Art Gallery of Ontario

Financial statements
March 31, 2025

Shape the future
with confidence

Managerial responsibilities

The Board of Trustees, which is responsible for, among other things, the financial statements of the **Art Gallery of Ontario** [the “Gallery”], delegates to management the responsibility of the financial statements. Responsibility for their review is that of the Finance Committee. Each year, the Trustees of the Gallery appoint independent auditors to audit and report directly to them on the financial statements. The financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, which were consistently applied. Management maintains a system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Management believes its system provides the appropriate balance in this respect.

The Gallery’s Finance Committee, which carries out the function of an Audit Committee, is appointed by the Board of Trustees annually. The Finance Committee is comprised of members of the Board and two ex-officio non-voting members of management. The Finance Committee meets with management and with the independent auditors [who have free access to the Finance Committee] to satisfy itself that each group is properly discharging its responsibilities and to review the financial statements and the independent auditor’s report. The Finance Committee reports its findings to the Board of Trustees for its consideration in approving the financial statements for issuance to the Members of the Gallery.

[redacted]

Michael and Sonja Koerner Director and CEO
June 25, 2025

Independent auditor's report

To the Members of the
Art Gallery of Ontario

We have audited the financial statements of the **Art Gallery of Ontario** [the "Gallery"], which comprise the balance sheet as at March 31, 2025, and the statement of operations and changes in net surplus and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Gallery as at March 31, 2025, 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Gallery in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Gallery's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Gallery or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gallery's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gallery's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Gallery to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 25, 2025

Art Gallery of Ontario

Balance sheet
[in thousands of dollars]

As at March 31

	2025	2024
	$	$
Assets		
Current		
Cash	**19,971**	9,331
Short-term investment	**14,200**	12,200
Grants and accounts receivable *[note 14[b]]*	**1,214**	3,721
Inventories	**957**	1,092
Other assets *[note 3]*	**513**	542
Total current assets	**36,855**	26,886
Works of art, at nominal value *[note 4]*	**1**	1
Capital assets, net *[note 5]*	**209,838**	196,421
Accrued pension asset *[note 12]*	**12,569**	11,110
Total assets	**259,263**	234,418
Liabilities and net surplus		
Current		
Accounts payable and accrued liabilities	**14,500**	11,636
Deferred contributions *[note 7]*	**59,554**	35,324
Deferred revenue	**5,703**	5,709
Current portion of long-term debt *[note 6[b]]*	**444**	444
Total current liabilities	**80,201**	53,113
Long-term debt *[note 6[b]]*	**2,806**	3,250
Deferred capital contributions *[note 8]*	**164,857**	173,044
Total liabilities	**247,864**	229,407
Net surplus *[note 10]*	**11,399**	5,011
	259,263	234,418

See accompanying notes

On behalf of the Board of the Trustees:

[redacted]

Rupert Duchesne
President
Trustee

[redacted]

Beth Horowitz
Chair, Finance Committee
Trustee

Art Gallery of Ontario

Statement of operations and changes in net surplus

[in thousands of dollars]

Year ended March 31

	2025	2024
	$	$
Revenue		
Government grants *[note 9]*	**26,334**	22,317
Admissions	**3,037**	2,556
Membership fees	**4,774**	4,532
Donations and bequests *[notes 7 and 16]*	**11,360**	11,438
Programming and education	**1,311**	1,704
Gallery shop	**3,297**	4,780
Food and beverage	**9,671**	11,350
The Art Gallery of Ontario Foundation *[note 14[b]]*	**10,999**	8,661
Investment income	**263**	432
Gifted works of art *[note 4]*	**44,564**	27,864
Miscellaneous	**1,977**	1,770
Amortization of deferred capital contributions *[note 8]*	**10,595**	9,996
	128,182	107,400
Expenses		
Administration *[note 13]*	**8,275**	9,367
Physical plant and security	**10,289**	11,091
Curatorial, collections and exhibitions	**15,704**	17,469
Programming and education	**3,700**	4,656
Membership and fundraising *[note 16]*	**4,651**	5,290
Visitor welcome, marketing and promotion	**6,240**	6,371
Gallery shop *[note 13]*	**3,101**	4,016
Food and beverage *[note 13]*	**9,768**	11,028
Accession of art for collection *[note 4]*		
Gifted	**44,564**	27,864
Purchased	**5,396**	1,289
Amortization of capital assets	**11,115**	10,495
Interest *[note 6[b]]*	**228**	289
	123,031	109,225
Excess (deficiency) of revenue over expenses for the year	**5,151**	(1,825)
Net surplus (deficit), beginning of year	**5,011**	(3,867)
Remeasurements related to pension plan	**1,237**	10,703
Net surplus, end of year *[note 10]*	**11,399**	5,011

