To engage, inspire, and enrich the greater community through the exhibition, collection, and interpretation of visual art.
2010 was an exciting and challenging year for the Kelowna Art Gallery

As the largest public art gallery in the Okanagan, the Gallery has the responsibility to provide visitors with memorable and educational visual art experiences. This year’s selection of exhibitions, publications and additions to the permanent collection has expanded the Gallery’s reach into our community. Our public programs are as popular as ever and serve broad constituents of young and life-long learners.

Both membership and the number of visitors have increased in this past year. Our commissions of six-month installations of art by Okanagan artists at our satellite space in the departures area at the Kelowna International Airport are very popular. Viewed by over one million people, we are pleased with the warm introduction to contemporary art that visitors to our community get to experience as they pass through our international airport.

The Gallery welcomed our new Executive Director Nataley Nagy who has brought renewed energy and enthusiasm to the Gallery. In addition to familiarizing herself with the community, Nataley and the Gallery’s dedicated staff managed to operate the organization through difficult economic times and deliver a balanced budget.

The staff, Board of Directors and volunteers worked hard towards the success of the Gallery’s annual Seeing Red and White fundraiser. In addition, the Gallery’s GO Party events are a lot of fun and have proven to be excellent friend raisers for us. I extend my thanks to all the people who worked so hard to help us with our fundraising efforts.

The Board of Directors had a busy year. Strategic planning and fundraising was the focus of the Board’s work in 2010, in addition to offering guidance and governance in Gallery’s operations. I would like thank each of them for working effectively together. We have finalized our new strategic plan and have been working with Nataley to insure its implementation and success.

In closing, the Gallery could not operate without the support of the community, members, donors, volunteers and the many stakeholders who have contributed to the success of this significant cultural institution.

Leona Baxter
President
Executive Director’s Report

As you can see from the reports presented in the 2010 Annual Report, the Kelowna Art Gallery has had an extremely busy 12 months. Having joined the Gallery and the community in April, I am delighted to confirm (what you already know) that the Gallery is truly a gem in our cultural district and throughout the Okanagan.

The staff and volunteers governed by a dynamic Board of Directors, have much to be commended for. The Board is dedicated to ensuring that the Gallery plays a central leadership role in our community, in our province and across Canada.

The exceptional programs of exhibitions and publications orchestrated by curator Liz Wylie and supported by Registrar Christina Hedlund is a testament to the Gallery’s mandate of promoting the work of contemporary Canadian artists. Liz has successfully provided the community with a changing slate of exhibitions that reflect the wide variety of art making in Canada. In addition, Liz and Christina worked with the Acquisitions Committee of the Board of Directors to add important works of art to the Gallery’s permanent collection. We were delighted to be able to view works from the permanent collection in two exhibitions in 2010, *The Okanagan Tree* and *Constructions of Identity: Recent Additions to the Permanent Collection of the Kelowna Art Gallery*.

The Gallery’s ambitious education and public programming department led by Renee Burgess and assisted by Stephanie Pachon offered a diverse array of scholastic programs and life-long learning opportunities in the visual arts to the community at large. Thanks to the public programming team who are committed to offering innovative and fun-filled learning activities.

In 2010 The Kelowna Art Gallery increased its public profile and local, regional and national media with thanks to Shauna Oddleifson, our Marketing and Events Coordinator (until September 2010), and we will undoubtedly continue to attract larger audiences thanks to Kris Johnson. The GO Parties, *Seeing Red and White* and the many Gallery events have all contributed to increasing the Gallery’s success in the past year. We wished Shauna all the best as she left her position at the Gallery after 5 productive years and moved on to an exciting new future. Thanks Shauna!

The Gallery undertook the colossal task of redesigning the website and the Gallery’s logo, thanks to the leadership and work of Kyle L. Poirier, our Graphic Designer. In addition to visioning a new look for the Gallery Kyle must be congratulated for the excellent quality of Gallery materials and publications.
Thanks to Administrative Assistant Penny Hechter (to June, 2010) and Kelly MacIntosh (June, 2010 to March, 2011) for their work with the Board of Directors, Gallery committees, membership and the front desk. Our Head of Financial Administration Debbie Batycki provided sound advice and worked with great attention to detail on Gallery finances and administration.

The Gallery’s Front Desk team provided visitor support and orientation while managing a variety of tasks in support of our work here. The Gallery maintains a roster of approximately 100 volunteers who provided valuable assistance as docents, leading school tours, and event support. A number of individuals have offered their time and expertise to Gallery committees. We are grateful for their sound advice and community outreach.

In conclusion, while it has been a difficult year for funding of the arts in this province, the Kelowna Art Gallery staff and Board of Directors are pleased to put forward a balanced budget in this report. Unfortunately the Gallery’s budget was reduced due to the current economic climate and it is our hope to be in a position in the years to come to restore and increase the Gallery’s operating budget in support of the important work we do.

We are extremely grateful to our members, donors and sponsors, as well our financial supporters: City of Kelowna, The Canada Council for the Arts, The Province of British Columbia, The British Columbia Arts Council, Central Okanagan School District #23, Regional District of Central Okanagan, Central Okanagan Foundation, Human Resources and Skills Development Canada.

Respectfully submitted,

Nataley Nagy
Executive Director
Curator’s Report

Despite the funding cuts that have caused so many other cultural institutions to curtail their programs, the Kelowna Art Gallery was most fortunate in not having to trim its exhibitions nor publications in 2010. We produced fourteen new exhibitions in the year and published seven catalogues. It has been an honour and a pleasure to conceive of and shape the program of exhibitions and publications for the Gallery, supporting our mandate of promoting the work of contemporary Canadian artists. The curatorial aim is to provide a changing slate of exhibitions that reflect the wide variety of approaches to artistic practice and art making in Canada. From our small solo shows in the Mardell G Reynolds Gallery to the large exhibitions in our climate-controlled space, the Treadgold/Bullock Gallery, we set out to showcase work by artists of all sorts of persuasions, ages, backgrounds, regions and ideologies. We also use the Rotary Courtyard space (for the last two years for the rotating Dysfunctional Chairs series) and the long art wall for six-month-long commissions at the Kelowna International Airport.

