysis to the Department of Canadian Heritage to support its monthly drawdown cash requirements. The monthly drawdown is invested in a preferred rate account in a financial institution from which the Canada Council draws its daily cash requirements. For the year ended March 31, 2025, the appropriations received by the Canada Council through the Main estimates and Supplementary estimates were \$364.3 million, a decrease of \$5.1 million from 2023-24. The bulk of this decrease, \$3.6 million, was due to the Government of Canada Refocusing Government Spending initiative, while the remainder is due to the Canada Council having received in the prior year a one-time compensation adjustment following the ratification of the current collective agreement.

Other revenues

Other revenues totalling \$4.3 million this year consists mainly of the cancellation in the current year of grants approved in previous years. During the year, the Canada Council recovered \$3.2 million in unused grants, \$0.3 million less than budgeted and \$0.2 million less than the previous year. These grant cancellations were either requested by the grant recipient, or else were identified through an annual review of outstanding files more than three years old. Once identified, the Canada Council program officers communicate with the recipients and prepare a recommendation of grants to cancel or extend, to be approved by senior management.

In addition to the grant cancellations, other revenues include memberships to Canadian Public Arts Funders (CPAF) and Canadian Arts Data / Données sur les arts au Canada (CADAC) partnership income, donations and other miscellaneous revenues totaling \$1.1 million.

Program expenses

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

(in thousands of dollars)	Budget 2025	Actual 2025	Actual 2024
Grants, author payments and prizes	316,687	302,356	325,568
Transfer program delivery	35,115	35,220	31,605
Arts community services	3,802	2,938	3,130
Net Art Bank results	62	56	120
Canadian Commission for UNESCO	2,544	3,201	2,656
	358,210	343,771	363,079

In 2024-25, program expenses accounted for 93.2% of the Canada Council’s total expenses of \$368.7 million, a decrease of 0.8% compared to the previous year. Overall, program expenses are \$19.3 million less than the previous year.

Grants, author payments and prizes

Program expenses relating to grants, author payments and prizes amounted to \$302.4 million and were below the approved budget by \$14.3 million and were below the prior year by \$23.2 million. The decrease from the prior year is mainly due to a combination of the sunset of the Strategic Innovation Fund program, the lower-than-expected demand in the Explore and Create program, and the reduced Parliamentary appropriations of \$3.8 million related to the Refocusing Government Spending initiative.

In 2024-25, the Canada Council reinvested a total of \$3.9 million, compared to \$6.0 million in the previous year, into grant expenses. This reinvestment was made possible due to the redistribution of funds from administrative savings.

As part of its strategic commitment to increase direct support to artists, the Canada Council distributed \$14.9 million in payments to authors via the Public Lending Right program. The Canada Council also distributed \$3.1 million in prizes and awards that recognize excellence and innovation in Canada, an increase of \$1.1 million compared to the previous year due to additional Killam Research Fellowships as outlined in Schedule I.

Transfer program delivery

Transfer program delivery costs represent the direct cost of operating the Canada Council’s grants, prizes and Public Lending Right programs. These represent 9.6% of total spending and include salaries and benefits, adjudication of programs, travel, professional services, and prizes promotion. These costs were in line with the budget.

The overall increase of \$3.6 million in transfer program delivery costs compared to the previous year is mostly attributable to an increase in salaries and employee benefits of \$1.5 million in accordance with the collective agreement, as well as \$3.5 million in professional and special services which were budgeted for the launch of the new portal. These were offset by \$0.8 million in amortization being centralized in general administration, as well as \$0.4 and \$0.3 million in information management and peer expenses respectively.

Arts community services

Arts community services include other types of financial support such as partnerships (which provide funding to support the arts), research, workshop expenses, event costs and program evaluation. These costs were lower than the previous year by \$0.2 million and lower than the budget by \$0.9 million. The reduced spending from canceled or postponed partnerships and networking initiatives was reinvested in grants.

Net Art Bank results

Net Art Bank results were a deficit of \$56 thousand, which was favorable against both the budget and against the prior year by \$6 thousand and \$64 thousand respectively. In addition to its operations, the Art Bank displays artworks within the Canada Council offices and also maintains artworks in the public Âjagemô exhibition space on the ground floor of the Canada Council’s offices at 150 Elgin Street.

Canadian Commission for UNESCO

The Canadian Commission for UNESCO (CCUNESCO), established by an Order in Council in 1957, supports UNESCO priorities, networks and activities in Canada; encourages Canada’s participation in UNESCO activities domestically and abroad, including the provision of expert advice and assistance from both governmental and non-governmental organizations; and provides advice about UNESCO to various levels of government, including Global Affairs Canada. The CCUNESCO had net expenses of \$3.2 million in 2024-25, an increase of \$0.5 million in comparison to the previous year, and over budget by \$0.7 million. The increase in actual expenses is mostly due to \$0.6 million in expenses financed through partners in 2023-24 but completed in the current year.

General administration

General administration expenses include the Canada Council Board and its subcommittees, Communications, and Corporate Services (which includes Finance, Human Resources and Organizational Development, Administrative Services, and Information Management/Technology). Items include salaries and benefits, accommodation, professional services, travel, amortization, and others. At \$24.9 million, the general administration expenses represented 6.8% of total expenses compared to 5.9% in 2023-24. The increase in percentage of total expenses relates directly to the decrease in Grants, author payments and prizes awarded during 2024-25 compared to 2023-24. General administration expenses were lower than budget by \$4.1 million and were above the prior year by \$2.0 million.

