



ART GALLERY SOCIETY OF NEW SOUTH WALES  
2013 ANNUAL REPORT



## ART GALLERY SOCIETY OF NEW SOUTH WALES 2013 ANNUAL REPORT

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## **Art Gallery Society of NSW Councillors' Report 2013**

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 2013 made in accordance with a resolution of Councillors.

### ***Objectives***

The Art Gallery Society of NSW (the Society) stimulates interest in and support for the significant cultural, educational and civic contributions made by the Art Gallery of NSW (the Gallery). The Society seeks to support materially the Gallery's growth and diversity, including the acquisition of works of art, through financial contributions and other forms of practical assistance.

It also strives to further continuing community awareness of, access to and appreciation of the art and art-related activities offered by the Gallery.

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

It also supports the Gallery's day-to-day activities by supplying, resourcing and training a body 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 events, services, programmes and amenities that will maintain their interest and encourage loyalty and commitment.

The Society provides a large and diverse programme of art-related events and activities for members and the wider community to grow knowledge, appreciation and enjoyment of art, enhancing the authority and standing of both the Society and the Gallery.

The Society raises funds through membership subscription and donations, events, tours, sponsorship, advertising and lotteries to meet operating costs, including the employment of permanent staff, acquire works of art, support volunteers, provide member services, and provide scholarships.

### ***Principal Activities***

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

During the year, the Society has maintained 9 membership categories that catered for all parts of the community, from single people, younger people, to country people and families. It also maintained a corporate membership program, including 156 companies who network and entertain their clients in the Gallery, thus exposing the corporate community to the Gallery and its exhibitions.

The events program of more than 530 events during the year included lectures, talks, concerts, exhibition tours, viewings and overseas art tours.

It also published a members' magazine, *Look*, eleven times during the year, a publication considered by members to be the most important element of membership of the Society. In July 2013 the Society also introduced *Look* magazine in an iPad version.

The Society has continued to have a dedicated core from the membership contribute to its Collection Circle Acquisition Program, which has, since 2006, contributed to 8 major art works for the Gallery's permanent collections.

The Society's activities during the year produced income of \$5,058,320 with a surplus of \$847,162. This enabled the Society to provide material assistance to the Gallery in the acquisition of artworks and other donations. In 2013 this totalled \$1.79m.

In 2013 the Society acquired, with generous assistance from the artist, Ed Ruscha's work *Gospel* 1972, to commemorate the appointment of Dr Michael Brand as Director of the Art Gallery of NSW. The purchase price was \$1,055,855.

For its 60<sup>th</sup> Anniversary celebrations the Society acquired Frank Hinder's *Tram Kaleidoscope* 1948, for \$228,000. The painting subsequently became a major element of the *Sydney Moderns* exhibition, of which the Society was the sponsor as part of its anniversary celebrations. A donation of \$200,000 was made for this exhibition.

And \$25,000 was donated to the Conservation Department to conserve Roy de Maistre's wallpaper panels, originally acquired by the Society in 1990.

The Society's Contempo group acquired for the Photography department two photographs by Fiona Pardington for \$25,653 *Portrait of a life cast of Matoua Tawai*, Aotearoa New Zealand 2010, and *Portrait of a life cast of Takatahara*, Aotearoa New Zealand 2010; and Sue Ford diptychs from the *Time* series, gelatin silver photographs, circa 6 x 4 cm each image for \$24,000.

The Society made a donation of \$240,000 to the Gallery's important Art After Hours program to temporarily offset Government budget cuts.

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 their work at the Gallery. The scholarship

was awarded to Anneke Jaspers, Assistant Curator Contemporary Art, to research the latest trends in international performance practice.

The Society's annual \$5,000 Sculpture by the Sea prize and the Art Gallery Society's Volunteer Task Force artist subsidy of \$2,500 encouraged and supported sculptors entered in the competition and provided the Society with a presence in the wider community.

