

# Art Gallery of Nova Scotia

Financial statements

March 31, 2023



## 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.

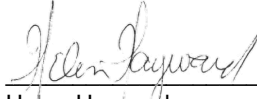
The Board of Governors [the "Board"] is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements regularly and external audited financial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



Sarah Fillmore  
Interim Director and CEO



Helen Hayward  
Director, Finance and Operations

June 9, 2023

# 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, 2023, and the statement of operations and accumulated surplus, statement of remeasurement gains, 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, 2023, and its results of operations 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at March 31 for both 2023 and 2022.

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.

*Ernst & Young LLP*

Chartered Professional Accountants

Halifax, Canada  
June 9, 2023



# Art Gallery of Nova Scotia

## Statement of financial position

As at March 31

	2023	2022
	\$	\$
<b>Financial assets</b>		
Cash	2,147,135	2,356,062
Accounts receivable	285,968	95,025
Inventory for resale	226,019	153,318
Investments – endowment <i>[note 4]</i>	5,495,167	5,483,949
	<b>8,154,289</b>	<b>8,088,354</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	2,280,729	2,039,522
Deferred revenue <i>[note 3]</i>	608,745	677,849
Retirement health benefits obligation <i>[note 6]</i>	276,000	—
	<b>3,165,474</b>	<b>2,717,371</b>
<b>Net financial assets</b>	<b>4,988,815</b>	<b>5,370,983</b>
<b>Non-financial assets</b>		
Tangible capital assets, net <i>[note 5]</i>	63,345	49,285
Prepaid expenses	45,333	46,442
Other assets	75,929	27,710
	<b>184,607</b>	<b>123,437</b>
<b>Accumulated surplus</b>	<b>5,173,422</b>	<b>5,494,420</b>
Accumulated surplus comprises of		
Accumulated operating surplus	4,031,972	4,182,161
Accumulated remeasurement gains	1,141,450	1,312,259
	<b>5,173,422</b>	<b>5,494,420</b>

See accompanying notes

On behalf of the Board:



Director



Director

## Art Gallery of Nova Scotia

### Statement of operations and accumulated surplus

As at March 31

	2023	2022
	\$	\$
<b>Revenue</b> [schedule 1]		
Operating [note 3]	3,519,941	3,044,851
Programming [note 3]	690,800	554,041
Gallery shop	625,031	286,908
Capital campaign [note 11]	37,149	1,024,210
Other income [notes 8 and 9]	241,350	117,256
	<b>5,114,271</b>	<b>5,027,266</b>
<b>Expenditures</b> [schedule 2]		
Salaries and benefits	2,850,391	2,411,735
Programming	536,299	533,789
Administration [notes 8 and 9]	492,212	244,859
Gallery shop	338,471	200,183
Development and marketing	281,576	147,994
Capital campaign [note 11]	199,342	1,024,210
Western branch	109,118	137,973
Acquisitions [note 9]	53,979	4,012
Visitor experience	43,349	14,274
Building operations	38,719	14,219
Building project	28,547	155,166
	<b>4,972,003</b>	<b>4,888,414</b>
Amortization of tangible capital assets	142,268	138,852
	<b>24,557</b>	<b>27,849</b>
<b>Surplus before unusual adjustments</b>	<b>117,711</b>	<b>111,003</b>
Retirement health benefits past service costs [note 6]	<b>(267,900)</b>	<b>—</b>
<b>Annual surplus (deficit)</b>	<b>(150,189)</b>	<b>111,003</b>
Accumulated operating surplus, beginning of year	4,182,161	4,071,158
<b>Accumulated operating surplus, end of year</b>	<b>4,031,972</b>	<b>4,182,161</b>

See accompanying notes

**Art Gallery of Nova Scotia**

**Statement of remeasurement gains**

As at March 31

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Accumulated remeasurement gains, beginning of year</b>	<b>1,312,259</b>	773,348
Unrealized gains (losses) attributable to investments	<b>(271,402)</b>	545,946
Net realized gain (loss) reclassified to statement of operations	<b>100,593</b>	(7,035)
Net remeasurement (losses) gains for the year	<b>(170,809)</b>	538,911
<b>Accumulated remeasurement gains (losses), end of year</b>	<b>1,141,450</b>	1,312,259

*See accompanying notes*

## Art Gallery of Nova Scotia

### Statement of changes in net financial assets

Year ended March 31

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Annual surplus (deficit)</b>	<b>(150,189)</b>	111,003
Acquisition of tangible capital assets	<b>(38,617)</b>	349
Amortization of tangible capital assets	<b>24,557</b>	27,849
Decrease (increase) in prepaid expenses	<b>1,109</b>	(14,555)
Decrease (increase) in other assets	<b>(48,219)</b>	9,322
	<b>(211,359)</b>	133,968
New remeasurement gains (losses)	<b>(170,809)</b>	538,911
<b>Increase (decrease) in net financial assets</b>	<b>(382,168)</b>	672,879
Net financial assets, beginning of year	<b>5,370,983</b>	4,698,104
<b>Net financial assets, end of year</b>	<b>4,988,815</b>	5,370,983

