



**ART GALLERY SOCIETY OF NEW SOUTH WALES  
2015 ANNUAL REPORT**



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## **Art Gallery Society of NSW Councillors' Report 2015**

The Councillors of the Art Gallery Society of New South Wales (a company limited by guarantee) submit their report for the year ended 31 December 2015 made in accordance with a resolution of Councillors.

### ***Objectives***

The Art Gallery Society of NSW (the Society) is an independent membership organisation that exists to support the Art Gallery of NSW (the Art Gallery). The Society seeks to foster support for the Art Gallery from the wider community and to develop appreciation of art and of the Art Gallery by growing and diversifying membership. It provides a range of benefits, programs and activities to engage that membership.

The Society aims to give practical material support to the Art Gallery in the form of financial contributions for the acquisition of works of art and for other purposes including scholarships and, from time to time, sponsorships.

The Society develops, serves and communicates with an active and committed membership that provides a core audience, advocacy and support for the Art Gallery. It also supports the Art Gallery's day-to-day activities by supplying, resourcing and helping to train bodies of experienced and competent volunteers from its membership.

### ***Strategy***

The Society's strategy for achieving its objectives involves the active and ongoing recruitment of new members, and the provision to all members of a range of benefits, in the form of communications, events, services, programs and amenities that will maintain their interest, deepen their engagement with the Art Gallery and encourage loyalty and commitment.

The Society aims always to align its strategy with that of the Art Gallery. To this end, and to clarify roles and responsibilities, the Society continued to work during the year towards a Memorandum of Understanding with the Art Gallery. The negotiations, initiated following the Bott Report to the Trust in 2013, are now carried forward into 2016.

Throughout this process, the Society has continued to provide high-quality membership communications and a large and diverse program of art-related events and activities for members in order to develop knowledge, appreciation and enjoyment of art, enhancing the authority and standing of both the Society and the Art Gallery.

The Society raises income through membership subscriptions and donations, events, tours, sponsorship and fund-raising initiatives. It meets its operating costs, including costs of the employment of permanent staff, provides member services and supports volunteers. Its operating surplus goes to members' funds to support the Art Gallery's acquisition of works of art, provide scholarships and give other financial support to the Art Gallery as from time to time requested and agreed.

### ***Principal Activities***

The principal activities of the Society during the year involved providing the Art Gallery with a core audience of art-lovers who are committed to the institution through their membership, and who are also ambassadors for the Art Gallery in the wider community.

The stabilisation of membership numbers effected during the previous year was continued, while new initiatives furthered the diversification of the audience.

New memberships totalled 2,683 but membership growth opportunities were limited by the removal of the membership desk from the entrance level of the Gallery.

The issue of a change of name for the Society was placed in abeyance in order for Council to focus on negotiations towards the Memorandum of Understanding with the Art Gallery referred to above.

### **Membership benefits**

The quality of membership benefits remains key in attracting new members and ensuring loyalty to the Art Gallery.

The Society once again published eleven issues during the year of its members' magazine, *Look*, a highly regarded benefit of membership. Online communications, including electronic newsletters, were also further developed and reached an increasing audience.

The program of members' events remained essential to their deeper engagement and added to the prestige of the Art Gallery. There were 495 events during the year, attracting an increased and diverse audience. They included lectures, talks, concerts, exhibition tours and viewings, with a particular emphasis on learning opportunities about art history and other fields of culture. The program of World Art Tours continued to be popular with members.

Council allocated modest funds for a refurbishment of the Members Lounge, enhancing its popularity with members.

### **Fund raising**

The Society's corporate membership program remained highly successful, providing exhibition viewings with corporate hospitality opportunities for 159 companies and their clients in the Art Gallery. The program thereby introduced many new companies to the Art Gallery, with the potential for upgrading them to higher levels of support.

Many individual members loyally contributed to the Society's Collection Circle Acquisition Program to help purchase works of art for the Gallery, achieving a higher total of donations than the previous year.

Overall the Society's activities during the year produced income of \$4,662,770 with a surplus of \$798,857, an improvement of 55% on the previous year's surplus.

The total financial assistance given to the Art Gallery during the year was \$675,217, including contributions from the Dagmar Halas bequest fund.

The total financial support for the acquisition of art during the year, including contributions from the Dagmar Halas bequest fund, was \$388,171. This sum was lower than in the previous year, since financial support for acquisitions had been at an exceptionally high level in the previous three years. The Society's Council remained willing to fund a major acquisition in 2016.

### **Art acquisitions**

Acquisitions to the Art Gallery's Collection funded by the Society included the contemporary sculpture by Ah Xian, *Evolutionaura 13: Taihu Rock-1* 2011-2013, and the Martin Lewis etching *Stoops in the snow* 1930.

Two works by Dorrit Black, *The Chinese statuette* 1929 and *Mirmande (and surrounding hills)* 1934, were funded in partial fulfilment of the Dagmar Halas bequest.

