

RAMA IX ART MUSEUM FOUNDATION

Financial Statements

Year ended December 31, 2015

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS

RAMA IX ART MUSEUM FOUNDATION

We have audited the accompanying financial statements of Rama IX Art Museum Foundation, which comprise the statement of financial position as at December 31, 2015, and the statement of income and expenditure and statement of changes in funds' equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

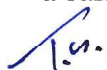
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Rama IX Art Museum Foundation as at December 31, 2015, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.



Thaveekiarti Krishnamra
Certified Public Accountant (Thailand)
Registration No. 104

BANGKOK
February 29, 2016

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

RAMA IX ART MUSEUM FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

UNIT : BAHT

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	5,993,590	1,164,622
Temporary investments	6	60,880,530	26,040,410
Supplies	7	1,368,610	1,426,953
Other current assets	8	200,705	294,125
Total Current Assets		<u>68,443,435</u>	<u>28,926,110</u>
NON-CURRENT ASSETS			
Leasehold improvement and equipment	9	679,631	513,785
Intangible asset	10	5,003	6,873
Art collection	11	21,951,253	20,191,253
Total Non-current Assets		<u>22,635,887</u>	<u>20,711,911</u>
TOTAL ASSETS		<u><u>91,079,322</u></u>	<u><u>49,638,021</u></u>
LIABILITIES AND FUND'S EQUITY			
CURRENT LIABILITIES			
Accrued expenses		87,047	169,047
Foundation income tax payable		78,546	385,295
Total Current Liabilities		<u>165,593</u>	<u>554,342</u>
TOTAL LIABILITIES		<u><u>165,593</u></u>	<u><u>554,342</u></u>
FUND'S EQUITY			
Initial capital fund from donation		200,000	200,000
Additional funds from donation		1,027,600	1,027,600
Accumulated excess of income over expenditure		89,686,129	47,856,079
Total Fund's Equity		<u>90,913,729</u>	<u>49,083,679</u>
TOTAL LIABILITIES AND FUND'S EQUITY		<u><u>91,079,322</u></u>	<u><u>49,638,021</u></u>

Notes to the financial statements form an integral part of these statements

RAMA IX ART MUSEUM FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	2015	2014
INCOME			
Donation income	12	46,731,000	2,909,010
Donated artworks		1,700,000	1,320,000
Interest income		19,956	6,692
Unrealized gain from the revaluation of investment		865,508	914,386
Other income		120,000	120,000
Total Income		<u>49,436,464</u>	<u>5,270,088</u>
EXPENDITURE			
Personnel expenses		3,227,032	2,754,678
Rental fee		618,441	607,653
Professional fees		172,750	143,500
Depreciation and amortization		216,344	147,273
Printing service fee		58,343	94,473
Artwork written off		-	515,000
Artist sponsorship program expenses		600,000	200,000
Classics Jeeb Bangkok project expenses		-	5,508
70th anniversary Bangkok Bank project expenses		3,405	391,318
The Most Illustrious Artist project expenses	12	1,710,160	149,663
Other office expenses		891,393	871,276
Income tax expense	13	108,546	92,108
Total Expenditure		<u>7,606,414</u>	<u>5,972,450</u>
INCOME OVER (UNDER) EXPENDITURE		<u><u>41,830,050</u></u>	<u><u>(702,362)</u></u>

Notes to the financial statements form an integral part of these statements

RAMA IX ART MUSEUM FOUNDATION
STATEMENT OF CHANGES IN FUND'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Capital Fund from Donation		Accumulated Excess of Income over Expenditure	Total Fund's Equity
	Initial Capital Fund	Additional Fund		
For the year ended December 31, 2014				
Beginning balance as at January 1, 2014	200,000	1,027,600	48,558,441	49,786,041
Income under expenditure	-	-	(702,362)	(702,362)
Ending balance as at December 31, 2014	<u>200,000</u>	<u>1,027,600</u>	<u>47,856,079</u>	<u>49,083,679</u>
For the year ended December 31, 2015				
Beginning balance as at January 1, 2015	200,000	1,027,600	47,856,079	49,083,679
Income over expenditure	-	-	41,830,050	41,830,050
Ending balance as at December 31, 2015	<u>200,000</u>	<u>1,027,600</u>	<u>89,686,129</u>	<u>90,913,729</u>



Notes to the financial statements form an integral part of these statements

RAMA IX ART MUSEUM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. OBJECTIVES OF THE FOUNDATION

Office of the National Culture Commission approved the setup of the Rama IX Art Museum Foundation (“the Foundation”) on August 15, 1996. The registration for the setup of the Foundation was completed on October 4, 1996, with the following objectives:

