

NATIONAL GALLERY OF CANADA
QUARTERLY FINANCIAL STATEMENTS
For the three-month period ended June 30, 2024
UNAUDITED

MANAGEMENT DISCUSSION AND ANALYSIS OF QUARTERLY FINANCIAL STATEMENTS

For the three-month period ended June 30, 2024

STRATEGIC DIRECTION

For the 2024–25 to 2028–29 planning period, the Gallery will focus on five strategic pillars through which it plans to deliver its mandate and realize its mission:

- Strengthen Community Connections Through Transformative Art Experiences
- Build a Collection and Program That Inspire Human Connection
- Empower, Support and Build a Diverse and Collaborative Team
- Centre Indigenous Ways of Knowing and Being
- Invest in Operational Resilience and Sustainability

STATEMENT OF OPERATIONS

The Gallery posted an operating deficit of \$1.1 million during the three-month period, compared to an operating deficit of \$0.4 million over the same period last year, and a \$0.8 million deficit in 2022-23 which was the last year the NGC opened the Venice Biennale in the first quarter.

The Gallery earned \$2.8 million in operating revenue during the period, an increase over the \$0.7 million earned in the same period last year. Funds received pursuant to a co-ownership agreement with the Art Galler of Nova Scotia for *Moving Off the Land II* by Joan Jonas had a significant impact resulting in an increase of \$0.3 million in operating revenue. Activity in Rental of Public Spaces increased by \$0.1 million. Contributions from individuals, corporations, and foundations increased by 0.4 million.

Excluding acquired items for the Collection, the Gallery spent \$15.9 million on operating expenses, compared to \$13.3 million over the same period last year. Gallery had notable increases in salaries and employee benefits due to negotiated increases in collective agreements (\$0.8 million) as well as an increase in professional and special services (\$0.8 million) compared to the same quarter last year largely due to fabrication and fit-up for the Venice Biennale which opened in April in Italy.

The Gallery purchased items for the Collection valued at \$1.2 million, compared to \$1.0 million in the same period last year. The Gallery was also in receipt of generously contributed items for the Collection valued at \$1.4 million compared to \$1.1 million in the same three-month period last year.

The Gallery recognized \$12.9 million in Parliamentary appropriations during the period, compared to \$11.6 million in the same period last year. The variance relates to an increase in the Gallery's main estimates for compensation for negotiated agreements and Federal Budget support for essential building maintenance.

FINANCIAL POSITION

Cash and investments totalled \$37.6 million at the end of June. Of this total, \$24.6 million is for restricted purposes including art purchases, capital purchases, and restricted donations.

The Gallery's unrestricted net assets total \$9.6 million at the end of June.

OUTLOOK

The Gallery continues to experience a gradual return to pre-pandemic levels of attendance and associated attendance driven revenues such as admissions, parking, Boutique sales, and memberships. The Gallery is hosting an exciting range of exhibitions through-out the summer including *Shelley Niro: 500 Year Itch*, *Radical Stitch*, *Stan Douglas: 2011 ≠ 1848*, and *HOME: A Space of Sharing and Strength*.

The Gallery is excited to share in the National Capital Commission's redevelopment and upcoming opening of the Kiweki Point (formerly Nepean Point) and Pidaban Bridge right beside the Gallery which will provide amazing vistas of the National Capital Region.

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Jean-François Bélisle
Director and CEO



Mike Testa, CPA, CMA
Chief Financial Officer

Ottawa, Canada
August 26, 2024

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

Assets

	As at June 30, 2024	As at March 31, 2024
Current		
Cash and cash equivalents	\$ 7,133	\$ 7,696
Investments	5,848	6,252
Restricted investments	24,571	24,181
Accounts receivable	580	1,748
Inventory	777	710
Prepaid expenses	532	584
Deposit on items for the Collection (Note 7)	1,339	1,339
Total current assets	40,780	42,510
Collection	1	1
Capital assets	60,013	60,922
	\$ 100,794	\$ 103,433

Liabilities and Net Assets

Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 3,934	\$ 3,822
Accrued salaries and benefits	1,418	2,579
Deferred contributions for the purchase of objects for the Collection	7,496	6,849
Deferred contributions for the purchase of capital assets	2,985	2,348
Other deferred contributions	2,130	2,223
Total current liabilities	17,963	17,821
Deferred contributions for the purchase of capital assets	11,844	12,645
Employee future benefits	654	654
Asset retirement obligations	598	598
Deferred contributions for the amortization of capital assets	59,370	60,279
Total liabilities	90,429	91,997

Net Assets

Unrestricted	9,627	10,698
Investment in capital assets	622	622
Permanently endowed	116	116
Total net assets	10,365	11,436
	\$ 100,794	\$ 103,433

The accompanying notes and schedules form an integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the three months ended June 30

(in thousands of dollars)

	Unrestricted	Investment in capital assets	Permanently endowed	2024	2023
Net assets, beginning of the year	\$ 10,698	622	116	\$ 11,436	\$ 11,337
Net result of operations for the year	(1,071)	-	-	(1,071)	99
Net change in investment in capital assets	-	-	-	-	-
Remainder of the year	-	-	-	-	-
Net assets, end of the year	\$ 9,627	\$ 622	\$ 116	\$ 10,365	\$ 11,436

The accompanying notes and schedules form an integral part of the financial statements.

