

Financial Statements of

**ART GALLERY OF
GREATER VICTORIA**

And Independent Auditors' Report thereon

Year ended March 31, 2022



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Members of the Art Gallery of Greater Victoria,

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Art Gallery of Greater Victoria (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Victoria, Canada
June 6, 2022

ART GALLERY OF GREATER VICTORIA

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	Operating Fund	Restricted Funds	Total 2022	Total 2021
				(recast - note 15)
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,090,184	\$ 9,498,886	\$ 10,589,070	\$ 10,202,681
Receivables	35,286	-	35,286	56,556
Inventory	78,798	-	78,798	75,997
Prepays	79,860	-	79,860	10,852
	1,284,128	9,498,886	10,783,014	10,346,086
Capital assets (note 2)	-	4,901,887	4,901,887	4,899,473
Objects of art and library books (note 3)	-	1	1	1
	\$ 1,284,128	\$ 14,400,774	\$ 15,684,902	\$ 15,245,560

Liabilities

Current liabilities:

Payables and accruals	\$ 544,696	\$ 3,790	\$ 548,486	\$ 486,307
Deferred contributions (note 5)	532,353	-	532,353	638,718
	1,077,049	3,790	1,080,839	1,125,025

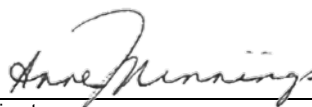
Fund Balances

Invested in capital assets	-	4,901,887	4,901,887	4,899,473
Externally restricted	-	9,192,201	9,192,201	8,714,576
Internally restricted	-	302,896	302,896	301,464
Unrestricted	207,079	-	207,079	205,022
	207,079	14,396,984	14,604,063	14,120,535
	\$ 1,284,128	\$ 14,400,774	\$ 15,684,902	\$ 15,245,560

See accompanying notes to financial statements.

Commitments and contingencies (note 10)

On behalf of the Board:


Director


Director

ART GALLERY OF GREATER VICTORIA

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	Operating Fund		Restricted Funds		Total	Total
	2022	2021	2022	2021	2022	2021
	(recast - note 15)				(recast - note 15)	
Revenue:						
Admissions	\$ 77,698	\$ 29,924	\$ -	\$ -	\$ 77,698	\$ 29,924
AGGV Foundation (note 6)	200,160	200,160	65,000	64,000	265,160	264,160
Bequests	37,891	41,381	200	-	38,091	41,381
British Columbia Gaming Commission	83,500	100,000	-	-	83,500	100,000
Donations, fundraising and memberships	534,202	444,031	488,300	289,972	1,022,502	734,003
Grants (note 7)	1,591,642	1,956,897	-	-	1,591,642	1,956,897
Interest income	7,905	10,822	80,070	107,194	87,975	118,016
Other income	49,100	18,127	-	-	49,100	18,127
Retail services	554,730	444,006	-	-	554,730	444,006
	<u>3,136,828</u>	<u>3,245,348</u>	<u>633,570</u>	<u>461,166</u>	<u>3,770,398</u>	<u>3,706,514</u>
Expenses:						
Administration	683,551	767,121	-	-	683,551	767,121
Advancement and fundraising	255,603	259,344	77,725	4,460	333,328	263,804
Amortization	-	-	72,954	77,737	72,954	77,737
Art acquisitions (note 3)	-	-	1,420	92,199	1,420	92,199
Buildings and grounds	291,658	257,565	-	-	291,658	257,565
Collections management	183,316	235,843	-	-	183,316	235,843
Costs of goods sold	311,444	250,833	-	-	311,444	250,833
Curatorial	744,498	746,533	-	3,425	744,498	749,958
Donations to AGGV Foundation (note 6)	156,500	236,500	-	-	156,500	236,500
Public relations	225,828	199,768	-	-	225,828	199,768
Retail services	137,023	132,788	-	-	137,023	132,788
Visitor services	145,350	156,252	-	-	145,350	156,252
	<u>3,134,771</u>	<u>3,242,547</u>	<u>152,099</u>	<u>177,821</u>	<u>3,286,870</u>	<u>3,420,368</u>
Excess of revenue over expenses	2,057	2,801	481,471	283,345	483,528	286,146
Fund balances, beginning of year	205,022	68,221	13,915,513	13,766,168	14,120,535	13,834,389
Interfund transfers (note 8)	-	134,000	-	(134,000)	-	-
Fund balances, end of year	\$ 207,079	\$ 205,022	\$ 14,396,984	\$ 13,915,513	\$ 14,604,063	\$ 14,120,535

See accompanying notes to financial statements.

