



**ART GALLERY SOCIETY OF NEW SOUTH WALES
2016 ANNUAL REPORT**



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2016 ANNUAL REPORT

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Art Gallery Society of NSW Councillors' Report 2016

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 2016 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 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 etc.

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. To this end, the Society continued to work during the year towards a Memorandum of Understanding with the Art Gallery, initiated following the Bott Report to the Art Gallery Trust in 2013.

The Society raises income through membership subscriptions and donations, events, tours, sponsorship 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.

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 the reflects both the Art Gallery's exhibition program and the Society's activities.

New memberships totalled 2,683 and total membership grew by 1,155.

Membership benefits

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

The Society published ten monthly issues of its members' magazine, *Look*, and a new Bi-Monthly issue in Nov/Dec 2016. Responses from members in regard to the new bi-monthly issues have been very positive. 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 416 events during the year, attracting an increased and 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, whilst popular with members had some difficulties due to political instability in some countries.

Fundraising

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

The Society's corporate membership program remained strong, providing exhibition viewings with corporate hospitality opportunities for 162 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.

Overall the Society's activities during the year produced income of \$4,766,395 with a surplus of \$748,642, a slight decline of 6% on the previous year's surplus.

The total financial assistance given to the Art Gallery during the year was \$834,291, 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 \$545,791. This sum was higher than in the previous year by \$157,619. The Society will fund the \$527,273 balance of John Russell's *In the afternoon* 1891 in 2017.

Art acquisitions

The Society funded four works for the Gallery's collection in 2016. The principal acquisition being John Russell's *In the afternoon* 1891, an important Australian impressionist work which members enthusiastically supported.

In 2016, the Society funded their second print by Australian-born Martin Lewis; *The glow of the city* 1929, depicting a glamorous flapper in front of a New York skyline. The acquisition improves the representation of a significant artist in the Works on Paper Collection.

Two works were funded from the Dagmar Halas bequest fund: the beautiful work by Grace Cossington Smith *Arums growing* 1927 and the landscape by Hilda Rix Nicholas *Through the trees Toongabbie* 1920.

Other support

The Society once again made a donation of \$240,000 to the Art Gallery's Art After Hours program, \$30,000 to the Department of Learning and Participation as well as the purchase of tickets to Art Gallery exhibitions in excess of \$200,000. The Society also made an \$8,000 donation to the Art Gallery Foundation.

Financial support to the volunteer bodies – the Volunteer Guides, Task Force and Community Ambassadors – totalled \$26,434.

The Society's annual professional development scholarship of \$3,500, which supports further research by Art Gallery staff to enhance their work at the Art Gallery, was awarded to Kuldeep Duhan, Head of Security Gallery Services, to investigate international security best practice in his field.

The Society for the last year, contributed to the 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:

- 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.

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 since March 2014

Paula Latos-Valier (Vice President)

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 the boards of Australian American Fulbright Commission 2002 to 2011; Alliance Française de Sydney 2003 to 2013 Biennale of Sydney 2004 to 2007 and Visual Arts/Craft Board of the Australia Council 1988 to 1989
Councillor since March 2015

Brian Greenacre (Treasurer)

B.Bus(Acc),G.Dip(ICA),CA,CTA,MAICD
Partner, BDO in Australia, 2011 to present
Board Member, Moogahlin Performing Arts Inc, 2015 to present
Treasurer, Young Members Committee, 2014 to present
Chartered Accountant: Chartered Tax Advisor
Member Australian Institute of Company Directors
Over 20 years experience as accountant and business adviser
Councillor since April 2016

Anastasia Economou

Master of Applied Finance
Master of Arts in Law
FINSIA Senior Fellow
FINSIA Educational Committee Member
FTA Senior Fellow
Managing Director, General Counsel Division at Credit Suisse, 1999 to 2016
Contract/Consultant CBA Global Markets in Conduct Risk – commenced in December 2016.
Anastasia has over twenty five years' experience in the financial services and investment banking sector
Councillor since April 2016.

