



**ART GALLERY SOCIETY OF NEW SOUTH WALES  
2014 ANNUAL REPORT**



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## **Art Gallery Society of NSW Councillors' Report 2014**

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 2014 made in accordance with a resolution of Councillors.

### ***Objectives***

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

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

The Society develops, serves and communicates with an active and committed membership that provides a core audience, advocacy and support for the Art Gallery.

It also supports the Art Gallery's day-to-day activities by supplying, resourcing and helping to train bodies of experienced and competent volunteers from its membership.

### ***Strategy***

The Society's strategy for achieving its objectives involves building a strong and vigorous membership body through the active and ongoing recruitment of new members, and by providing existing members with a range of benefits, in the form of events, services, programs and amenities that will maintain their interest and encourage loyalty and commitment.

The Society provides a large and diverse program of art-related events and activities for members in order to develop knowledge, appreciation and enjoyment of art, enhancing the authority and standing of both the Society and the Art Gallery.

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

In order to align its strategy with that of the Art Gallery, and to clarify roles and responsibilities, the Society worked during the year towards a Memorandum of Understanding with the Art Gallery, which is still to be completed.

### ***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.

During the year, the Society's management and Council were concerned to reverse the slight decline in general membership that had occurred since the Global Financial Crisis of 2007-2008. Council consequently revised its membership categories and prices to ensure that it caters for all sections of the community in New South Wales. The resulting 10 categories include single people, young people under 30, country people, families and pensioners.

Other measures taken to reverse the decline included restoration of the membership desk in the entrance court, staffed by Task Force volunteers, new marketing materials, improved online facilities and online campaigns.

In addition, Council initiated a proposal to change the name of the organisation from Art Gallery Society of New South Wales to "Art Gallery of New South Wales Members". A Special General Meeting in October launched the discussion with membership about the new name, which aims to make membership more welcoming and accessible to all.

### ***Membership benefits***

Providing high quality, relevant and innovative membership benefits is very important to the Society. The events program of 444 events during the year included lectures, talks, concerts, exhibition tours and viewings, clear favourites among members being learning opportunities about art history and other fields of culture. World Art Tours also continued to grow in popularity and in diversity of destinations, with a large number of Asian tours.

The Society also published eleven issues of its members' magazine, *Look*, a publication considered by many members to be the most important benefit of membership.

### ***Fund raising***

The Society also maintained a corporate membership program that complements the Art Gallery's fund-raising initiatives. It provided exhibition viewings with corporate hospitality opportunities for 162 companies who network and entertain their clients in the Art Gallery, thereby introducing many new companies from the corporate community to the Art Gallery, with the potential for upgrading them to higher levels of support.

The Society's Collection Circle Acquisition Program continued to attract members able to contribute to help purchase works of art for the Gallery.

The Society's activities during the year produced gross income of \$4,412,136 with a surplus of \$515,490.

The Society provided material assistance to the Gallery for the acquisition of art and other donations. In 2014 this amount totalled \$1,288,083.

### ***Art acquisitions***

Acquisitions funded by the Society were the Giovanni Battista Moroni *Portrait of a Man* and financial assistance was also given to the purchase of Basile Lemeunier's *Portrait of Edouard Detaille*.

Progress was made with the assistance of curators and the Acquisitions and Loans committee of the Trust in seeking suitable acquisitions for the Dagmar Halas bequest. It is expected that this will be fulfilled in 2015.

*Young members* The Society's Contempo group, which changed its name during 2014 to Young Members, funded the Nike Savvas work *Rally* that hung in the entrance court for most of the year, and Reko Rennie's *No sleep till Dreamtime*.

### ***Other support***

The Society once again made a donation of \$240,000 to the Gallery's Art After Hours program.

Financial support to the volunteer bodies – the Volunteer Guides, Task Force and Community Ambassadors – totalled \$32,841.

Through its annual professional development scholarship, this year the Society gave \$12,500 to the Gallery to enable a staff member to develop a research project that would enhance work at the Gallery. The scholarship was awarded to Simm Steel, senior lighting technician, to research international best practice in his field.

The Society continued its annual \$5,000 Sculpture by the Sea prize and the Art Gallery Society's Volunteer Task Force repeated their artist subsidy of \$2,500 to encourage and support sculptors entered in the competition.

