

# Art Gallery of Nova Scotia

Financial statements

March 31, 2021



## Management's report


The financial statements have been prepared by management of the **Art Gallery of Nova Scotia** in accordance with Canadian Public Sector Accounting Standards. The integrity and objectivity of these financial statements are management's responsibility. Management is also responsible for all the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

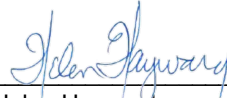
The Board of Governors [the "Board"] is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements regularly and external audited financial statements yearly.

The external auditors, Ernst & Young LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the **Art Gallery of Nova Scotia**, and Ernst & Young LLP and management meet when required.

On behalf of the Art Gallery of Nova Scotia:



Nancy Noble  
Director and CEO



Helen Hayward  
Director, Finance and Operations

June 11, 2021



# Independent auditor's report

To the Governors and Members of the  
**Art Gallery of Nova Scotia**

## Qualified opinion

We have audited the financial statements of the **Art Gallery of Nova Scotia** [the "Gallery"], which comprise the statement of financial position as at March 31, 2021, and the statement of operations and accumulated surplus, statement of remeasurement gains (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, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Gallery as at March 31, 2021, and its results of operations, its remeasurement gains (losses), its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

## Basis for qualified opinion

In common with many not-for-profit organizations, the Gallery derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Gallery. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both 2021 and 2020. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Gallery 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 qualified audit opinion.

## 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 Gallery'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 Gallery or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Gallery'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 Gallery'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 Gallery'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 Gallery 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.

Halifax, Canada  
June 11, 2021

*Ernst + Young LLP*

Chartered Professional Accountants



# Art Gallery of Nova Scotia

## Statement of financial position

As at March 31

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash	1,224,545	376,886
Accounts receivable	414,129	156,299
Inventory for resale	160,449	157,127
Investments – endowment <i>[notes 4 and 7]</i>	4,872,547	3,900,644
	<b>6,671,670</b>	<b>4,590,956</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities <i>[note 10]</i>	1,258,310	285,339
Deferred revenue <i>[notes 3 and 12]</i>	715,256	483,339
	<b>1,973,566</b>	<b>768,678</b>
<b>Net financial assets</b>	<b>4,698,104</b>	<b>3,822,278</b>
<b>Non-financial assets</b>		
Tangible capital assets, net <i>[note 5]</i>	77,483	30,370
Prepaid expenses	31,887	42,619
Other assets	37,032	24,641
	<b>146,402</b>	<b>97,630</b>
<b>Accumulated surplus <i>[note 6]</i></b>	<b>4,844,506</b>	<b>3,919,908</b>
Accumulated surplus comprises:		
Accumulated operating surplus	4,071,158	4,037,837
Accumulated remeasurement gains	773,348	(117,929)
	<b>4,844,506</b>	<b>3,919,908</b>

See accompanying notes

On behalf of the Board:

Governor

Governor

## Art Gallery of Nova Scotia

### Statement of operations and accumulated surplus

Year ended March 31

	2021	2020
	\$	\$
<b>Revenue</b> [schedule 1]		
Operating	2,857,266	3,261,218
Programming [note 3]	517,738	397,799
Gallery shop	218,268	490,422
Capital Campaign [note 10]	1,015,005	—
Other revenue [notes 3, 7 and 8]	418,441	134,105
	<u>5,026,718</u>	<u>4,283,544</u>
<b>Expenditures</b> [schedule 2]		
Salaries and benefits	2,262,995	2,247,144
Capital campaign [note 10]	1,015,005	25,709
Building project	94,167	—
Programming	400,306	789,466
Administration [notes 7 and 8]	447,180	390,923
Development and marketing	111,764	269,118
Acquisitions [note 8]	297,650	24,300
Western branch	117,781	148,218
Gallery shop	196,529	315,638
Visitor experience	1,708	8,613
Building operations	29,435	7,502
	<u>4,974,520</u>	<u>4,226,631</u>
	52,198	56,913
Amortization of tangible capital assets	<u>18,877</u>	<u>13,291</u>
<b>Annual surplus</b>	<u>33,321</u>	<u>43,622</u>
Accumulated operating surplus, beginning of year	<u>4,037,837</u>	<u>3,994,215</u>
<b>Accumulated operating surplus, end of year</b>	<u>4,071,158</u>	<u>4,037,837</u>

