



ART GALLERY SOCIETY OF NEW SOUTH WALES  
2012 ANNUAL REPORT

ART GALLERY SOCIETY OF NEW SOUTH WALES  
2012 ANNUAL REPORT

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## **ART GALLERY SOCIETY OF NEW SOUTH WALES COUNCILLORS' REPORT 2012**

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 2012 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 the wider community to increase their 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.

## ART GALLERY SOCIETY OF NEW SOUTH WALES COUNCILLORS' REPORT 2012

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. No artwork for a Collection Circle fundraising campaign became available in 2012, however the Gallery is seeking one for next year.

The Society's activities during the year produced income of \$5,162,973 with a surplus of \$1,225,918. This enabled the Society to provide material assistance to the Gallery in the acquisition of artworks and other donations.

In 2012 the Society made available to the new Director a sum of money to acquire a work in honour of his appointment. A suitable work had not been found by year's end so funds were put on hold for 2013.

The Society acquired for the Asian/Japan department a painting on wood by Japanese artist Ai Yamaguchi *Hanihiru* (Sneeze) for \$23,148.

The Society made two significant donations to the Gallery in 2012. A contribution of \$120,000 to the Gallery's important Art After Hours program was made to offset Government budget cuts. And \$40,783 was donated to the Conservation Department to complete restoration of Sydney Long's painting *By Tranquil Waters*.

Also in 2012, the Society's younger membership category *Contempo* contributed \$50,000 to the acquisition of Janet Laurence's *Memory of Nature* 2010. The balance was made up by the Contemporary Collection Benefactors.

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 Brent Willison, Collections Registrar, to research the latest trends in the storage and transportation of valuable artworks.

The Society's annual \$5,000 Sculpture by the Sea prize and the Art Gallery Society's Volunteer Task Force artist subsidy of \$4,000 encouraged and

## ART GALLERY SOCIETY OF NEW SOUTH WALES COUNCILLORS' REPORT 2012

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:

### Councillors

The names of 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

#### **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

#### **Susan Dadswell**

Member Task Force since 2008  
Assistant Coordinator 2010  
Coordinator Task Force 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

#### **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

# ART GALLERY SOCIETY OF NEW SOUTH WALES COUNCILLORS' REPORT 2012

## **David Levine AO**

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

## **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

## 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)

## ART GALLERY SOCIETY OF NEW SOUTH WALES COUNCILLORS' REPORT 2012

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)

### **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.

<b>Councillors</b>	<b>Meetings held</b>	<b>Attended</b>
Phoebe Alexander	2	2
Anne Blomfield	7	5
Sue Dadswell	6	5
Jackie De Diana	7	6
David Levine	7	5
Valerie Marteau	5	4
John Masters	7	7
Les Moseley	7	6
Fred Orr	7	4
Chris Wokes	7	6
Aviva Ziegler	7	4
<b>Ex officio</b>		
Michael Brand	2	1
Janice Reid	7	3

Phoebe Alexander retired at AGM 30 March, 2012.

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
COUNCILLORS' REPORT 2012**

**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 A\$20.00.

At 31 December 2012, there were 18,787 financial memberships of the Society, therefore the maximum total amount that members of the Society were liable to contribute was \$375,740.

**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 9.

For and on behalf of the Board,



John Masters



Chris Wokes

Dated at Sydney  
this 5<sup>th</sup> day of March 2013



KSG ASSURANCE & AUDIT  
SERVICES PTY LIMITED ABN 17 413 760 203

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 2012 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 Pty Ltd  
Authorised Audit Company

A handwritten signature in black ink, appearing to read 'Bruce Howle', followed by a period.

Bruce Howle, Principal

Dated this 5<sup>th</sup> day of March 2013

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**

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 13 to 27, which comprises the balance sheet as at 31 December 2012, and the income statement, statement of recognised income and expense, 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 2012 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 2012.

## 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 2012.

## 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 2012.

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* the *Charitable Fundraising Regulation 2008*; and
- iii. 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 Pty Ltd  
Authorised Audit Company



Bruce Howle, Principal

Dated this 5<sup>th</sup> day of March 2013

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

## COUNCILLORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 14 to 27, 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 2012, 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 5<sup>th</sup> day of March 2013

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 \$	2011 \$
Revenue from ordinary activities	2(a)	5,162,973	5,180,603
Employee benefits expense		(1,737,852)	(1,590,365)
Depreciation expense	2(b)	(63,699)	(63,767)
Other expenses from ordinary activities		<u>(2,135,504)</u>	<u>(2,051,575)</u>
Surplus from ordinary activities (no tax applicable)		1,225,918	1,474,896
Donations - Art Gallery NSW	3	<u>(236,113)</u>	<u>(694,632)</u>
Net surplus/(deficit) for the year		<u><u>\$989,805</u></u>	<u><u>\$780,264</u></u>

The accompanying notes form part of these Financial Statements.