STATEMENT OF OPERATIONS

(in thousands of dollars)

	Three months ended June 30, 2024	Three months ended June 30, 2023
Revenues		
Operating revenue	\$ 2,754	\$ 2,082
Sponsorships and contributions	459	138
Contributed items for the Collection	1,383	1,077
Total operating revenue, sponsorships, and contributions (Schedule 1)	4,596	3,297
Expenses		
Collection		
Operations	2,504	1,741
Purchase of items for the Collection	1,229	982
Contributed items for the Collection	1,383	1,077
Total - Collection	5,116	3,800
Outreach	5,261	3,365
Accommodation	5,179	4,760
Internal Services	2,969	3,437
Total expenses (Schedule 2)	18,525	15,362
Net results before Parliamentary Appropriations	(13,929)	(12,065)
Parliamentary Appropriations	12,858	11,626
Net Result of Operations	\$ (1,071)	\$ (439)

The accompanying notes and schedules form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the three months ended June 30

(in thousands of dollars)

	2024	2023
Operating activities		
Cash received from clients	\$ 2,619	\$ 1,435
Parliamentary appropriations received	12,255	11,195
Cash paid to suppliers	(7,931)	(5,859)
Payments related to salary and benefits	(8,665)	(6,662)
Interest received	536	434
Total cash flow from (used for) operating activities	(1,186)	543
Investing activities		
Acquisition of investments	(15,000)	(15,000)
Disposal of investments	15,000	14,000
Total cash flow from (used for) investing activities	-	(1,000)
Capital activities		
Payments related to capital acquisitions	(640)	(677)
Total cash flow used for capital activities	(640)	(677)
Financing activities		
Appropriations received for the acquisition of capital assets	250	250
Restricted contributions and related investment income	1,013	1,698
Total cash flow from financing activities	1,263	1,948
Total cash inflows (outflows)	(563)	814
Cash and cash equivalents, beginning of the year		
Unrestricted cash and cash equivalents	7,696	5,174
Restricted cash and cash equivalents	-	-
	7,696	5,174
Cash and cash equivalents, end of the year		
Unrestricted cash and cash equivalents	7,133	5,988
Restricted cash and cash equivalents	-	-
	\$ 7,133	\$ 5,988

The accompanying notes and schedules form an integral part of the financial statements.

SELECTED NOTES TO THE UNAUDITED QUARTERLY FINANCIAL STATEMENTS

For the three months ended June 30, 2024

1. NOTICE TO READER

The unaudited quarterly financial statements must be read in conjunction with the most recent annual audited financial statements and with the narrative discussion that follows.

2. AUTHORITY, OBJECTIVES AND ACTIVITIES

The National Gallery of Canada (the Gallery) was established on July 1st, 1990, by the *Museums Act* as a Crown corporation under Part I of Schedule III to the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*.

The Gallery's mandate as stated in the *Museums Act* is to develop, maintain and make known throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians.

The Gallery's operations are divided into four mutually supportive activities which work together to meet all aspects of its mandate. These activities are:

Collection

The Gallery collects Canadian and international art. It conducts research that contributes to the advancement of knowledge and understanding of Canadian and international art. It also preserves its national collection for present and future generations, through restoration and conservation.

Outreach

The Gallery furthers knowledge, understanding and enjoyment of the visual arts through onsite and travelling exhibitions, which it produces alone, or in partnership with other museums. It lends works of art from the national collection for inclusion in a wide range of special exhibitions produced by other museums in Canada and abroad. It undertakes educational initiatives that contribute to an increased understanding of the visual arts – including tours, lectures, audio and print guides, videos, workshops, in-gallery activities for families, educational programs for children, resources for teachers, and special exhibition-related programming. The Gallery develops a range of art-related content for its website and social media platforms, and produces exhibition catalogues and publications, in print and digital format, contributing to the shared knowledge of art history.

Accommodation

The Gallery operates from its flagship building on Sussex Drive in Ottawa, manages two leased storage facilities and the Canada Pavilion in Venice, Italy, and occupies space in the Ingenium Centre of the National Museum of Science and Technology Corporation. It ensures that building operations are carried out efficiently, and that sound investments are made in capital infrastructure, so that facilities are secure and suitable for visitors, staff, volunteers and contractors, as well as for the preservation and exhibition of the national collection.

Internal Services

The Gallery maintains and ensures sound governance, effective financial and human resource management, and revenue optimization, in support of its programs and initiatives.