See accompanying notes

## Art Gallery of Nova Scotia

### Statement of remeasurement gains (losses)

As at March 31

	2021	2020
	\$	\$
<b>Accumulated remeasurement gains (losses), beginning of year</b>	<b>(117,929)</b>	235,471
Unrealized gains (losses) attributable to investments	<b>893,166</b>	(350,986)
Capital gain reclassified to statement of operations	<b>(1,889)</b>	(2,414)
Net remeasurement (losses) gains for the year	<b>891,277</b>	(353,400)
<b>Accumulated remeasurement gains (losses), end of year</b>	<b>773,348</b>	(117,929)

*See accompanying notes*

## Art Gallery of Nova Scotia

### Statement of changes in net financial assets

Year ended March 31

	2021	2020
	\$	\$
<b>Annual surplus</b>	<b>33,321</b>	43,622
Acquisition of tangible capital assets	<b>(65,990)</b>	(20,654)
Amortization of tangible capital assets	<b>18,877</b>	13,291
Decrease (increase) in prepaid expenses	<b>10,732</b>	(7,744)
Decrease (increase) in other assets	<b>(12,391)</b>	11,053
	<b>(15,451)</b>	39,568
Unrealized gains (losses) attributable to investments	<b>891,277</b>	(353,400)
<b>Increase (decrease) in net financial assets</b>	<b>875,826</b>	(313,832)
Net financial assets, beginning of year	<b>3,822,278</b>	4,136,110
<b>Net financial assets, end of year</b>	<b>4,698,104</b>	3,822,278

*See accompanying notes*



## Art Gallery of Nova Scotia

### Statement of cash flows

Year ended March 31

	2021	2020
	\$	\$
<b>Operating activities</b>		
Annual surplus	33,321	43,622
Add item not affecting cash		
Amortization of tangible capital assets	18,877	13,291
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(257,830)	172,452
Increase in inventory for resale	(3,322)	(38,214)
Increase in accounts payable and accrued liabilities	972,971	189
Increase in deferred revenue	231,917	69,553
Decrease (increase) in other assets	(12,391)	11,053
Decrease (increase) in prepaid expenses	10,732	(7,744)
<b>Cash provided by operating activities</b>	<b>994,275</b>	<b>264,202</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(65,990)	(20,654)
<b>Cash used in capital activities</b>	<b>(65,990)</b>	<b>(20,654)</b>
<b>Investing activities</b>		
Additions to investments	(80,626)	(107,126)
<b>Cash used in investing activities</b>	<b>(80,626)</b>	<b>(107,126)</b>
<b>Net increase in cash during the year</b>	<b>847,659</b>	<b>136,422</b>
Cash, beginning of year	376,886	240,464
<b>Cash, end of year</b>	<b>1,224,545</b>	<b>376,886</b>

See accompanying notes

# Art Gallery of Nova Scotia

## Notes to financial statements

March 31, 2021

### 1. Nature of the organization

The Art Gallery of Nova Scotia's ["AGNS" or the "Gallery"] mandate is to preserve the province's unique visual and cultural history through the acquisition, preservation and exhibition of works of art, and the provision of art education to learners of all ages.

The AGNS is an agency of the Province of Nova Scotia, established under the authority of the *Art Gallery of Nova Scotia Act*. The Gallery is a governmental unit as set out in the consolidated financial statements of the province and reports to the Legislative Assembly through the Ministry of Communities, Culture and Heritage. As an agency of the province, the Gallery is exempt from income taxes and can issue donation receipts for income tax purposes.

### 2. Summary of significant accounting policies

These financial statements have been prepared by management by applying the principles of CPA Canada Public Sector Accounting Standards for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.

#### Cash

Cash consists of bank balances and cash on hand.

#### Inventory for resale

Inventory is valued at the lower of historical cost and net realizable value.

#### Investments

Equity securities are valued at their market values. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transaction costs are recognized in the statement of operations and accumulated surplus in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains (losses) and are reclassified to the statement of operations and accumulated surplus upon disposal or settlement.

All investment transactions are recorded on a trade date basis.

#### Tangible capital assets

Tangible capital assets are recorded at cost and are depreciated on a straight-line basis at the following annual rates:

Storage vault	30%
Security system	50%
Software	50%
Equipment	30%
Leasehold improvements	10%
Website	25%

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2021

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Gallery's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

These financial statements do not include works of art owned by the Province of Nova Scotia. Works of art are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

#### **Prepaid expenses**

Prepaid expenses include information technology fees and annual service fees and are charged to expense over the period expected to benefit from it.

#### **Other assets**

Costs directly related to the development of future temporary exhibitions are presented as other assets when the Gallery can reliably demonstrate that there is a future economic benefit associated with these costs. These costs are expensed over the useful life. For temporary exhibitions, this is the period over which the exhibition is held. Such costs are expensed immediately when they are related to advertising or promotion and when there is insufficient evidence that the costs are recoverable.

