

Financial Statements

Art Gallery of Nova Scotia
March 31, 2010

ART GALLERY OF NOVA SCOTIA
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MARCH 31, 2010

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AUDITORS' REPORT

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

We have audited the financial statements of the **Art Gallery of Nova Scotia** consisting of the following:

- | | |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Art Gallery of Nova Scotia | - Combined Balance Sheet as at March 31, 2010
Combined Statement of Revenue, Expenditures and Surplus
(Deficit) for the year ended March 31, 2010 |
| Gallery Fund | - Balance Sheet as at March 31, 2010
- Statement of Revenue, Expenditures and Deficit
for the year ended March 31, 2010 |
| Endowment Fund | - Balance Sheet as at March 31, 2010
- Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2010 |
| Acquisition Fund | - Balance Sheet as at March 31, 2010
- Statement of Revenue, Expenditures and Deficit
for the year ended March 31, 2010 |

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.

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

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the revenue described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Gallery as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Halifax, Canada
May 18, 2010

Ernst & Young LLP

Chartered Accountants

Art Gallery of Nova Scotia

COMBINED BALANCE SHEET

As at March 31

	2010	2009
	\$	\$
ASSETS		
Current		
Cash	84,595	82,661
Accounts receivable	261,089	176,518
Inventory	122,258	160,223
Prepaid expenses	21,925	18,900
Total current assets	489,867	438,302
Investments <i>[note 6]</i>	1,533,560	1,676,821
Capital assets, net <i>[note 7]</i>	108,160	149,598
	2,131,587	2,264,721
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	540,955	1,009,504
Deferred revenue	342,248	284,878
Total current liabilities	883,203	1,294,382
Surplus (deficit)		
Deficit - Gallery Fund	(808,101)	(869,263)
Surplus - Endowment Fund <i>[note 5]</i>	2,083,474	1,866,099
Deficit - Acquisition Fund	(26,989)	(26,497)
Total surplus	1,248,384	970,339
	2,131,587	2,264,721

Contingencies *[note 8]*

See accompanying notes

On behalf of the Board:



Governor



Governor

Art Gallery of Nova Scotia

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

Year ended March 31

	Gallery Fund	Endowment Fund	Acquisition Fund	Total 2010	Total 2009
	\$	\$	\$	\$	\$
Revenue					
Operating	2,891,138	—	—	2,891,138	2,264,265
Programming	554,628	—	—	554,628	951,372
Gallery Shop	247,214	—	—	247,214	279,583
Other revenue	—	49,659	95,537	145,196	235,276
Product Development	41,859	—	—	41,859	61,074
	3,734,839	49,659	95,537	3,880,035	3,791,570
Expenditures					
Salaries and benefits	1,530,122	—	—	1,530,122	1,517,950
Programming	620,631	—	—	620,631	1,274,730
Building operations	555,117	—	—	555,117	705,674
Western branch	264,509	—	—	264,509	212,450
Gallery Shop	238,847	—	—	238,847	264,611
Administration	231,495	24,565	54,000	310,060	258,547
Communications and marketing	192,901	—	—	192,901	183,804
Acquisitions	—	—	80,703	80,703	57,944
Product Development	45,202	—	—	45,202	56,804
	3,678,824	24,565	134,703	3,838,092	4,532,514
Excess (deficiency) of revenue over expenditures for the year	56,015	25,094	(39,166)	41,943	(740,944)
Surplus (deficit), beginning of year	(869,263)	1,866,099	(26,497)	970,339	2,155,948
Unrealized loss	—	—	—	—	(445,358)
Unrealized gain	—	208,395	—	208,395	22,423
Realized gain	—	—	—	—	(21,730)
Realized loss	—	27,707	—	27,707	—
Interfund transfers	5,147	(43,821)	38,674	—	—
Surplus (deficit), end of year	(808,101)	2,083,474	(26,989)	1,248,384	970,339