Actuals for professional services were \$5.6 million below budget and information management expenses were \$0.5 million below budget, both of which were allocated to Transfer Program delivery as they related to expenses for the new portal. Partially offsetting these reductions were amortization, and salaries and benefits which were \$0.8 and \$0.7 million above budget in accordance with the collective agreement.

REMEASUREMENT GAINS AND LOSSES

The accumulated remeasurement gains from portfolio investments for the year ended March 31, 2025, were \$71.3 million compared to \$53.0 million in 2023-24. These are the accumulated unrealized gains, net of reclassification to the Statement of Operations upon realization. The increase in accumulated remeasurement gains is due to growth in the fair value of the Canada Council’s unrestricted portfolio investments.

RISK MANAGEMENT

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

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

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

Risk Governance

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

Risk Appetite

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

Risk Profile

Using the Canada Council’s risk appetite as key context, every year the Canada Council reviews the identified risks which are ranked based on likelihood and potential impact on the Canada Council’s operations with a focus on potential operational, financial, and reputational dimensions. The corporate risk profile highlighting the top risk areas and their mitigation strategies was presented to the Board in January 2025.

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

Financial Risk

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

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

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The financial statements include amounts based on management's best estimates as determined through experience and judgment. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

The Canada Council maintains systems of internal accounting and administrative controls of high quality 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 Office of the Auditor General of Canada on a regular basis. The Committee reports its findings to the Board for consideration when approving the financial statements.

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

August 11, 2025



Michelle Chawla
Director and Chief Executive Officer



Leah Eronat, CPA
Director of Finance

INDEPENDENT AUDITOR’S REPORT

To the Canada Council for the Arts and the Minister of Canadian Identity and Culture and Minister responsible for Official Languages

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canada Council for the Arts (the Council), which comprise the statement of financial position as at 31 March 2025, and the statement of operations, statement of remeasurement gains and losses, statement of changes in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2025, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Canada Council for the Arts coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the applicable provisions of Part X of the *Financial Administration Act* and regulations, the *Canada Council for the Arts Act* and the by-laws of the Canada Council for the Arts.

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

Responsibilities of Management for Compliance with Specified Authorities

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

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

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

Annie Leclerc

Annie Leclerc, CPA
Principal
for the Auditor General of Canada

Ottawa, Canada
11 August 2025

Statement of Financial Position

As at March 31 (in thousands of dollars)	2025	2024
FINANCIAL ASSETS		
Cash	42,093	48,519
Accounts receivable	3,356	4,492
Portfolio investments (Note 3)	591,252	550,098
Total financial assets	636,701	603,109
LIABILITIES		
Grants, author payments and prizes payable	57,065	86,965
Accounts payable and accrued liabilities	8,658	7,206
Deferred revenues	7,068	5,049
Employee future benefits (Note 5)	6,248	5,955
Deferred revenues - Externally restricted contributions (Note 6)	96,795	86,389
Total liabilities	175,834	191,564
NET FINANCIAL ASSETS	460,867	411,545
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	6,107	6,806
Art Bank assets (Note 8)	19,975	19,924
Musical instruments (Note 9)	1	1
Prepaid expenses	1,144	1,490
Total non-financial assets	27,227	28,221
ACCUMULATED SURPLUS (Note 10)	488,094	439,766
Accumulated surplus is comprised of:		
Accumulated surplus from operations	416,757	386,812
Accumulated remeasurement gains	71,337	52,954
ACCUMULATED SURPLUS	488,094	439,766

Contractual obligations and commitments (Note 15)
The accompanying notes and schedules form an integral part of these financial statements.

Approved by the Board

Cheryl Hickman

Cheryl Hickman
Chair

Marie Pier Germain

Marie Pier Germain
Vice Chair

Statement of Operations

	Budget	Actual	Actual
For the year ended March 31 (in thousands of dollars)	2025	2025	2024
Revenues			
Net realized investment income (Note 11)	20,119	30,088	23,358
Other revenues	3,542	4,256	4,623
Total revenues	23,661	34,344	27,981
Expenses			
Transfer Programs			
Grants, author payments and prizes (Schedule I)	316,687	302,356	325,568
Transfer program delivery (Schedule II)	35,115	35,220	31,605
Arts community services (Schedule III)	3,802	2,938	3,130
	355,604	340,514	360,303
Net Art Bank results (Note 12)	62	56	120
Canadian Commission for UNESCO (Note 13)	2,544	3,201	2,656
General administration (Schedule II)	28,976	24,911	22,959
Total expenses	387,186	368,682	386,038
Deficit from operations before Parliamentary appropriations	(363,525)	(334,338)	(358,057)
Parliamentary appropriations	363,531	364,283	369,339
ANNUAL SURPLUS FROM OPERATIONS	6	29,945	11,282
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF YEAR	386,812	386,812	375,530
ACCUMULATED SURPLUS FROM OPERATIONS, END OF YEAR	386,818	416,757	386,812

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

Statement of Remeasurement Gains and Losses

	2025	2024
For the year ended March 31 (in thousands of dollars)		
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	52,954	23,510
Unrealized gains attributable to:		
Portfolio investments	23,538	29,860
Amounts reclassified to the Statement of Operations:		
Portfolio investments	(5,155)	(416)
NET REMEASUREMENT GAINS FOR THE YEAR	18,383	29,444
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	71,337	52,954

