

# ART GALLERY SOCIETY OF NEW SOUTH WALES 2011 ANNUAL REPORT

ABN 26 000 207 198 For the year ended 31 December 2011



E. Phillips Fox

---

**CONTENTS****PAGE**

COUNCILLORS' REPORT	3-6
AUDITOR'S REPORT	7-8
COUNCILLORS' DECLARATION	8
INCOME STATEMENT	9
BALANCE SHEET	9
STATEMENT OF RECOGNISED INCOME AND EXPENDITURE	9
STATEMENT OF CASH FLOWS	10
NOTES TO AND FORMING PART OF THE ACCOUNTS	11-14
STATEMENT OF DISCLAIMER	14
UNAUDITED STATEMENT OF INCOME AND EXPENDITURE (DETAILED)	15



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 2011 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, access 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 11 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 180 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 400 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.

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

The Society's activities during the year produced income of \$5,180,603 with a surplus of \$1,474,896. This enabled the Society to provide material assistance to the Gallery in the acquisition of artworks.

In 2011 the Society contributed \$600,000 to the acquisition of the Emmanuel Phillips Fox painting *Nasturtiums*, with assistance from its Collection Circle contributors and purchased in memory of Margaret Olley.

The Society also paid \$52,791 to purchase for the Gallery's photography department two Bill Henson photographs, both *Untitled 2009/2010*.

Also in 2011, the Society's younger membership category *Contempo* purchased for the Gallery's Asian department the video work, *Mother India: Transactions in the Construction of Pain* for \$41,841.

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 their work at the Gallery.

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
- Informal measures of the Society staff performance, member satisfaction, and the Society's relationship with the Gallery

---

## COUNCILLORS' REPORT

### 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 Sirca Ltd and Intersect Australia Ltd (not-for-profit academic research companies)  
Member of the Finance & Operations, and Audit Committees  
Councillor since September 2008, President since May 2010

**Phoebe Alexander**

AACI  
Emeritus Director, NSW Chinese Language Education Councils of NSW Inc  
Trustee & Committee Member, Australian Chinese Charity Foundation Inc  
Vice President, NSW Federation of Community Language Schools Inc  
Member, Rotary Club of Wahroonga NSW  
Assisted with developing Community Ambassador Program  
Assisting with Contempo Group  
Councillor since October 2002

**Mark Andrews**

BInfTech, MComm  
Director, Knowledge & IT, Baker & McKenzie  
Custodian of the State Library of NSW  
Partner of the Sydney Dance Company  
Former councillor of the Australian Museum Members  
Former president of Contempo 2006-08  
Former treasurer of Contempo 2005-06  
Councillor from March 2008 to March 2011

**Jenny Birt**

Organiser of Diploma of Art Appreciation Lecture Series 2001-2009 and of Private Eye  
Volunteer Guide since 1985 and Guides Co-ordinator 1998  
Former President UNSW "U" Committee  
Holds an Honorary Doctorate for services to UNSW  
Councillor from May 2002 to March 2011

**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 since March 2004

**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

---

## COUNCILLORS' REPORT

Member since 1958, Councillor since March 2005

### **Charles Latimer**

BA, BEc, MPubPol, Grad Cert (Mgmt) GAICD  
Manager Policy & Executive Support, Cancer Institute NSW  
Photography Collection Benefactor, AGNSW  
Life Member, Australian Elizabethan Theatre Trust  
Member Sydney Film Festival  
Vice President of the Society 2002-2004  
Former founding president, senior vice-president of Contempo  
Member, Collection Circle  
Councillor from May 1999 to March 2011

### **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

#### Edmund Capon

AM, OBE, Director, Art Gallery of NSW 1978-2011  
MPhil in Chinese art and archaeology (including language)  
University of London Department of Oriental and African Studies  
Hon D Litt UNSW  
Chevalier des Arts et des Lettres, France  
Cavaliere Ufficiale OMRI, Italy  
Professorial Visiting Fellow, School of Languages and Linguistics UNSW  
Member, Council of Australian Art Museum Directors  
Councillor from March 2006 to December 2011

#### Janice Reid

AM, BSc, MA, PhD  
Trustee of the Art Gallery of New South Wales  
Professor, Vice-Chancellor, University of Western Sydney  
Board, UniSuper Limited  
Board, NSW Clinical Excellence Commission  
Board, NSW Agency for Clinical Innovation  
Member, National Cultural Heritage Committee  
Member, Innovation and Productivity Council  
Convenor, NSW Vice-Chancellors' Committee  
Vice-Chair, International Talloires Network of Universities  
Wellcome Medal  
Centenary Medal  
Fellow, Australian Academy of Social Sciences  
Councillor since March 2006

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.