See accompanying notes

Art Gallery of Nova Scotia
Gallery Fund

BALANCE SHEET

As at March 31

	2010	2009
	\$	\$
ASSETS		
Current		
Cash	94,656	77,097
Accounts receivable	202,448	164,777
Due from Endowment Fund	—	24,848
Due from Acquisition Fund	83,890	43,944
Inventory	122,258	160,223
Prepaid expenses	21,925	18,900
Total current assets	525,177	489,789
Capital assets, net <i>[note 7]</i>	108,160	149,598
	633,337	639,387
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities	530,501	996,034
Deferred revenue	342,248	284,878
Total current liabilities	872,749	1,280,912
Due to Endowment Fund	568,689	227,738
	1,441,438	1,508,650
Deficit	(808,101)	(869,263)
	633,337	639,387

See accompanying notes

Art Gallery of Nova Scotia
Gallery Fund

**STATEMENT OF REVENUE, EXPENDITURES
AND DEFICIT**

Year ended March 31

	2010	2009
	\$	\$
Operating revenue		
Province of Nova Scotia - operating grant <i>[note 4]</i>	2,417,000	1,864,000
Donations	102,539	74,172
Rental recoveries	96,768	87,260
Admissions	92,224	107,605
Memberships	61,707	71,408
Sponsorships	49,642	—
Special events	40,493	51,662
Other	30,765	8,158
	2,891,138	2,264,265
Programming revenue		
Exhibitions	412,319	722,196
Education and outreach	142,309	229,176
	554,628	951,372
Shop revenue		
Gallery Shop <i>[Schedule 2]</i>	247,214	279,583
Product Development <i>[Schedule 3]</i>	41,859	61,074
	289,073	340,657
	3,734,839	3,556,294
Expenditures		
Salaries and benefits <i>[Schedule 1]</i>	1,530,122	1,517,950
Programming <i>[Schedule 1]</i>	620,631	1,274,730
Building operations <i>[Schedule 1]</i>	555,117	705,674
Western branch <i>[Schedule 1]</i>	264,509	212,450
Gallery Shop <i>[Schedule 2]</i>	238,847	264,611
Administration <i>[Schedule 1]</i>	231,495	170,491
Communications and marketing <i>[Schedule 1]</i>	192,901	183,804
Product Development <i>[Schedule 3]</i>	45,202	56,804
	3,678,824	4,386,514
Excess (deficiency) of revenue over expenditures		
for the year	56,015	(830,220)
Deficit, beginning of year	(869,263)	(117,508)
Contribution from Endowment Fund	5,147	78,465
Deficit, end of year	(808,101)	(869,263)

See accompanying notes

Art Gallery of Nova Scotia
Endowment Fund

BALANCE SHEET

As at March 31

	2010	2009
	\$	\$
ASSETS [note 5]		
Current		
Cash	—	4,391
Accounts receivable	525	1,247
Due from Acquisition Fund	13,750	13,750
Total current assets	14,275	19,388
Investments [note 6]	1,533,560	1,676,821
Due from Gallery Fund	568,689	227,738
	2,116,524	1,923,947
LIABILITIES AND SURPLUS		
Current		
Bank indebtedness	50	—
Due to Gallery Fund	—	24,848
Due to Acquisition Fund	33,000	33,000
Total current liabilities	33,050	57,848
Surplus		
Restricted	460,566	479,315
Unrestricted	1,622,908	1,386,784
Total surplus	2,083,474	1,866,099
	2,116,524	1,923,947

