

Financial Statements

**Art Gallery of Nova Scotia**  
March 31, 2011

# ART GALLERY OF NOVA SCOTIA

## INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2011

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Art Gallery of Nova Scotia</b>	
Combined Balance Sheet	3
Combined Statement of Revenue, Expenditures and Surplus (Deficit)	4
<b>Gallery Fund</b>	
Balance Sheet	5
Statement of Revenue, Expenditures and Deficit	6
<b>Endowment Fund</b>	
Balance Sheet	7
Statement of Revenue, Expenditures and Surplus	8
<b>Acquisition Fund</b>	
Balance Sheet	9
Statement of Revenue, Expenditures and Deficit	10
<b>Notes to Financial Statements</b>	11
<b>Schedule of Expenditures</b>	
Gallery Fund	18
<b>Schedule of Revenue and Expenditures</b>	
Gallery Shop	19

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements, summary of significant accounting policies and other explanatory information of the **Art Gallery of Nova Scotia** ["AGNS" or the "Gallery"] consisting of the following:

Art Gallery of Nova Scotia	<ul style="list-style-type: none"><li>- Combined Balance Sheet as at March 31, 2011</li><li>- Combined Statement of Revenue, Expenditures and Surplus (Deficit) for the year ended March 31, 2011</li></ul>
Gallery Fund	<ul style="list-style-type: none"><li>- Balance Sheet as at March 31, 2011</li><li>- Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2011</li></ul>
Endowment Fund	<ul style="list-style-type: none"><li>- Balance Sheet as at March 31, 2011</li><li>- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2011</li></ul>
Acquisition Fund	<ul style="list-style-type: none"><li>- Balance Sheet as at March 31, 2011</li><li>- Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2011</li></ul>

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion, except as discussed in the following paragraph.

In common with many charitable organizations, the Gallery derives revenue from donation receipts, special events, corporate campaigns, admissions and other income, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, we were unable to determine whether any adjustments for unrecorded revenue might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year or surplus (deficit), end of year.

### **Opinion**

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the revenue described in the preceding paragraph, these financial statements, present fairly, in all material respects, the financial position of the Gallery as at March 31, 2011 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*Ernst & Young LLP*

Halifax, Canada  
June 15, 2011

Chartered Accountants

# Art Gallery of Nova Scotia

## COMBINED BALANCE SHEET

As at March 31

	2011	2010
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	151,329	84,595
Accounts receivable	896,521	261,089
Inventory	107,783	122,258
Prepaid expenses	37,688	21,925
<b>Total current assets</b>	<b>1,193,321</b>	<b>489,867</b>
Investments <i>[note 5]</i>	2,321,303	1,533,560
Capital assets, net <i>[note 6]</i>	87,271	108,160
	<b>3,601,895</b>	<b>2,131,587</b>
<b>LIABILITIES AND SURPLUS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	720,225	540,955
Deferred revenue	374,296	342,248
<b>Total current liabilities</b>	<b>1,094,521</b>	<b>883,203</b>
<b>Surplus (deficit)</b>		
Deficit – Gallery Fund	(754,618)	(808,101)
Surplus – Endowment Fund <i>[note 4]</i>	3,263,350	2,083,474
Deficit – Acquisition Fund	(1,358)	(26,989)
<b>Total surplus</b>	<b>2,507,374</b>	<b>1,248,384</b>
	<b>3,601,895</b>	<b>2,131,587</b>

Contingencies *[note 7]*

See accompanying notes

On behalf of the Board:

