



INDEPENDENT AUDITOR'S REPORT

Art Gallery of New South Wales Foundation

To Members of the New South Wales Parliament

Report on the audit of the financial statements

Opinion

I have audited the accompanying financial statements of the Art Gallery of New South Wales Foundation (the Foundation), which comprises the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Funds and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the Responsible Entities' Declaration.

In my opinion:

- the financial statements give a true and fair view of the financial position of the Foundation as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- the financial statements are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- the financial statements are in accordance with the *Charitable Fundraising Act 1991* (CF Act) and the Charitable Fundraising Regulation 2015 (CF Regulation), including showing a true and fair view of the Foundation's financial result of fundraising appeals for the year ended 30 June 2020
- there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due over the 12-month period from the date of this report
- the financial statements have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012* (ACNC Act) and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013
- the financial statements have been prepared in accordance with clause 26 of the of the Public Ancillary Fund Guidelines 2011 (the Guidelines).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Foundation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Foundation's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Trustees of the Foundation are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the signed Trustees' Statement.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

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

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, the CF Act and the ACNC Act and the Guidelines, and for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

The Trustees are also responsible for ensuring the Foundation will be able to pay its debts as and when they fall due.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

The scope of my audit does not include, nor provide assurance:

- that the Foundation carried out its activities effectively, efficiently and economically
- that the Foundation has complied with requirements of the CF Act, CF Regulation other than those specified
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to / from the financial statements.

Report on compliance with other aspects of the *Charitable Fundraising Act 1991*

Opinion

In addition, I have undertaken an audit to provide reasonable assurance on the Foundation's compliance, in all material respects, with the matters specified at sections 24(2)(b) and 24(2)(c) of the CF Act for the year ended 30 June 2020.

In my opinion:

- the Foundation has properly kept the accounts and associated records during the year ended 30 June 2020 in accordance with the CF Act and CF Regulation (section 24(2)(b) of the CF Act)
- the Foundation has, in all material respects, properly accounted for and applied money received as a result of fundraising appeals conducted during the year ended 30 June 2020 in accordance with the CF Act and the CF Regulation (section 24(2)(c) of the CF Act).

My opinion should be read in conjunction with the rest of this report, including the inherent limitations.

Basis for Opinion

I conducted my audit in accordance with the Standard on Assurance Engagements ASAE 3100 'Compliance Engagements' (ASAE 3100) issued by the Auditing and Assurance Standard Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The Trustees' Responsibilities under the *Charitable Fundraising Act 1991*

The Trustees are responsible for:

- complying with the requirements and conditions of the CF Act and CF Regulation
- identification of risks that threaten compliance with the requirements identified above being met and controls which will mitigate those risks and monitor ongoing compliance.

Independence and Quality Control

In conducting this audit, I have:

- complied with the independence and other relevant ethical requirements relating to assurance engagements
- applied ASQC 1 'Quality Control for firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements and Related Service Engagements'.

Auditor's Responsibilities under the *Charitable Fundraising Act 1991*

My responsibility is to express an opinion on the matters specified at sections 24(2)(b) and 24(2)(c) of the CF Act. ASAE 3100 requires that I plan and perform procedures to obtain reasonable assurance whether the Foundation has, in all material respects, complied with specific requirements of the CF Act and CF Regulation.

This audit involved performing procedures to obtain audit evidence about the Foundation's compliance with specific requirements of the CF Act and CF Regulation. The procedures selected depend on my judgement, including the identification and assessment of the risks of material non-compliance with specific requirements of the CF Act and CF Regulation.

My procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting the Foundation's compliance with specific requirements of the CF Act and CF Regulation.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, together with the Foundation's internal control structure it is possible that fraud, error or non-compliance with the CF Act and CF Regulation may occur and not be detected. My procedures have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance and have not covered all requirements of the CF Act and CF Regulation.