### ***Performance Measurement***

The Society's performance measures include:

- Its financial surplus each year before acquisition of artworks, support for volunteers, scholarships etc;
- The level and quality of events for members and others;
- Increasing membership;
- Informal measures of the effectiveness of and regard for the volunteers; and
- Informal measures of the Society staff performance, member satisfaction, and the Society's relationship with the Gallery:

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

**John Masters (President)**

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 since September 2008, President since May 2010

**Anne Blomfield**

Director of Blomfield Real Estate P/L  
Licensed real estate agent  
Justice of the Peace  
Attends all Corporate, Collection Circle and Art Appreciation events  
Active on all Task Force Rosters, manages Society and Gallery mailouts  
Member of Task Force since 1998  
Councillor March 2004 to March 2013

**Sue Dadswell**

Member of Task Force since 2008  
Taskforce Assistant Coordinator 2010  
Taskforce Coordinator since 2011  
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

**David Levine**

Chair, Serious Offenders Review Council  
Inspector: Police Integrity Commission  
President, Chief of Defence Force Black Hawk 221 Board of Inquiry 2007-8  
President, Arts Law Centre of Australia 1995-2004  
Former Chair, Friends of State Library,  
NSW Archives Authority/State Records  
Judge District Court NSW 1987-1992  
Supreme Court NSW 1992-2005  
Adjunct Prof of Law UTS  
Member Look Review Committee  
Member since 1958, Councillor since March 2005

**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 since March 2012.

**Les Moseley (Vice President)**

Retired school Principal, now a Volunteer Guide  
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

**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 since March 2005

**Christopher 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 since June 2011

**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 since March 2006

## COUNCILLORS' REPORT

### Ex officio members

**Dr Michael Brand**

Director, Art Gallery of New South Wales  
Harvard University, Cambridge, Massachusetts  
PhD in Art History (1987)  
MA in Art History (1982)  
Australian National University, Canberra, Australia  
BA (Honours) in Asian Studies (1979)  
Aga Khan Museum  
Consulting Director (2010-2012)  
J. Paul Getty Museum, Los Angeles, California  
Director (2005-2010)  
Virginia Museum of Fine Arts, Richmond, Virginia  
Director (2000-2005)  
Queensland Art Gallery, Brisbane, Australia  
Assistant Director, Curatorial and Collection Development (1996-2000)  
National Gallery of Australia  
Curator of Asian Art (1988-1996)  
Smithsonian Institution Mughal Garden Project, Lahore, Pakistan  
Co-Director (1988-1993)  
Freer Gallery, Smithsonian Institution, Washington, D.C.  
Resident Fellow (1987)  
Rhode Island School of Design Museum of Art, Providence, Rhode Island  
Curator of Asian Art (1985-1987)  
Harvard University, Cambridge, Massachusetts  
Teaching Assistant, Department of Fine Arts (1984-1985)  
Curatorial Associate, Department of Islamic Art and Later Indian Painting (1982-1983)

All Councillors are financial members of the Society.

### **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 (7) meetings were held.

<b>Councillors</b>	<b>Meetings held</b>	<b>Attended</b>
Anne Blomfield	3	3
Sue Dadswell	7	5
Jackie De Diana	7	6
David Levine	5	3
Valerie Marteau	7	6
John Masters	7	7
Les Moseley	7	6
Fred Orr	7	5
Chris Wokes	7	6
Aviva Ziegler	7	5
<b>Ex officio</b>		
Michael Brand	7	1

Anne Blomfield retired at the AGM March, 2013.  
David Levine resigned from Council August 2013.

### **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 2013, there were 18,029 financial memberships of the Society, therefore the maximum total amount that members of the Society were liable to contribute was \$360,580.


