



Art Gallery Society of New South Wales

ABN 26 000 207 198

Annual Report - 31 December 2022

Art Gallery Society of New South Wales

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31 December 2022

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General information

The financial statements cover Art Gallery Society of New South Wales as an individual entity. The financial statements are presented in Australian dollars, which is Art Gallery Society of New South Wales's functional and presentation currency.

Art Gallery Society of New South Wales is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue, in accordance with a resolution of Councillors, on 18 April 2023.

Art Gallery Society of New South Wales

Councillors' report

31 December 2022

Your Councillors present their report on the Art Gallery Society of New South Wales (the 'Society'), a company limited by guarantee, for the year ended 31 December 2022.

Councillors

The following persons were Councillors of the Society during the whole of the financial year and up to the date of this report, unless otherwise stated:

Susan Jackson (President)	
Paula Latos-Valier AM (Vice President)	
Andrea Brown (Treasurer)	
Dr Michael Brand (ex officio, Art Gallery of NSW Director)	
Anastasia Economou (Councillor)	
Mr Lachlan Edwards (ex officio, Art Gallery of NSW Trustee)	(Appointed on 28 February 2023)
Jenny Green (Councillor)	
Brian Greenacre (Councillor)	
Brian Ladd OAM (Councillor)	
Tristan Sharp (Councillor)	(Appointed on 15 June 2022)
Jo-Ann Smith (Councillor)	
Hon Ashley Dawson-Damer AM (ex officio, Art Gallery of NSW Trustee)	(Retired on 31 December 2022)

No Councillors of the Society are former auditors.

Objectives

The Society is an independent membership organisation that exists to support the Art Gallery of New South Wales (the "Art Gallery").

Our vision is to be the leader in art museum membership. Our mission is to support the Art Gallery by:

- building a vibrant membership community;
- inspiring and engaging members and the wider community with the Art Gallery;
- creating diverse and stimulating experiences for members; and
- contributing financially to the Art Gallery.

The Society provides material support to the Art Gallery in the form of financial contributions for the acquisition of works of art and for other purposes including programs, exhibitions, scholarships and, currently, the renovation of the Members' Lounge.

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

Strategy

For 2020 to 2022, the Society set the strategic goals to:

- cultivate membership loyalty, growth and diversity;
- develop and populate an integrated CRM;
- create a state-of-the-art membership facility;
- enrich the Art Gallery collections, programs and projects by contributing financially, including to Sydney Modern; and
- maximise our strategic partnerships.

The Society always aims to align its strategy with that of the Art Gallery.

The Society raises income through membership subscriptions and donations, events, tours, sponsorship, educational programs and fund-raising initiatives. Its operating surplus goes to members' funds to support the Art Gallery's:

- acquisition of works of art;
- exhibitions and events; and
- audience development, lifelong learning and other programs as agreed.

Art Gallery Society of New South Wales

Councillors' report

31 December 2022

Principal activities

The principal activities of the Society during the year involved providing the Art Gallery with a core audience of art lovers who are committed to the institution through their membership, and who are also ambassadors for the Art Gallery in the wider community.

Despite the challenges of the pandemic environment, membership numbers increased with 33,102 (2021: 28,967) members at the close of the year.

Activity highlights of the year included:

- The development and implementation of a Membership Development Plan coinciding with the opening of the North Building of the Art Gallery. The plan introduces new membership categories, creating a lifelong membership journey;
- The official opening of the new Members' Lounge on 6 July by our patrons, Her Excellency The Honourable Margaret Beazley AC KC Governor of New South Wales and Mr Dennis Wilson;
- The development of our 2023-2025 Strategic Plan;
- The recruitment of our new Chief Operating Officer, Yvette Pratt;
- The review and renewal of several governance policies and procedures.

Membership benefits

The quality of membership benefits remains key in attracting new members and ensuring loyalty to the Art Gallery.

As COVID-19 restrictions eased, the Society recommenced many of its usual lectures and events, albeit with reduced capacity and strictly following health and safety requirements.

The level of member engagement income was also impacted by the closure of our main venue, the Domain Theatre, from October 2021 to July 2022 and Members' Lounge from 13 March 2022 to 27 June 2022 for refurbishment.

There were 335 events (2021: 252 events) during the year. They included lectures, talks, workshops, concerts, exhibition tours and viewings, with a particular emphasis on online learning opportunities about art history and other fields of culture. The Society published six bi-monthly issues of its members' magazine, Look.

In delivering its program of activities, the Society is supported by sponsors and philanthropy. In another challenging year, the Society sincerely thanks Renaissance Tours, Regent Seven Seas Cruises, Arab Bank Australia and the Sir William Dobell Art Foundation for their financial support; and Kimpton Margot Sydney, Manly Spirits, Robert Oatley, Mr Cook Florals and Faber-Castell Australia for their in-kind support.

