



INDEPENDENT AUDITOR'S REPORT

Art Gallery of New South Wales Foundation

To the Treasurer, Minister for the Arts and Trustees for the Art Gallery of New South Wales Foundation

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 Accountable Authority, the Responsible persons' declaration, the Statement of comprehensive income for the year ended 30 June 2024, the Statement of financial position as at 30 June 2024, 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 Statement of Material Accounting Policy Information and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards
- presents fairly the Foundation's financial position, financial performance and cash flows
- 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 Regulations 2022 (ACNC Regulations)
- have been prepared in accordance with clause 18 of the of the Taxation Administration (Public Ancillary Fund) Guidelines 2022 (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).

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

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

The Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the ACNC Act, the ACNC Regulations 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.

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
- 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 the Taxation Administration (Public Ancillary Fund) Guidelines 2022

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 Taxation Administration (Public Ancillary Fund) Guidelines 2022 (the Guidelines) for the year ended 30 June 2024.

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
- the 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 Management

I have complied with the independence relevant ethical requirements, which are founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Audit Office of New South Wales (the Audit Office) applies Auditing Standard ASQM 1 'Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance Engagements or Related Service Engagements'. This Standard requires the Audit Office to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2024 does not provide assurance on whether compliance with the Guidelines will continue in the future.

Use of Report

The 'Report on compliance with the Taxation Administration (Public Ancillary Fund) Guidelines 2022' 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY

Art Gallery of New South Wales Foundation

Statement by the Accountable Authority for the Year ended 30 June 2024

In accordance with a resolution of the Trustees of the Art Gallery of New South Wales Foundation, we state that these financial statements for the year ended 30 June 2024:

- have been prepared in accordance with the Australian Accounting Standards and Interpretations, *Australian Charities and Not-for-profits Commission Act 2012* and Australian Charities and Not-for-profits Regulations 2022
- present a true and fair view of the Art Gallery of New South Wales Foundation's financial position, financial performance and cash flows.

The Trustee's also state that:

- 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
- The financial statements have been prepared in accordance with the requirements of the Taxation Administration (Public Ancillary Fund) Guidelines 2022 (the PAF Guidelines) made under section 426-103 in Schedule 1 to the Income Tax Assessment Act 1953 and the Foundation has complied with the PAF Guidelines during the financial year ending 30 June 2024 .

Further, at the date of this statement , we are not aware of any circumstances that would render the particulars included in the financial statements to be misleading or inaccurate.



.....
B. Church
Chairperson



.....
J. Playoust
Deputy Chairperson

Dated: 29 October 2024

Art Gallery of New South Wales Foundation

Responsible persons declaration under the *Australian Charities And Not-For-Profit Commissions Act 2012*

In the opinion of the Responsible Persons 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 2024 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 2022; 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 2022*.



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B. Church
Chairperson
Art Gallery of NSW Foundation



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J. Playoust
Deputy Chairperson
Art Gallery of NSW Foundation

Dated: 29 October 2024

Art Gallery of New South Wales Foundation

Statement of comprehensive income for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Expenses			
Operating expenses	2	178	217
Contributions to the Art Gallery of New South Wales Trust		3,398	2,750
Total expenses		3,576	2,967
Revenue			
Donations and bequests	3 (a)	781	1,316
Investment revenue	3 (b)	3,253	5,133
Total revenue		4,034	6,449
Net result for the year		458	3,482
Total other comprehensive income		-	-
Total comprehensive income		458	3,482

The accompanying notes form part of these financial statements.

Art Gallery of New South Wales Foundation

Statement of financial position as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	12,024	12,153
Receivables	5	204	-
Total current assets		12,228	12,153
Non-current assets			
Financial assets at fair value through profit and loss	6	51,443	51,051
Total non-current assets		51,443	51,051
Total assets		63,671	63,204
LIABILITIES			
Payables		20	11
Total current liabilities		20	11
Total non-current liabilities		-	-
Total liabilities		20	11
Net assets		63,651	63,193
EQUITY			
Accumulated funds		63,651	63,193
Total equity		63,651	63,193

The accompanying notes form part of these financial statements.

Art Gallery of New South Wales Foundation

Statement of changes in equity for the year ended 30 June 2024

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2022	59,711	59,711
Net result for the year	3,482	3,482
Other comprehensive income	-	-
Total Comprehensive Income	3,482	3,482
Balance at 30 June 2023	63,193	63,193
 Balance at 1 July 2023	 63,193	 63,193
Net result for the year	458	458
Other comprehensive income	-	-
Total Comprehensive Income	458	458
Balance at 30 June 2024	63,651	63,651

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 2024

	NOTE	2024 \$'000	2023 \$'000
Cash Flows From Operating Activities			
Receipts			
Donations and bequests received		781	1,316
Investment revenue received		3,535	4,062
Total receipts		4,316	5,378
Payments			
Contributions and other operating expenses paid		(3,567)	(2,965)
Total payments		(3,567)	(2,965)
Net Cash Flows From Operating Activities	8	749	2,413
Cash Flows From Investing Activities			
Proceeds from sale of investments		8,297	21,262
Purchase of investments		(9,175)	(23,973)
Net Cash Flows From Investing Activities		(878)	(2,711)
Net (increase) / decrease in cash and cash equivalents		(129)	(298)
Opening cash and cash equivalents		12,153	12,451
Closing Cash And Cash Equivalents	4	12,024	12,153

The accompanying notes form part of these financial statements.

