

RAMA IX ART MUSEUM FOUNDATION

Financial Statements

Year ended December 31, 2013

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 statements of financial position as at December 31, 2013, and the statements 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.

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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, 2013, 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 28, 2014

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD..

RAMA IX ART MUSEUM FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

UNIT : BAHT

	Notes	2013	2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,538,423	1,566,593
Temporary investments	6	27,126,109	28,186,261
Supplies	7	1,521,454	1,606,721
Other current assets	8	1,359,166	305,237
Total Current Assets		<u>32,545,152</u>	<u>31,664,812</u>
NON-CURRENT ASSETS			
Building and equipment	9	413,790	391,582
Intangible asset	10	8,743	1
Art collection		19,386,253	19,386,153
Total Non-current Assets		<u>19,808,786</u>	<u>19,777,736</u>
TOTAL ASSETS		<u><u>52,353,938</u></u>	<u><u>51,442,548</u></u>
LIABILITIES AND FUND'S EQUITY			
CURRENT LIABILITIES			
Accrued expenses		2,153,419	223,006
Foundation income tax payable		414,478	209,636
Total Current Liabilities		<u>2,567,897</u>	<u>432,642</u>
TOTAL LIABILITIES		<u><u>2,567,897</u></u>	<u><u>432,642</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		48,558,441	49,782,306
Total Fund's Equity		<u>49,786,041</u>	<u>51,009,906</u>
TOTAL LIABILITIES AND FUND'S EQUITY		<u><u>52,353,938</u></u>	<u><u>51,442,548</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, 2013

UNIT : BAHT

	Notes	2013	2012
INCOME			
Donation income	11	7,660,805	11,636,303
Donated artworks		-	188,000
Interest income		11,719	30,603
Investment income		943,198	878,253
Other income		898,336	60,602
Total Income		<u>9,514,058</u>	<u>12,793,761</u>
EXPENDITURE			
Personnel expenses		2,105,303	1,661,825
Rental fee		590,571	590,571
Professional fees		123,000	118,000
Depreciation and amortization		113,818	122,545
Printing service fee		83,862	634,131
1 Century of science and the role of Thailand project expenses		840,256	-
Classics Jeeb Bangkok project expenses	11	6,026,998	-
Miscellaneous expenses		743,057	2,216,744
Income tax expense	12	111,058	91,942
Total Expenditure		<u>10,737,923</u>	<u>5,435,758</u>
INCOME OVER EXPENDITURE		<u>(1,223,865)</u>	<u>7,358,003</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, 2013

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, 2012				
Beginning balance as at January 1, 2012	200,000	1,027,600	42,424,303	43,651,903
Income over expenditure	-	-	7,358,003	7,358,003
Ending balance as at December 31, 2012	<u>200,000</u>	<u>1,027,600</u>	<u>49,782,306</u>	<u>51,009,906</u>
For the year ended December 31, 2013				
Beginning balance as at January 1, 2013	200,000	1,027,600	49,782,306	51,009,906
Income over expenditure	-	-	(1,223,865)	(1,223,865)
Ending balance as at December 31, 2013	<u>200,000</u>	<u>1,027,600</u>	<u>48,558,441</u>	<u>49,786,041</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, 2013**

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 artistic 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 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 (TFRS) for Non-Publicly Accountable Entities (NPAEs) ("TFRS for NPAEs") issued by the Federation of Accounting Professions and accounting practices generally accepted in Thailand.

The financial statements have been prepared on the measurement basis of historical cost except as disclosed in the 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 when the donation is received.

4.2 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.

4.3 Temporary investments

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

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

4.4 Supplies

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

4.5 Building, equipment and intangible assets

Building and equipment is stated at cost less accumulated depreciation.

Intangible asset which is computer program 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
Computer program	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.

4.6 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 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.

4.8 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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, consist of the following:

	2013 Baht	2012 Baht
Cash on hand	27,000	27,000
Cash at banks - savings account	2,511,423	1,539,593
	<u>2,538,423</u>	<u>1,566,593</u>

As at December 31, 2013 and 2012, the weighted average interest rate of savings account was 0.625% per annum and 0.625% per annum, respectively.

