



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 comprise the Statement by the Trustees' and the Responsible Entity's Declaration, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Funds and the Statement of Cash Flows for the year then ended, and notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Foundation's financial position, financial performance and cash flows
- 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 2021
- demonstrate 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
- 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*
- 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 (including Independence Standards)' (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.

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 GSF Act, GSF Regulations, Treasurer's Directions, the CF Act, the ACNC Act and the Guidelines. The Trustees' responsibility also includes 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 and 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 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 2021.

In my opinion:

- the Foundation has properly kept the accounts and associated records during the year ended 30 June 2021 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 2021 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.

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

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.

An audit for the year ended 30 June 2021 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 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 2021.

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 2021 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.

A handwritten signature in black ink, appearing to read 'Margaret Crawford', with a long horizontal flourish extending to the right.

Margaret Crawford
Auditor-General for New South Wales

20 October 2021
SYDNEY

ART GALLERY OF NEW SOUTH WALES FOUNDATION

TRUSTEES' STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT IN ACCORDANCE WITH SECTION 7.6(4) OF THE GOVERNMENT SECTOR FINANCE ACT 2018 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 Government Sector Finance Act 2018 ('the Act'), the Government Sector Finance Regulation 2018, 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 2021 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 2021 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 2021 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 2021.

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 FOUNDATION

Dated: 15 October 2021

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATUTORY FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 2021 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: 15 October 2021

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	NOTE	2021 \$'000	2020 \$'000
Expenses			
Operating expenses	3	123	118
Contributions to the Art Gallery of New South Wales		2,680	6,008
Net (gain)/loss on investments carried at fair value through profit and loss		(5,992)	858
Total expenses		(3,189)	6,984
Revenue			
Donations and bequests	4	1,427	196
Investment revenue - Interest, dividends & distributions		2,568	2,302
Total revenue		3,995	2,498
NET RESULT FOR THE YEAR		7,184	(4,486)
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (DEFICIT)		7,184	(4,486)

The accompanying notes form part of these financial statements

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATEMENT OF FINANCIAL POSITION as at 30 June 2021

	NOTE	2021 \$'000	2020 \$'000
ASSETS			
Cash and cash equivalents	5	4,766	7,564
Receivables	6	190	293
Total current assets		4,956	7,857
Non-current assets			
Financial assets at fair value through	7	63,053	52,959
Total non-current assets		63,053	52,959
Total assets		68,009	60,816
LIABILITIES			
Payables	8	21	12
Total current liabilities		21	12
Net assets		67,988	60,804
FUNDS			
Accumulated funds		67,988	60,804
Total funds		67,988	60,804

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN FUNDS

	Accumulated Funds \$'000
For the year ended 30 June 2021	\$'000
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
Balance at 01 July 2020	60,804
Net result for the year	7,184
Total other comprehensive income	-
Total comprehensive income / (deficit) for the year	7,184
Balance at 30 June 2021	67,988

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 2021

	NOTE	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Donations and bequests received		1,427	196
Investment revenue received		2,671	2,311
Total receipts		4,098	2,507
Payments			
Contributions and other operating expenses paid		(2,794)	(6,127)
Total Payments		(2,794)	(6,127)
NET CASH FLOWS FROM OPERATING ACTIVITIES	10	1,304	(3,620)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		11,972	9,215
Purchase of investments		(16,073)	(9,407)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(4,101)	(192)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents		7,563	11,375
CLOSING CASH AND CASH EQUIVALENTS	5	4,766	7,563

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 2021

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 (the Gallery) 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 2021 was authorised for issue in accordance with a resolution of the Board of Trustees on 15th October 2021.

(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 Government Sector Finance Act 2018 and the Government Sector Finance Regulation 2018,
- 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.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

(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 2020-21 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 2020-21.

AASB 1059 Service concession arrangements: This standards 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 grantors perspective.

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

(ii) Issued but not yet effective

At reporting date a number of accounting standards adopted by the AABS 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 17 Insurance Contracts is effective for annual reporting periods beginning on / after 1 January 2023.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for ForProfit and Not-for-Profit Tier 2 Entities is effective for annual reporting periods beginning on / after 1 July 2021.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture is effective for annual reporting periods beginning on / after 1 January 2022.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current is effective for annual reporting periods beginning on / after 1 January 2022.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments is effective for annual reporting periods beginning on / after 1 January 2022.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts comes into effect on / after 1 January 2022.

AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions is effective on / after 1 July 2021

AASB 2020-8 & 9 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform effective for periods beginning on / after 1 January 2021.

AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities amends AASB 1060 to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements and is effective on / after 1 July 2021.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates amends a number of existing standards, effective for periods beginning on / after 1 January 2023

As at the date of this report, it is management's opinion, there will be no material impact on the transactions and balances recognised in the financial statements when these standard are applied or become effective.

