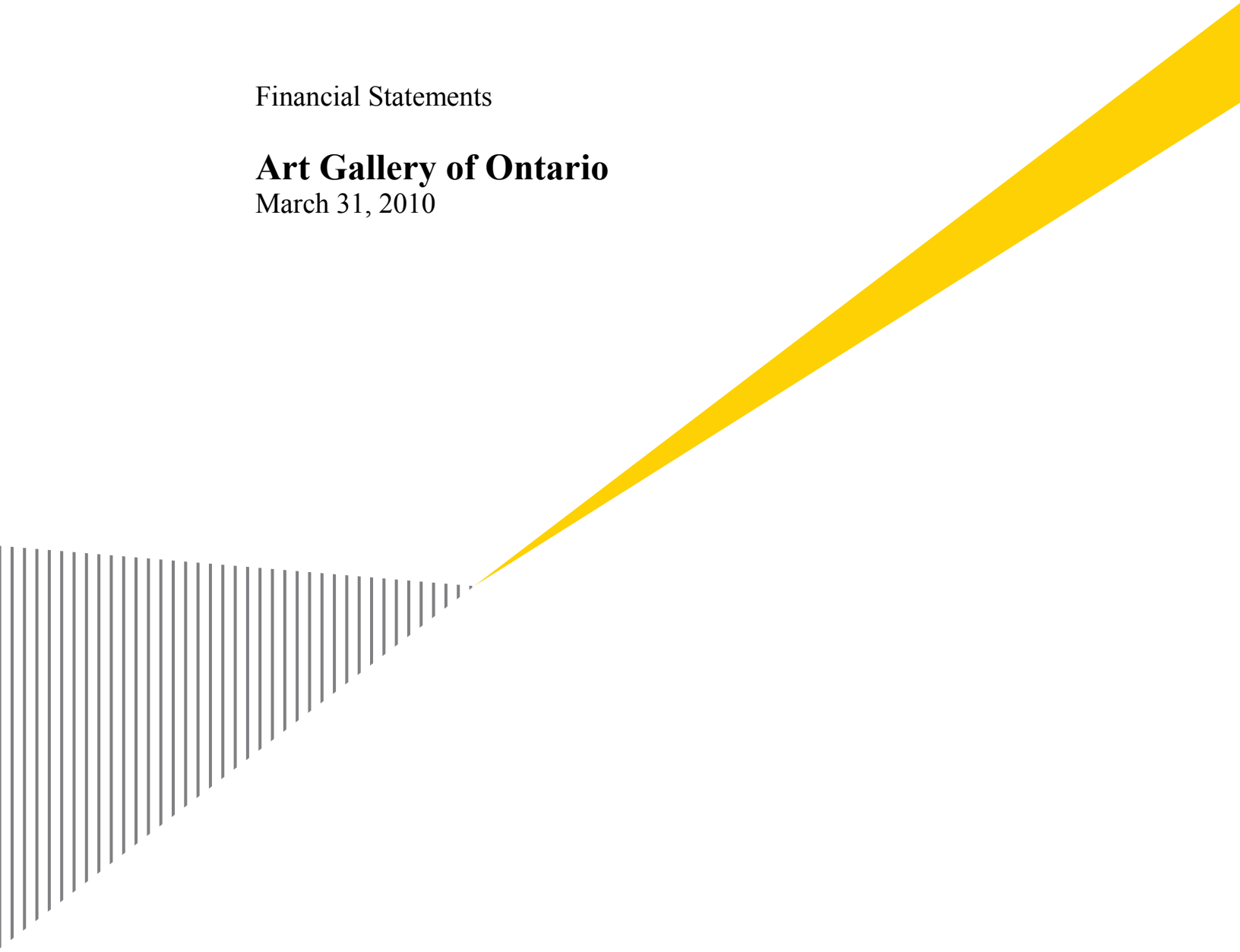
Financial Statements

Art Gallery of Ontario

March 31, 2010



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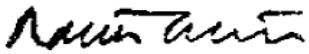
MANAGERIAL RESPONSIBILITIES

The Board of Trustees, which is responsible for, among other things, the financial statements of the **Art Gallery of Ontario** [the "Gallery"], delegates to management the responsibility of the financial statements. Responsibility for their review is that of the Finance Committee. Each year the Trustees of the Gallery appoint independent auditors to audit and report directly to them on the financial statements. The financial statements were prepared by management in accordance with Canadian generally accepted accounting principles, which were consistently applied. Management maintains a system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Management believes its system provides the appropriate balance in this respect.