### **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,



John Masters  
President



Chris Wokes  
Treasurer

Dated at Sydney  
this 18<sup>th</sup> day of February 2014

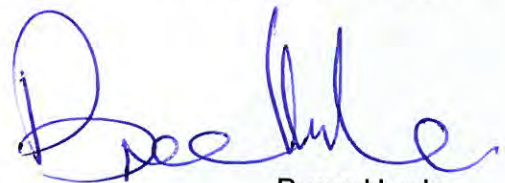


**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE COUNCILLORS' OF ART GALLERY SOCIETY OF NEW SOUTH WALES**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2013, 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  
Auditor

Dated at Sydney this 18<sup>th</sup> day of February 2014

## **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 2013, 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 2013 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 2013.

### **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 2013.

### **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 2013.

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  
Auditor

Dated at Sydney this 18<sup>th</sup> day of February 2014

## 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 2013, 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.



John Masters  
President



Chris Wokes  
Treasurer

Dated at Sydney  
this 18<sup>th</sup> day of February 2014

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 \$	2012 \$
Revenue from ordinary activities	2(a)	5,058,320	5,162,973
Employee benefits expense		(1,985,219)	(1,737,852)
Depreciation expense	2(b)	(54,032)	(63,699)
Other expenses from ordinary activities		<u>(2,171,907)</u>	<u>(2,135,504)</u>
Surplus from ordinary activities (no tax applicable)		847,162	1,225,918
Donations - Art Gallery of NSW	3	<u>(1,798,508)</u>	<u>(236,113)</u>
Net surplus/(deficit) for the year		<u><u>(\$951,346)</u></u>	<u><u>\$989,805</u></u>

The accompanying notes form part of these Financial Statements.

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Notes	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	4,116,453	5,464,906
Trade and other receivables	5	123,475	165,461
Financial assets	6	4,415	17,840
Other current assets	7	20,251	3,387
<b>TOTAL CURRENT ASSETS</b>		<u>4,264,594</u>	<u>5,651,594</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	6	959,455	783,361
Property, plant and equipment	8	25,368	76,376
<b>TOTAL NON-CURRENT ASSETS</b>		<u>984,823</u>	<u>859,737</u>
<b>TOTAL ASSETS</b>		<u>5,249,417</u>	<u>6,511,331</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,665,429	2,042,657
Provisions	10	275,405	195,457
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,940,834</u>	<u>2,238,114</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	9	782,326	795,470
Provisions	10	36,566	36,710
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>818,892</u>	<u>832,180</u>
<b>TOTAL LIABILITIES</b>		<u>2,759,726</u>	<u>3,070,294</u>
<b>NET ASSETS</b>		<u>\$2,489,691</u>	<u>\$3,441,037</u>
<b>MEMBERS' FUNDS</b>			
Reserves	22 11	1,000,000	1,000,000
Accumulated funds		1,489,691	2,441,037
<b>TOTAL MEMBERS' FUNDS</b>		<u>\$2,489,691</u>	<u>\$3,441,037</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 2013**

	<b>Accumulated Funds</b>	<b>Administration Reserve</b>	<b>Total</b>
Balance at 1 January 2012	1,451,232	1,000,000	2,451,232
Net surplus for the year	989,805	0	989,805
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	2,441,037	1,000,000	3,441,037
	<hr/>	<hr/>	<hr/>
Net surplus/(loss) for the year	(951,346)	0	(951,346)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2013	<u>\$1,489,691</u>	<u>\$1,000,000</u>	<u>\$2,489,691</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 2013**

	Notes	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers		4,369,942	5,032,516
Payments to suppliers and employees		<u>(4,217,583)</u>	<u>(3,920,806)</u>
		152,359	1,111,710
Distributions received		364	1,324
Donations received		162,607	156,864
Interest received		161,128	192,890
Finance charges paid		<u>(36,803)</u>	<u>(42,396)</u>
Net cash provided by operating activities	16	<u>439,655</u>	<u>1,420,392</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(3,024)	(12,907)
Decrease in investment in unit trusts		<u>13,424</u>	<u>19,638</u>
Net cash from in investing activities		<u>10,400</u>	<u>6,731</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Donations - Art Gallery of NSW		<u>(1,798,508)</u>	<u>(236,113)</u>
Net cash used in financing activities		<u>(1,798,508)</u>	<u>(236,113)</u>
Net increase/(decrease) in cash held		(1,348,453)	1,191,010
Cash at the beginning of the financial year		<u>5,464,906</u>	<u>4,273,896</u>
Cash at the end of the year	17	<u><u>\$4,116,453</u></u>	<u><u>\$5,464,906</u></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 2013**

