



Art Gallery Society of New South Wales

ABN: 26 000 207 198

Financial Statements

For the Year Ended 31 December 2018

Art Gallery Society of New South Wales

ABN: 26 000 207 198

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For the Year Ended 31 December 2018

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Art Gallery Society of New South Wales

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Councillor's Report

31 December 2018

Councillor's Report

Your Councillors present their report on the Art Gallery Society of New South Wales (the 'Society'), a company limited by guarantee, for the year ended 31 December 2018.

Councillors

The names of each person who has been a councillor during the year and to the date of this report are:

Brian Ladd (President)
Paula Latos-Valier AM (Vice President)
Brian Greenacre (Treasurer)
Dr Michael Brand (ex officio)
Susan Dadswell
Hon Ashley Dawson-Damer AM (ex officio)
Anastasia Economou
Jenny Green
Jill Keyte (resigned 16 October 2018)
Edward Palmisano
Jo-Ann Smith

No Councillors of the Society are former auditors.

Objectives

The Society is an independent membership organisation that exists to support the Art Gallery of NSW (the "Art Gallery"). The Society fosters support for the Art Gallery from the wider community through 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 provides 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, programs and exhibitions. 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 assists the Art Gallery's activities through the support of experienced 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 and encourage loyalty and commitment to the Art Gallery.

The Society aims always to align its strategy with that of the Art Gallery.

The Society raises income through membership subscriptions and donations, events, tours, sponsorship, educational programs and fund-raising initiatives. Its operating surplus goes to members' funds to support the Art Gallery's acquisition of works of art, provide sponsorship for exhibitions and events and give other financial support to the Art Gallery as requested and agreed.

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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.

Membership numbers have increased from the previous year and reflect both the Art Gallery's exhibition program and the Society's activities.

Membership benefits

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

The Society published six bi-monthly issues of its members' magazine, *Look*. 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 accessibility of the Art Gallery. There were 437 events during the year, attracting a diverse audience. They included lectures, talks, workshops, 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 remained popular with members and outperformed expectations.

Fundraising

Collection Circle continues to be an important fundraising program for the Society. Funds raised annually through direct donations by many loyal individual members are directed toward the purchase of a specific work for the Art Gallery. Donations this year exceeded those of the previous year.

The surplus for the Society amounted to \$348,454 (2017: deficit of \$496,749). The result before donations to the Art Gallery of NSW for the Society amounted to a surplus of \$891,254 (2017: \$300,360).

The total financial assistance given to the Art Gallery during the year was \$542,800 (2017: \$797,109).

The total financial support for the acquisition of art during the year was \$292,800 (2017: \$527,272).

Art acquisitions

The Society funded one work for the Art Gallery's collection during the year. The acquisition being Charles Conder's *Rainy Day 1888*.

Other support

The Society continues to financially assist the Art Gallery in other ways, including providing a sponsorship of \$250,000 (2017: \$245,000) to the Art Gallery's Art After Hours program as well as meeting the cost of tickets for members to attend Art Gallery exhibitions which amounted to in excess of \$163,000 (2017: \$173,000).

The Society also supported the Gallery's volunteer bodies - the Volunteer Guides, Task Force and Community Ambassadors - with contributions totalling \$12,294 (2017: \$11,028).

The Society's annual professional development scholarship of \$12,500 (2017: \$12,500) supports further research by Gallery and Society staff to enhance their work at the Art Gallery. There are two Gallery and Society staff who will benefit from this program.

Councillor's Report

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Performance measurement

The Society's performance measures include:

- number and diversity of membership
- membership retention
- 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.

Significant changes in the state of affairs

No significant change in the nature of these activities occurred during the year.

Events since the end of the financial year

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Society's operations, the results of those operations, or the Society's state of affairs in future financial years.

Likely developments and expected results of operations

There are no likely developments in the operations of the Society that were not finalised at the date of this report.

Environmental regulation

The Society is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Dividends

The Society's Constitution does not permit any dividends and therefore no dividends have been paid or declared.