The Gallery's Finance Committee, which carries out the function of an Audit Committee, is appointed by the Board of Trustees annually. The Finance Committee is comprised of members of the Board and two ex-officio non-voting members of management. The Finance Committee meets with management and with the independent auditors [who have free access to the Finance Committee] to satisfy itself that each group is properly discharging its responsibilities and to review the financial statements and the independent auditors' report. The Finance Committee reports its findings to the Board of Trustees for its consideration in approving the financial statements for issuance to the Members of the Gallery.



Matthew Teitelbaum
Michael and Sonja Koerner Director and CEO
May 31, 2010.

AUDITORS' REPORT

To the Members of the
Art Gallery of Ontario

We have audited the balance sheet of the **Art Gallery of Ontario** as at March 31, 2010 and the statements of operations and changes in net surplus (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Gallery's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Gallery as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
May 31, 2010.

Art Gallery of Ontario

BALANCE SHEET

[in thousands of dollars]

As at March 31

	2010 $	2009 $
ASSETS		
Current		
Cash and cash equivalents	**19,472**	25,225
Grants and accounts receivable *[note 15[d]]*	**1,173**	1,808
Inventories	**865**	1,934
Other *[note 3]*	**862**	1,840
Total current assets	**22,372**	30,807
Works of art, at nominal value *[note 4]*	**1**	1
Capital assets, net *[note 5]*	**251,143**	255,343
Accrued pension asset *[note 12]*	**1,285**	734
	274,801	286,885
LIABILITIES AND NET SURPLUS (DEFICIT)		
Current		
Accounts payable and accrued liabilities *[note 18]*	**12,362**	16,078
Deferred contributions *[note 7]*	**3,423**	3,620
Deferred revenue	**3,348**	2,070
Total current liabilities	**19,133**	21,768
Long-term debt *[note 6[b]]*	**24,000**	48,300
Deferred capital contributions *[notes 8 and 17]*	**230,173**	225,258
Total liabilities	**273,306**	295,326
Commitments *[notes 6[b] and 14]*		
Net surplus (deficit) *[note 10]*	**1,495**	(8,441)
	274,801	286,885

See accompanying notes

On behalf of the Board:

Tony Gagliano
Trustee

Avie Bennett, C.C. O. Ont
Trustee

Art Gallery of Ontario

STATEMENT OF OPERATIONS AND CHANGES IN NET SURPLUS (DEFICIT)

[in thousands of dollars]

Year ended March 31

	2010 $	2009 $
REVENUE		
Government grants *[notes 7, 9 and 17]*	**22,613**	12,981
Admissions	**8,278**	1,664
Membership fees	**2,989**	1,296
Donations and bequests *[notes 7 and 16]*	**9,112**	12,228
Education, outreach and program	**2,352**	661
Gallery shop	**3,414**	1,837
Food and beverage	**6,710**	2,634
The Art Gallery of Ontario Foundation *[notes 15[b] and 16]*	**705**	1,226
Investment income	**83**	151
Gifted works of art *[note 4]*	**48,485**	28,453
Miscellaneous	**1,274**	410
Amortization of deferred capital contributions	**8,593**	5,549
	114,608	69,090
EXPENSES		
Administration	**5,527**	4,914
Physical plant and security	**9,708**	8,825
Curatorial and exhibitions	**14,352**	11,036
Education, outreach and programs	**4,310**	3,124
Membership and fundraising *[note 17]*	**4,860**	4,465
Marketing and promotion	**4,615**	2,552
Gallery shop *[note 13]*	**4,757**	2,324
Food and beverage *[note 13]*	**7,064**	3,490
Accession of art for collection *[note 4]*		
Gifted	**48,485**	28,453
Purchased	**481**	965
Interest	**773**	266
Amortization of capital assets	**8,891**	5,947
	113,823	76,361
Excess (deficiency) of revenue over expenses before the following	**785**	(7,271)
Pension adjustment *[note 12[b]]*	**551**	494
Provincial one-time grant *[note 9[c]]*	**8,600**	—
Excess (deficiency) of revenue over expenses for the year	**9,936**	(7,765)
Net deficit, beginning of year	**(8,441)**	(676)
Net surplus (deficit), end of year *[note 10]*	**1,495**	(8,441)

