Art Gallery of Ontario

Financial statements
March 31, 2019

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 accounting standards for not-for-profit organizations, 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 auditor's 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.

Stephan Jost
Michael and Sonja Koerner Director and CEO
June 26, 2019

Independent auditor's report

To the Members of the
Art Gallery of Ontario

We have audited the financial statements of the **Art Gallery of Ontario** [the "Gallery"], which comprise the balance sheet as at March 31, 2019, and the statement of operations and changes in net surplus and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Gallery as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 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 accounting standards for not-for-profit organizations, 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
Licensed Public Accountants

Toronto, Canada
June 26, 2019

Art Gallery of Ontario

Balance sheet

[in thousands of dollars]

As at March 31

	2019	2018
	$	$
Assets		
Current		
Cash and cash equivalents	**6,532**	10,149
Short-term investments, amortized cost	**8,000**	10,000
Grants and accounts receivable *[note 16]*	**3,997**	2,148
Inventories	**833**	927
Other assets *[note 3]*	**1,004**	724
Total current assets	**20,366**	23,948
Works of art, at nominal value *[note 4]*	**1**	1
Capital assets, net *[note 5]*	**227,683**	234,708
Accrued pension asset *[note 12]*	**782**	1,701
	248,832	260,358
Liabilities and net surplus		
Current		
Accounts payable and accrued liabilities *[note 14[d]]*	**11,617**	9,374
Deferred contributions *[note 7]*	**8,823**	12,347
Deferred revenue	**4,666**	6,780
Current portion of long-term debt *[note 6[b]]*	**444**	444
Total current liabilities	**25,550**	28,945
Long-term debt *[note 6[b]]*	**5,467**	5,911
Deferred capital contributions *[note 8]*	**216,083**	222,747
Total liabilities	**247,100**	257,603
Net surplus *[note 10]*	**1,732**	2,755
	248,832	260,358

See accompanying notes

On behalf of the Board of the Trustees:

Robert J. Harding. C.M.
President
Trustee

Camillo di Prata
Chair, Finance Committee
Trustee

Art Gallery of Ontario

Statement of operations and changes in net surplus

[in thousands of dollars]

Year ended March 31

	2019	2018
	$	$
Revenue		
Government grants *[note 9]*	**22,551**	22,166
Admissions	**4,950**	5,687
Membership fees	**5,753**	5,850
Donations and bequests *[note 7]*	**13,858**	10,504
Programming and outreach	**1,682**	1,708
Gallery shop	**4,803**	5,383
Food and beverage	**11,111**	10,986
The Art Gallery of Ontario Foundation *[note 14[b]]*	**3,954**	2,021
Investment income	**376**	295
Gifted works of art *[note 4]*	**4,717**	39,364
Miscellaneous	**1,699**	1,292
Amortization of deferred capital contributions *[note 8]*	**9,699**	9,165
	85,153	114,421
Expenses		
Administration *[notes 13 and 14[d]]*	**10,359**	7,947
Physical plant and security	**10,027**	10,009
Curatorial, collections and exhibitions	**13,967**	13,381
Programming and outreach	**4,825**	4,847
Membership and fundraising	**5,268**	5,223
Visitor welcome, marketing and promotion	**7,014**	7,557
Gallery shop *[note 13]*	**4,215**	4,703
Food and beverage *[note 13]*	**10,495**	10,370
Accession of art for collection *[note 4]*		
Gifted	**4,717**	39,364
Purchased	**3,855**	1,280
Amortization of capital assets	**10,195**	9,589
Interest *[note 6[b]]*	**188**	135
	85,125	114,405
Excess of revenue over expenses for the year	**28**	16
Net surplus, beginning of year	**2,755**	1,634
Remeasurements related to pension plan	**(1,051)**	(1,590)
Land contribution *[note 5]*	**—**	2,695
Net surplus, end of year *[note 10]*	**1,732**	2,755

See accompanying notes

Art Gallery of Ontario

Statement of cash flows

[in thousands of dollars]

