



ANNUAL FINANCIAL STATEMENTS

2016-17

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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.

The Art Gallery of Western Australia Foundation
Statement of Financial Position *as at 30 June 2017*

	2017 \$	2016 \$
FOUNDATION CAPITAL FUNDS		
The Acquisition Fund		
Membership pledges	8,637,146	7,932,629
Accumulated other net expenses	(5,208,167)	(5,297,259)
Total Acquisition Fund	<u>3,428,979</u>	<u>2,635,370</u>
The TomorrowFund		
Membership pledges	6,995,570	6,956,895
State Government contribution	12,500,000	12,500,000
Quoted Investment	2,610,000	1,750,000
Accumulated other net expenses	85,781	(242,471)
Total TomorrowFund	<u>22,191,351</u>	<u>20,964,424</u>
The Historical Fund		
Membership pledges	753,206	746,206
Accumulated other net expenses	(745,122)	(745,200)
Total Historical fund	<u>8,084</u>	<u>1,006</u>
The Living Centre Fund		
Membership pledges	1,008,245	1,008,245
Accumulated other net expenses	(835,009)	(838,417)
Total Living Centre Fund	<u>173,236</u>	<u>169,828</u>
Contemporary Art Group		
Membership pledges	428,926	394,227
Accumulated other net expenses	(351,681)	(335,813)
Total Contemporary Art Group	<u>77,245</u>	<u>58,414</u>
Foundation Bequests		
Bequests received	2,259,755	2,259,755
Accumulated other net expenses	(334,319)	(372,198)
Total Foundation Bequests	<u>1,925,436</u>	<u>1,887,557</u>
Exhibition Fund		
Membership pledges	117,000	51,000
Accumulated other net expenses	(49,374)	992
Total Exhibition Fund	<u>67,626</u>	<u>51,992</u>
AGWA Members Fund		
Membership contributions	64,500	-
Accumulated other net expenses	(24,134)	-
Total AGWA Members Fund	<u>40,366</u>	<u>-</u>
Total Foundation Capital Funds	<u><u>27,912,323</u></u>	<u><u>25,768,591</u></u>

	2017 \$	2016 \$
Represented by:		
CURRENT ASSETS		
Cash on deposit		
The Acquisition Fund	3,412,115	4,099,373
The TomorrowFund	19,485,044	19,216,420
The Historical Fund	8,044	1,000
The Living Centre Fund	172,385	168,857
Contemporary Art Group	76,864	64,990
Foundation Bequests	1,915,966	1,876,760
Exhibition Fund	67,294	51,695
AGWA Members Fund	40,166	-
Accrued interest		
The Acquisition Fund	16,865	23,584
The TomorrowFund	96,307	110,554
The Historical Fund	40	6
The Living Centre Fund	852	971
Contemporary Art Group	380	374
Foundation Bequests	9,470	10,797
Exhibition Fund	333	297
AGWA Members Fund	198	-
Total current assets	25,302,323	25,625,678
Quoted investments	2,610,000	1,750,000
Total non current assets	2,610,000	1,750,000
TOTAL ASSETS	27,912,323	27,375,678
CURRENT LIABILITIES		
Other current liabilities		
The Acquisition Fund	-	(1,487,586)
The TomorrowFund	-	(112,551)
Contemporary Art Group	-	(6,950)
Total current liabilities	-	(1,607,087)
Total LIABILITIES	-	(1,607,087)
NET ASSETS	27,912,323	25,768,591

The Statement of Financial Position 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 2017*

	Note	2017 \$	2016 \$
THE ACQUISITION FUND			
Revenue			
Membership pledges received		704,517	880,449
Interest on investment		64,519	80,671
Special viewings and functions		189,318	112,327
Sponsorship		96,650	42,360
Total revenue		1,055,004	1,115,807
Expenditure			
Salaries and wages costs		119,596	160,910
Printing and publications costs		1,525	4,631
Special viewings and functions		70,232	49,927
Office costs		155,477	111,238
Others		8,590	47,047
Contributions to the Art Gallery	(a)	(97,012)	1,487,586
Artwork expenses		2,987	91
Total expenditure		261,395	1,861,430
Operating result		793,609	(745,623)
Opening balance of fund		2,635,370	3,380,994
Closing balance of fund		3,428,979	2,635,370

(a) The 2017 amount is mainly from movement in foreign exchange accrued and actual payment on the 2016 works of art purchases.

