

NATIONAL GALLERY OF CANADA

QUARTERLY FINANCIAL STATEMENTS

For the six-month period ended September 30, 2024

UNAUDITED

MANAGEMENT DISCUSSION AND ANALYSIS OF QUARTERLY FINANCIAL STATEMENTS

For the six-month period ended September 30, 2024

The Gallery is committed to effective stewardship of public and private funding, and to transparent and accountable operations in accordance with the pillars of its Strategic Plan.

STRATEGIC DIRECTION

For the 2024–25 fiscal year the Gallery will continue to focus on its 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 NGC posted an operating deficit of \$0.9 million during the first two quarters, compared to an operating deficit of \$0.5 million over the same period of the prior year.

The NGC earned \$5.3 million in operating revenue, an increase over the \$4.8 million earned for the first six months of 2023-24. Funds received pursuant to a co-ownership agreement with the Art Gallery of Nova Scotia for *Moving Off the Land II* by Joan Jonas had a significant impact resulting in over half of the increase at \$0.3 million, and the Gallery has seen a return of rental of public spaces which increased by \$0.2 million. Contributed items for the collection (art donations) received were \$9.8 million higher in value for the six-months compared to the previous fiscal year.

Excluding acquired items for the Collection, the Gallery spent \$31.5 million on operating expenses, compared to \$27.5 million over the same period last year. The most significant increase was to salaries and employee benefits (\$1.9 million) due to a new collective agreement with its largest union. Professional and special services increased (\$0.8 million) compared to last year and travel costs for non-public servants also increased by \$0.2 million.

The Gallery acquired new items for the Collection valued at \$3.1 million and was also in receipt of generously contributed items for the Collection (art donations) valued at \$11.2 million, a significant increase compared to the \$1.3 million received in the same six-month of the prior year.

Parliamentary appropriations of \$26.4 million were recognized during the period, compared to \$24.7 million in the same period last year. The majority of the variance relates to an increase in the Gallery's main estimate appropriations.

FINANCIAL POSITION

Cash and investments totalled \$35.2 million at the end of September. Of this total, \$24.3 million is for restricted purposes including art purchases, capital investments, and restricted donations.

The Gallery's unrestricted net assets at the end of September total \$9.8 million.

OUTLOOK

The Gallery continues to experience a gradual return to pre-pandemic levels of attendance and associated revenues such as admissions, parking, Boutique sales, and memberships. Increased inflationary pressures on all expenditures including essential costs to operate the facility continue to challenge the Gallery's program integrity and ability to achieve its mandate. This is expected to become even more challenging in the next fiscal year and ongoing with appropriation levels expected to return to their base levels.

The Gallery is hosting an exciting range of exhibitions throughout the fall and winter season including *WOVEN HISTORIES: Textiles and Modern Abstraction*, *GATHERED LEAVES: Visions from the drawings vault*, *HOME: A Space of Sharing and Strength*, *2024 Sobey Art Awards*, and *2024 Governor General's Awards*.

The NGC is excited to share in the National Capital Commission's redevelopment of Kìwekì Point (formerly Nepean Point) and the Pìdàban Bridge located on the west side of the Gallery and is expected to open to the public in Spring 2025.

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
November 28, 2024

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

Assets

	As at Sept 30, 2024	As at March 31, 2024
Current		
Cash and cash equivalents	\$ 4,758	\$ 7,696
Investment	6,056	6,252
Restricted investment	24,346	24,181
Accounts receivable	2,174	1,748
Inventory	851	710
Prepaid expenses	338	584
Deposit on items for the Collection	2,546	1,339
Total Current Assets	41,069	42,510
Collection	1	1
Capital Assets	59,108	60,922
	\$ 100,178	\$ 103,433

Liabilities and Net Assets

Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 4,329	\$ 3,822
Accrued salaries and benefits	1,389	2,579
Deferred contributions for the purchase of objects for the Collection	7,476	6,849
Deferred contributions for the purchase of capital assets	2,565	2,348
Other deferred contributions	2,096	2,223
Total Current Liabilities	17,855	17,821
Deferred contributions for the purchase of capital assets	12,093	12,645
Employee future benefits	654	654
Asset retirement obligations	598	598
Deferred contributions for the amortization of capital assets	58,465	60,279
Total Liabilities	89,665	74,176

Net Assets

Unrestricted	9,775	10,698
Investment in capital assets	622	622
Permanently endowed	116	116
Total Net Assets	10,513	11,436
	\$ 100,178	\$ 103,433

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

STATEMENT OF CHANGES IN NET ASSETS**For the six months ended September 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	\$ 11,338
Net result of operations for the year	(923)	-	-	(923)	(494)
Net change in investment in capital assets	-	-	-	-	-
Remainder of the year	-	-	-	-	592
Net assets, end of the year	\$ 9,775	\$ 622	\$ 116	\$ 10,513	\$ 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 Sept 30, 2024	Three months ended Sept 30, 2023	Six months ended Sept 30, 2024	Six months ended Sept 30, 2023
Revenues				
Operating revenue	\$ 2,580	\$ 2,707	\$ 5,334	\$ 4,789
Sponsorships and contributions	1,517	829	1,976	967
Contributed items for the Collection	9,809	268	11,192	1,345
Total operating revenue, sponsorships, and contributions (Schedule 1)	13,906	3,804	18,502	7,101
Expenses				
Collection				
Operations	2,240	1,813	4,744	3,554
Purchase of items for the Collection	1,882	2,467	3,111	3,449
Contributed items for the Collection	9,809	268	11,192	1,345
Total - Collection	13,931	4,548	19,047	8,348
Outreach	4,332	3,926	9,593	7,291
Accommodation	5,279	5,025	10,458	9,785
Internal Services	3,741	3,473	6,710	6,910
Total expenses (Schedule 2)	27,283	16,972	45,808	32,334
Net results before Parliamentary Appropriations	(13,377)	(13,168)	(27,306)	(25,233)
Parliamentary Appropriations	13,525	13,113	26,383	24,739
Net Result of Operations	\$ 148	\$ (55)	\$ (923)	(494)