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 2014

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

Edward Palmisano

Head of International, Australian Institute of Company Directors (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) 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 March 2014

Jo-Ann Smith

Volunteer Guide from 2010

Coordinator of Volunteer Guides 2015 and assisting 2016 Coordinator.

Assistant coordinator of the Access program for people with various disabilities; allocating, organising and training guides.

Jo-Ann spent many years managing a boutique Law firm office

She is a trained nurse

Her husband is a Foundation member and together they support the Society and the Gallery

Councillor since April 2016

Christopher Wokes

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 from June 2011- July 2016

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 -April 2016

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 2010-2016

Tour leader for Society Day Tours and Art Weekends

Gallery assistant with prominent Sydney commercial galleries 1990-2008

Member since 1989, Councillor from March 2007 – April 2016

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, Director 2012-2016

Sydney Festival, Alternate Director with Premier of NSW 2012 – 2014 and Deputy Chair

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 2014

Councillor since 2014

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, eleven meetings were held.

Councillors	Meetings Held	Attended
Brian Ladd	11	11
Paula Latos-Valier	11	11
Brian Greenacre	9	8
Edward Palmisano	11	9
Jill Keyte	11	11
Sue Dadswell	11	10
Anastasia Economou	9	7
Les Moseley	2	1
Chris Wokes	6	5
Jackie De Diana	2	2
Jo-Anne Smith	9	9
Ex officio		
Michael Brand	11	4
Ashley Dawson-Damer	11	7

Les Moseley and Jackie De Diana retired at AGM, 6 April 2016 and Chris Wokes retired 26 July 2016

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 2016, there were 18,043 financial memberships of the Society (more than 28,350 cardholders), therefore the maximum total amount that members of the Society were liable to contribute was \$360,860.

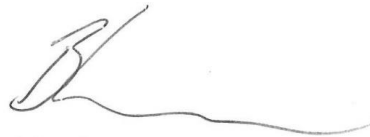
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Division 60 Australian Charities and Not-For-Profits Commission Act 2012 is set out on page 8.

For and on behalf of the Council,



Brian Ladd
President



Brian Greenacre
Treasurer

Dated at Sydney
this 9th day of March 2017

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER DIVISION 60 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012
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 2016, there have been:

- (a) No contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 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 9th day of March 2017

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 2016, 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) and the *Australian Charities and Not-for-profits Commission Act 2012*. 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.

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

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act 2012*.

AUDITOR'S OPINION

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

- a) Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. giving a true and fair view of the Society's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- 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 2016.

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 2016.

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 2016.

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 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 entity'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.

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) giving a true and fair view of the company's financial position as at 31 December 2016 and of their performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KSG Assurance & Audit Services Pty Limited



Bruce Howle
Principal

Dated at Sydney this 9th day of March 2017

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 *Australian Charities and Not-For-Profits Commission Act 2012* and:

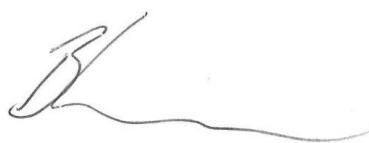
- (a) comply with Accounting Standards, the Corporations Regulations and the *Charitable Fundraising Act 1991* and other mandatory professional reporting requirements;
- (b) give a true and fair view of the Society's financial position as at 31 December 2016, and of the performance for the year ended 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



Brian Greenacre
Treasurer

Dated at Sydney
this 9th day of March 2017

**ART GALLERY SOCIETY OF NEW SOUTH WALES
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
Revenue from ordinary activities	2(a)	4,766,395	4,662,770
Employee benefits expense		(1,864,425)	(1,926,421)
Depreciation expense	2(b)	(27,134)	(9,384)
Other expenses from ordinary activities		<u>(2,126,194)</u>	<u>(1,928,108)</u>
Surplus from ordinary activities (no tax applicable)		748,642	798,857
Donations - Art Gallery of NSW	3	<u>(834,291)</u>	<u>(675,217)</u>
Net surplus/(deficit) for the year		<u>(85,649)</u>	<u>123,640</u>