Year ended March 31

	2019	2018
	$	$
Operating activities		
Excess of revenue over expenses for the year	**28**	16
Add (deduct) items not affecting cash		
Amortization of capital assets	**10,195**	9,589
Amortization of deferred capital contributions	**(9,699)**	(9,165)
Pension expense	**1,977**	1,924
Net change in non-cash working capital balances related to operations *[note 11]*	**(5,457)**	1,048
Employer contributions to pension plan	**(2,109)**	(2,100)
Cash provided by (used in) operating activities	**(5,065)**	1,312
Investing activities		
Purchase of short-term investments	**(8,000)**	(10,000)
Redemption of short-term investment	**10,000**	—
Purchase of capital assets *[note 11]*	**(3,143)**	(14,368)
Cash used in investing activities	**(1,143)**	(24,368)
Financing activities		
Advances of long-term debt	**—**	6,650
Repayment of long-term debt	**(444)**	(295)
Contributions restricted for capital asset purchases *[note 8]*	**3,035**	6,679
Cash provided by financing activities	**2,591**	13,034
Net decrease in cash during the year	**(3,617)**	(10,022)
Cash and cash equivalents, beginning of year	**10,149**	20,171
Cash and cash equivalents, end of year	**6,532**	10,149

See accompanying notes

Art Gallery of Ontario

Notes to financial statements

March 31, 2019

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 Tourism, Culture and Sport 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 an independent corporation, incorporated under the laws of Ontario without share capital. The Foundation receives, accumulates and distributes funds and/or the income therefrom 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 14].*

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 are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

The Gallery follows the deferral method of accounting for contributions, which include donations, bequests and government grants. Grants and bequests are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. 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. Lease revenue is recognized as rents become due and is recorded as miscellaneous revenue in the statement of operations and changes in net surplus.

Cash and cash equivalents and short-term investments

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 that are readily convertible to cash with no penalty. Other redeemable short-term investments that have maturities beyond the 90 days are classified as short-term investments.

Notes to financial statements

March 31, 2019

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.

When works of art are deaccessioned and then sold, proceeds from the sale of the deaccessioned works of art must be restricted to purchase works of art and are therefore recorded as deferred contributions when received. Proceeds from the sale of deaccessioned works of art included in deferred contributions are recognized as revenue when the expense related to the purchase of the new works of art is recorded.

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

Other assets

Costs directly related to the development of future temporary exhibitions and future special events 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 and for future special events is the date of the event. Such costs are expensed immediately when they are related to advertising or promotion and when there is insufficient evidence that the costs are recoverable.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars 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.

Donated materials and services

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

Notes to financial statements

March 31, 2019

Pension plan

The Gallery maintains a defined benefit pension plan and accounts for this plan using the immediate recognition approach. Under this approach, the Gallery recognizes the amount of the accrued obligation net of the fair value of plan assets in the balance sheet. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net surplus (deficit). The accrued pension asset (liability) is determined using a roll-forward technique to estimate the accrued asset (liability) using funding assumptions from the most recent actuarial valuation report prepared at least every three years. Pension plan assets are measured at fair value at the date of the balance sheet.

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 related to facility operating costs.

Financial instruments

The Gallery initially measures its financial assets and liabilities at fair value. The Gallery subsequently measures all its financial assets and liabilities at amortized cost, net of any provisions for impairment.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, short-term investments, grants and accounts receivable and accounts payable and accrued liabilities.

3. Other assets

Other assets consist of the following:

	2019	**2018**
	$	$
	[000s]	
Future exhibition costs	**821**	283
Prepaid expenses	**183**	441
	1,004	724

4. Works of art

As at March 31, 2019, the collection consisted of approximately 96,600 [2017 – 92,300] works of art. During fiscal 2019, the Gallery purchased 4,200 [2018 – 50] works of art at a total cost of $3,855,000 [2018 – $1,280,000]. Contributions to the collection included 135 [2018 – 240] works of art with an estimated fair value of $4,717,000 [2018 – $39,364,000]. During the year, 4 [2018 – 41] deaccessioned works of art were sold, realizing proceeds of $4,000 [2018 – $241,000] *[note 7]*.