### ***Performance Measurement***

The Society's performance measures include:

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

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

### **Les Moseley (President)**

Retired school Principal, now a Volunteer Guide  
Bachelor of Arts  
Guides Lecture Coordinator in charge of guides' professional development 2003-4.  
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,  
Special exhibitions and guide for Collection Circle members  
Member of the Finance & Operations Committee  
Councillor since March 2007, President since March 2014

### **Brian Ladd (Vice-President)**

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

### **Chris Wokes (Treasurer)**

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

### **Susan Dadswell**

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

### **Jackie De Diana**

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

### **Jill Keyte**

Managing Director and Business Owner, High as a Keyte Pty Ltd 2001-  
Chair, 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  
Chair, Playing Australia & Festivals Australia 1998-2004  
Council Member, Friends of The Australian Ballet  
Member since 1999, Councillor since 2014

### **Valerie Marteau**

Film/Events designer (Aust/USA) BAVC, GDipPD  
Contempo committee member 2003-2011  
Contempo President 2004, 2010  
Contempo Vice President 2009, 2011  
Contributor, Membership Strategy & Constitution Revision  
Contributor, Society Reciprocal Rights Program  
Councillor March 2012 to March 2015

### **John Masters**

B.Comm (Hons), Dip Law (BAB), ACA  
Former senior partner, PricewaterhouseCoopers  
Chartered Accountant  
Member of the boards of ING Bank (Australia) Ltd and IP Payments Pty Ltd.  
Board member of Intersect Australia Ltd (not-for-profit academic research company)  
Member of the Finance & Operations, and Audit Committees  
Councillor September 2008 to March 2014, President May 2010 to March 2014

#### **Fred Orr**

Clinical Psychologist (BA,BSc,PhD)  
Fellow, Australian Psychological Society  
Fellow, Australian Institute of Management  
Sr. Lecturer (conjoint), Faculty of Medicine, UNSW  
Visiting Medical Officer, Prince of Wales Private Hospital  
Advisor, Vietnam Veterans' Trust  
Member, Veterans' Children Education Board, Dept of Veterans' Affairs  
Member, Australian Gallipoli Trust  
Member, Australian Olympic Academy  
Member, Emergency Services Team, Australian Red Cross  
Foundation Member, Education & Training Board, Australian Football League  
Author of non-fiction educational books & writer of children's fiction  
Convenor, Next Chapter Art Group Randwick City Council Library  
Chair, Gardens & Grounds, St Jude's Church Council, Randwick  
Councillor March 2005 to March 2014

#### **Edward Palmisano**

Director, Government Relations, University of Sydney (2014-present)  
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 2014

#### **Aviva Ziegler**

Documentary film maker,  
Logie Award winner for Quentin, Facing the Demons and ABC Dynasties Series  
Writer/director: What is a Jew to you? Plumpton High Babies, Secrets of the Jury Room, The Glamour Game  
Series: The Parade  
The documentary on painter Ian Fairweather and various documentaries for Radio National's  
Health Report  
Councillor March 2006 to March 2015

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

#### **Ex officio**

##### **Dr Michael Brand**

Director, Art Gallery of New South Wales

##### **Hon Ashley Dawson-Damer AM**

Bachelor of Economics, University of Sydney, 1967  
Opera Australia Capital Fund, Board Director since 2014  
Opera Australia Capital Fund, Council of Governors since 2005  
Sydney Festival, Alternate Director with Premier of NSW since 2012  
National Gallery of Australia Council, Board Member 2005-2014  
National Gallery of Australia Foundation, Trustee since 2004  
National Art School Sydney, Board Director 2012-2014  
National Institute of Dramatic Arts (NIDA) Board Member 1997-2003  
Historic Houses Foundation, Trustee 1995-1999  
Art Gallery of New South Wales, Trustee since 2014  
Art Gallery of New South Wales Foundation, Trustees 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, seven (12) meetings were held.

Councillors	Meetings Held	Attended
Susan Dadswell	12	10
Jackie De Diana	12	11
Jill Keyte	10	8
Brian Ladd	10	9
Valerie Marteau	12	10
John Masters	3	3
Les Moseley	12	11
Fred Orr	2	2
Edward Palmisano	7	7
Chris Wokes	12	10
Aviva Ziegler	12	11
Ex officio		
Michael Brand	12	4
Ashley Dawson-Damer	8	4

John Masters and Fred Orr retired at AGM 26 March, 2014

## 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 2014, there were 16,552 financial memberships of the Society, therefore the maximum total amount that members of the Society were liable to contribute was \$331,040.