See accompanying notes

Art Gallery of Ontario

STATEMENT OF CASH FLOWS

[in thousands of dollars]

Year ended March 31

	2010 $	2009 $
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	**9,936**	(7,765)
Add (deduct) non-cash items		
Amortization of capital assets	**8,891**	5,947
Amortization of deferred capital contributions	**(8,593)**	(5,549)
Net change in non-cash working capital balances related to operations *[note 11]*	**6,374**	11,874
Increase in accrued pension asset	**(551)**	(494)
Cash provided by operating activities	**16,057**	4,013
INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets		
Transformation AGO	**(9,150)**	(58,109)
Other capital assets	**(1,868)**	(2,114)
Cash used in investing activities	**(11,018)**	(60,223)
FINANCING ACTIVITIES		
Contributions restricted for capital asset purchases	**13,508**	56,874
Advances (payments) on long-term debt	**(24,300)**	26,389
Cash provided by (used in) financing activities	**(10,792)**	83,263
Net increase (decrease) in cash and cash equivalents during the year	**(5,753)**	27,053
Cash and cash equivalents (bank indebtedness), beginning of year	**25,225**	(1,828)
Cash and cash equivalents, end of year	**19,472**	25,225
Supplemental information		
Interest paid	**816**	936

See accompanying notes

Art Gallery of Ontario

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

1. DESCRIPTION

The Art Gallery of Ontario [the "Gallery"] is incorporated under the Art Gallery of Ontario Act, 1966 [the "Act"] and is a transfer payment recipient of the Ministry of Culture of the Province of Ontario by virtue of this Act. The Gallery holds its collection of works of art in trust for the people of Ontario.

The Art Gallery of Ontario Foundation [the "Foundation"] is incorporated under the laws of Ontario as a separate corporation without share capital and receives and manages the general endowment funds held for the benefit of the Gallery. The accounts of the Foundation are not included in the accompanying financial statements. Funds from the Foundation are given to the Gallery when approved by the independent Board of Trustees of the Foundation *[note 15]*.

The assets and liabilities of the Gallery's pension plan are reported separately and are not included in these financial statements *[note 12]*.

The Gallery is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

Revenue recognition

The Gallery follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Membership fees are deferred and recognized as revenue over the term covered by the fees. Revenue from the sale of goods and services is recorded when the goods are delivered and the services are rendered.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, bankers' acceptances and guaranteed investment certificates with an original term to maturity of less than 90 days.

Inventories

Inventories, which represent goods held for resale, are valued at the lower of cost and net realizable value. Inventory value is determined using the weighted average method.

Works of art

The value of works of art has been excluded from the balance sheet except for a nominal value of $1,000. Gifted works of art are recorded as revenue at values based on appraisals by independent appraisers. Accession of art for collection, both gifted and purchased, is expensed.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings and building improvements	20 to 40 years
Equipment and furnishings	3 to 10 years

Interest costs related to the funding of capital assets are capitalized during the construction period.

Other assets

Costs directly related to the development of future temporary exhibitions, future special events and special fundraising campaigns 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 life, which for future temporary exhibitions is the period over which the exhibition is held, for future special events is the date of the event and for special fundraising campaigns is the period over which pledges are collected. Such costs are expensed immediately when there is insufficient evidence that the costs are recoverable.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rate. Revenue and expenses are translated at the rate in effect on the settlement date. Foreign exchange gains and losses are recorded in the statement of operations and changes in net surplus (deficit).

Financial instruments

The Gallery has chosen to apply Canadian Institute of Chartered Accountants ["CICA"] 3861, *Financial Instruments - Disclosure and Presentation,* in place of CICA 3862, *Financial Instruments – Disclosures,* and CICA 3863, *Financial Instruments - Presentation*.

Donated materials and services

The value of materials and volunteer and other services donated to the Gallery is not recorded in the financial statements.

Pension plan

The Gallery accrues its obligations under employee benefit plans and the related costs, net of plan assets. The cost of pensions earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance and salary escalation. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The transitional asset and the excess of the cumulative balance of any net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 16 years. Liabilities are discounted at current rates on long-term bonds.

Contributions to the money purchase component of the pension plan are expensed when due.

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support costs are not allocated except for amounts allocated to gallery shop and food and beverage.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

Use of estimates

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 expenses during the reporting period. Actual amounts could differ from those estimates.