**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 2013**

**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	365,639
	Investment, unit trust	4,415
	Total restricted assets	\$370,054

**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 2013**

**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 2013**

	2013 \$	2012 \$
<b><u>NOTE 2</u> REVENUE AND OPERATING SURPLUS</b>		
a. REVENUE		
Revenue from operating activities:		
Members' subscriptions	2,329,807	2,598,525
Look revenue	522,386	524,164
Function and sponsorship revenues	1,680,362	1,550,159
	4,532,555	4,672,848
Revenue from non-operating activities:		
Donations	162,607	156,864
Distributions received	364	1,324
Increase in market value of investment	176,095	100,590
Interest	161,128	192,890
Sundry income	25,571	38,457
	525,765	490,125
	\$5,058,320	\$5,162,973
b. EXPENSES		
The operating surplus before income tax is arrived at after charging the following items:		
- Decrease in market value of investment	0	0
- Depreciation	54,032	63,699
- Loss on sale of asset	0	0
- Provision for annual leave	(25,508)	7,750
- Provision for long service leave	127,098	15,722
 <b><u>NOTE 3</u> DONATIONS - Art Gallery of NSW</b>		
- General Donation	240,000	120,000
- Conservation Project-De Maistre	25,000	0
- Contempo-Sue Ford (Photographs 2010)	24,000	0
- Contempo-Fiona Pardington (Photographs 2010)	25,653	0
- Edward Ruscha (Gospel 1972)	1,055,855	0
- Frank Hinder (Tram Kaleidoscope 1948)	228,000	0
- Sydney Moderns contribution	200,000	0
- Conservation Project – By Tranquil Waters	0	40,783
- Yamaguchi Ai (Hanahiru 2012)	0	23,148
- Contempo – Janet Laurence	0	50,000
- Donation David Strachan (The Sick Girl 1945)	0	2,182
	\$1,798,508	\$236,113

**ART GALLERY SOCIETY OF NEW SOUTH WALES**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 4</u> CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	1,194,404	1,404,600
Interest bearing deposits, at call (i)	2,922,049	4,060,306
	<u>\$4,116,453</u>	<u>\$5,464,906</u>
(i) Cash includes an amount of \$365,639 (2012: \$352,214) which is restricted funds set aside for specific purpose.		
<b><u>NOTE 5</u> TRADE AND OTHER RECEIVABLES</b>		
Trade and sundry receivables	116,442	141,264
Accrued Interest	7,033	24,197
	<u>\$123,475</u>	<u>\$165,461</u>
<b><u>NOTE 6</u> FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Investments, unit trust (i)	<u>\$4,415</u>	<u>\$17,840</u>
<b>NON-CURRENT</b>		
Managed investment portfolio, medium and long term facilities	<u>\$959,455</u>	<u>\$783,361</u>
(i) Current financial assets of \$4,415 (2012:\$17,840) is restricted funds set aside for specific purpose.		
<b><u>NOTE 7</u> OTHER CURRENT ASSETS</b>		
Prepayments	<u>\$20,251</u>	<u>\$3,387</u>
<b><u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT</b>		
Furniture and fittings:		
At cost	323,387	323,387
Provision for depreciation	(320,111)	(317,975)
	<u>3,276</u>	<u>5,412</u>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2013**

	2013 \$	2012 \$
<b>NOTE 8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
Office equipment:		
At cost	204,894	201,870
Provision for depreciation	(183,646)	(167,340)
	21,248	34,530
Members facility:		
At cost	401,563	401,563
Provision for depreciation	(400,719)	(365,129)
	844	36,434
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
<b>TOTAL WRITTEN DOWN VALUE</b>	<b>\$25,368</b>	<b>\$76,376</b>