An audit for the year ended 30 June 2020 does not provide assurance on whether compliance with sections 24(2)(b) and 24(2)(c) of the CF Act will continue in the future.

Use of Report

The 'Report on compliance with other aspects of the *Charitable Fundraising Act 1991*' section of my report was prepared for the purpose of fulfilling the Foundation's reporting obligations under the CF Act. I disclaim any assumption of responsibility for any reliance on this section of the report for any other purpose other than for which it was prepared.

Report on compliance with the Public Ancillary Funds Guidelines 2011

Opinion

In addition, I have undertaken an audit to provide reasonable assurance on the Foundation's and its Trustees' compliance, in all material respects, with the requirements of the Public Ancillary Funds Guidelines 2011 (the Guidelines) for the year ended 30 June 2020.

In my opinion, the Foundation and its Trustees have, in all material respects, complied with the requirements of the Guidelines.

My opinion should be read in conjunction with the rest of this report, including the inherent limitations.

Basis for Opinion

I conducted my audit in accordance with the Standard on Assurance Engagements ASAE 3100 'Compliance Engagements' (ASAE 3100) issued by the Auditing and Assurance Standard Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The Trustees' Responsibilities under the Guidelines

The Trustees are responsible for:

- complying with the requirements of the Guidelines
- identification of risks that threaten compliance with requirements identified above being met and controls which will mitigate those risks and monitor ongoing compliance.

Independence and Quality Control

In conducting this audit, I have:

- complied with the independence and other relevant ethical requirements relating to assurance engagements
- applied ASQC 1 'Quality Control for firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements and Related Service Engagements'.

Auditor's Responsibilities under the Guidelines

My responsibility is to express an opinion on the Foundation's and its Trustees' compliance, in all material respects, with the Guidelines. ASAE 3100 requires that I plan and perform procedures to obtain reasonable assurance whether the Foundation and its Trustees have, in all material respects, complied with the Guidelines.

This audit involved performing procedures to obtain audit evidence about the Foundation's and its Trustees' compliance with the Guidelines. The procedures selected depend on my judgement, including the identification and assessment of the risks of material non-compliance with the Guidelines.

My procedures included obtaining an understanding of the internal control structure for Public Ancillary Funds and examination, on a test basis, of evidence supporting the Foundation's compliance with the requirements of the Guidelines.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, together with the Foundation's internal control structure it is possible that fraud, error or non-compliance with the Guidelines may occur and not be detected. My procedures have not been performed continuously throughout the period and were not designed to detect all instances of non-compliance.

An audit for the year ended 30 June 2020 does not provide assurance on whether compliance with the Guidelines will continue in the future.

Use of Report

The 'Report on compliance with the Public Ancillary Fund Guidelines 2011' section of my report was prepared for the purpose of fulfilling the Foundation's reporting obligations under Guidelines. I disclaim any assumption of responsibility for any reliance on this section of the report for any other purpose other than for which it was prepared.



Margaret Crawford
Auditor-General for New South Wales

14 October 2020
SYDNEY

ART GALLERY OF NEW SOUTH WALES FOUNDATION

TRUSTEES' STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT IN ACCORDANCE WITH SECTION 41C(1C) OF THE *PUBLIC FINANCE AND AUDIT ACT 1983* AND THE *CHARITABLE FUNDRAISING ACT 1991*

In accordance with a resolution of the Board of Directors of The Art Gallery of New South Wales Foundation (the 'Foundation'), we state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015, applicable Accounting Standards, other mandatory reporting requirements and the Financial Reporting Directions mandated by the Treasurer;
- (b) The financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2020 and the financial performance for the year then ended;
- (c) At the date of signing we are not aware of circumstances that would render the financial statements misleading or inaccurate;
- (d) the attached financial statements and notes thereto comply with Australian Accounting Standards and other mandatory professional reporting requirements;
- (e) in the trustees' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable;
- (f) the statement of comprehensive income of the Art Gallery of New South Wales Foundation for the year ended 30 June 2020 gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals;
- (g) the statement of financial position of the Art Gallery of New South Wales Foundation as at 30 June 2020 gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals conducted by the organisation;
- (h) the provisions of the *Charitable Fundraising Act 1991*, the Regulations under that Act and the conditions attached to the Charitable Fundraising Authority have been complied with by the organisation; and
- (i) the internal controls exercised by the Art Gallery of New South Wales Foundation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.
- (j) The financial statements have been prepared in accordance with the requirements of the Public Ancillary Fund Guidelines 2011 and the Foundation has complied with the Public Ancillary Fund Guidelines 2011 during the financial year ending 30 June 2020.