Statement of Changes in Net Financial Assets

	Budget	Actual	Actual
For the year ended March 31 (in thousands of dollars)	2025	2025	2024
ANNUAL SURPLUS FROM OPERATIONS	6	29,945	11,282
Acquisition of tangible capital assets (Note 7)	(780)	(571)	(422)
Write-down of tangible capital assets	-	-	15
Amortization of tangible capital assets (Note 7)	850	1,270	1,617
Acquisition of Art Bank assets (Note 8)	(50)	(51)	(77)
Donations of Art Bank assets (Note 8)	-	-	2
Net decrease of tangible capital and Art Bank assets	20	648	1,135
Addition of prepaid expenses	-	(6,156)	(6,076)
Use of prepaid expenses	-	6,502	4,948
Net decrease (increase) of prepaid expense	-	346	(1,128)
Net remeasurement gains	-	18,383	29,444
INCREASE IN NET FINANCIAL ASSETS	26	49,322	40,733
NET FINANCIAL ASSETS, BEGINNING OF YEAR	411,545	411,545	370,812
NET FINANCIAL ASSETS, END OF YEAR	411,571	460,867	411,545

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

Statement of Cash Flows

For the year ended March 31 (in thousands of dollars)	2025	2024
Operating Transactions		
Surplus from operations	29,945	11,282
(Gains) losses from disposal and impairment of portfolio investments (Note 11)	(6,209)	4,611
Dividend and other distributed income - reinvested (Note 11)	(24,712)	(22,716)
Amortization of tangible capital assets (Note 7)	1,270	1,617
Write-down of tangible capital assets	-	15
Donations of Art Bank assets (Note 8)	-	2
Decrease in grants, author payments and prizes payable *	(29,900)	(50,327)
Income transferred to Deferred revenues - Externally restricted contributions from investment income (Note 6)	4,422	3,149
Net change in other items (Note 14) *	5,127	(2,405)
Cash used by operating activities	(20,057)	(54,772)
Capital Transactions		
Acquisition of tangible capital assets (Note 7)	(489)	(983)
Acquisition of Art Bank assets (Note 8)	(51)	(77)
Cash used by capital activities	(540)	(1,060)
Investing Transactions		
Acquisition of portfolio investments	(10,908)	(14,419)
Disposal of portfolio investments	25,079	10,601
Cash provided (used) by investing activities	14,171	(3,818)
NET DECREASE IN CASH	(6,426)	(59,650)
CASH, BEGINNING OF YEAR	48,519	108,169
CASH, END OF YEAR	42,093	48,519

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

*Certain comparative figures have been reclassified to conform to the presentation in the current year.

Notes to the Financial Statements
March 31, 2025

1. Authority, mandate and activities

The Canada Council for the Arts (the “Canada 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 His 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 Canada Council is exempt from Divisions I to IV of Part X of this *Act*, except for sections 89.8 to 89.92, of Division I, 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 Canada 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 Canada Council achieves its mandate primarily through grant programs for professional artists and arts organizations from Canada. The Canada 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 Canada 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

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 Canada Council’s significant accounting policies are as follows:

Financial instruments

All financial instruments are initially measured at fair value. The following table identifies the Canada Council’s financial instrument assets and liabilities and identifies how they are subsequently measured on the Statement of Financial Position:

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

Notes to the Financial Statements
March 31, 2025

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.

In order to determine if an impairment needs to be recognized, every year the Canada Council assesses its portfolio investment funds to determine if their fair value has remained below 95% of their cost for three consecutive years.

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

Tangible capital assets

Leasehold improvements, office and computer equipment, as well as computer software are carried at cost less accumulated amortization.

Amortization is calculated using the straight-line method, over the estimated useful lives of the assets as follows:

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

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

Work in progress projects are not amortized until in use or in production

Cloud computing arrangements

Cloud computing arrangements, also referred as Software-as-a-Service (SaaS), are service contracts providing the Canada Council with the right to access the cloud provider’s application software over the term of the contract. The Canada Council does not generally receive a computer software asset as a result of these services and related costs are recognized as Information management expenses.

Notes to the Financial Statements
March 31, 2025

In limited circumstances, where the Canada Council controls the intellectual property of the underlying software code, certain costs of configuration and customization activities undertaken to implement cloud computing arrangements meet the definition of, and the recognition criteria for, a tangible capital asset over the course of the life of the software license. These costs are recognized as a computer software asset.

In all other instances, costs will be expensed in the Statement of Operations when services are received.

Art Bank assets

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

Musical instruments

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

Employee future benefits

i) PENSION BENEFITS

Substantially all the employees of the Canada 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 Canada Council to cover current service cost. Pursuant to legislation currently in place, the Canada 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 Canada 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 salary adjustments.

iii) RETIREE BENEFITS

The Canada 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 Canada 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.

Notes to the Financial Statements
March 31, 2025

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.

Revenues

Deferred revenues - Externally restricted contributions

Accumulated investment income, both unrealized and realized, related to the Endowment – Other Contributions that is restricted is recognized as Deferred revenue – Externally restricted contributions until the resources have been used for the purpose specified by the agreement. The Deferred revenue – Externally restricted contributions is recognized as a liability in the Statement of Financial Position until the resources are used for the purposes specified.