**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	5,412	8,954
Additions	0	0
Depreciation	(2,136)	(3,542)
Carrying amount at end of year	3,276	5,412
Office equipment:		
Carrying amount at start of year	34,530	41,623
Additions	3,024	12,907
Depreciation	(16,306)	(20,000)
Carrying amount at end of year	21,248	34,530
Member's facility:		
Carrying amount at start of year	36,434	76,591
Depreciation	(35,590)	(40,157)
Carrying amount at end of year	844	36,434
<b>TOTAL WRITTEN DOWN VALUE</b>	<b>\$25,368</b>	<b>\$76,376</b>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 9</u>    TRADE AND OTHER PAYABLES</b>		
CURRENT		
Trade creditors and accruals	205,288	365,488
Function revenue in advance	322,725	466,471
Subscriptions received in advance 1 year	767,362	840,644
Dagmar Halas Estate - restricted bequest	370,054	370,054
	\$1,665,429	\$2,042,657
	\$1,665,429	\$2,042,657
NON-CURRENT		
Subscriptions received in advance 3 year	\$782,326	\$795,470
	\$782,326	\$795,470
	\$782,326	\$795,470
<b><u>NOTE 10</u>    PROVISIONS</b>		
CURRENT		
Annual leave	116,620	142,128
Long service leave	158,785	53,329
	\$275,405	\$195,457
	\$275,405	\$195,457
NON-CURRENT		
Long service leave	\$36,566	\$36,710
	\$36,566	\$36,710
	\$36,566	\$36,710
<b><u>NOTE 11</u>    RESERVES</b>		
<i>Administration reserve.</i>		
The administration reserve records funds set aside to ensure the continued growth of the Society. During the year ended 31 December 2013 there was no movement in the reserve account.	\$1,000,000	\$1,000,000
	\$1,000,000	\$1,000,000
	\$1,000,000	\$1,000,000
<b><u>NOTE 12</u>    AUDITORS' REMUNERATION</b>		
Amounts received or due and receivable by the auditors for:		
- Auditing accounts and events	14,500	14,750
- Other services	2,564	3,102
	\$17,064	\$17,852
	\$17,064	\$17,852



**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2013**

	2013 \$	2012 \$
<b><u>NOTE 13</u> CAPITAL EXPENDITURE COMMITMENTS</b>		
– Not longer than 1 year	0	0
– longer than 1 but not longer than 2 years	0	0
– longer than 2 but not longer than 5 years	0	0
	\$0	\$0
<b><u>NOTE 14</u> LEASE EXPENDITURE COMMITMENTS</b>		
Finance leasing and hire purchase commitments payable:	\$0	\$0
Operating lease commitments non-cancellable operating leases contracted for but not capitalised in the accounts payable:	\$0	\$0
<b><u>NOTE 15</u> CONTINGENT LIABILITIES</b>		
There were no material amounts of contingent liabilities not provided for in the accounts.		
<b><u>NOTE 16</u> RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX</b>		
Operating surplus after income tax	847,162	1,225,918
Depreciation	54,032	63,699
Loss/ (gain) on change in market value of investments	(176,094)	(100,590)
<i>Movement in provisions:</i>		
Increase/(decrease) in annual leave	(25,508)	7,750
Increase/(decrease) in long service leave	105,312	15,722
<i>Change in assets and liabilities:</i>		
Increase/(Decrease) in trade debtors and sundry receivables	41,986	890
Increase/(Decrease) in prepayments	(16,864)	(3,387)
Decrease/(Increase) in trade creditors and Accruals	(160,200)	(109,930)
Increase/(Decrease) in revenues in advance	(230,171)	320,320
Net cash provided by operating activities	\$439,655	\$1,420,392

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 17</u> DEFINITION OF CASH</b>		
For the purpose of the Statement of Cash Flows, cash includes cash on hand, and cash at bank.		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank and in hand	\$4,116,453	\$5,464,906
	<u>                    </u>	<u>                    </u>

**NOTE 18 SEGMENT INFORMATION**

During the year ended 31 December, 2013 the Society operated predominantly in one industry, that of promoting interest in art, and in one geographical area, Australia.