## AUDITOR'S INDEPENDENCE DECLARATION

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

For and on behalf of the Council,



Les Moseley

President



Chris Wokes

Treasurer

Dated at Sydney  
this 20<sup>th</sup> day of February 2015



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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2014, there have been:

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

KSG Assurance & Audit Services



Bruce Howle  
Principal

Dated at Sydney this 20<sup>th</sup> day of February 2015

## **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 26, which comprises the balance sheet as at 31 December 2014, and the income statement, statement of recognised income and expenditure, and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the councillors' declaration.

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

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

### **AUDITOR'S RESPONSIBILITY**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the councillors, as well as evaluating the overall presentation of the financial report.

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

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

### **AUDITOR'S OPINION**

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

- a) the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Society's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the *Charitable Fundraising Act 1991*, including showing a true and fair view of the Society's financial result of fundraising appeals for the year ended 31 December 2014.

### **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 2014.

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

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on matters specified in section 24(2) of the *Charitable Fundraising Act 1991* for the year ended 31 December 2014.

We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether there were any material breaches of compliance by the Society.

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

An audit involves performing procedures to obtain audit evidence about the entity's compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2008*, and its solvency. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material breaches of compliance. In making those risk assessments, the auditor considers internal control relevant to the entity's compliance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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


### AUDITOR'S OPINION

In our opinion:

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

### INDEPENDENCE

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

KSG Assurance & Audit Services  
  
Bruce Howle  
Principal

Dated at Sydney this 20<sup>th</sup> day of February 2015

## 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 26, are in accordance with Corporations Act 2001 and:

- (a) comply with Accounting Standards, the Corporations Regulations and the *Charitable Fundraising Act 1991* and other mandatory professional reporting requirements;
- (b) give a true and fair view of the Society's financial position as at 31 December 2014, 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.

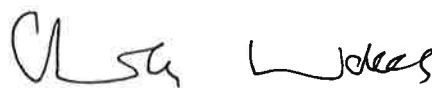
2. In the Councillors' opinion there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

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



Les Moseley

President



Chris Wokes

Treasurer

Dated at Sydney  
This 20th day of February 2015

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Notes</b>	<b>2014 \$</b>	<b>2013 \$</b>
Revenue from ordinary activities	2(a)	4,412,136	5,058,320
Employee benefits expense		(2,064,494)	(1,972,719)
Depreciation expense	2(b)	(15,513)	(54,032)
Other expenses from ordinary activities		<u>(1,816,639)</u>	<u>(2,137,362)</u>
Surplus from ordinary activities (no tax applicable)		515,490	894,207
Donations - Art Gallery of NSW	3	<u>(1,288,083)</u>	<u>(1,845,553)</u>
Net surplus/(deficit) for the year		<u>(\$772,593)</u>	<u>(\$951,346)</u>

The accompanying notes form part of these Financial Statements

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
BALANCE SHEET  
AS AT 31 DECEMBER 2014**

	Notes	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,279,086	4,116,453
Trade and other receivables	5	99,008	123,475
Financial assets	6	1,147	4,415
Other current assets	7	<u>14,056</u>	<u>20,251</u>
<b>TOTAL CURRENT ASSETS</b>		<u>3,393,297</u>	<u>4,264,594</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	6	1,048,754	959,455
Property, plant and equipment	8	<u>17,408</u>	<u>25,368</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,066,162</u>	<u>984,823</u>
<b>TOTAL ASSETS</b>		<u>4,459,459</u>	<u>5,249,417</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,784,441	1,665,429
Provisions	10	<u>204,892</u>	<u>275,405</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,989,333</u>	<u>1,940,834</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	9	736,156	782,326
Provisions	10	<u>16,872</u>	<u>36,566</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>753,028</u>	<u>818,892</u>
<b>TOTAL LIABILITIES</b>		<u>2,742,361</u>	<u>2,759,726</u>
<b>NET ASSETS</b>		<u>\$1,717,098</u>	<u>\$2,489,691</u>
<b>MEMBERS' FUNDS</b>			
Reserves	11	1,000,000	1,000,000
Accumulated funds		<u>717,098</u>	<u>1,489,691</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>\$1,717,098</u>	<u>\$2,489,691</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 2014**