See accompanying notes

Art Gallery of Nova Scotia
Endowment Fund

**STATEMENT OF REVENUE, EXPENDITURES
AND SURPLUS**

Year ended March 31

	2010	2009
	\$	\$
Revenue [note 5]		
Investment income	31,607	169,714
Life members' fees	12,550	—
Donations	5,502	6,843
	<u>49,659</u>	<u>176,557</u>
Expenditures [note 5]		
Trustee fees	19,425	19,303
Donor restricted projects	5,000	7,769
Promotion and public relations	140	3,502
	<u>24,565</u>	<u>30,574</u>
Excess of revenue over expenditures for the year	25,094	145,983
Surplus, beginning of year	1,866,099	2,281,835
Unrealized loss	—	(445,358)
Unrealized gain	208,395	22,423
Realized gain	—	(21,730)
Realized loss	27,707	—
Contribution to Acquisition Fund	(38,674)	(38,589)
Contribution to Gallery Fund	(5,147)	(78,465)
Surplus, end of year	2,083,474	1,866,099
Less: restricted surplus [note 5]	<u>(460,566)</u>	(479,315)
Unrestricted surplus, end of year	1,622,908	1,386,784

See accompanying notes

Art Gallery of Nova Scotia
Acquisition Fund

BALANCE SHEET

As at March 31

	2010	2009
	\$	\$
ASSETS		
Current		
Cash	—	1,172
Accounts receivable	58,116	10,494
Due from Endowment Fund	33,000	33,000
Total current assets	91,116	44,666
LIABILITIES AND DEFICIT		
Current		
Bank indebtedness	10,011	—
Accounts payable	10,454	13,469
Due to Endowment Fund	13,750	13,750
Due to Gallery Fund	83,890	43,944
Total current liabilities	118,105	71,163
Deficit	(26,989)	(26,497)
	91,116	44,666

See accompanying notes

Art Gallery of Nova Scotia
Acquisition Fund

**STATEMENT OF REVENUE, EXPENDITURES
AND DEFICIT**

Year ended March 31

	2010	2009
	\$	\$
Revenue		
Donations		
Appraisal	35,731	14,269
Regular	20,344	4,729
Art sales and rental society	4,500	12,500
Other	4,261	8,534
Friends of the Gallery	—	4,875
Grants [note 4]	30,000	12,500
Miscellaneous	701	1,312
	<u>95,537</u>	<u>58,719</u>
Expenditures		
Acquisitions	80,703	57,944
Appraisal and professional fees	50,729	39,655
Shipping	3,115	17,684
Bank charges	156	28
Miscellaneous	—	115
	<u>134,703</u>	<u>115,426</u>
Excess of expenditures over revenue for the year	(39,166)	(56,707)
Deficit, beginning of year	(26,497)	(8,379)
Contribution from Endowment Fund	38,674	38,589
Deficit, end of year	(26,989)	(26,497)

See accompanying notes

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

1. PURPOSE OF THE ORGANIZATION

The Art Gallery of Nova Scotia's (the "AGNS" or the "Gallery") mandate is to preserve the Province's unique visual and cultural history through the acquisition, conservation and display of art, and the provision of art education to learners of all ages.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

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

Fund accounting

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

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

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

The purpose of the *AGNS Acquisition Fund* is to acquire, by gift or purchase, works of art for the Provincial Collection and cover costs associated with acquiring these works.

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Deferral method

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

Cash

Cash consists of bank balances and cash on hand.

Inventory

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

Investments and investment income

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

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

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital assets

Capital assets purchased by the AGNS are recorded at cost. Capital assets are depreciated on a declining balance basis at the following rates:

<u>Category</u>	<u>Rate</u>
Storage vault	30%
Security system	30%
Software	50%
Equipment	30%

Measurement uncertainty

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

Revenue recognition

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

Acquisitions

Acquisitions of works of art, including donated works, become the property of the Province of Nova Scotia. Accordingly, acquisitions paid for by the AGNS are expensed in the year acquired. Acquisitions expensed in the current year amounted to \$80,703 (2009 - \$57,944).

Other income

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

Contributed goods and services

Volunteers contributed approximately 25,000 hours during 2010 to assist the AGNS in carrying out its mandate. Also, the Province of Nova Scotia provides the AGNS with use of its premises at no cost. Because of the difficulty in determining the fair value, contributed goods and services are not recognized in the financial statements.