	2017 \$	2016 \$
THE TOMORROWFUND		
Revenue		
Membership pledges received	38,675	209,692
Interest on investment	385,385	435,384
Dividends on investment	160,000	25,000
Special viewings and functions	-	3,570
Total revenue	584,060	673,646
Expenditure		
Special viewings and functions	44	-
Office costs	5,425	300
Others	4,214	9,000
Contributions to the Art Gallery	199,159	524,191
Artwork expenses	8,291	15,570
Change in share price	(860,000)	(795,000)
Total (income)/expenditure	(642,867)	(245,939)
Operating result	1,226,927	919,585
Opening balance of fund	20,964,424	20,044,839
Closing balance of fund	22,191,351	20,964,424

THE HISTORICAL FUND

Revenue		
Membership pledges received	7,000	1,000
Interest on investment	78	6
Total revenue	7,078	1,006
Operating result	7,078	1,006
Opening balance of fund	1,006	-
Closing balance of fund	8,084	1,006

	2017 \$	2016 \$
THE LIVING CENTRE FUND		
Revenue		
Interest on investment	3,408	3,800
Total revenue	<u>3,408</u>	<u>3,800</u>
Operating result	3,408	3,800
Opening balance of fund	169,828	166,028
Closing balance of fund	<u><u>173,236</u></u>	<u><u>169,828</u></u>

CONTEMPORARY ART GROUP

Revenue		
Membership pledges received	34,699	27,000
Interest on investment	1,384	1,300
Total revenue	<u>36,083</u>	<u>28,300</u>
Expenditure		
Special viewings and functions	2,958	-
Office costs	408	-
Contributions to the Art Gallery	13,378	18,950
Artwork Expenses	508	2,450
Others	-	1,782
Total expenditure	<u>17,252</u>	<u>23,182</u>
Operating result	18,831	5,118
Opening balance of fund	58,414	53,296
Closing balance of fund	<u><u>77,245</u></u>	<u><u>58,414</u></u>

Statement of Comprehensive Income for the year ended 30 June 2017 – continued

	2017 \$	2016 \$
FOUNDATION BEQUESTS		
Revenue		
Bequests received	-	2,384
Interest on investment	37,879	40,440
Total revenue	<u>37,879</u>	<u>42,824</u>
Operating result	37,879	42,824
Opening balance of fund	1,887,557	1,844,733
Closing balance of fund	<u>1,925,436</u>	<u>1,887,557</u>
EXHIBITION FUND		
Revenue		
Membership pledges received	66,000	26,000
Interest on investment	634	1,163
Total revenue	<u>66,634</u>	<u>27,163</u>
Expenditure		
Contributions to the Art Gallery sneakers exhibition	51,000	-
Total expenditure	<u>51,000</u>	<u>-</u>
Operating result	15,634	27,163
Opening balance of fund	51,992	24,829
Closing balance of funds	<u>67,262</u>	<u>51,992</u>

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

Statement of Comprehensive Income for the year ended 30 June 2017 – continued

	2017	2016
	\$	\$
AGWA MEMBERS FUND		
Revenue		
Membership contributions received	64,500	-
Interest on investment	200	-
Total revenue	64,700	-
Expenditure		
Salaries and wages costs	24,293	-
Office costs	41	-
Total expenditure	24,334	-
Operating result	40,366	-
Opening balance of fund	-	-
Closing balance of fund	40,366	-
Closing balance of capital funds	27,912,323	25,768,591