Signed in accordance with a resolution of the trustees.



.....
K. Grant
CHAIRPERSON
ART GALLERY OF NSW FOUNDATION



.....
J. Playoust
DEPUTY CHAIRPERSON
ART GALLERY OF NSW

Dated: 14 October 2020

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATUTORY FINANCIAL STATEMENTS

For the year ended 30 June 2020

RESPONSIBLE ENTITIES' DECLARATION UNDER THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFIT COMMISSIONS ACT 2012

In the opinion of the Responsible Entities of the Art Gallery of New South Wales Foundation:

1. The financial statements and notes of the Art Gallery of New South Wales Foundation are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (a) Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (b) Complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and
2. There are reasonable grounds to believe that the Art Gallery of New South Wales Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



.....
K. Grant
CHAIRPERSON
ART GALLERY OF NSW FOUNDATION



.....
J. Playoust
DEPUTY CHAIRPERSON
ART GALLERY OF NSW FOUNDATION

Dated: 14 October 2020

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	NOTE	2020 \$'000	Restated 2019 \$'000
Expenses			
Operating expenses	3	118	455
Contributions to the Art Gallery of New South Wales		6,008	250
Unrealised/realised losses on investment		858	3,640
Total expenses		<u>6,984</u>	<u>4,345</u>
Revenue			
Donations and bequests	4	196	191
Investment revenue - Interest, dividends & distributions		2,302	3,884
Total revenue		<u>2,498</u>	<u>4,075</u>
NET RESULT FOR THE YEAR		(4,486)	(270)
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (DEFICIT)		<u>(4,486)</u>	<u>(270)</u>

The accompanying notes form part of these financial statements

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	NOTE	2020 \$'000	Restated 2019 \$'000	Restated 1 July 2018 \$'000
ASSETS				
Cash and cash equivalents	5	7,564	11,375	1,119
Receivables	6	293	302	186
Total current assets		7,857	11,677	1,305
Non-current assets				
Financial assets at fair value through profit and loss	7	52,959	53,626	64,273
Total non-current assets		52,959	53,626	64,273
Total assets		60,816	65,303	65,578
Current liabilities				
Payables	8	12	13	18
Total liabilities		12	13	18
Net assets		60,804	65,290	65,560
FUNDS				
Accumulated funds		60,804	65,290	65,560
Total funds		60,804	65,290	65,560

The accompanying notes form part of these financial statements

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATEMENT OF CHANGES IN FUNDS
For the year ended 30 June 2020

	Accumulated Funds \$'000
Balance at 01 July 2018	67,791
Correction of prior year error	(2,231)
Restated balance at the Beginning of the Reporting Period	65,560
Net result for the year	(1,003)
Net effect of a correction of an error	733
Total other comprehensive income	-
Total comprehensive income / (deficit) for the year	(270)
Balance at 30 June 2019	65,290
Balance at 01 July 2019	66,788
Correction of prior year error	(1,498)
Restated balance at the Beginning of the Reporting Period	65,290
Net result for the year	(4,486)
Total other comprehensive income	-
Total comprehensive income / (deficit) for the year	(4,486)
Balance at 30 June 2020	60,804