Changes in accounting policies

Effective April 1, 2009, the Gallery has adopted retroactively those revisions to the 4400 series and certain other sections to amend or improve those parts of the CICA Handbook related to not-for-profit organizations that impact its financial statements. The revisions that have been adopted together with their impact are set out below.

The adoption of CICA 1540, *Cash Flow Statements*, required the presentation of investing and financing activities in separate sections as well as other supplementary disclosures in the statement of cash flows.

Additional disclosures required as a result of adopting CICA 4470, *Disclosure of Allocated Expenses for Not-for-Profit Organizations*, have also been provided in the accounting policies and note 13. Effective April 1, 2009, the Gallery began to allocate general support costs to gallery shop and food and beverage.

CICA 1000, *Financial Statement Concepts*, was amended to clarify that assets not meeting the definition of an asset are not permitted to be recognized on the balance sheet. The organization has reviewed costs recorded on the balance sheet and determined that no adjustment is required to the financial statements. An accounting policy note has been added with respect to the accounting for other assets and certain amounts on the balance sheet have been reclassified.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

3. OTHER ASSETS

Other assets consist of:

	2010 $	[000s]	2009 $
Costs related to special fundraising campaigns *[note 17]*	**392**		927
Future exhibition costs	**159**		292
Prepaid expenses	**311**		621
	862		1,840

4. WORKS OF ART

As at March 31, 2010, the collection consisted of approximately 82,684 [2009 – 82,200] works of art. During fiscal 2010, the Gallery purchased 59 [2009 - 69] works of art at a total cost of $481,000 [2009 - $965,000]. Contributions to the collection included 425 [2009 – 9,274] works of art with an estimated fair value of $48,485,000 [2009 - $28,453,000].

5. CAPITAL ASSETS

Capital assets consist of the following:

	2010			2009	
	Cost $	Accumulated amortization $	[000s]	Cost $	Accumulated amortization $
Land	**525**	**—**		525	—
Buildings and building improvements					
Transformation AGO *[note 17]*	**221,728**	**8,244**		218,905	2,736
Other	**84,665**	**51,222**		84,477	48,968
Equipment and furnishings	**15,174**	**11,608**		13,619	10,479
Construction in progress -					
Weston Family Learning Centre	**125**	**—**		—	—
	322,217	**71,074**		317,526	62,183
Less accumulated amortization	**71,074**			62,183	
Net book value	**251,143**			255,343	

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During the year, no interest was capitalized [2009 - $762,000] in connection with the Transformation AGO project.

6. CREDIT FACILITIES

[a] The Gallery has a line of credit for operating purposes. It is a $4,500,000 revolving demand loan bearing interest at the prime lending rate, of which no amount was drawn as at March 31, 2010 and 2009.

[b] On March 31, 2009, the Gallery converted its construction financing revolving loan for the Transformation AGO expansion project to a term loan, with an interest rate at prime. As at March 31, 2010, there was a total of $24,000,000 [2009 - $48,300,000] outstanding at a rate of 2.25%. The loan agreement requires that all contributions to the Transformation AGO capital campaign *[note 17]* be applied to the term loan balance as received. The loan is repayable on April 20, 2011.

[c] As at March 31, 2010, there were outstanding letters of credit of $453,000 [2009 - $1,133,000].

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations for acquisitions of works of art and other restricted purposes. The changes in the deferred contributions balance are as follows:

	2010		**2009**
	$	[000s]	$
Balance, beginning of year	**3,620**		4,366
Grants and donations received for restricted purposes	**2,143**		5,040
Less amounts recognized as revenue during the year	**(2,340)**		(5,786)
Balance, end of year	**3,423**		3,620

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8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets and repayment of debt incurred to fund capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations and changes in net surplus (deficit). The changes in the deferred capital contributions balance are as follows:

	2010 $	[000s]	**2009** $
Balance, beginning of year	**225,258**		173,933
Less amortization of deferred capital contributions			
Transformation AGO *[note 17]*	**(5,508)**		(2,736)
Other capital assets	**(3,085)**		(2,813)
Contributions restricted for capital assets			
Transformation AGO *[note 17]*	**10,671**		54,671
Other capital assets	**2,837**		2,203
Balance, end of year	**230,173**		225,258

9. GOVERNMENT GRANTS

[a] Details of government grants recorded as revenue are as follows:

	2010 $	[000s]	**2009** $
Government of Ontario	**21,803**		12,009
Government of Canada	**277**		442
City of Toronto	**533**		530
	22,613		12,981

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[b] During the year, the following government grants were received for the acquisition or repair of works of art or capital assets:

	2010 $	[000s]	2009 $
Government of Ontario	**1,385**		1,170
Government of Canada	**202**		25
	1,587		1,195

These grants are recorded as deferred contributions *[note 7]* or deferred capital contributions *[note 8]* and recognized as revenue in the year in which the related expenses are recognized.

