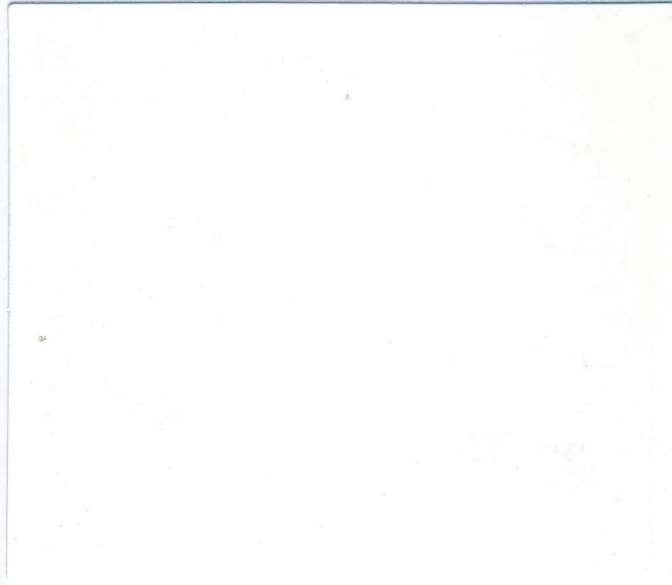




RAMA IX ART MUSEUM FOUNDATION

Financial Statements

Year ended December 31, 2019

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS RAMA IX ART MUSEUM FOUNDATION

Qualified Opinion

We have audited the financial statements of Rama IX Art Museum Foundation (the “Foundation”), which comprise the statement of financial position as at December 31, 2019, and the related statements of income and expenditure and changes in funds’ equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Rama IX Art Museum Foundation as at December 31, 2019, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

Basis for Qualified Opinion

As disclosed in Note 11 to the financial statements, the Foundation’s art collections are carried in the statement of financial position as at December 31, 2018 in the amount of Baht 55.64 million. The Foundation’s record the art collections and surplus on assets revaluation increased in the amount of Baht 28.93 million from the revalued amount, which are higher than cost amount, which constitutes a departure from Thai Financial Reporting Standard for Non-Publicly Accountable Entities. Therefore, we expressed the qualified opinion on the financial statements for the year ended December 31, 2018 on those financial statements on April 10, 2019. However, the Foundation’s art collections as at December 31, 2019 amount of Baht 56.20 million has over-presented and surplus an assets revaluation amount of Baht 28.93 million from the revalued amount, which constitutes a departure from Thai Financial Reporting Standard for Non-Publicly Accountable Entities. Therefore, our opinion on the financial statements of the current year has qualified in this regard. Due to affects in the financial position as at December 31, 2019 and has an effect on the comparison amount of the current year and comparative amount. The Foundation’s records indicate that had the Foundation carried the art collections at cost, the Foundation would have to record the reduction in value of art collection of Baht 28.93 million. Accordingly, art collections and surplus on assets revaluation would have been decreased in the same amount of Baht 28.93 million.

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is 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 unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our 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, 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 TSAs 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 these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kornthong Luangvilai
Certified Public Accountant (Thailand)
Registration No. 7210

BANGKOK
March 31, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

RAMA IX ART MUSEUM FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

UNIT : BAHT

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	705,341	886,884
Temporary investments	6	65,362,752	66,936,379
Supplies	7	384,446	463,192
Other current assets	8	153,627	214,263
Total Current Assets		<u>66,606,166</u>	<u>68,500,718</u>
NON-CURRENT ASSETS			
Leasehold improvement and equipment	9	1,277,455	1,680,477
Intangible asset	10	2	2
Art collection	11	56,196,415	55,639,415
Total Non-current Assets		<u>57,473,872</u>	<u>57,319,894</u>
TOTAL ASSETS		<u><u>124,080,038</u></u>	<u><u>125,820,612</u></u>