Publications are considered an integral function of the public gallery network, as they disseminate and preserve the information of exhibitions, and provide a forum for in-depth curatorial discussion of the work. Our series of black-and-white pamphlet-style catalogues for the Reynolds Gallery shows and the Dysfunctional Chairs installations are inexpensive to produce and are therefore free to the visiting public. It is a curatorial cornerstone at the Kelowna Art Gallery that each exhibition be accompanied by a publication.

In 2010 we continued to focus on the growth of the permanent collection and were able to add eleven new works to its holdings (see the Acquisitions section of this Annual Report for details). As always, we are most appreciative of the generosity of donors to the art collection, without whom we could not build it for the benefit of the community. Thanks also to the members of the Acquisitions Committee of the Board, for their thoughtful and considered opinions and decisions.

My monthly articles on the current exhibitions at the Gallery published by Kelowna's Capital News continued in 2010. This is one important way to help promote community awareness of the Gallery’s offerings.

I extend my sincere thanks to my staff team: Christina Hedlund, Registrar, who arrived in her position in April, 2010, and hit the ground running, and our Preparator and Technician, Don King, who also began work in April, and has been a mainstay for us all.

I appreciate the support and hard work of the Board of Directors and all the Gallery staff and thank them for helping to make this a great place to work.

Respectfully submitted,
Liz Wylie, Curator

List of Publications 2010

The following seven exhibition catalogues were published by the Kelowna Art Gallery in 2010. Distribution of our catalogues is handled by ABC Art Books in Montreal. The essays in each of these are by our curator, Liz Wylie, unless otherwise noted.

* Kelowna Collects: Selected Works of Art from Private Collections in Kelowna
* Surreal . Real . Ideal: the Art of Joice M. Hall
  Curatorial essay by Patricia Ainslie.
* Constructions of Identity: Recent Additions to the Permanent Collection of the Kelowna Art Gallery
* Art Dossiers (accompanying shows in the Mardell G. Reynolds Gallery)
* Keith Langergraber: Rattlesnake Island
* Ian Johnston: Bag Suite in 4/4 Time
* Dysfunctional Chairs catalogue series
  * Trevor Mahovsky and Rhonda Weppler: The Searchers
  * Jasmine Reimer: 1000 lbs 3 Days
The year 2010 was a rewarding one with a few new gallery initiatives and continued interest and support for our ongoing core programs. Two of the highlights were the development of CONNECT, and the Art inSite for Teachers program. With a generous grant from Community Living British Columbia, we launched a new studio art program in July titled CONNECT. This program provides an enriching opportunity for individuals with developmental disabilities to view and discuss works of art at the Gallery, meet local artists, and spend time making art in the Gallery’s studio. In the spring, Stephanie Pachon initiated the Art inSite for Teachers program, which consists of professional development workshops for teachers of kindergarten to grade seven. Each workshop includes a tour of current exhibitions and a hands-on activity, as well as take-home resources. In conjunction with the Nobuo Kubota: Hokusai Revisited exhibition, Kubota hosted a special community sound project. Thirty participants, who ranged in age from nine to eighty-five, took part in a weekend workshop that combined the exploration of vocal sounds, photography, and video. The final project was exhibited in The Front project space, and consisted of a large mural made up of the photographs of people making sounds, and a five-minute video that documented the sound process.

Through core programming such as our School Tour Program, Art Adventures, our annual high school art exhibition Art in Action, and Family Sundays, we continued to engage children and youth in a variety of dynamic exhibition-related programs. With the continued support of our local teachers and School District No. 23, and we ran eight exhibition-related tour programs with hands-on activities for children and youth ages five to eighteen. We also supported the artistic development of local youth with our Art in Action exhibition titled Inside Out. The students received excellent media exposure as the opening reception was the kick-off event for the district-wide celebration of Education Week. For our summer programming, funds from Human Resources Skills Development Canada and the YMCA enabled us to hire two students to assist with the Art Adventures summer art camps. These camps were as popular as ever, and for the second year we partnered with the Kelowna Women’s Resource Centre and the Kelowna Boys and Girls Club to offer free camps to families with financial difficulties.

Family Sundays continues to be a popular program and it is rewarding for us to see the Family Sundays program take root and become a weekly destination for visitors of all ages. In addition to our family and youth programming, we ran twenty-four adult art classes.

As part of the Gallery’s membership initiative, we hosted our fourth members’ art exhibition, titled Marking Identity. This show featured diverse work by over fifty local artists. For lectures and artist’s talks, we offered seven Conversations on Contemporary Art lectures on the second thursdays of each month. Four talks by visiting artists were held on the evenings of the exhibition opening receptions and were well attended. All of these initiatives have been successful in bringing a diverse audience into the Gallery.

I am grateful for all of the knowledge, time, and energy contributed by many individuals. My sincere thank you to our Public Programming Assistant, Stephanie Pachon, Saturday Art inSite staff, Family Sundays instructors, contract instructors, volunteers, and docents for their dedicated work.

Respectfully submitted,
Renée Burgess
Head of Public Programming
Exhibitions

Treadgold / Bullock Gallery

Through to January 10, 2010
_Utopia/Dystopia: the Photographs of Geoffrey James_
Curated by Lori Pauli and circulated by the National Gallery of Canada, this was a survey of highlights from several important series of work by this Toronto-based photographer.

January 16 to March 7, 2010
_Kelowna Collects: Selected Works of Art from Private Collections in Kelowna Art Gallery_
This exhibition gathered together hidden treasures from art collectors’ homes in the city, and was augmented by a selection of new acquisitions to the permanent collection of the Kelowna Art Gallery. A section of the show was installed in the Reynolds Gallery.