See accompanying notes

Art Gallery of Ontario

Statement of cash flows

[in thousands of dollars]

Year ended March 31

	2025	2024
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**5,151**	(1,825)
Add (deduct) items not affecting cash		
Amortization of capital assets	**11,115**	10,495
Amortization of deferred capital contributions	**(10,595)**	(9,996)
Pension expense	**1,821**	2,445
Net change in non-cash working capital balances related to operations *[note 11]*	**25,700**	8,790
Employer contributions to pension plan	**(2,043)**	(2,584)
Cash provided by operating activities	**31,149**	7,325
Investing activities		
Purchase of short-term investment	**(2,000)**	(5,200)
Purchase of capital assets *[note 11]*	**(20,473)**	(6,849)
Cash used in investing activities	**(22,473)**	(12,049)
Financing activities		
Repayment of long-term debt	**(444)**	(444)
Contributions restricted for capital asset purchases *[note 8]*	**2,408**	1,192
Cash provided by financing activities	**1,964**	748
Net increase (decrease) in cash during the year	**10,640**	(3,976)
Cash, beginning of year	**9,331**	13,307
Cash, end of year	**19,971**	9,331

See accompanying notes

Notes to financial statements

[tabular amounts expressed in thousands]

March 31, 2025

1. Description

The Art Gallery of Ontario [the "Gallery"] is incorporated under the *Art Gallery of Ontario Act, 1966* [the "Act"] and is a transfer payment recipient of the Ministry of Tourism, Culture and Sport of the Province of Ontario by virtue of this Act. The Gallery holds its collection of works of art in trust for the people of Ontario.

The Art Gallery of Ontario Foundation [the "Foundation"] is an independent corporation, incorporated under the laws of Ontario without share capital. The Foundation receives, accumulates and distributes funds and/or the income therefrom for the benefit of the Gallery. The accounts of the Foundation are not included in the accompanying financial statements. Funds from the Foundation are given to the Gallery when approved by the independent Board of Trustees of the Foundation *[note 14].*

The Gallery is a registered charity under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes.

2. Summary of significant accounting policies

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

Revenue recognition

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

Inventories

Inventories, which represent goods held for resale, are valued at the lower of cost and net realizable value. Inventory value is determined using the weighted average method.

Works of art

The value of works of art has been excluded from the balance sheet except for a nominal value of $1,000. Gifted works of art are recorded as revenue at values based on appraisals by independent appraisers. Accession of art for collection, both gifted and purchased, is expensed.

When works of art are deaccessioned and then sold, proceeds from the sale of the deaccessioned works of art must be restricted to acquire new works of art or for direct care of the art. Proceeds from the sale of deaccessioned works of art are included in deferred contributions and recognized as revenue when the expense related to the acquisition of the new works of art or expense for direct care is recorded.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are capitalized at fair market value at the date of contribution. When significant parts of capital assets have different useful lives, they are accounted for as separate components. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings and building improvements	20–40 years
Equipment and furnishings	3–10 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Gallery's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations and changes in net surplus. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Other assets

Costs directly related to the development of future temporary exhibitions and future special events are presented as other assets when the Gallery can reliably demonstrate that there is a future economic benefit associated with these costs. These costs are expensed over their useful life, which for future temporary exhibitions is the period over which the exhibition is held and for future special events is the date of the event. Such costs are expensed immediately when they are related to advertising or promotion and when there is insufficient evidence that the costs are recoverable.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rate. Revenue and expenses are translated at the rate in effect on the settlement date. Foreign exchange gains and losses are recorded in the statement of operations and changes in net surplus.