Endowment - Government of Canada contribution

At the Canada Council’s founding in 1957, the Government of Canada, through the *Canada Council Act*, contributed \$50 million by means of a government transfer, to be maintained in perpetuity. This amount is reported under Accumulated surplus - Original contribution.

Endowment - Other contributions

Other contributions consist of endowments and restricted donations received by the Canada 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 Canada 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.

Notes to the Financial Statements
March 31, 2025

II) RESTRICTED AND UNRESTRICTED CONTRIBUTIONS

The Canada 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 which are not held in perpetuity are recorded as Deferred revenues until the resources are used for their specified purpose, at which time the contributions are recognized as revenues.

Unrestricted contributions are recognized as Other revenues in the year received or in the year the funds are committed to the Canada Council if the amount can be reasonably estimated, and collection is reasonably assured.

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

III) ART BANK RENTAL REVENUES

Rental of Art Bank assets includes a continuing performance obligation that is satisfied over time since the Canada Council has a continuing obligation to provide access to the Art Bank asset over the term of the rental contract. Rental revenues generated from Art Bank assets are recognized on a straight-line basis over the term of the rental contract. They are included in Net Art Bank results on the Statement of Operations. Deferred revenues reflect unearned revenues related to the remaining term of the rental contract.

IV) OTHER REVENUES

Other revenues consist mainly of the cancellation in the current year of grants approved in previous years. There are no performance obligations associated with grant cancellations and revenue is recognized when grant cancellations are identified and approved. This approval is obtained either at the request of the grant recipient, or through an annual review by Canada Council of outstanding files three or more years old. The recommendations from this review are approved by senior management.

Grants, author payments and prizes

Grants, author payments and prizes are considered government transfers. 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 have been communicated to the applicants.

Operating leases

The Canada 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 requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses in the financial statements and accompanying notes at March 31. Employee future benefits liabilities, the estimated useful lives of tangible capital assets, the residual and appraised value of the Art Bank assets, and the fair value measurement of Portfolio investments are the most significant items where estimates are used.

With respect to the Portfolio investments, the level of measurement uncertainty varies based on the classification of the financial instruments in the fair value hierarchy, as described in Note 4. Due to the inherent nature of Level 3 financial instruments measured using unobservable inputs, there is a significant level of measurement uncertainty.

Actual results could differ from those estimated.

Related party transactions

i) INTER-ENTITY TRANSACTIONS

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the exchange amount, except for the goods or services received without charge between commonly controlled entities, which are not recorded.

ii) OTHER RELATED PARTY TRANSACTIONS

Related party transactions are undertaken on terms and conditions similar to those adopted as if the parties were dealing at arms’ length and are measured at the exchange amount.

Budget

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

3. Portfolio investments

	2025					2024		
(in thousands of dollars)	Cost	Unrealized losses	Unrealized gains	Fair value	%	Cost	Fair value	%
Canada Council Endowment and Special Funds								
Pooled funds								
Canadian Equity	56,743		11,447	68,190	14	48,860	62,945	14
Global Equity	201,423		50,998	252,421	51	197,610	234,126	51
Fixed Income	89,331		3,723	93,054	19	85,927	86,007	19
Real Estate	21,771	(1,553)	624	20,842	4	22,811	20,908	5
Infrastructure	43,703		12,640	56,343	12	43,391	52,508	11
	412,971	(1,553)	79,432	490,850	100	398,599	456,494	100
Killam Fund								
Pooled funds								
Canadian Equity	12,053		1,669	13,722	13	10,776	12,601	13
Global Equity	41,095	(46)	10,029	51,078	51	40,660	47,815	51
Fixed Income	18,353		750	19,103	19	17,653	17,656	19
Real Estate	4,732	(340)	159	4,551	5	4,952	4,610	5
Infrastructure	9,720		2,228	11,948	12	9,497	10,922	12
	85,953	(386)	14,835	100,402	100	83,538	93,604	100
Total Portfolio investments	498,924	(1,939)	94,267	591,252		482,137	550,098	

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.

During the year ended March 31, 2025, the Canada Council recognized an impairment in Real Estate investments of \$1,155,000 for the Endowment and Special Funds and \$231,000 for the Killam Fund. For any remaining investments where the adjusted cost is greater than the fair market value as at March 31, 2025, the Canada Council does not consider these investments to be other than temporarily impaired.

Notes to the Financial Statements
March 31, 2025

The Canada Council manages two separate portfolios, the Canada Council Endowment and Special Funds, as well as the Killam Fund. The Killam will requested that their donation be invested separately. Apart from the Killam Fund, all other externally restricted contributions are consolidated into the Canada Council Endowment and Special Funds and representing 8% (2024 - 8%) of that Fund, with a total fair value of \$39,317,000 (2024 - \$36,565,000). The total fair value of the externally restricted investment including the Killam Fund is \$139,719,000 (2024 - \$130,169,000).

The long-term objectives of the Canada Council Endowment and Special Funds, as well as the Killam Fund, are to generate long-term real returns to supplement the costs of administering the various programs, while maintaining the purchasing power of the endowed capital.

The Canada Council invests in units of equity, in fixed income pooled funds and in limited partnership units of five real estate funds and seven infrastructure funds. The permitted and prohibited investments, the asset mix as well as some maximum holding quantity restrictions are governed by a Board-approved Statement of Investment Policies and Goals (the *SIPG*) to mitigate risk. All the investments are managed by professional investment managers.