### ***Other support***

The Society once again made a donation of \$240,000 to the Gallery's Art After Hours program, as well as \$30,000 to the Department of learning and participation as requested to offset government budget cuts.

Financial support to the volunteer bodies – the Volunteer Guides, Task Force and Community Ambassadors – totalled \$34,060.

The Society's annual professional development scholarship of \$12,500, awarded to further research to enhance work at the Gallery, was awarded to Matt Nix, graphic designer specialising in digital communications, to investigate international best practice in his field.

The Society continued its annual Sculpture by the Sea prize and the Task Force continued to support the event through its generous contribution of voluntary labour.

### ***Performance Measurement***

The Society's performance measures include:

- numbers and diversity of membership;
- annual operating surplus;
- quality and booking levels of events for members;
- intangibles relating to member satisfaction, regard for volunteers, relationship with Art Gallery management and staff performance.

## THE NAMES OF THE COUNCILLORS IN OFFICE DURING THE YEAR AND UP TO THE DATE OF THIS REPORT ARE:

### **Brian Ladd (President)**

Head of the Public Programs Department, Art Gallery of New South Wales, 1996-2010  
Over three decades of art museum experience  
Sculpture specialist, lecturer and Society tour leader  
Brett Whiteley Foundation director  
Advisory Council member, UNSW Art and Design  
William Fletcher Foundation art advisor  
Councillor and Vice-President, from 2014-2015, President from December 2015

### **Christopher Wokes (Treasurer)**

Fellow of the Institute of Chartered Accountants in England and Wales  
Former Partner of Coopers & Lybrand, Australia  
Bachelor of Arts  
Member of the Finance & Operations, and Audit Committees  
Company Director  
Councillor and Treasurer since June 2011

### **Les Moseley**

Retired school Principal, now a Volunteer Guide  
Guides Lecture Coordinator in charge of guides' professional development 2003-2004  
Guides' coordinator 2006 administering guiding program  
Organiser since 2003 of Behind the Scenes tours  
Currently guiding with a focus on Asian Collection but also Highlights of the Collection and special exhibitions  
Member of the Finance & Operations Committee  
Councillor since March 2007, Vice President 2011-2014, President March 2014 -December 2015

### **Susan Dadswell**

Member Task Force since 2008, Assistant Coordinator 2010, Coordinator since 2011  
Volunteer City of Sydney Archives 2008-2014  
Manager and copy-editor Hordern House Rare Books 1985-2008  
President Cranbrook School Parents Group 1996-1998  
Court Reporter NSW Conciliation Commission 1967-1969  
Councillor since March 2012

### **Jackie De Diana**

Volunteer Guide since 1990 and Guide co-ordinator 1999  
Organiser Gallery Express 2004-2010  
Organiser AGS Art Appreciation Diploma lecture series since 2010  
Tour leader for Society Day Tours and Art Weekends  
Gallery assistant with prominent Sydney commercial galleries 1990-2008  
Member since 1989, Councillor since March 2007

### **Jill Keyte**

Managing Director, High as a Keyte Pty Ltd 2001  
Director Boali Holdings Pty Ltd  
Formerly Executive Director, Presidents' Council, AGNSW 2002-2003; Senior Events Manager, Olympic Co-ordination Authority 2000-2001  
General Manager, Lyric Theatre, Star Casino 1997-1999; Director of Operations, The Australian Ballet 1992-1997  
Executive Director, Business Council, NGV 1988-1992  
Past Chair, Playing Australia & Festivals Australia 1998-2004; Council Member, Friends of The Australian Ballet  
Member since 1999, Councillor since 2015

### **Paula Latos-Valier**

Chair of SH Ervin Gallery Advisory Committee since 2010  
Art Director of Sir William Dobell Art Foundation since 2011  
Woodrow Wilson Fellow, Chevalier des Arts et Lettres (2005)  
Managing Director, Biennale of Sydney 1997 to 2007; Assistant Director 1981 to 1989  
Director, Art Gallery of Western Australia 1990 to 1997; Project Officer, Australia Council 1989 to 1990 and coordinator for the opening of the Australian Pavilion at the 1990 Venice Biennale; International Exhibition Manager, Australian Gallery Director's Council 1979 to 1981  
President, Art Museums Association of Australia 1990 to 1992  
Past director of Australian American Fulbright Commission 2002 to 2011; Alliance Française de Sydney 2003 to 2013  
Biennale of Sydney 2004 to 2007; Visual Arts/Craft Board of the Australia Council 1988 to 1989  
Councillor since March 2015

### **Valerie Marteau**

Film/events designer (Aus/USA) BAVC, GDipPD  
Contempo committee 2003-2011, President 2004, 2010, Vice-President 2009, 2011  
Contributor, Membership strategy & Constitution revision  
Contributor, Society reciprocal rights program  
Councillor March 2012-March 2015