The Society also wishes to acknowledge and thank those generous members who continued to give their support and show their concern as we recover from the impacts of COVID-19. Member donations remained strong and totalled \$194,865 (2021: \$222,991).

The Society's loyal Collection Circle and individual donors raised substantial funds to support the purchase of Louise Marie-Jeanne Hersent's *Portrait of a young woman leaning on a meridienne* (1828) for the Art Gallery. The term "Art Acquisition Funds" in this report refers to the donations received from Collection Circle and individual donors.

Financial assistance to and art acquisitions for the Art Gallery

The total financial assistance given to the Art Gallery during the year was \$1,148,940 (2021: \$695,315).

This comprised a donation of:

- \$233,333 to contribute towards the cost of redeveloping the Members' Lounge;
- \$540,000 to support AGNSW programs, exhibitions, and to purchase audio and camera equipment;
- \$147,273 from the Elizabeth Fyffe bequest to purchase Clarice Beckett's *Bay Road, smoke haze/Bay Road foggy morning* (circa 1932);
- \$27,560 from the Dagmar Halas bequest to purchase Agnes Goodsir's *The Hungarian shawl* (circa 1927); and
- \$200,774 from Art Acquisition Funds to purchase Louise Marie-Jeanne Hersent's *Portrait of a young woman leaning on a meridienne* (1828).

Art Gallery Society of New South Wales Councillors' report 31 December 2022

Other support

The Society also met the cost of tickets for members to attend Art Gallery exhibitions which amounted to \$139,878 (2021: \$59,904).

Following a 2019 review of volunteer operations, the Art Gallery centrally manages all volunteers.

Performance measurement

The Society's performance measures for the year included:

- The number of members
- Membership retention
- The amount of annual operating surplus
- The delivery of a Membership Development Plan to coincide with the opening of the North Building
- The quality and booking levels of events for members
- Intangibles relating to member satisfaction, regard for volunteers, relationship with Art Gallery management and staff performance.

Significant changes in the state of affairs

During the year the Society took on the management and financial liability of the delivery of food and beverages in the Members' Lounge. This new responsibility commenced on the opening of the new Members' Lounge in July and saw the Society sign a three-year contract with the catering company, The Fresh Collective.

Levels of member engagement were impacted by the closure for renovation of our main lecture venue, the Domain Theatre from October 2021 to July 2022 and the Members' Lounge from 13 March 2022 to 27 June 2022.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Events since the end of the financial year

The Art Gallery Society President, Brian Greenacre resigned as President on 28 February 2023 and Sue Jackson was appointed President and Andrea Brown appointed Treasurer.

In late 2022, discussion on and the drafting of the next Memorandum of Understanding (MoU3) between the Art Gallery and the Society commenced.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Society's operations, the results of those operations, or the Society's state of affairs in future financial years.

Likely developments and expected results of operations

There are no likely developments in the operations of the Society that were not finalised at the date of this report.

Environmental regulation

The Society is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Dividends

The Society's Constitution does not permit any dividends and therefore no dividends have been paid or declared.

Member's liability

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 Society.

Proceedings on behalf of the Society

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Society, or to intervene in any proceedings to which the Society is a party, for the purpose of taking responsibility on behalf of the Society for all or part of those proceedings.

No proceedings have been brought or were intervened in on behalf of the Society with leave of the Court under section 237 of the *Corporations Act 2001*.

**Art Gallery Society of New South Wales
Councillors' report
31 December 2022**

Insurance of officers

During the financial year, the Society paid a premium of \$6,425 (2021: \$5,929) to insure the Councillors of the Society and the general managers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Society, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Society. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Information on Councillors

Name: Susan Jackson
Title: President
Experience and expertise: Treasurer, Art Gallery Society of NSW, 2019 - 2023
BA/LLB, Grad Dip (Communications), GAICD
Experience in leading the revitalisation of the Westpac Foundation as a bank executive
Growing the membership and rebuilding the Clarence Street premises of the Alliance Française de Sydney as an AFS board director
Governance skills as a former senior executive of the Australian Institute of Company Directors and graduate of its Company Directors Course
Westpac senior executive, and now business consultant
Life member, Tamarama Surf Lifesaving Club
Councillor since March 2019

Name: Paula Latos-Valier AM
Title: Vice President
Experience and expertise: Chair, SH Ervin Gallery Advisory Committee, since 2010
Art Director, Sir William Dobell Art Foundation, since 2011
Managing Director, Biennale of Sydney, 2004-2007
General Manager, 1997-2004; Assistant Director, 1981-1989
Director, Art Gallery of Western Australia, 1990-1997
Program Manager, Australia Council, 1989-1990 and coordinator, opening of the Australian Pavilion at the 1990 Venice Biennale International Exhibition Manager, Australian Gallery Director's Council, 1979-1981
President, Art Museums Association of Australia, 1990-1992
Vice President, Council of Australian Museums Association, 1992-1994
Director, Australian American Fulbright Commission, 2002-2010
Director, Alliance Française de Sydney, 2003-2013; Vice President, 2007-2010
Director, Visual Arts/Craft Board of the Australia Council, 1988-1989
Awarded Chevalier des Arts et Lettres, 2005
Councillor since March 2015