**NOTE 19 EMPLOYEE ENTITLEMENTS**

Accrued salaries and wages (included in trade payables and accruals – Note 9)	0	13,269
Provisions for employee entitlements:		
Current	275,405	195,457
Non-Current	36,566	36,710
	<u>                    </u>	<u>                    </u>
	<u>\$311,971</u>	<u>\$245,436</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 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 21</u> RELATED PARTY TRANSACTIONS</b>		
(a) Employees - No further disclosure is necessary for the 2013 year.		
(b) Councillors - No further disclosure is required for the 2013 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 2013 there were 18,029 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	162,607	156,864
Travel Draw	<u>147,822</u>	<u>132,661</u>
Gross income from fundraising (A)	310,429	289,525
Cost of fundraising (B)	<u>(14,885)</u>	<u>(24,140)</u>
Net surplus from fundraising (C)	<u>295,544</u>	<u>265,385</u>
Cost of services provided (D)	0	0
Transferred to accumulated funds	295,544	265,385
	<u>\$295,544</u>	<u>\$265,385</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%	8%
Net surplus from fundraising to gross income from fundraising (C/A)	95%	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 SYDNEY OF NEW SOUTH WALES**

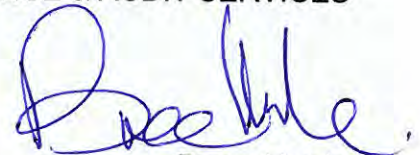
**1. Detailed statement of income and expenditure**

**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 2013.

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  
Auditor

Dated at Sydney this 18<sup>th</sup> day of February 2014

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
DETAILED STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>SCHEDULE 1 UNAUDITED</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>INCOME</b>		
Members' subscriptions, corporate	450,891	611,473
Members' subscriptions, non-corporate	1,878,916	1,987,051
Look advertising revenue	522,386	524,164
Donations	162,607	156,864
Gain on movement in market value of investment	176,095	100,590
Interest received	161,128	192,890
Event revenue	1,131,450	1,053,978
Travel program	175,263	178,275
Travel draw	147,822	132,661
Corporate function revenue	38,828	25,245
Distributions received	364	1,324
Sponsorships	187,000	160,000
Sundry income	25,570	38,458
	<hr/>	<hr/>
	5,058,320	5,162,973
<b>EXPENDITURE</b>		
Audit and accountancy fees	17,064	17,852
Bank charges	36,803	42,396
Collection Circle expenses	5,422	702
Computer consumables and support	895	3,854
Council expenses	4,797	6,246
Depreciation of fixed assets	54,033	63,699
Gallery operational support	34,545	34,742
Function expenses	686,106	508,974
Insurance	19,423	20,876
Legal and professional expenses	9,949	987
Look costs	847,781	875,321
Marketing expenses	67,269	53,146
Membership expenses, corporate	200,358	252,658
Membership expenses, non-corporate	68,258	79,119
Members' room expenses	66,030	73,674
Postage, courier, and freight	6,798	7,193
Printing and stationery	19,578	14,118
Provision for annual leave	(25,508)	7,750
Provision for long service leave	127,098	15,722
Salaries and casual wages	1,734,661	1,579,965
Superannuation	148,968	134,416
Task force / guides	55,410	83,901
Telephone	1,875	1,434
Repairs	0	144
Overseas travel program	19,511	25,493
Travel draw	4,034	32,673
	<hr/>	<hr/>
	4,211,158	3,937,055
<b>OPERATING SURPLUS FOR THE YEAR</b>		
	847,162	1,225,918
Donations to the Art Gallery of NSW	(1,798,508)	(236,113)
	<hr/>	<hr/>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	(\$951,346)	\$989,805
	<hr/> <hr/>	<hr/> <hr/>