	<b>Accumulated Funds</b>	<b>Administration Reserve</b>	<b>Total</b>
Balance as at 1 January 2013	2,441,037	1,000,000	3,441,037
Net surplus for the year	(951,346)	0	(951,346)
Balance as at 31 December 2013	<u>\$1,489,691</u>	<u>\$1,000,000</u>	<u>\$2,489,691</u>
Net surplus/(loss) for the year	<u>(772,593)</u>	<u>0</u>	<u>(772,593)</u>
Balance as at 31 December 2014	<u>\$717,098</u>	<u>\$1,000,000</u>	<u>\$1,717,098</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 2014**

	Notes	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers		4,181,304	4,369,942
Payments to suppliers and employees		<u>(3,950,839)</u>	<u>(4,170,538)</u>
		230,465	199,404
Distributions received		51	364
Donations received		158,509	162,607
Interest received		100,881	161,128
Finance charges paid		<u>(34,904)</u>	<u>(36,803)</u>
Net cash provided by operating activities	16	455,002	486,700
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(7,553)	(3,024)
Decrease in investment in unit trusts		<u>3,266</u>	<u>13,424</u>
Net cash from investing activities		(4,287)	10,400
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Donations - Art Gallery of NSW		<u>(1,288,083)</u>	<u>(1,845,553)</u>
Net cash used in financing activities		(1,288,083)	(1,845,553)
Net increase/(decrease) in cash held		(837,367)	(1,348,453)
Cash at the beginning of the financial year		<u>4,116,453</u>	<u>5,464,906</u>
Cash at the end of the year	17	<u>\$ 3,279,086</u>	<u>\$ 4,116,453</u>

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 2014**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

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

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

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

**ACCOUNTING POLICIES**

**REVENUE**

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

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

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

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

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

**CASH AND CASH EQUIVALENTS**

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

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2014**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**RESTRICTED ASSETS**

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

Unexpended balances at year end were:

Dagmar Halas Bequest	Cash	368,907
	Investment, unit trust	<u>1,147</u>
	Total restricted assets	<u>\$370,054</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 2014**

**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 expenses 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**

Arms-length expenses paid to the Gallery 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. Discretionary payments made to assist the Gallery's major acquisitions, and other support, are shown 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 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 2</u> REVENUE AND OPERATING SURPLUS</b>		
a. REVENUE		
Revenue from operating activities:		
Members' subscriptions	2,191,503	2,329,807
Look revenue	424,609	522,386
Function and sponsorship revenues	<u>1,422,925</u>	<u>1,680,362</u>
	<u>4,039,037</u>	<u>4,532,555</u>
Revenue from non-operating activities:		
Donations	158,509	162,607
Distributions received	51	364
Increase in market value of investment	89,298	176,095
Interest	100,881	161,128
Sundry income	<u>24,360</u>	<u>25,571</u>
	<u>373,099</u>	<u>525,765</u>
	<u>\$4,412,136</u>	<u>\$5,058,320</u>
b. EXPENSES		
The operating surplus before income tax is arrived at after charging the following items:		
- Depreciation	15,513	54,032
- Provision for annual leave	(9,551)	(25,508)
- Provision for long service leave	<u>(35,281)</u>	<u>127,098</u>
<b><u>NOTE 3</u> DONATIONS - Art Gallery of NSW</b>		
- General Donations	282,500	287,045
- Art Acquisitions	<u>1,005,583</u>	<u>1,558,508</u>
	<u>\$1,288,083</u>	<u>\$1,845,553</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2014**

	2014 \$	2013 \$
<b><u>NOTE 4</u> CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	1,394,789	1,194,404
Interest bearing deposits, at call (i)	1,884,297	2,922,049
	\$3,279,086	\$4,116,453
(i) Cash includes an amount of \$368,907 (2013:\$ 365,639) which is restricted funds set aside for specific purpose.		
<b><u>NOTE 5</u> TRADE AND OTHER RECEIVABLES</b>		
Trade and sundry receivables	93,855	116,442
Accrued Interest	5,153	7,033
	\$99,008	\$123,475
<b><u>NOTE 6</u> FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Investments, unit trust (i)	\$1,147	\$4,415
<b>NON-CURRENT</b>		
Managed investment portfolio, medium and long term facilities	\$1,048,754	\$959,455
(i) Current financial assets of \$1,147 (2013:\$4,415) is restricted funds set aside for specific purpose.		
<b><u>NOTE 7</u> OTHER CURRENT ASSETS</b>		
Prepayments	\$14,056	\$20,251
<b><u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT</b>		
Furniture and fittings		
At cost	328,456	323,387
Provision for depreciation	(321,744)	(320,111)
	6,712	3,276

