



**ECONOMIC AND FINANCIAL INFORMATION, 2022
GUGGENHEIM MUSEUM BILBAO FOUNDATION**



Auditor's Report on Fundación del Museo Guggenheim Bilbao

(Together with the annual accounts and directors' report of Fundación del Museo Guggenheim Bilbao for the year ended 31 December 2022)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
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48009 Bilbao

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Trustees of Fundación del Museo Guggenheim Bilbao

Opinion

We have audited the annual accounts of Fundación del Museo Guggenheim Bilbao (the "Foundation"), which comprise the balance sheet at 31 December 2022, the income statement for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Foundation at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Foundation in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.



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Recognition of revenue from own activity (notes 4 and 24)

Revenue recognition is a relevant aspect of our audit given its significance and due to the fact that it is susceptible to material misstatement, particularly at the reporting date as regards the appropriate timing of recognition based on fees and agreements signed. The Foundation recognises revenue from associate and affiliate fees, sponsors and collaborators and grants, as well as sales and revenue from the rendering of services, in the period to which they correspond, regardless of when the revenue is received, which requires the use of estimates at the reporting date.

Our audit procedures included evaluating the design and implementation of the Foundation's controls over the recognition of revenue from own activity. We also performed substantive testing such as the recalculation of the recognition in the appropriate period and for the appropriate amount of revenue from associate and affiliate fees, users and sponsors, and for a sample of transactions we verified their collection with banking documentation. We also assessed whether the disclosures in the annual accounts meet the requirements of the applicable financial reporting framework.

Directors' Responsibility for the Annual Accounts_____

The Foundation's Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Foundation in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are 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 the Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Accounts_____

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 prevailing legislation regulating the audit of accounts in Spain 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 annual accounts.



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As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 annual accounts 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Directors of the entity 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.

From the significant risks communicated to the Directors of Fundación del Museo Guggenheim Bilbao, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.



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We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Mikel Arana Lechosa

On the Spanish Official Register of Auditors ("ROAC") with No. 1708

8 May 2023

FUNDACIÓN DEL MUSEO GUGGENHEIM BILBAO

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BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Euros)

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Intangible assets	-	-
Other intangible assets	-	-
Property, plant and equipment	910,270	1,349,769
Land and buildings	307,253	509,510
Technical installations and other items	<u>603,017</u>	<u>840,259</u>
Total non-current assets	<u>910,270</u>	<u>1,349,769</u>
Inventories	621,892	702,111
Goods for use in activity	617,917	671,713
Advances to suppliers	3,975	30,398
Users and other debtors related to own activity	164,902	151,558
Trade and other receivables	1,046,905	849,303
Trade receivables	207,192	314,604
Trade receivables from Group companies and associates	98,287	23,105
Personnel	15,250	17,350
Public entities, other	726,176	494,244
Current investments	8,565	566
Other financial assets	8,565	566
Prepayments for current assets	68,006	64,965
Cash and cash equivalents	6,853,026	5,260,294
Cash	<u>6,853,026</u>	<u>5,260,294</u>
Total current assets	<u>8,763,296</u>	<u>7,028,797</u>
Total assets	<u>9,673,566</u>	<u>8,378,566</u>

FUNDACIÓN DEL MUSEO GUGGENHEIM BILBAO

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BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Euros)

<u>Equity and Liabilities</u>	<u>2022</u>	<u>2021</u>
Capital and reserves	2,647,706	2,569,266
Foundation reserve		
Foundation reserve	570,962	570,962
Reserves		
Other reserves	1,998,304	1,911,498
Surplus for the year	78,440	86,806
Grants, donations and bequests received	<u>1,234,612</u>	<u>1,435,190</u>
Total equity	<u>3,882,318</u>	<u>4,004,456</u>
Non-current payables	169,158	409,671
Loans and borrowings	110,000	330,000
Other financial liabilities	<u>59,158</u>	<u>79,671</u>
Total non-current liabilities	<u>169,158</u>	<u>409,671</u>
Current payables	316,513	292,341
Loans and borrowings	221,432	222,299
Other financial liabilities	95,081	70,042
Group companies and associates, current	-	166,417
Trade and other payables	5,305,577	3,505,681
Suppliers	204,648	96,390
Other trade payables	4,533,302	2,860,541
Personnel (salaries payable)	206,621	209,978
Public entities, other	357,136	337,839
Advances from customers	<u>3,870</u>	<u>933</u>
Total current liabilities	<u>5,622,090</u>	<u>3,964,439</u>
Total equity and liabilities	<u>9,673,566</u>	<u>8,378,566</u>

FUNDACIÓN DEL MUSEO GUGGENHEIM BILBAO

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INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021 (Expressed in Euros)