- 1.1 To manage the Project of Art Exhibition in the honor of His Majesty King Bhumibol Adulyadej, the Supreme Artist, in Art and Culture, commemoration of the 50th anniversary of His Majesty The King’s accession to the throne.
- 1.2 To be responsible to fund raising in order to build up and manage a modern art museum to be named in the honor of His Majesty The King.
- 1.3 To support and develop knowledge of art. To collect and promote Thai artworks in the country and throughout the other countries around the world.
- 1.4 To promote and support the attitude to preserve the Thai contemporary art.
- 1.5 To organize a quality art publishing house concentrating in conventional publications and electronic educational aids for further understanding of Thai contemporary arts and to support and develop artistical knowledge.
- 1.6 To organize with other non-profit organization, education institution, art activities and others which have its same objectives in order to stimulate more grants and funding for public and young artists.
- 1.7 To encourage government organization, private organization, partnership, local and international company and international cultural collaborations in order to support objectives of the foundation.

2. FUNDING POLICIES

The Foundation was established with the initial funds of Baht 200,000. The Foundation may raise additional funds as follows:

- 2.1 Funds provided by Governmental organizations or state enterprises, or others in the country.
- 2.2 Funds or properties donated by charitable persons or organizations in the country or abroad.
- 2.3 Fund or properties bequeathed under a will or other juristic acts, provided that there are no conditions obligating the Foundation to any liabilities or whatsoever.
- 2.4 Interest and dividends arising from funds and the property which constitute the assets of the Foundation.

- 2.5 Contributions from the usage of the property or facilities of the Foundation, or services provided by the Foundation with free of charge.
- 2.6 Other income from the Foundation's activities.

3. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The Foundation maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standard for Non-Publicly Accountable Entities ("TFRS for NPAEs") issued by the Federation of Accounting Professions and accounting practices generally accepted in Thailand.

The financial statements have been prepared on an accrual basis under the measurement basis of historical cost except as disclosed in the accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents are cash and all types of deposits at financial institutions with maturity of three months or less and excluding deposits at financial institutions used as collateral (if any).

4.2 Temporary investments

Temporary investments are carried at fair value. Changes in fair value of investment are recognized as unrealized gain (loss) from the revaluation of investment in the statement of income and expenditure.

4.3 Supplies

Supplies are stated at cost which is calculated on an average basis.

4.4 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Leasehold improvement	3 years
Office equipment	5 years

For office equipment, which was transferred from the Golden Jubilee Art Celebration, depreciation is calculated by the straight-line method, based on its remaining useful life.

4.5 Intangible asset

Intangible asset which is computer program is stated at cost less accumulated amortization.

Amortization is calculated by the straight-line method, based on the estimated useful lives over the period of 5 years.

4.6 Art collection

The artworks transferred from the Golden Jubilee Art Celebration as well as donated by artists, are presented at price given by the individual Artists.

4.7 Income and expenditure recognition

Income and expenditure are recognized on an accrual basis, except for income from donation, which is recognized when the donation is received.

4.8 Income tax expense

The Foundation records income tax expense to be paid as expense of the year and records related tax liability using the accrual basis.

4.9 Use of accounting estimates

The preparation of financial statements in conformity with TFRS for NPAEs also requires the Foundation's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of income and expenditure during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, were as follows:

	2015 Baht	2014 Baht
Cash on hand	27,000	27,000
Cash at banks - savings account	5,966,590	1,137,622
	<u>5,993,590</u>	<u>1,164,622</u>

As at December 31, 2015 and 2014, the weighted average interest rate of savings account was 0.5% per annum.

6. TEMPORARY INVESTMENTS

Temporary investments and the unrealized gain from the revaluation of investment as at December 31, were as follows:

	Cost	2015 Unrealized Gain	Fair Value	Cost	2014 Unrealized Gain	Fair Value
	Baht	Baht	Baht	Baht	Baht	Baht
Short-term fixed income fund and opened-end fund	60,015,022	865,508	60,880,530	25,126,024	914,386	26,040,410
Total	<u>60,015,022</u>	<u>865,508</u>	<u>60,880,530</u>	<u>25,126,024</u>	<u>914,386</u>	<u>26,040,410</u>

7. SUPPLIES

Supplies as at December 31, were as follows:

	2015 Baht	2014 Baht
Art in the Reign of Rama IX Books and art catalogues	506,560	507,877
Supreme Artist Book	852,192	909,218
CD Project 6 Decade	9,858	9,858
	<u>1,368,610</u>	<u>1,426,953</u>

Supplies will be given to donors who donate to the Foundation.