The Canada Council manages its portfolio to the following benchmarks as per the *SIPG* approved by the Board. The benchmarks allow asset class allocations to vary between a minimum and a maximum.

Asset classes	Market value	Minimum	Benchmark	Maximum
Canadian equities	14%	10%	14%	20%
Global equities	51%	40%	46%	55%
Fixed income	19%	10%	20%	35%
Real estate	4%	0%	10%	15%
Infrastructure	12%	0%	10%	15%
Money market/Cash	0%	0%	0%	10%

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

Investments in the equity pooled funds are comprised of units of six pooled funds, two Canadian funds and four funds that are invested in global equity markets. The Canadian equities are measured against the returns of the Standard and Poor’s Toronto Stock Exchange (S&P/TSX) Index.

The global equities are measured against the returns of the Morgan Stanley Capital International (MSCI) All Country World Index.

Investments in the fixed income pooled funds are comprised of a mix of bonds, mortgages, emerging debt and other fixed income instruments.

The Universe Bonds’ portion of the fixed income funds is measured against the returns of the FTSE Canada Universe Bond Index and the Mortgages’ portion is measured against the FTSE Canada Short-Term Overall Bond Index.

Notes to the Financial Statements
March 31, 2025

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 50% of the NFI ODCE Index and 50% of the MSCI/REALPAC Canada Quarterly Property Fund Index.

The infrastructure funds include portfolios of diversified infrastructure investments. These investments are measured against the Consumer Price Index (CPI) plus 4.5%.

4. Fair value and financial risks

a) Establishing fair value

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

The fair values of the Portfolio investments are determined as follows:

• Canadian equity, Global equity, Fixed income, and Money market pooled fund investments are valued at the unit values supplied by the pooled fund external managers, which represent the Canada Council’s proportionate share of the underlying net assets at fair values, determined using closing market prices.

• Real Estate and Infrastructure investment values are supplied by the external fund managers using internally determined appraisals as at March 31 based on valuation models with unobservable inputs.

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

(in thousands of dollars)		2025	2024
Financial assets and liabilities	Measurement categories	Carrying amount and fair value	Carrying amount and fair value
Cash	Fair value	42,093	48,519
Accounts receivable	Amortized cost	3,356	4,492
Portfolio investments ¹	Fair value	591,252	550,098
Grants, author payments and prizes payable	Amortized cost	57,065	86,965
Accounts payable and accrued liabilities	Amortized cost	8,658	7,206

¹ The detailed fair value for the portfolio investments is listed in Note 3.

Notes to the Financial Statements
March 31, 2025

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:

(in thousands of dollars)					2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total				
	\$	\$	\$	\$	\$	\$	\$	\$				
Cash	42,093	-	-	42,093	48,519	-	-	48,519				
Portfolio investments												
Canada Council Endowment and Special Funds												
Pooled Funds												
Canadian Equity	-	68,190	-	68,190	-	62,945	-	62,945				
Global Equity	-	252,421	-	252,421	-	234,126	-	234,126				
Fixed Income	-	69,109	23,945	93,054	-	63,893	22,114	86,007				
Real Estate	-	-	20,842	20,842	-	-	20,908	20,908				
Infrastructure	-	-	56,343	56,343	-	-	52,508	52,508				
Killam Fund												
Pooled Funds												
Canadian Equity	-	13,722	-	13,722	-	12,601	-	12,601				
Global Equity	-	51,078	-	51,078	-	47,815	-	47,815				
Fixed Income	-	14,197	4,906	19,103	-	13,126	4,530	17,656				
Real Estate	-	-	4,551	4,551	-	-	4,610	4,610				
Infrastructure	-	-	11,948	11,948	-	-	10,922	10,922				
Total Portfolio Investments	-	468,717	122,535	591,252	-	434,506	115,592	550,098				
Total	42,093	468,717	122,535	633,345	48,519	434,506	115,592	598,617				

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

Notes to the Financial Statements
March 31, 2025

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

(in thousands of dollars)					2025				2024			
	Fixed Income funds	Real Estate funds	Infrastructure funds	Total	Fixed Income fund	Real Estate funds	Infrastructure funds	Total				
Canada Council Endowment and Special Funds												
Opening balance	22,114	20,908	52,508	95,530	21,072	18,399	48,623	88,094				
Total gains (losses)												
Recognized in remeasurement statement	838	(167)	3,241	3,912	160	(2,624)	35	(2,429)				
Recognized in externally restricted contributions	73	(14)	282	341	14	(229)	3	(212)				
Purchases	920	365	1,352	2,637	868	5,362	5,774	12,004				
Sales	-	(250)	(1,040)	(1,290)	-	-	(1,927)	(1,927)				
Closing balance	23,945	20,842	56,343	101,130	22,114	20,908	52,508	95,530				
Killam Fund												
Opening balance	4,530	4,610	10,922	20,062	4,317	4,157	8,771	17,245				
Total gains (losses)												
Recognized in externally restricted contributions	187	(69)	803	921	36	(619)	(194)	(777)				
Purchases	189	73	406	668	177	1,072	2,905	4,154				
Sales	-	(63)	(183)	(246)	-	-	(560)	(560)				
Closing balance	4,906	4,551	11,948	21,405	4,530	4,610	10,922	20,062				

Level 3 Sensitivity analysis

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

c) Risk management

The Canada 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).