March 20 to May 23, 2010
_Surreal . Real . Ideal: the Art of Joice M. Hall_
This retrospective exhibition of the work of this Kelowna-based artist was curated for the Kelowna Art Gallery by Patricia Ainslie. It was accompanied by a major catalogue with a full-length essay by Ainslie on Hall’s work. A section of the show was installed in the Reynolds Gallery.

June 5 to July 18, 2010
_Nobuo Kubota: Hokusai Revisited_
This solo exhibition of a huge wooden structure by this senior Canadian artist was curated by Diane Pugen, and organized and circulated by the Robert McLaughlin Gallery in Oshawa, Ontario.

July 24 to September 26, 2010
_The Tree: from the Sublime to the Social_
This large group exhibition was drawn from the permanent collection of the Vancouver Art Gallery and circulated by them as part of their Across the Province program. Visitors enjoyed the wide variety of work, including a tree by Emily Carr.

October 9 to December 12, 2010
_Constructions of Identity: Recent Additions to the Permanent Collection of the Kelowna Art Gallery_
This show featured works by eight artists all of which have been added to the collection since 2008. It was accompanied by a colour catalogue.

December 18, 2010 to January 30, 2011
_Doug Biden: Visceral Allegories_
Organized and circulated by the Burnaby Art Gallery, this posthumous retrospective show of work by a former instructor of printmaking at the University of British Columbia Okanagan Campus was curated by Darrin Martens.
Exhibitions

Mardell G. Reynolds Gallery

Through to January 10, 2010

Bryan Ryley: Sum of Destructions

Ryley is a local artist who completed both a painting and accompanying suite of works on paper in 2004 based on a preparatory drawing for Guernica by Pablo Picasso.

May 29 to July 18, 2010

Reel Roots 2010: an exhibition of short films by emerging First Nations artists

This is the Kelowna Art Gallery’s annual collaborative project with the En’owkin Centre in Penticton and always provides an array of films that are wonderfully provocative and emotionally hard-hitting.

July 24 to September 26, 2010

The Okanagan Tree

This installation was intended to act as a foil to the Vancouver Art Gallery’s The Tree exhibition in our Treadgold / Bullock Gallery space. It included works by twelve artists, all drawn from the Kelowna Art Gallery’s permanent collection.

October 9 to December 12, 2010

Keith Langergraber: Rattlesnake Island

Langergraber lives and works in Vancouver but grew up in Kelowna. His film and installation for this show explored the myth of the Ogopogo and a young man’s journey into insanity while attempting to catch sight of the creature. This exhibition also had components installed in the Rotary Courtyard and in the main hallway of the Gallery.

December 18, 2010 to February 6, 2011

Ian Johnston: Bag Suite in 4/4 Time

Nelson-based artist Ian Johnston often works in ceramics. This installation was a morgue- or lab-like set up with metal shelves housing some 500 ceramic vessels made while the artist was in China.
Exhibitions

Rotary Courtyard

Through to May 9, 2010
*Dysfunctional Chairs series: Lori Mairs: Ellipses*

Local artist Lori Mairs created a deconstructed dysfunctional chair made up of several elements in steel flatbar with mulberry paper coated in beeswax. She continued to re-configure the various components during the run of the show.

May 15 to September 26, 2010
*Dysfunctional Chairs series: Trevor Mahovsky and Rhonda Weppler: The Searchers*

This installation saw the Vancouver-based artist collaborative produce five life-sized figures that perched on the top of the courtyard walls, looking down at the Gallery’s visitors.

December 18, 2010 to June 12, 2011
*Dysfunctional Chairs series: Jasmine Reimer: 1000 lbs 3 Days*

Reimer produced and installed pieces that stemmed from her consideration of the office chair and its tyrannizing cruelty to the human body.

Kelowna International Airport satellite exhibition space

Through to May 17, 2010
*Jane Everett: Under the Bridge*

Everett had a friend take her on the lake at dawn to shoot the photographs she used to create her gigantic drawing on linen, looking at the structure of the new WR Bennett Bridge and the vestiges of the old one in the transition period.

May 17 to November 8, 2010
*Byron Johnston: Single Sprocket Super-16*

Kelowna-based artist Byron Johnston used unwound reels of old 16-mm films, and stuffed and mounded them into the space between the glass panels and drywall of the exhibition space. This created a landscape-like pile of thousands of tiny images, forming a metaphor for memories or lived lives.

November 8, 2010 to May 16, 2011
*John Hall: Sweetness and Light*

This installation of two super-realist paintings of doughnuts and licorice allsorts was so popular that it was featured on the cover of the airport’s promotional magazine, *YLW Connection*. Hall is a nationally known, Kelowna-based artist.
In the 2010 year we were pleased to add thirteen new works of art to the Gallery’s permanent collection. Seven of these were purchases from Kelowna-based artist Briar Craig. We would like to acknowledge our gratitude for the matching funds provided by the Canada Council for the Arts Acquisition Assistance Program that enabled us to add these works to our holdings. The other six works were gifts: four new works by local artist Rose Braun, for which we are most appreciative. The other two were: one from Toronto-based artist Cathy Daley, and one from Vancouver-based artist Greg Murdock. We thank these two artists for their generosity.

Thanks to each member of the committee for his/her time and contribution throughout the year, we appreciate your roles very much.

List of new acquisitions for 2010

Four works were donated to the collection by artist **Rose Braun** (Canadian, b. 1953)

*Departures*, 2009, oil on galvanized steel, 122 x 365.7 cm

*List*, 2009, oil on galvanized steel, 92.7 x 111.1 cm

*Acid Test*, 2010, acid and oil on galvanized steel, overall size: 96.5 x 96.5 cm (4 units in a square arrangement)

*Back to Square One*, 2009, mixed media on galvanized steel, overall size: 56 x 168 cm (3 components arranged horizontally)
Acquisitions

Seven works by Briar Craig (Canadian, b. 1961), purchased from the artist, with matching funds provided by the Canada Council for the Arts Acquisition Assistance Program.