Notes to financial statements

March 31, 2019

5. Capital assets

Capital assets consist of the following:

	2019	
	Cost	**Accumulated amortization**
	$	$
	[000s]	
Land	**8,125**	**—**
Buildings and building improvements		
Transformation AGO	**220,989**	**58,356**
Weston Family Learning Centre	**19,331**	**7,402**
Other	**108,151**	**70,182**
Equipment and furnishings	**26,512**	**19,485**
	383,108	**155,425**
Less accumulated amortization	**155,425**	
Net book value	**227,683**	

	2018	
	Cost	**Accumulated amortization**
	$	$
	[000s]	
Land	8,125	—
Buildings and building improvements		
Transformation AGO	220,989	52,825
Weston Family Learning Centre	19,331	6,405
Other	106,918	67,745
Equipment and furnishings	24,575	18,255
	379,938	145,230
Less accumulated amortization	145,230	
Net book value	234,708	

Included in other buildings and building improvements is $1,679,364 [2018 – $2,378,869] related to construction in progress, which will be amortized once the capital assets are put in service.

On July 28, 2017, the Gallery entered into an agreement to purchase two properties from a corporation in which a Gallery Board member had a controlling interest. The appraised value of the property was $9,800,000, of which $6,325,000 was paid for by the Gallery and $3,475,000 was recorded as an in-kind contribution split between land and building. The land portion is recorded directly through net surplus *[note 10],* it is non-amortizable and the amount allocated to the building is recorded as a deferred capital contribution *[note 8].*

6. Credit facility

[a] The Gallery has a $4,500,000 revolving demand line of credit for operating purposes bearing interest at the bank's prime lending rate. As at March 31, 2019 and 2018, no amount was drawn on this line of credit.

[b] On July 27, 2017, the Gallery entered into an unsecured loan agreement with a fifteen-year amortization period for an amount of $6,650,000. This loan bears interest at a fixed rate of 3.060% per annum for the first five years and can be renegotiated at the end of the five-year period. The loan is repayable in principal monthly installments of $37,000 plus interest. As at March 31, 2019 $5,911,000 [2018 – $6,355,000] is outstanding, of which $444,000 [2018 – $444,000] is the current portion and $5,467,000 [2018 – $5,911,000] is long term. The interest on the loan for the year ended March 31, 2019 was $188,000 [2018 – $135,000] and is included in interest expense in the statement of operations and changes in net surplus.

7. Deferred contributions

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

	2019	**2018**
	$	$
	[000s]	
Balance, beginning of year	**12,347**	12,895
Grants and donations received for restricted purposes *[notes 9[b] and 15]*	**6,348**	8,454
Proceeds from sale of deaccessioned works of art *[note 4]*	**4**	241
Amounts transferred to deferred capital contributions *[note 8]*	**(2,235)**	(4,006)
Amounts transferred to the Foundation *[note 14[d]*	**(482)**	(892)
Amounts recognized as revenue during the year *[note 4]*	**(7,159)**	(4,345)
Balance, end of year	**8,823**	12,347

Notes to financial statements

March 31, 2019

8. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received and spent for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations and changes in net surplus. The changes in the deferred capital contributions balance are as follows:

	2019	**2018**
	$	$
	[000s]	
Balance, beginning of year	**222,747**	224,453
Amortization of deferred capital contributions	**(9,699)**	(9,165)
Contributions transferred from deferred contributions *[note 7]*	**2,235**	4,006
Contributions restricted for capital assets *[note 9[b]]*	**800**	2,673
Contribution of a building *[note 5]*	**—**	780
Balance, end of year	**216,083**	222,747

9. Government grants

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

	2019	**2018**
	$	$
	[000s]	
Government of Ontario	**21,340**	21,047
Government of Canada	**527**	421
City of Toronto	**684**	698
	22,551	22,166

[b] During the year, the Gallery received an additional $1,105,000 [2018 – $1,870,000] in government grants from the Government of Ontario for the acquisition of capital assets. These grants are recorded as deferred contributions *[note 7]* when first received and then transferred to deferred capital contributions *[note 8]* as they are spent.