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
BALANCE SHEET  
AS AT 31 DECEMBER 2012**

	Notes	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	5,464,906	4,273,896
Trade and other receivables	5	165,461	166,351
Financial assets	6	17,840	37,479
Other current assets	7	3,387	0
<b>TOTAL CURRENT ASSETS</b>		<u>5,651,594</u>	<u>4,477,726</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	6	783,361	682,771
Property, plant and equipment	8	76,376	127,167
<b>TOTAL NON-CURRENT ASSETS</b>		<u>859,737</u>	<u>809,938</u>
<b>TOTAL ASSETS</b>		<u>6,511,331</u>	<u>5,287,664</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,202,013	1,124,741
Subscriptions received in advance		840,644	923,963
Provisions	10	195,457	179,965
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,238,114</u>	<u>2,228,669</u>
<b>NON-CURRENT LIABILITIES</b>			
Subscriptions received in advance		795,470	579,033
Provisions	10	36,710	28,730
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>832,180</u>	<u>607,763</u>
<b>TOTAL LIABILITIES</b>		<u>3,070,294</u>	<u>2,836,432</u>
<b>NET ASSETS</b>		<u>\$3,441,037</u>	<u>\$2,451,232</u>
<b>MEMBERS' FUNDS</b>			
Reserves	11	1,000,000	1,000,000
Accumulated funds		2,441,037	1,451,232
<b>TOTAL MEMBERS' FUNDS</b>		<u>\$3,441,037</u>	<u>\$2,451,232</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 2012**

	<b>Accumulated Funds</b>	<b>Administration Reserve</b>	<b>Total</b>
Balance at 1 January 2011	670,968	1,000,000	1,670,968
Net surplus for 2011	780,264	0	780,264
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	1,451,232	1,000,000	2,451,232
	<hr/>	<hr/>	<hr/>
Net surplus for 2012	989,805	0	989,805
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	<u>\$2,441,037</u>	<u>\$1,000,000</u>	<u>\$3,441,037</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 2012**

	Notes	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers		5,032,516	4,367,352
Payments to suppliers and employees		<u>(3,920,806)</u>	<u>(3,385,605)</u>
		1,111,710	981,747
Distributions received		1,324	2,530
Donations received		156,864	180,410
Interest received		192,890	215,032
Finance charges paid		<u>(42,396)</u>	<u>(47,242)</u>
Net cash provided by operating activities	16	<u>1,420,392</u>	<u>1,332,477</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(12,907)	(20,614)
Increase in investment in unit trusts		<u>19,638</u>	<u>26,108</u>
Net cash used in investing activities		<u>6,731</u>	<u>5,494</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Art acquisitions donated to the Art Gallery of NSW		(236,113)	(694,632)
Restricted donations and bequests received		<u>0</u>	<u>6,467</u>
Net cash used in financing activities		<u>(236,113)</u>	<u>(688,165)</u>
Net increase in cash held		1,191,010	649,806
Cash at the beginning of the financial year		<u>4,273,896</u>	<u>3,624,090</u>
Cash at the end of the year	17	<u><u>\$5,464,906</u></u>	<u><u>\$4,273,896</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 2012**

**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 2012**

**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	352,214
	Investment, unit trust	17,840
		<hr/>
	Total restricted assets	\$370,054
		<hr/> <hr/>