*Nostradam Us*, 2005, ed 8/10, silkscreen on paper, image size: 80.7 x 53.9 cm; sheet size: 104.2 x 70.2 cm
*Nostradam You*, 2005, ed 6/10, silkscreen on paper, image size: 81.4 x 52.9 cm; sheet size: 104.2 x 70 cm
*Nostradam Me*, 2006, ed T/P. silkscreen on paper, image size: 82.6 x 55 cm (irreg); sheet size: 106.3 x 70.2 cm

*The Complete Works of Shakespeare (abridged)*, 1995, ed 3/5, silkscreen on paper, image size: 99 x 71.5 cm; sheet size: 106 x 75.3 cm

*Mad About the Waltz*, 2008, ed. 7/13, silkscreen on paper, image size: 20 x 12 cm; sheet size: 55.5 x 37 cm

*What's Happened to Harry*, 2007, ed 7/12, silkscreen on paper, image size: 24 x 14.4 cm (irreg); sheet size: 57 x 36.5 cm

*When Sheep Cannot Sleep*, 2009, ed. T/P 2/4, silkscreen on paper, image size: 17.8 x 12.5 cm (irreg); sheet size: 55.3 x 36.4 cm
Four of Briar Craig’s works and all four of Rose Braun’s were included in the Gallery’s Fall 2010 exhibition drawn from the permanent collection, Constructions of Identity.

Toronto’s Cathy Daley and Vancouver’s Greg Murdock each donated a piece to the Gallery’s permanent collection in 2010.

Cathy Daley (Canadian, b. 1955)
*Untitled*, 1999, black pastel on commercial vellum, 240 x 220 cm

Greg Murdock (Canadian, b. 1954)
*Ascent*, 2009, mixed media on panel, size 72 x 72 in. (182.9 x 182.9 cm)
Public Programming

Art Class Instructors
Megan Bernard
Amy Burkard
Julie Elliot
Jim Elwood
Dawn Emerson
Jim Kalnin
Wanda Lock
Kathryn Newell
Lindsey Pearce
Crystal Przybille
Beverly Rein
Tina Siddiqui
Rena Warren
Liz Woodside

Art Adventures Instructors
Sheena Gibson, Instructor
Lindsey Pearce, Preschool Delights Instructor
Rena Warren, Preschool Delights Instructor

Art Break Instructors
Megan Bernard
Sarah Burwash
Hannah Griffin

Family Sundays Instructors
Megan Bernard
Maron Krahn
Evelyn Leymann

Art in-Site Tour Guides
Lynden Beesley
Brianne Howard
Evelyn Leymann

Art Adventures

In 2010 we saw an increase in participation in the Art Adventures program. In total, we ran thirteen classes for children ages four to twelve.

Adult Studio Art Classes

Day and evening classes as well as weekend workshops were scheduled in 2010 to provide members and non-members of the gallery a variety of opportunities to explore their creative sides. The schedule included traditional drawing, printmaking, painting and watercolour classes as well as new courses in two- and three-dimensional felting, and jewellery design.
Family Sundays

Thank you to Family Sundays instructors Marion Krahn, Megan Bernard, and Evelyn Leymann for their continued enthusiasm, and for making Sundays at the gallery so much fun!

Apple Bin Paint-In

Over 300 Okanagan residents participated in our tenth annual Apple Bin Paint-In held on July 1. With a grant from Kelowna Community Resources, we were able to enhance the event with musical performances by Steve Juhasz and Raymond Volk, from the Hungarian community.
Public Programming

LECTURES, ARTIST’S TALKS AND TOURS

Artist Joice M. Hall and curator Patricia Ainslie: Surreal Real Ideal: the Art of Joice M. Hall
Kelowna Art Gallery Curator Liz Wylie: Constructions of Identity
Keith Langergraber: Rattlesnake Island
Ian Johnston: Bag Suite in 4/4 Time
Jasmine Reimer: Dysfunctional Chairs: 1000 lbs. 3 Days

SPECIAL PERFORMANCE

Nobuo Kubota: Sound performance in conjunction with Nobuo Kubota: Hokusai Revisited

CONNECT

CONNECT is a new studio art program for adults with developmental disabilities. In January 2010, we hosted a round table discussion with local caregivers and support staff workers in order gain feedback about what the gallery could offer the disability community. With funding from Community Living British Columbia we ran our three pilot programs; Expressions in Paint, The Art of Portraits and Drawing on Creativity. The classes were very well received, and we will be continuing them 2011.

YOUTH INSIGHTS

In 2010 we began our Youth inSights program, which was conceived to engage teens ages 16-18 in an intensive nine-month-long art program. Through a series of workshops with local artists and gallery projects, teens get an up-close look at what it is like to work as an artist. The program will culminate in an exhibition of student work in 2011.

NOBUO KUBOTA SOUND WORKSHOP

We were very fortunate to have senior Canadian artist Nobuo Kubota give a free community sound workshop while he was here in June of 2010. The weekend consisted of a series of fun vocal exercises to loosen people up and have them gain confidence in exploring their own voice and sound, and then two documenting sessions – one with photography, and one with video. The feedback we received was that it was a unique experience that inspired people and stretched them beyond their comfort zones.
Marketing

In 2010 the Kelowna Art Gallery not only maintained its public profile in local and national media, but increased coverage in print, television, internet, social media and radio.

The Gallery’s exhibitions were featured in national publications such as Canadian Art, Galleries West, Border Crossings, and Preview Magazine. Locally, exhibitions, public programming and special events were featured in event! Magazine, SNAP Okanagan, the Capital News, and in GONZO Magazine. The monthly feature article by our Curator, Liz Wylie, On View, continued being published the last Wednesday of each month in Kelowna’s Capital News.

The Gallery also participated in local tourism and cultural marketing initiatives by including listings in several visitors’ guides, distribution of brochures, and full-page advertising in the City’s Recreation & Cultural Services Activity and Program Guide.