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Statement of cash flows

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

Allocation of expenditures

The costs of each function include the costs of personnel and other expenditures that are directly related to the function. General support and other costs are not allocated.

Change in accounting estimate with prospective application

During 2009, the AGNS was required to account for retroactive salary increases due to the conversion of certain employees from casual status to civil servant status, which was based on an estimate of job classifications. Management's estimate at March 31, 2009 to account for the retroactive pay was based on the information available at that time. Subsequently, a change in estimate was made with the impact recorded through the current year salaries and benefits expense. The result was a decrease in accounts payable and a decrease in salaries and benefits expense of \$44,464.

3. ADOPTION OF NEW ACCOUNTING POLICIES

a) Changes in accounting policies

Financial statement presentation

Effective April 1, 2009, the AGNS has adopted those revisions to the 4400 series and certain other sections of The Canadian Institute of Chartered Accountants ["CICA"] Handbook related to not-for-profit organizations. The revisions that have been adopted together with their impact are set out below.

The adoption of CICA 1540, *Cash Flow Statements*, requires the presentation of investing and financing activities in separate sections as well as other supplementary disclosures and reclassifications of certain numbers in the statement of cash flows. This adoption of this change had the impact of adding disclosure to explain the absence of a statement of cash flows.

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

3. ADOPTION OF NEW ACCOUNTING POLICIES (CONT'D)

In accordance with CICA 4400, *Financial Statement Presentation for Not-for-Profit Organizations*, certain revenue and expenditures, previously presented net on the statement of revenue, expenditures and surplus (deficit), with the details in the notes to the financial statements, are now presented on a gross basis. The adoption of this change had the impact of reporting special events, Gallery Shop, and Product Development activities at gross revenues and expenditures instead of net.

Additional disclosures required as a result of adopting CICA 4470, *Disclosure of Allocated Expenses for Not-for-Profit Organizations*, are provided in note 2, Summary of Significant Accounting Policies.

In accordance with CICA 4400, *Financial Statement Presentation for Not-for-Profit Organizations*, the requirement to separately disclose the amount of net assets invested in capital assets has been eliminated. The AGNS was not required to make any adjustments to the reporting of its surplus (deficit) as a result of adopting this standard.

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

4. GOVERNMENT ASSISTANCE

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

	2010	2009
	\$	\$
Gallery Fund		
Nova Scotia Department of Tourism, Culture and Heritage	2,417,000	1,864,000
Canada Council for the Arts	165,000	160,000
Department of Education	50,000	55,000
Federal Department of Canadian Heritage	48,222	191,500
Nova Scotia Department of Tourism, Culture and Heritage	30,000	—
Office of African Nova Scotia Affairs	—	10,000
	2,710,222	2,280,500
Acquisition Fund		
Canada Council for the Arts	30,000	—
Federal Department of Canadian Heritage	—	12,500
	30,000	12,500
	2,740,222	2,293,000

During the year, \$2,634,961 of the above funding is recognized in operating and programming revenue and \$105,261 is recorded in deferred revenue.

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

5. ENDOWMENT FUND

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

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

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

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

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

6. INVESTMENTS

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

	2010		2009	
	Cost \$	Market value \$	Cost \$	Market value \$
Endowment Fund				
Common equity	936,940	948,712	1,092,727	874,085
Short-term notes	11,669	11,669	6,844	6,844
Bonds and debentures	545,068	573,179	773,469	795,892
	1,493,677	1,533,560	1,873,040	1,676,821

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

7. CAPITAL ASSETS

Capital assets consist of the following:

	2010	2009
	\$	\$
Storage vault	122,718	123,280
Security system	20,630	20,630
Software	8,101	8,101
Equipment	7,948	7,948
	<u>159,397</u>	<u>159,959</u>
Accumulated depreciation	<u>(51,237)</u>	<u>(10,361)</u>
	<u>108,160</u>	<u>149,598</u>

8. CONTINGENCIES

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

9. FINANCIAL INSTRUMENTS

Fair value

The AGNS's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The difference between the carrying values and the fair market values of the financial instruments is not material due to their short-term maturities. Investments are recorded at fair value as disclosed in note 2, with additional detail in note 6.