Name: Andrea Brown
Title: Treasurer
Experience and expertise: B. Bus Mngt, GAICD
Member of AGNSW Contemporary Collection Benefactors (CCB)
President, Young Members' Committee, Art Gallery Society of NSW, 2011-2013
Graduate Member, Australian Institute of Company Directors
Member, Cruising Yacht Club of Australia
Over 20 years' experience in financial services and banking
25+ years involvement with the arts in Australia
Councillor since April 2020

**Art Gallery Society of New South Wales
Councillors' report
31 December 2022**

Name: Dr Michael Brand
Title: Councillor, Art Gallery of NSW Director (ex officio)
Experience and expertise: BA (Hons), MA, PhD (History)
Director, Art Gallery of New South Wales, since 2012
Director, Aga Khan Museum, Toronto, 2010-2012
Director, J Paul Getty Museum, 2005-2010
Director, Virginia Museum of Fine Arts, 2000-2005
Assistant Director, Queensland Art Gallery, 1996-2000
Curator of Asian Art, National Gallery of Australia, 1988-1996
Co-Director, Smithsonian Institution Mughal Garden Project, 1988-1993
Councillor since June 2012

Name: Anastasia Economou
Title: Councillor
Experience and expertise: Master of Applied Finance; Master of Arts in Law
Senior Fellow, FINSIA
Educational Committee Member, FINSIA
Senior Fellow, FTA
Managing Director, General Counsel Division at Credit Suisse, 1999-2016
Contract/Consultant in Conduct Risk, CBA Global Markets, 2016
Head of Operational Risk and Compliance FICC, NAB, 2017 – 2020
Societe Generale as Chief Compliance Officer for Australia since Feb 2020
Over 25 years' experience in the financial services and investment banking sector
Councillor since April 2016

Name: Mr Lachlan Edwards
Title: Art Gallery of NSW Trustee (ex officio)
Experience and expertise: BEc GDAFI MAICD
Co-founder of Faraday Associates, an independent corporate advisory firm based in Sydney
Previously co-Head of Lazard Australia
Managing Director of Goldman Sachs in London and Sydney
Partner at Goldman Sachs JB Were
Managing Director of NM Rothschild & Sons in London, and earlier in his career worked at Rothschild Australia, Samuel Montagu & Co in London and IBM Australia
Former Trustee of the Historic Houses Trust of NSW (now Museums of History NSW)
President and Chair of the Turnaround Management Association of Australia (TMAA)
Chair of the Advisory Finance Committee of the Sisters of Charity Australia
Non-Executive Director of Bluestone Mortgages in Australia
Executive Director on the Board of NM Rothschild & Sons in London
Vice President of the University & Schools Club in Sydney
Former Governor of the English National Ballet
Currently serves as the Non-Executive and Independent Chair of Matilda Nepean (a private hospital)
Deputy Chair of the Bell Shakespeare Company
Trustee of the Art Gallery of NSW
Non-Executive Director of ASX listed Hotel Property Investments
Councillor since 2023

**Art Gallery Society of New South Wales
Councillors' report
31 December 2022**

Name: Jenny Green
Title: Councillor
Experience and expertise: BA (Asian Studies), MA (Adult Education)
Graduate, Australian Institute of Company Directors
Independent Councillor, City of Sydney, 2012-2016
Consultant specialising in professional and organisational development in corporate and public sectors
Non Executive Director, Australian Design Centre, since 2017
Non Executive Director, Tom Bass Sculpture Studio School, since 2018
Academic Director, National Judicial College of Australia, 2011-2016
Senior Consultant, University of Technology Sydney, 1996-2015
Councillor since April 2017

Name: Brian Greenacre
Title: Councillor
Experience and expertise: President, Art Gallery Society of NSW, 2019 - 2023
B.Bus(Acc),Dip(FinPlan),G.Dip(ICAA),FCA,CTA,GAICD
Partner, BDO in Australia, since 2011
Board Member, Moogahlin Performing Arts Inc, 2015-2020
Treasurer, Young Members' Committee, Art Gallery Society of NSW, 2014-2018
Fellow Chartered Accountant; Chartered Tax Advisor
Graduate Member, Australian Institute of Company Directors
Accredited Adviser, Family Business Australia; member since 2016
Over 25 years' experience as accountant and business adviser
Councillor since April 2016