Local television station CHBC Global Okanagan included the Kelowna Art Gallery in their community coverage this year through special events listings, and a story about current exhibitions was featured on an evening newscast in December of 2010.

The Kelowna Art Gallery e-newsletter continues to be sent out to members on a monthly basis, reaching all who have an active email account recorded in our database. The e-newsletter is also sent out to community partners, suppliers, and other interested parties who wish to stay connected with the Gallery.

Social media continues to be a growing facet of marketing for the Gallery. In 2010 the Gallery’s Facebook page greatly increased its “Friends” connections; the network of Twitter followers also grew and new items in development for 2011 include a column with Castanet Media and a YouTube channel.

Relationships with local and nationally-accessible radio were forged in 2010, with PSAs, interviews and events listings being heard on most Kelowna radio stations. Interviews were also given to CBC Vancouver and were available online through that station’s website.
Looking Red & White 2010

The Kelowna Art Gallery’s major annual fundraiser, Seeing Red & White, was held on Saturday, October 2, 2010. Guests were entertained by the Darylectones, and enjoyed a gourmet meal prepared by chefs Dana Ewert and Cameron Smith, of Joy Road Catering. Emcee Barry Oland and auctioneer Mike Ritchie kept the momentum of the evening rolling along and were able to impart to the guests how important it is to donate to the gallery. Thanks to all those who participated, all of whom listed elsewhere in this report.

GO Party! fundraising events

The Kelowna Art Gallery held two GO Party! fundraisers in 2010. Building on the success of opening receptions for exhibitions, these are public, ticketed events. The first GO Party! of 2010 was held January 15 for the opening of the Kelowna Collects exhibition, while the July event celebrated the opening of The Tree: from the Sublime to the Social, on July 23. Both events were deemed successful, and GO Party! fundraising events will be planned for 2011.

We are extremely grateful for continuing support from all of our volunteers, sponsors, and donors. Thank you to all those who help to make our fundraising events and opening receptions so successful.
Donors and Sponsors

The Kelowna Art Gallery gratefully acknowledges the support of our donors and sponsors throughout the year.

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Events
Seeing Red & White
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Tari Dodd-DiBello
Jim Meiklejohn
Barry Oland
Annabel Stanley
Julia Trops

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Mike Ritchie

Opening Reception and GO Party Sponsors and Donors
January 15, 2010
GO Party Kelowna Collects exhibition

Event Sponsor
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In-Kind Donors to GO Party Silent Auction
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Furry Creek Golf Course
Penny Hechter
Lori Mairs
Mission Hill Family Estate
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Joanne Onrait
Rocky Mountain Sports
Shauna Oddleifson, Shauna O Designs
V2 Design Furniture & Accents

Beer Sponsor for Exhibition Opening Receptions in 2010
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July 23, 2010 GO Party
The Tree: From the Sublime to the Social
exhibition

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Mission Hill Family Estate
Joanne Onrait
Rocky Mountain Sports
Shauna Oddleifson, Shauna O Designs
V2 Design Furniture & Accents

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Karen Stewart
Becky Thomas
Tom Treadgold
William Treadgold
Bill Winters
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Left to right:
Back row, standing: Don King, Nataley Nagy, Renée Burgess, Kyle L. Poirier
Middle row standing: Christina Hedlund, Liz Wylie, Kris Johnson, Debbie Batycki
Front row seated: Megan Bernard, Kelly MacIntosh, Heather Leier, Susan Cosmann

Dona Moore
Executive Director
(.until April 2010)

Nataley Nagy
Executive Director
(from April 2010)

Liz Wylie
Curator

Christina Hedlund
Registrar (from March 2010)

Renée Burgess
Head of Public Programming

Stephanie Pachon
Public Programming Assistant

Megan Bernard
Public Programming Assistant

Shauna Oddleifson
Marketing and Fundraising Coordinator
(.until September 2010)

Kris Johnson
Marketing and Events Coordinator
(from October 2010)

Kyle L. Poirier
Graphic Designer

Debbie Batycki
Head of Financial Administration

Penny Hechter
Administrative Assistant
(.until June 2010)

Kelly MacIntosh
Administrative Assistant
(from June 2010)

Nick Garding
Preparator and Technician
(.until April 2010)

Don King
Preparator and Technician
(from May 2010)

Gallery Assistants
Megan Bernard
Susan Cosmann
Carin Covin
Patricia Fazackerley
Brianne Howard
Heather Leier
Naama Messer
Lindsey Pearce
Erin Stark

Art inSite Tour Guides
Lynden Beesley
Brianne Howard
Evelyn Leymann

Family Sundays Assistants
Megan Bernard
Marion Krahn
Lindsey Pearce
INDEPENDENT AUDITORS REPORT

To the Members of The Kelowna Art Gallery Association

We have audited the accompanying financial statements of The Kelowna Art Gallery Association, which comprise the statement of financial position as at December 31, 2010 and the statement of operations, statement of changes in fund balances and cash flow statement 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 generally accepted accounting principles 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.

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 about whether 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 auditor’s 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, these financial statements present fairly, in all material respects, the financial position of the Kelowna Art Gallery Association as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Kelowna, BC
March 21, 2011

Kemp Harvey Hunt Ward Inc.
CERTIFIED GENERAL ACCOUNTANTS
## KELOWNA ART GALLERY ASSOCIATION

Consolidated Statement of Financial Position
December 31, 2010, with comparative figures 2009