Member's Liability

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 Society. At 31 December 2018 there were 20,011 (2017: 18,796) financial members of the Society.

Proceedings on behalf of the Society

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Society, or to intervene in any proceedings to which the Society is a party, for the purpose of taking responsibility on behalf of the Society for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Society with leave of the Court under section 237 of the Corporations Act 2001.

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Insurance of officers

During the financial year, the Society paid a premium of \$5,035 (2017: \$3,560) to insure the Councillors of the Society and the general managers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Society, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Society. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Information on Councillors

Brian Ladd
(President) President, Art Gallery Society of NSW, since 2016; Vice President 2014-2015
Director, Brett Whitely Foundation
Advisory Council member, UNSW Art and Design
Art advisor, William Fletcher Foundation
Head of Public Programs Department, Art Gallery of New South Wales, 1996-2010
Sculpture specialist, lecturer and international tour leader
Councillor since March 2014

Paula Latos-Valier
AM
(Vice President) Chair, SH Ervin Gallery Advisory Committee, since 2010
Art Director, Sir William Dobell Art Foundation, since 2011
Managing Director, Biennale of Sydney, until 2007; Director 2004-2007;
General Manager, 1997-2004; Assistant Director, 1981-1989
Director, Art Gallery of Western Australia, 1990-1997
Program Manager, Australia Council, 1989-1990 and coordinator,
opening of the Australian Pavilion at the 1990 Venice Biennale
International Exhibition Manager, Australian Gallery Director's Council, 1979-1981
President, Art Museums Association of Australia, 1990-1992
Vice President, Council of Australian Museums Association, 1992-1994
Director, Australian American Fulbright Commission, 2002-2010
Director, Alliance Française de Sydney, 2003-2013; Vice President, 2007-2010
Director, Visual Arts/Craft Board of the Australia Council, 1988-1989
Awarded Chevalier des Arts et Lettres, 2005
Councillor since March 2015

Brian Greenacre
(Treasurer) B.Bus(Acc),Dip(FinPlan),G.Dip(ICA),CA,CTA,GAICD
Partner, BDO in Australia, since 2011
Board Member, Moogahlin Performing Arts Inc, since 2015
Treasurer, Young Members Committee, 2014-2018
Chartered Accountant; Chartered Tax Advisor
Graduate Member, Australian Institute of Company Directors
Accredited Adviser, Family Business Australia; member since 2016
Over 20 years experience as accountant and business adviser
Councillor since April 2016

Dr Michael Brand
(ex officio) BA (Hons), MA, PhD (History)
Director, Art Gallery of New South Wales, since 2012
Director, Aga Khan Museum, Toronto, 2010-2012
Director, J Paul Getty Museum, 2005-2010
Director, Virginia Museum of Fine Arts, 2000-2005
Assistant Director, Queensland Art Gallery, 1996-2000
Curator of Asian Art, National Gallery of Australia, 1988-1996
Co-Director, Smithsonian Institution Mughal Garden Project, 1988-1993
Councillor since June 2012

