



**ECONOMIC-FINANCIAL INFORMATION 2020**

**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 2020)

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



KPMG Auditores, S.L.  
Torre Iberdrola  
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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**

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We have audited the annual accounts of Fundación del Museo Guggenheim Bilbao (the "Foundation"), which comprise the balance sheet at 31 December 2020, 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 2020, and of its financial performance for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

### **Basis for Opinion**

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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**

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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 Directors of the Foundation 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.

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.



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- 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.

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

11 May 2021

# GUGGENHEIM MUSEUM BILBAO FOUNDATION

## Balance Sheets

31 December 2020 and 2019

(Expressed in Euros)

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

<u>Assets</u>	<u>2020</u>	<u>2019</u>
<b>Intangible assets</b>	<b>4,118</b>	<b>8,115</b>
Other intangible assets	4,118	8,115
<b>Property, plant and equipment</b>	<b>1,491,717</b>	<b>1,954,244</b>
Land and buildings	711,766	914,023
Technical installations and other items	<u>779,951</u>	<u>1,040,221</u>
<b>Total non-current assets</b>	<b><u>1,495,835</u></b>	<b><u>1,962,359</u></b>
<b>Inventories</b>	<b>887,776</b>	<b>842,098</b>
Goods for use in activity	886,786	834,292
Advances to suppliers	990	7,806
<b>Users and other debtors related to own activity</b>	<b>254,160</b>	<b>315,590</b>
<b>Trade and other receivables</b>	<b>693,142</b>	<b>816,195</b>
Trade receivables	17,118	208,532
Trade receivables from Group companies and associates	2,000	19,026
Other	110,552	-
Personnel	16,165	26,575
Public entities, other	547,307	562,062
<b>Current investments</b>	<b>215</b>	<b>215</b>
Other financial assets	215	215
<b>Prepayments for current assets</b>	<b>60,488</b>	<b>30,707</b>
<b>Cash and cash equivalents</b>	<b>4,230,928</b>	<b>4,611,194</b>
Cash	<u>4,230,928</u>	<u>4,611,194</u>
<b>Total current assets</b>	<b><u>6,126,709</u></b>	<b><u>6,615,999</u></b>
<b>Total assets</b>	<b><u>7,622,544</u></b>	<b><u>8,578,358</u></b>

# GUGGENHEIM MUSEUM BILBAO FOUNDATION

## Balance Sheets 31 December 2020 and 2019

(Expressed in Euros)

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

<u>Equity and Liabilities</u>	<u>2020</u>	<u>2019</u>
<b>Capital and reserves</b>	<b>2,482,460</b>	<b>2,567,760</b>
Foundation reserve		
Foundation reserve	2,564,074	2,253,271
Reserves		
Other reserves	3,686	3,686
Surplus for the year	(85,300)	310,803
<b>Grants, donations and bequests received</b>	<b><u>1,367,095</u></b>	<b><u>1,581,669</u></b>
<b>Total equity</b>	<b><u>3,849,555</u></b>	<b><u>4,149,429</u></b>
<b>Non-current payables</b>	<b>652,405</b>	<b>923,507</b>
Loans and borrowings	550,000	770,000
Other financial liabilities	<u>102,405</u>	<u>153,507</u>
<b>Total non-current liabilities</b>	<b><u>652,405</u></b>	<b><u>923,507</u></b>
<b>Current payables</b>	<b>280,961</b>	<b>268,905</b>
Loans and borrowings	223,520	224,600
Other financial liabilities	57,441	44,305
<b>Group companies and associates, current</b>	<b>-</b>	<b>10,410</b>
<b>Trade and other payables</b>	<b>2,839,623</b>	<b>3,226,107</b>
Suppliers	75,017	103,460
Suppliers, Group companies and associates	-	95,335
Other payables	2,454,842	2,563,735
Personnel (salaries payable)	62,023	153,147
Public entities, other	247,271	309,292
Advances from customers	<u>470</u>	<u>1,138</u>
<b>Total current liabilities</b>	<b><u>3,120,584</u></b>	<b><u>3,505,422</u></b>
<b>Total equity and liabilities</b>	<b><u>7,622,544</u></b>	<b><u>8,578,358</u></b>