The Statement of Comprehensive Income 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 2017*

	2017	2016
	\$	\$
Balance of equity at start of period	<u>25,768,591</u>	<u>25,514,719</u>
Surplus/(deficit) for the period:		
The Acquisition Fund	793,609	(745,623)
The TomorrowFund	1,226,927	919,585
The Historical Fund	7,078	1,006
The Living Centre Fund	3,408	3,800
Contemporary Art Group	18,831	5,118
Foundation Bequests	37,879	42,823
Exhibition Fund	15,634	27,163 .45
AGWA Members Fund	40,366	-
Total surplus for the period	<u>2,143,732</u>	<u>253,872</u>
Balance of equity at end of period	<u><u>27,912,323</u></u>	<u><u>25,768,591</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 2017*

	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
The Acquisition Fund		
Membership pledges received	704,517	880,449
Sponsorship	96,650	42,360
Special viewings and functions	189,318	112,327
Expenditure	(1,748,981)	(373,844)
The TomorrowFund		
Membership pledges received	38,675	209,692
Special viewings and functions	-	3,570
Expenditure	(329,684)	(436,510)
The Historical Fund		
Membership pledges received	7,000	1,000
Contemporary Art Group		
Membership pledges received	34,699	27,000
Expenditure	(3,874)	(4,232)
Payment to Art Gallery	(20,328)	(12,000)
Foundation Bequests		
Bequests received	-	2,384
Exhibition Fund		
Member pledges received	66,000	26,000
Expenditure	(51,000)	-
AGWA Members Fund		
Membership contributions received	64,500	-
Expenditure	(24,334)	-
Net cash (used in) / provided by operating activities	(976,842)	478,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investment	515,626	566,958
Dividends on investment	160,000	25,000
Net cash provided by investing activities	675,626	591,958
Net increase in cash held	(301,216)	1,070,154
Cash at the beginning of the financial year	25,479,094	24,408,941
Cash at the end of the financial year	25,177,878	25,479,095

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 2017*

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 as contributions to the Art Gallery (see note 3) 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. There were no commitments to purchase further works of art as at 30 June 2017

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
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	3,612,575
2011 to 2016 Contributions	
Works of Art	
The Acquisition Fund	1,390,574
The TomorrowFund	3,351,182
Contemporary Art Group	114,185
The Historical Fund	745,200
Foundation Bequests	1,154,415
	<hr/>
	6,755,556
2017 Contributions	
Works of Art	
The TomorrowFund	200,242
Contemporary Art Group	13,378
	<hr/>
	213,620
	<hr/>
	10,581,751

4. FOUNDATION CAPITAL FUNDS

The Foundation capital has been divided into seven 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.

The TomorrowFund 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 Historic Fund supports the acquisition of historic Australian works of art.

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 prior to the TomorrowFund to provide funds to purchase contemporary art works for the State Art Collection and includes the Tom Malone Fund and Peter Fogarty Design Fund.

The Foundation Bequests fund was established to manage funds bequeathed to the Foundation to provide a lasting legacy to the State Art Collection.

The Exhibition Fund was established in 2015 to raise funds to support ongoing temporary exhibitions and support improved access to the visual arts.

The AGWA Members Fund was established to offer a new annual membership model.

5. REMUNERATION OF FOUNDATION COUNCIL MEMBERS

The following persons were Council Members during the year ended 30 June 2017 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2017	2016
	\$	\$
Adrian Fini OAM	nil	nil
Alexandrea Thompson	nil	nil
Andrea Horwood-Bux	nil	nil
John Bond	nil	nil
Nicholas Hasluck AM, QC	nil	nil
Paul O'Connor	nil	nil
Prof Lyn Beazley AO FTSE	nil	nil
Sandra Honey	nil	nil
Sam Walsh AO	nil	nil
Stefano Carboni	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*.