ART GALLERY OF GREATER VICTORIA

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	Operating Fund		Restricted Funds		Total	Total
	2022	2021	2022	2021	2022	2021
Sources of cash from operating activities:						
Self-generated funds (note 13)	\$ 1,161,391	\$ 1,003,470	\$ 568,370	\$ 509,166	\$ 1,729,761	\$ 1,512,636
AGGV Foundation	188,718	214,609	65,000	64,000	253,718	278,609
Bequests	37,891	41,381	200	-	38,091	41,381
British Columbia Gaming Commission	83,500	100,000	-	-	83,500	100,000
Grants	1,568,791	2,127,322	-	-	1,568,791	2,127,322
	<u>3,040,291</u>	<u>3,486,782</u>	<u>633,570</u>	<u>573,166</u>	<u>3,673,861</u>	<u>4,059,948</u>
Uses of cash for operating activities:						
Payment of expenses	3,019,836	2,907,945	73,938	7,885	3,093,774	2,915,830
Purchase of objects of art and library books	-	-	3,255	90,364	3,255	90,364
Payment of donations to AGGV Foundation	110,000	-	-	-	110,000	-
	<u>3,129,836</u>	<u>2,907,945</u>	<u>77,193</u>	<u>98,249</u>	<u>3,207,029</u>	<u>3,006,194</u>
Increase (decrease) in cash from operating activities	(89,545)	578,837	556,377	474,917	466,832	1,053,754
Sources of cash from investing activities:						
Maturity of short-term investments	-	-	-	8,170,000	-	8,170,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,170,000</u>	<u>-</u>	<u>8,170,000</u>
Uses of cash for investing activities:						
Additions to capital assets	-	-	80,443	71,924	80,443	71,924
	<u>-</u>	<u>-</u>	<u>80,443</u>	<u>71,924</u>	<u>80,443</u>	<u>71,924</u>
Increase (decrease) in cash from investing activities	-	-	(80,443)	8,098,076	(80,443)	8,098,076
Net increase (decrease) in cash and cash equivalents	(89,545)	578,837	475,934	8,572,993	386,389	9,151,830
Cash and cash equivalents, beginning of year	1,179,729	781,261	9,022,952	269,590	10,202,681	1,050,851
Interfund transfers	-	(180,369)	-	180,369	-	-
Cash and cash equivalents, end of year	<u>\$ 1,090,184</u>	<u>\$ 1,179,729</u>	<u>\$ 9,498,886</u>	<u>\$ 9,022,952</u>	<u>\$ 10,589,070</u>	<u>\$ 10,202,681</u>

See accompanying notes to financial statements.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

Art Gallery of Greater Victoria (the “Society”) has the following mission statement: “The Art Gallery of Greater Victoria is a public art gallery committed to the celebration of art. With vision, leadership and scholarship, we will engage and inspire diverse audiences through exhibitions, interpretation, and stewardship of the collection”.

The Society is incorporated under the Societies Act of British Columbia and its principal activities are the operation of an art gallery and related services. The Art Gallery of Greater Victoria is a charitable organization registered under the Income Tax Act and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

1. Significant accounting policies:

The financial statements of the Society are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting:

The Art Gallery of Greater Victoria follows the restricted fund method of accounting for contributions. The Society records its activities in the following funds:

The Operating Fund accounts for the organization’s program delivery and transactions related to the maintenance of the facilities and general operations of the Gallery. This fund reports unrestricted and restricted operating contributions.

The Restricted Funds include the following:

Capital Fund which includes the transactions relating to land, buildings and equipment.

Externally Restricted Fund which includes funds received from individual and corporate donations and government grants that are designated for art acquisitions, capital projects and the care and maintenance of the collection and facility.

Internally Restricted Fund which includes funds restricted by direction of the Society and used for art acquisitions, capital projects and the care and maintenance of the collection and facility.

(b) Revenue recognition:

Operating grant revenue is recognized in the period for which the grant is awarded. Accordingly, operating grant revenue awarded for periods subsequent to the current year is deferred to the next fiscal year.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue on retail sales, admissions and membership is recognized at the point of sale when the customer receives and pays for the goods or service.

