*RAMA IX ART MUSEUM FOUNDATION*

*Financial Statements*

***Year ended December 31, 2010***

Deloitte.

บริษัท ดีลอยท์ ทู้ช โธมัทสุ
ไชยยศ สอบบัญชี จำกัด
อาคารรัจนาการ ชั้น 25
183 ถนนสาทรใต้
แขวงยานนาวา เขตสาทร
กรุงเทพฯ 10120
โทร : 66 (0) 2676 5700
แฟ็กซ์ : 66 (0) 2676 5757

Deloitte Touche Tohmatsu
Jaiyos Audit Co., Ltd.
Rajanakarn Bldg. 25th Fl.,
183 South Sathorn Road,
Yannawa, Sathorn,
Bangkok 10120, Thailand
Tel : 66 (0) 2676 5700
Fax: 66 (0) 2676 5757
www.deloitte.com

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## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE BOARD OF DIRECTORS**
**RAMA IX ART MUSEUM FOUNDATION**

We have audited the balance sheets of Rama IX Art Museum Foundation as at December 31, 2010 and 2009 and the related statements of income and expenditure and changes in funds' equity for the years then ended. These financial statements are the responsibility of the Foundation's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009 and the income and expenditure for the years then ended in conformity with generally accepted accounting principles.

T.K. Krishnamra

Thaveekiarti Krishanmra
Certified Public Accountant (Thailand)
Registration No. 104
**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**BANGKOK**
March 30, 2011

**RAMA IX ART MUSEUM FOUNDATION**

**BALANCE SHEETS**

**AS AT DECEMBER 31, 2010 AND 2009**

| | | | BAHT |
|---|---|---|---|
| | **Notes** | **2010** | **2009** |
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 1,211,045 | 848,189 |
| Temporary investments | 5 | 13,633,438 | 15,750,778 |
| Supplies | 6 | 531,968 | 558,145 |
| Other current assets | | 156,090 | 156,090 |
| Total Current Assets | | 15,532,541 | 17,313,202 |
| NON-CURRENT ASSETS | | | |
| Building and equipment - net | 7 | 273,259 | 427,378 |
| Software - net | 8 | 9,867 | 21,680 |
| Art collection | | 19,138,153 | 19,088,153 |
| Total Non-Current Assets | | 19,421,279 | 19,537,211 |
| **TOTAL ASSETS** | | 34,953,820 | 36,850,413 |
| **LIABILITIES AND FUND'S EQUITY** | | | |
| CURRENT LIABILITIES | | | |
| Accrued expenses | | 177,517 | 85,566 |
| Foundation income tax payable | | 43,341 | - |
| Total Current Liabilities | | 220,858 | 85,566 |
| TOTAL LIABILITIES | | 220,858 | 85,566 |
| 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 | | 33,505,362 | 35,537,247 |
| Total Fund's Equity | | 34,732,962 | 36,764,847 |
| **TOTAL LIABILITIES AND FUND'S EQUITY** | | 34,953,820 | 36,850,413 |

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

RAMA IX ART MUSEUM FOUNDATION

STATEMENTS OF INCOME AND EXPENDITURE

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

| | BAHT | |
|---|---|---|
| | **2010** | **2009** |
| INCOME | | |
| Donation income | 1,004,280 | 2,788,548 |
| Donated artworks | 50,000 | 280,000 |
| Interest income | 2,136 | 2,370 |
| Investment income | 431,278 | 579,199 |
| Total Income | 1,487,694 | 3,650,117 |
| EXPENDITURE | | |
| Personnel expenses | 2,153,062 | 2,254,559 |
| Rental fee | 623,161 | 623,161 |
| Professional fees | 80,000 | 70,000 |
| Depreciation and amortization | 237,854 | 264,085 |
| Miscellaneous expenses | 382,161 | 1,368,247 |
| Foundation income tax | 43,341 | 58,157 |
| Total Expenditure | 3,519,579 | 4,638,209 |
| **INCOME UNDER EXPENDITURE** | (2,031,885) | (988,092) |

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

# RAMA IX ART MUSEUM FOUNDATION
## STATEMENTS OF CHANGES IN FUNDS' EQUITY
## FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

BAHT

| | Capital Fund From Donation | | Accumulated Excess of Income Over Expenditure | Total Fund's Equity |
|---|---|---|---|---|
| | Initial Capital Fund | Additional Fund | | |
| **Beginning balance as at January 1, 2009** | 200,000 | 1,027,600 | 36,525,339 | 37,752,939 |
| Income under expenditure | - | - | (988,092) | (988,092) |
| **Ending balance as at December 31, 2009** | 200,000 | 1,027,600 | 35,537,247 | 36,764,847 |
| **Beginning balance as at January 1, 2010** | 200,000 | 1,027,600 | 35,537,247 | 36,764,847 |
| Income under expenditure | - | - | (2,031,885) | (2,031,885) |
| **Ending balance as at December 31, 2010** | 200,000 | 1,027,600 | 33,505,362 | 34,732,962 |

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

RAMA IX ART MUSEUM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

## 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 50$^{th}$ 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 OF FINANCIAL STATEMENTS

The Foundation maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with accounting standards and practices generally accepted in Thailand.