(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.

(i) COVID 19

Covid-19 continues to impact the Foundation, with outbreaks in various states and corresponding measures taken by respective governments to contain the virus affecting economic activity.

Where applicable, the impacts of Covid-19 have also been considered on any assumptions and estimates when preparing the financial statements. Additional COVID disclosures can be found in the following notes to the Financial Statements.

Note 7: Financial Instruments

Note 16: Events After the Reporting Period

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
3 EXPENSES		
<i>(a) Operating expenses</i>		
Audit fees	13	13
Bank and other charges	3	1
General Expenses	107	104
	<u>123</u>	<u>118</u>

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

4 REVENUE

<i>(a) Donations and bequests</i>		
Donations	1,425	193
Bequests	2	3
	<u>1,427</u>	<u>196</u>

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

Recognition and Measurement

(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 Foundation gains control of the asset. Bequests are recognised when the Foundation 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.

	2021 \$'000	2020 \$'000
5 CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank	268	822
Cash within the investment portfolio	4,498	6,742
Total cash	<u>4,766</u>	<u>7,564</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.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
6 CURRENT ASSETS - RECEIVABLES		
Receivables	<u>190</u>	<u>293</u>

Receivables comprise dividend imputations refundable from the ATO and interest income accrued on

7 NON CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH

(a) Financial Instruments

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

	2021 \$'000	2020 \$'000
Equities	8,329	5,417
Bonds	7,736	8,129
Managed funds	<u>46,988</u>	<u>39,413</u>
Total non current financial assets at fair value	<u>63,053</u>	<u>52,959</u>

The internal rate of return on listed securities was 19.50% in 2021 on an average balance of \$6.031m. The internal rate of return on managed funds was 14.69% in 2021 on an average investment of \$49.537m . The internal rate of return on bonds was 4.70% in 2021 on an average investment of \$8.466m.

	2021 \$'000	2020 \$'000
Total Funds Under Management with the investment manager is:	63,053	52,959
Financial assets at fair vale through profit and loss	63,053	52,959
Cash held within the investment portfolio (Note 5)	<u>4,498</u>	<u>6,742</u>
	<u>67,551</u>	<u>59,701</u>

Overall, the Foundation earned an investment return of 13.77% in 2021 on an average balance of \$64.035m, representing all its funds and cash holdings.

(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.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 continued to effect Global economies in 2021 due to the actions taken by various governments to contain the virus which have affected economic activity. 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		Impact on Profit/Loss and	
		Price	Equity	
Cash	+/-	1%	48	(48)
Equities	+/-	10%	833	(833)
Bonds	+/-	10%	774	(774)
Managed funds	+/-	10%	4,699	(4,699)

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 borrowings.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

(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 technique:

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)

2021	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Equities	8,329	-	-	8,329
Bonds	7,736	-	-	7,736
Managed funds	39,434	7,554	-	46,988
	<u>55,499</u>	<u>7,554</u>	<u>-</u>	<u>63,053</u>

2020	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>

(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 reclassifications between level 1 and 2 during the period ended 30 June 2021.

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 year.

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
8 CURRENT LIABILITIES - PAYABLES		
Payables - non interest bearing	<u>21</u>	<u>12</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.

	2021	2020
	\$'000	\$'000
9 RESTRICTED ASSETS		
Cash and Financial Assets comprise the following restricted amounts		
Tancred trust fund	-	1,087
General fund	<u>67,819</u>	<u>59,436</u>
Total capital	<u>67,819</u>	<u>60,523</u>
Total Cash and Financial Assets	<u>67,819</u>	<u>60,523</u>

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

	2021	2020
	\$'000	\$'000
10 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT		
Net cash flows from operating activities	1,304	(3,620)
Net gain/(loss) on investments carried at fair value through profit and los:	5,992	(858)
(Decrease) / Increase in receivables	(103)	(9)
Decrease / (Increase) in payables	(9)	1
NET RESULT	<u>7,184</u>	<u>(4,486)</u>

11 COMMITMENTS FOR EXPENDITURE

There are no capital expenditure commitments outstanding as at 30 June 2021 (nil in 2020).

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 2021 (2020: Nil).

ART GALLERY OF NEW SOUTH WALES FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 2021 were \$2,680,000 (2020 \$6,008,000).

15 DISCLOSURE UNDER THE CHARITABLE FUNDRAISING ACT 1991

	2021	2020
	\$'000	\$'000
Gross aggregate income received from fundraising:		
Fundraising income	1,425	193
Expenditure associated with fundraising appeals	-	-
Net surplus from fundraising appeals	1,425	193

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. 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