Governor



Governor



**Art Gallery of Nova Scotia**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES  
AND SURPLUS (DEFICIT)**

Year ended March 31

	<b>Gallery Fund</b>	<b>Endowment Fund</b>	<b>Acquisition Fund</b>	<b>Total 2011</b>	<b>Total 2010</b>
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Operating	2,876,070	—	—	2,876,070	2,891,138
Programming	663,870	—	—	663,870	554,628
Gallery Shop	176,113	—	—	176,113	289,073
Other revenue	—	1,088,952	334,777	1,423,729	145,196
	<b>3,716,053</b>	<b>1,088,952</b>	<b>334,777</b>	<b>5,139,782</b>	<b>3,880,035</b>
<b>Expenditures</b>					
Salaries and benefits	1,748,076	—	—	1,748,076	1,530,122
Programming	587,498	—	—	587,498	620,631
Building operations	504,253	—	—	504,253	555,117
Western branch	134,463	—	—	134,463	264,509
Gallery Shop	214,482	—	—	214,482	284,049
Administration	234,597	21,162	20,185	275,944	310,060
Communications and marketing	239,201	—	—	239,201	192,901
Acquisitions	—	—	313,152	313,152	80,703
	<b>3,662,570</b>	<b>21,162</b>	<b>333,337</b>	<b>4,017,069</b>	<b>3,838,092</b>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>53,483</b>	<b>1,067,790</b>	<b>1,440</b>	<b>1,122,713</b>	<b>41,943</b>
Surplus (deficit), beginning of year	(808,101)	2,083,474	(26,989)	1,248,384	970,339
Unrealized gain	—	136,277	—	136,277	208,395
Realized loss	—	—	—	—	27,707
Interfund transfers	—	(24,191)	24,191	—	—
<b>Surplus (deficit), end of year</b>	<b>(754,618)</b>	<b>3,263,350</b>	<b>(1,358)</b>	<b>2,507,374</b>	<b>1,248,384</b>

*See accompanying notes*

**Art Gallery of Nova Scotia**  
Gallery Fund

**BALANCE SHEET**

As at March 31

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	139,752	94,656
Accounts receivable	182,394	202,448
Due from Acquisition Fund	85,902	83,890
Inventory	107,783	122,258
Prepaid expenses	37,688	21,925
<b>Total current assets</b>	<b>553,519</b>	<b>525,177</b>
Capital assets, net <i>[note 6]</i>	87,271	108,160
	<b>640,790</b>	<b>633,337</b>
<b>LIABILITIES AND DEFICIT</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	446,969	530,501
Deferred revenue	374,296	342,248
<b>Total current liabilities</b>	<b>821,265</b>	<b>872,749</b>
Due to Endowment Fund	574,143	568,689
	<b>1,395,408</b>	<b>1,441,438</b>
<b>Deficit</b>	<b>(754,618)</b>	<b>(808,101)</b>
	<b>640,790</b>	<b>633,337</b>

*See accompanying notes*

**Art Gallery of Nova Scotia**  
Gallery Fund

**STATEMENT OF REVENUE, EXPENDITURES  
AND DEFICIT**

Year ended March 31

	2011 \$	2010 \$
<b>Operating revenue</b>		
Province of Nova Scotia – operating grant <i>[note 3]</i>	2,029,296	2,417,000
Province of Nova Scotia – non-recurring operating recoveries <i>[note 3]</i>	314,339	—
Special events	104,223	40,493
Admissions	102,669	92,224
Sponsorships	101,991	49,642
Rental recoveries	73,858	96,768
Donations	58,790	102,539
Memberships	57,535	61,707
Other	33,369	30,765
	<b>2,876,070</b>	<b>2,891,138</b>
<b>Programming revenue</b>		
Exhibitions	372,500	412,319
Education and outreach	291,370	142,309
	<b>663,870</b>	<b>554,628</b>
<b>Shop revenue</b>		
Gallery Shop <i>[Schedule 2]</i>	176,113	289,073
<b>Total revenue</b>	<b>3,716,053</b>	<b>3,734,839</b>
<b>Expenditures</b>		
Salaries and benefits <i>[Schedule 1]</i>	1,748,076	1,530,122
Programming <i>[Schedule 1]</i>	587,498	620,631
Building operations <i>[Schedule 1]</i>	504,253	555,117
Western branch <i>[Schedule 1]</i>	134,463	264,509
Administration <i>[Schedule 1]</i>	234,597	231,495
Communications and marketing <i>[Schedule 1]</i>	239,201	192,901
Gallery Shop <i>[Schedule 2]</i>	214,482	284,049
	<b>3,662,570</b>	<b>3,678,824</b>
<b>Excess of revenue over expenditures for the year</b>	<b>53,483</b>	<b>56,015</b>
Deficit, beginning of year	(808,101)	(869,263)
Contribution from Endowment Fund	—	5,147
<b>Deficit, end of year</b>	<b>(754,618)</b>	<b>(808,101)</b>

See accompanying notes



**Art Gallery of Nova Scotia**  
Endowment Fund

**BALANCE SHEET**

As at March 31

	2011	2010
	\$	\$
<b>ASSETS [note 4]</b>		
<b>Current</b>		
Cash	155	—
Accounts receivable	550,625	525
Due from Acquisition Fund	—	13,750
<b>Total current assets</b>	<b>550,780</b>	<b>14,275</b>
Investments [note 5]	2,321,303	1,533,560
Due from Gallery Fund	574,143	568,689
	<b>3,446,226</b>	<b>2,116,524</b>
<b>LIABILITIES AND SURPLUS</b>		
<b>Current</b>		
Bank indebtedness	—	50
Due to Acquisition Fund	182,876	33,000
<b>Total current liabilities</b>	<b>182,876</b>	<b>33,050</b>
<b>Surplus</b>		
Restricted	572,726	460,566
Unrestricted	2,690,624	1,622,908
<b>Total surplus</b>	<b>3,263,350</b>	<b>2,083,474</b>
	<b>3,446,226</b>	<b>2,116,524</b>