The financial statements of the Foundation are prepared in compliance with the Department of Business Development regarding "The Brief Particulars in the Financial statements B.E. 2552" dated January 30, 2009.

According to the Federation of Accounting Professions' Notification No. 21/2550 regarding "Exemption of Accounting Standards", the Foundation elected to adopt the exemption by not applying Thai Accounting Standard No. 7 (Revised 2007) "Cash Flow Statement", No. 24 (Revised 2007) "Related Party Disclosures" and No. 107 "Financial Instruments : Disclosure and Presentation".

The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRI), which are not yet effective for the current period as follows:

a) TAS, TFRS and TFRI which are effective on January 1, 2011:

**TAS**

| | |
|---|---|
| TAS 1 (Revised 2009) | Presentation of Financial Statements |
| TAS 2 (Revised 2009) | Inventories |
| TAS 7 (Revised 2009) | Statement of Cash Flows |
| TAS 8 (Revised 2009) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (Revised 2009) | Events after the Reporting Period |
| TAS 11 (Revised 2009) | Construction Contracts |
| TAS 16 (Revised 2009) | Property, Plant and Equipment |
| TAS 17 (Revised 2009) | Leases |
| TAS 18 (Revised 2009) | Revenue |

| | |
|---|---|
| **TAS** | |
| TAS 19 | Employee Benefits |
| TAS 23 (Revised 2009) | Borrowing Costs |
| **TAS** | |
| TAS 24 (Revised 2009) | Related Party Disclosures |
| TAS 26 | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (Revised 2009) | Consolidated and Separate Financial Statements |
| TAS 28 (Revised 2009) | Investments in Associates |
| TAS 29 | Financial Reporting in Hyperinflationary Economies |
| TAS 31 (Revised 2009) | Interests in Joint Venture |
| TAS 33 (Revised 2009) | Earnings Per Share |
| TAS 34 (Revised 2009) | Interim Financial Reporting |
| TAS 36 (Revised 2009) | Impairment of Assets |
| TAS 37 (Revised 2009) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (Revised 2009) | Intangible Assets |
| TAS 40 (Revised 2009) | Investment Property |
| **TFRS** | |
| TFRS 2 | Share-based Payment |
| TFRS 3 (Revised 2009) | Business Combinations |
| TFRS 5 (Revised 2009) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 | Exploration for and Evaluation of Mineral Resources |
| **TFRI** | |
| TFRI 15 | Agreements for the Construction of Real Estate |

The Foundation's management will adopt the above TAS, TFRS and TFRI relevant to the Foundation in the preparation of Foundation's financial statements when they become effective. The Foundation's management has assessed the effects of these standards and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied.

b) TAS which are effective on January 1, 2013:

| | |
|---|---|
| **TAS** | |
| TAS 12 | Income Taxes |
| TAS 20 | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (Revised 2009) | The Effects of Changes in Foreign Exchange Rates |

The Foundation's management anticipates that the Foundation will adopt the above TAS relevant to the Foundation in the preparation of Foundation's financial statements when they become effective. The Foundation's management is in the process of assessing the impact of these standards on the financial statements for the period in which they are initially applied.

The financial statements have been prepared under the historical cost convention except as disclosed the significant accounting policies.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Income and expenditure recognition

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

### 4.2 Temporary investments

Temporary investments are carried at fair value. Changes in fair value of investment are recognized in the statement of income.

In case an impairment in value of an investment has occurred, a provision for impairment is recognized in the statements of income and a related allowance for impairment is established.

### 4.3 Supplies

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

### 4.4 Building, equipment and intangible assets

Building and equipment is stated at cost less accumulated depreciation.

Intangible asset which is software is stated at cost less accumulated amortization.

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

| | |
|---|---|
| Office equipment | 5 years |
| Software | 5 years |
| Building Improvement | 3 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 Art collection

The artworks transferred from the Golden Jubilee Art Celebration as well as donated by artists, are estimated their value by individual artists.