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Susan Dadswell	Member, Task Force, since 2008; Assistant Coordinator 2010; Coordinator since 2011 Volunteer, City of Sydney Archives, 2008-2013 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
Hon Ashley Dawson-Damer AM (ex officio)	Bachelor of Economics, University of Sydney, 1967 Board Director, Opera Australia Capital Fund, since 2014 Council of Governors, Opera Australia Capital Fund, since 2005 Director, Sydney Festival, 2012-2016 Deputy Chair and Alternate Director with Premier of NSW, Sydney Festival, 2012–2014 Board Member, National Gallery of Australia Council, 2005-2015 Trustee, National Gallery of Australia Foundation, since 2004 Board Director, National Art School Sydney, 2012-2015 Board Member, National Institute of Dramatic Arts (NIDA), 1997-2003 Trustee, Historic Houses Foundation, 1995-1999 Trustee Representative, Art Gallery of New South Wales, since 2014 Councillor since 2014
Anastasia Economou	Master of Applied Finance; Master of Arts in Law Senior Fellow, FINSIA Educational Committee Member, FINSIA Senior Fellow, FTA Managing Director, General Counsel Division at Credit Suisse, 1999-2016 Contract/Consultant in Conduct Risk, CBA Global Markets, 2016 Head of Operational Risk and Compliance FICC, NAB, since 2016 Over twenty five years' experience in the financial services and investment banking sector Councillor since April 2016
Jenny Green	BA (Asian Studies), MA (Adult Education) Graduate, Australian Institute of Company Directors Independent Councillor, City of Sydney, 2012-2016 Academic Director, National Judicial College of Australia, 2011-2016 Senior Consultant, University of Technology Sydney, 1996-2010 Non Executive Director, Sydney Community Foundation, since 2014 Non Executive Director, Australian Design Centre, since 2017 Consultant specialising in organisational development, change management and start ups Councillor since April 2017
Jill Keyte (resigned 16 October 2018)	Managing Director, High as a Keyte Pty Limited, since 2001 Director, Boali Holdings Pty Ltd Executive Director, AGNSW Presidents' Council, 2002-2003 Senior Events Manager, Olympic Co-ordination Authority, 2000-2001 General Manager, Star Casino Lyric Theatre, 1997-1999 Director of Operations, The Australian Ballet, 1992-1997 Executive Director, NGV Business Council, 1988-1992 Chair, Playing Australia & Festivals Australia, 1998-2004 Council Member, Friends of The Australian Ballet Member since 1999, Councillor since 2014

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- Edward Palmisano BA (Hons 1), LL.B (Sydney), M.Phil (Cambridge)
Head of International, Australian Institute of Company Directors, since 2017
Winner, NSW Premier's Emerging Exporter Award, 2017
Director to the Secretary, Department of Planning, 2015-2016
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, 2010-2014
Admitted to High Court of Australia, 1999; Admitted to Supreme Court of NSW, 2000
Solicitor, Blake Dawson Waldron, 1999-2003
Herbert Scoville Peace Fellow, Henry L. Stimson Centre, Washington DC, 2000
Fellow, Cambridge Commonwealth Society, 1999
Councillor since March 2014
- Jo-Ann Smith Volunteer Guide, AGNSW, since 2010
Coordinator of Volunteer Guides, AGNSW, 2015; Assisting Coordinator, 2016
Assistant coordinator of the Access program for people with various disabilities, AGNSW
Allocating, organising and training guides, AGNSW
Jo-Ann spent many years managing a boutique law firm office and is a trained nurse
Jo-Ann's husband is a Foundation member and together they support the Society and the Gallery
Councillor since April 2016

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Meetings of Councillors

The following table sets out the number of Councillor's meetings held during the period and the number attended by each Councillor.

	Councillor's Meetings	
	Number eligible to attend	Number attended
Brian Ladd	7	7
Paula Latos-Valier AM	7	6
Brian Greenacre	7	6
Dr Michael Brand (ex officio) (i)	7	5
Susan Dadswell	7	6
Hon Ashley Dawson-Damer AM (ex officio)	7	3
Anastasia Economou	7	5
Jenny Green	7	5
Jill Keyte (resigned 16 October 2018)	5	5
Edward Palmisano	7	4
Jo-Ann Smith	7	6

(i) Meetings were attended by Dr Michael Brand or his deputised representative John Richardson or Hakan Harman.

The Councillors present their report on Art Gallery Society of New South Wales for the financial year ended 31 December 2018.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 for the year ended 31 December 2018 has been received and can be found on page 8 of the financial report.

Rounding of amounts

The Society is a company of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Councillors' Report. Amounts in the Councillors' Report have been rounded off in accordance with the instrument to the nearest dollar.

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

On behalf of the Council



President:



Treasurer:

Dated this 18th day of March 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of the Art Gallery Society of New South Wales for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Rsm".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads "C Hume".