**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**

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 2012**

**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 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 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 2</u> REVENUE AND OPERATING SURPLUS</b>		
a. REVENUE		
Revenue from operating activities:		
Members' subscriptions	2,598,525	2,486,759
Look revenue	524,164	568,001
Function and sponsorship revenues	1,550,159	1,700,075
	4,672,848	4,754,835
Revenue from non-operating activities:		
Donations	156,864	180,410
Distributions received	1,324	2,530
Increase in market value of investment	100,590	(28,104)
Interest	192,890	215,032
Sundry income	38,457	55,900
	490,125	425,768
	\$5,162,973	\$5,180,603
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	63,699	63,767
- Loss on sale of asset	0	0
- Provision for annual leave	7,750	8,183
- Provision for long service leave	15,722	9,586
 <b><u>NOTE 3</u> DONATIONS - Art Gallery of NSW</b>		
- General Donation	120,000	0
- Conservation Project – By Tranquil Waters	40,783	0
- Yamaguchi Ai (Hanahiru 2012)	23,148	0
- Contempo – Janet Laurence	50,000	0
- Donation David Strachan (The Sick Girl 1945)	2,182	0
- Bill Henson Untitled 2009/2010	0	52,791
- Nasturtiums by E Phillips Fox in memory of Margaret Olley	0	600,000
- Mother India: Transactions in the Construction of Pain (Contempo purchase)	0	41,841
	\$236,113	\$694,632
	\$236,113	\$694,632

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2012**

	2012 \$	2011 \$
<b><u>NOTE 4</u> CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	1,404,600	1,146,379
Interest bearing deposits, at call (i)	4,060,306	3,127,517
	\$5,464,906	\$4,273,896
(i) Cash includes an amount of \$352,214 (2011: \$332,575) which is restricted funds set aside for specific purpose.		
<b><u>NOTE 5</u> TRADE AND OTHER RECEIVABLES</b>		
Trade and sundry receivables	141,264	147,168
Accrued Interest	24,197	19,183
	\$165,461	\$166,351
<b><u>NOTE 6</u> FINANCIAL ASSETS</b>		
CURRENT		
Investments, unit trust (i)	\$17,840	\$37,479
NON-CURRENT		
Managed investment portfolio, medium and long term facilities	\$783,361	\$682,771
(i) Current financial assets of \$17,840 (2011:\$37,479) is restricted funds set aside for specific purpose.		
<b><u>NOTE 7</u> OTHER CURRENT ASSETS</b>		
Prepayments	\$3,387	\$0
<b><u>NOTE 8</u> PROPERTY, PLANT AND EQUIPMENT</b>		
Furniture and fittings:		
At cost	323,387	323,403
Provision for depreciation	(317,975)	(314,449)
	5,412	8,954

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b><u>NOTE 8</u>    PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
Office equipment:		
At cost	201,870	189,251
Provision for depreciation	(167,340)	(147,629)
	34,530	41,622
Members facility:		
At cost	401,563	401,563
Provision for depreciation	(365,129)	(324,972)
	36,434	76,591
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>\$76,376</b>	<b>\$127,167</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	8,954	14,909
Additions	0	540
Depreciation	(3,542)	(6,495)
Carrying amount at end of year	5,412	8,954
Office equipment:		
Carrying amount at start of year	41,623	38,664
Additions	12,907	20,074
Depreciation	(20,000)	(17,116)
Carrying amount at end of year	34,530	41,622
Member's facility:		
Carrying amount at start of year	76,591	116,747
Depreciation	(40,157)	(40,156)
Carrying amount at end of year	36,434	76,591
<b>TOTAL WRITTEN DOWN VALUE</b>	<b>\$76,376</b>	<b>\$127,167</b>

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2012**

	2012 \$	2011 \$
<b><u>NOTE 9</u> TRADE AND OTHER PAYABLES</b>		
CURRENT		
Trade creditors and accruals	365,488	475,418
Function revenue in advance	466,471	279,269
Dagmar Halas Estate - restricted bequest	370,054	370,054
	\$1,202,013	\$1,124,741
 <b><u>NOTE 10</u> PROVISIONS</b>		
CURRENT		
Annual leave	142,128	134,378
Long service leave	53,329	45,587
	195,457	\$179,965
NON-CURRENT		
Long service leave	\$36,710	\$28,730
 <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 2012 there was no movement in the reserve account.		
	\$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	14,750	13,500
- Other services	3,102	1,500
	\$17,852	\$15,000



**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<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
	\$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
	\$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	1,225,918	1,474,896
Depreciation	63,699	63,767
Loss/ (gain) on change in market value of investments	(100,590)	28,104
<i>Movement in provisions:</i>		
Increase/(decrease) in annual leave	7,750	8,183
Increase/(decrease) in long service leave	15,722	11,282
<i>Change in assets and liabilities:</i>		
Increase/(Decrease) in trade debtors and sundry receivables	890	(150,300)
Increase/(Decrease) in prepayments	(3,387)	38,976
Decrease/(Increase) in trade creditors and Accruals	(109,930)	150,652
Increase/(Decrease) in revenues in advance	320,320	(293,083)
	\$1,420,392	\$1,332,477
Net cash provided by operating activities	\$1,420,392	\$1,332,477