# GUGGENHEIM MUSEUM BILBAO FOUNDATION

## Income Statements for the years ended 31 December 2020 and 2019

(Expressed in Euros)

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

	2020	2019
<b>Income from own activity</b>	<b>18,940,416</b>	<b>17,434,700</b>
Associate and affiliate fees	811,378	823,645
Income from promotions, collaborators and sponsors	4,727,949	5,238,149
Grants, donations and bequests taken to income	13,401,089	11,372,906
<b>Sales and other revenue</b>	<b>2,583,627</b>	<b>11,459,689</b>
Sales	2,515,413	10,837,656
Services rendered	68,214	622,033
<b>Supplies</b>	<b>(1,550,468)</b>	<b>(2,594,600)</b>
Merchandise used	(447,089)	(1,631,728)
Raw materials and consumables used	(1,035,788)	(958,508)
Impairment of merchandise, raw materials and other supplies	(67,591)	(4,364)
<b>Other operating income</b>	<b>3,461,484</b>	<b>4,381,029</b>
Non-trading and other operating income	3,460,063	4,334,690
Operating grants, donations and bequests taken to income	1,421	46,339
<b>Personnel expenses</b>	<b>(5,619,287)</b>	<b>(5,728,697)</b>
Salaries and wages	(4,364,149)	(4,383,308)
Employee benefits expense	(1,255,138)	(1,345,389)
<b>Other operating expenses</b>	<b>(17,311,941)</b>	<b>(24,008,661)</b>
External services	(17,272,670)	(23,991,374)
Taxes	(21,019)	(20,695)
Losses, impairment and changes in trade provisions	(18,117)	3,786
Other operating expenses	(135)	(378)
<b>Amortization and depreciation</b>	<b>(507,975)</b>	<b>(454,710)</b>
<b>Other income/(expenses)</b>	<b>(5,286)</b>	<b>39,037</b>
<b>Operating surplus</b>	<b><u>(9,430)</u></b>	<b><u>527,787</u></b>
<b>Finance income</b>	<b>2,674</b>	<b>3,71</b>
Marketable securities and other financial instruments		
Other	2,74	3,71
<b>Finance costs</b>	<b>(73,879)</b>	<b>(204,591)</b>
Other	(73,879)	(204,591)
<b>Exchange gains/(losses)</b>	<b><u>(4,665)</u></b>	<b><u>(15,564)</u></b>
<b>Surplus from financing activities</b>	<b>(75,870)</b>	<b>(216,984)</b>
<b>Surplus before income tax</b>	<b><u>(85,300)</u></b>	<b><u>310,03</u></b>
Income tax	=====	=====
<b>Change in equity recognized in surplus for the year (I)</b>	<b><u>(85,300)</u></b>	<b><u>310,03</u></b>
<b>Income and expense recognized directly in equity</b>		
Grants, donations and bequests received	<u>930,09</u>	<u>1,001,649</u>
<b>Change in equity from income and expense recognized directly in equity</b>	<b><u>930,209</u></b>	<b><u>1,001,649</u></b>
<b>Reclassifications to surplus for the year</b>		
Grants, donations and bequests received	(1,144,783)	(1,141,460)
<b>Change in equity from reclassifications to surplus for the year</b>	<b>(1,144,783)</b>	<b><u>(1,141,460)</u></b>
<b>Change in equity from income and expense recognized directly in equity (II)</b>	<b><u>(214,574)</u></b>	<b><u>(139,811)</u></b>
<b>Total surplus, change in equity for the year (I + II)</b>	<b><u>(299,874)</u></b>	<b><u>170,992</u></b>