*See accompanying notes*

**Art Gallery of Nova Scotia**  
Endowment Fund

**STATEMENT OF REVENUE, EXPENDITURES  
AND SURPLUS**

Year ended March 31

	2011 \$	2010 \$
<b>Revenue [note 4]</b>		
Bequest	1,015,785	—
Investment income	62,514	31,607
Life members' fees	7,850	12,550
Donations	2,803	5,502
	<b>1,088,952</b>	<b>49,659</b>
<b>Expenditures [note 4]</b>		
Trustee fees	16,001	19,425
Donor restricted projects	5,000	5,000
Promotion and public relations	161	140
	<b>21,162</b>	<b>24,565</b>
<b>Excess of revenue over expenditures for the year</b>	<b>1,067,790</b>	25,094
Surplus, beginning of year	2,083,474	1,866,099
Unrealized gain	136,277	208,395
Realized loss	—	27,707
Contribution to Acquisition Fund	(24,191)	(38,674)
Contribution to Gallery Fund	—	(5,147)
<b>Surplus, end of year</b>	<b>3,263,350</b>	2,083,474
Less: restricted surplus [note 4]	572,726	460,566
<b>Unrestricted surplus, end of year</b>	<b>2,690,624</b>	1,622,908

*See accompanying notes*

**Art Gallery of Nova Scotia**  
Acquisition Fund

**BALANCE SHEET**

As at March 31

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	11,422	—
Accounts receivable	163,502	58,116
Due from Endowment Fund	182,876	33,000
<b>Total current assets</b>	<b>357,800</b>	<b>91,116</b>
<b>LIABILITIES AND DEFICIT</b>		
<b>Current</b>		
Bank indebtedness	—	10,011
Accounts payable and accrued liabilities	273,256	10,454
Due to Endowment Fund	69,436	13,750
Due to Gallery Fund	16,466	83,890
<b>Total current liabilities</b>	<b>359,158</b>	<b>118,105</b>
<b>Deficit</b>	<b>(1,358)</b>	<b>(26,989)</b>
	<b>357,800</b>	<b>91,116</b>

*See accompanying notes*

**Art Gallery of Nova Scotia**  
Acquisition Fund

**STATEMENT OF REVENUE, EXPENDITURES  
AND DEFICIT**

Year ended March 31

	2011	2010
	\$	\$
<b>Revenue</b>		
Donations		
Regular	156,838	20,344
Appraisal	3,108	35,731
Art sales and rental society	—	4,500
Other	10,196	4,261
Bequest	163,626	—
Grants <i>[note 4]</i>	—	30,000
Miscellaneous	1,009	701
	<b>334,777</b>	<b>95,537</b>
<b>Expenditures</b>		
Acquisitions	313,152	80,703
Appraisal and professional fees	12,258	50,729
Shipping	7,480	3,115
Bank charges	447	156
	<b>333,337</b>	<b>134,703</b>
<b>Excess of expenditures over revenue for the year</b>	<b>1,440</b>	<b>(39,166)</b>
Deficit, beginning of year	<b>(26,989)</b>	<b>(26,497)</b>
Contribution from Endowment Fund	<b>24,191</b>	<b>38,674</b>
<b>Deficit, end of year</b>	<b>(1,358)</b>	<b>(26,989)</b>

*See accompanying notes*

## Art Gallery of Nova Scotia

# NOTES TO FINANCIAL STATEMENTS

March 31, 2011

## 1. PURPOSE 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, conservation and display of art, and the provision of art education to learners of all ages.

The AGNS is an agency of the Province of Nova Scotia and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

### Basis of presentation

The combined balance sheet and combined statement of revenue, expenditures and surplus (deficit) presented herein are those of the Gallery Fund, Endowment Fund and Acquisition Fund and are derived from the records of such funds after the elimination of interfund balances and transactions.

### Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the AGNS, the accounts of the AGNS are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into separate funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Governors or various funding authorities.

For financial reporting purposes, the accounts are classified into the following three funds:

The *AGNS Gallery Fund* supports the day-to-day operations of the Provincial Gallery including all programming, exhibitions, development, public relations, conservation, and collections management.