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

RAMA IX ART MUSEUM FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

UNIT : BAHT

	Note	2019	2018
LIABILITIES AND FUND'S EQUITY			
CURRENT LIABILITIES			
Accrued expenses		92,167	95,011
Income tax payable		77,540	-
Total Current Liabilities		<u>169,707</u>	<u>95,011</u>
TOTAL LIABILITIES		<u>169,707</u>	<u>95,011</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		93,756,529	95,571,799
OTHER COMPONENT OF FUND'S EQUITY			
Surplus on assets revaluation	11	<u>28,926,202</u>	<u>28,926,202</u>
Total Fund's Equity		<u>123,910,331</u>	<u>125,725,601</u>
TOTAL LIABILITIES AND FUND'S EQUITY		<u><u>124,080,038</u></u>	<u><u>125,820,612</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, 2019

UNIT : BAHT

	Notes	2019	2018
INCOME			
Donation income		70,915	437,960
Donated artworks income	11	557,000	90,000
Interest income		3,539	3,346
Unrealized gain from the revaluation of investment	6	1,498,815	851,564
Other income		-	43,380
Total Income		<u>2,130,269</u>	<u>1,426,250</u>
EXPENDITURE			
Personnel expenses		2,510,676	2,835,597
Professional fees		194,710	204,210
Depreciation and amortization		626,261	652,723
Book printing expenses		78,746	107,291
Artist sponsorship program expenses		50,000	-
The Most Illustrious Artist project expenses		12,768	8,003
Other office expenses		322,143	312,195
Income tax expense	12	150,235	85,491
Total Expenditure		<u>3,945,539</u>	<u>4,205,510</u>
INCOME UNDER EXPENDITURE FOR THE YEARS		<u><u>(1,815,270)</u></u>	<u><u>(2,779,260)</u></u>

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

STATEMENT OF CHANGES IN FUND'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Capital fund		Accumulated	Other	Total
	from donation		excess of income	component	fund's equity
	Initial capital	Additional	over expenditure	of fund's equity	
	fund	fund	(Shortage)	Surplus on	
				assets revaluation	
For the year ended December 31, 2018					
Beginning balance as at January 1, 2018	200,000	1,027,600	98,351,059	28,926,202	128,504,861
Income under expenditure	-	-	(2,779,260)	-	(2,779,260)
Ending balance as at December 31, 2018	200,000	1,027,600	95,571,799	28,926,202	125,725,601
For the year ended December 31, 2019					
Beginning balance as at January 1, 2019	200,000	1,027,600	95,571,799	28,926,202	125,725,601
Income under expenditure	-	-	(1,815,270)	-	(1,815,270)
Ending balance as at December 31, 2019	200,000	1,027,600	93,756,529	28,926,202	123,910,331

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, 2019**

1. OBJECTIVES AND GENERAL INFORMATION 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 for 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 and 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.

The Foundation's office is located at I Tower Building, 18th floor, No. 888 Vibhavadi Rangsit Road, Chatuchak, Bangkok.

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 that is approved by the Foundation's Board of Directors.

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, except the accounting policy for art collection as disclosed in Note 4.6.

The Foundation's financial statements have been prepared in accordance with Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents are cash on hand 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 investments in trading securities which are stated at fair value. Changes in fair value of securities will be charged to 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	5 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 is accounted at cost at price given by the individual Artists.

Moreover, the Foundation reappraised the art collection by the collective vote of a panel of art experts based on their knowledge of the art market; some with upward revaluation, some no change, and some with downward revaluation. The increase in revaluation is recognized as the surplus in other component of fund's equity under "surplus on assets revaluation", while the decrease in revaluation is charged directly against any prior appraisal increase for the particular asset. The residual appraisal decrease is recognized as an expense in the statement of income and expenditure.

4.7 Income and expenditure recognition

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

Donation income

Donation income is recognized when the donation is received.

Donated artwork income

Donated artwork income is recognized when the artwork is received which accounted at cost at price given by the individual Artist.

