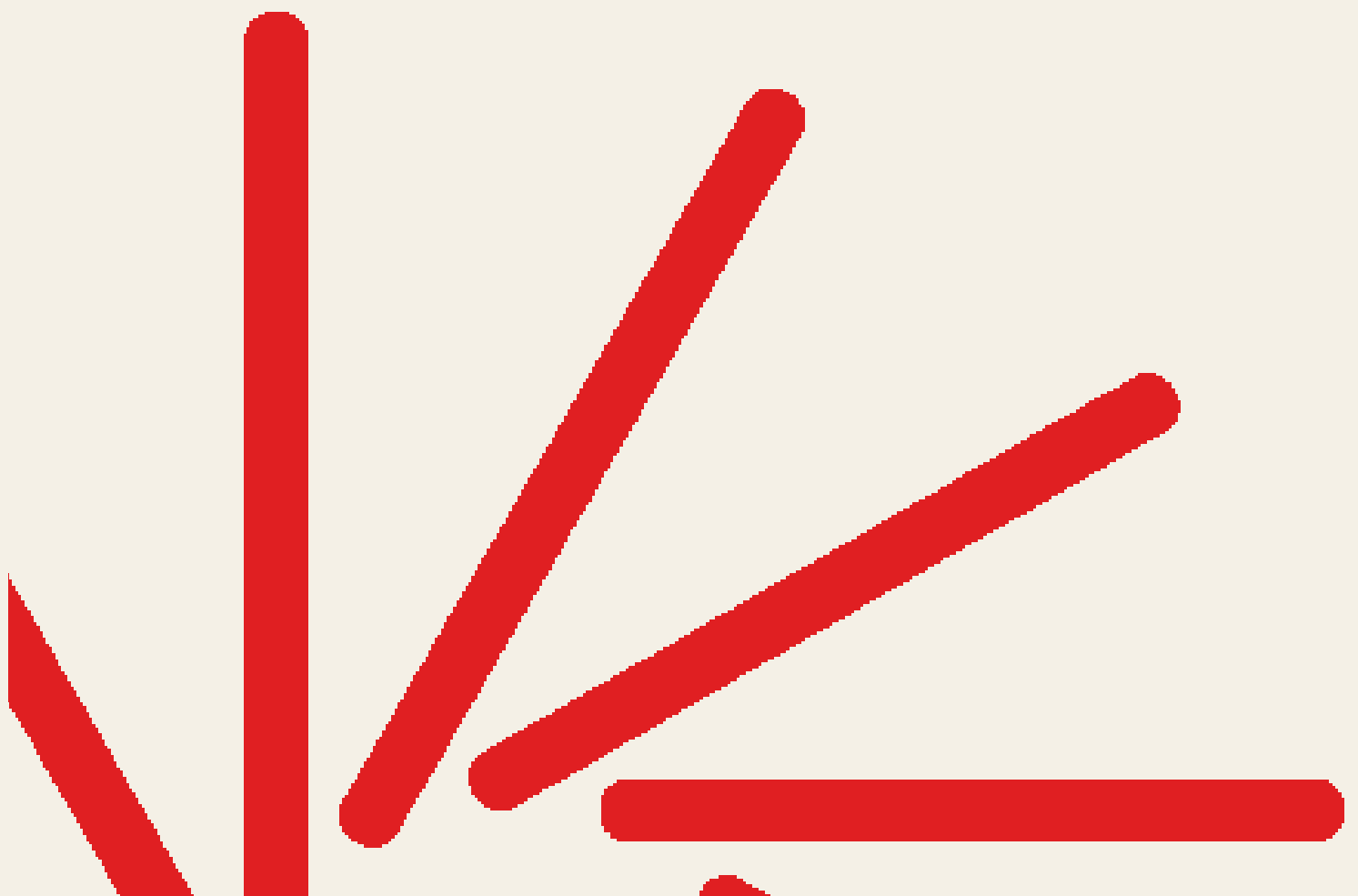




Art Gallery  
of Western Australia  
*Foundation*

# Annual Financial Statements 2008-09



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The Art Gallery of Western Australia Foundation is a body corporate created under the *Art Gallery Act 1959*. A special purpose account called The Account of the Art Gallery of Western Australia Foundation is established under section 16 of the *Financial Management Act 2006* to which all monies received by the Foundation are credited and all expenditure incurred by the Foundation is charged. The objects of the Foundation, as prescribed by the *Art Gallery Act 1959*, are contained in Note 1 to the Accounts on page 12.