[c] In fiscal 2010, the Gallery received a one-time grant of $8,600,000 to cover the cumulative deficit reported as at March 31, 2009. This grant has been recorded in the statement of operations and changes in net surplus (deficit) for the year ended March 31, 2010.

10. NET SURPLUS (DEFICIT)

Changes in the components of net surplus (deficit) as at March 31 are as follows:

	2010				2009
	Accumulated surplus/(deficit) $	Board restricted $	Total $	[000s]	Total $
Net deficit, beginning of year	**(8,778)**	**337**	**(8,441)**		(676)
Excess (deficiency) of revenue over expenses for the year	**9,931**	**5**	**9,936**		(7,765)
Net surplus (deficit), end of year	**1,153**	**342**	**1,495**		(8,441)

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

11. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2010 $	[000s]	2009 $
Grants and accounts receivable	**635**		32
Due from the Province of Ontario	**—**		8,600
Inventories	**1,069**		(1,652)
Other assets	**978**		897
Accounts payable and accrued liabilities	**2,611**		3,567
Deferred contributions	**(197)**		(746)
Deferred revenue	**1,278**		1,176
	6,374		11,874

12. PENSION PLAN

[a] The Gallery maintains a pension plan that covers substantially all of its employees. The plan provides retirees with pensions on a money purchase basis or on a defined benefit basis using a formula based on service and the best five years of earnings.

[b] The expense for the Gallery's pension plan for the year ended March 31 included in these financial statements is as follows:

	2010 $	[000s]	2009 $
Defined benefit component	**325**		338
Money purchase component	**362**		346
	687		684

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Other information about the Gallery's pension plan included in these financial statements for the year ended March 31 is as follows:

	2010 $ [000s]	**2009** $
Employees' contributions	**277**	255
Employer contributions - defined benefit component	**876**	832
Employer contributions - money purchase component	**362**	346

The Gallery has recorded the employer contributions of $1,238,000 [2009 - $1,178,000] as expenses in the calculation of excess (deficiency) of revenue over expenses before the following. The pension adjustment of $551,000 [2009 - $494,000] represents the difference between the cash contributions of $1,238,000 [2009 - $1,178,000] and the accrual-based expense of $687,000 [2009 - $684,000].

[c] The assets and liabilities of the Gallery's pension plan are reported separately and not included in these financial statements. The latest actuarial valuation for the pension plan was performed as of January 1, 2008. The Gallery measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at March 31 of each year. Information about the defined benefit component of the Gallery's pension plan is as follows:

	2010 $ [000s]	**2009** $
Accrued benefit obligation	**19,458**	13,651
Fair value of plan assets	**17,542**	14,060
Funded status - plan surplus (deficit)	**(1,916)**	409
Unamortized transitional asset	**(513)**	(615)
Unamortized net actuarial losses	**3,714**	940
Accrued pension asset	**1,285**	734

Other information about the defined benefit component of the Gallery's pension plan for the year ended March 31 is as follows:

	2010 $ [000s]	**2009** $
Benefits paid	**736**	554

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

[d] The significant actuarial assumptions adopted in measuring the Gallery's accrued benefit obligations and expenses are as follows:

	2010 %	**2009** %
Accrued benefit obligation		
Discount rate	**6.00**	8.25
Salary increases	**3.25**	3.25
Expense		
Discount rate	**8.25**	6.00
Expected long-term rate of return on plan assets	**7.00**	7.00
Salary increases	**3.25**	3.25

[e] The pension plan assets are held in investments managed by an external investment manager. As at March 31, the mix of the investments is as follows:

	2010 %	**2009** %
Money market	**1**	—
Canadian bonds	**37**	37
Canadian equities	**36**	35
U.S. equities	**12**	13
Other international equities	**14**	15
	100	100

13. ALLOCATION OF EXPENSES

General support costs have been allocated to the following functions:

	2010 $ [000s]	**2009** $
Gallery shop	**79**	—
Food and beverage	**196**	—
	275	—