	<u>2022</u>	<u>2021</u>
Income from own activity	19,587,031	17,058,927
Associate and affiliate fees	845,614	876,422
Income from promotions, collaborators and sponsors	6,197,752	4,899,625
Grants, donations and bequests taken to surplus for the year	12,543,665	11,282,880
Sales and other revenue from commercial activity	12,526,749	5,428,355
Sales	12,307,119	5,343,006
Services rendered	219,630	85,349
Supplies	(2,803,678)	(1,613,258)
Merchandise used	(1,731,281)	(768,557)
Raw materials and consumables used	(1,059,301)	(834,732)
Impairment of merchandise, raw materials and other supplies	(13,096)	(9,969)
Other operating income	4,510,352	3,555,875
Non-trading and other operating income	4,147,149	3,512,395
Operating grants, donations and bequests taken to income	363,203	43,480
Personnel expenses	(6,365,198)	(5,783,010)
Salaries and wages	(4,947,559)	(4,512,404)
Employee benefits expense	(1,417,639)	(1,270,606)
Other operating expenses	(26,716,474)	(17,966,941)
External services	(26,686,900)	(17,953,078)
Taxes	(21,189)	(21,019)
Losses, impairment and changes in trade provisions	(7,918)	12,925
Other operating expenses	(467)	(5,769)
Amortization and depreciation	(517,985)	(507,641)
Other income/(expenses)	280	16,829
Operating surplus	<u>221,077</u>	<u>189,136</u>
Finance income	1,620	2,150
Marketable securities and other financial instruments		
Other	1,620	2,150
Finance costs	(154,562)	(93,725)
Other	(154,562)	(93,725)
Exchange gains/(losses)	<u>10,305</u>	<u>(10,755)</u>
Surplus from financing activities	(142,637)	(102,330)
Surplus before income tax	<u>78,440</u>	<u>86,806</u>
Income tax	-	-
Change in equity recognized in surplus for the year (I)	<u>78,440</u>	<u>86,806</u>
Income and expense recognized directly in equity	<u>699,392</u>	<u>906,969</u>
Grants, donations and bequests received		
Change in equity from income and expense recognized directly in equity	<u>699,392</u>	<u>906,969</u>
Reclassifications to surplus for the year	(899,970)	(838,874)
Grants, donations and bequests received		
Change in equity from reclassifications to surplus for the year	<u>(899,970)</u>	<u>(838,874)</u>
Change in equity from income and expense recognized directly in equity (II)	<u>(200,578)</u>	<u>68,095</u>
Total surplus, change in equity for the year (I+II)	<u>(122,138)</u>	<u>154,901</u>

FUNDACIÓN DEL MUSEO GUGGENHEIM BILBAO

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NOTES TO THE ANNUAL ACCOUNTS

31 December 2022

Total economic resources used by the Foundation

<u>Expenses / investments</u>	Euros			
	2022		2021	
	Estimated	Actual	Estimated	Actual
Operating consumption	1,966,396	2,820,445	1,495,468	1,603,289
Personnel expenses	6,269,963	6,365,198	5,915,060	5,783,010
Amortization and depreciation	510,000	517,985	494,000	507,641
Other expenses	23,623,710	26,709,618	18,104,889	18,111,295
Changes in provisions for activity and bad debts	8,500	221,671	6,000	200,667
Interest and similar expenses	142,341	175,205	131,667	104,965
Other expenses	500	215	500	423
Subtotal expenses	<u>32,521,410</u>	<u>36,810,337</u>	<u>26,147,584</u>	<u>26,311,290</u>
Acquisitions of fixed assets (except historical heritage assets)	-	78,486	-	361,575
Subtotal investments	<u>-</u>	<u>78,486</u>	<u>-</u>	<u>361,575</u>
Total resources used	<u>32,521,410</u>	<u>36,888,823</u>	<u>26,147,584</u>	<u>26,672,865</u>

Total economic resources obtained by the Foundation

<u>Income obtained by the Foundation</u>	Euros			
	2022		2021	
	Estimated	Actual	Estimated	Actual
Income from own activity	19,429,733	19,587,031	17,056,708	17,058,927
Revenue from commercial activity	9,518,454	12,556,610	5,638,653	5,428,355
Public sector grants	-	363,203	-	43,480
Other income	3,573,223	4,147,148	3,452,223	3,512,395
Other types of income	-	234,785	-	354,939
Total income obtained	<u>32,521,410</u>	<u>36,888,777</u>	<u>26,147,584</u>	<u>26,398,096</u>

<u>Other economic resources obtained by the Foundation</u>	Euros			
	2022		2021	
	Estimated	Actual	Estimated	Actual
Debts incurred	-	-	-	-
Other financial obligations assumed	-	-	-	-
Total other resources obtained	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FUNDACIÓN DEL MUSEO GUGGENHEIM BILBAO

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NOTES TO THE ANNUAL ACCOUNTS

31 December 2022

Statements of Cash Flows

Details are as follows:

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Surplus for the year before income tax	78,440	86,806
Adjustments for:		
Amortization and depreciation	517,985	507,641
Impairment	21,014	(2,956)
Grants recognized in the income statement	(899,970)	(838,874)
Finance income	(1,620)	(2,150)
Finance costs	154,562	93,725
Exchange (gains)/losses	(10,305)	10,755
Changes in operating assets and liabilities		
Inventories	67,123	175,696
Trade and other receivables	(208,559)	(51,389)
Other current assets	(11,040)	(4,828)
Trade and other payables	1,799,896	666,058
Other current liabilities	-	-
Other cash flows from operating activities		
Interest paid	(155,429)	(94,946)
Interest received	<u>1,620</u>	<u>2,150</u>
Cash flows from operating activities	<u>1,353,717</u>	<u>547,688</u>
Cash flows from investing activities		
Payments for investments		
Property, plant and equipment	<u>(78,486)</u>	<u>(361,575)</u>
Cash flows used in investing activities	<u>(78,486)</u>	<u>(361,575)</u>
Cash flows from financing activities		
Proceeds from and payments for equity instruments		
Grants, donations and bequests received	699,392	906,969
Proceeds from and payments for financial liability instruments		
Redemption and repayment of		
Loans and borrowings	(220,000)	(220,000)
Group companies and associates	(166,417)	166,417
Other payables	<u>4,526</u>	<u>(10,133)</u>
Cash flows from financing activities	<u>317,501</u>	<u>843,253</u>
Net increase in cash and cash equivalents	<u>1,592,732</u>	<u>1,029,366</u>
Cash and cash equivalents at beginning of year	<u>5,260,294</u>	<u>4,230,928</u>
Cash and cash equivalents at year end	<u><u>6,853,026</u></u>	<u><u>5,260,294</u></u>