4.8 Income tax expense

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

4.9 Use of managements' judgment

The preparation of financial statements in conformity with TFRS for NPAEs and 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 last date 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:

	2019 Baht	2018 Baht
Cash on hand	27,000	27,000
Cash at banks - savings account	<u>678,341</u>	<u>859,884</u>
	<u>705,341</u>	<u>886,884</u>

6. TEMPORARY INVESTMENTS

Temporary investments as at December 31, were as follows:

	Cost	2019 Unrealized Gain	Fair Value	Cost	2018 Unrealized Gain	Fair Value
	Baht	Baht	Baht	Baht	Baht	Baht
Fixed income fund						
and opened-end fund	<u>63,863,937</u>	<u>1,498,815</u>	<u>65,362,752</u>	<u>66,084,815</u>	<u>851,564</u>	<u>66,936,379</u>
	<u>63,863,937</u>	<u>1,498,815</u>	<u>65,362,752</u>	<u>66,084,815</u>	<u>851,564</u>	<u>66,936,379</u>

7. SUPPLIES

Supplies as at December 31, were as follows:

	2019 Baht	2018 Baht
Art in the Reign of Rama IX Books and art catalogues	312,946	391,692
Supreme Artist Book	<u>71,500</u>	<u>71,500</u>
	<u>384,446</u>	<u>463,192</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:

	2019 Baht	2018 Baht
Deposit	12,600	12,600
Refundable withholding tax	141,027	141,027
Others	-	60,636
	<u>153,627</u>	<u>214,263</u>

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

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

As at December 31, 2019	Balance as at January 1, 2019 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2019 Baht
Cost				
Leasehold improvement	2,040,962	-	-	2,040,962
Office equipment	2,076,138	243,256	(48,752)	2,270,642
Total cost	<u>4,117,100</u>	<u>243,256</u>	<u>(48,752)</u>	<u>4,311,604</u>
Accumulated depreciation				
Leasehold improvement	(815,252)	(408,191)	-	(1,223,443)
Office equipment	(1,621,371)	(218,069)	28,734	(1,810,706)
Total accumulated depreciation	<u>(2,436,623)</u>	<u>(626,260)</u>	<u>28,734</u>	<u>(3,034,149)</u>
Leasehold improvement and equipment	<u>1,680,477</u>			<u>1,277,455</u>
As at December 31, 2018	Balance as at January 1, 2018 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2018 Baht
Cost				
Leasehold improvement	2,040,962	-	-	2,040,962
Office equipment	2,038,388	46,492	(8,742)	2,076,138
Total cost	<u>4,079,350</u>	<u>46,492</u>	<u>(8,742)</u>	<u>4,117,100</u>
Accumulated depreciation				
Leasehold improvement	(407,060)	(408,192)	-	(815,252)
Office equipment	(1,386,842)	(243,270)	8,741	(1,621,371)
Total accumulated depreciation	<u>(1,793,902)</u>	<u>(651,462)</u>	<u>8,741</u>	<u>(2,436,623)</u>
Leasehold improvement and equipment	<u>2,285,448</u>			<u>1,680,477</u>
Depreciation for the years ended December 31,				
2019		Baht		<u>626,260</u>
2018		Baht		<u>651,462</u>

10. INTANGIBLE ASSET

Intangible asset as at December 31, was as follows:

As at December 31, 2019	Balance as at January 1, 2019 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2019 Baht
Computer program	68,420	-	-	68,420
Less Accumulated amortization	(68,418)	-	-	(68,418)
Intangible asset	<u>2</u>			<u>2</u>
As at December 31, 2018	Balance as at January 1, 2018 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2018 Baht
Computer program	68,420	-	-	68,420
Less Accumulated amortization	(67,157)	(1,261)	-	(68,418)
Intangible asset	<u>1,263</u>			<u>2</u>
Amortization for the years ended December 31,				
2019			Baht	-
2018			Baht	<u>1,261</u>

11. ART COLLECTION

Art collection as at December 31, were as follows:

	2019 Baht	2018 Baht
Art collection balances as at January 1,	56,982,415	56,792,415
Additions from donations	557,000	90,000
Additions from purchases	-	100,000
	<u>57,539,415</u>	<u>56,982,415</u>
Less Allowance for diminution in value of assets	(1,343,000)	(1,343,000)
Art collection balances as at December 31,	<u>56,196,415</u>	<u>55,639,415</u>

As at December 31, 2019 and 2018, the Foundation has surplus on assets revaluation of Baht 28,926,202 and allowance for diminution in value of assets of Baht 1,343,000, which arising from the reappraisal of art collection by the Foundation (see Note 4.6).

12. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2019 and 2018 were calculated from income before expenditure, for income that is not exempted from taxation according to the Revenue Code.

13. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized director of the Foundation on March 31, 2020.

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