(c) Capital assets:

Rates and bases applied to write off the cost less estimated salvage value of capital assets over their estimated useful lives are as follows:

Building improvements	20 years, straight-line
Furniture, fixtures and equipment	5 years, straight-line
Computer equipment	3 years, straight-line
Computer software	2 years, straight-line

There is no amortization of the cost of building improvements or other capital projects that are substantially incomplete and not ready for their intended purpose at year end. When a capital asset no longer contributes to the Society's ability to provide services its carrying value is written down to its residual value

(d) Financial instruments:

The Society's financial instruments consist of cash and cash equivalents, term deposits, receivables and payables and accruals.

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value. The Society has not elected to carry any such financial instruments at fair value.

(e) Inventory:

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

(f) Art and library books:

The Society holds a collection of works of art for the perpetual benefit of current and future generations. The collection is shown as an asset at a nominal value of \$1 due to the practical difficulties of determining a meaningful value for these assets. Works of art purchased for the collection of the Society are recorded as an expense in the year of acquisition. Works of art donated to the Society are not recorded in the books of account.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(g) Contributed goods and services:

The Society records donated materials, services and facilities in those cases where:

- the Society controls the way they are used;
- there is a measurable basis for arriving at fair value;
- the services are essential services, which would normally be purchased and paid for if not donated; and
- The value of the donated materials, services or facilities is a minimum of \$3,000.

Part of the activities of the Society is carried out by volunteers. The value of this contributed time is not reflected in these financial statements.

(h) Impairment of long-lived assets:

The Society regularly reviews the carrying value of long-lived assets and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Society may be required to record impairment charges for these assets.

(i) Use of estimates:

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. The estimates and assumptions made include, among other things, the estimated useful life of capital assets and the collectability of receivables. Actual results could differ from these estimates.

2. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,172,745	\$ -	\$ 2,172,745	\$ 2,172,745
Building improvements	1,083,516	800,056	283,460	329,671
Capital renewal project	2,365,112	-	2,365,112	2,365,112
Furniture, fixtures and equipment	542,220	494,004	48,216	8,133
Computer equipment	118,507	91,407	27,100	23,476
Computer software	100,285	95,031	5,254	336
	\$ 6,382,385	\$ 1,480,498	\$ 4,901,887	\$ 4,899,473

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

2. Capital assets (continued):

During the year capital asset purchases of \$75,368 (2021 - \$47,101) were made. The entire cost of the capital renewal project is not being amortized because the project remains under development as at March 31, 2022.

During the prior year, computer equipment with cost and accumulated amortization of \$195,168 and computer software with cost and accumulated amortization of \$15,031, were identified as no longer in use and were removed from capital assets.

3. Objects of art and library books:

The Society has an extensive collection of visual arts, particularly Asian and Canadian art. The Society's collection includes some 20,000 works of art.

The Society acquires works of art by purchase, donation and bequest. Acquisitions in the year are as follows:

	2022	2021
Purchase - Restricted funds	\$ 1,420	\$ 92,199
Donations and bequests, at estimated fair market value	234,387	178,004
	<u>\$ 235,807</u>	<u>\$ 270,203</u>

4. Bank indebtedness:

The Society maintains two lines of credit with the Bank of Montreal. The operating line of credit, bearing interest at bank prime, interest only monthly payments, authorized to a maximum of \$100,000, and the restricted line of credit, bearing interest at bank prime, interest only monthly payments, authorized to a maximum of \$300,000, are secured by a general security agreement and a pledge of duplicate certificate of title over 1040 Moss Street.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

5. Deferred contributions:

Changes in the deferred contributions balance are as follows:

	2022	2021 (recast – note 15)
Balance, beginning of year	\$ 638,718	\$ 442,640
Contributions received:		
Grants	1,530,592	2,161,047
Other	48,644	76,854
	<u>1,579,236</u>	<u>2,237,901</u>
Recognition of contributions:		
Grants (note 7)	1,591,642	1,956,897
Other	93,959	84,926
	<u>1,685,601</u>	<u>2,041,823</u>
Balance, end of year	<u>\$ 532,353</u>	<u>\$ 638,718</u>

6. Art Gallery of Greater Victoria Foundation:

The Art Gallery of Greater Victoria Foundation (the "Foundation") is incorporated under the Societies Act of British Columbia and is a charitable organization registered under the Income Tax Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. Its purpose is to build and manage donations and bequests as endowment funds, art acquisition funds, programming funds, or capital funds, based on the wishes of the donors or the decision of the Directors. The annual income is used for the benefit of the Society in accordance with the wishes of the donors.