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2014**

	2014 \$	2013 \$
<b><u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
Office equipment:		
At cost	207,378	204,894
Provision for depreciation	(196,682)	(183,646)
	10,696	21,248
Members facility:		
At cost	401,563	401,563
Provision for depreciation	(401,563)	(400,719)
	0	844
Library books:		
At cost	2,738	2,738
Provision for depreciation	(2,738)	(2,738)
	0	0
Films:		
At cost	10,046	10,046
Provision for depreciation	(10,046)	(10,046)
	0	0
TOTAL WRITTEN DOWN VALUE	\$17,408	\$25,368

**RECONCILIATIONS**

Reconciliation of the carrying amounts of each class of assets at the beginning and end of the current and previous financial year are set out below.

Furniture and fittings:		
Carrying amount at start of year	3,276	5,412
Additions	5,068	0
Depreciation	(1,632)	(2,136)
Carrying amount at end of year	6,712	3,276
Office Equipment:		
Carrying amount at start of year	21,248	34,530
Additions	2,485	3,024
Depreciation	(13,037)	(16,306)
Carrying amount at end of year	10,696	21,248
Member's Facility:		
Carrying amount at start of year	844	36,434
Depreciation	(844)	(35,590)
Carrying amount at end of year	0	844
TOTAL WRITTEN DOWN VALUE	\$17,408	\$25,368

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2014**

		2014 \$	2013 \$
<b><u>NOTE 9</u></b>	<b>TRADE AND OTHER PAYABLES</b>		
	CURRENT		
	Trade creditors and accruals	184,690	205,288
	Function revenue in advance	438,113	322,725
	Subscriptions received in advance 1 year	791,584	767,362
	Dagmar Halas Estate - restricted bequest	370,054	370,054
		<u>\$1,784,441</u>	<u>\$1,665,429</u>
	NON-CURRENT		
	Subscriptions received in advance 3 year	<u>\$736,156</u>	<u>\$782,326</u>
<b><u>NOTE 10</u></b>	<b>PROVISIONS</b>		
	CURRENT		
	Annual leave	107,068	116,620
	Long service leave	97,824	158,785
		<u>\$204,892</u>	<u>\$275,405</u>
	NON-CURRENT		
	Long service leave	<u>\$16,872</u>	<u>\$36,566</u>
<b><u>NOTE 11</u></b>	<b>RESERVES</b>		
	<i>Administration reserve.</i>		
	The administration reserve records funds set aside to ensure the continued growth of the Society. During the year ended 31 December 2014 there was no movement in the reserve account.		
		<u>\$1,000,000</u>	<u>\$1,000,000</u>
<b><u>NOTE 12</u></b>	<b>AUDITORS' REMUNERATION</b>		
	Amounts received or due and receivable by the auditors for:		
	- Auditing accounts and events	17,000	14,500
	- Other services	0	2,564
		<u>\$17,000</u>	<u>\$17,064</u>



**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2014**

		2014 \$	2013 \$
<b><u>NOTE 13</u></b>	<b>CAPITAL EXPENDITURE COMMITMENTS</b>		
	- Not longer than 1 year	250,000	0
	- longer than 1 but not longer than 2 years	0	0
	- longer than 2 but not longer than 5 years	0	0
		<u>\$250,000</u>	<u>\$0</u>
<b><u>NOTE 14</u></b>	<b>LEASE EXPENDITURE COMMITMENTS</b>		
	Finance leasing and hire purchase commitments payable:	<u>\$0</u>	<u>\$0</u>
	Operating lease commitments non- cancellable operating leases contracted for but not capitalised in the accounts payable:	<u>\$0</u>	<u>\$0</u>
<b><u>NOTE 15</u></b>	<b>CONTINGENT LIABILITIES</b>		
	Estimated contingent liabilities in existence at balance date but not provided for	<u>\$0</u>	<u>\$0</u>
<b><u>NOTE 16</u></b>	<b>RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX</b>		
	Operating surplus after income tax	515,490	894,207
	Depreciation	15,513	54,032
	Loss/ (gain) on change in market value of investments	(89,298)	(176,094)
	<i>Movement in provisions:</i>		
	Increase/(decrease) in annual leave	(9,551)	(25,508)
	Increase/(decrease) in long service leave	(80,656)	105,312
	<i>Change in assets and liabilities:</i>		
	Decrease/(Increase) in trade debtors and sundry receivables	24,467	41,986
	Increase/(Decrease) in prepayments	6,195	(16,864)
	Increase/(Decrease) in trade creditors and Accruals	(20,598)	(160,200)
	Increase/(Decrease) in revenues in advance	93,440	(230,171)
	Net cash provided by operating activities	<u>\$455,002</u>	<u>\$486,700</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2014**

