



Art Gallery
of Western Australia
Foundation

Annual Financial Statements 2012-13



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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 AUDITOR'S REPORT

To the Parliament of Western Australia

THE BOARD OF THE ART GALLERY OF WESTERN AUSTRALIA

Report on the Financial Statements

I have audited the accounts and financial statements of The Board of the Art Gallery of Western Australia.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of The Board of the Art Gallery of Western Australia at 30 June 2013 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by The Board of the Art Gallery of Western Australia during the year ended 30 June 2013.

Controls exercised by The Board of the Art Gallery of Western Australia are those policies and procedures established by the Board to ensure 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.

Board's Responsibility for Controls

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by The Board of the Art Gallery of Western Australia based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Board complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by The Board of the Art Gallery of Western Australia are sufficiently adequate to 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 during the year ended 30 June 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of The Board of the Art Gallery of Western Australia for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of The Board of the Art Gallery of Western Australia are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2013.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of The Board of the Art Gallery of Western Australia for the year ended 30 June 2013 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL, ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 September 2013

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 2012-13 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 2013.

The Council members declare that the financial statements and notes set out on pages 11 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 2013 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.



Andrew Forrest
Chair of the Council of the
Art Gallery of Western Australia Foundation

The Art Gallery of Western Australia Foundation

Statement of Financial Position *as at 30 June 2013*

	2013	2012
	\$	\$
CAPITAL FUNDS		
The Acquisition Fund		
Membership pledges	12,307,420	11,049,782
State Government contribution	12,500,000	12,500,000
Accumulated other net expenses	(2,227,955)	(1,087,607)
Total Acquisition fund	<u>22,579,465</u>	<u>22,462,175</u>
The Historical Fund		
Membership pledges	745,200	-
Accumulated other net expenses	(745,200)	-
Total Acquisition fund	-	-
The Living Centre Fund		
Membership pledges	1,008,245	1,008,245
Accumulated other net expenses	(851,148)	(856,312)
Total Living Centre Fund	<u>157,097</u>	<u>151,933</u>
Contemporary Art Group		
Membership pledges	313,227	286,000
Accumulated other net expenses	(262,124)	(248,137)
Total Contemporary Art Group	<u>51,103</u>	<u>37,863</u>
Foundation Bequests		
Bequests received	2,069,866	2,069,866
Accumulated other net expenses	(285,756)	(322,152)
Total Foundation Bequests	<u>1,784,110</u>	<u>1,747,714</u>
Total Capital Fund	<u><u>24,571,775</u></u>	<u><u>24,399,685</u></u>

Statement of Financial Position for the year ended 30 June 2013 – continued

Represented by:

CURRENT ASSETS

Cash on deposit		
The Acquisition Fund	20,900,107	19,796,475
The Historical Fund	-	-
The Living Centre Fund	155,905	150,108
Contemporary Art Group	50,715	37,295
Foundation Bequests	1,770,564	1,726,717

Accrued interest

The Acquisition Fund	159,358	240,700
The Historical Fund	-	-
The Living Centre Fund	1,193	1,825
Contemporary Art Group	388	568
Foundation Bequests	13,545	20,997

Total current assets

23,051,775

21,974,685

Quoted investments

1,520,000

2,425,000

Total non current assets

1,520,000

2,425,000

TOTAL ASSETS

24,571,775

24,399,685

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

The Art Gallery of Western Australia Foundation
 Statement of Comprehensive Income *for the year ended 30 June 2013*

	2013	2012
	\$	\$
THE ACQUISITION FUND		
Revenue		
Membership pledges received	1,257,638.27	803,548
Interest on investment	688,276	920,299
Dividends on investment	20,000	40,000
Special viewings, functions and trip deposits	95,434	22,088
Total revenue	2,061,348	1,785,935
Expenditure		
Salaries and wages costs	86,390	207,241
Printing and publications costs	10,296	5,436
Special viewings and functions	37,736	38,001
Office costs	39,799	46,620
Others	55,923	238,463
Contributions to the Art Gallery	808,915	606,073
Change in share price	905,000	750,000
Total expenditure	1,944,058	1,891,834
Operating result	117,290	(105,899)
Opening balance of fund	22,462,175	22,568,074
Closing balance of fund	22,579,465	22,462,175

THE HISTORICAL FUND

Revenue		
Membership pledges received	745,200	-
Total revenue	745,200	-
Expenditure		
Contributions to the Art Gallery	745,200	-
Total expenditure	745,200	-
Operating result	-	-
Opening balance of fund	-	-
Closing balance of fund	-	-

THE LIVING CENTRE FUND

Revenue		
Interest on investment	5,164	7,198
Total revenue	5,164	7,198
Expenditure		
Office costs	-	-
Special viewings and functions	-	-
Others	-	-
Total expenditure	-	-
Operating result	5,164	7,198
Opening balance of fund	151,933	144,735
Closing balance of fund	157,097	151,933