## Auditor General

### **INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

### **THE BOARD OF THE ART GALLERY OF WESTERN AUSTRALIA FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009**

I have audited the accounts, financial statements, controls and key performance indicators of The Board of the Art Gallery of Western Australia.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement of the Board for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Board's Responsibility for the Financial Statements and Key Performance Indicators**

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**The Board of the Art Gallery of Western Australia  
Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of The Board of the Art Gallery of Western Australia at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY  
AUDITOR GENERAL  
26 August 2009

#### Council Members' Declaration

The financial statements of the Art Gallery of Western Australia Foundation are a special purpose financial report that has been prepared for distribution to members. As stated in Note 2(a) to the financial statements, in the Council Members' opinion, the Art Gallery of Western Australia Foundation is not a reporting entity because there are no users dependent on general purpose financial reports.

Foundation transactions and balances are included in the Art Gallery of Western Australia's financial statements and are separately disclosed as a Special Purpose Account. These financial statements are audited annually by the Office of the Auditor General. The audit opinion attached to the 2009 Foundation financial statements is the audit opinion issued to the Board of the Art Gallery of Western Australia for the financial statements of the Art Gallery of Western Australia for the year ended 30 June 2009.

The Council members declare that the financial statements and notes set out on pages 6 to 13 present fairly, in accordance with the accounting policies described in Note 2 to the financial statements, the Foundation's financial position as at 30 June 2009 and its performance for the financial year ended on that date.

In the Council members' opinion there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.



Marlene Stafford  
Chair of the Council of the  
Art Gallery of Western Australia Foundation

27 November 2009

# The Art Gallery of Western Australia Foundation

## Statement of Income and Expenditure *for the year ended 30 June 2009*

	Note	2009 \$	2008 \$
<b>THE ACQUISITION FUND</b>			
<b>Revenue</b>			
Membership pledges received		898,332	157,940
Interest on investment		687,542	175,665
State Government contribution		10,000,000	-
Special viewings and functions		396	2,559
<b>Total revenue</b>		<b>11,586,270</b>	<b>336,164</b>
<b>Expenditure</b>			
Salaries and wages costs		201,579	93,797
Printing and publications costs		5,858	9,839
Special viewings and functions		32,487	55,363
Office costs		30,241	13,762
Research		11,000	-
Contributions to the Art Gallery	3	184,956	54,698
<b>Total expenditure</b>		<b>466,121</b>	<b>227,459</b>
Operating result		11,120,149	108,705
Opening balance of fund		2,646,557	2,547,852
Transfer of funds to Foundation Bequests		-	( 10,000)
<b>Closing balance of fund</b>		<b>13,766,706</b>	<b>2,646,557</b>

### THE LIVING CENTRE FUND

<b>Revenue</b>			
Interest on investment		8,581	10,319
<b>Total revenue</b>		<b>8,581</b>	<b>10,319</b>
Operating result		8,581	10,319
Opening balance of fund		161,293	150,974
<b>Closing balance of fund</b>		<b>169,874</b>	<b>161,293</b>

Statement of Income and Expenditure for the year ended 30 June 2009 – continued

	Note	2009 \$	2008 \$
<b>CONTEMPORARY ART GROUP</b>			
<b>Revenue</b>			
Membership pledges received		29,000	35,000
Interest on investment		1,977	2,440
<b>Total revenue</b>		<b>30,977</b>	<b>37,440</b>
<b>Expenditure</b>			
Office costs		672	3,284
Contributions to the Art Gallery	3	38,358	31,996
<b>Total expenditure</b>		<b>39,030</b>	<b>35,280</b>
Operating result		( 8,053)	2,160
Opening balance of fund		27,236	25,076
<b>Closing balance of fund</b>		<b>19,183</b>	<b>27,236</b>