The Foundation is controlled by the Society as, of the Foundation's eight Board members, four comprise of the President, Treasurer, Director/Chief Executive Officer, and Director of Finance and Administration of the Society, and the four remaining are appointed by the Society's Board. The Foundation has not been consolidated in the Society's financial statements.

Included in payables is \$283,000 (2021 recast - \$248,917) due to the Art Gallery of Greater Victoria Foundation. During the year, the Society donated \$156,500 (2021 recast - \$236,500) to the Art Gallery of Greater Victoria Foundation.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

6. Art Gallery of Greater Victoria Foundation (continued):

The summarized financial position and operating results as at and for the year ended March 31, 2022, the latest fiscal year-end of the Foundation are as follows:

	2022	2021
Financial position:		
Total assets	\$ 8,229,131	\$ 7,710,605
Total liabilities	7,490	4,500
Fund balances	\$ 8,221,641	\$ 7,706,105
Results of operations:		
Revenue (includes unrealized gain on investments)	\$ 793,505	\$ 1,688,101
Expenses	277,969	273,269
Excess of revenue over expenses	\$ 515,536	\$ 1,414,832
Cash flows:		
Operating activities	\$ (148,530)	\$ (286,983)
Investing activities	211,524	251,284
Net increase (decrease) in cash and cash equivalents	\$ 62,994	\$ (35,699)
Revenue received from the Foundation's endowment funds:		
Restricted:		
Holmes Sisters, Gladys, Doris and Marjorie Fund	\$ 5,467	\$ 5,369
Mortimer Lamb Fund	8,865	8,809
Myfanwy Pavelic Fund	1,310	1,288
George and Lola Kidd Decorative Arts Fund	14,997	14,814
George and Lola Kidd B.C. Arts Fund	13,446	13,287
Audain Curator of First Nations Art Fund	20,796	20,319
Asian Art Fund	119	114
	\$ 65,000	\$ 64,000
Unrestricted:		
Gwendolyn Scott Fund	\$ 1,845	\$ 1,845
Richard and Constance Glover Fund	7,006	7,001
Sara Spencer Fund	114,609	114,614
Rosita Tovell Programming Fund	65,500	65,500
Other general funds	11,200	11,200
	\$ 200,160	\$ 200,160

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

7. Grants:

	2022	2021
		(recast - note 15)
Operating Fund:		
B.C. Arts Council:		
Operating Assistance	\$ 498,750	\$ 332,600
Early Career Development	-	20,000
Canada Council:		
Operating Assistance	462,700	589,200
Project	59,000	70,000
Canadian Museums Association:		
Young Canada Works in Heritage Organizations	8,073	18,896
Service Canada - Canada Summer Jobs	4,193	4,569
Federal New Horizons for Seniors	25,000	-
Department of Canadian Heritage	15,000	-
Capital Regional District	448,000	448,000
Local school districts	-	(1,500)
BC Museums Association	1,000	-
Canadian Emergency Wage Subsidy	69,926	475,132
	\$ 1,591,642	\$ 1,956,897

8. Interfund transfers:

In 2020, as per Board motions, transfers of \$95,000 from the Operating Fund to an internally restricted exhibitions fund, and \$39,000 from the Operating Fund to an internally restricted strategic technology fund were made. In 2021, the internal restrictions were removed by the Board and these funds were transferred back to the the Operating Fund.

9. Employee pension plan:

The Society and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee plan. The board of trustees of the British Columbia Pension Corporation, representing plan members and employers, is responsible for overseeing the management of the Plan including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit plan.

Defined contribution plan accounting is applied to this benefit plan. As such, the cost of these employee future benefits is recognized as an expense in the year that contributions are paid.