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

14. LEASE COMMITMENTS

Future minimum annual payments under operating leases for premises and equipment, excluding operating costs, are as follows:

	$ [000s]
2011	63
2012	62
2013	52
2014	4
	181

15. THE ART GALLERY OF ONTARIO FOUNDATION

[a] The accounts of the Foundation are presented separately and are not consolidated in these financial statements. As at December 31, the fund balances of the Foundation were as follows:

	2009 $	[000s]	**2008** $
Unrestricted	**271**		200
Restricted	**5,217**		4,667
Endowment	**24,534**		19,087
	30,022		23,954

[b] During the year ended March 31, the Foundation contributed the following amounts for the indicated purposes:

	2010 $	[000s]	**2009** $
Operations	**553**		644
Acquisitions	**152**		582
	705		1,226

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[c] The Foundation receives consulting services from MT 101 Corp., a corporation controlled by Matthew Teitelbaum, the Michael and Sonja Koerner Director and CEO of the Gallery, who is not an employee of the Foundation. The Foundation's net payments to the Gallery's Director and CEO for these services during the year ended December 31, 2009 totaled $87,124 [2008 - $87,124].

[d] Included in grants and accounts receivable are amounts due from the Foundation of $10,000 [2009 - $61,000]. The amounts are non-interest bearing and due on demand.

16. VOLUNTEERS OF THE ART GALLERY OF ONTARIO

The Volunteers of the Art Gallery of Ontario support the Gallery's mission through their active support of Gallery initiatives and programming. In accordance with the current partnership between the Gallery and the Volunteers of the Art Gallery of Ontario, all monies attributable to volunteer efforts are reflected directly in the Gallery's revenue.

During the year ended March 31, 2010, the Volunteers of the Art Gallery of Ontario donated $49,999 for the exhibition sponsorship of the *Edward Steichen: In High Fashion, the Condé Nast Years 1923-1937,* from endowment income of the Volunteer Endowment Trust. These funds were transferred from the Volunteer Funds held within the Foundation and are recorded as Foundation revenue in the statement of operations and changes in net surplus (deficit). In fiscal 2009, an amount of $52,888 was donated for sponsorship of the book, *Highlights of the AGO*.

17. TRANSFORMATION AGO

The expansion project, known as Transformation AGO, has expanded galleries and other public spaces. The public opening of the Transformation AGO was November 14, 2008. The project has been financed by both public sector and private contributions. As of March 31, 2010, the Gallery has received $24,000,000 from the Government of Canada and $39,000,000 from the Government of Ontario.

As at March 31, 2010, the Gallery has incurred costs totaling $221,728,000 [2009 - $218,905,000] for the project, which are recorded on the balance sheet as a capital asset *[note 5]*. At March 31, 2010, the Gallery has received contributions of $200,380,000 [2009 - $189,709,000], which are recorded on the balance sheet as deferred capital contributions *[note 8]*.

The Transformation AGO fundraising campaign is designed to raise funds for the capital construction, endowment funding for operating support and endowment funding for contemporary art acquisitions. Fundraising costs related to the fundraising campaign, which are to be covered by

a levy applied to campaign donations, are recorded as an other asset and amortized based on the amount of the levy on the donations received during the year. As at March 31, 2010, there are capitalized fundraising costs of $392,000 [2009 - $927,000] recorded as other assets *[note 3]* on the balance sheet. In 2010, $726,000 [2009 - $1,035,000] of fundraising costs were recorded as a membership and fundraising expense and an equal amount of donations was recorded as donations and bequests revenue.

18. THE KING TUT EXHIBITION

During the year, the Gallery, in partnership with Arts and Exhibition International, LLC ["AEI"] and the National Geographic Society, hosted *King Tut: The Golden King and the Great Pharaohs*. The exhibition was held between November 24, 2009 and May 2, 2010.

The Gallery has included the following revenue and expenses related to the King Tut Exhibition in the statement of operations and changes in net surplus (deficit):

	$
	[000s]
Revenues	
Ontario government grants	295
Admissions	5,674
Education, outreach and programs	1,035
Miscellaneous	569
Donations	188
Total revenues	**7,761**
Expenses	
Administration	59
Physical plant and security	551
Education, outreach and programs	695
Curatorial and exhibitions	3,967
Marketing and promotion	1,527
Total expenses	**6,799**
Excess of revenues over expenses	**962**

As at March 31, 2010, there was $3,618,000 due to AEI in connection with the King Tut Exhibition.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2010

19. FINANCIAL INSTRUMENTS

The Gallery is subject to credit risk with respect to its accounts receivable and interest rate cash flow risk with respect to its long-term debt.