Councillors	Meetings held	Attended
Phoebe Alexander	7	3
Mark Andrews	2	2
Jenny Birt	2	1
Anne Blomfield	7	4
Jackie De Diana	7	6
Charles Latimer	2	2
David Levine	7	4
John Masters	7	7
Les Moseley	7	6
Fred Orr	7	7
Chris Wokes	4	4
Aviva Ziegler	7	5
<b>Ex officio</b>		
Edmund Capon	7	4
Janice Reid	7	5

Mark Andrews resigned from Council at AGM 30 March, 2011.  
Jenny Birt and Charles Latimer retired at AGM 30 March, 2011.  
Christopher Wokes appointed Treasurer June 2011.  
Edmund Capon ceased to be a Councillor on his retirement as Director of the Gallery in December 2011.

### 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 \$20.00.

At 31 December 2011, there were 19,022 financial memberships of the Society, therefore the maximum total amount that members of the Society were liable to contribute was \$380,440.

### 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 7.

For and on behalf of the Board



John Masters  
Councillor



Chris Wokes  
Councillor

Dated at Sydney  
this 15th day of March 2012

## AUDITOR'S REPORT

### KSG ASSURANCE & AUDIT SERVICES ABN 48 645 724 178

AUDITOR'S INDEPENDENCE  
DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001

### TO THE COUNCILLORS OF THE ART GALLERY SOCIETY OF NEW SOUTH WALES

I declare that, to the best of my knowledge  
and belief, during the year ended 31  
December 2011 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  
Chartered Accountants



Bruce Howle  
Partner

Dated at Sydney  
this 15th day of March 2012

P.O. Box 1290, Chatswood NSW 2057  
E-Mail: [mailus@ksg.com.au](mailto:mailus@ksg.com.au)  
Telephone: (+612) 9406 5900  
Facsimile: (+612) 9406 5999

Liability limited by a scheme approved under  
Professional Standards Legislation

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE 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 8 to 14, which  
comprises the balance sheet as at 31 December  
2011, 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.

#### 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 2011 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 2011.

#### 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 2011.

#### 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 REPORT

### 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 2011.

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

An audit involves performing procedures to obtain audit evidence about the 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:

- i. the financial statements show a true and fair view of the financial result of fundraising appeals conducted during the year;
- ii. 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*;
- iii. 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* and the *Charitable Fundraising Regulation 2008*; and
- iv. 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  
Chartered Accountants



Bruce Howle  
Partner

Dated this 15th day of March 2012

P.O. Box 1290, Chatswood NSW 2057  
E-Mail: mailus@ksg.com.au  
Telephone: (+612) 9406 5900  
Facsimile: (+612) 9406 5999

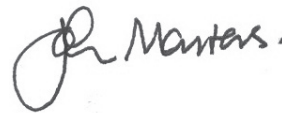
Liability limited by a scheme approved  
under Professional Standards Legislation

## COUNCILLORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 9 to 14, 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 2011, 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  
Councillor



Chris Wokes  
Councillor

Dated at Sydney  
this 15th day of March 2012



## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$	2010 \$
Revenue from ordinary activities	2(a)	5,180,603	4,665,980
Employee benefits expense		(1,590,365)	(1,368,934)
Depreciation expense	2(b)	(63,767)	(68,415)
Other expenses from ordinary activities		(2,051,575)	(2,088,983)
Surplus from ordinary activities (no tax applicable)		1,474,896	1,139,648
Donations	3	(694,632)	(1,054,545)
Net surplus/(deficit) for the year		\$780,264	\$85,103

## BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	4,273,896	3,624,090
Trade and other receivables	5	166,351	16,051
Financial assets	6	37,479	63,587
Other current assets	7	0	38,976
<b>TOTAL CURRENT ASSETS</b>		<b>4,477,726</b>	<b>3,742,704</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	6	682,771	710,875
Property, plant and equipment	8	127,167	170,320
<b>TOTAL NON-CURRENT ASSETS</b>		<b>809,938</b>	<b>881,195</b>
<b>TOTAL ASSETS</b>		<b>5,287,664</b>	<b>4,623,899</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,048,704	2,354,683
Provisions	10	179,965	168,728
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,228,669</b>	<b>2,523,411</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	9	579,033	409,018
Provisions	10	28,730	20,502
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>607,763</b>	<b>429,520</b>
<b>TOTAL LIABILITIES</b>		<b>2,836,432</b>	<b>2,952,931</b>
<b>NET ASSETS</b>		<b>\$2,451,232</b>	<b>\$1,670,968</b>
<b>MEMBERS' FUNDS</b>			
Reserves	11	1,000,000	1,000,000
Accumulated funds		1,451,232	670,968
<b>TOTAL MEMBERS' FUNDS</b>		<b>\$2,451,232</b>	<b>\$1,670,968</b>
Capital expenditure commitments	13		
Lease expenditure commitments	14		
Contingent liabilities	15		

## STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2011

	Accumulated Funds \$	Administration Reserve \$	Total \$
Balance at 1 January 2010	585,865	1,000,000	1,585,865
Net surplus for the year	85,103	0	85,103
Balance at 31 December 2010	670,968	1,000,000	1,670,968
Net surplus for the year	780,264	0	780,264
Balance at 31 December 2011	\$1,451,232	\$1,000,000	\$2,451,232

The accompanying notes form part of these Financial Statements

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers		4,367,352	4,692,501
Payments to suppliers and employees		(3,385,605)	(3,165,492)
		981,747	1,527,009
Distributions received		2,530	235
Donations received		180,410	188,039
Interest received		215,032	93,030
Finance charges paid		(47,242)	(45,915)
Net cash provided by operating activities	16	1,332,477	1,762,398
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(20,614)	(64,586)
Increase in investment in unit trusts		26,108	(63,587)
Redemption of managed investment portfolio, medium and long term facilities		0	34,650
Net cash used in investing activities		5,494	(93,523)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Art acquisitions donated to the Art Gallery of NSW		(694,632)	(1,054,545)
Restricted donations and bequests received		6,467	363,587
Net cash used in financing activities		(688,165)	(690,958)
Net increase/(decrease) in cash held		649,806	977,917
Cash at the beginning of the financial year		3,624,090	2,646,173
Cash at the end of the year	17	\$4,273,896	\$3,624,090

The accompanying notes form part of these Financial Statements

# NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 31 DECEMBER 2011

## 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.

#### 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	332,575
	Investment, unit trust	37,479
	<b>Total restricted assets</b>	<b>\$370,054</b>

#### 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 initially recognised at fair value and in the case of investments not "at fair value through profit and loss". 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.

#### 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.

## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 31 DECEMBER 2011

	2011	2010
	\$	\$

### NOTE 2 REVENUE AND OPERATING SURPLUS

a. REVENUE		
Revenue from operating activities:		
Members' subscriptions	2,486,759	2,162,055
Look revenue	568,001	589,080
Function and sponsorship revenues	1,700,075	1,473,704
	4,754,835	4,224,839
Revenue from non-operating activities:		
Donations	180,410	188,039
Distributions received	2,530	235
Increase in market value of investment	(28,104)	58,014
Interest	215,032	93,030
Sundry income	55,900	101,823
	425,768	441,141
	\$5,180,603	\$4,665,980

### 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	63,767	68,415
- Loss on sale of asset	0	0
- Provision for annual leave	8,183	26,253
- Provision for long service leave	9,586	12,726

### NOTE 3 DONATIONS

- Art Gallery of NSW (Bill Henson Untitled 2009/2010)	52,791	0
- Art Gallery of NSW (Nasturtiums by E Phillips Fox in memory of Margaret Olley)	600,000	0
- Art Gallery of NSW (Mother India: Transactions in the Construction of Pain 2005)	41,841	0
- Art Gallery of NSW (Bodhisattva acquisition)	0	1,000,000
- Art Gallery of NSW (Del Katherine Barton Acrylic Gouche water colour and pen on polyester canvas acquisition)	0	54,545
	\$694,632	\$1,054,545

### NOTE 4 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,146,379	1,406,738
Interest bearing deposits, at call (i)	3,127,517	2,217,352
	\$4,273,896	\$3,624,090

(i) Cash includes an amount of \$332,575 (2010: \$300,000) which is restricted funds set aside for specific purpose

### NOTE 5 TRADE AND OTHER RECEIVABLES

Trade debtors and sundry receivables	147,168	14,019
Accrued Income	19,183	2,032
	\$166,351	\$16,051

### NOTE 6 FINANCIAL ASSETS

CURRENT		
Investments, unit trust (i)	\$37,479	\$63,587

(i) Current financial assets of \$37,479 (2010: \$63,587) is restricted funds set aside for specific purpose.