# GUGGENHEIM MUSEUM BILBAO FOUNDATION

## Notes to the Annual Accounts

31 December 2020

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

### - Total economic resources used by the Foundation

Expenses / investments	Euros			
	2020		2019	
	Estimated	Actual	Estimated	Actual
Operating consumption	2,411,759	1,482,877	2,378,837	2,626,915
Personnel expenses	6,547,060	5,619,287	6,295,250	5,728,697
Amortization and depreciation	520,000	507,975	457,518	454,710
Other expenses	22,473,013	17,293,689	21,761,542	23,897,332
Changes in provisions				
for activity and bad debts	8,500	210,610	8,500	141,845
Interest and similar expenses	211,689	82,806	206,623	222,666
Other expenses	1,000	22,552	1,000	126,844
Subtotal expenses	<u>32,173,021</u>	<u>25,219,796</u>	<u>31,109,270</u>	<u>33,199,009</u>
Acquisitions of fixed assets (except historical heritage assets)	-	41,451	-	427,099
Cancellation of non-trade debt	-	41,451	-	-
Subtotal investments	<u>-</u>	<u>41,451</u>	<u>-</u>	<u>427,099</u>
Total resources used	<u>32,173,021</u>	<u>25,261,247</u>	<u>31,109,270</u>	<u>33,626,108</u>

### - Total economic resources obtained by the Foundation

Income obtained by the Foundation	Euros			
	2020		2019	
	Estimated	Actual	Estimated	Actual
Income from own activity	17,416,613	18,940,416	17,361,181	17,434,700
Revenue from commercial activity	10,854,185	2,583,627	10,059,366	11,496,371
Public sector grants	-	1,421	-	46,339
Other income	3,902,223	3,460,063	3,688,723	4,334,690
Other types of income	-	148,969	-	197,712
Total income obtained	<u>32,173,021</u>	<u>25,134,496</u>	<u>31,109,270</u>	<u>33,509,812</u>

Other economic resources obtained by the Foundation	Euros			
	2020		2019	
	Estimated	Actual	Estimated	Actual
Debts incurred	-	-	-	-
Other financial obligations assumed	-	-	-	-
Total other resources obtained	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

# GUGGENHEIM MUSEUM BILBAO FOUNDATION

## Notes to the Annual Accounts

31 December 2020

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

### Statements of Cash Flows

	2020	2019
Cash flows from operating activities		
<b>Surplus for the year before income tax</b>	<b>(85,300)</b>	<b>310,803</b>
<b>Adjustments for:</b>		
Amortization and depreciation	507,975	454,710
Impairment	85,708	578
Grants recognized in the income statement	(1,144,783)	(1,141,460)
Finance income	(2,674)	(3,171)
Finance costs	73,879	204,591
Exchange losses	4,665	15,564
<b>Change in operating assets and liabilities</b>		
Inventories	(113,269)	(143,249)
Trade and other receivables	161,701	17,939
Other current assets	(29,781)	5,528
Trade and other payables	(386,484)	(598,818)
Other current liabilities	-	(384)
<b>Other cash flows from operating activities</b>		
Interest paid	(74,959)	(205,400)
Interest received	2,674	3,171
<b>Cash flows used in operating activities</b>	<b><u>(1,000,648)</u></b>	<b><u>(1,079,598)</u></b>
Cash flows from investing activities		
<b>Payments for investments</b>		
Property, plant and equipment	(41,451)	(427,099)
<b>Cash flows used in investing activities</b>	<b><u>(41,451)</u></b>	<b><u>(427,099)</u></b>
Cash flows from financing activities		
<b>Proceeds from and payments for equity instruments</b>		
Grants, donations and bequests received	930,209	1,001,649
<b>Proceeds from and payments for financial liability instruments</b>		
Redemption and repayment of		
Loans and borrowings	(220,000)	(220,000)
Group companies and associates	(10,410)	(192,906)
Other payables	(37,966)	(2,776)
<b>Cash flows from financing activities</b>	<b><u>661,833</u></b>	<b><u>585,967</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b><u>(380,266)</u></b>	<b><u>(920,730)</u></b>
Cash and cash equivalents at beginning of year	<u>4,611,194</u>	<u>5,531,924</u>
Cash and cash equivalents at year end	<u>4,230,928</u>	<u>4,611,194</u>