Name: Brian Ladd OAM
Title: Councillor
Experience and expertise: President, Art Gallery Society of NSW, 2016-2019
Vice President 2014-2015
Board Member, Brett Whiteley Foundation
Head of Public Programs Department, Art Gallery of New South Wales, 1996-2010
Sculpture specialist, lecturer and art tour leader
Graduate, National Art School, Sydney
Councillor since March 2014

Name: Tristan Sharp
Title: Councillor
Experience and expertise: MA Arts Administration, Dip Education, BA Fine Arts
Deputy Director, Australian Classification Board 2022 - Present
Director, Kingfisher & Co Consultancy 2019- 2022
Project Lead, Flexible workplace Strategy, AMP Capital 2019 – 2021
Director, Programs & Engagement Museum of Applied Arts and Sciences 2016-2019
Senior Corporate Services Manager, Westpac Banking Corporation 2014-2016
Assistant Director, Newcastle Art Gallery 2009 -2014
Senior Coordinator Education Programs, Art Gallery of NSW 2002-2009
Councillor since 2022

Name: Jo-Ann Smith
Title: Councillor, AGNSW Foundation
Experience and expertise: Volunteer Guide, AGNSW, since 2010
Coordinator of Volunteer Guides, AGNSW, 2015
Assistant Coordinator of Volunteer Guides for the Access program, AGNSW since 2016
Jo-Ann previously managed a boutique law firm office and is a trained nurse
Jo-Ann's husband is a Foundation member and together they have supported the Society and the Gallery Council since April 2016

**Art Gallery Society of New South Wales
Councillors' report
31 December 2022**

Name: Hon Ashley Dawson-Damer AM
 Title: Art Gallery of NSW Trustee (ex officio)
 Experience and expertise: Bachelor of Economics, University of Sydney, 1967
 University of Technology Sydney Foundation, since 2020
 Board Director, Opera Australia Capital Fund, since 2014
 Council of Governors, Opera Australia Capital Fund, since 2005
 Trustee, National Gallery of Australia Foundation, since 2004
 Director, Sydney Festival, 2012-2016
 Deputy Chair and Alternate Director with Premier of NSW, Sydney Festival, 2012–2014
 Board Member, National Gallery of Australia Council, 2005-2015
 Board Director, National Art School Sydney, 2012-2015
 Board Member, National Institute of Dramatic Arts (NIDA), 1997-2003
 Trustee, Historic Houses Foundation, 1995-1999
 Trustee Representative, Art Gallery of New South Wales, since 2014
 Chevalier des Arts et des Lettres awarded 2021
 Councillor from 2014 to 2022

Meetings of Councillors

The number of meetings of the Society's Board of Councillors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each Councillor were:

	Council meetings	
	Number eligible to attend	Number attended
Susan Jackson	8	8
Paula Latos-Valier AM	8	8
Andrea Brown	8	7
Dr Michael Brand (ex officio) (i)	8	8
Anastasia Economou	8	5
Jenny Green	8	7
Brian Greenacre	8	8
Brian Ladd OAM	8	8
Tristan Sharp	5	4
Jo-Ann Smith	8	5
Hon Ashley Dawson-Damer AM (ex officio)	8	2

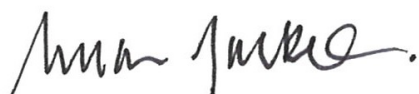
(i) Meetings were attended by Dr Michael Brand or his deputised representative John Richardson or Hakan Harman.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Councillors' report.

This report is made in accordance with a resolution of Councillors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Councillors



President

2 May 2023



Treasurer

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Art Gallery Society of New South Wales for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