C HUME

Partner

Dated this 18 March 2019

Sydney, NSW

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Notes	\$	\$
Revenue from ordinary activities	3	4,058,214	4,206,734
Other income	3	41,660	176,107
		<u>4,099,874</u>	<u>4,382,841</u>
Depreciation		(31,278)	(31,124)
Employee benefits expense		(1,509,117)	(1,714,156)
Finance costs		25,057	(100,000)
Fringe benefits tax refund/(expense)		1,195	(473,236)
Function costs		(429,490)	(432,813)
Marketing costs		(133,112)	(149,840)
Member benefits		(169,201)	(212,888)
Postage costs		(152,174)	(138,675)
Professional fees		(29,067)	(99,035)
Publishing costs		(449,987)	(442,950)
Other expenses		(331,446)	(287,764)
Surplus from ordinary activities (no tax applicable)	4	891,254	300,360
Donations - Art Gallery of NSW	5	(542,800)	(797,109)
Net surplus/(deficit) for the year		348,454	(496,749)
Other comprehensive income for the year		-	-
Total comprehensive surplus/(deficit) for the year		348,454	(496,749)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

31 December 2018

	Notes	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,061,948	2,567,055
Trade and other receivables	7	75,831	92,252
Financial assets	10	232,108	-
Other current assets	9	40,754	18,364
TOTAL CURRENT ASSETS		2,410,641	2,677,671
NON-CURRENT ASSETS			
Financial assets	10	1,315,207	1,313,884
Property, plant and equipment	8	90,755	85,774
TOTAL NON-CURRENT ASSETS		1,405,962	1,399,658
TOTAL ASSETS		3,816,603	4,077,329
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	248,888	901,658
Deferred revenue	3	1,101,170	1,024,965
Provisions	12	155,826	163,696
TOTAL CURRENT LIABILITIES		1,505,884	2,090,319
NON-CURRENT LIABILITIES			
Deferred revenue	3	671,978	701,057
Provisions	12	31,948	27,614
TOTAL NON-CURRENT LIABILITIES		703,926	728,671
TOTAL LIABILITIES		2,209,810	2,818,990
NET ASSETS		1,606,793	1,258,339
MEMBERS FUNDS			
Reserves	13	1,000,000	1,000,000
Accumulated funds		606,793	258,339
TOTAL MEMBERS FUNDS		1,606,793	1,258,339

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 31 December 2018

	Administration reserve	Accumulated funds	Total
	\$	\$	\$
Balance at 1 January 2018	1,000,000	258,339	1,258,339
Net surplus for the year	-	348,454	348,454
Other comprehensive income	-	-	-
Balance at 31 December 2018	1,000,000	606,793	1,606,793
Balance at 1 January 2017	1,000,000	755,088	1,755,088
Net (deficit) for the year	-	(496,749)	(496,749)
Other comprehensive income	-	-	-
Balance at 31 December 2017	1,000,000	258,339	1,258,339

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and customers	3,719,528	4,015,490
Payments to suppliers and employees	<u>(3,834,971)</u>	<u>(3,839,382)</u>
	(115,443)	176,108
Donations received	152,571	130,159
Interest received	36,824	50,146
Net cash provided by operating activities	<u>73,952</u>	<u>356,413</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	<u>(36,259)</u>	<u>(22,115)</u>
Net cash used by investing activities	<u>(36,259)</u>	<u>(22,115)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Donations - Art Gallery of NSW	<u>(542,800)</u>	<u>(797,109)</u>
Net cash used by financing activities	<u>(542,800)</u>	<u>(797,109)</u>
	(505,107)	(462,811)
Net decrease in cash and cash equivalents held	2,567,055	3,029,866
Cash and cash equivalents at beginning of year	<u>2,061,948</u>	<u>2,567,055</u>
Cash and cash equivalents at end of financial year	<u>6</u> <u>2,061,948</u>	<u>2,567,055</u>

The accompanying notes form part of these financial statements.

Art Gallery Society of New South Wales

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Notes to the Financial Statements For the Year Ended 31 December 2018

The financial report covers Art Gallery Society of New South Wales as an individual entity. Art Gallery Society of New South Wales is a not-for profit Society limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Art Gallery Society of New South Wales is Australian dollars (\$).