Risk management

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

Art Gallery of Nova Scotia

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

9. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

The AGNS is an agency of the Province of Nova Scotia that is subject to credit risk through its accounts receivable, which consist primarily of revenue from its members and donors and who operate in various industries. An appropriate allowance is established for doubtful accounts based on the factors surrounding the credit risk of specific government or members, historical trends and other information.

Liquidity risk

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

Market, foreign currency and interest rate price risks

The AGNS is subject to market risk, foreign currency risk and interest rate price risk with respect to its investment portfolio. To manage these risks, the AGNS has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

10. CAPITAL MANAGEMENT

In managing capital, the AGNS focuses on liquid resources available for operations. The AGNS's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2010, the AGNS has met its objective of having sufficient liquid resources to meet its current obligations.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE OF EXPENDITURES

Year ended March 31

	2010	2009
	\$	\$
Salaries and benefits		
Salaries and employee benefits	1,530,122	1,517,950
Programming		
Exhibitions	466,396	986,595
Collection management	73,283	31,362
Education and outreach	66,181	246,467
Vehicles	9,337	4,860
Other	5,434	5,446
	<u>620,631</u>	<u>1,274,730</u>
Building operations		
Utilities	261,735	233,156
Building maintenance and cleaning	153,923	130,130
Insurance	51,528	32,208
Elevator maintenance	18,285	19,327
Climate control	17,453	85,862
Depreciation	40,876	10,361
Security and interpreters	11,317	194,630
	<u>555,117</u>	<u>705,674</u>
Western branch		
Salaries and benefits	145,093	92,158
Building operations	61,776	86,960
Programming	33,242	26,863
Travel	17,229	6,469
Other	7,169	—
	<u>264,509</u>	<u>212,450</u>
Administration		
Travel	35,496	28,827
Telephone	32,284	24,110
Bad debts	28,830	—
Technology	27,498	20,451
Stationery and postage	25,725	30,897
Professional fees	24,996	25,144
Miscellaneous	15,552	11,913
Equipment rental	14,836	14,451
Staff relocation	11,193	—
Bank charges	9,343	11,173
Memberships	5,742	3,525
	<u>231,495</u>	<u>170,491</u>
Communications and marketing		
Development/public relations/printing/publications	139,105	171,065
Special events	53,796	12,739
	<u>192,901</u>	<u>183,804</u>

SCHEDULE OF REVENUE AND EXPENDITURES

Year ended March 31

	2010	2009
	\$	\$
Revenue		
Art and craft sales	174,380	196,015
Art and craft sales on consignment	44,646	55,369
Books, notes and posters	28,188	28,199
	<u>247,214</u>	<u>279,583</u>
Cost of sales	<u>124,648</u>	<u>143,609</u>
Gross profit	<u>122,566</u>	<u>135,974</u>
Expenditures		
Salaries and benefits	102,410	107,578
Office and administration	11,789	13,424
	<u>114,199</u>	<u>121,002</u>
Excess of gross profit over expenditures for the year	<u>8,367</u>	<u>14,972</u>

SCHEDULE OF REVENUE AND EXPENDITURES

Year ended March 31

	2010	2009
	\$	\$
Revenue	41,859	61,074
Cost of sales	30,048	36,753
Gross profit	11,811	24,321
Expenditures		
Salaries and employee benefits	11,198	14,378
Promotional	—	1,926
Office and administration	3,956	3,747
	15,154	20,051
(Deficiency) excess of gross profit over expenditures for the year	(3,343)	4,270