### NON-CURRENT

Managed investment portfolio, medium and long term facilities	\$682,771	\$710,875
---	-----------	-----------

### NOTE 7 OTHER CURRENT ASSETS

Prepayments	\$0	\$38,976
-------------	-----	----------

### NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Furniture and fittings:		
At cost	323,403	322,863
Provision for depreciation	(314,449)	(307,954)
	8,954	14,909
Office equipment:		
At cost	189,251	169,177
Provision for depreciation	(147,629)	(130,513)
	41,622	38,664
Members facility:		
At cost	401,563	401,563
Provision for depreciation	(324,972)	(284,816)
	76,591	116,747
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>\$127,167</b>	<b>\$170,320</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	14,909	2,953
Additions	540	21,945
Depreciation	(6,495)	(9,989)
Carrying amount at end of year	8,954	14,909
Office equipment:		
Carrying amount at start of year	38,664	14,293
Additions	20,074	42,641
Depreciation	(17,116)	(18,270)
Carrying amount at end of year	41,622	38,664
Members facility:		
Carrying amount at start of year	116,747	156,903
Depreciation	(40,156)	(40,156)
Carrying amount at end of year	76,591	116,747
<b>TOTAL WRITTEN DOWN VALUE</b>	<b>\$127,167</b>	<b>\$170,320</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 31 DECEMBER 2011

	2011	2010
	\$	\$

### NOTE 9 TRADE AND OTHER PAYABLES

CURRENT		
Trade creditors and accruals	475,418	324,766
Function revenue in advance	279,269	377,751
Sponsorships received in advance	0	83,067
Subscriptions received in advance	923,963	1,205,512
Dagmar Halas Estate - restricted bequest	370,054	363,587
	<u>\$2,048,704</u>	<u>\$2,354,683</u>
NON-CURRENT		
Subscriptions received in advance	\$579,033	\$409,018

### NOTE 10 PROVISIONS

CURRENT		
Annual leave	134,378	126,195
Long service leave	45,587	42,533
	<u>\$179,965</u>	<u>\$168,728</u>
NON-CURRENT		
Long service leave	\$28,730	\$20,502

### NOTE 11 RESERVES

#### Administration reserve

The administration reserve records funds set aside to ensure the continued growth of the Society. During the year ended 31 December 2011 there was no movement in the reserve account.

\$1,000,000 \$1,000,000

### NOTE 12 AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors for:		
- Auditing accounts and events	13,500	15,000
- Other services	1,500	3,996
	<u>\$15,000</u>	<u>\$18,996</u>

### NOTE 13 CAPITAL EXPENDITURE COMMITMENTS

- 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
	<u>\$0</u>	<u>\$0</u>

### NOTE 14 LEASE EXPENDITURE COMMITMENTS

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

### NOTE 15 CONTINGENT LIABILITIES

There were no material amounts of contingent liabilities not provided for in the accounts.

### NOTE 16 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX

Operating surplus after income tax	1,474,896	1,139,648
Depreciation	63,767	68,415
Loss/ (gain) on change in market value of invests	28,104	(58,014)
<i>Movement in provisions:</i>		
Increase/(decrease) in annual leave	8,183	26,253
Increase/(decrease) in long service leave	11,282	11,031
<i>Change in assets and liabilities:</i>		
Decrease in trade debtors and sundry receivables	(150,300)	2,857
Increase in Accrued Income		
Decrease in prepayments	38,976	4,656
Increase in trade creditors and accruals	150,652	204,570
Increase in revenues in advance	(293,083)	362,982
Net cash provided by operating activities	<u>\$1,332,477</u>	<u>\$1,762,398</u>

### NOTE 17 DEFINITION OF CASH

For the purpose of the Statement of Cash Flows, cash includes cash on hand, and cash at bank.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash at bank and in hand	<u>\$4,273,896</u>	<u>\$3,624,090</u>
--------------------------	--------------------	--------------------

### NOTE 18 SEGMENT INFORMATION

During the year ended 31 December, 2011 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 creditors and accruals - Note 9)	19,524	26,436
Provisions for employee entitlements		
Current	179,965	168,728
Non-Current	28,730	20,502
	<u>\$228,219</u>	<u>\$215,666</u>

## STATEMENT OF DISCLAIMER

2011      2010  
\$            \$

### 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.

### NOTE 21 RELATED PARTY TRANSACTIONS

#### (a) Employees

No further disclosure is necessary for the 2011 year.