The accompanying notes form part of these financial statements

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	NOTE	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Donations and bequests received		196	191
Investment revenue received		<u>2,311</u>	<u>3,768</u>
Total receipts		<u>2,507</u>	<u>3,959</u>
Payments			
Contributions and other operating expenses paid		<u>(6,127)</u>	<u>(710)</u>
Total Payments		<u>(6,127)</u>	<u>(710)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	10	<u>(3,620)</u>	<u>3,249</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		9,215	20,721
Purchase of investments		<u>(9,407)</u>	<u>(13,714)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(192)</u>	<u>7,007</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents		<u>11,375</u>	<u>1,119</u>
CLOSING CASH AND CASH EQUIVALENTS	5	<u>7,563</u>	<u>11,375</u>

The accompanying notes form part of these financial statements

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Art Gallery of New South Wales Foundation (the Foundation) is a Public Ancillary Fund. The Foundation was constituted by Trust Deed dated 23rd August 1982 and amended variously up to and including 20th August 2020. The Foundation comprises all operating activities under the control of the Trustees of the Foundation. The Foundation operates one program to raise donations, invest the capital and make distributions to the Art Gallery of New South Wales for the acquisition of works of art. It is a not-for-profit entity, as profit is not its primary objective and it has no cash generating units.

The Foundation hold authority number CFN18151 to fundraise under the provisions of the Charitable Fundraising Act, 1991 (NSW). The Foundation is registered with the Australian Charities and Not-for-Profits Commission and is a not-for-profit entity.

The financial report for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Board of Trustees on 14 October 2020

(b) Basis of preparation

The Foundation's financial statements are general purpose financial statements, which have been prepared in accordance with:

- applicable Australian Accounting Standards and Interpretations
- the requirements for the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015,
- the Financial Reporting Directions issued by the Treasurer;
- the provisions of the *Charitable Fundraising Act 1991* and the regulations under the Act;
- the Australian Charities and Not-for-Profit Commission Act 2012 and
- the Public Ancillary Guidelines 2011

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statements items are prepared on an accrual basis and based on historical costs. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards and Interpretations. The Foundation has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective from the current annual reporting period.

(d) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of amount of GST, except that :

- the amount of GST incurred by the Foundation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included;

Operating cash flows are stated on a gross basis in the Statement of Cash Flows. The cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are also classified as operating cash flows.

(e) Accounting standards issued but not yet effective

(i) Applicable for the first time

The accounting policies applied in 2019-20 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2019-20.

AASB 15 Revenue from Contracts with Customers replaces AASB 118 (Revenue) and AASB 111 (Construction Contracts) and is applicable in circumstances where an entity would be required to satisfy performance obligations in consideration for an asset received. Transactions fall within the scope of the new standards if they require performance obligations contained within an enforceable contract, sufficiently specific to enable the entity to determine when they have been satisfied.

AASB 1058 Income of Not-for-Profit Entities applies to transactions where the consideration to acquire the an asset is less than its fair value, principally to enable a NFP to further its objectives. AASB 1058 applies to grant revenue, volunteer services and revenue with a 'donation' component.

In accordance with the transition provisions in AASB 15 and AASB 1058, the Foundation adopted both standards from 1 July 2019 using the partial retrospective approach. The adoption of AASB 15 and AASB 1058 did not have a material impact on the financial statements.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

AASB 116 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Since the Foundation is not party to any lease agreements, the adoption of AASB 16 from 1 July 2019 has had no impact on the financial statements.

(ii) Issued but not yet effective

At reporting date a number of accounting standards adopted by the AASB have been issued but are not operative. At present, New South Wales Treasury is mandating not to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

AASB 1059 Service concession arrangements: This standard addresses the accounting required for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective.

Management has assessed the impact of the above standards and considers there to be no impact on the Foundation's financial statements.

(f) Funds - Accumulated Funds

The category of 'Accumulated Funds' includes all current and prior period retained earnings.