Cameron Hume
Partner

Sydney, NSW
Dated: 2 May 2023

Art Gallery Society of New South Wales
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue from ordinary activities	3	4,086,062	3,105,559
Other income	4	30,986	759,984
Employee benefits expense		(1,887,242)	(1,514,049)
Depreciation expense		(2,688)	(3,534)
Food and beverage costs		(461,565)	-
Fringe benefits tax expense		(5,345)	(4,177)
Function costs		(442,022)	(178,488)
Marketing costs		(66,441)	(37,729)
Member benefits		(147,078)	(140,868)
Postage costs		(170,803)	(157,825)
Professional fees		(39,889)	(31,095)
Publishing costs		(480,507)	(430,599)
Other expenses		(295,595)	(204,541)
Surplus from ordinary activities (no tax applicable)	5	117,873	1,162,638
Donations - Art Gallery of NSW	6	(1,148,940)	(695,315)
Net (deficit)/surplus for the year		(1,031,067)	467,323
Other comprehensive income for the year		-	-
Total comprehensive (deficit)/surplus for the year		<u>(1,031,067)</u>	<u>467,323</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Art Gallery Society of New South Wales
Statement of financial position
As at 31 December 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	990,869	2,243,740
Trade and other receivables	8	365,269	114,770
Other assets	9	44,192	44,164
Financial assets	10	357,878	1,003,610
Total current assets		<u>1,758,208</u>	<u>3,406,284</u>
Non-current assets			
Financial assets	10	2,630,084	1,824,193
Plant and equipment	11	16,396	3,875
Total non-current assets		<u>2,646,480</u>	<u>1,828,068</u>
Total assets		<u>4,404,688</u>	<u>5,234,352</u>
Liabilities			
Current liabilities			
Trade and other payables	12	953,893	1,099,931
Contract liabilities	13	1,067,579	802,738
Employee benefits	14	245,747	184,024
Total current liabilities		<u>2,267,219</u>	<u>2,086,693</u>
Non-current liabilities			
Contract liabilities	13	732,604	687,138
Employee benefits	14	29,639	54,228
Total non-current liabilities		<u>762,243</u>	<u>741,366</u>
Total liabilities		<u>3,029,462</u>	<u>2,828,059</u>
Net assets		<u>1,375,226</u>	<u>2,406,293</u>
Equity			
Reserves	15	1,000,000	1,000,000
Accumulated funds		375,226	1,406,293
Total equity		<u>1,375,226</u>	<u>2,406,293</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Art Gallery Society of New South Wales
Statement of changes in equity
For the year ended 31 December 2022

	Administration reserve \$	Accumulated funds \$	Total equity \$
Balance at 1 January 2021	1,000,000	938,970	1,938,970
Surplus for the year	-	467,323	467,323
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	467,323	467,323
Balance at 31 December 2021	<u>1,000,000</u>	<u>1,406,293</u>	<u>2,406,293</u>
	Administration reserve \$	Accumulated funds \$	Total equity \$
Balance at 1 January 2022	1,000,000	1,406,293	2,406,293
Deficit for the year	-	(1,031,067)	(1,031,067)
Other comprehensive income for the year	-	-	-
Total comprehensive deficit for the year	-	(1,031,067)	(1,031,067)
Balance at 31 December 2022	<u>1,000,000</u>	<u>375,226</u>	<u>1,375,226</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Art Gallery Society of New South Wales
Statement of cash flows
For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Operating activities			
Receipts from members and customers		3,814,622	3,383,540
Payments to suppliers and employees		<u>(4,105,391)</u>	<u>(2,854,155)</u>
		(290,769)	529,385
Donations received		194,865	222,991
Interest received		7,182	5,558
Government grants received		<u>-</u>	<u>275,634</u>
Net cash (used in)/from operating activities		<u>(88,722)</u>	<u>1,033,568</u>
Investing activities			
Payments for property, plant and equipment		(16,613)	-
Proceeds from sale of plant and equipment		<u>1,404</u>	<u>25,364</u>
Net cash (used in)/from investing activities		<u>(15,209)</u>	<u>25,364</u>
Financing activities			
Donations - Art Gallery of NSW		<u>(1,148,940)</u>	<u>(695,315)</u>
Net cash used in financing activities		<u>(1,148,940)</u>	<u>(695,315)</u>
Net (decrease)/increase in cash and cash equivalents		(1,252,871)	363,617
Cash and cash equivalents at the beginning of the financial year		<u>2,243,740</u>	<u>1,880,123</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>990,869</u></u>	<u><u>2,243,740</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Society has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Society.

The following Accounting Standards and Interpretations are most relevant to the Society:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The Society has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Basis of preparation

This General Purpose - Simplified Disclosure 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 Australian Charities and *Not-For-Profits Commission Act 2012*.

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, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Income tax

As the Society is a tax exempt institution in terms of subsection 50-10 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Society's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Society's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

Note 2. Critical accounting judgements, estimates and assumptions

The Councillors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Estimation of useful lives of assets

The Society determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 14, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Society is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 3. Revenue from ordinary activities

	2022	2021
	\$	\$
The Society derives the following types of revenue:		
- Revenue from member subscriptions	2,117,571	1,747,814
- Revenue from Look magazine	356,298	336,526
- Revenue from functions, events and sponsorships	1,020,584	798,228
- Revenue from donations	194,865	222,991
- Revenue from food and beverage	396,744	-
	<hr/>	<hr/>
Revenue from ordinary activities	<u>4,086,062</u>	<u>3,105,559</u>

Revenue is recognised for the major activities using the methods outlined below:

Revenue from member subscriptions

Timing of recognition:

Subscription revenue is apportioned over the period to which the membership relates.

Measurement of revenue:

The revenue is measured at the amount receivable under the membership agreement. If the amount received carries on to the following financial year it will be considered deferred revenue.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Revenue from functions, events and sponsorships

Timing of recognition:

Function and event revenue is recognised in the period in which the function or event occurs. The relevant costs associated are also recognised in the same period to match income and expense in the appropriate period.