The financial report was authorised for issue by the Councillors on 12 March 2019.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This General Purpose - Reduced Disclosure Requirements 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 Australian Charities and Not-For-Profits Commission Act 2012.

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, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

2.1 Income tax

The Society is exempt from income tax under the provisions of Section 50-45 of the *Income Tax Assessment Act 1997*.

2.2 Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

2.3 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

2.4 New and amended standards and interpretations

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2018 do not materially impact the financial statement of the Society.

The Society has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

AASB 9 Financial Instruments

AASB 15 Revenue from contracts with customers

2.5 New standards not yet assessed

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have been adopted by the Society for the annual reporting year ended 31 December 2018. The Councillors have not early adopted any of these new amended standards and interpretations. The Councillors are in the process of assessing the impact of the applications and its amendment to the extent relevant to the financial statement of the Society.

3 Revenue

	2018	2017
	\$	\$
The Society derives the following types of revenue:		
- Revenue from member subscriptions	1,826,725	2,020,081
- Revenue from Look	383,175	387,390
- Revenue from functions, events and sponsorships	1,637,034	1,633,216
- Revenue from donations	152,571	130,159
- Revenue from other sources	58,709	35,888
	4,058,214	4,206,734
CURRENT		
- Function revenue in advance	486,569	428,559
- Subscription revenue in advance	614,601	596,406
	1,101,170	1,024,965
NON-CURRENT		
- Subscription revenue in advance	671,978	701,057

Revenue is recognised for the major activities using the methods outlines below:

Revenue from member subscriptions

Timing of recognition:

Subscription revenue is apportioned over the period to which the membership relates.

Measurement of revenue:

The revenue is measured at the amount receivable under the membership agreement. If the amount received carries on to the following financial year it will be considered deferred revenue.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Revenue (continued)

Revenue from functions, events and sponsorships

Timing of recognition:

Function and event revenue is recognised in the period in which the function or event occurs. The relevant costs associated are also recognised in the same period to match income and expense in the appropriate period.

Measurement of revenue:

The revenue is measured at the amount receivable under the contract. If the amount received carries on to the following financial year it will be considered deferred revenue.

Revenue from donations and bequests

Timing of recognition:

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.

Measurement of revenue:

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.

All revenue is stated net of the amount of goods and services tax (GST).

	2018	2017
	\$	\$
Other Income		
- Interest received	36,824	50,146
- Sundry income	3,513	-
- Increase in market value of investment	1,323	125,961
	41,660	176,107

Interest income is reported on an accruals basis using the effective interest method.

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

4 Material Profit or Loss Items

The Society has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Society:

	2018	2017
	\$	\$
Depreciation	31,278	31,124
Fringe benefits tax (refund)/expense (i)	(1,195)	473,236
Interest (refund)/paid (i)	(25,057)	100,000
Superannuation	132,370	130,600
Provision for annual leave	1,111	(13,521)
Provision for long service leave	(4,944)	(25,124)

(i) Fringe benefits tax and interest refund relates to an over accrual of the respective balances in the prior year.

All employees of the Society receive defined contribution superannuation entitlements, for which the Society pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's ordinary times earnings) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable.

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Notes to the Financial Statements For the Year Ended 31 December 2018

5 Donations - Art Gallery of NSW

	2018	2017
	\$	\$
Donations - AGNSW general donations	250,000	269,837
Donations - AGNSW art acquisitions	292,800	527,272
	<u>542,800</u>	<u>797,109</u>

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.

6 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	1,097,342	1,387,601
Interest bearing deposits, at call	964,606	1,179,454
	<u>2,061,948</u>	<u>2,567,055</u>

Cash includes an amount of \$75,560 (2017: \$75,560) which is restricted funds set aside for a specific purpose.

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2018	2017
	\$	\$
Cash and cash equivalents	<u>2,061,948</u>	<u>2,567,055</u>

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade and sundry receivables	73,152	90,421
Accrued interest	2,679	1,831
	<u>75,831</u>	<u>92,252</u>

Trade receivables

Trade receivables are amounts due for services performed in the ordinary course of business.