(g) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(h) Income tax

The Foundation is a registered charitable fund and is entitled to an income tax exemption concession.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

2 CORRECTION OF PRIOR PERIOD ERRORS

During the current financial year, upon reviewing the market value of investments, it was determined that distribution income received in July 2019 had been incorrectly included in the fair value of investments at the preceding year end. Similarly, distribution income received in July 2018 had been included in the fair value of investments as at June

As the initial error was made in a reporting period prior to the comparative period, the statement of financial position as at 1 July 2018 was restated as follows:

- Retained earnings decreased by \$2.231million
- Receivables decreased by \$2.231 million

The statement of financial position as at 30 June 2019 was restated as follows:

- Retained earnings decreased by \$1.498 million
- Receivables decreased by \$1.498 million

The impact on the statement of comprehensive income was an increase in investment revenue of \$0.733 million.

The below table summarises the impact of the mistatement on each line item affected by the error in the 2019 comparative figures.

30 June 2019 Comparative year	Original 2019	Correction of Error	Restated 2019
STATEMENT OF COMPREHENSIVE INCOME			
Investment revenue - Interest, dividends & distributions	3,151	733	3,884
Total revenue	3,342	733	4,075
Net Result for the year	(1,003)	733	(270)
TOTAL COMPREHENSIVE INCOME / (DEFICIT)	(1,003)	733	(270)
STATEMENT OF FINANCIAL POSITION			
Receivables	1,800	(1,498)	302
Total current assets	13,175	(1,498)	11,677
Total assets	66,801	(1,498)	65,303
Net Assets	66,788	(1,498)	65,290
Accumulated funds	66,788	(1,498)	65,290
Total funds	66,788	(1,498)	65,290
STATEMENT OF CHANGES IN FUNDS			
Net result for the year	(1,003)	733	(270)
Total comprehensive income / (deficit)	(1,003)	733	(270)
Total Funds	66,788	(1,498)	65,290

The below table summarises the impact of the mistatement on each line item affected by the error on comparative period's opening balances.

30 June 2018 (Comparative year opening balances)	Original 2018	Correction of Error	Restated 2018
STATEMENT OF FINANCIAL POSITION			
Receivables	2,417	(2,231)	186
Total current assets	3,536	(2,231)	1,305
Total assets	67,809	(2,231)	65,578
Net Assets	67,791	(2,231)	65,560
Accumulated funds	67,791	(2,231)	65,560
Total Funds at 30 June 2018	67,791	(2,231)	65,560

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
3 EXPENSES		
(a) <i>Operating expenses</i>		
Audit fees	13	15
Bank and other charges	1	1
General Expenses	104	439
	<u>118</u>	<u>455</u>

Audit fees are for the audit of the financial statements. The auditors received no other remuneration.

4 REVENUE

(a) <i>Donations and bequests</i>		
Donations	193	184
Bequests	3	6
	<u>196</u>	<u>191</u>

Donations and bequests received are generally preserved as capital unless otherwise requested by donor /

Revenue recognised under AASB 1058 - Income of NFP entities

Until 30 June 2019

Income from donations and requests is recognised when the Foundation obtains control over the contribution. This is deemed to have occurred when the grant is received or receivable.

From 1 July 2019

(i) Donations and bequests

Revenue is measured at the fair value of the consideration or contribution received or receivable. Donations collected, including cash and goods are recognised as revenue when the Gallery gains control of the asset. Bequests are recognised when the Gallery is notified of an impending distribution or the bequest is received, whichever occurs earlier. Non-cash donations and contribution of services shall only be recognised as income when the fair value can be reliably measured.

(ii) Investment revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses) Dividends and Distributions income is recognised when the Foundation's right to receive payment has been established.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
5 CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank	822	628
Cash within the investment portfolio	6,742	10,747
Total cash	<u>7,564</u>	<u>11,375</u>

For the purpose of the Statement of Cash Flows, cash includes cash at bank and cash balances held within the investment portfolio. Interest is earned on daily bank balances and paid monthly at the normal commercial rate.