Measurement of revenue:

The revenue is measured at the amount receivable under the contract. If the amount received carries on to the following financial year it will be considered as contract liabilities.

Revenue from donations and bequests

Timing of recognition:

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.

Measurement of revenue:

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.

All revenue is stated net of the amount of goods and services tax (GST).

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 4. Other income

	2022	2021
	\$	\$
- (Decrease)/increase in market value of investment	(152,991)	217,886
- Interest received	7,182	5,558
- Sundry income	1,962	18,924
- Government grants: JobKeeper, JobSaver and Small Business Hardship Grant	-	275,634
- Income from restricted assets	174,833	241,982
	<hr/>	<hr/>
Other income	<u>30,986</u>	<u>759,984</u>

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Interest income

Interest income is reported on an accruals basis using the effective interest method.

Dividend and distribution revenue

Dividend and distribution revenue is recognised when the Society has established that it has a right to receive a payment.

Note 5. Material profit or loss items

The Society has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Society:

	2022	2021
	\$	\$
Depreciation	2,688	3,534
Fringe benefits tax expense	5,345	4,177
Superannuation (i)	162,724	132,968
Provision for annual leave (ii)	44,325	(66,411)
Provision for long service leave	(1,118)	20,145

(i) All employees of the Society receive defined contribution superannuation entitlements, for which the Society pays the fixed superannuation guarantee contribution (currently 10.5% of the employee's ordinary times earnings) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable.

(ii) In keeping pace with the increased cost of living, a CPI increase was applied to some employee wages.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 6. Donations - Art Gallery of NSW

	2022	2021
	\$	\$
Contribution to AGNSW for the redevelopment of the Members' Lounge	233,333	233,333
Contribution to AGNSW to support AGNSW programs and exhibitions	540,000	100,000
Purchase of Joy Hester <i>Lovers</i> (1948-1949) and Ethel Carrick <i>Flower market, Nice</i> (circa 1926) from the Elizabeth Fyffe Bequest for the AGNSW Collection	-	241,982
Purchase of Tempe Manning <i>Self Portrait</i> (1939) and Pascale Marthine Tayou <i>Colonne Pascale</i> (2012) from Art Acquisition Funds for the AGNSW Collection	-	120,000
Purchase of Clarice Beckett <i>Bay Road, smoke haze/Bay Road foggy morning</i> (circa 1932) from the Elizabeth Fyffe Bequest for the AGNSW	147,273	-
Purchase of Agnes Goodsir <i>The Hungarian shawl</i> (circa 1927) from Dagmar Halas Bequest for the AGNSW Collection	27,560	-
Purchase of Louise Marie-Jeanne Hersent <i>Portrait of a young woman leaning on a meridienne</i> (1828) from Art Acquisition Funds for the AGNSW Collection	200,774	-
	<u>1,148,940</u>	<u>695,315</u>

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.

Note 7. Cash and cash equivalents

	2022	2021
	\$	\$
<i>Current assets</i>		
Cash at bank and in hand	665,899	1,319,100
Interest bearing deposits, at call	324,970	924,640
	<u>990,869</u>	<u>2,243,740</u>

Cash includes an amount of \$501,250 (2021: \$27,560) which is restricted funds set aside for a specific purpose.

Accounting policy for cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Trade and other receivables

	2022	2021
	\$	\$
<i>Current assets</i>		
Trade and sundry receivables	365,269	114,233
Accrued interest	-	537
	<u>365,269</u>	<u>114,770</u>

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 8. Trade and other receivables (continued)

The Society has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Other assets

	2022	2021
	\$	\$
<i>Current assets</i>		
Prepayments	<u>44,192</u>	<u>44,164</u>

Note 10. Financial assets

	2022	2021
	\$	\$
<i>Current assets</i>		
Bank term deposit	247,133	245,592
Bequest term deposit (Elizabeth Fyffe Estate - restricted bequest)	<u>110,745</u>	<u>758,018</u>
	<u>357,878</u>	<u>1,003,610</u>
<i>Non-current assets</i>		
Managed investment portfolio	<u>2,630,084</u>	<u>1,824,193</u>

The bequest term deposit amount of \$110,745 (2021: \$758,018) is a restricted fund set aside for a specific purpose.

Investments are measured initially at cost, including transaction costs. Subsequent to initial recognition, investments are measured at fair value. Term deposits are measured at amortised cost. Gains and losses arising from changes in the fair value of investments are included in profit or loss in the period in which they arise. The Society determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

The Society's investments in medium and long term facilities are classified as "at fair value through profit and loss" and measured at fair value, this is determined by reference to current bid prices at the close of business on balance date.