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Notes to the Financial Statements For the Year Ended 31 December 2018

8 Property, Plant and Equipment

	2018	2017
	\$	\$
Office equipment		
At cost	227,908	191,649
Accumulated depreciation	(137,153)	(105,875)
	<u>90,755</u>	<u>85,774</u>

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Society. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Property, plant and equipment
	\$
Balance at 1 January 2018	85,774
Additions	36,259
Depreciation expense	(31,278)
Balance at 31 December 2018	<u><u>90,755</u></u>

9 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	<u>40,754</u>	<u>18,364</u>

Art Gallery Society of New South Wales

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Notes to the Financial Statements For the Year Ended 31 December 2018

10 Financial Assets

	2018	2017
	\$	\$
CURRENT		
Term deposits	232,108	-
	<u>232,108</u>	<u>-</u>
	2018	2017
	\$	\$
NON-CURRENT		
Managed investment portfolio	1,315,207	1,313,884
	<u>1,315,207</u>	<u>1,313,884</u>

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.

11 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade creditors and accruals	173,328	826,098
Dagmar Halas Estate - restricted bequest	75,560	75,560
	<u>248,888</u>	<u>901,658</u>

Trade creditors and accruals

Trade creditors and accruals represent the 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.

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	\$75,560
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Notes to the Financial Statements For the Year Ended 31 December 2018

12 Provisions

	2018	2017
	\$	\$
CURRENT		
Annual leave	88,806	87,398
Long service leave	67,020	76,298
	<u>155,826</u>	<u>163,696</u>
NON-CURRENT		
Long service leave	<u>31,948</u>	<u>27,614</u>

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.

13 Reserves

	2018	2017
	\$	\$
Administration Reserve	<u>1,000,000</u>	<u>1,000,000</u>

During the year there was no movement in reserves.

Administration reserve

The administration reserve records funds set aside to ensure the continued growth of the Society.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

14 Financial Assets and Liabilities

	Loans and receivables	FVTPL	Total
	\$	\$	\$
31 December 2017			
Financial assets			
Cash and cash equivalents (Note 6)	2,567,055	-	2,567,055
Trade and other receivables (Note 7)	92,252	-	92,252
Financial assets (Note 10)	-	1,313,884	1,313,884
	2,659,307	1,313,884	3,973,191
Other liabilities			
Trade and other payables (Note 11)	901,658	-	901,658
Financial assets at amortised cost			
	\$	FVTPL	Total
	\$	\$	\$
31 December 2018			
Financial assets			
Cash and cash equivalents (Note 6)	2,294,056	-	2,294,056
Trade and other receivables (Note 7)	75,831	-	75,831
Financial assets (Note 10)	-	1,315,207	1,315,207
	2,369,887	1,315,207	3,685,094
Other liabilities			
Trade and other payables (Note 11)	248,888	-	248,888

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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Notes to the Financial Statements For the Year Ended 31 December 2018

15 Contingent Liabilities and Commitments

The Society currently has no significant contingent liabilities.

The Society currently has no significant capital expenditure commitments.

The Society currently has no non-cancellable leases.

16 Key Management Personnel Disclosures

Compensation

The aggregate compensation made to key management personnel of the Society is set out below. There was no compensation paid or payable to the Councillors during the current or prior period.

	2018	2017
	\$	\$
Aggregate compensation	<u>257,862</u>	<u>222,642</u>

17 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions between related parties during the current or prior period.

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

18 Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Society, the results of those operations or the state of affairs of the Society in future financial years.

19 Members' Guarantee

The Society is incorporated under the *Corporations Act 2001* and is a Society 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 any outstanding obligations of the Society. At 31 December 2018 the number of members was 20,011 (2017: 18,796).

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Notes to the Financial Statements For the Year Ended 31 December 2018

20 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.