The accompanying notes form part of these Financial Statements

**ART GALLERY SOCIETY OF NEW SOUTH WALES
BALANCE SHEET
AS AT 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	4	3,029,866	3,079,633
Trade and other receivables	5	141,236	115,898
Financial assets	6	-	1,148
Other current assets	7	<u>18,969</u>	<u>37,646</u>
TOTAL CURRENT ASSETS		<u>3,190,071</u>	<u>3,234,325</u>
NON-CURRENT ASSETS			
Financial assets	6	1,187,923	1,106,766
Property, plant and equipment	8	<u>100,393</u>	<u>91,759</u>
TOTAL NON-CURRENT ASSETS		<u>1,288,316</u>	<u>1,198,525</u>
TOTAL ASSETS		<u>4,478,387</u>	<u>4,432,850</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,674,142	1,663,373
Provisions	10	<u>249,077</u>	<u>200,855</u>
TOTAL CURRENT LIABILITIES		<u>1,923,219</u>	<u>1,864,228</u>
NON-CURRENT LIABILITIES			
Trade and other payables	9	784,110	722,778
Provisions	10	<u>15,970</u>	<u>5,107</u>
TOTAL NON-CURRENT LIABILITIES		<u>800,080</u>	<u>727,885</u>
TOTAL LIABILITIES		<u>2,723,299</u>	<u>2,592,113</u>
NET ASSETS		<u>1,755,088</u>	<u>1,840,737</u>
MEMBERS' FUNDS			
Reserves	11	1,000,000	1,000,000
Accumulated funds		<u>755,088</u>	<u>840,737</u>
TOTAL MEMBERS' FUNDS		<u>1,755,088</u>	<u>1,840,737</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 2016**

	Accumulated Funds \$	Administration Reserve \$	Total \$
Balance at 1 January 2015	717,097	1,000,000	1,717,097
Net surplus for the year	<u>123,640</u>	<u>-</u>	<u>123,640</u>
Balance at 31 December 2015	840,737	1,000,000	1,840,737
Net deficit for the year	<u>(85,649)</u>	<u>-</u>	<u>(85,649)</u>
Balance at 31 December 2016	<u><u>755,088</u></u>	<u><u>1,000,000</u></u>	<u><u>1,755,088</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 2016**

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		4,351,296	4,116,362
Payments to suppliers and employees		(3,804,440)	(3,778,013)
		546,856	338,349
Distributions received		227	37
Donations received		241,293	180,111
Interest received		67,084	76,742
Finance charges paid		(36,317)	(35,740)
Net cash provided by operating activities	16	819,143	559,499
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(35,767)	(83,735)
Decrease in investment in unit trusts		1,148	-
Net cash used in investing activities		(34,619)	(83,735)
CASH FLOWS FROM FINANCING ACTIVITIES			
Donations - Art Gallery of NSW		(834,291)	(675,217)
Net cash used in financing activities		(834,291)	(675,217)
Net decrease in cash held		(49,767)	(199,453)
Cash at the beginning of the financial year		3,079,633	3,279,086
Cash at the end of the year	17	3,029,866	3,079,633

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 2016**

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 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 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 2016**

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

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	\$75,560
		<hr/>
	Total restricted assets	<u>\$75,560</u>