Notes to the Financial Statements
March 31, 2025

In order to manage risk, the Canada Council invests in a diversified portfolio that is managed by professional investment managers. The Canada Council's investments are guided by the *SIPG*, which is approved by the Board and reviewed on an annual basis. The Canada 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 Canada 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 for the Canada Council.

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

Through its investments in units of equity, fixed income and in limited partnership units of five real estate funds and seven infrastructure funds, the Canada 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 Canada Council's *SIPG*.

The Canada Council mitigates credit risk of accounts receivable through monitoring of the outstanding balances. As at March 31, 2025, there were no significant amounts past due and no impairment losses have been recognized.

ii. Liquidity risk

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

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

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

The objectives of the Canada 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.

Notes to the Financial Statements
March 31, 2025

The liquidity available from either the preferred rate account in a financial institution or from the portfolio investments ensures that the Canada Council is able to meet its obligations and commitments. The portfolio investments classified into Levels 1 and 2 of the fair value hierarchy can be redeemed within a maximum of three days. As well, the permitted and prohibited investments are governed by Board-approved *SIPG* that ensure that the liquidity risk is minimized.

The Canada Council has an investment policy that enables it to withdraw annual amounts from its investment portfolio valued at up to 3.5% for the Canada Council Endowment and Special Funds, as well as for the Killam Fund (2024 - 3.5%) of the previous three-year average market value using balances as at September 30.

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

	Less than one year	Between one to two years	Over two years	2025 Total
(in thousands of dollars)				
Financial Liabilities				
Grants, author payments and prizes payable	39,453	6,994	10,618	57,065
Accounts payable and accrued liabilities	7,938	720		8,658
	47,391	7,714	10,618	65,723

iii. Market risks

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

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

Measurement of market risk

The following details the Canada Council's portfolio investments sensitivity to an 8.6% increase or decrease in market prices. The sensitivity rate is used when reporting market risk internally to key management personnel and represents management's assessment of a reasonably possible change in value in an investment or portfolio of investments as a result of fluctuations in market prices.

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

Notes to the Financial Statements
March 31, 2025

At March 31, 2025, a fluctuation of market prices of 8.6% (9.8% in 2024), with all other variables held constant, would result in a change in remeasurement gains and losses and Deferred revenues – Externally restricted contributions of \$50,848,000 (\$53,910,000 in 2024).

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

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 Canada Council arises from its interest bearing assets. The Canada Council’s cash includes amounts on deposit with a financial institution that earns interest at market and preferred rates. The objective of the Canada 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 Canada Council’s results of operations.

The Canada Council’s investments in fixed income pooled funds 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 the Canada 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 Canada 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 Portfolio investments and Cash represent \$42,195,000 and \$2,063,000 respectively (2024 - \$41,445,000 and \$2,600,000). Compared with the total financial assets of the Canada Council of \$636,701,000 (2024 - \$603,109,000), currency risk is not considered significant.

Notes to the Financial Statements
March 31, 2025

5. Employee Future Benefits

a) Pension benefits

Substantially all the employees of the Canada 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 Canada 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 Canada Council’s contribution rate effective at year-end was 1.02 times (2024 - 1.02) the employee’s contribution; and for employment start dates after December 31, 2012, the Canada Council’s contribution rate effective at year-end was 1.00 times (2024 - 1.00) the employee’s contribution.

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

(in thousands of dollars)	2025	2024
Employer’s contributions	2,923	2,980
Employees’ contributions	2,879	2,845

b) Severance benefits

The Canada Council provided severance benefits to its employees based on years of service and final salary. These benefits were not pre-funded and thus had no assets, resulting in a plan deficit equal to the accrued benefit obligation. These benefits no longer accrue (since 2012). 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 levels.

Information about the plan benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2025	2024
Accrued benefit obligation, beginning of year	46	135
Current service cost	1	-
Benefits paid during the year	-	(89)
Accrued benefit obligation, end of year	47	46

Notes to the Financial Statements
March 31, 2025

c) Retiree benefits

The Canada Council has defined post-retirement benefit plans covering certain employee groups. These plans provide extended health and dental benefits to retired employees. Retirees pay 50% of the extended health care premium and 100% of the dental premium.

The Canada Council’s independent actuary measures the accrued benefit obligation for accounting purposes as at March 31 of each year. The obligations for March 31, 2025, were determined using valuation results based on membership data as at November 30, 2024. The obligations for March 31, 2024 were determined using the valuation results based on membership as at March 31, 2023.

(in thousands of dollars)	2025	2024
Accrued net benefit obligation, beginning of year	4,886	4,844
Current service cost	221	246
Interest cost	166	145
Benefits paid	(146)	(135)
Actuarial gains	125	(214)
	5,252	4,886
Unamortized net actuarial gains	949	1,023
Accrued net benefit obligation, end of year	6,201	5,909

The net actuarial gains or losses arising from experience and changes in assumptions is amortized over the expected average remaining service period of the employee group, which is 13 years.