**FOUNDATION BEQUESTS**

<b>Revenue</b>			
Bequests received		-	74,369
Interest on investment		119,484	148,396
<b>Total revenue</b>		<b>119,484</b>	<b>222,765</b>
<b>Expenditure</b>			
Office costs		-	426
Grants and subsidies		15,000	-
Contributions to the Art Gallery	3	70,981	98,481
<b>Total expenditure</b>		<b>85,981</b>	<b>98,907</b>
Operating result		33,503	123,858
Opening balance of fund		2,232,821	2,098,963
Transfer of funds from The Acquisition Fund		-	10,000
Closing balance of fund		2,266,324	2,232,821
<b>Closing balance of capital funds</b>		<b>16,222,087</b>	<b>5,067,907</b>

The Statement of Income and Expenditure should be read in conjunction with the accompanying notes.

# The Art Gallery of Western Australia Foundation

## Balance Sheet *as at 30 June 2009*

	Note	2009 \$	2008 \$
<b>CAPITAL FUNDS</b>			
<b>The Acquisition Fund</b>			
Membership pledges		3,777,589	2,879,257
State Government contribution		10,500,000	500,000
Accumulated other net expenses		( 510,883)	( 732,700)
<b>Total Acquisition fund</b>		<b>13,766,706</b>	<b>2,646,557</b>
<b>The Living Centre Fund</b>			
Membership pledges		1,011,318	1,011,318
Accumulated other net expenses		( 841,444)	( 850,025)
<b>Total Living Centre Fund</b>		<b>169,874</b>	<b>161,293</b>
<b>Contemporary Art Group</b>			
Membership pledges		204,000	175,000
Accumulated other net expenses		( 184,817)	( 147,764)
<b>Total Contemporary Art Group</b>		<b>19,183</b>	<b>27,236</b>
<b>Foundation Bequests</b>			
Bequests received		2,069,765	2,069,765
Accumulated other net expenses		196,559	163,056
<b>Total Foundation Bequests</b>		<b>2,266,324</b>	<b>2,232,821</b>
<b>Total Capital Fund</b>		<b>16,222,087</b>	<b>5,067,907</b>
Represented by:			
<b>CURRENT ASSETS</b>			
<b>Cash on deposit</b>			
The Acquisition Fund		13,659,708	2,601,067
The Living Centre Fund		165,441	155,347
Contemporary Art Group		18,883	26,531
Foundation Bequests		2,248,220	2,192,119
<b>Accrued interest</b>			
The Acquisition Fund		110,070	48,563
The Living Centre Fund		1,357	2,871
Contemporary Art Group		303	707
Foundation Bequests		18,105	40,702
<b>Total current assets</b>		<b>16,222,087</b>	<b>5,067,907</b>
<b>Total assets</b>		<b>16,222,087</b>	<b>5,067,907</b>
<b>Net assets</b>		<b>16,222,087</b>	<b>5,067,907</b>

*The Balance Sheet should be read in conjunction with the accompanying notes.*



# The Art Gallery of Western Australia Foundation

## Statement of Changes in Equity *as at 30 June 2009*

	Note	2009 \$	2008 \$
Balance of equity at start of period		5,067,907	4,822,865
<b>Surplus/(deficit) for the period:</b>			
The Acquisition Fund		11,120,149	108,705
The Living Centre Fund		8,581	10,319
Contemporary Art Group		( 8,053)	2,160
Foundation Bequests		33,503	123,858
<b>Total surplus for the period</b>		<b>11,154,180</b>	<b>245,042</b>
<b>Balance of equity at end of period</b>		<b>16,222,087</b>	<b>5,067,907</b>