Donated materials and services

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

Pension plan

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

Contributions to the money purchase component of the pension plan are expensed when due.

Notes to financial statements

[tabular amounts expressed in thousands]

March 31, 2025

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support costs are not allocated except for amounts allocated to gallery shop and food and beverage related to facility operating costs.

Financial instruments

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

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

Changes in accounting policies

Accounting for cloud computing arrangements

Effective April 1, 2024, the Gallery adopted the new Accounting Guideline AcG-20, *Customer's Accounting for Cloud Computing Arrangements* ["AcG-20"]. This new guideline provides guidance on both accounting for a customer's expenditures in a cloud computing arrangement and determining whether a software intangible asset exists in the arrangement.

The Gallery has made an accounting policy choice to capitalize directly attributable expenditures on implementation activities when the arrangement is a software service. The asset for implementation of software service is expensed using the straight-line method over the expected period of access to the software service, which is estimated at three years.

The Gallery adopted the new AcG-20 guideline retrospectively. There were no retrospective adjustments, as the costs incurred in 2024 of $383,999 were already capitalized within capital assets *[note 5]*.

For 2025, the Gallery capitalized $1,622,632 for directly attributable costs on implementation activities related to the implementation of software services and recorded amortization expense of $554,211 within the amortization of capital assets and software implementation costs in the statement of operations and changes in net surplus.

Notes to financial statements

[tabular amounts expressed in thousands]

March 31, 2025

3. Other assets

Other assets consist of the following:

	2025 $	2024 $
Future exhibition costs	**464**	381
Prepaid expenses	**49**	161
	513	542

4. Works of art

As at March 31, 2025, the Gallery's collection of approximately 114,768 [2024 – 114,469] artworks contained paintings, sculptures, works on paper, photographs, contemporary installations and time-based media artworks from Indigenous, Canadian and International artists. During fiscal 2025, the Gallery purchased 99 [2024 – 119] works of art at a total cost of $5,396,000 [2024 – $1,289,000]. Contributions to the collection included 223 [2024 – 212] works of art with an estimated fair value of $44,564,000 [2024 – $27,864,000]. During the year, 23 [2024 – 4] deaccessioned works of art were sold, realizing proceeds of $288,000 [2024 – $193,000] *[note 7]*.

Included in the Gallery purchased works of art is $382,000 [2024 – $23,000] works of art purchased using proceeds from the sale of deaccessioned works from prior years. As at March 31, 2025, the Gallery has $1,970,000 [2024 – $2,059,000] of unspent proceeds that is included in deferred contributions *[note 7]*.

There were no write-downs of collections in 2025 or 2024.

[tabular amounts expressed in thousands]

5. Capital assets

Capital assets consist of the following:

	2025	
	Cost	**Accumulated amortization**
	$	$
Land	**11,425**	**—**
Buildings and building improvements		
Transformation AGO	**220,989**	**91,543**
Weston Family Learning Centre	**19,331**	**13,381**
Other	**142,653**	**85,309**
Equipment and furnishings	**32,801**	**28,237**
Assets for implementation of software services	**1,663**	**554**
	428,862	**219,024**
Less accumulated amortization	**219,024**	
Net book value	**209,838**	

	2024	
	Cost	**Accumulated amortization**
	$	$
Land	11,425	—
Buildings and building improvements		
Transformation AGO	220,989	86,012
Weston Family Learning Centre	19,331	12,385
Other	120,443	82,739
Equipment and furnishings	31,758	26,773
Assets for implementation of software services	384	—
	404,330	207,909
Less accumulated amortization	207,909	
Net book value	196,421	

Included in other buildings and building improvements is $30,691,727 [2024 – $8,867,773] related to construction in progress, which will be amortized once the capital assets are put in service *[note 16]*.