**Edward Palmisano**

Director to the Secretary, Department of Planning and Environment (2015-present)  
 Director, Government Relations, University of Sydney 2014-2015  
 Diplomat, Department of Foreign Affairs and Trade, posted to Australian Embassy in Spain 2003-2010  
 DFAT Citation for Evacuation of Australians during Israel-Lebanon War 2009  
 Appointed to various NSW Government advisory panels 2010-2015  
 Admitted to High Court of Australia 1999 and Supreme Court of NSW 2000  
 Solicitor, Blake Dawson Waldron 1999-2003  
 Herbert Scoville Peace Fellow at Henry L. Stimson Centre, Washington DC 2000  
 Fellow, Cambridge Commonwealth Society 1999  
 BA (Hons 1), LL.B (Sydney), M.Phil (Cambridge)  
 Councillor since 2015

**Aviva Ziegler**

Documentary film maker. Credits include:  
 Art Gallery Society's of NSW's 60th anniversary film *Sydney Moderns*  
*Fairweather Man* on the life and work of Ian Fairweather  
*Plumpton High Babies*  
*Secrets of the Jury Room*  
 Logies for Best Documentary: *Facing the Demons* and *Quentin*  
 Various ABC *Dynasties*, *Family Confidential* series and Radio National's *Health Report*  
 Councillor March 2006 to March 2015

**All Councillors are financial members of the Society.**

**Ex officio****Dr Michael Brand**

Director, Art Gallery of New South Wales

**Hon Ashley Dawson-Damer AM**

Bachelor of Economics, University of Sydney, 1967  
 Opera Australia Capital Fund, Board Director since 2015  
 Opera Australia Capital Fund, Council of Governors since 2005  
 Sydney Festival, Alternate Director with Premier of NSW since 2012  
 National Gallery of Australia Council, Board Member 2005-2015  
 National Gallery of Australia Foundation, Trustee since 2004  
 National Art School Sydney, Board Director 2012-2015  
 National Institute of Dramatic Arts (NIDA) Board Member 1997-2003  
 Historic Houses Foundation, Trustee 1995-1999  
 Art Gallery of New South Wales, Trustee representative since 2015  
 Councillor since 2015

**Number of meetings**

The following table sets out the number of Councillors' meetings held during the financial period and the number of meetings attended by each Councillor (while they held office). During the year, twelve meetings were held.

<b>Councillors</b>	<b>Meetings Held</b>	<b>Attended</b>
Sue Dadswell	12	10
Jackie De Diana	12	11
Jill Keyte	12	11
Brian Ladd	12	10
Paula Latos-Valier	11	11
Valerie Marteau	1	1
Les Moseley	12	11
Edward Palmisano	12	9
Chris Wokes	12	9
Aviva Ziegler	1	1
Ex officio		
Michael Brand	12	3
Ashley Dawson-Damer	12	7

*Valerie Marteau and Aviva Zeigler retired at AGM 14 March 2015*

### **Member contribution if Company wound up**

Each member of the Society undertakes to contribute to the property of the Society, if the Society is wound up, such amount as may be required, but not exceeding \$20.

At 31 December 2015, there were 16,888 financial memberships of the Society (more than 27,000 cardholders), therefore the maximum total amount that members of the Society were liable to contribute was \$337,760.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 8.

For and on behalf of the Council,



Brian Ladd  
President



Chris Wokes  
Treasurer

Dated at Sydney  
this 16th day of March 2016

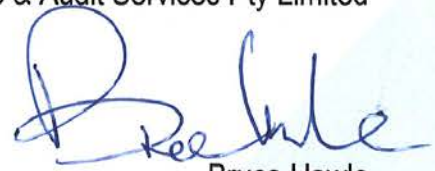


**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE COUNCILLORS' OF ART GALLERY SOCIETY OF NEW SOUTH WALES**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

KSG Assurance & Audit Services Pty Limited



Bruce Howle  
Principal

Dated at Sydney this 16<sup>th</sup> day of March 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ART GALLERY SOCIETY OF NEW SOUTH WALES**

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Art Gallery Society of New South Wales as set out on pages 12 to 27, which comprises the balance sheet as at 31 December 2015, and the income statement, statement of recognised income and expenditure, and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the councillors' declaration.

### **COUNCILLORS' RESPONSIBILITY FOR THE FINANCIAL REPORT**

The Councillors of the Society are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001*, and the *Charitable Fundraising Act 1991*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, 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 report 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 the councillors, as well as evaluating the overall presentation of the financial report.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ART GALLERY SOCIETY OF NEW SOUTH WALES (CONT'D)**

### **AUDITOR'S OPINION**

In our opinion the financial report of the Art Gallery Society of New South Wales is in accordance with:

- a) The Corporations Act 2001, including:
  - i. giving a true and fair view of the Society's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the Charitable Fundraising Act 1991, including showing a true and fair view of the Society's financial result of fundraising appeals for the year ended 31 December 2015.