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

# The Art Gallery of Western Australia Foundation

## Cash Flow Statement *for the year ended 30 June 2009*

	Note	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>The Acquisition Fund</b>			
Membership contributions		898,332	147,940
State Government contribution		10,000,000	-
Special viewings and functions		396	2,559
Expenditure		(281,165)	(172,761)
Payment to Art Gallery		(184,956)	(54,698)
<b>Contemporary Art Group</b>			
Membership contributions		29,000	35,000
Expenditure		(672)	(3,284)
Payment to Art Gallery		(23,358)	(11,996)
Tom Malone Prize		(15,000)	(20,000)
<b>Foundation Bequests</b>			
Bequests received		-	84,369
Expenditure		(15,000)	(426)
Payment to Art Gallery		(70,981)	(98,481)
<b>Net cash (used in) / provided by operating activities</b>	<b>a</b>	<b>10,336,596</b>	<b>(91,778)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investment		780,592	316,094
<b>Net cash provided by investing activities</b>		<b>780,592</b>	<b>316,094</b>
<b>Net increase in cash held</b>		<b>11,117,188</b>	<b>224,316</b>
Cash at the beginning of the financial year		4,975,064	4,750,748
<b>Cash at the end of the financial year</b>	<b>b</b>	<b>16,092,252</b>	<b>4,975,064</b>

*The Cash Flow Statement should be read in conjunction with the accompanying notes.*

# The Art Gallery of Western Australia Foundation

## Notes to Cash Flow Statement *for the year ended 30 June 2009*

	2009	2008
	\$	\$
(a) Reconciliation of net cash provided by operating activities to operating result:		
Operating result - The Acquisition Fund	11,120,149	108,705
Operating result - The Living Centre Fund	8,581	10,319
Operating result - Contemporary Art Group	( 8,053)	2,160
Operating result - Foundation Bequests	33,503	123,858
Interest on investment	( 817,584)	( 336,820)
<b>Net cash provided by operating activities</b>	<b>10,336,596</b>	<b>( 91,778)</b>
(b) The cash held comprises the following deposits:		
<b>Commonwealth Bank of Australia operating bank account</b>	<b>16,092,252</b>	<b>4,975,064</b>

# The Art Gallery of Western Australia Foundation

## Notes to and forming part of the Accounts for the year ended 30 June 2007

### 1. OBJECTS OF THE ART GALLERY OF WESTERN AUSTRALIA FOUNDATION

The Art Gallery of Western Australia Foundation was established in 1989 following an amendment to the Art Gallery Act 1959, Section 28A, which provides:

"The objects of the foundation are –

- (a) to attract and retain for the Art Gallery the continuing interest and financial support of the community at large and to encourage donations to maintain, improve and develop the State collection of works of art and the facilities and well-being of the Art Gallery; and
- (b) to perform such other duties and exercise such other powers as are provided for in the rules."

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### (a) Basis of Accounting

In the Council Members' opinion, the Foundation is not a reporting entity because there are no users dependent on general-purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the Council Members' request to prepare and distribute a financial report and must not be used for any other purpose. The Council Members have determined that the accounting policies adopted are appropriate to meet their needs.

The financial report has been prepared in accordance with applicable Accounting Standards and Interpretations.

The financial report is prepared on the accrual basis of accounting in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

#### (b) Accounting Policies

##### Membership pledges

Donor pledges of cash donations are recognised as membership pledges in the Income and Expenditure Statement when payment has been received.

##### Donated works of art

The value of works of art donated to the Art Gallery contributes towards membership of the Foundation. These donated works of art are recognised directly in the accounts of the Art Gallery and do not constitute income to the Foundation.

##### Contributions to the Art Gallery/Commitments

When the Foundation contributes funds towards the cost of acquiring Art Gallery assets, the cost is expensed in the year that the asset is on hand. All works of art acquisitions approved during 2008/09 were on hand at 30 June 2009. There were no commitments to purchase further works of art as at 30 June 2009.