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

	2025	2024
Discount rate for calculation of net benefit costs	3.4%	3.0%
Discount rate for calculation of accrued benefit obligation	3.1%	3.4%
Dental cost rate increase	1.1%	5.0%
Initial health care cost trend rate increase - Prescription drugs	5.4%	5.4%
Ultimate health care cost trend rate	4.0%	4.0%

Notes to the Financial Statements
March 31, 2025

6. 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 purposes specified by the endowment. The Endowment - Other contributions principal of \$37,569,000 and Endowment - Government of Canada contribution of \$50,000,000 are required to be maintained and are reported under Accumulated surplus from operations (see Note 10).

(in thousands of dollars)	2025	2024
Balance, beginning of year	86,389	74,667
Transferred from investment income (Note 11)		
Net Investment income	7,503	5,203
Use of funds	(3,081)	(2,054)
	4,422	3,149
Unrealized gains on portfolio investments	7,424	8,781
Amounts reclassified to the Statement of Operations - Portfolio investments	(1,440)	(208)
Balance, end of year	96,795	86,389

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

7. Tangible capital assets

(in thousands of dollars)	Computer Software	Computer Equipment	Office Equipment	Leasehold Improvements	Vehicle	Total
Cost						
Opening balance at April 1, 2024	6,515	2,952	1,981	7,879	-	19,327
Acquisitions	-	470	-	99	2	571
Disposals	-	-	-	-	-	-
Closing balance at March 31, 2025	6,515	3,422	1,981	7,978	2	19,898
Accumulated Amortization						
Opening balance at April 1, 2024	4,180	2,445	1,356	4,540	-	12,521
Amortization expense	588	231	108	343	-	1,270
Disposals	-	-	-	-	-	-
Closing balance at March 31, 2025	4,768	2,676	1,464	4,883	-	13,791
Net carrying amount at March 31, 2024	2,335	507	625	3,339	-	6,806
Net carrying amount at March 31, 2025	1,747	746	517	3,095	2	6,107

Notes to the Financial Statements
March 31, 2025

8. Art Bank assets

(in thousands of dollars)	2025	2024
Opening balance	19,924	19,849
Acquisitions	51	77
Disposals/donations	-	(2)
Closing Balance	19,975	19,924

The Canada Council Art Bank has the largest collection of contemporary art from Canada. It includes 17,246 (2024 - 17,239) paintings, sculptures, drawings, photographs and prints by 3,252 (2024 - 3,245) artists. The Art Bank rents its assets to interested parties and, as at March 31, 2025 has 3,969 (2024 - 3,934) works on rental to federal government departments and agencies, associations, hospitals, schools, municipalities and private corporations.

The Canada Council uses an independent appraiser to determine the fair value of the Art Bank assets. A full independent valuation of the Art Bank assets was completed in 2001, with a significant update of the appraisals occurring in 2010. The Art Bank is currently in the process of having its entire collections appraisals updated, with 1,777 pieces appraised in 2024-25. An individual piece of art may be independently appraised when management identifies significant events such as special recognition, type of artwork or artist passing, which are known to trigger a change in valuation.

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

9. Musical Instruments

The Canada Council created the Musical Instrument Bank in 1985 and it currently owns a fine cello bow and 12 prestigious musical instruments. In addition, the Canada Council manages a fine violin bow and 13 instruments on loan, seven from anonymous donors and seven from six other donors.

Agreements are signed with the individuals to whom the instruments are loaned. Those agreements include clauses that stipulate how the musical instruments are to be handled in order to safeguard them.

Notes to the Financial Statements
March 31, 2025

10. Accumulated surplus

(in thousands of dollars)	2025	2024
Accumulated surplus from operations		
Endowment - Government of Canada contribution	50,000	50,000
Endowment – Other contributions	37,569	37,569
Reserve for excess investment income		
Balance, beginning of the year	271,445	261,445
Appropriated from the accumulated surplus during the year	29,000	10,000
Balance, end of the year	300,445	271,445
Surplus		
Balance, beginning of the year	27,798	26,516
Appropriated to the reserve for excess investment income during the year	(29,000)	(10,000)
Surplus for the year	29,945	11,282
Balance, end of the year	28,743	27,798
Total accumulated surplus from operations	416,757	386,812
Accumulated remeasurement gains		
Balance, beginning of the year	52,954	23,510
Change in fair value	18,383	29,444
Balance, end of the year	71,337	52,954
Balance of accumulated surplus, end of year	488,094	439,766

Notes to the Financial Statements
March 31, 2025

11. Net realized investment income

(in thousands of dollars)	2025	2024
Gains (losses) from disposal and impairment of portfolio investments	6,209	(4,611)
Income transferred to deferred revenues - Externally restricted contributions (Note 6)	(4,422)	(3,149)
Net gains on foreign exchange	342	43
Dividend and other distributed income - reinvested	24,712	22,716
Interest, dividend and other distributed income - cashed	4,934	10,039
Investment portfolio management costs	(1,687)	(1,680)
	30,088	23,358

12. Net Art Bank results

(in thousands of dollars)	2025	2024
Rental revenue	(1,792)	(1,762)
Other income	(257)	(212)
Administration expense	2,105	2,094
	56	120

13. Canadian Commission for UNESCO

(in thousands of dollars)	2025	2024
Program expenses	1,765	940
Program - contributions received	(160)	(25)
Administration expense	1,596	1,741
	3,201	2,656

Program expenses mainly represent 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.