	2020	Restated 2019
	\$'000	\$'000
6 CURRENT ASSETS - RECEIVABLES		
Receivables	<u>293</u>	<u>302</u>

Receivables comprise dividend imputations refundable from the ATO and interest income accrued on cash balances held within the investment portfolio.

7 NON CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

(a) Financial Instruments

The Foundation holds the following financial assets at fair value through profit and loss:

	2020	2019
	\$'000	\$'000
Equities	5,417	6,594
Bonds	8,129	7,321
Managed funds	39,413	39,711
Total non current financial assets at fair value	<u>52,959</u>	<u>53,626</u>

The return on listed securities was -6.86% in 2020 (13.08% 2019) on an average balance of \$6.802m (\$6.268m in 2019). The return on managed funds was 8.52% in 2020 (-5.14% in 2019) on an average investment of \$48.105m (\$43.988m 2019). The return on bonds was 2.73% in 2020 (5.65% in 2019) on an average investment of \$6.632m.

	2020	2019
	\$'000	\$'000
Total Funds Under Management with the investment manager is:		
Financial assets at fair vale through profit and loss	52,959	53,626
Cash held within the investment portfolio (Note 5)	6,742	10,747
	<u>59,701</u>	<u>64,373</u>

Overall, the Foundation earned investment return of 6.10% in 2020 (0.54% 2019) on an average balance of \$62.895m (\$62.305m 2019), representing all its funds and cash holdings.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

(b) Financial Risks

The Foundation's investment portfolio and investment strategy is reviewed by the Finance Committee who meet at least every quarter and more frequently as required. Each meeting includes a review of the performance, the managers and the allocations of the assets within the portfolio. The portfolio is also reviewed every 3 years by an independent investment consulting firm. In 2019 this review was under taken by Mercer. The main risk arising from the Foundation's financial assets is market risk.

Market risk is the risk that the fair value or future cash flows of the Foundation's financial assets will fluctuate because of changes in market prices. Market risk is inherent in equity markets, which are subject to global volatility. The Covid-19 pandemic has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity around the world. The Trustees endeavours to limit the impact of market volatility by investing in a selection of defensive assets and managed funds which provide diversification through asset allocation over a spread of financial assets (cash, bonds, fixed interest securities and equities), in both local and overseas markets, held over short, medium and long term investment horizons.

The following table summarises the impact of fluctuations on the investment portfolio in relations to changes in market prices:

	Change in Interest rate / Unit Price		Impact on Profit/Loss and Equity	
Cash	+/-	1%	76	(76)
Equities	+/-	10%	542	(542)
Bonds	+/-	10%	813	(813)
Managed funds	+/-	10%	3,941	(3,941)

Credit risk is the risk of financial loss where a counterparty to a financial instrument fails to meet its contractual obligations. The Foundation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. No collateral is held by the Foundation nor have any financial guarantees been granted.

Liquidity risk is the risk that the Foundation will be unable to meet its payment obligations when they fall due. The Foundation continuously manages this risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The Foundation has no loans or overdrafts and no assets have been pledged as collateral. Based on experience to date, there has been no significant increase to liquidity risk caused by the Covid-19 pandemic and the Foundation continues to meet it's obligations as and when they fall due.

Interest rate risk is confined to fixed rates on term deposits and fixed or floating rates on listed interest based securities. The Foundation has no interest bearing liabilities and therefore is not exposed to interest rate risk on

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

(c) Fair value recognised in the Statement of Financial Position

The Foundation uses the following hierarchy for disclosing the fair value of financial instruments by valuation

Level 1 - Derived from quoted prices in active markets for identical assets / liabilities

Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly

Level 3 - Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Equities	5,417	-	-	5,417
Bonds	8,129	-	-	8,129
Managed funds	33,069	6,344	-	39,413
	<u>46,615</u>	<u>6,344</u>	<u>-</u>	<u>52,959</u>
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Equities	6,594	-	-	6,594
Bonds	7,321	-	-	7,321
Managed funds	32,908	6,803	-	39,711
	<u>46,823</u>	<u>6,803</u>	<u>-</u>	<u>53,626</u>

(The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position). There were no transfers between level 1 and 2 during the period ended 30 June 2020.