#### **Deferred revenue**

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

#### **Revenue recognition**

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Revenue from pledges, donations and life memberships is recognized when the cash is received.

Grants and sponsorships follow the deferral method of accounting and are recorded as revenue in the year when related expenses are incurred or as the terms of the sponsorship agreements are met.

Other income includes investment income earned by the Endowment Fund and donations specifically allocated to the Acquisition Fund. Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized gains and losses, is recorded as revenue in the statement of operations and accumulated

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2021

surplus. Investment income, which consists of unrealized gains and losses, is recorded in the statement of remeasurement gains (losses).

#### **Expenditures**

Expenditures are reported on an accrual basis. The cost of all goods consumed, and services received during the year, are expensed.

#### **Measurement uncertainty**

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of revenue and expenditures during the year.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from those estimates.

#### **Acquisitions**

Acquisitions of works of art, including donated works, become the property of the Province of Nova Scotia. Accordingly, acquisitions paid for by the AGNS are expensed in the year acquired.

#### **Contributed goods and services**

Volunteers contribute hours of service during the fiscal year to assist the AGNS in carrying out its mandate. Also, the Province of Nova Scotia provides the AGNS with use of its premises at a nominal cost. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

#### **Allocation of expenditures**

The costs of each function include the costs of personnel and other expenditures that are directly related to the function. General support and other costs are not allocated.

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2021

#### 3. Government assistance

During the year, the AGNS received funding from provincial, federal and other agencies as follows:

	2021	2020
	\$	\$
Nova Scotia Department of Communities, Culture and Heritage	2,936,000	2,326,269
Canada Council for the Arts	430,000	295,000
Department of Education	81,000	60,000
Canadian Heritage – Map Grant	—	104,968
Creative Industries Fund	—	45,000
Arts Nova Scotia	30,000	30,000
Young Canada Works	6,054	13,863
	<b>3,483,054</b>	<b>2,875,100</b>

During the year, \$3,103,435 of the above funding is recognized in operating and programming revenue [2020 – \$2,813,566], and \$379,619 [2020 – \$61,534] was recorded in deferred revenue.

#### 4. Investments

The investments included in the AGNS's financial statements comprise the following:

	2021		2020	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Common equity	2,685,984	3,444,610	2,613,790	2,464,597
Bonds and debentures	1,412,415	1,427,138	1,404,456	1,435,721
Cash	799	799	326	326
	<b>4,099,198</b>	<b>4,872,547</b>	4,018,572	3,900,644

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2021

#### 5. Tangible capital assets

	2021	2020
	\$	\$
Storage vault	152,330	152,330
Security system	21,593	21,593
Software	77,378	77,378
Equipment	105,088	48,734
Leasehold improvements	95,355	85,718
Website	39,330	39,330
	<b>491,074</b>	425,083
Less accumulated depreciation	<b>413,591</b>	394,713
	<b>77,483</b>	30,370

#### 6. Accumulated surplus

	2021	2020
	\$	\$
<b>Accumulated surplus, beginning of year</b>	<b>3,919,908</b>	4,229,686
Annual surplus	33,321	43,622
Unrealized gains (losses) attributable to investments	891,277	(353,400)
<b>Accumulated surplus, end of year</b>	<b>4,844,506</b>	3,919,908

#### 7. Endowment Fund

The Endowment Fund consists of amounts that have been endowed by the donor and/or the Board of Governors of the AGNS. These funds are managed by a professional fund manager. The Finance and Audit Committee is responsible for monitoring the fund on behalf of the Board of Governors. It is the Gallery's intent that the Fund's capital be preserved and managed in a manner that ensures future resources will be available for the Gallery's requirements.

The AGNS recognizes the importance of developing and maintaining its Endowment Fund to further the objectives of the organization and realize certain strategic priorities such as:

- [a] Enhancing exhibitions and public programming;
- [b] Increasing visitation and membership;
- [c] Continuing to stabilize operational and program funding; and
- [d] Enhancing collection through acquisitions.

The funds that will be placed in the Endowment Fund will be:

- [a] Donations designated as such by the donor; and
- [b] Any funds specifically designated by the Board of Governors.

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2021

Revenues and expenditures related to the activities of the Endowment Fund are recorded on the statement of operations and accumulated surplus in other revenue and administration, respectively.