### **REPORT ON OTHER ASPECTS OF THE *CHARITABLE FUNDRAISING ACT 1991***

We have audited the Society's operations in order to express an opinion on the matters specified in section 24(2) of the Charitable Fundraising Act 1991 for the year ended 31 December 2015.

### **COUNCILLORS' RESPONSIBILITY FOR COMPLIANCE**

The Councillors are responsible for ensuring compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2008*. This responsibility includes establishing and maintaining internal control relevant to compliance, ensuring that all assets obtained during, or as a result of a fundraising event are safeguarded and properly accounted for, and maintaining proper books of account and records.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on matters specified in section 24(2) of the *Charitable Fundraising Act 1991* for the year ended 31 December 2015. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether there were any material breaches of compliance by the Society.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ART GALLERY SOCIETY OF NEW SOUTH WALES (CONT'D)

An audit involves performing procedures to obtain audit evidence about the entity's compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2008*, and its solvency. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material breaches of compliance. In making those risk assessments, the auditor considers internal control relevant to the entity's compliance 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.

Our procedures included, examination on a test basis, of evidence supporting the entity's solvency and its compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2008*. These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2008*, apart from those specified.

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

### AUDITOR'S OPINION

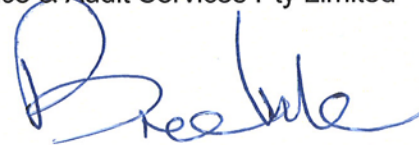
In our opinion:

- a) the financial statements show a true and fair view of the financial result of fundraising appeals conducted during the year;
- b) the accounting and associated records of the Society have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2008*;
- c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* the *Charitable Fundraising Regulation 2008*; and
- d) at the date of this report, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

### INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

KSG Assurance & Audit Services Pty Limited



Bruce Howle  
Principal

Dated at Sydney this 16<sup>th</sup> day of March 2016

## COUNCILLORS' DECLARATION

The Councillors of the Art Gallery Society of NSW declare that:

1. The financial Statements and notes, as set out on pages 13 to 27, are in accordance with Corporations Act 2001 and:

- (a) comply with Accounting Standards, the Corporations Regulations and the *Charitable Fundraising Act 1991* and other mandatory professional reporting requirements;
- (b) give a true and fair view of the Society's financial position as at 31 December 2015, and of the performance for the year ended on that date; and
- (c) the accompanying financial statements have been prepared in accordance with the *Charitable Fundraising Act 1991* and,
  - i. The provisions of the *Charitable Fundraising Act 1991*, the regulations under the Act and the conditions attached to the Society have been complied with;
  - ii. In our opinion, the financial statements give a true and fair view of all income and expenditure with respect to fundraising events;
  - iii. The balance sheet gives a true and fair view of the state of affairs of the Society with respect to fundraising events; and
  - iv. The internal controls exercised by the Society are appropriate and effective in accounting for all income received and applied by the Society from any of its fundraising events.

2. In the Councillors' opinion there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Councillors.



Brian Ladd  
President



Chris Wokes  
Treasurer

Dated at Sydney  
this 16th day of March 2016

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Notes</b>	<b>2015 \$</b>	<b>2014 \$</b>
Revenue from ordinary activities	2(a)	4,662,770	4,412,136
Employee benefits expense		(1,926,421)	(2,064,494)
Depreciation expense	2(b)	(9,384)	(15,513)
Other expenses from ordinary activities		<u>(1,928,108)</u>	<u>(1,816,639)</u>
Surplus from ordinary activities (no tax applicable)		798,857	515,490
Donations - Art Gallery of NSW	3	<u>(675,217)</u>	<u>(1,288,083)</u>
Net surplus/(deficit) for the year		<u>\$123,640</u>	<u>(\$772,593)</u>

The accompanying notes form part of these Financial Statements

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
BALANCE SHEET  
AS AT 31 DECEMBER 2015**

	Notes	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,079,633	3,279,086
Trade and other receivables	5	115,898	99,008
Financial assets	6	1,147	1,147
Other current assets	7	<u>37,648</u>	<u>14,056</u>
<b>TOTAL CURRENT ASSETS</b>		<u>3,234,326</u>	<u>3,393,297</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	6	1,106,766	1,048,754
Property, plant and equipment	8	<u>91,759</u>	<u>17,408</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,198,525</u>	<u>1,066,162</u>
<b>TOTAL ASSETS</b>		<u>4,432,851</u>	<u>4,459,459</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,663,373	1,784,441
Provisions	10	<u>200,855</u>	<u>204,892</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,864,228</u>	<u>1,989,333</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	9	722,778	736,156
Provisions	10	<u>5,107</u>	<u>16,872</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>727,885</u>	<u>753,028</u>
<b>TOTAL LIABILITIES</b>		<u>2,592,113</u>	<u>2,742,361</u>
<b>NET ASSETS</b>		<u>\$1,840,738</u>	<u>\$1,717,098</u>
<b>MEMBERS' FUNDS</b>			
Reserves	11	1,000,000	1,000,000
Accumulated funds		<u>840,738</u>	<u>717,098</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>\$1,840,738</u>	<u>\$1,717,098</u>
Capital expenditure commitments	13		
Lease expenditure commitments	14		
Contingent liabilities	15		