14. Net change in other items

(in thousands of dollars)	2025	2024 *
Decrease (increase) in accounts receivable	1,136	(1,165)
Increase in accounts payable and accrued liabilities	1,333	66
Increase (decrease) in deferred revenues	2,019	(412)
Decrease (increase) in prepaid expenses	346	(1,128)
Increase in employee future benefits	293	234
Net change	5,127	(2,405)

*Certain comparative figures have been reclassified to conform to the presentation in the current year.

Notes to the Financial Statements
March 31, 2025

15. Contractual Obligations and Commitments

a) Grants, author payments and prizes

Grants, author payments and prizes extending into future years are subject to the provision of funds by Parliament. Future year commitments for those payments approved prior to March 31, 2025 amounted to \$253,642,000. The future payments of grant commitments as of March 31, 2025, are as follows:

(in thousands of dollars)	
2026	158,542
2027	54,389
2028	31,208
2029	9,503

The commitments for future years for Grants, author payments and prizes include transactions with related parties totaling \$4,962,000.

b) Rent

The Canada Council is party to long-term operating leases with respect to rental accommodation. Future year payments related to operating leases as at March 31, 2025 amounted to \$45,249,000. The current lease for 150 Elgin expires in December 2033, while the lease for the Art Bank ends August 2033. The future payments of operating leases as at March 31, 2025, are as follows:

(in thousands of dollars)	
2026	4,759
2027	4,844
2028	4,925
2029	5,104
2030	5,271
2031-2034	20,346

c) Investment commitments

The Canada Council has committed funds with Infrastructure investment managers through limited partnership funds. As it takes time for those funds to be fully invested, the balance of committed capital not yet drawn as at March 31, 2025, is \$8,812,000. These commitments will be paid through our existing cash balance with our custodian and by selling assets currently invested primarily in Equity Funds.

Notes to the Financial Statements
March 31, 2025

d) Other commitments

The Canada Council entered into various contracts during the year, creating commitments of payments in future years. Future year payments related to these commitments as at March 31, 2025, amounted to \$7,548,000. Future annual payments as at March 31, 2025, are as follows:

(in thousands of dollars)	Less than 1 year	Less than 7 years	Total
Tangible capital assets	100	-	100
General administration	2,649	519	3,168
Arts community services	715	86	801
Transfer program delivery	2,900	87	2,987
Canadian Commission for UNESCO	161	-	161
Net Art Bank results	331	-	331
Total	6,856	692	7,548

The other commitments for future years included transactions with related parties totaling \$671,000, \$492,000 under General administration, \$104,000 under Transfer Program Delivery and \$75,000 under Arts Community Services.

16. Related party transactions

The Canada Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. Other related parties of the Canada Council are key management personnel, close family members of key management personnel and entities that are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members. The Canada Council has defined its key management personnel to be the members of the Senior Management Committee and the members of its Board. The Canada 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 Canada Council incurred expenses totaling \$7,674,000 (2024 – \$6,268,000) and recorded rental revenues for the Art Bank assets, contributions and other revenues totaling \$1,169,000 (2024 – \$1,333,000) with related parties. In addition, the Canada Council received \$364,283,000 (2024 - \$369,339,000) from the Government of Canada through Parliamentary appropriations.

During the year, the Canada Council received audit services without charge from the Office of the Auditor General. No costs are recorded in the financial statements for these services.

Notes to the Financial Statements
March 31, 2025

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

(in thousands of dollars)	2025	2024
Accounts receivable	1,359	2,407
Grants, author payments and prizes payable	797	1,150
Accounts payable and accrued liabilities	1,137	1,198
Deferred revenues	258	280
Prepaid expenses	1	-

Schedule I - Grants, Author Payments and Prizes by Section

(in thousands of dollars)	2025	2024
Arts Granting Programs		
Explore and Create	80,026	100,414
Engage and Sustain	80,343	80,327
Supporting Artistic Practice	41,479	37,905
Arts Across Canada	31,582	29,776
Arts Abroad	18,406	16,650
Creating, Knowing and Sharing: The Arts and Cultures of First Nations, Inuit and Métis Peoples	18,318	18,397
Strategic Investments	14,206	25,304
Prizes	1,004	1,011
Public Lending Right	14,883	14,783
Killam Program		
Killam Research Fellowships	1,200	80
Killam Prizes	500	500
Other Prizes and Awards		
Molson Prizes	100	100
Vida Peene Award	53	-
Other prizes and awards < \$100,000	256	321
	302,356	325,568

Notes to the Financial Statements
March 31, 2025

Schedule II - Other Expenses

(in thousands of dollars)

	2025			2024
	Transfer Program Delivery	General Administration	Total	Total
Salaries and employee benefits	24,598	13,084	37,682	35,102
Peer and advisory committees	2,775	-	2,775	3,063
Office accommodation	-	4,163	4,163	4,055
Professional and special services	6,712	3,098	9,810	6,721
Amortization	-	1,270	1,270	1,617
Information management	254	2,455	2,709	2,398
Staff travel	298	106	404	259
Prizes presentation	497	-	497	495
Printing, publications and duplicating	16	249	265	243
Communications	9	221	230	181
Office expenses and equipment	21	76	97	163
Meeting expenses including members' honoraria	36	150	186	224
Miscellaneous	4	39	43	43
	35,220	24,911	60,131	54,564

Schedule III - Arts Community Services

(in thousands of dollars)

	2025	2024
Partnership and networking	2,035	1,636
Research and consultation	801	1,253
Event costs	102	241
	2,938	3,130