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.

## **NOTES TO FINANCIAL STATEMENTS**

March 31, 2011

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]**

The *AGNS Endowment Fund* exists to generate income to help support the operations of the Provincial Gallery. The investments are managed by a professional fund manager and the Investment Committee is responsible for monitoring the fund on behalf of the Board of Governors.

#### **Deferral method**

Under the deferral method of accounting for contributions, restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the year during which the related expenditures are incurred. Endowment contributions are reported as direct increases in net assets. All other contributions are reported as revenue of the current year.

#### **Cash**

Cash consists of bank balances and cash on hand.

#### **Inventory**

Inventory is valued at the lower of cost, determined on an average cost basis, and net realizable value using the direct costing method.

#### **Investments and investment income**

Equity securities are valued at their market values. Pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income, which approximates fair value. All investments are designated as available-for-sale. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

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 revenue, expenditures and surplus (deficit). Investment income, which consists of unrealized gains and losses, is recorded in surplus (deficit). When these gains and losses are realized they are removed from surplus (deficit) and recorded as revenue for the year.

## Art Gallery of Nova Scotia

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

##### Capital assets

Capital assets purchased by the AGNS are recorded at cost. Capital assets are depreciated on a straight-line basis at the following rates:

Storage vault	30%
Security system	30%
Software	50%
Equipment	30%

##### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

##### Revenue recognition

Revenue from pledges, donations and life memberships is recognized when the cash is received. All other revenue is recognized on the accrual basis of accounting.

##### 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. Acquisitions expensed in the current year amounted to \$313,152 [2010 – \$80,703].

##### Other income

Other income includes revenue from rent, rental spaces and advertising.

##### Contributed goods and services

Volunteers contributed approximately 25,000 hours during 2011 to assist the AGNS in carrying out its mandate. Also, the Province of Nova Scotia provides the AGNS with use of its premises at no cost. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

## Art Gallery of Nova Scotia

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

### Statement of cash flows

A separate statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other financial statements and accompanying notes to 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.

## 3. GOVERNMENT ASSISTANCE

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

	2011 \$	2010 \$
<b>Gallery Fund</b>		
Nova Scotia Department of Tourism, Culture and Heritage	2,059,000	2,447,000
Nova Scotia Department of Tourism, Culture and Heritage - non-recurring operating recoveries	157,169	—
Nova Scotia Department of Transportation Infrastructure Renewal - non-recurring operating recoveries	157,170	—
Canada Council for the Arts	160,000	165,000
Federal Department of Canadian Heritage	63,810	48,222
Department of Education	50,000	50,000
	<u>2,647,149</u>	<u>2,710,222</u>
<b>Acquisition Fund</b>		
Federal Department of Canadian Heritage	134,224	—
Canada Council for the Arts	—	30,000
	<u>134,224</u>	<u>30,000</u>
	<u>2,781,373</u>	<u>2,740,222</u>

During the year, \$2,701,373 [2010 – \$2,634,961] of the above funding is recognized in operating and programming revenue and \$80,000 [2010 – \$105,261] is recorded in deferred revenue.



## Art Gallery of Nova Scotia

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

#### 4. ENDOWMENT FUND

Endowment Fund donations and bequests are allocated to the Endowment Fund together with investment income thereon. The income of the Endowment Fund, or a portion thereof as determined by the Board of Governors, after a balance of \$500,000 is accumulated shall be available for the purpose of:

- a) the acquisition of artworks for the permanent collection;
- b) the expansion of exhibition and art education programs; and
- c) other special projects.

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

- a) donations designated as such by the donor;
- b) special types of donations which are stipulated to go to the Endowment Fund, such as life membership fees; and
- c) any funds specifically designated by the Board of Governors.

Expenditures relating to the activities of the Endowment Fund are charged to the Endowment Fund.

During the year, the AGNS received a bequest from an individual's estate in the amount of \$1,179,411. The entire bequest was recorded as revenue of the Endowment Fund and subsequently \$163,626 was transferred to the Acquisition Fund in order to fund the acquisition of artwork.