The accompanying notes form part of these Financial Statements

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Accumulated Funds</b>	<b>Administration Reserve</b>	<b>Total</b>
Balance at 1 January 2014	\$1,489,691	\$1,000,000	\$2,489,691
Net deficit for the year	(772,593)	-	(772,593)
Balance at 31 December 2014	<u>\$717,098</u>	<u>\$1,000,000</u>	<u>\$1,717,098</u>
Net surplus for the year	<u>123,640</u>	<u>-</u>	<u>123,640</u>
Balance at 31 December 2015	<u><u>\$840,738</u></u>	<u><u>\$1,000,000</u></u>	<u><u>\$1,840,738</u></u>

The accompanying notes form part of these Financial Statements



**ART GALLERY SOCIETY OF NEW SOUTH WALES  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers		4,116,362	4,181,304
Payments to suppliers and employees		(3,778,013)	(3,950,839)
		338,349	230,465
Distributions received		37	51
Donations received		180,111	158,509
Interest received		76,742	100,881
Finance charges paid		(35,740)	(34,904)
Net cash provided by operating activities	16	559,499	455,002
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(83,735)	(7,553)
Decrease in investment in unit trusts		-	3,266
Net cash from investing activities		(83,735)	(4,287)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Donations - Art Gallery of NSW		(675,217)	(1,288,083)
Net cash used in financing activities		(675,217)	(1,288,083)
Net increase/(decrease) in cash held		(199,453)	(837,367)
Cash at the beginning of the financial year		3,279,086	4,116,453
Cash at the end of the year	17	\$3,079,633	\$3,279,086

The accompanying notes form part of these Financial Statements

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards ('AAS'), other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), Urgent Issues Group Consensus Views and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

**ACCOUNTING POLICIES**

**REVENUE**

Revenue from the sale of goods is recognised upon the delivery of goods to members. Revenue from the sale of services is recognised upon the delivery of those services to members.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend and distribution revenue is recognised when the Society has established that it has a right to receive a payment.

Donations and bequests are generally recognised as income when the Society obtains control over the asset. Control is usually obtained upon the receipt of cash.

Donations and bequests that are restricted as to the use of funds are recognised as income in the year the Society expends the funds as per the directions of the bequest.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, bank trading accounts, cash at call, and cash held on deposit.

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**RESTRICTED ASSETS**

Restricted assets are maintained solely for the use of restricted bequests. The balances of such assets should be equal to unspent balances of any such restricted bequests.

Unexpended balances at year end were:

Dagmar Halas Bequest	Cash	262,089
	Investment, unit trust	1,147
		<hr/>
	Total restricted assets	\$263,236
		<hr/>

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are included at cost.

Depreciation is provided on either a diminishing or a straight line basis on all tangible fixed assets at rates calculated to allocate their cost against revenue over their estimated useful lives.

Additions and disposals are depreciated for the proportion of the year for which they are owned.

Depreciation rates are as follows:

Furniture and Fittings	10%-20%
Members Facility	10%
Office Equipment	10% - 50%

**INCOME TAX**

No provision is made for income tax as the Society is exempt under the provisions of Section 50-45 of the Income Tax Assessment Act 1997.

**INVESTMENTS**

Investments are measured initially at cost, including transaction costs. Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments are included in profit or loss in the period in which they arise. The Society determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

The Society's investments in medium and long term facilities are classified as "at fair value through profit and loss" and measured at fair value. This is determined by reference to current bid prices at the close of business on balance date.

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**TRADE AND OTHER CREDITORS**

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

**RESTRICTED DONATIONS AND BEQUESTS**

These amounts are recognised in the balance sheet as funds set aside for a specific purpose. Any balance yet to be discharged as per the contractual specifications should be equal to unspent balances of restricted cash and restricted investments.

**REVENUES IN ADVANCE**

Function revenue is recognised in the period in which the function occurs. The relevant costs associated are also recognised in the same period to match income and expense in the appropriate period. Subscription revenue is apportioned over the period to which the membership relates.

**EMPLOYEE BENEFITS**

**Annual Leave**

The amounts expected to be paid to employees for their pro-rata entitlements to annual leave have been accrued at current rates of pay having regard to period of service and on-costs applicable to the entitlements.

**Long Service Leave**

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. In assessing expected future payments the Society has based the provision on remuneration rates current as at balance date for all employees with five or more years of service. The Councillors believe that this method provides an estimate of the liability that is not materially different from the estimate that would be obtained by using the present value basis of measurement. Related on-costs have also been included in the liability.