Note 11. Plant and equipment

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Office equipment - at cost	94,986	112,775
Less: Accumulated depreciation	<u>(78,590)</u>	<u>(108,900)</u>
	<u>16,396</u>	<u>3,875</u>

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 11. Plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Plant and equipment \$
Balance at 1 January 2022	3,875
Additions	16,613
Disposals	(1,404)
Depreciation expense	<u>(2,688)</u>
Balance at 31 December 2022	<u><u>16,396</u></u>

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-10 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Society. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 12. Trade and other payables

	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade creditors and accruals	341,898	314,353
Dagmar Halas Estate - restricted bequest	-	27,560
Elizabeth Fyffe Estate - restricted bequest	<u>611,995</u>	<u>758,018</u>
	<u><u>953,893</u></u>	<u><u>1,099,931</u></u>

Trade creditors and accruals

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. 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.

Restricted assets are maintained solely for the use of restricted bequests. The purpose of restricted funds is to purchase artworks. The balances of such assets should be equal to unspent balances of any such restricted bequests.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 12. Trade and other payables (continued)

Unexpended balances at year end were:

Dagmar Halas Bequest	Cash	\$nil
Elizabeth Fyffe Bequest	Financial assets	\$611,995

Note 13. Contract liabilities

	2022 \$	2021 \$
<i>Current liabilities</i>		
Function revenue in advance	273,049	38,293
Subscription revenue in advance	794,530	764,445
	<u>1,067,579</u>	<u>802,738</u>
<i>Non-current liabilities</i>		
Subscription revenue in advance	<u>732,604</u>	<u>687,138</u>

Accounting policy for contract liabilities

Contract liabilities represent the Society's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Society recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Society has transferred the goods or services to the customer.

Note 14. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	111,952	67,626
Long service leave	133,795	116,398
	<u>245,747</u>	<u>184,024</u>
<i>Non-current liabilities</i>		
Long service leave	<u>29,639</u>	<u>54,228</u>

Accounting policy for employee benefits

Short-term employee benefits - current liabilities

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits - non-current liabilities

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 15. Reserves

	2022	2021
	\$	\$
Administration reserve	<u>1,000,000</u>	<u>1,000,000</u>

Administration reserve

The administration reserve records funds set aside to ensure the continued growth of the Society.

Note 16. Financial assets and liabilities

	Financial assets at amortised cost	Fair value through profit or loss	Total
	\$	\$	\$
31 December 2022			
Financial assets			
Cash and cash equivalents (note 7)	990,869	-	990,869
Trade and other receivables (note 8)	365,269	-	365,269
Financial assets (note 10)	<u>357,878</u>	<u>2,630,084</u>	<u>2,987,962</u>
	<u>1,714,016</u>	<u>2,630,084</u>	<u>4,344,100</u>

Financial liabilities

Trade and other payables (note 12)	<u>953,893</u>	<u>-</u>	<u>953,893</u>
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	Financial assets at amortised cost	Fair value through profit or loss	Total
	\$	\$	\$
31 December 2021			
Financial assets			
Cash and cash equivalents (note 7)	2,243,740	-	2,243,740
Trade and other receivables (note 8)	114,770	-	114,770
Financial assets (note 10)	<u>1,003,610</u>	<u>1,824,193</u>	<u>2,827,803</u>
	<u>3,362,120</u>	<u>1,824,193</u>	<u>5,186,313</u>

Financial liabilities

Trade and other payables (note 12)	<u>1,099,931</u>	<u>-</u>	<u>1,099,931</u>
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Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 16. Financial assets and liabilities (continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Impairment of financial assets

The Society recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Society's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Note 17. Key management personnel disclosures

Compensation

The aggregate compensation made to key management personnel of the Society is set out below. There was no compensation paid or payable to the Councillors during the current or prior period.

	2022 \$	2021 \$
Aggregate compensation	<u>326,414</u>	<u>346,552</u>

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Society:

	2022 \$	2021 \$
Audit and financial statement preparation	<u>20,700</u>	<u>19,750</u>

Note 19. Contingent liabilities and commitments

The Society currently has no significant contingent liabilities.

The Society currently has no significant capital expenditure commitments.

The Society currently has no non-cancellable leases.

Art Gallery Society of New South Wales
Notes to the financial statements
31 December 2022

Note 20. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions between related parties during the current or prior period.

Key management personnel

Disclosures relating to key management personnel are set out in note 17.

Note 21. Members' guarantee

As at 31 December 2022, the Society is incorporated under the Corporations Act 2001 and is a Society 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 any outstandings and obligations of the Society. At 31 December 2022, the number of members was 22,852 (2021: 19,949).

Note 22. Events after the reporting period

The Art Gallery Society President, Brian Greenacre resigned as President on 28 February 2023 and Sue Jackson was appointed President and Andrea Brown appointed Treasurer.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Society's operations, the results of those operations, or the Society's state of affairs in future financial years.

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 Luxury draw is conducted during the year. The results are as follows.