	2018	2017
	\$	\$
Revenue from donations	152,571	130,159
Travel draw	134,333	145,757
Gross income from fundraising (A)	286,904	275,916
Cost of fundraising (B)	(26,609)	(18,396)
Net surplus from fundraising (C)	260,295	257,520
Cost of services provided (D)	-	-
Transfer to accumulated funds	260,295	257,520

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

Cost of fundraising to gross income from fundraising (B/A)	9.27%	6.67%
Net surplus from fundraising to gross income from fundraising (C/A)	90.73%	93.33%
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%

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Councillors' Declaration

The Councillors of the Art Gallery Society of NSW declare that in their opinion:

(1) the financial statements and notes are in accordance with *Australian Charities and Not-For-Profits Commission Act 2012* and:

(a) comply with Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-For-Profits Regulation 2013*, the *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 2018 and of its performance for the financial 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) the financial statements give a true and fair view of all income and expenditure with respect to fundraising events;
- (iii) the statement of financial position 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) 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.



President



Treasurer

Dated this 18th day of March 2019

INDEPENDENT AUDITOR'S REPORT To the Members of the Art Gallery Society of New South Wales

Opinion

We have audited the financial report of the Art Gallery Society of New South Wales, which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the councillors' declaration.

In our opinion, the financial report of the Art Gallery Society of New South Wales has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the society's financial position as at 31 December 2018 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Art Gallery Society of New South Wales in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The councillors are responsible for the other information. The other information comprises the information included in the Art Gallery Society of New South Wales annual report for the year ended 31 December 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The council of the society are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the council determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on 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 2018.

Councillors' Responsibility for Compliance

The councillors are responsible for ensuring compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2015*. 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 2018. 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.

An audit involves performing procedures to obtain audit evidence about the society's compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2015*, 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 society's solvency and its compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2015*. 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 2015*, apart from those specified.

Auditors opinion

In our opinion the financial report of the Art Gallery Society of New South Wales has been prepared in accordance with 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 2018.

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



C HUME
Partner

RSM Australia Partners

Sydney, 18 March 2019

RSM Australia Partners

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The additional financial data presented in the following pages is in accordance with the books & records of Art Gallery Society of New South Wales which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 December 2018. It will be appreciated that our statutory audit did not cover all details of the 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 errors or omissions therein however caused.

A handwritten signature in blue ink that reads "Rsm".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink that reads "C J Hume".**C J HUME**
Partner

Sydney, NSW

Dated: 18 March 2019

Art Gallery Society of New South Wales

ABN: 26 000 207 198

Unaudited Statement of Income and Expenditure For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Income		
Donations received	152,571	130,159
Function and events revenue	982,955	1,037,684
Increase in market value of investment	1,323	125,961
Interest received	36,824	50,146
Look revenue	383,175	387,390
Member subscriptions - corporate	-	236,451
Member subscriptions - non-corporate	1,826,725	1,783,630
Sponsorship revenue	166,305	186,309
Sundry income	62,222	35,888
Travel draw	134,333	145,757
Travel program	353,441	263,466
	4,099,874	4,382,841
Expenditure		
Bad debts written off	-	26,048
Bank charges	43,603	34,387
Computer consumables and support	3,473	19,593
Cost of fundraising	26,609	18,396
Depreciation	31,278	31,124
Employee remuneration	1,327,114	1,612,464
Fringe benefits tax	(1,195)	473,236
Function and events expense	429,490	432,813
General expenses	93,694	52,220
Insurance	28,034	23,258
Interest paid	(25,057)	100,000
Look costs	640,405	620,263
Marketing costs	133,112	149,840
Member benefits - corporate	-	50,524
Member benefits - non-corporate	159,375	162,364
Member facilities	67,867	56,697
Overseas travel program	22,276	15,886
Printing, postage and stationary	15,655	24,232
Professional fees	29,067	42,964
Provision for employee entitlements	(3,833)	(38,645)
Staff training and welfare	22,122	14,339
Superannuation	132,370	130,600
Task force and guides	12,294	11,028
Travel costs	20,867	18,850
	3,208,620	4,082,481
Operating surplus for the period	891,254	300,360
Donations - Art Gallery of NSW	(542,800)	(797,109)
Net surplus/(deficit) for the period	348,454	(496,749)

The accompanying notes form part of these financial statements.