CONTEMPORARY ART GROUP

Revenue		
Membership pledges received	27,227	32,000
Interest on investment	1,781	2,618
Total revenue	29,008	34,618
Expenditure		
Printing and publications costs	-	-
Special viewings and functions	-	1,737
Office costs	220	311
Contributions to the Art Gallery	15,104	22,923
Others	444	5,826
Total expenditure	15,768	30,797
Operating result	13,240	3,821
Opening balance of fund	37,863	34,042
Closing balance of fund	51,103	37,863

FOUNDATION REQUESTS

Revenue

Bequests received	-	100
Interest on investment	59,136	103,042

Total revenue	59,136	103,142
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Expenditure

Special viewings and functions	-	-
Office costs	5,900	4,295
Grants and subsidies	-	-
Others	1,768	(45,073)
Contributions to the Art Gallery	15,072	692,703

Total expenditure	22,740	651,925
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Operating result	36,396	(548,783)
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Opening balance of fund	1,747,714	2,296,497
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Closing balance of fund	1,784,110	1,747,714
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Closing balance of capital funds	24,571,775	24,399,685
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The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

The Art Gallery of Western Australia Foundation

Statement of Changes in Equity *for the year ended 30 June 2012*

	2013 \$	2012 \$
Balance of equity at start of period	<u>24,399,685</u>	<u>25,043,348</u>
Surplus/(deficit) for the period:		
The Acquisition Fund	117,290	(105,899)
The Historical Fund	-	-
The Living Centre Fund	5,164	7,198
Contemporary Art Group	13,240	3,821
Foundation Bequests	<u>36,396</u>	<u>(548,783)</u>
Total surplus for the period	172,090	(643,663)
Balance of equity at end of period	<u><u>24,571,775</u></u>	<u><u>24,399,685</u></u>

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

The Art Gallery of Western Australia Foundation

Statement of Cash Flows *for the year ended 30 June 2013*

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
The Acquisition Fund			
Membership contributions		1,257,638	803,548
Special viewings and functions		95,434	22,088
Expenditure		(230,143)	(535,761)
Payment to Art Gallery		(808,915)	(606,073)
The Historical Fund			
Membership contributions		745,200	-
Payment to Art Gallery		(745,200)	-
The Living Centre Fund			
Expenditure		-	-
Contemporary Art Group			
Membership contributions		27,227	32,000
Expenditure		(664)	(7,874)
Payment to Art Gallery		(3,104)	(12,923)
Tom Malone Prize		(12,000)	(10,000)
Foundation Bequests			
Expenditure		(1,768)	40,778
Payment to Art Gallery		(15,072)	(692,703)
Net cash (used in) / provided by operating activities		308,633	(966,920)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment		843,963	1,041,942
Dividends on investment		20,000	40,000
Net cash provided by investing activities		863,963	1,081,942
Net increase in cash held		1,172,596	115,022
Cash at the beginning of the financial year		21,710,595	21,595,573
Cash at the end of the financial year		22,883,191	21,710,595

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

The Art Gallery of Western Australia Foundation

Notes to and forming part of the Accounts *for the year ended 30 June 2013*

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 are recognised as membership pledges in the Income and Expenditure Statement upon receipt.

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 2012/13 were on hand at 30 June 2013. There were no commitments to purchase further works of art as at 30 June 2013.

Cash on deposit

Cash includes deposits at call with financial institutions.

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.

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:

	\$
Contributions prior to 2011	
Works of Art	2,972,431
Susan Norrie Catalogue	5,000
Scooter	3,075
Tom Malone Prize	80,000
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
	<u>3,612,575</u>
2011 Contributions	
Works of Art	
The Acquisition Fund	535,899
Contemporary Art Group	390
Tom Malone Prize	10,000
Foundation Bequests	29,681
	<u>575,970</u>
2012 Contributions	
Works of Art	
The Acquisition Fund	606,073
Contemporary Art Group	12,923
Tom Malone Prize	10,000
Foundation Bequests	692,703
	<u>1,321,699</u>
2013 Contributions	
Works of Art	
The Acquisition Fund	808,915
The Historical Fund	745,200
Contemporary Art Group	3,104
Tom Malone Prize	12,000
Foundation Bequests	15,072
	<u>1,584,291</u>
Total Contributions	<u><u>7,094,535</u></u>

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 \$12.5 million funding from the State Government with a pledge to provide an additional \$2.5 million when the remaining portion of the \$10 million pledged to the Foundation from corporate and private supporters has been received. **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 2013 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2013	2012
	\$	\$
Stefano Carboni	nil	nil
Hamish Beck	nil	nil
Fiona Kalaf	nil	nil
Marco D'Orsogna	nil	nil
William Galvin	nil	nil
Anita Percudani	nil	nil
Andrew Shearwood	nil	nil
	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*.