The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions. During the year, the Society contributed \$91,463 (2021 - \$113,844) to the Plan on behalf of employees. Based on the most recent actuarial valuation as of December 2018, the Municipal Pension Plan had a funding surplus for basic pension benefits. Portions of any surplus or deficiency are not attributed to individual employers.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

10. Commitments and contingencies:

(a) Operating leases:

The Society has entered into agreements to lease office equipment for various periods until September 2027. Minimum rent payable for equipment in aggregate is as follows:

2023	\$	3,805
2024		3,108
2025		3,108
2026		3,108
2027		3,108
Thereafter		1,554
		<hr/>
	\$	17,791

(b) Capital renewal project:

The Society has total capital renewal project commitments with a contractor of \$623,770 for project start-up, construction documents and construction procurement, of which \$555,813 had been spent as at March 31, 2022. The remaining contract commitment pertains to securing a building permit and tendering of construction contracts, and will proceed once remaining funding for the project is received

The cost of the project that has been capitalized as disclosed in note 2 pertains to a renewed facility at the Society's exiting operating location at 1040 Moss St. in Victoria, BC. Should the Board of Directors decide to construct a new facility at an alternate location, it is estimated that \$1.9 million of capital renewal project costs would be impaired. The likelihood of a decision by the Board of Directors not to proceed with construction of a renewed facility at Moss St. is not determinable at this time.

(c) Provincial funding agreement:

In March 2018, the Society received \$6 million of funding towards its capital renewal project under a contribution agreement with the Province of British Columbia. Under the terms of this agreement, if the funding is not utilized to expand the Art Gallery of Greater Victoria, the province may elect to terminate the agreement and the Society would be required to repay the portions of funds not expended as of that date. The \$6 million of funding is currently held in restricted cash as the project remains under development as at March 31, 2022.

11. Remuneration of directors, employees and contractors:

For the fiscal year ending March 31, 2022, the Society paid total remuneration of \$218,119 to 2 employees (2021 - \$371,169 to 4 employees), each of whom received total annual remuneration of \$75,000 or greater. No remuneration was paid to any Director and no remuneration of \$75,000 or greater was paid to any contractor.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

12. Victoria Foundation – B.C. Arts Renaissance Endowment Fund:

The Society is the income beneficiary of the Art Gallery of Greater Victoria B.C. Arts Renaissance Endowment Fund established in December 2005 by the Victoria Foundation.

Capital contributions by anonymous donors to this fund total \$25,100, and have been supplemented by \$22,100 of contributions by the Society flowed through from the B.C. Arts Renaissance Fund at the Vancouver Foundation, and further contributions of \$33,327 made to the fund by the Victoria Foundation. The capital of the Endowment Fund remains the property of the Victoria Foundation. The fair market value of the Endowment Fund as of March 31, 2022 is \$106,644 (2021 - \$105,513).

13. Self-generated funds:

Self-generated funds include admissions, donations, fundraising and memberships, retail services and other income.

14. Risk management:

In the normal course of business, the Society is exposed to liquidity risk. The Society's primary risk management objective is to protect earnings and cash flow in order to support its operations. Risks are managed within limits ultimately established by the Society's Board of Directors and implemented by management. The Society manages liquidity risk by having access to a line of credit.

The Society is exposed to interest rate risk due to the variable rate on its lines of credit.

It is management's opinion that the Society is not exposed to significant currency or credit risk arising from its financial instruments.

There have been no significant changes in the Society's risk exposure from the prior year.

ART GALLERY OF GREATER VICTORIA

Notes to Financial Statements

Year ended March 31, 2022

15. Recast of comparative information:

During the year, the Society determined that an adjustment was required in its comparative information to correct the timing of grant recognition to align with funder terms of award. As the Society has a resolution that all operating fund surplus greater than \$2,000 is to be paid to the Art Gallery of Greater Victoria Foundation, the Society was required to increase 'Donations to AGGV Foundation' as a result of the increased grant recognition. Accordingly, the comparative financial information has been recast as follows:

	As previously stated	Adjustment	As recast
Statement of Financial Position:			
Liabilities:			
Payables and accruals	\$ 359,807	\$ 126,500	\$ 486,307
Deferred contributions	765,218	(126,500)	638,718
	1,125,025	-	1,125,025
Statement of Operations and Changes in Fund Balances:			
Revenue:			
Grants	\$ 1,830,397	\$ 126,500	\$ 1,956,897
Expenses:			
Donations to AGGV Foundation	\$ 110,000	\$ 126,500	\$ 236,500
Excess of revenue over expenses	286,146	-	286,146
Fund balances, end of year	\$ 14,120,535	\$ -	\$ 14,120,535