**ART GALLERY SOCIETY OF NEW SOUTH WALES  
NOTES TO AND FORMING PART OF THE ACCOUNTS  
AS AT 31 DECEMBER 2012**

	2012 \$	2011 \$
<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	\$5,464,906	\$4,273,896
	\$5,464,906	\$4,273,896

**NOTE 18 SEGMENT INFORMATION**

During the year ended 31 December, 2012 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)	13,269	19,524
Provisions for employee entitlements:		
Current	195,457	179,965
Non-Current	36,710	28,730
	\$245,436	\$228,219

**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 2012**

	2012	2011
	\$	\$
<b><u>NOTE 21</u> RELATED PARTY TRANSACTIONS</b>		
(a) Employees - No further disclosure is necessary for the 2012 year.		
(b) Councillors - No further disclosure is required for the 2012 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 2012 there were 18,787 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	156,864	180,410
Travel Draw	<u>132,661</u>	<u>102,728</u>
Gross income from fundraising (A)	289,525	283,138
Cost of fundraising (B)	<u>(24,140)</u>	<u>(3,777)</u>
Net surplus from fundraising (C)	<u>265,385</u>	<u>279,361</u>
Cost of services provided (D)	0	0
Transferred to accumulated funds	265,385	279,361
	<u>\$265,385</u>	<u>\$279,361</u>

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

Cost of fundraising to gross income from fundraising (B/A)	8%	1%
Net surplus from fundraising to gross income from fundraising (C/A)	92%	99%
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%

## **STATEMENT OF DISCLAIMER**

**KSG ASSURANCE & AUDIT SERVICES PTY LIMITED ABN 17 413 760 203**

### **ART GALLERY SOCIETY OF NEW SOUTH WALES PRIVATE INFORMATION FOR THE COUNCIL ON THE 2012 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, 2012.

It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than our client) in respect of such data, including any errors or omissions therein however caused.

**KSG ASSURANCE & AUDIT SERVICES PTY LIMITED**  
Authorised Audit Company

Bruce Howle  
Principal

Dated at Sydney  
This 5<sup>th</sup> day of March 2013

P.O. Box 1290, Chatswood NSW 2057  
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**ART GALLERY SOCIETY OF NEW SOUTH WALES  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2012**

SCHEDULE 1 UNAUDITED	2012 \$	2011 \$
<b>INCOME</b>		
Members' subscriptions, corporate	611,473	566,985
Members' subscriptions, non-corporate	1,987,051	1,919,774
Look advertising revenue	524,164	568,001
Donations	156,864	180,410
Gain on movement in market value of investment	100,590	(28,104)
Interest received	192,890	215,032
Event revenue	1,053,978	1,283,397
Travel program	178,275	67,883
Travel draw	132,661	102,728
Corporate function revenue	25,245	9,684
Distributions received	1,324	2,530
Sponsorships	160,000	246,067
Sundry income	38,458	46,216
	<hr/>	<hr/>
	5,162,973	5,180,603
<b>EXPENDITURE</b>		
Audit and accountancy fees	17,852	12,567
Bank charges	42,396	47,242
Collection Circle expenses	702	(427)
Computer consumables and support	3,854	(7,951)
Council expenses	6,246	4,202
Depreciation of fixed assets	63,699	63,767
Gallery operational support	34,742	33,330
Function expenses	508,974	598,329
Insurance	20,876	16,065
Legal and professional expenses	987	1,658
Look costs	875,321	851,398
Marketing expenses	53,146	51,124
Membership expenses, corporate	252,658	226,858
Membership expenses, non-corporate	79,119	170,637
Members' room expenses	73,674	19,115
Postage, courier, and freight	7,193	7,639
Printing and stationery	14,118	1,245
Provision for annual leave	7,750	8,183
Provision for long service leave	15,722	9,586
Salaries and casual wages	1,579,965	1,442,714
Superannuation	134,416	120,459
Task force / guides	83,901	21,255
Telephone	1,434	(5,422)
Travel	0	3,991
Repairs	144	(11,471)
Overseas travel program	25,493	15,410
Travel draw	32,673	4,204
	<hr/>	<hr/>
	3,937,055	3,705,707
<b>OPERATING SURPLUS FOR THE YEAR</b>	<hr/>	<hr/>
Donations to the Art Gallery of NSW	(236,113)	(694,632)
	<hr/>	<hr/>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<u>\$989,805</u>	<u>\$780,264</u>