	2021 \$	2020 \$
Endowment revenue	122,804	117,550
Less endowment administration expenditures	(35,237)	(34,156)
<b>Excess of revenue over expenditures for the year</b>	<b>87,567</b>	<b>83,394</b>
<b>Surplus, beginning of year</b>	<b>3,818,593</b>	4,200,174
Excess of revenue over expenditures for the year	87,567	83,394
Unrealized (losses) gains attributable to investments	891,277	(353,400)
Contributions to Acquisition Fund	(8,600)	(11,575)
Contributions to Gallery Fund	—	(100,000)
<b>Surplus, end of year</b>	<b>4,788,837</b>	<b>3,818,593</b>

Included within the surplus balance noted above are restricted contributions in the amount of \$1,077,427 [2020 – \$860,971].

#### 8. Acquisition Fund

The purpose of the AGNS Acquisition Fund is to acquire, by gift or purchase, works of art for the Provincial Collection and to cover costs associated with acquiring these works.

Revenues related to acquisition activities are recorded on the statement of operations and accumulated surplus in other revenue. Expenditures related to acquisition activities are recorded on the statement of operations and accumulated surplus in administration and acquisitions.

	2021 \$	2020 \$
Acquisition revenue	295,637	16,555
Less administration expenditures	(13,975)	(10,592)
Less acquisitions	(297,650)	(24,300)
<b>Deficiency of revenue over expenditures for the year</b>	<b>(15,988)</b>	<b>(18,337)</b>
<b>Surplus, beginning of year</b>	<b>30,250</b>	37,012
Deficiency of revenue over expenditures for the year	(15,988)	(18,337)
Contributions from Endowment Fund	8,600	11,575
<b>Surplus, end of year</b>	<b>22,862</b>	<b>30,250</b>

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2021

#### 9. Operating Fund

The purpose of the AGNS Operating Fund is to support the normal operations of Gallery including collecting, preserving, exhibiting and interpreting works of visual art. It also includes facility rentals and the Gallery shop.

	2021	2020
	\$	\$
Operating revenue	4,608,277	4,149,439
Less expenditures	(4,627,659)	(4,157,584)
Less depreciation	(18,876)	(13,290)
<b>Deficiency of revenue over expenditures for the year</b>	<b>(38,258)</b>	<b>(21,435)</b>
<b>Surplus (deficiency), beginning of year</b>	<b>71,065</b>	<b>(7,500)</b>
Deficiency of revenue over expenditures for the year	(38,258)	(21,435)
Contributions from Endowment Fund	—	100,000
<b>Surplus, end of year</b>	<b>32,807</b>	<b>71,065</b>

#### 10. Capital campaign

The Gallery established a multi-year capital campaign [i] to meet the Gallery's commitment to the Province to contribute \$30,000,000 towards the construction of a new gallery [note 11]; [ii] to establish a fund or set of funds to support programming, curatorial needs and other priorities in the new gallery; and [iii] to invest in the expenses required to administer the capital campaign.

Capital campaign activity for the fiscal year included the following:

	2021	2020
	\$	\$
Capital Campaign donations	1,015,005	—
Less administrative expenses	(75,919)	—
Net capital campaign proceeds	939,086	—
Less distribution to the department of Infrastructure and Housing	(939,086)	—
<b>Net proceeds after distribution</b>	<b>—</b>	<b>—</b>

The distribution of the net proceeds of \$939,086 is included in capital campaign expenses and accrued liabilities as the amount was payable to the department of Infrastructure and Housing ["IAH"] at year-end.

At year-end, the Gallery received capital campaign pledges of \$10,000,000. To date, \$750,000 of the pledges have been collected. Pledges are only recognized as revenue when the cash is received.



## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2021

#### 11. Commitments

The Gallery has committed to contribute \$30,000,000 to the Department of IAH to be used toward the construction of a new art gallery. To date, the Gallery contributed \$939,086 toward the commitment.

#### 12. Building Project

The Gallery received funding from Communications Nova Scotia [\$75,000] and the department of Communities Culture and Heritage [\$143,000] to support communications and community engagement costs associated with the design phase of the new building project.

At year-end, the Gallery recognized \$94,167 of grant revenue to offset expenses. The remaining funding, \$123,833, is included in deferred revenue and will be brought into income as costs are incurred.

#### 13. Financial instruments and risk management

Financial instruments are defined as contractual rights to receive or deliver cash or another financial asset. Financial assets measured at amortized cost include accounts receivable and investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The AGNS is exposed to various risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the AGNS's exposure to these risks.

##### **Credit risk**

The AGNS is an agency of the Province of Nova Scotia and is subject to credit risk through its accounts receivable, which consist primarily of revenue from sponsors, government departments and wholesalers who operate in various industries. An appropriate allowance is established for doubtful accounts based on the factors surrounding the credit risk of specific government or members, historical trends and other information.