*See accompanying notes*



## Art Gallery of Nova Scotia

### Statement of cash flows

Year ended March 31

	2023	2022
	\$	\$
<b>Operating activities</b>		
Annual surplus (deficit)	(150,189)	111,003
Add items not affecting cash		
Amortization of tangible capital assets	24,557	27,849
Increase in retirement health benefit obligation	276,000	—
Change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(190,943)	319,104
Decrease (increase) in inventory for resale	(72,701)	7,131
Increase in accounts payable and accrued liabilities	241,207	781,212
Decrease in deferred revenue	(69,104)	(37,407)
Decrease (increase) in other assets	(48,219)	9,322
Decrease (increase) in prepaid expenses	1,109	(14,555)
<b>Cash provided by operating activities</b>	<b>11,717</b>	<b>1,203,659</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(38,617)	349
<b>Cash provided by (used in) capital activities</b>	<b>(38,617)</b>	<b>349</b>
<b>Investing activities</b>		
Additions to investments	(182,027)	(72,491)
<b>Cash used in investing activities</b>	<b>(182,027)</b>	<b>(72,491)</b>
<b>Net increase (decrease) in cash during the year</b>	<b>(208,927)</b>	<b>1,131,517</b>
Cash, beginning of year	2,356,062	1,224,545
<b>Cash, end of year</b>	<b>2,147,135</b>	<b>2,356,062</b>

See accompanying notes

# Art Gallery of Nova Scotia

## Notes to financial statements

March 31, 2023

### 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 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

Investments are recorded as of the trade date and are stated at fair value. Investments in funds, including hedge funds and pooled funds, are stated at their fair values on the basis of the reported net asset value per unit or share for the respective fund. 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 and are reclassified to the statement of operations and accumulated surplus upon disposal or settlement.

#### Tangible capital assets

Tangible capital assets are recorded at cost and are amortized 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, 2023

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 is 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 in 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 tangible 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 expenses over the period expected to benefit from them.

#### **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 their useful lives. 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.

#### **Retirement health benefits obligation**

The Gallery participates in an unfunded health care benefit plan. The plan provides payment for 65% of the total premium charged towards the health benefits of employees who are receiving a pension under the Nova Scotia Public Service Superannuation Act.

The post-retirement health benefits values are actuarially determined and are calculated using the projected benefit method prorated on services as required under Section 3250 of the CPA Canada Public Sector Accounting Handbook.

#### **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.

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2023

Grants and sponsorships follow the deferral method of accounting and are recorded as revenue in the year in which 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 which consists of interest, dividends, income distributions from pooled funds, and realized gains and losses. This is recorded as other revenue in the statement of operations and accumulated surplus. unrealized gains and losses are recorded in the statement of remeasurement gains.

#### **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, 2023

#### 3. Government assistance

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

	2023 \$	2022 \$
Nova Scotia Department of Communities, Culture, Tourism and Heritage	2,781,045	2,381,100
Canada Council for the Arts	516,000	430,000
Department of Education	60,000	85,000
Arts Nova Scotia	30,000	30,000
Young Canada Works	13,149	11,858
Visual Identity Grant	—	111,500
Canadian Heritage – Map Grant	—	59,294
	<b>3,400,194</b>	<b>3,108,752</b>

During the year, \$3,314,048 of the above funding is recognized in operating and programming revenue [2022 – \$2,890,170], and \$86,146 [2022 – \$218,482] was recognized as deferred revenue.

#### 4. Investments

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

	2023		2022	
	Cost \$	Market value \$	Cost \$	Market value \$
<b>Investments held in funds</b>				
Equity securities	2,581,159	3,853,158	2,761,952	4,163,114
Bonds and debentures	1,772,529	1,641,979	1,409,370	1,320,468
Cash	30	30	367	367
	<b>4,353,718</b>	<b>5,495,167</b>	4,171,689	5,483,949

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2023

#### 5. Tangible capital assets

The tangible capital assets included in the AGNS's financial statements comprise the following:

	2023 \$	2022 \$
Storage vault	152,330	152,330
Security system	21,593	21,593
Software	77,378	77,378
Equipment	143,356	104,738
Leasehold improvements	95,356	95,356
Website	39,330	39,330
	<b>528,993</b>	490,725
Less accumulated amortization	<b>465,998</b>	441,440
	<b>63,445</b>	49,285

#### 6. Retirement health benefits obligation

The Gallery participates in an unfunded health care benefit plan. The plan provides payment for 65% of the total premium charged towards the health benefits of employees who are receiving a pension under the Nova Scotia Public Service Superannuation Act.

