

Shannon & Buffett, LLP

Chartered Accountants

HAL C. BUFFETT, B.A., C.A. GARRY L. ARMSTRONG, B.SC., C.A.
CLAUDE LEGER, B.B.A., C.G.A., C.A. RON W. SAUNTRY, B.B.A., C.A.

March 31, 2015

Independent Auditors' Report

To the Members of:
Beaverbrook Art Gallery

We have audited the accompanying financial statements of Beaverbrook Art Gallery, which comprise the statement of financial position as at December 31, 2014 and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

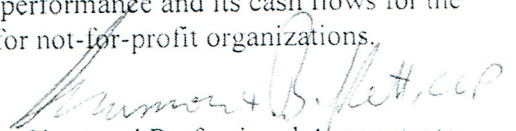
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beaverbrook Art Gallery as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


Chartered Professional Accountants

THE BEAVERBROOK ART GALLERY

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Operating Fund		Restricted Senator Richard Hatfield		Endowment 2012	Capital Campaign	Total 2014	Total 2013
	Lord Beaverbrook Fund	Unrestricted Fund	Memorial Fund	Endowment 2012	Capital Campaign	Total 2014	Total 2013	
Revenues:								
Fees, sales, donations and other revenue (note 8) \$	496,965	\$ -	\$ -	\$ -	\$ -	\$ 364,194	\$ 861,159	\$ 720,663
Investment (note 16)	11,093	227,731	292,771	510,442	195,227	-	1,237,264	1,278,576
Grants and contributions (note 9)	1,040,176	-	-	-	-	-	1,040,176	709,095
Deferred contributions	<u>287,657</u>	-	-	-	-	-	<u>287,657</u>	<u>291,162</u>
	<u>1,835,891</u>	<u>227,731</u>	<u>292,771</u>	<u>510,442</u>	<u>195,227</u>	<u>364,194</u>	<u>3,426,256</u>	<u>2,999,496</u>
Expenses:								
Administration (note 10)	228,294	-	-	-	-	-	228,294	306,475
Building maintenance (note 11)	298,614	-	-	-	-	-	298,614	253,703
Collections	36,110	-	-	-	-	-	36,110	210
Exhibitions	258,190	-	-	-	-	-	258,190	173,745
Programming and outreach	35,494	-	-	-	-	-	35,494	30,120
Investment management fees	-	8,415	10,894	19,029	7,389	-	45,727	41,401
Marketing and promotion	70,437	-	-	-	-	-	70,437	87,036
Salary and benefits	998,308	-	-	-	-	-	998,308	967,869
Capital Campaign (note 12)	-	-	-	-	-	399,893	399,893	342,641
Amortization	<u>287,657</u>	-	-	-	-	689	<u>288,346</u>	<u>292,023</u>
	<u>2,213,104</u>	<u>8,415</u>	<u>10,894</u>	<u>19,029</u>	<u>7,389</u>	<u>400,582</u>	<u>2,659,413</u>	<u>2,495,223</u>
Excess revenue (expenses) before litigation	(377,213)	219,316	281,877	491,413	187,838	(36,388)	766,843	504,273
Litigation	<u>(87,860)</u>	-	-	-	-	-	<u>(87,860)</u>	<u>(93,715)</u>
Excess revenue (expenses)	(465,073)	219,316	281,877	491,413	187,838	(36,388)	678,983	410,558
Interfund transfers	376,616	(120,000)	(120,665)	(100,000)	(35,951)	-	-	-
Contributions to endowments	-	-	-	-	247,425	-	247,425	258,361
Increase (decrease) in fund balances	<u>(88,457)</u>	<u>99,316</u>	<u>161,212</u>	<u>391,413</u>	<u>399,312</u>	<u>(36,388)</u>	<u>926,408</u>	<u>668,919</u>
Fund balances, beginning of year	<u>(1,580,824)</u>	<u>1,796,802</u>	<u>2,342,667</u>	<u>4,024,253</u>	<u>1,452,773</u>	<u>(588,019)</u>	<u>7,447,652</u>	<u>6,778,733</u>
Fund balances, end of year	<u>\$(1,669,281)</u>	<u>\$ 1,896,118</u>	<u>\$ 2,503,879</u>	<u>\$ 4,415,666</u>	<u>\$ 1,852,085</u>	<u>\$ (624,407)</u>	<u>\$ 8,374,060</u>	<u>\$ 7,447,652</u>

Shannon & Buffett, LLP
Chartered Accountants