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

STATEMENT OF CASH FLOWS**For the six months ended September 30**

(in thousands of dollars)

	2024	2023
Operating activities		
Cash received from clients	\$ 3,127 \$	4,011
Parliamentary appropriations received	24,510	22,389
Cash paid to suppliers	(16,851)	(14,291)
Payments related to salary and benefits	(16,615)	(13,440)
Interest received	1,031	908
Total cash flow used for operating activities	(4,798)	(423)
Investing activities		
Acquisition of investments	(30,000)	(30,000)
Disposal of investments	30,000	29,000
Total cash flow from (used for) investing activities	-	(1,000)
Capital activities		
Payments related to capital acquisitions	(1,061)	(1,171)
Total cash flow used for capital activities	(1,061)	(1,171)
Financing activities		
Funding for the acquisition of capital assets	500	500
Restricted contributions and related investment income	2,421	1,757
Total cash flow from financing activities	2,921	2,257
Total cash inflows (outflows)	(2,938)	(337)
Cash and cash equivalents, beginning of the year	7,696	5,174
Cash and cash equivalents, end of the period	\$ 4,758 \$	4,837

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

SELECTED NOTES TO THE UNAUDITED QUARTERLY FINANCIAL STATEMENTS

For the six months ended September 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 six months ended September 30
(in thousands of dollars)

		Three months ended Sept 30, 2024		Three months ended Sept 30, 2023		Six months ended Sept 30, 2024		Six months ended Sept 30, 2023
For operating and capital expenditures								
Main estimates	\$	10,505	\$	9,445	\$	21,010	\$	18,889
Supplementary estimates						-		-
		10,505		9,445		21,010		18,889
Appropriations deferred for the purchase of capital assets		(250)		(250)		(500)		(500)
appropriations		1,250		1,250		2,500		2,500
		11,505		10,445		23,010		20,889
For the purchase of items for the Collection								
Main estimates		2,000		2,000		4,000		4,000
Appropriations recognized from prior years		6,849		6,368		6,849		5,550
Appropriations deferred to future years		(7,496)		(5,700)		(7,476)		(5,700)
		1,353		2,668		3,373		3,850
Total Parliamentary appropriations	\$	12,858	\$	13,113	\$	26,383	\$	24,739

6. DEFERRED CONTRIBUTIONS

For the six months ended September 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	4,000	500	-	4,500	4,500
Other funding	138	-	1,849	1,987	933
	10,987	15,493	4,072	30,552	27,254
Amounts recognized as revenue in the period	(3,111)	-	(1,976)	(5,087)	(4,377)
Related acquisition costs	(400)	-	-	(400)	(400)
Purchase of capital assets in the period	-	(835)	-	(835)	(995)
Ending balance	\$ 7,476	\$ 14,658	\$ 2,096	\$ 24,230	\$ 21,482

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.

(in thousands of dollars)

	Three months ended Sept 30, 2024	Three months ended Sept 30, 2023	Six months ended Sept 30, 2024	Six months ended Sept 30, 2023
Balance, beginning of period	\$ 59,370	\$ 62,543	\$ 60,279	\$ 63,367
Acquisition of capital assets	420	495	836	996
Amortization of capital assets	(1,325)	(1,325)	(2,650)	(2,650)
Balance, end of period	\$ 58,465	\$ 61,713	\$ 58,465	\$ 61,713

SCHEDULE #1: OPERATING REVENUE, SPONSORSHIPS, AND CONTRIBUTIONS

For the six months ended September 30

(in thousands of dollars)

		2024		2023
Operating Revenue:				
Boutique and publishing	\$	1,131	\$	1,057
Admissions		1,362		1,326
Parking		683		624
Memberships		272		270
Rental of public spaces		278		109
Education services		31		35
Art loans		94		34
Travelling exhibitions		50		231
Food services		76		112
Interest		1,001		956
Proceeds of co-ownership agreement		324		-
Other		32		35
		5,334		4,789
Sponsorships and Contributions:				
Sponsorships		100		40
Contributions				
Contributed items for the Collection		11,192		1,345
From the National Gallery of Canada Foundation		1,393		847
From other individuals, corporations and foundations		483		80
		13,168		2,312
Operating revenue, sponsorships and contributions	\$	18,502	\$	7,101

SCHEDULE #2: EXPENSES

For the six months ended September 30

(in thousands of dollars)

		2024		2023
Salaries and employee benefits	\$	15,425	\$	13,545
Purchased items for the Collection		3,111		3,449
Contributed items for the Collection		11,192		1,345
Amortization of capital assets		2,650		2,650
Payments in lieu of taxes		1,700		1,683
Professional and special services		2,671		1,838
Insurance		349		251
Repairs and maintenance of buildings and equipment		2,528		2,363
Protection services		1,996		1,951
Utilities, materials and supplies		1,310		1,139
Freight, cartage and postage		382		165
Travel for public servants		253		210
Travel for non-public servants		395		166
Hospitality		41		39
Conferences, training and related travel		60		20
Publications and printing		250		151
Cost of goods sold – boutique		583		554
Advertising		315		250
Rent		296		295
Communications		96		113
Library purchases		62		51
Rentals of equipment		88		75
Fellowships		24		6
Miscellaneous		31		25
Total expenses	\$	45,808	\$	32,334