The post-retirement health benefits values are actuarially determined. It is calculated using the projected benefit method prorated on services as required under Section 3250 of the CPA Canada Public Sector Accounting Handbook.

Information related to the retirement health benefits are as follows:

##### Health retirement obligation

	2023 \$
<b>Opening benefit obligation, beginning of year</b>	—
Annual surplus	6,100
Net remeasurement gains for the year	2,000
Past service obligation	267,900
<b>Estimated accrued benefit obligation, end of year</b>	<b>276,000</b>

##### Net benefit plans expense

	2023 \$
Current year benefit cost	6,100
Interest on accrued benefit obligation	2,000
Past service adjustment	267,900
<b>Net benefit plans expense</b>	<b>276,000</b>

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2023

The past service adjustment expense incurred above is a result of a one-time charge for AGNS's share of the health benefit obligation upon assumption which was triggered by legislative changes to the *Art Gallery of Nova Scotia Act* which resulted in AGNS employees transitioning to public servants from civil servants. As a result, the obligation is funded solely by the Gallery.

The following actuarial assumptions have been used in the benefit obligation calculation:

- i. A 2.96% discount rate on liabilities.
- ii. Retirement age: 10% at age 59, 20% at age 60, 10% at each age 61-64 and 50% at each age 65-69, 100% at age 70.
- iii. 70% of retiring employees are assumed to participate.
- iv. 75% of male members and 50% female members are assumed to elect family coverage.

#### 7. Accumulated surplus

The accumulated surplus included in the AGNS's financial statements is comprised of the following:

	2023	2022
	\$	\$
<b>Accumulated surplus, beginning of year</b>	<b>5,494,420</b>	4,844,506
Annual surplus (deficit)	<b>(150,188)</b>	111,003
Net remeasurement gains (losses) for the year	<b>(170,810)</b>	538,911
<b>Accumulated surplus, end of year</b>	<b>5,173,422</b>	5,494,420

#### 8. 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:

- Enhancing exhibitions and public programming;
- Increasing visitation and membership;
- Continuing to stabilize operational and program funding; and
- Enhancing collection through acquisitions.

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

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

## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2023

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.

	<b>2023</b>	<b>2022</b>
	\$	\$
Realized gains and interest income	<b>236,231</b>	114,202
Less endowment administration expenditures	<b>38,890</b>	39,430
<b>Excess of revenue over expenditures for the year</b>	<b>197,341</b>	74,772
<b>Surplus, beginning of year</b>	<b>5,371,123</b>	4,788,837
Excess of revenue over expenditures for the year	<b>197,341</b>	74,772
Unrealized (losses) gains attributable to investments	<b>(170,810)</b>	538,911
Contributions to Acquisition Fund	<b>(24,987)</b>	(21,609)
Contributions to Operating Fund	<b>(3,421)</b>	(9,788)
<b>Surplus, end of year</b>	<b>5,369,246</b>	5,371,123

Included within the surplus balance noted above are restricted contributions in the amount of \$1,175,966 [2022 – \$1,194,708].

#### 9. 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.

	<b>2023</b>	<b>2022</b>
	\$	\$
Acquisition revenue	<b>5,119</b>	3,054
Less administration expenditures	<b>4,783</b>	(6,046)
Less acquisitions	<b>53,979</b>	(4,012)
<b>Deficiency of revenue over expenditures for the year</b>	<b>(53,643)</b>	7,004
<b>Surplus, beginning of year</b>	<b>37,467</b>	22,862
Deficiency of revenue over expenditures for the year	<b>(53,643)</b>	(7,004)
Contributions from Endowment Fund	<b>24,987</b>	21,609
<b>Surplus, end of year</b>	<b>8,811</b>	37,467



## Art Gallery of Nova Scotia

### Notes to financial statements

March 31, 2023

#### 10. 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.

	2023	2022
	\$	\$
Operating revenue	4,872,921	4,910,011
Less expenditures	5,142,249	4,838,927
Less amortization	24,557	27,849
<b>Deficiency of revenue over expenditures for the year</b>	<b>(293,885)</b>	43,235
<b>Surplus, beginning of year</b>	<b>85,830</b>	32,807
Surplus (deficit) of revenue over expenditures for the year	(293,886)	43,235
Contributions from Endowment Fund	3,421	9,788
<b>Surplus (deficit), end of year</b>	<b>(204,635)</b>	85,830

#### 11. Capital Campaign

The Gallery established a multi-year capital campaign to [i] meet the Gallery's commitment to the province to contribute \$30,000,000 towards the construction of a new gallery [note 12]; [ii] establish a fund or set of funds to support programming, curatorial needs and other priorities in the new gallery; and [iii] invest in the expenses required to administer the capital campaign.