8. OTHER CURRENT ASSETS

Other current assets as at December 31, were as follows:

	2015 Baht	2014 Baht
Deposit	149,682	149,682
Accrued income	3,000	56,170
Others	48,023	88,273
	<u>200,705</u>	<u>294,125</u>

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at December 31, were as follows:

As at December 31, 2015	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2015 Baht
Cost				
Leasehold improvement	130,594	-	-	130,594
Office equipment	1,424,792	380,329	(94,301)	1,710,820
Total cost	<u>1,555,386</u>	<u>380,329</u>	<u>(94,301)</u>	<u>1,841,414</u>
Accumulated depreciation				
Leasehold improvement	(130,592)	-	-	(130,592)
Office equipment	(911,009)	(214,473)	94,291	(1,031,191)
Total accumulated depreciation	<u>(1,041,601)</u>	<u>(214,473)</u>	<u>94,291</u>	<u>(1,161,783)</u>
Leasehold improvement and equipment	<u>513,785</u>			<u>679,631</u>
As at December 31, 2014	Balance as at January 1, 2014 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2014 Baht
Cost				
Leasehold improvement	130,594	-	-	130,594
Office equipment	1,351,911	245,431	(172,550)	1,424,792
Total cost	<u>1,482,505</u>	<u>245,431</u>	<u>(172,550)</u>	<u>1,555,386</u>
Accumulated depreciation				
Leasehold improvement	(130,592)	-	-	(130,592)
Office equipment	(938,123)	(145,403)	172,517	(911,009)
Total accumulated depreciation	<u>(1,068,715)</u>	<u>(145,403)</u>	<u>172,517</u>	<u>(1,041,601)</u>
Leasehold improvement and equipment	<u>413,790</u>			<u>513,785</u>
Depreciation for the years ended December 31,				
2015			Baht	<u>214,473</u>
2014			Baht	<u>145,403</u>

10. INTANGIBLE ASSET

Intangible asset as at December 31, were as follows:

As at December 31, 2015	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2015 Baht
Computer program	68,420	-	-	68,420
<u>Less</u> Accumulated amortization	<u>(61,547)</u>	<u>(1,870)</u>	<u>-</u>	<u>(63,417)</u>
Intangible asset	<u>6,873</u>			<u>5,003</u>
As at December 31, 2014	Balance as at January 1, 2014 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2014 Baht
Computer program	68,420	-	-	68,420
<u>Less</u> Accumulated amortization	<u>(59,677)</u>	<u>(1,870)</u>	<u>-</u>	<u>(61,547)</u>
Intangible asset	<u>8,743</u>			<u>6,873</u>
Amortization for the years ended December 31,				
2015			Baht	<u>1,870</u>
2014			Baht	<u>1,870</u>

11. ART COLLECTION

Art collection as at December 31, were as follows:

	Balance as at January 1, Baht	Additions Baht	Disposals Baht	Balance as at December 31, Baht
As at December 31, 2015	20,191,253	1,760,000	-	21,951,253
2014	19,386,253	1,320,000	(515,000)	20,191,253

12. THE MOST ILLUSTRIOUS ARTIST PROJECT

The Foundation has arranged the most illustrious artist project which the project expenses for the years ended December 31, 2015 and 2014 were Baht 1,710,160 and Baht 149,663, respectively.

In this regards, the Foundation also received the donation income for this project in amount of Baht 45,100,000 during the year ended December 31, 2015. The Foundation did not have such donation income for the year ended December 31, 2014.

13. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2015 and 2014 were calculated from income before expenditure, for income that is not exempt from taxation according to the Revenue Code.

14. LAWSUIT

During the year 2011, the Foundation filed a police complaint against a resigned Foundation's officer who was found to have made fraudulent transactions between the years 2007 to 2010 with the total damage value of Baht 693,380, which was recognized in the financial statements.

On July 17, 2012, a court hearing was held at the Pathumwan Municipal Court and the defendant pleaded guilty to all charges and to reimburse the damage in full amount of Baht 693,380 by paying not less than Baht 10,000 per month and to be completed within 3 years.

Subsequently, on July 23, 2015, the Foundation filed the Pathumwan Municipal Court for re-hearing the case because the defendant failed to respond to the complaint and did not repay the outstanding amount. On September 14, 2015, the parties argued to the Court allowing the defendant to repay the outstanding amount until the payment is complete. The Court, therefore, postpone the decision to September 13, 2016.

As at December 31, 2015, the defendant has already compensated for Baht 410,000, therefore, the outstanding amount is Baht 283,380. The Foundation recognizes as other income when the damage is received.

15. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized director of the Foundation on February 29, 2016.