##### **Liquidity risk**

Liquidity risk is the risk that the AGNS will encounter difficulty in meeting obligations associated with financial liabilities. The AGNS is exposed to this risk mainly in respect to its accounts payable and accrued liabilities. Given the AGNS's currently available liquid resources, from both financial assets and on-going operations, as compared to its contractual obligations, management assesses the AGNS's liquidity risk to be low.

##### **Market, foreign currency and interest rate price risks**

The AGNS is subject to market, foreign currency and interest rate price risks with respect to its investment portfolio. To manage these risks, the AGNS has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

## **Notes to financial statements**

March 31, 2021

### **Capital management**

In managing capital, the AGNS focuses on liquid resources available for operations. The AGNS's objective is to have sufficient liquid resources to continue operating despite events with adverse financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2021, the AGNS has met its objective of having sufficient liquid resources to meet its current obligations.

### **14. COVID-19 pandemic**

During the fiscal year ended March 31, 2021, the Gallery was required to close to the public for certain periods of time to abide by public health directives. Subsequent to year-end, the Gallery was required to close to the public again. The outcome and time frame to recover from the pandemic is unpredictable. Accordingly, we cannot reliably estimate the length and severity of this situation and its impact on the financial results and condition of the Gallery in future periods, including the Gallery's ability to generate revenues and the impact on our investment portfolio.

### **15. Reclassification and comparative figures**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

## Schedule of revenue

Year ended March 31

	2021	2020
	\$	\$
<b>Operating</b>		
Provincial grants	2,537,167	2,402,100
Federal grants	10,863	129,692
Donations	127,781	151,558
Admission	24,102	243,000
Sponsorships	119,612	189,140
Rental recoveries	8,045	50,145
Memberships	27,539	55,369
Special events	—	2,100
Others	2,157	38,114
	<b>2,857,266</b>	<b>3,261,218</b>
<b>Programming</b>		
Exhibitions	430,000	295,000
Education and outreach	87,738	102,799
	<b>517,738</b>	<b>397,799</b>
<b>Gallery shop</b>	<b>218,268</b>	490,422
<b>Capital campaign</b>	<b>1,015,005</b>	—
<b>Other revenue</b>		
Endowment Fund	122,804	117,550
Acquisition Fund	295,637	16,555
	<b>418,441</b>	<b>134,105</b>

See accompanying notes

## Schedule of expenditures

Year ended March 31

	2021 \$	2020 \$
<b>Salaries and benefits</b>		
Salaries and employee benefits	2,262,995	2,247,144
<b>Capital campaign</b>		
Administration	75,919	25,709
Distribution to Transportation and Infrastructure	939,086	—
	1,015,005	25,709
<b>Building project</b>		
Engagement and communications	94,167	—
	94,167	—
<b>Programming</b>		
Exhibitions	147,259	484,652
Collection management	144,363	128,264
Education	73,835	146,925
Programming	34,849	29,625
	400,306	789,466
<b>Administration</b>		
Professional fees	178,577	93,053
Technology	95,497	74,270
Trustee fees	35,204	34,156
Bad debts	31,582	6,707
Telephone	19,719	21,068
Stationery and postage	18,491	39,682
COVID supplies	15,897	—
Memberships	14,880	16,056
Equipment rental	14,671	4,365
Bank charges	13,597	26,708
Appraisal fees	6,675	6,883
Travel	2,390	21,455
Leasehold inducements	—	6,520
Relocation expenses	—	40,000
	447,180	390,923
<b>Development and marketing</b>		
Marketing	93,077	221,737
Development	18,687	47,381
	111,764	269,118
<b>Acquisitions</b>	297,650	24,300
<b>Western branch</b>	117,781	148,218
<b>Gallery shop</b>	196,529	315,638
<b>Visitor experience</b>	1,708	8,613
<b>Building operations</b>		
Building maintenance and cleaning	11,447	7,290
Security	17,988	212
Insurance	—	—
	29,435	7,502

See accompanying notes

### Summary of fund surplus

Year ended March 31

	2021			
	Operating	Endowment	Acquisition	Total
	Fund	Fund	Fund	Fund
	\$	\$	\$	\$
<b>Surplus, beginning of year</b>	71,065	3,818,593	30,250	3,919,908
Excess of revenue over expenses for the year	<b>(38,258)</b>	<b>87,567</b>	<b>(15,988)</b>	<b>33,321</b>
Unrealized gains	—	<b>891,277</b>	—	<b>891,277</b>
Contribution to/from funds	—	<b>(8,600)</b>	<b>8,600</b>	—
<b>Surplus, end of the year</b>	<b>32,807</b>	<b>4,788,837</b>	<b>22,862</b>	<b>4,844,506</b>