	2023	2022
	\$	\$
Capital Campaign revenue	37,149	1,024,210
Administrative expenses	(199,342)	(427,588)
Net capital campaign proceeds	(162,193)	596,622
Distribution to the Department of Public Works	—	(596,622)
Contributions from the Province of Nova Scotia	162,193	—
<b>Net proceeds</b>	<b>—</b>	—

The distribution of the net proceeds of \$0 [2022 – \$596,622] is included in capital campaign expenses and accrued liabilities as the amount was payable to the Department of Public Works at year-end.

In July 2022, the Province of Nova Scotia paused the new Art Gallery of Nova Scotia project. Due to the uncertainty of when the project would recommence, the Gallery paused the capital campaign which resulted in an excess of expenses at year end. The Province of Nova Scotia provided financial assistance to cover the deficit. The contribution from the Province is included in operating revenue.

As of year-end, the Gallery received capital campaign pledges of \$10,000,000. To date, \$1,750,000 [2022 – \$1,750,000] 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, 2023

#### 12. Commitments

The Gallery has committed to contribute \$30,000,000 to the Department of Public Works to be used toward the construction of a new art gallery. To date, the Gallery raised \$1,535,708 [2022 – \$1,535,708] toward the commitment.

#### 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.

##### Risk management

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 that 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 with 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.

##### 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, 2023, the AGNS has met its objective of having sufficient liquid resources to meet its current obligations.

## Schedule of revenue

As at March 31

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Operating</b>		
Provincial grants	<b>2,820,548</b>	2,619,836
Admission	<b>286,590</b>	55,872
Donations	<b>212,592</b>	143,786
Sponsorships	<b>92,670</b>	105,036
Memberships	<b>40,885</b>	32,223
Other	<b>28,828</b>	2,346
Rental recoveries	<b>24,678</b>	14,600
Federal grants	<b>13,150</b>	71,152
	<b>3,519,941</b>	3,044,851
<b>Programming</b>		
Exhibitions	<b>516,000</b>	430,000
Education and outreach	<b>174,800</b>	124,041
	<b>690,800</b>	554,041
<b>Gallery shop</b>	<b>625,031</b>	286,908
<b>Capital campaign</b>	<b>37,149</b>	1,024,210
<b>Other revenue</b>		
Endowment Fund	<b>236,231</b>	114,202
Acquisition Fund	<b>5,119</b>	3,054
	<b>241,350</b>	117,256

## Schedule of expenditures

As at March 31

	2023	2022
	\$	\$
<b>Salaries and benefits</b>		
Salaries and employee benefits	<b>2,850,391</b>	2,411,735
<b>Programming</b>		
Collection management	173,876	151,252
Education	156,865	114,279
Exhibitions	140,855	225,661
Public Programming	52,665	37,226
Programming	12,038	5,371
	<b>536,299</b>	533,789
<b>Administration</b>		
Professional fees	238,045	37,847
Technology	98,092	77,129
Trustee fees	38,890	39,498
Bank charges and interest	32,263	18,228
Stationery and postage	28,054	14,445
Travel	20,430	5,365
Telephone	12,956	12,908
Memberships and staff development	12,244	6,467
Office equipment and rentals	6,180	11,862
Other	2,093	12,255
Appraisal fees	2,020	4,420
Bad debts	945	4,435
	<b>492,212</b>	244,859
<b>Gallery shop</b>	<b>338,471</b>	200,184
<b>Development and marketing</b>		
Marketing	228,975	127,628
Development	52,601	20,366
	<b>281,576</b>	147,994
<b>Capital campaign</b>		
Administration	199,342	427,588
Distribution to Transportation and Infrastructure	—	596,622
	<b>199,342</b>	<b>1,024,210</b>
<b>Western branch</b>	<b>109,118</b>	137,973

## Schedule of expenditures [cont'd]

As at March 31

	2023	2022
	\$	\$
<b>Acquisitions</b>	<b>53,979</b>	4,012
<b>Visitor experience</b>	<b>43,349</b>	14,274
<b>Building operations</b>		
Building maintenance and cleaning	27,518	6,876
Security	11,201	7,343
	<b>38,719</b>	14,219
<b>Building project</b>	<b>28,547</b>	155,166

**Summary of fund surplus**

Year ended March 31

	Operating Fund \$	Endowment Fund \$	Acquisition Fund \$	Total \$
<b>Surplus, beginning of year</b>	85,830	5,371,123	37,467	5,494,420
Excess of revenue over expenses for the year	(293,886)	197,341	(53,643)	(150,188)
Unrealized gains	—	(170,810)	—	(170,810)
Contribution to/from funds	3,421	(28,408)	24,987	—
<b>Surplus, end of the year</b>	<b>(204,635)</b>	<b>5,369,246</b>	<b>8,811</b>	<b>5,173,422</b>