**CONTRIBUTIONS TO THE ART GALLERY OF NEW SOUTH WALES**

Operational support type contributions have been included in the calculation of the operating surplus for the year. This treatment is to assist in the alignment of both the income and related expenses for the Society, Contributions made to assist the Gallery's major acquisitions, are recognised as donations, after calculating the operating surplus, consistent with prior years.

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	2015 \$	2014 \$
<b><u>NOTE 2</u> REVENUE AND OPERATING SURPLUS</b>		
a. REVENUE		
Revenue from operating activities:		
Members' subscriptions	2,134,809	2,191,503
Look revenue	508,928	424,609
Function and sponsorship revenues	1,571,389	1,422,925
	4,215,126	4,039,037
Revenue from non-operating activities:		
Donations	180,111	158,509
Distributions received	37	51
Income from Restricted Assets	106,818	-
Increase in market value of investment	58,012	89,298
Interest	76,742	100,881
Sundry income	25,924	24,360
	447,644	373,099
	\$4,662,770	\$4,412,136
b. EXPENSES		
The operating surplus before income tax is arrived at after charging the following items:		
- Depreciation	9,384	15,513
- Provision for annual leave	(11,066)	(9,551)
- Provision for long service leave	15,538	(35,281)
<b><u>NOTE 3</u> DONATIONS - Art Gallery of NSW</b>		
- General Donations	287,045	282,500
- Art Acquisitions	388,172	1,005,583
	\$675,217	\$1,288,083
	\$675,217	\$1,288,083

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 4</u> CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	1,162,693	1,394,789
Interest bearing deposits, at call (i)	<u>1,916,940</u>	<u>1,884,297</u>
	<u>\$3,079,633</u>	<u>\$3,279,086</u>
(i) Cash includes an amount of \$262,088 (2014:\$368,907) which is restricted funds set aside for specific purpose.		
<b><u>NOTE 5</u> TRADE AND OTHER RECEIVABLES</b>		
Trade and sundry receivables	94,078	93,855
Accrued Interest:	<u>21,820</u>	<u>5,153</u>
	<u>\$115,898</u>	<u>\$99,008</u>
<b><u>NOTE 6</u> FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Investments, unit trust (i)	<u>\$1,147</u>	<u>\$1,147</u>
<b>NON-CURRENT</b>		
Managed investment portfolio, medium and long term facilities	<u>\$1,106,766</u>	<u>\$1,048,754</u>
(i) Current financial assets of \$1,147 (2014:\$1,147) is restricted funds set aside for specific purpose.		
<b><u>NOTE 7</u> OTHER CURRENT ASSETS</b>		
Prepayments	\$37,648	\$14,056
<b><u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT</b>		
Furniture and fittings (at cost)		
Opening balance	328,456	323,388
Additions	1,497	5,068
Assets written off	<u>(269,303)</u>	<u>0</u>
Closing Balance	<u>60,650</u>	<u>328,456</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	2015 \$	2014 \$
<b>NOTE 8</b>		
<b>PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>Provision for Depreciation</b>		
Opening Balance	(321,744)	(320,112)
Asset Written off	269,303	-
Depreciation	(1,999)	(1,632)
Closing Balance	<u>(54,440)</u>	<u>(321,744)</u>
Furniture & Fitting Carrying Value	<u>6,210</u>	<u>6,712</u>
<b>Office Equipment (at cost)</b>		
Opening Balance	207,378	204,894
Additions	22,849	2,484
Assets written off	(118,547)	-
Closing Balance	<u>111,680</u>	<u>207,378</u>
<b>Provision for Depreciation</b>		
Opening Balance	(196,682)	(183,645)
Asset Written off	118,547	-
Depreciation	(5,954)	(13,037)
Closing Balance	<u>(84,089)</u>	<u>(196,682)</u>
Office Equipment Carrying Value	<u>27,591</u>	<u>10,696</u>
<b>Members Facility (at cost)</b>		
Opening Balance	401,563	401,563
Additions	59,389	-
Assets written off	(401,563)	-
Closing Balance	<u>59,389</u>	<u>401,563</u>
<b>Provision for Depreciation</b>		
Opening Balance	(401,563)	(409,719)
Asset Written off	401,563	-
Depreciation	(1,431)	(844)
Closing Balance	<u>(1,431)</u>	<u>(401,563)</u>
Members Facility Carrying Value	<u>57,958</u>	<u>-</u>
<b>Library Books (at cost)</b>		
Opening Balance	2,738	2,738
Additions	-	-
Assets written off	-	-
Closing Balance	<u>2,738</u>	<u>2,738</u>
<b>Provision for Depreciation</b>		
Opening Balance	(2,738)	(2,738)
Asset Written off	-	-
Depreciation	-	-
Closing Balance	<u>(2,738)</u>	<u>(2,738)</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 8</u>    <b>PROPERTY, PLANT AND EQUIPMENT (Continued)</b></b>		
Library Books Carrying Value	<u>-</u>	<u>-</u>
<b>Films (at cost)</b>		
Opening Balance	10,046	10,046
Additions	-	-
Assets written off	(10,046)	-
Closing Balance	<u>-</u>	<u>10,046</u>
<b>Provision for Depreciation</b>		
Opening Balance	(10,046)	(10,046)
Asset Written off	10,046	-
Depreciation	-	-
Closing Balance	<u>-</u>	<u>(10,046)</u>
Films Carrying Value	<u>-</u>	<u>-</u>
<b>TOTAL CARRYING VALUE</b>	<u><u>91,759</u></u>	<u><u>17,408</u></u>