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 2016**

**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 2016**

	2016	2015
	\$	\$
<u>NOTE 2</u> REVENUE AND OPERATING SURPLUS		
a. REVENUE		
Revenue from operating activities:		
Members' subscriptions	2,166,614	2,134,809
Look revenue	477,413	508,928
Function and sponsorship revenues	<u>1,509,420</u>	<u>1,571,389</u>
	<u>4,153,447</u>	<u>4,215,126</u>
Revenue from non-operating activities:		
Donations	241,293	180,111
Distributions received	227	37
Income from Restricted Assets	187,676	106,818
Increase in market value of investment	81,157	58,012
Interest	67,084	76,742
Sundry income	<u>35,511</u>	<u>25,924</u>
	<u>612,948</u>	<u>447,644</u>
	<u>4,766,395</u>	<u>4,662,770</u>
b. EXPENSES		
The operating surplus before income tax is arrived at after charging the following items:		
- Depreciation	27,134	9,384
- Provision for annual leave	19,516	(11,066)
- Provision for long service leave	39,918	15,538
<u>NOTE 3</u> DONATIONS - Art Gallery of NSW		
- General Donations	288,500	287,045
- Art Acquisitions	545,791	388,172
	<u>834,291</u>	<u>675,217</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES
NOTES TO AND FORMING PART OF THE ACCOUNTS
AS AT 31 DECEMBER 2016**

	2016	2015
	\$	\$
<u>NOTE 4</u> CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,074,938	1,162,693
Interest bearing deposits, at call (i)	<u>1,954,928</u>	<u>1,916,940</u>
	<u>3,029,866</u>	<u>3,079,633</u>
(i) Cash includes an amount of \$75,560 (2015 \$262,088) which is restricted funds set aside for specific purpose.		
<u>NOTE 5</u> TRADE AND OTHER RECEIVABLES		
Trade and sundry receivables	134,937	94,078
Accrued Interest	<u>6,299</u>	<u>21,820</u>
	<u>141,236</u>	<u>115,898</u>
<u>NOTE 6</u> FINANCIAL ASSETS		
CURRENT		
Investments, unit trust	<u>-</u>	<u>1,148</u>
NON-CURRENT		
Managed investment portfolio, medium and long term facilities	<u>1,187,923</u>	<u>1,106,766</u>
<u>NOTE 7</u> OTHER CURRENT ASSETS		
Prepayments	<u>18,969</u>	<u>37,646</u>
<u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT		
Furniture and fittings (at cost)		
Opening balance	60,650	328,456
Additions	2,869	1,497
Assets written off	<u>-</u>	<u>(269,303)</u>
Closing Balance	<u>63,519</u>	<u>60,650</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES
NOTES TO AND FORMING PART OF THE ACCOUNTS
AS AT 31 DECEMBER 2016**

	2016 \$	2015 \$
<u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT (Continued)		
Provision for Depreciation		
Opening Balance	(54,440)	(321,744)
Asset Written off	-	269,303
Depreciation	<u>(2,408)</u>	<u>(1,999)</u>
Closing Balance	<u>(56,848)</u>	<u>(54,440)</u>
Furniture & Fitting Carrying Value	<u>6,671</u>	<u>6,210</u>
Office Equipment (at cost)		
Opening Balance	111,680	207,378
Additions	25,978	22,849
Assets written off	-	(118,547)
Closing Balance	<u>137,658</u>	<u>111,680</u>
Provision for Depreciation		
Opening Balance	(84,089)	(196,682)
Asset Written off	-	118,547
Depreciation	<u>(12,189)</u>	<u>(5,954)</u>
Closing Balance	<u>(96,278)</u>	<u>(84,089)</u>
Office Equipment Carrying Value	<u>41,380</u>	<u>27,591</u>
Members Facility (at cost)		
Opening Balance	59,389	401,563
Additions	6,920	59,389
Assets written off	-	(401,563)
Closing Balance	<u>66,309</u>	<u>59,389</u>
Provision for Depreciation		
Opening Balance	(1,431)	(401,563)
Asset Written off	-	401,563
Depreciation	<u>(12,536)</u>	<u>(1,431)</u>
Closing Balance	<u>(13,967)</u>	<u>(1,431)</u>
Members Facility Carrying Value	<u>52,342</u>	<u>57,958</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES
NOTES TO AND FORMING PART OF THE ACCOUNTS
AS AT 31 DECEMBER 2016**