Art Gallery of New South Wales Foundation

Notes to the financial statements for the year ended 30 June 2024

1 Statement of Material Accounting Policy Information

(a) Reporting entity

The Art Gallery of New South Wales Foundation (the Foundation) is a Public Ancillary Fund and a prescribed entity under the Government Sector Audit Regulation 2024. The Foundation operates one program to raise donations, invest the capital and make distributions to the Art Gallery of New South Wales Trust (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 holds authority to fundraise under the provisions of the *Charitable Fundraising Act, 1991(NSW)* .

The financial statements were authorised for issue in accordance with a resolution of the Board of Trustees on 29 October 2024.

(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 provisions of the *Charitable Fundraising Act 1991* and the regulations under the Act
- the *Australian Charities and Not-for-Profit Commission Act 2012* and Australian Charities and Not-for-Profit Regulations 2022
- Taxation Administration (Public Ancillary Fund) Guidelines 2022
- the requirements of the *Government Sector Finance Act 2018* (GSF) Act
- Treasurer's Directions issued under the GSF Act

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) Accounting standards issued but not yet effective

The following amendments and interpretations materially apply for the first time to the Foundation for the reporting period beginning 1 July 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

This AAS amends AASB 101 Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies.

The amendment has led to a reduction of accounting policy information being disclosed by the Foundation.

- ii) NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. It is not anticipated that the adoption of Australian Accounting standards issued but not effective will affect the financial statements of the Foundation.

(d) Income tax

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

Art Gallery of New South Wales Foundation

Notes to the financial statements for the year ended 30 June 2024

	2024 \$'000	2023 \$'000
2 Expenses		
<i>Operating expenses</i>		
Audit fees - audit of financial statements	21	14
Bank and other charges	1	4
Consultancy Fees	-	40
Fund management fees	<u>156</u>	<u>159</u>
	<u>178</u>	<u>217</u>

3 Revenue		
(a) Donations and Bequests		
Donations (fundraising income)	781	756
Bequests	<u>-</u>	<u>560</u>
	<u>781</u>	<u>1,316</u>

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 are used to fund acquisition of works of art.

(b) Investment revenue		
Interest	18	76
Dividend Imputation Credit	204	244
Distribution on investments carried at fair value	<u>3,517</u>	<u>2,010</u>
Net gain/(loss) on investments carried at fair value through profit and loss	<u>(486)</u>	<u>2,803</u>
	<u>3,253</u>	<u>5,133</u>

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.

Art Gallery of New South Wales Foundation

Notes to the financial statements for the year ended 30 June 2024

	2024 \$'000	2023 \$'000
4 Current assets - cash and cash equivalents		
Cash at bank	172	427
Cash within the investment portfolio	2,852	5,276
Short-term deposits within the investment portfolio	9,000	6,450
Total cash	12,024	12,153

5 Current assets - receivables

Receivables	204	-
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Receivables comprised investment dividend imputations refundable from the ATO.

6 Non current assets - financial assets at fair value through profit and loss

(a) Financial Instruments

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

Equities	6,915	6,243
Fixed Income (Bonds)	15,121	13,443
Managed funds	29,407	31,365
Total non current financial assets at fair value	51,443	51,051

(b) Financial Risks

The Foundation's investment portfolio and investment strategy is reviewed by the Finance Committee. The main risk arising from the Foundation's financial assets is market risk.

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.

The Foundation has no loans or overdrafts and no assets have been pledged as collateral. The Foundation continues to meet its obligations as and when they fall due.

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

	Change in Interest rate / Unit Price		Impact on Profit/Loss and Equity	
			\$'000	\$'000
Cash	+/-	1%	120	(120)
Equities	+/-	10%	692	(692)
Fixed Income (Bonds)	+/-	10%	1,512	(1,512)
Managed funds	+/-	10%	2,941	(2,941)

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 the financial statements for the year ended 30 June 2024

(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).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2024				
Financial assets at fair value				
Equities	6,915	-	-	6,915
Fixed Income (Bonds)	15,121	-	-	15,121
Managed funds	25,050	4,357	-	29,407
	47,086	4,357	-	51,443

2023

Financial assets at fair value

Equities	6,243	-	-	6,243
Fixed Income (Bonds)	13,443	-	-	13,443
Managed funds	26,544	4,821	-	31,365
	46,230	4,821	-	51,051

There were no reclassifications between levels during the period ended 30 June 2024 .

7 Restricted assets

Cash and Financial Assets comprise the following restricted amounts

Cash	12,024	12,153
Receivables	204	-
Financial Assets	51,443	51,051
Total Cash and Financial Assets	63,671	63,204

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

8 Reconciliation of cash flows from operating activities to net result

Net cash flows used on operating activities	749	2,413
Net gain/(loss) on investments carried at fair value through profit and loss	(486)	2,803
(Decrease) / Increase in receivables	204	(1,732)
Decrease / (Increase) in payables	(9)	(2)
Net Result	458	3,482

Art Gallery of New South Wales Foundation

Notes to the financial statements for the year ended 30 June 2024

9 Commitments

There are no capital expenditure commitments outstanding as at 30 June 2024 (nil in 2023).

10 Contingent liabilities & contingent assets

At the date of these statements, the Trustees are not aware of any material contingent assets or liabilities for the year ended 30 June 2024 (2023: Nil).

11 Related parties

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 New South Wales Trust for the year ended 30 June 2024 were \$3,398,234 (2023 \$2,750,000). The Art Gallery of NSW Foundation is the Art Gallery of NSW Trust's major acquisition fund. The Foundation raises money from donations and bequests, invests this capital and then uses the capital to purchase works of art for the collection held by the Art Gallery of NSW Trust.

12 Events after the reporting period

There are no significant events which have occurred after the reporting period that management believe would impact the financial statements.

End of audited financial statements