**NOTE 9    **TRADE AND OTHER PAYABLES****

<b>CURRENT</b>		
Trade creditors and accruals	264,860	184,690
Function revenue in advance	401,078	438,113
Subscriptions received in advance 1 year	734,199	791,584
Dagmar Halas Estate - restricted bequest	263,236	370,054
	<u>\$1,663,373</u>	<u>\$1,784,441</u>
<b>NON-CURRENT</b>		
Subscriptions received in advance 3 year	<u>\$722,778</u>	<u>\$736,156</u>



**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	2015	2014
<b><u>NOTE 10</u>    PROVISIONS</b>		
CURRENT		
Annual leave	96,002	107,068
Long service leave	104,853	97,824
	\$200,855	\$204,892
NON-CURRENT		
Long service leave	\$5,107	\$16,872
	\$1,000,000	\$1,000,000
<b><u>NOTE 11</u>    RESERVES</b>		
<i>Administration reserve.</i>		
The administration reserve records funds set aside to ensure the continued growth of the Society.		
During the year ended 31 December 2015 there was no movement in the reserve account.		
<b><u>NOTE 12</u>    AUDITORS' REMUNERATION</b>		
Amounts received or due and receivable by the auditors for:		
- Auditing accounts and events	15,391	17,000
- Other services	-	-
	\$15,391	\$17,000
<b><u>NOTE 13</u>    CAPITAL EXPENDITURE COMMITMENTS</b>		
- Not longer than 1 year	-	250,000
- longer than 1 but not longer than 2 years	-	-
- longer than 2 but not longer than 5 years	-	-
	-	\$250,000

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	2015 \$	2014 \$
<b><u>NOTE 14</u></b>		
<b>LEASE EXPENDITURE COMMITMENTS</b>		
Finance leasing and hire purchase commitments payable:	-	-
	<hr/>	<hr/>
Operating lease commitments non- cancellable operating leases contracted for but not capitalised in the accounts payable:	-	-
	<hr/> <hr/>	<hr/> <hr/>
<b><u>NOTE 15</u></b>		
<b>CONTINGENT LIABILITIES</b>		
There were no material amounts of contingent liabilities not provided for in the accounts		
<b><u>NOTE 16</u></b>		
<b>RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX</b>		
Operating surplus after income tax	692,039	515,490
Depreciation	9,384	15,513
Loss/ (gain) on change in market value of investments	(58,012)	(89,298)
<i>Movement in provisions:</i>		
Increase/(Decrease) in annual leave	(11,066)	(9,551)
Increase/(Decrease) in long service leave	(4,736)	(80,656)
<i>Change in assets and liabilities:</i>		
Increase/(Decrease) in trade debtors and sundry receivables	(16,890)	24,467
Increase/(Decrease) in prepayments	(23,592)	6,195
Decrease/(Increase) in trade creditors and accruals	80,170	(20,598)
Increase/(Decrease) in revenues in advance	(107,798)	93,440
Increase/(Decrease) in restricted assets	(106,818)	-
	<hr/>	<hr/>
Net cash provided by operating activities	<b>\$559,499</b>	<b>\$455,002</b>
	<hr/> <hr/>	<hr/> <hr/>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	2015 \$	2014 \$
<b><u>NOTE 17</u> DEFINITION OF CASH</b>		
For the purpose of the Statement of Cash Flows, cash includes cash on hand, and cash at bank.		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank and in hand	<u>\$3,079,633</u>	<u>\$3,279,086</u>
<b><u>NOTE 18</u> SEGMENT INFORMATION</b>		
During the year ended 31 December, 2015 the Society operated predominantly in one industry, that of promoting interest in art, and in one geographic al area, Australia.		
<b><u>NOTE 19</u> EMPLOYEE ENTITLEMENTS</b>		
Accrued salaries and wages (included in trade payables and accruals - Note 9)	32,311	17,329
Provisions for employee entitlements:		
Current	200,855	204,892
Non-Current	5,107	16,872
	<u>\$238,273</u>	<u>\$239,093</u>

**NOTE 20 FINANCIAL INSTRUMENTS**

*Credit Risk Exposures*

The credit risk on financial assets of the Society which have been recognised in the balance sheet is generally the carrying amount net of any provision for doubtful debts.