Impairment of financial assets

AASB 9 requires an entity to recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual and expected cash flows, discounted at the original effective interest rate. No provision for impairment has been raised in the current

ART GALLERY OF NEW SOUTH WALES FOUNDATION

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For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
8 CURRENT LIABILITIES - PAYABLES		
Payables - non interest bearing	<u>12</u>	<u>13</u>

These liabilities will be settled within 2-3 months using cash at bank.

These amounts represent liabilities for goods and services provided to the Foundation. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

	2020	2019
	\$'000	\$'000
9 RESTRICTED ASSETS		
Cash and Financial Assets comprise the following restricted amounts		
Tancred trust fund	1,087	1,087
General fund	59,436	63,914
Total capital	<u>60,523</u>	<u>65,001</u>
Total Cash and Financial Assets	<u>60,523</u>	<u>65,001</u>

The restricted assets represent donations and bequests which are preserved as required under the Foundation's Trust Deed.

10 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

Net cash flows from operating activities	(3,620)	3,249
Unrealised / realised gains/(losses)	(858)	(3,640)
(Decrease) / Increase in receivables	(9)	116
Decrease / (Increase) in payables	1	5
NET RESULT	<u>(4,486)</u>	<u>(270)</u>

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

11 COMMITMENTS FOR EXPENDITURE

There are no capital expenditure commitments outstanding as at 30 June 2020 (nil in 2019).

12 CONTINGENT LIABILITIES & CONTINGENT ASSETS

At the date of these statements, the Trustees are not aware of any material contingent liabilities for the year ended 30 June 2020 (2019: Nil).

13 ASSISTANCE RECEIVED BY THE FOUNDATION

The Art Gallery of New South Wales Foundation receives administrative and secretarial support at no cost from the Art Gallery of New South Wales. The value of these services are not recognised since they cannot be reliably measured.

14 RELATED PARTIES

As per AASB 124 Related Party Disclosures a Key Management Personnel (KMP) is a person who has the authority and responsibility for planning, directing and controlling the activities of the Gallery, directly or indirectly.

The key management personnel of the Art Gallery of New South Wales Foundation are its Trustees. The Foundation's Trustees act in an honorary capacity and receive no compensation for their services.

No Trustee of the Foundation has received or become entitled to receive a benefit because of the contract made by the Foundation or a related body with the Trustee or with a firm of which the Trustee is a member, or with a company in which the Trustee has a substantial interest.

Contributions made to the Art Gallery of NSW for the year ended 30 June 2020 were \$6,008,000 (2019 \$250,000).

15 DISCLOSURE UNDER THE CHARITABLE FUNDRAISING ACT 1991

Gross aggregate income received from fundraising:

Fundraising income	193	185
Expenditure associated with fundraising appeals	-	-
Net surplus from fundraising appeals	193	185

Any donations received where the use of those funds is restricted under the conditions of the contribution to specific purposes are applied for those specific purposes. Costs of fundraising include all fundraising costs in accordance with the Act. Any surplus arising from fundraising appeals is applied to the charitable purposes of the Foundation. Donations received by the Foundation is used to fund acquisition of works of art.

16 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the Coronavirus (COVID-19) pandemic, and Government actions to reduce the spread of the virus. In response to Covid-19 and perceived market risk, the Foundation has not changed its Investment Policy but has actively increased its short-term weighting in defensive assets. The Trustees acknowledge their responsibility to continuously monitor the situation and evaluate this impact going forward. There are no other significant events which have occurred after the reporting period that the Trustees believe would impact the financial statements.

END OF AUDITED FINANCIAL STATEMENTS