	2016 \$	2015 \$
<u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT (Continued)		
Library Books (at cost)		
Opening Balance	2,738	2,738
Closing Balance	<u>2,738</u>	<u>2,738</u>
Provision for Depreciation		
Opening Balance	(2,738)	(2,738)
Closing Balance	<u>(2,738)</u>	<u>(2,738)</u>
Library Books Carrying Value	<u>-</u>	<u>-</u>
TOTAL CARRYING VALUE	<u>100,393</u>	<u>91,759</u>
<u>NOTE 9</u> TRADE AND OTHER PAYABLES		
CURRENT		
Trade Creditors and accruals	259,376	264,860
Function revenue in advance	416,996	401,078
Subscriptions received in advance 1 year	855,210	734,199
Sponsorship Revenue in Advance	67,000	-
Dagmar Halas Estate - restricted bequest	75,560	263,236
	<u>1,674,142</u>	<u>1,663,373</u>
NON-CURRENT		
Subscriptions received in advance 3 years	<u>784,110</u>	<u>722,778</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES
NOTES TO AND FORMING PART OF THE ACCOUNTS
AS AT 31 DECEMBER 2016**

	2016 \$	2015 \$
<u>NOTE 10</u> PROVISIONS		
CURRENT		
Annual leave	115,168	96,002
Long service leave	<u>133,909</u>	<u>104,853</u>
	<u>249,077</u>	<u>200,855</u>
NON-CURRENT		
Long service leave	<u>15,970</u>	<u>5,107</u>
<u>NOTE 11</u> RESERVES		
<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 2016 there was no movement in the reserve account.	<u>1,000,000</u>	<u>1,000,000</u>
<u>NOTE 12</u> AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditors for:		
- Auditing accounts and events	17,555	15,391
- Other services	<u>-</u>	<u>-</u>
	<u>17,555</u>	<u>15,391</u>
<u>NOTE 13</u> CAPITAL EXPENDITURE COMMITMENTS		
- Not longer than 1 year	-	-
- longer than 1 but not longer than 2 years	-	-
- longer than 2 but not longer than 5 years	-	-
	<u>-</u>	<u>-</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES
NOTES TO AND FORMING PART OF THE ACCOUNTS
AS AT 31 DECEMBER 2016**

	2016 \$	2015 \$
<u>NOTE 14</u>		
LEASE EXPENDITURE COMMITMENTS		
Finance leasing and hire purchase commitments payable:	<u>-</u>	<u>-</u>
Operating lease commitments non-cancellable operating leases contracted for but not capitalised in the accounts payable:	<u>-</u>	<u>-</u>
<u>NOTE 15</u>		
CONTINGENT LIABILITIES		
There were no material amounts of contingent liabilities not provided for in the accounts		
<u>NOTE 16</u>		
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX		
Operating surplus after income tax	753,642	798,857
Depreciation	27,134	9,384
Loss/ (gain) on change in market value of investments	(81,157)	(58,012)
<i>Movement in provisions:</i>		
Increase/(Decrease) in annual leave	19,166	(11,066)
Increase/(Decrease) in long service leave	39,919	(4,736)
<i>Change in assets and liabilities:</i>		
Increase/(Decrease) in trade debtors and sundry receivables	(25,339)	(16,890)
Increase/(Decrease) in prepayments	18,679	(23,592)
Decrease/(Increase) in trade creditors and accruals	(5,485)	80,170
Increase/(Decrease) in revenues in advance	265,260	(107,798)
Increase/(Decrease) in restricted assets	(187,676)	(106,818)
Net cash provided by operating activities	<u>824,143</u>	<u>559,499</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES
NOTES TO AND FORMING PART OF THE ACCOUNTS
AS AT 31 DECEMBER 2016**