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Permanent Collection Fund</th>
<th>Building Reserve Fund</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 90,635</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 90,635</td>
<td>$ 117,231</td>
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<tr>
<td>Accounts receivable</td>
<td>5,616</td>
<td>-</td>
<td>-</td>
<td>5,616</td>
<td>6,042</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>34,227</td>
<td>-</td>
<td>-</td>
<td>34,227</td>
<td>33,729</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 130,478</td>
<td></td>
<td></td>
<td>$ 130,478</td>
<td>$ 157,002</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents (note 2)</td>
<td>-</td>
<td>9,647</td>
<td>48,239</td>
<td>57,866</td>
<td>57,929</td>
</tr>
<tr>
<td>Property and equipment (note 3)</td>
<td>94,078</td>
<td>-</td>
<td>-</td>
<td>94,078</td>
<td>124,252</td>
</tr>
<tr>
<td>Permanent collection</td>
<td>-</td>
<td>1,655,550</td>
<td>-</td>
<td>1,655,550</td>
<td>1,801,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 224,556</td>
<td>$ 1,665,197</td>
<td>$ 48,239</td>
<td>$ 1,937,992</td>
<td>$ 1,940,583</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND FUND BALANCES** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | $ 46,643 | $ - | $ - | $ 46,643 | $ 49,002 |
| Deferred revenue (note 4) | 29,367 | - | - | 29,367 | 58,047 |
| **Total** | 76,010 | - | - | 76,010 | 107,049 |
| Deferred capital contributions (note 5) | 80,653 | - | - | 80,653 | 102,666 |
| Fund balances: | | | | | |
| Operating Fund: | Operating Fund | | Unrestricted surplus | Permanent Collection Fund | Building Reserve Fund | |
| Equity in property and equipment | 13,425 | - | - | 13,425 | 21,586 |
| Unrestricted surplus | 54,468 | - | - | 54,468 | 49,953 |
| Permanent Collection Fund | - | 1,655,197 | - | 1,655,197 | 1,611,147 |
| Building Reserve Fund | - | - | 48,239 | - | 48,182 |
| **Total** | 67,863 | 1,665,197 | 48,239 | 1,781,329 | 1,730,868 |
| Commitment (note 8) | | | | | |
| **Total** | $ 224,556 | $ 1,665,197 | $ 48,239 | $ 1,937,992 | $ 1,940,583 |

Approved on behalf of the Board

[Signature]

Director

[Signature]

Director

See accompanying notes to financial statements

1
### KELOWNA ART GALLERY ASSOCIATION

**Consolidated Statement of Operations**

*Year ended December 31, 2010, with comparative figures for 2009*

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating grants:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Kelowna</td>
<td>$457,193</td>
<td>$457,193</td>
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<tr>
<td>British Columbia Arts Council</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Canada Council for the Arts</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>British Columbia Gaming Commission</td>
<td>32,500</td>
<td>55,000</td>
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<tr>
<td></td>
<td>$609,693</td>
<td>$632,193</td>
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<tr>
<td>Other operating revenues:</td>
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<td></td>
</tr>
<tr>
<td>Memberships and admissions</td>
<td>22,105</td>
<td>20,057</td>
</tr>
<tr>
<td>Fundraising</td>
<td></td>
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<tr>
<td>Monetary</td>
<td>54,286</td>
<td>68,786</td>
</tr>
<tr>
<td>Non-monetary</td>
<td>34,595</td>
<td>45,385</td>
</tr>
<tr>
<td>Sponsorships</td>
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<td>8,000</td>
</tr>
<tr>
<td>Donations</td>
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<td></td>
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<tr>
<td>Monetary</td>
<td>8,432</td>
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<tr>
<td>Non-monetary</td>
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<td>75</td>
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<td>Rentals</td>
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<td>11,881</td>
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<tr>
<td>Interest and sundry</td>
<td>4,213</td>
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<tr>
<td>Amortization of deferred capital contributions</td>
<td>22,013</td>
<td>27,720</td>
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<tr>
<td></td>
<td>161,089</td>
<td>199,456</td>
</tr>
<tr>
<td>Program and exhibition revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special purpose grants (note 6)</td>
<td>31,349</td>
<td>46,229</td>
</tr>
<tr>
<td>Art education program</td>
<td>62,141</td>
<td>50,220</td>
</tr>
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<td></td>
<td>93,490</td>
<td>96,449</td>
</tr>
<tr>
<td>Total revenues</td>
<td>864,272</td>
<td>928,088</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
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<td></td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>9,288</td>
<td>21,102</td>
</tr>
<tr>
<td>Amortization of property and equipment</td>
<td>32,019</td>
<td>38,250</td>
</tr>
<tr>
<td>Professional fees</td>
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<td>5,417</td>
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<td>Bank charges and interest</td>
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<td>6,363</td>
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<td></td>
</tr>
<tr>
<td>Monetary</td>
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<td>18,987</td>
</tr>
<tr>
<td>Non-monetary</td>
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<td>45,385</td>
</tr>
<tr>
<td>Insurance</td>
<td>6,048</td>
<td>6,742</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>26,724</td>
<td>27,004</td>
</tr>
<tr>
<td>General and administrative</td>
<td>58,748</td>
<td>44,637</td>
</tr>
<tr>
<td>Permanent collection</td>
<td>2,215</td>
<td>5,834</td>
</tr>
<tr>
<td>Professional development and consulting</td>
<td>7,917</td>
<td>18,193</td>
</tr>
<tr>
<td>Utilities</td>
<td>24,397</td>
<td>26,002</td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>485,896</td>
<td>511,930</td>
</tr>
<tr>
<td></td>
<td>715,214</td>
<td>775,546</td>
</tr>
<tr>
<td>Program and exhibition expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exhibitions</td>
<td>104,577</td>
<td>94,484</td>
</tr>
<tr>
<td>Public programming</td>
<td>45,070</td>
<td>58,480</td>
</tr>
<tr>
<td></td>
<td>149,647</td>
<td>152,964</td>
</tr>
<tr>
<td>Total expenses</td>
<td>864,271</td>
<td>928,088</td>
</tr>
<tr>
<td><strong>Endowment: (note 7)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kelowna Art Gallery Renaissance Fund</td>
<td>-</td>
<td>(8,200)</td>
</tr>
<tr>
<td>BC Arts Renaissance Endowment Fund Matching Program</td>
<td>-</td>
<td>8,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenses</strong></td>
<td>(589)</td>
<td>(492)</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
**KELOWNA ART GALLERY ASSOCIATION**