	2022	2021
	\$	\$
Revenue from donations	194,865	222,991
Luxury draw	95,767	68,336
Gross income from fundraising (A)	<u>290,632</u>	<u>291,327</u>
Cost of fundraising (B)	<u>(25,554)</u>	<u>(16,996)</u>
Net surplus from fundraising (C)	<u>265,078</u>	<u>274,331</u>
Cost of services provided (D)	-	-
Transfer to accumulated funds	265,078	274,331

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

Cost of fundraising to gross income from fundraising (B/A)	8.79%	5.83%
Net surplus from fundraising to gross income from fundraising (C/A)	91.21%	94.17%
Cost of services provided to total expenditure (D/(B+D))	-	-
Cost of services provided to gross income from fundraising (D/A)	-	-

**Art Gallery Society of New South Wales
Councillors' declaration
31 December 2022**

The Councillors of the Art Gallery Society of NSW declare that in their opinion:

(1) the financial statements and notes are in accordance with *Australian Charities and Not-For-Profits Commission Act 2012* and:

(a) comply with Accounting Standards – Simplified Disclosure, the *Australian Charities and Not-For-Profits Regulation 2013*, 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 2022 and of its performance for the financial year ended on that date, and

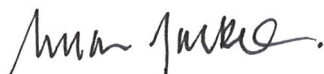
(c) the accompanying financial statements have been prepared in accordance with the *Charitable Fundraising Act 1991* and,

- (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) the financial statements give a true and fair view of all income and expenditure with respect to fundraising events;
- (iii) the statement of financial position 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) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Councillors.

On behalf of the Councillors



President

2 May 2023



Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Members of the Art Gallery Society of New South Wales

Opinion

We have audited the financial report of the Art Gallery Society of New South Wales, which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the councillors' declaration.

In our opinion, the financial report of the Art Gallery Society of New South Wales has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the society's financial position as at 31 December 2022 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Art Gallery Society of New South Wales in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The councillors are responsible for the other information. The other information comprises the information included in the Art Gallery Society of New South Wales annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The council of the society are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the council determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the council is responsible for assessing the Art Gallery Society of New South Wales ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Art Gallery Society of New South Wales or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Report on 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 2022.

Councillors' Responsibility for Compliance

The councillors are responsible for ensuring compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2015*. 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 2022. 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 society's compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2015*, 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 society's solvency and its compliance with the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2015*. 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 2015*, apart from those specified.

Auditors opinion

In our opinion the financial report of the Art Gallery Society of New South Wales has been prepared in accordance with 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 2022.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



C HUME
Partner

RSM Australia Partners

Sydney, 2 May 2023

RSM Australia Partners

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DISCLAIMER

The additional financial data presented in the following pages is in accordance with the books & records of the Art Gallery Society of New South Wales which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 December 2022. It will be appreciated that our statutory audit did not cover all details of the 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 errors or omissions therein however caused.

A handwritten signature in blue ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'C J Hume'.

C J HUME
Partner

Sydney, NSW
Dated: 2 May 2023

Art Gallery Society of New South Wales
Unaudited statement of income and expenditure
31 December 2022

	2022	2021
	\$	\$
Income		
(Decrease)/increase in market value of investment	(152,991)	217,886
Donations received	194,865	222,991
Food and beverage revenue	396,744	-
Function and events revenue	728,867	612,799
Interest received	7,182	5,558
Look revenue	356,298	336,526
Member subscriptions	2,117,571	1,747,814
Sponsorship revenue	130,709	65,409
Sundry income	1,962	18,924
Luxury draw	95,767	68,336
Travel program	65,241	51,684
Government grants	-	275,634
Income from restricted assets	174,833	241,982
	<u>4,117,048</u>	<u>3,865,543</u>
Expenditure		
Bank charges	36,786	36,524
Computer consumables and support	1,606	3,623
Cost of fundraising	25,554	16,996
Depreciation	2,688	3,534
Employee remuneration	1,627,971	1,388,182
Food and beverage costs	461,565	-
Fringe benefits tax	5,345	4,177
Function and events expense	442,022	178,488
General expenses	153,164	76,187
Insurance	29,577	26,490
Look costs	679,252	611,745
Marketing costs	66,441	37,729
Member benefits	126,921	138,030
Member facilities	21,101	17,353
Printing, postage and stationery	8,561	6,076
Professional fees	39,889	31,095
Provision for employee entitlements	43,207	(46,266)
Staff training and welfare	13,970	18,454
Superannuation	162,724	132,968
Travel costs	29,581	13,495
Travel program	21,250	8,025
	<u>3,999,175</u>	<u>2,702,905</u>
Operating surplus for the year	117,873	1,162,638
Donations - Art Gallery of NSW	(1,148,940)	(695,315)
Net (deficit)/surplus for the year	<u>(1,031,067)</u>	<u>467,323</u>

The accompanying notes form part of these financial statements.