#### 5. INVESTMENTS

The investments included in the AGNS's financial statements are comprised of the following:

	2011		2010	
	Cost \$	Market value \$	Cost \$	Market value \$
<b>Endowment Fund</b>				
Common equity	1,329,886	1,476,612	936,940	948,712
Short-term notes	660	660	11,669	11,669
Bonds and debentures	814,601	844,031	545,068	573,179
	<b>2,145,147</b>	<b>2,321,303</b>	<b>1,493,677</b>	<b>1,533,560</b>

## Art Gallery of Nova Scotia

### NOTES TO FINANCIAL STATEMENTS

March 31, 2011

#### 6. CAPITAL ASSETS

Capital assets consist of the following:

	2011 \$	2010 \$
Storage vault	134,696	122,718
Security system	20,630	20,630
Software	15,330	8,101
Equipment	7,949	7,948
	178,605	159,397
Less: accumulated depreciation	91,334	51,237
	87,271	108,160

#### 7. CONTINGENCIES

The AGNS may be allocated damages and costs which may arise from a claim against the Province of Nova Scotia, relating to a Phase II reconstruction contract in 1997. The case went to trial in November 2006 and is awaiting judgment. Management believes the claim against the Province of Nova Scotia to be without merit and the amount, if any, to be allocated to the AGNS by the Province of Nova Scotia in the event of a loss to be indeterminable. Accordingly, the AGNS has not recorded a liability related to this matter in these financial statements.

#### 8. FINANCIAL INSTRUMENTS

##### Fair value

The AGNS's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The difference between the carrying values and the fair market values of the financial instruments is not material due to their short-term maturities. Investments are recorded at fair value as disclosed in note 2, with additional detail in note 5.

##### Risk management

The AGNS is exposed to a number of risks as a result of the financial instruments on its balance sheet that can affect its operating performance. These risks include credit risk, liquidity risk and market, foreign currency, and interest rate price risks.

## **NOTES TO FINANCIAL STATEMENTS**

March 31, 2011

### **8. FINANCIAL INSTRUMENTS [Cont'd]**

#### **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 its members and donors 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 represents the risk that the AGNS will have difficulty meeting obligations of financial liabilities. The AGNS's financial liabilities are current and as the majority of the assets are liquid in the Gallery Fund, Acquisition Fund and Endowment Fund, liquidity risk is not considered significant.

#### **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.

### **9. 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, 2011, the AGNS has met its objective of having sufficient liquid resources to meet its current obligations.

### **10. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

**SCHEDULE OF EXPENDITURES**

Year ended March 31

	2011	2010
	\$	\$
<b>Salaries and benefits</b>		
Salaries and employee benefits	1,748,076	1,530,122
<b>Programming</b>		
Exhibitions	364,772	466,396
Education and outreach	110,907	66,181
Collection management	88,277	73,283
Other	20,144	5,434
Vehicles	3,398	9,337
	<b>587,498</b>	<b>620,631</b>
<b>Building operations</b>		
Utilities	240,512	261,735
Building maintenance and cleaning	179,325	153,923
Depreciation	40,097	40,876
Climate control	16,549	17,453
Security and interpreters	13,597	11,317
Elevator maintenance	13,273	18,285
Insurance	900	51,528
	<b>504,253</b>	<b>555,117</b>
<b>Western branch</b>		
Salaries and benefits	76,675	145,093
Building operations	48,571	61,776
Programming	6,173	33,242
Travel	1,691	17,229
Other	1,353	7,169
	<b>134,463</b>	<b>264,509</b>
<b>Administration</b>		
Telephone	45,662	32,284
Miscellaneous	41,321	15,552
Travel	35,138	35,496
Professional fees	26,741	24,996
Stationery and postage	25,680	25,725
Technology	22,864	27,498
Equipment rental	18,553	14,836
Bank charges	11,972	9,343
Bad debts	8,203	28,830
Memberships	3,724	5,742
Staff relocation	(5,261)	11,193
	<b>234,597</b>	<b>231,495</b>
<b>Communications and marketing</b>		
Development/public relations/printing/publications	195,344	139,105
Special events	43,857	53,796
	<b>239,201</b>	<b>192,901</b>

**SCHEDULE OF REVENUE AND EXPENDITURES**

Year ended March 31

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Revenue</b>		
Art and craft sales	<b>135,570</b>	216,239
Art and craft sales on consignment	<b>28,648</b>	44,646
Books, notes and posters	<b>11,895</b>	28,188
	<b>176,113</b>	289,073
Cost of sales	<b>88,438</b>	154,696
<b>Gross profit</b>	<b>87,675</b>	134,377
<b>Expenditures</b>		
Salaries and benefits	<b>102,976</b>	113,608
Office and administration	<b>23,068</b>	15,745
	<b>126,044</b>	129,353
<b>Excess (deficiency) of gross profit over expenditures for the year</b>	<b>(38,369)</b>	5,024