Statement of Changes in Fund Balances
Year ended December 31, 2010, with comparative figures for 2009

<table>
<thead>
<tr>
<th>Operating Fund</th>
<th>Equity in Property and Equipment</th>
<th>Unrestricted</th>
<th>Total</th>
<th>Permanent Collection Fund</th>
<th>Building Reserve Fund</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$ 21,586</td>
<td>$ 49,953</td>
<td>$ 71,539</td>
<td>$ 1,611,147</td>
<td>$ 48,182</td>
<td>$ 1,730,868</td>
<td>$ 1,601,240</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>(10,006)</td>
<td>9,360</td>
<td>(646)</td>
<td>-</td>
<td>57</td>
<td>(589)</td>
<td>(492)</td>
</tr>
<tr>
<td>Permanent collection donations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations of art at appraised value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48,050</td>
<td>-</td>
<td>48,050</td>
<td>115,020</td>
</tr>
<tr>
<td>Monetary donations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Canada Council for the Arts grant</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,000</td>
<td>-</td>
<td>3,000</td>
<td>15,100</td>
</tr>
<tr>
<td>Interfund transfers</td>
<td>-</td>
<td>(3,000)</td>
<td>(3,000)</td>
<td>3,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(3,000)</td>
<td>(3,000)</td>
<td>54,050</td>
<td>-</td>
<td>51,050</td>
<td>130,120</td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment from unrestricted net asset</td>
<td>1,845</td>
<td>(1,845)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 13,425</td>
<td>$ 54,468</td>
<td>$ 67,893</td>
<td>$ 1,665,197</td>
<td>$ 48,239</td>
<td>$ 1,781,329</td>
<td>$ 1,730,868</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
# KELOWNA ART GALLERY ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from grant revenues</td>
<td>$ 644,042</td>
<td>$ 688,246</td>
</tr>
<tr>
<td>Cash received from other revenues</td>
<td>138,163</td>
<td>218,033</td>
</tr>
<tr>
<td>Cash paid to suppliers and employees</td>
<td>(794,910)</td>
<td>(844,936)</td>
</tr>
<tr>
<td>Interest and bank charges paid</td>
<td>(5,989)</td>
<td>(6,363)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(18,694)</td>
<td>54,980</td>
</tr>
<tr>
<td><strong>Investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in restricted cash and cash equivalents</td>
<td>43</td>
<td>21,048</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(1,845)</td>
<td>(7,164)</td>
</tr>
<tr>
<td>Cash paid for permanent collection additions</td>
<td>(6,100)</td>
<td>(30,300)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(7,902)</td>
<td>(16,416)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash</strong></td>
<td>(26,696)</td>
<td>38,664</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>117,231</td>
<td>78,667</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$ 90,535</td>
<td>$ 117,231</td>
</tr>
<tr>
<td><strong>Non-cash investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations of art to the permanent collection</td>
<td>$ 48,050</td>
<td>$ 115,020</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
KELOWNA ART GALLERY ASSOCIATION
Notes to Financial Statements
Year ended December 31, 2010

The Kelowna Art Gallery Association (the "Art Gallery") is a charitable, not-for-profit organization, incorporated as a society under the Society Act of British Columbia and is engaged in providing art exhibitions and education to the public. The Art Gallery is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for non-profit organizations.

(a) Fund Accounting:

i) Operating fund:

The operating fund includes the Art Gallery's operating assets, equipment and principal operations.

ii) Permanent collection fund:

The permanent collection fund includes donations and transactions related to the permanent art work collection held by the Art Gallery in trust for the City of Kelowna.

iii) Building reserve fund

The building reserve fund includes donations, fundraising and expenses incurred related to future improvements and expansion to the Art Gallery’s facility.

(b) Revenue recognition:

Unrestricted contributions are recognized as revenue of the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions related to general operations are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related equipment.
1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents include cash and instruments readily convertible into cash.

(d) Property and equipment:

Property and equipment purchases are recorded at cost. Amortization is provided on using the following bases and annual rates, except in the year of acquisition where amortization is estimated at one-half the annual rate:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Basis</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>Declining balance</td>
<td>30%</td>
</tr>
<tr>
<td>Computer software</td>
<td>Straight line</td>
<td>33%</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>Declining balance</td>
<td>20%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Straight line</td>
<td>10%</td>
</tr>
</tbody>
</table>

When the Art Gallery’s management determines that certain property and equipment no longer contribute to the Art Gallery’s ability to provide services, the carrying amount of these assets are written down to amortization expense.

(e) Permanent collection:

The permanent collection consists of works of art and cultural property held in trust by the Art Gallery for the residents of the City of Kelowna. The permanent collection is not amortized. Additions to the permanent collection, consisting of monetary and non-monetary donations and external grants, are recorded in the statement of changes in fund balances in the year received.

(f) Non-monetary donations:

i) Donations of art work and cultural property:

Donations of art work, other than cultural property art work, are recorded as donations to the Permanent Collection Fund at appraised fair market value once the appraised fair market value is determined and the donation is accepted by the Art Gallery’s Acquisition Committee.

Donations of cultural property are recorded as donations to the Permanent Collection Fund at appraised fair market value once the donation is accepted by the Art Gallery’s Acquisition Committee and certified by the Canadian Cultural Property Export Review Board as cultural property.
1. Significant accounting policies (continued):

(f) Non-monetary donations (continued):

ii) Contributed services and materials:

Individuals and organizations contribute numerous volunteer hours each year to assist the Art Gallery in carrying out its operations. Because of the difficulty of determining the fair market value of these contributed services and materials and business premises rental, the fair market values are not recognized in the financial statements except where the fair market value can be reasonably estimated.