3. BASIS OF PRESENTATION

These unaudited financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) for government not-for-profit organizations (GNFPO). The Gallery has prepared these financial statements under Section 4200 series of PSAS. Accounting policies and methods of computation in these quarterly statements are consistent with those of the annual financial statements. The Gallery applies the deferral method of accounting for contributions for government not-for-profit organizations.

4. TOTAL APPROPRIATIONS AUTHORIZED BY PARLIAMENT

For the fiscal year ended March 31

(in thousands of dollars)

For operating and capital expenditures	2025	2024
Main estimates	\$ 42,020	\$ 37,778
Supplementary estimates	-	4,949
	42,020	42,727
For the purchase of items for the Collection	8,000	8,000
Total appropriations authorized by Parliament	\$ 50,020	\$ 50,727

5. PARLIAMENTARY APPROPRIATIONS RECOGNIZED AS REVENUE

For the three months ended June 30

(in thousands of dollars)

For operating and capital expenditures	2024	2023
Main estimates	\$ 10,505	\$ 9,444
Supplementary estimates	-	-
	10,505	9,444
Appropriations deferred for the purchase of capital assets	(250)	(250)
Amortization of deferred contributions related to appropriations	1,250	1,250
	11,505	10,444
For the purchase of items for the Collection		
Main estimates	2,000	2,000
Appropriations recognized from prior years	6,849	5,550
Appropriations deferred to future years	(7,496)	(6,368)
	1,353	1,182
Total Parliamentary appropriations	\$ 12,858	\$ 11,626

6. DEFERRED CONTRIBUTIONS

For the three months ended June 30
(in thousands of dollars)

	Deferred contributions for the purchase of objects for the Collection	Deferred contributions for the purchase of capital assets	Other deferred contributions	2024	2023
Beginning balance, as at April 1	6,849 \$	14,993 \$	2,223 \$	24,065 \$	21,821
Appropriations received in the period	2,000	250	-	2,250	2,250
Other funding	-	-	366	366	107
	8,849	15,243	2,589	26,681	24,178
Amounts recognized as revenue in the period	(1,153)	-	(459)	(1,612)	(1,085)
Related acquisition costs	(200)	-	-	(200)	(200)
Purchase of capital assets in the period	-	(414)	-	(414)	(501)
Ending balance	\$ 7,496 \$	\$ 14,829 \$	\$ 2,130 \$	\$ 24,455 \$	22,392

7. DEFERRED CONTRIBUTIONS FOR THE AMORTIZATION OF CAPITAL ASSETS

These amounts represent the unamortized portion of Parliamentary appropriations and donations used to purchase depreciable capital assets.

For the three months ended June 30
(in thousands of dollars)

	2024	2023
Balance, beginning of period	\$ 60,279 \$	63,367
Acquisition of capital assets	416	502
Amortization of capital assets	(1,325)	(1,325)
Balance, end of period	\$ 59,370 \$	62,544

SCHEDULE #1: OPERATING REVENUE, SPONSORSHIPS, AND CONTRIBUTIONS

For the three months ended June 30

(in thousands of dollars)

Operating Revenue:	2024	2023
Boutique and publishing	\$ 520	\$ 444
Admissions	600	570
Parking	333	296
Memberships	134	137
Rental of public spaces	122	19
Education services	28	28
Art loans	84	13
Travelling exhibitions	50	57
Food services	21	35
Interest	522	465
Proceeds of co-ownership agreement	324	-
Other	16	18
	2,754	2,082
Sponsorships and Contributions:		
Sponsorships	-	35
Contributions:		
Contributed items for the Collection	1,383	1,077
From the National Gallery of Canada Foundation	75	75
From other individuals, corporations and foundations	384	28
	1,842	1,215
Operating revenue, sponsorships and contributions	\$ 4,596	\$ 3,297

SCHEDULE #2: EXPENSES

For the three months ended June 30

(in thousands of dollars)

	2024	2023
Salaries and employee benefits	\$ 7,504	\$ 6,686
Purchased items for the Collection	1,228	982
Contributed items for the Collection	1,383	1,077
Amortization of capital assets	1,325	1,325
Payments in lieu of taxes	836	825
Professional and special services	1,623	835
Insurance	349	193
Repairs and maintenance of buildings and equipment	1,262	1,142
Protection services	982	946
Utilities, materials and supplies	557	514
Freight, cartage and postage	191	28
Travel for public servants	149	98
Travel for non-public servants	266	109
Hospitality	23	7
Conferences, training and related travel	34	8
Publications	170	34
Cost of goods sold – boutique	274	230
Advertising	71	75
Rent	146	147
Communications	47	48
Library purchases	31	14
Rentals of equipment	54	28
Fellowships	5	-
Miscellaneous	15	11
Total expenses	\$ 18,525	\$ 15,362