20. CAPITAL MANAGEMENT

In managing capital, the Gallery focuses on liquid resources available for operations. The Gallery's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The Gallery has available lines of credit that are used when sufficient cash flow is not available from operations to cover operating and capital expenditures *[note 6]*. 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, 2010, the Gallery has met its objective of having sufficient liquid resources to meet its current obligations.

21. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 financial statements.

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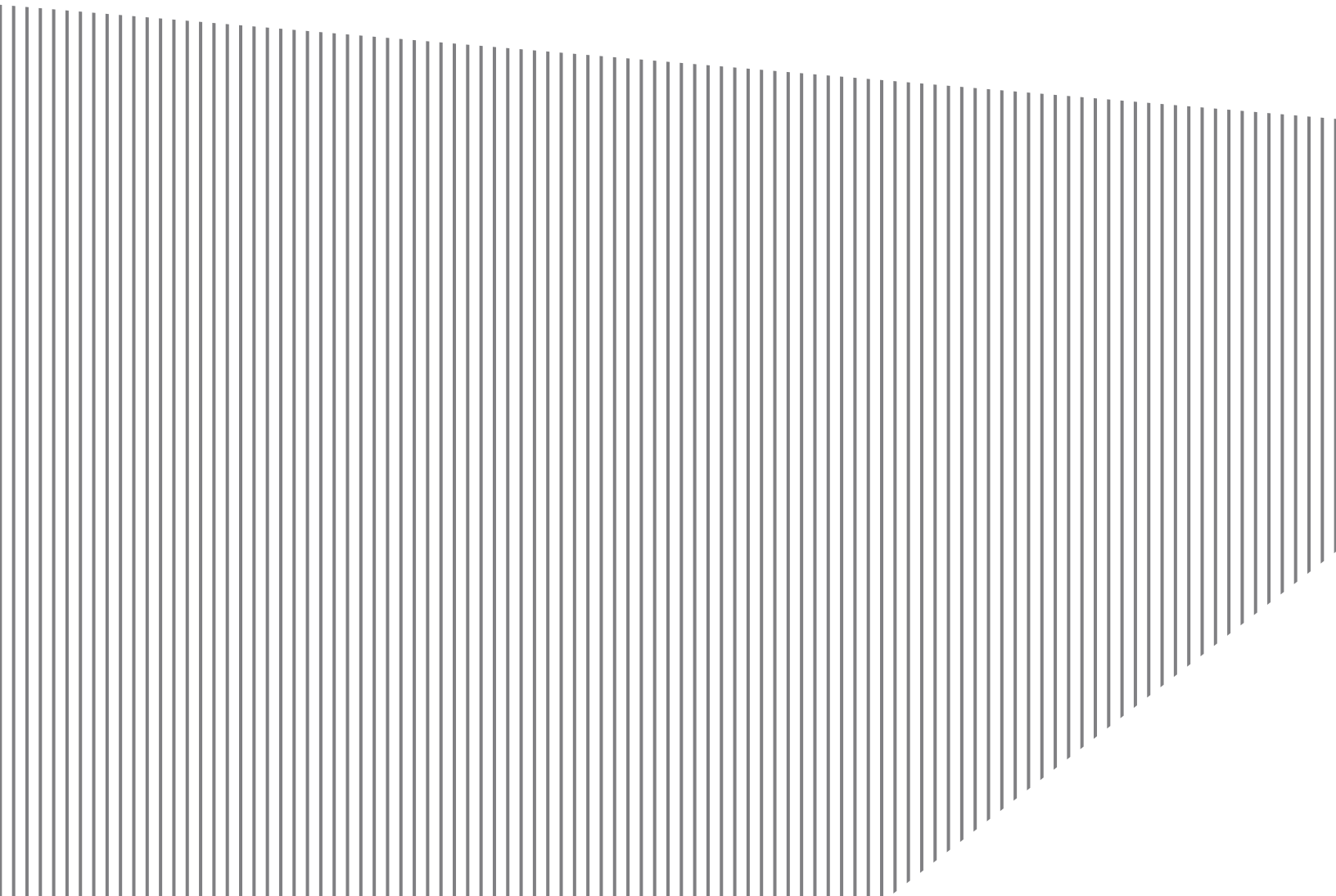
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