RAMA IX ART MUSEUM FOUNDATION

Financial Statements

Year ended December 31, 2018

Deloitte.

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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, 2018, 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, 2018, 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, 2017 in the amount of Baht 55.45 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, 2017 on those financial statements on December 12, 2018. However, the Foundation's art collections as at December 31, 2018 amount of Baht 55.64 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, 2018 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
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
April 10, 2019

RAMA IX ART MUSEUM FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	886,884	894,317
Temporary investments	6	66,936,379	69,175,936
Supplies	7	463,192	570,484
Other current assets	8	214,263	213,437
Total Current Assets		68,500,718	70,854,174
NON-CURRENT ASSETS			
Leasehold improvement and equipment	9	1,680,477	2,285,448
Intangible asset	10	2	1,263
Art collection	11	55,639,415	55,449,415
Total Non-current Assets		57,319,894	57,736,126
TOTAL ASSETS		125,820,612	128,590,300
LIABILITIES AND FUND'S EQUITY			
CURRENT LIABILITIES			
Accrued expenses		95,011	85,439
Total Current Liabilities		95,011	85,439
TOTAL LIABILITIES		95,011	85,439
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		95,571,799	98,351,059
OTHER COMPONENT OF FUND'S EQUITY			
Surplus on assets revaluation	11	28,926,202	28,926,202
Total Fund's Equity		125,725,601	128,504,861
TOTAL LIABILITIES AND FUND'S EQUITY		125,820,612	128,590,300

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

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RAMA IX ART MUSEUM FOUNDATION

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	2018	2017
INCOME			
Donation income		437,960	3,817,680
Donated artworks income	11	90,000	4,880,000
Interest income		3,346	4,173
Unrealized gain from the revaluation of investment	6	851,564	485,801
Other income		43,380	120,000
Total Income		1,426,250	9,307,654
EXPENDITURE			
Personnel expenses		2,835,597	3,437,447
Professional fees		204,210	194,261
Depreciation and amortization		652,723	654,195
Prior year adjustment	11	-	45,000
Book printing expenses		107,291	204,905
Artist sponsorship program expenses		-	600,000
70^{th} anniversary Bangkok Bank project expenses		-	1,108
The Most Illustrious Artist project expenses		8,003	8,877
Other office expenses		312,195	833,084
Income tax expense	12	85,491	49,056
Total Expenditure		4,205,510	6,027,933
INCOME OVER (UNDER) EXPENDITURE FOR THE YEARS		(2,779,260)	3,279,721

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

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RAMA IX ART MUSEUM FOUNDATION

STATEMENT OF CHANGES IN FUND'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Note	Capital fund from donation		Accumulated excess of income over expenditure (Shortage)	Other component of fund's equity Surplus on assets revaluation	Total fund's equity
		Initial capital fund	Additional fund			
For the year ended December 31, 2017						
Beginning balance as at January 1, 2017		200,000	1,027,600	95,071,338	28,881,202	125,180,140
Surplus on assets revaluation	11	-	-	-	45,000	45,000
Income over expenditure		-	-	3,279,721	-	3,279,721
Ending balance as at December 31, 2017		200,000	1,027,600	98,351,059	28,926,202	128,504,861
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

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

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:

	2018 Baht	2017 Baht
Cash on hand	27,000	27,000
Cash at banks - savings account	859,884	867,317
	886,884	894,317

6. TEMPORARY INVESTMENTS

Temporary investments as at December 31, were as follows:

	2018			2017		
	Cost Baht	Unrealized Gain Baht	Fair Value Baht	Cost Baht	Unrealized Gain Baht	Fair Value Baht
Fixed income fund and opened-end fund	66,084,815	851,564	66,936,379	68,690,135	485,801	69,175,936
	66,084,815	851,564	66,936,379	68,690,135	485,801	69,175,936

7. SUPPLIES

Supplies as at December 31, were as follows:

	2018 Baht	2017 Baht
Art in the Reign of Rama IX Books and art catalogues	391,692	425,933
Supreme Artist Book	71,500	143,957
CD Project 6 Decade	-	594
	463,192	570,484

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:

	2018 Baht	2017 Baht
Deposit	12,600	12,600
Refundable withholding tax	141,027	135,158
Others	60,636	65,679
	214,263	213,437

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

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

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	4,079,350	46,492	(8,742)	4,117,100
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	(1,793,902)	(651,462)	8,741	(2,436,623)
Leasehold improvement and equipment	2,285,448			1,680,477

As at December 31, 2017	**Balance as at January 1, 2017 Baht**	**Additions Baht**	**Disposals Baht**	**Balance as at December 31, 2017 Baht**
Cost				
Leasehold improvement	1,904,188	136,774	-	2,040,962
Office equipment	1,636,173	452,054	(49,839)	2,038,388
Total cost	3,540,361	588,828	(49,839)	4,079,350
Accumulated depreciation				
Leasehold improvement	(1,041)	(406,019)	-	(407,060)
Office equipment	(1,152,142)	(246,306)	11,606	(1,386,842)
Total accumulated depreciation	(1,153,183)	(652,325)	11,606	(1,793,902)
Leasehold improvement and equipment	2,387,178			2,285,448

Depreciation for the years ended December 31,		
2018	**Baht**	651,462
2017	**Baht**	652,325

10. INTANGIBLE ASSET

Intangible asset as at December 31, was as follows:

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	1,263			2

As at December 31, 2017	Balance as at January 1, 2017 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2017 Baht
Computer program	68,420	-	-	68,420
Less Accumulated amortization	(65,287)	(1,870)	-	(67,157)
Intangible asset	3,133			1,263

Amortization for the years ended December 31,

2018	Baht	1,261
2017	Baht	1,870

11. ART COLLECTION

Art collection as at December 31, were as follows:

	2018 Baht	2017 Baht
Art collection balances as at January 1,	56,792,415	51,252,455
Additions from donations	90,000	4,880,000
Additions from purchases	100,000	614,960
Prior year adjustment	-	45,000
	56,982,415	56,792,415
Less Allowance for diminution in value of assets	(1,343,000)	(1,343,000)
Art collection balances as at December 31,	55,639,415	55,449,415

As at December 31, 2017 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, 2018 and 2017 were calculated from income before expenditure, for income that is not exempted from taxation according to the Revenue Code.

13. LAWSUIT

During the year 2011, the Foundation filed a police complaint against a resigned Foundation's employee who was found to have made fraudulent transactions between the years 2007 to 2010 with the total damage value of Baht 693,380. However during the year 2018, the Foundation received the amount of the damage in full amount. Subsequently, on May 7, 2018, the Pathumwan Municipal Court made a judgment that the defendant made full payment to the Foundation and the Foundation requested to withdraw petition. Therefore, the court released the case from case list.

14. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized director of the Foundation on April 10, 2019.