	2016 \$	2015 \$
<u>NOTE 17</u> DEFINITION OF CASH		
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>3,029,866</u>	<u>3,079,633</u>
<u>NOTE 18</u> SEGMENT INFORMATION		
During the year ended 31 December, 2016 the Society operated predominantly in one industry, that of promoting interest in art, and in one geographical area, Australia.		
<u>NOTE 19</u> EMPLOYEE ENTITLEMENTS		
Accrued salaries and wages (included in trade payables and accruals - Note 9)	-	32,311
Provisions for employee entitlements:		
Current	249,077	200,855
Non-Current	<u>15,970</u>	<u>5,107</u>
	<u>265,047</u>	<u>238,273</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 2016**

NOTE 21 RELATED PARTY TRANSACTIONS

- a) Employees – No further disclosure is necessary for the 2016 year.
- b) Councillors - No further disclosure is necessary for the 2016 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 2016 there were 18,043 financial members of the Society.

	2016	2015
	\$	\$

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	241,293	180,111
Travel Draw	<u>137,337</u>	<u>134,764</u>
Gross income from fundraising (A)	378,630	314,875
Cost of fundraising (B)	<u>(16,677)</u>	<u>(13,687)</u>
Net surplus from fundraising (C)	361,953	301,188
Cost of services provided (D)	-	-
Transferred to accumulated funds	<u>361,953</u>	<u>301,188</u>
	<u>361,953</u>	<u>301,188</u>

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

Cost of fundraising to gross income from fundraising (B/A)	5%	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 2016.

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 9th day of March 2017

**ART GALLERY SOCIETY OF NEW SOUTH WALES
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2016**

SCHEDULE 1 UNAUDITED	2016	2015
	\$	\$
INCOME		
Members' subscriptions, corporate	451,017	449,105
Members' subscriptions, non-corporate	1,715,597	1,685,704
Look advertising revenue	477,413	508,928
Donations	241,293	180,111
Gain on movement in market value of investment	81,157	58,012
Interest received	67,084	76,742
Income from Restricted Assets	187,676	106,818
Event revenue	1,015,240	1,060,760
Travel program	153,341	178,884
Travel draw	137,337	134,764
Corporate function revenue	16,502	14,981
Distributions received	227	37
Sponsorships	187,000	182,000
Sundry income	35,511	25,924
	<u>4,766,395</u>	<u>4,662,770</u>
EXPENDITURE		
Audit and accountancy fees	17,555	15,391
Bank charges	36,317	35,740
Collection Circle expenses	6,052	368
Computer consumables and support	2,259	1,835
Council expenses	5,556	4,457
Depreciation of fixed assets	27,134	9,384
Donation – Art Gallery of NSW Foundation	8,000	-
Function expenses	464,324	460,346
Insurance	14,343	14,288
Legal and professional expenses	31,268	16,392
Look costs	910,379	877,393
Marketing expenses	113,707	127,074
Membership expenses, corporate	165,437	149,652
Membership expenses, non-corporate	189,116	64,026
Members' room expenses	64,351	58,997
Postage, courier, and freight	14,543	8,028
Printing and stationery	20,944	16,331
Provision for annual leave	19,516	(11,066)
Provision for long service leave	39,918	15,538
Salaries and casual wages	1,660,002	1,756,763
Superannuation	144,989	165,186
Task force / guides	26,434	34,060
Telephone	878	1,087
Overseas travel program	11,739	14,630
Travel draw	22,992	28,013
	<u>4,017,753</u>	<u>3,863,913</u>
OPERATING SURPLUS FOR THE YEAR	<u>748,642</u>	<u>798,857</u>
Donations to the Art Gallery of NSW	<u>(834,291)</u>	<u>(675,217)</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR	<u>(85,649)</u>	<u>123,640</u>