[tabular amounts expressed in thousands]

6. Credit facility and long-term debt

[a] The Gallery has a $4,500,000 revolving demand line of credit for operating purposes bearing interest at the bank's prime lending rate. As at March 31, 2025 and 2024, no amount was drawn on this line of credit. A letter of credit related to the Gallery expansion in the amount of $255,000 [2024 – nil] has been utilized against this facility.

[b] On July 27, 2017, the Gallery entered into an unsecured loan agreement with a 15-year amortization period for an amount of $6,650,000. This loan bears interest at a fixed rate of 3.060% per annum for the first five years and can be renegotiated at the end of the five-year period. On July 21, 2022, the Gallery renegotiated the terms of this loan. Effective August 31, 2022 this loan bears interest at a variable rate of prime plus 0.25% per annum for ten years. The loan is repayable in principal monthly instalments of $37,000 plus interest. As at March 31, 2025, $3,250,000 [2024 – $3,694,000 is outstanding, of which $444,000 [2024 – $444,000] is the current portion and $2,806,000 [2024 – $3,250,000] is long-term. The interest on the loan for the year ended March 31, 2025 was $228,000 [2024 – $289,000] and is included in interest expense in the statement of operations and changes in net surplus.

[c] Subsequent to year-end a $35M demand non-revolving credit facility was entered into in relation to the Gallery Expansion. The credit facility has a maximum term of 10 years following construction and an interest rate of CORRA plus 1.1%. The purpose of the credit facility is to bridge between construction costs incurred and fundraising pledges received.

7. Deferred contributions

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

	2025	**2024**
	$	$
Balance, beginning of year	**35,324**	27,526
Grants and donations received for restricted purposes *[notes 9[b], 15 and 16]*	**36,043**	15,703
Proceeds from sale of deaccessioned works of art *[note 4]*	**288**	193
Amounts transferred to deferred capital contributions *[note 8]*	**(2,408)**	(1,192)
Amounts recognized as revenue during the year *[note 4]*	**(9,693)**	(6,906)
Balance, end of year	**59,554**	35,324

Notes to financial statements

[tabular amounts expressed in thousands]

March 31, 2025

8. Deferred capital contributions

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

	2025 $	2024 $
Balance, beginning of year	**173,044**	181,848
Amortization of deferred capital contributions	**(10,595)**	(9,996)
Contributions transferred from deferred contributions *[note 7]*	**2,408**	1,192
Balance, end of year	**164,857**	173,044

9. Government grants

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

	2025 $	2024 $
Government of Ontario	**25,099**	21,072
Government of Canada	**656**	585
City of Toronto	**579**	660
	26,334	22,317

[b] During the year, the Gallery received an additional $1,115,000 [2024 – $1,400,000] in government grants from the Government of Ontario for the acquisition of capital assets. These grants are recorded as deferred contributions *[note 7]* when first received and then transferred to deferred capital contributions *[note 8]* as they are spent.

[tabular amounts expressed in thousands]

10. Net surplus

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

	2025			2024
	Accumulated surplus $	**Board restricted** $	**Total** $	**Total** $
Net surplus (deficit), beginning of year	**4,818**	**193**	**5,011**	(3,867)
Excess (deficiency) of revenue over expenses for the year	**5,151**	**—**	**5,151**	(1,825)
Transfers	**7**	**(7)**	**—**	—
Remeasurements related to pension plan	**1,237**	**—**	**1,237**	10,703
Net surplus, end of year	**11,213**	**186**	**11,399**	5,011

11. Statement of cash flows

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

	2025 $	**2024** $
Grants and accounts receivable	**2,507**	(2,227)
Inventories	**135**	(263)
Other assets	**29**	940
Accounts payable and accrued liabilities	**(1,195)**	1,466
Deferred contributions	**24,230**	7,798
Deferred revenue	**(6)**	1,076
	25,700	8,790

As at March 31, 2025, $4,320,000 [2024 – $261,000] is included in accounts payable and accrued liabilities related to capital asset acquisitions.