Notes to financial statements

March 31, 2019

10. Net surplus

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

	2019			2018
	Accumulated surplus	**Board restricted**	**Total**	**Total**
	$	$	$	$
	[000s]			
Net surplus, beginning of year	**2,527**	**228**	**2,755**	1,634
Excess of revenue over expenses for the year	**28**	**—**	**28**	16
Land contribution [note 5]	**—**	**—**	**—**	2,695
Transfers	**(1)**	**1**	**—**	—
Remeasurements related to pension plan	**(1,051)**	**—**	**(1,051)**	(1,590)
Net surplus, end of year	**1,503**	**229**	**1,732**	2,755

11. Statement of cash flows

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

	2019	**2018**
	$	$
	[000s]	
Grants and accounts receivable	**(1,849)**	(1,019)
Inventories	**94**	(78)
Other assets	**(280)**	(29)
Accounts payable and accrued liabilities	**2,216**	471
Deferred contributions	**(3,524)**	(548)
Deferred revenue	**(2,114)**	2,251
	(5,457)	1,048

As at March 31, 2019, $226,444 [2018 – $198,674] is included in accounts payable and accrued liabilities related to capital asset acquisitions.

12. Pension plan

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.

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 September 1, 2018. 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:

	2019	**2018**
	$	$
	[000s]	
Fair value of plan assets	**43,275**	40,676
Accrued benefit obligation	**42,493**	38,975
Accrued pension asset	**782**	1,701

13. Allocation of expenses

General support costs have been allocated to the following functions:

	2019	**2018**
	$	$
	[000s]	
Gallery shop	**61**	60
Food and beverage	**248**	244
	309	304

Notes to financial statements

March 31, 2019

14. The Art Gallery of Ontario Foundation

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

	2018	**2017**
	$	$
	[000s]	
Unrestricted	**1,888**	1,888
Restricted	**16,404**	15,784
Endowment	**68,537**	70,058
	86,829	87,730

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

	2019	**2018**
	$	$
	[000s]	
Operations *[note 15]*	**2,112**	1,682
Acquisitions	**1,842**	339
	3,954	2,021

[c] The Foundation receives consulting services from Stephan Jost, the Michael and Sonja Koerner Director and CEO of the Gallery, who is not an employee of the Foundation. The expenses recorded in the Foundation accounts for the year ended December 31, 2018 related to these services were $103,940 [2017 – $103,940].

[d] During the year, the Gallery made a grant of $3,452,500 [2018 – $1,800,000] to the Foundation, which is included in administration expenses. As at March 31, 2019, $3,452,500 [2018 – $1,800,000] is included in accounts payable and accrued liabilities. In addition to this grant, the Gallery transferred $457,000 [2018 – $525,049] to the Foundation to be held in an established endowment fund for the purpose designated by a donor *[note 7]* and other miscellaneous transfers of $25,000 [2018 – $367,000].

Notes to financial statements

March 31, 2019

15. 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, 2019, the Volunteers of the Art Gallery of Ontario donated $56,476 [2018 – $54,108] for the sponsorship of E.P. Taylor Library & Archives Expanded Library Program, [2018 – *Look Forward]*, from endowment income of the Volunteer Endowment Trust. These funds were transferred from the Volunteer Funds held within the Foundation *[note 14]* and are recorded as deferred contributions on the balance sheet.

16. Bequests

As at March 31, 2019, accounts receivable includes $1,000,000 [2018 – nil] representing the outstanding payment with respect to one [2018 – nil] bequest.

17. Financial instruments

The Gallery is exposed to various financial risks through transactions in financial instruments.

Credit risk

The Gallery is exposed to credit risk in connection with its grants and accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Currency risk

The Gallery is exposed to currency risk with respect to its accounts receivable and accounts payable denominated in foreign currencies, as the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar.

Liquidity risk

The Gallery is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.