6. TEMPORARY INVESTMENTS

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

	Cost	2013 Gross Unrealized Gain	Fair Value	Cost	2012 Gross Unrealized Gain	Fair Value
	Baht	Baht	Baht	Baht	Baht	Baht
Short-term fixed income fund and opened-end fund	26,182,911	943,198	27,126,109	27,308,008	878,253	28,186,261
Total	<u>26,182,911</u>	<u>943,198</u>	<u>27,126,109</u>	<u>27,308,008</u>	<u>878,253</u>	<u>28,186,261</u>

7. SUPPLIES

Supplies as at December 31, consist of the following:

	2013 Baht	2012 Baht
Art in the Reign of Rama IX Books and art catalogues	1,512,150	1,597,457
CD Project 6 Decade	9,304	9,264
	<u>1,521,454</u>	<u>1,606,721</u>

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

8. OTHER CURRENT ASSETS

Other current assets as at December 31, consist of the following:

	2013 Baht	2012 Baht
Deposit	509,442	204,323
Accrued income	764,400	-
Others	85,324	100,914
	<u>1,359,166</u>	<u>305,237</u>

9. BUILDING AND EQUIPMENT

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

As at December 31, 2013

	Balance as at December 31, 2012 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2013 Baht
Cost:				
Office equipment	1,436,757	135,434	(220,280)	1,351,911
Building improvement	130,594	-	-	130,594
Total cost	<u>1,567,351</u>	<u>135,434</u>	<u>(220,280)</u>	<u>1,482,505</u>
Accumulated depreciation:				
Office equipment	(1,045,177)	(113,208)	220,262	(938,123)
Building improvement	(130,592)	-	-	(130,592)
Total accumulated depreciation	<u>(1,175,769)</u>	<u>(113,208)</u>	<u>220,262</u>	<u>(1,068,715)</u>
Building and equipment	<u>391,582</u>			<u>413,790</u>

As at December 31, 2012

	Balance as at December 31, 2011 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2012 Baht
Cost:				
Office equipment	1,727,740	257,859	(548,842)	1,436,757
Building improvement	130,594	-	-	130,594
Total cost	<u>1,858,334</u>	<u>257,859</u>	<u>(548,842)</u>	<u>1,567,351</u>
Accumulated depreciation:				
Office equipment	(1,494,609)	(97,262)	546,694	(1,045,177)
Building improvement	(105,309)	(25,283)	-	(130,592)
Total accumulated depreciation	<u>(1,599,918)</u>	<u>(122,545)</u>	<u>546,694</u>	<u>(1,175,769)</u>
Building and equipment	<u>258,416</u>			<u>391,582</u>

Depreciation for the years ended December 31,

2013	Baht	<u>113,208</u>
2012	Baht	<u>122,545</u>

10. INTANGIBLE ASSET

Intangible asset as at December 31, consists of the following:

As at December 31, 2013

	Balance as at December 31, 2012 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2013 Baht
Computer program	59,068	9,352	-	68,420
Less Accumulated amortization	(59,067)	(610)	-	(59,677)
Intangible asset	<u>1</u>			<u>8,743</u>

As at December 31, 2012

	Balance as at December 31, 2011 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2012 Baht
Computer program	59,068	-	-	59,068
Less Accumulated amortization	(59,067)	-	-	(59,067)
Intangible asset	<u>1</u>			<u>1</u>

Amortization for the years ended December 31,

2013	Baht	<u>610</u>
2012	Baht	<u>-</u>

11. CLASSICS JEEB BANGKOK PROJECT

The Foundation has arranged the classics concert project which the project expense is Baht 6,026,998 and donation income is Baht 5,882,250 during the year 2013. After the reporting period, the Foundation receives additional donation income in amount of Baht 2,500,000. Therefore, the total donation income for such project is Baht 8,382,250.

12. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2013 and 2012 are calculated from revenues before expenses, for non-tax exempted revenues, according to the Revenue Code.

13. 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 between the years 2007 to 2010 with the total damage value of Baht 693,380.

On July 17th 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 by paying not less than Baht 10,000 per month and to be completed within 3 years. As at December 31, 2013, the defendant has already compensated for Baht 170,000, therefore, the outstanding amount is Baht 523,380. The Foundation recognized as other income when the damage is received.

14. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized director of the Foundation on February 28, 2014.