4.6 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 date of the financial statements 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. TEMPORARY INVESTMENTS

As at December 31, 2010 and 2009, the unrealized gains on investments in short-term fixed income fund and opened-end fund are as follows:

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | Cost | Gross Unrealized Gain | Net Asset Value | Cost | Gross Unrealized Gain | Net Asset Value |
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Short-term fixed income fund and opened-end fund | 12,300,000 | 1,333,438 | 13,633,438 | 12,300,000 | 3,450,778 | 15,750,778 |
| Total | 12,300,000 | 1,333,438 | 13,633,438 | 12,300,000 | 3,450,778 | 15,750,778 |

## 6. SUPPLIES

Supplies as at December 31, 2010 and 2009, consist of the following:

| | 2010 Baht | 2009 Baht |
|---|---|---|
| Art in the Reign of Rama IX Books and art catalogues | 521,912 | 545,753 |
| CD Project 6 Decade | 10,056 | 12,392 |
| | 531,968 | 558,145 |

Supplies will be given to donors who provide the Foundation with financial support.

## 7. BUILDING AND EQUIPMENT - NET

Building and equipment - net as at December 31, consists of the following:

**As at December 31, 2010**

| | Balance December 31, 2009 Baht | Additions Baht | Write-off Baht | Balance December 31, 2010 Baht |
|---|---|---|---|---|
| **Cost:** | | | | |
| Office equipment | 1,481,740 | 71,921 | - | 1,553,661 |
| Building improvement | 130,594 | - | - | 130,594 |
| Total cost | 1,612,334 | 71,921 | - | 1,684,255 |
| **Accumulated depreciation:** | | | | |
| Office equipment | (1,131,883) | (199,921) | - | (1,331,804) |
| Building improvement | (53,073) | (26,119) | - | (79,192) |
| Total accumulated depreciation | (1,184,956) | (226,040) | - | (1,410,996) |
| **Building and Equipment - net** | 427,378 | | | 273,259 |

**As at December 31, 2009**

| | Balance December 31, 2008 Baht | Additions Baht | Write-off Baht | Balance December 31, 2009 Baht |
|---|---|---|---|---|
| **Cost:** | | | | |
| Office equipment | 1,476,840 | 4,900 | - | 1,481,740 |
| Building improvement | 130,594 | - | - | 130,594 |
| Total cost | 1,607,434 | 4,900 | - | 1,612,334 |
| **Accumulated depreciation:** | | | | |
| Office equipment | (905,730) | (226,153) | - | (1,131,883) |
| Building improvement | (26,954) | (26,119) | - | (53,073) |
| Total accumulated depreciation | (932,684) | (252,272) | - | (1,184,956) |
| **Building and Equipment - net** | 674,750 | | | 427,378 |

**Depreciation for the years ended December 31,**

| | | |
|---|---|---|
| 2010 | **Baht** | 226,040 |
| 2009 | **Baht** | 252,272 |

## 8. SOFTWARE - NET

Software - net as at December 31, consists of the following:

**As at December 31, 2010**

| | Balance as at December 31, 2009 Baht | Additions Baht | Disposals Baht | Balance as at December 31, 2010 Baht |
|---|---|---|---|---|
| Software | 59,068 | - | - | 59,068 |
| Less Accumulated amortization | (37,388) | (11,813) | - | (49,201) |
| Software - net | 21,680 | | | 9,867 |

**As at December 31, 2009**

| | Balance as at December 31, 2008 Baht | Additions Baht | Disposals Baht | Balance as at December 31, 2009 Baht |
|---|---|---|---|---|
| Software | 59,068 | - | - | 59,068 |
| Less Accumulated amortization | (25,575) | (11,813) | - | (37,388) |
| Software - net | 33,493 | | | 21,680 |

**Amortization for the years ended December 31,**

| | | |
|---|---|---|
| 2010 | Baht | 11,813 |
| 2009 | Baht | 11,813 |

## 9. LAWSUIT

During the year 2011, the Foundation has filed a police complaint against a resigned Foundation's officer who was found to have made fraudulent transactions since the year 2007 by taking Foundation's salary and art gallery items with the total value of Baht 693,380. The Foundation recognized such fraudulent transactions in the financial statements.

## 10. RECLASSIFICATIONS

Certain accounts in the financial statements for the year ended December 31, 2009 have been reclassified to conform to the presentation in the financial statements for the year ended December 31, 2010 as follows:

| Accounts | Amount<br>Baht | Previous presentation | Current presentation |
|---|---|---|---|
| Miscellaneous expenses | 410,133 | Personnel expenses | Miscellaneous expenses |

## 11. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized director of the Foundation on March 30, 2011.