		2014 \$	2013 \$
<b><u>NOTE 17</u></b>	<b>DEFINITION OF CASH</b>		
	For the purpose of the Statement of Cash Flows, cash includes cash on hand, and cash at bank.		
	Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
	Cash at bank and in hand	<u>\$3,279,086</u>	<u>\$4,116,453</u>
<b><u>NOTE 18</u></b>	<b>SEGMENT INFORMATION</b>		
	During the year ended 31 December, 2014 the Society operated predominantly in one industry, that of promoting interest in art, and in one geographic area, Australia.		
<b><u>NOTE 19</u></b>	<b>EMPLOYEE ENTITLEMENTS</b>		
	Accrued salaries and wages (included in trade payables and accruals - Note 9)	17,329	0
	Provisions for employee entitlements:		
	Current	204,892	275,405
	Non-Current	<u>16,872</u>	<u>36,566</u>
		<u>\$239,093</u>	<u>\$311,971</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 2014**

	2014	2013
	\$	\$
<b><u>NOTE 21</u> RELATED PARTY TRANSACTIONS</b>		
a) Employees - No further disclosure is necessary for the 2014 year.		
b) Councillors - No further disclosure is required for the 2014 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 2014 there were 16,552 financial members of the Society.

**NOTE 23 RESULTS OF FUNDRAISING APPEALS**

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

Donations, in cash	158,509	162,607
Travel Draw	116,664	147,822
Gross income from fundraising (A)	275,173	310,429
Cost of fundraising (B)	(9,827)	(14,885)
Net surplus from fundraising (C)	265,346	295,544
Cost of services provided (D)	0	0
Transferred to accumulated funds	265,346	295,544
	265,346	295,544

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

Cost of fundraising to gross income from fundraising (B/A)	4%	8%
Net surplus from fundraising to gross income from fundraising (C/A)	96%	92%
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 SOCIETY 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 2014.

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



**Bruce Howle**  
Principal

Dated at Sydney this 20<sup>th</sup> day of February 2015

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>SCHEDULE 1 UNAUDITED</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Members' subscriptions, corporate	418,983	450,891
Members' subscriptions, non-corporate	1,772,520	1,878,916
Look advertising revenue	424,609	522,386
Donations	158,509	162,607
Gain on movement in market value of investment	89,298	176,095
Interest received	100,881	161,128
Event revenue	965,347	1,131,450
Travel program	190,299	175,263
Travel draw	116,665	147,822
Corporate function revenue	13,612	38,828
Distributions received	51	364
Sponsorships	137,000	187,000
Sundry income	24,362	25,570
	<u>4,412,136</u>	<u>5,058,320</u>
<b>EXPENDITURE</b>		
Audit and accountancy fees	17,000	17,064
Bank charges	34,904	36,803
Collection Circle expenses	5,680	5,422
Computer consumables and support	7,256	895
Council expenses	25,908	4,797
Depreciation of fixed assets	15,513	54,033
Function expenses	482,736	686,106
Insurance	15,609	19,423
Legal and professional expenses	868	9,949
Look costs	834,170	847,781
Marketing expenses	74,835	67,269
Membership expenses, corporate	117,836	200,358
Membership expenses, non-corporate	44,769	68,258
Members' room expenses	58,773	66,030
Postage, courier, and freight	6,797	6,798
Printing and stationery	19,035	19,578
Provision for annual leave	(9,551)	(25,508)
Provision for long service leave	(35,281)	127,098
Salaries and casual wages	1,945,306	1,722,161
Superannuation	164,021	148,968
Task force / guides	32,841	55,410
Telephone	2,389	1,875
Overseas travel program	26,165	19,511
Travel draw	9,067	4,034
	<u>3,896,646</u>	<u>4,164,113</u>
<b>OPERATING SURPLUS FOR THE YEAR</b>	<u>515,490</u>	<u>894,207</u>
Donations to the Art Gallery of NSW	<u>(1,288,083)</u>	<u>(1,845,553)</u>
<b>NET SURPLUS(DEFICIT) FOR THE YEAR</b>	<u>(\$772,593)</u>	<u>(\$951,346)</u>