##### Cash on deposit

Cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity, which are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

Cash deposits are held in a bank account which is administered by the Art Gallery of Western Australia. Payments made by the Art Gallery of Western Australia on behalf of the Foundation are recouped from cash balances on a regular basis.

#### (c) Accounts

All Art Gallery of Western Australia Foundation records and transactions are administered and maintained by the Art Gallery of Western Australia free of charge.

#### (d) Audit

From 2009, the Art Gallery of Western Australia Foundation financial statements will no longer be separately audited. Foundation transactions and balances are included in the Art Gallery of Western Australia's financial statements and are separately disclosed as a Special Purpose Account. These financial statements are audited annually by the Office of the Auditor General. The audit opinion attached to the 2009 Foundation financial statements is the audit opinion issued to the Board of the Art Gallery of Western Australia for the financial statements of the Art Gallery of Western Australia for the year ended 30 June 2009.

Prior to 2009 the accounts were audited by PricewaterhouseCoopers. Remuneration paid in 2009 to PricewaterhouseCoopers for the 2008 audit was \$5,000. Audits undertaken prior to 2008 were on an honorary basis.

### 3. CONTRIBUTIONS TO THE ART GALLERY

Acquisition funds are raised principally to fund the purchase of works of art by the Art Gallery. These are shown as a contribution to the Art Gallery in the year that commitment to fund the works of art occurs. The total contributions made to the Art Gallery since the inception of the Foundation are:

	\$
<i>Contributions prior to 2009</i>	
Works of Art	2,317,587
Susan Norrie Catalogue	5,000
Scooter	3,075
Tom Malone Prize	70,000
Utopia Tour Exhibition Grant	98,000
Indigenous Trainee Assistant Curator Salary	95,880
South West Central Exhibition Grant	19,989
Family Program Pilot and Children's Book Donation	338,200
	<hr/> 2,947,731 <hr/>
<i>2009 Contributions</i>	
Works of Art	
The Acquisition Fund	184,956
Contemporary Art Group	23,358
Tom Malone Prize	15,000
Foundation Bequests	70,981
	<hr/> 294,295 <hr/>
<b>Total Contributions</b>	<hr/> <b>3,242,026</b> <hr/>

#### 4. CAPITAL FUNDS

The capital has been divided into four funds depending on the purpose for which the funds are held. The Acquisition Fund was established to provide funds for the Art Gallery to purchase works of art for the State Art Collection. Included in The Acquisition Fund is the TomorrowFund which was established in May 2008 to provide a sustainable funding source for contemporary art works. This fund includes \$10m funding from the State Government with a pledge to provide an additional \$5m when \$10m has been raised by the Foundation from corporate and private supporters. The Living Centre Fund was established to raise funds to support the construction of a Living Centre and Sculpture Garden on the Art Gallery site. The Contemporary Art Group was established to provide funds to purchase contemporary art works for the State Art Collection. The Foundation Bequests fund was established to manage funds bequeathed to the Foundation to provide a lasting legacy to the State Art Collection.

#### 5. REMUNERATION OF FOUNDATION COUNCIL MEMBERS

The following persons were Council Members during the year ended 30 June 2009 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2008	2007
	\$	\$
Marlene Stafford	nil	nil
Helen Cook	nil	nil
Stefano Carboni	nil	nil
Gary Dufour	nil	nil
Annie Fogarty	nil	nil
Paul Sullivan	nil	nil
John Hanley	nil	nil
Sandra Di Bartolomeo	nil	nil
Marco D'Orsogna	nil	nil
Peter Eggleston	nil	nil
	<hr/>	<hr/>
	nil	nil

#### 6. EMPLOYEE ENTITLEMENTS

All staff of the Culture and Arts portfolio agencies, including the Art Gallery of Western Australia Foundation, are employees of the Department of Culture and the Arts. The Department of Culture and the Arts retains all liabilities in relation to employee benefits. Therefore, the Foundation has no liabilities in relation to employee entitlements.

#### 7. TAXATION OF THE FOUNDATION

The Art Gallery of Western Australia Foundation is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.