#### (b) Councillors

No further disclosure is required for the 2011 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 2011 there were 19,022 financial memberships of the Society.

### NOTE 23 RESULTS OF FUNDRAISING APPEALS

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

Donations, in cash	180,410	188,039
Travel Draw	102,728	120,408
Gross income from fundraising (A)	283,138	308,447
Cost of fundraising (B)	(3,777)	(20,655)
Net surplus from fundraising (C)	279,361	287,792
Cost of services provided (D)	0	0
Contribution to artworks	279,361	287,792
	279,361	287,792

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

Cost of fundraising to gross income from fundraising (B/A)	1%	7%
Net surplus from fundraising to gross income from fundraising (C/A)	99%	93%
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%

### KSG ASSURANCE & AUDIT SERVICES ABN 48 645 724 178

ART GALLERY SOCIETY OF NEW SOUTH WALES  
PRIVATE INFORMATION FOR THE COUNCIL  
ON THE 2011 FINANCIAL STATEMENTS

#### 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 2011.

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  
Chartered Accountants



Bruce Howle  
Partner

Dated at Sydney  
this 15th day of March 2012

P.O. Box 1290, Chatswood NSW 2057

E-Mail: [mailus@ksg.com.au](mailto:mailus@ksg.com.au)

Telephone: (+612) 9406 5900

Facsimile: (+612) 9406 5999

Liability limited by a scheme approved under Professional Standards Legislation

# STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2011

## Schedule 1 Unaudited

	2011	2010
	\$	\$
<b>INCOME</b>		
Members' subscriptions, corporate	566,985	475,304
Members' subscriptions, non-corporate	1,919,774	1,686,751
Look advertising revenue	568,001	586,860
Look gallery contribution	0	2,220
Donations	180,410	188,039
Gain on movement in market value of investment	(28,104)	58,014
Interest received	215,032	93,030
Event revenue	1,283,397	1,083,248
Travel program	67,883	129,479
Travel draw	102,728	120,408
Corporate function revenue	9,684	7,077
Distributions received	2,530	235
Sponsorships	246,067	140,569
Sundry income	46,216	94,746
	<u>5,180,603</u>	<u>4,665,980</u>
<b>EXPENDITURE</b>		
Audit and accountancy fees	12,567	18,996
Bank charges	47,242	45,915
Collection Circle expenses	(427)	16,235
Computer consumables and support	(7,951)	30,878
Council expenses	4,202	8,104
Depreciation of fixed assets	63,767	68,415
Donations, gallery operational support	33,330	49,059
Function expenses	598,329	575,163
Insurance	16,065	33,765
Legal and professional expenses	1,658	0
Look costs	851,398	844,277
Marketing expenses	51,124	61,780
Membership expenses, corporate	226,858	180,960
Membership expenses, non-corporate	170,637	96,171
Members' room expenses	19,115	44,329
Postage, courier, and freight	7,639	9,041
Printing and stationery	1,245	18,571
Provision for annual leave	8,183	26,253
Provision for long service leave	9,586	12,726
Salaries and casual wages	1,442,714	1,200,739
Superannuation	120,459	105,446
Task force / guides	21,255	29,485
Telephone	(5,422)	2,285
Travel	3,991	23,770
Repairs	(11,471)	3,000
Overseas travel program	15,410	16,549
Travel draw	4,204	4,420
	<u>3,705,707</u>	<u>3,526,332</u>
OPERATING SURPLUS FOR THE YEAR	1,474,896	1,139,648
Art Acquisitions Donated to the Art Gallery of NSW	(694,632)	(1,054,545)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<u>\$780,264</u>	<u>\$85,103</u>



Art Gallery Road, The Domain,  
Sydney NSW 2000 Australia  
Telephone (61 2) 9225 1878  
Facsimile (61 2) 9225 1644  
Email [info@artgalleriesociety.org.au](mailto:info@artgalleriesociety.org.au)  
[www.artgallery.nsw.gov.au/membership](http://www.artgallery.nsw.gov.au/membership)

Design by 10 group