(g) Use of estimates:

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(h) Financial instruments:

The Art Gallery classifies its financial instruments into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. The Art Gallery designated its assets and liabilities as follows:

- Cash and restricted cash and cash equivalents were designated as held for trading and measured at their fair value, with changes in fair value recognized in net earnings;
- Accounts receivable have been classified as loans and receivables and are measured at amortized cost.
- Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

Disclosure of the financial significance of financial instruments to the Art Gallery's financial position, performance and cash flows, and to assist in assessing the amounts, timing and certainty of future cash flows associated with those instruments is located in note 10.
1. Significant accounting policies (continued):

   (i) New accounting pronouncements:

   In December 2010 the Canadian Institute of Chartered Accountants issued Part III of the CICA Handbook – Accounting Standards for Not-For-Profit Organizations. The standards provide non-profit organizations the choice of applying accounting standards for private enterprises supplemented by the Part III standards unique to non-profit organizations, or international financial reporting standards. The new standards are applicable to annual financial statements relating to fiscal years beginning on or after January 1, 2012 (the fiscal year commencing January 1, 2012 for the Art Gallery). The Art Gallery is in the process of reviewing the impact of these standards on its reporting framework and financial statements.

2. Restricted cash and cash equivalents:

   Restricted cash and cash equivalents includes cash and cash equivalents held for future permanent collection additions, future improvements to the Art Gallery facility and cash received for future capital expenditures, which are not available for day to day unrestricted operations of the Art Gallery.

3. Property and equipment:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$59,087</td>
<td>$45,247</td>
</tr>
<tr>
<td>Computer software</td>
<td>16,908</td>
<td>15,063</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>300,574</td>
<td>222,770</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>23,871</td>
<td>23,282</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$400,440</strong></td>
<td><strong>$306,362</strong></td>
</tr>
</tbody>
</table>
4. Deferred revenue:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>General operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>British Columbia Arts Council</td>
<td>$</td>
<td>$36,500</td>
</tr>
<tr>
<td>Other general operations</td>
<td>23,185</td>
<td>17,205</td>
</tr>
<tr>
<td></td>
<td>23,185</td>
<td>58,705</td>
</tr>
<tr>
<td>Memberships</td>
<td>6,182</td>
<td>4,342</td>
</tr>
<tr>
<td></td>
<td>$29,367</td>
<td>$58,047</td>
</tr>
</tbody>
</table>

5. Deferred capital contributions:

Deferred capital contributions related to property and equipment represent the unamortized amount and unspent amount of donations and grants received for the purchase of property and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$102,666</td>
<td>$135,662</td>
</tr>
<tr>
<td>Unspent prior year contributions applied to operating expenses during the current year</td>
<td>-</td>
<td>(5,276)</td>
</tr>
<tr>
<td></td>
<td>102,666</td>
<td>130,386</td>
</tr>
<tr>
<td>Less amounts amortized to revenue in the year</td>
<td>(22,013)</td>
<td>(27,720)</td>
</tr>
<tr>
<td></td>
<td>$80,653</td>
<td>$102,666</td>
</tr>
</tbody>
</table>
6. Special purpose grants:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia Gaming Commission - Direct Access</td>
<td>$</td>
<td>$   5,276</td>
</tr>
<tr>
<td>Canadian Museums Association</td>
<td>-</td>
<td>5,900</td>
</tr>
<tr>
<td>Central Okanagan Foundation</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td>City of Kelowna</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Community Living BC</td>
<td>2,572</td>
<td>-</td>
</tr>
<tr>
<td>Human Resources and Skills Development Canada</td>
<td>3,327</td>
<td>2,825</td>
</tr>
<tr>
<td>Kelowna Community Resources</td>
<td>1,450</td>
<td>-</td>
</tr>
<tr>
<td>Province of BC 2010 Legacies Now</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>School District No. 23</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Regional District of Central Okanagan</td>
<td>3,000</td>
<td>3,228</td>
</tr>
<tr>
<td>Vancouver Foundation</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 31,349</strong></td>
<td><strong>$ 46,229</strong></td>
</tr>
</tbody>
</table>

7. Endowment funds:

Endowment funds, administered and recorded by the Central Okanagan Foundation in its financial statements, are permanently restricted and consequently not included as assets of the Association in these financial statements. These funds at book and market values comprise:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book and market value, beginning of year</td>
<td>$ 46,685</td>
<td>$ 37,160</td>
</tr>
<tr>
<td>Contributions received in the year</td>
<td>-</td>
<td>9,525</td>
</tr>
<tr>
<td><strong>Book and market value, end of year</strong></td>
<td><strong>$ 46,685</strong></td>
<td><strong>$ 46,685</strong></td>
</tr>
</tbody>
</table>
8. Commitment:
The Art Gallery has signed an agreement with a publisher to print and distribute a book that will accompany a 2012 Art Gallery exhibition. Pursuant to the agreement, the Art Gallery has committed to paying the publisher $15,000, as a grant-in-aid, based on the achievement of certain performance criteria. As at December 31, 2010, $5,000 has been paid and recorded as a prepaid expense. Further, the Art Gallery has committed to purchase 800 copies of the book at a price of $16,000, upon publication.

9. Economic dependence:
The Art Gallery receives a significant portion of its annual operating grant funding from the City of Kelowna, and operates from a building owned by the City of Kelowna. The Art Gallery operates under a lease and operating agreement with the City, which has a ten-year term (expiring December 31, 2016) with two five year renewal periods at the Art Gallery’s option. The lease and operating agreement provides for total rent of $10 for the initial ten year term.

10. Financial instruments:
(a) Fair value:
The Art Gallery’s cash, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to the relatively short-term to maturity of these instruments.

(b) Credit risk:
The maximum credit risk for the Art Gallery’s financial assets is the carrying value of the asset.

11. Capital disclosures:
The Art Gallery defines capital to be net assets and deferred capital contributions. The Art Gallery’s objective when managing capital is to safeguard its ability to operate as a going concern and to fund its operations and property and equipment. The Art Gallery is not subject to financial covenants or other capital requirements with respect to its operation or capital funding.