[tabular amounts expressed in thousands]

12. Pension plan

The Gallery maintains a pension plan that covers substantially all of its employees. The plan provides retirees with pensions on a money purchase basis or on a defined benefit basis using a formula based on service and the best five years of earnings.

The latest actuarial valuation for the pension plan was performed as of September 1, 2023. The Gallery measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at March 31 of each year. Information about the defined benefit component of the Gallery's pension plan is as follows:

	2025 $	2024 $
Fair value of plan assets	**64,649**	60,602
Accrued benefit obligation	**(51,991)**	(49,255)
Valuation allowance	**(89)**	(237)
Accrued pension asset	**12,569**	11,110

13. Allocation of expenses

General support costs have been allocated to the following functions:

	2025 $	2024 $
Gallery shop	**80**	66
Food and beverage	**205**	205
	285	271

14. The Art Gallery of Ontario Foundation

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

	2024 $	2023 $
Unrestricted	**5,291**	3,632
Restricted	**29,928**	32,399
Endowment	**104,464**	89,269
	139,683	125,300

[tabular amounts expressed in thousands]

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

	2025	**2024**
	$	$
Operations *[note 15]*	**7,622**	8,102
Acquisitions	**3,377**	559
	10,999	8,661

As at March 31, 2025, nil [2024 – $2,370,000] is included in grants and accounts receivable.

[c] The Foundation receives consulting services from Stephan Jost, the Michael and Sonja Koerner Director and CEO of the Gallery, who is not an employee of the Foundation. The expenses recorded in the Foundation accounts for the year ended December 31, 2024 related to these services were $363,790 [2023 – $363,790].

15. Volunteers of the Art Gallery of Ontario

The Volunteers of the Art Gallery of Ontario support the Gallery's mission through their active support of Gallery initiatives and programming. In accordance with the current partnership between the Gallery and the Volunteers of the Art Gallery of Ontario, all monies attributable to volunteer efforts are reflected directly in the Gallery's revenue.

During the year ended March 31, 2025, the Volunteers of the Art Gallery of Ontario donated $68,515 [2024 – $63,700] to support the exhibition titled, Joyce Wieland: Heart-On [2024 – Making Her Mark: A History of Women Artists in Europe, 1400-1800], from endowment income of the Volunteer Endowment Trust. These funds were transferred from the Volunteer Funds held within the Foundation *[note 14]* and are recorded as deferred contributions on the balance sheet.

16. Gallery expansion

The Gallery has initiated an expansion project known as the Dani Reiss Modern and Contemporary Gallery, which will add gallery space to the existing complex. Expected completion date is in 2026.

As at March 31, 2025, the Gallery has incurred expenses totalling $30,683,592 [2024 – $8,089,347] for the project, which are recorded on the balance sheet as a capital asset *[note 5]*. As at March 31, 2025, the Gallery has received contributions of $44,938,000 [2024 – $16,063,000] which are recorded on the balance sheet as deferred contributions *[note 7]*. During the year, the Board of Trustees approved a guaranteed maximum price contract with expenditures to be paid in a future period to a maximum of $81.8 million.

Fundraising costs related to the Dani Reiss Modern and Contemporary Gallery are to be covered by donations. In 2025, $687,017 [2024 – $1,160,967] of fundraising costs were recorded as an expense and an equal amount of donations was recorded as donations and bequests revenue.

Notes to financial statements

[tabular amounts expressed in thousands]

March 31, 2025

17. Financial instruments and risk management

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

Credit risk

The Gallery is exposed to credit risk in connection with its grants and accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Gallery assesses the credit rating of the other party. It is management's opinion that the risk related to these receivables is minimal.

Currency risk

The Gallery is exposed to currency risk with respect to its accounts receivable and accounts payable and accrued liabilities denominated in foreign currencies, as the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar. The Gallery manages this risk by maintaining cash balances in the foreign currency from the settlement of its accounts receivable to settle amounts in accounts payable as they become due.

Liquidity risk

The Gallery is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Gallery mitigates this risk by monitoring cash activities and expected outflows through budgeting, maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise and having access to a line of credit *[note 6[a]]*.