*Interest Rate Risk Exposures.*

Exposures arise predominantly from assets with fixed interest rates with market values recognised as carrying value at year end.

*Net Fair Value of Financial Assets and Liabilities*

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying value

There are no other monetary financial assets or liabilities.

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 21</u> RELATED PARTY TRANSACTIONS</b>		
a) Employees - No further disclosure is necessary for the 2015 year.		
b) Councillors - No further disclosure is required for the 2015 year.		

**NOTE 22 MEMBERS' GUARANTEE**

The Society is a company limited by guarantee. If the Society is wound up, the Constitution states that each member is required to contribute a maximum of \$20 each towards meeting outstanding obligations of the company. At 31 December 2015 there were 16,888 financial members of the Society.

**NOTE 23 RESULTS OF FUNDRAISING APPEALS**

The Society receives donations of cash as a result of its day to day activities. In addition the annual travel draw is conducted during the year and the results are as follows:

Donations, in cash	180,111	158,509
Travel Draw	134,764	116,664
Gross income from fundraising (A)	314,875	275,173
Cost of fundraising (B)	(13,687)	(9,827)
Net surplus from fundraising (C)	301,188	265,346
Cost of services provided (D)	-	-
Transferred to accumulated funds	301,188	265,346
	301,188	265,346

In accordance with the Charitable Fundraising Act 1991 the following ratios are provided:

Cost of fundraising to gross income from fundraising (B/A)	4%	4%
Net surplus from fundraising to gross income from fundraising (C/A)	96%	96%
Cost of services provided to total expenditure (D/B+D)	0%	0%
Cost of services provided to gross income from fundraising (D/A)	0%	0%

**AUDITORS' DISCLAIMER  
DISCLAIMER TO THE COUNCIL OF  
ART GALLERY SYDNEY OF NEW SOUTH WALES**

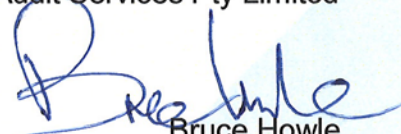
**1 Detailed statement of income and expenditure**

**DISCLAIMER**

The additional financial data presented in the following page is in accordance with the books and records of Art Gallery Society of New South Wales ("our client") which have been subjected to the auditing procedures applied in our statutory audit of the company for the year end 31 December 2015.

It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than our client) in respect of such data, including any errors or omissions therein however caused.

KSG Assurance & Audit Services Pty Limited



Bruce Howle  
Principal

Dated at Sydney this 16<sup>th</sup> day of March 2016

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>SCHEDULE 1 UNAUDITED</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Members' subscriptions, corporate	449,105	418,983
Members' subscriptions, non-corporate	1,685,704	1,772,520
Look advertising revenue	508,928	424,609
Donations	180,111	158,509
Gain on movement in market value of investment	58,012	89,298
Interest received	76,742	100,881
Income from Restricted Assets	106,818	-
Event revenue	1,060,760	965,347
Travel program	178,884	190,299
Travel draw	134,764	116,665
Corporate function revenue	14,981	13,612
Distributions received	37	51
Sponsorships	182,000	137,000
Sundry income	25,924	24,362
	<u>4,662,770</u>	<u>4,412,136</u>
<b>EXPENDITURE</b>		
Audit and accountancy fees	15,391	17,000
Bank charges	35,740	34,904
Collection Circle expenses	368	5,680
Computer consumables and support	1,835	7,256
Council expenses	4,457	25,908
Depreciation of fixed assets	9,384	15,513
Function expenses	460,346	482,736
Insurance	14,288	15,609
Legal and professional expenses	16,392	868
Look costs	877,393	834,170
Marketing expenses	127,074	74,835
Membership expenses, corporate	149,652	117,836
Membership expenses, non-corporate	64,026	44,769
Members' room expenses	58,997	58,773
Postage, courier, and freight	8,028	6,797
Printing and stationery	16,331	19,035
Provision for annual leave	(11,066)	(9,551)
Provision for long service leave	15,538	(35,281)
Salaries and casual wages	1,756,763	1,945,306
Superannuation	165,186	164,021
Task force / guides	34,060	32,841
Telephone	1,087	2,389
Overseas travel program	14,630	26,165
Travel draw	28,013	9,067
	<u>3,863,913</u>	<u>3,896,646</u>
<b>OPERATING SURPLUS FOR THE YEAR</b>	<u>798,857</u>	<u>515,490</u>
Donations to the Art Gallery of NSW	<u>(675,217)</u>	<u>(1,288,083)</u>
<b>NET SURPLUS(DEFICIT) FOR THE YEAR</b>	<u>\$123,640</u>	<u>(\$772,593)</u>