



ANNUAL FINANCIAL STATEMENTS

2017-18

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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 2018*

	2018	2017
	\$	\$
FOUNDATION CAPITAL FUNDS		
The Acquisition Fund		
Membership pledges received	8,737,052	8,637,146
Accumulated other net expenses	(5,317,110)	(5,208,167)
Total Acquisition Fund	<u>3,419,942</u>	<u>3,428,979</u>
The TomorrowFund		
Membership pledges received	7,020,178	6,995,570
State Government contribution	15,000,000	12,500,000
Quoted Investment	2,195,000	2,610,000
Accumulated other net expenses	296,511	85,781
Total TomorrowFund	<u>24,511,689</u>	<u>22,191,351</u>
The Historical Fund		
Membership pledges received	757,206	753,206
Accumulated other net expenses	(744,902)	(745,122)
Total Historical fund	<u>12,304</u>	<u>8,084</u>
The Living Centre Fund		
Membership pledges received	1,008,245	1,008,245
Accumulated other net expenses	(831,646)	(835,009)
Total Living Centre Fund	<u>176,599</u>	<u>173,236</u>
Contemporary Art Group		
Membership pledges received	458,926	428,926
Accumulated other net expenses	(369,435)	(351,681)
Total Contemporary Art Group	<u>89,491</u>	<u>77,245</u>
Foundation Bequests		
Bequests received	2,259,755	2,259,755
Accumulated other net expenses	(323,066)	(334,319)
Total Foundation Bequests	<u>1,936,689</u>	<u>1,925,436</u>
Exhibition Fund		
Membership pledges received	205,450	117,000
Accumulated other net expenses	(125,309)	(49,374)
Total Exhibition Fund	<u>80,141</u>	<u>67,626</u>
AGWA Members Fund		
Membership contributions received	93,678	64,500
Accumulated other net expenses	(116,740)	(24,134)
Total AGWA Members Fund	<u>(23,062)</u>	<u>40,366</u>
Total Foundation Capital Funds	<u><u>30,203,793</u></u>	<u><u>27,912,323</u></u>

	2018 \$	2017 \$
Represented by:		
CURRENT ASSETS		
Cash on deposit		
The Acquisition Fund	3,402,161	3,412,115
The TomorrowFund	22,200,664	19,485,044
The Historical Fund	12,240	8,044
The Living Centre Fund	175,680	172,385
Contemporary Art Group	89,026	76,864
Foundation Bequests	1,926,621	1,915,966
Exhibition Fund	79,724	67,294
AGWA Members Fund	(23,062)	40,166
Accrued interest		
The Acquisition Fund	17,780	16,865
The TomorrowFund	116,025	96,307
The Historical Fund	64	40
The Living Centre Fund	919	852
Contemporary Art Group	465	380
Foundation Bequests	10,069	9,470
Exhibition Fund	417	333
AGWA Members Fund	-	198
Total current assets	28,008,793	25,302,323
Quoted investments	2,195,000	2,610,000
Total non current assets	2,195,000	2,610,000
TOTAL ASSETS	30,203,793	27,912,323
NET ASSETS	30,203,793	27,912,323

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 2018*

	Note	2018 \$	2017 \$
THE ACQUISITION FUND			
Revenue			
Membership pledges received		99,906	704,517
Ticketing Revenue		23,777	-
Interest on investment		64,980	64,519
Special viewings and functions		183,460	189,318
Sponsorship		79,000	96,650
Total revenue		451,123	1,055,004
Expenditure			
Salaries and wages costs		90,466	119,596
Printing and publications costs		1,649	1,525
Special viewings and functions		143,147	70,232
Office costs		190,887	155,477
Others		33,518	8,590
Contributions to the Art Gallery (a)		-	(97,012)
Artwork expenses		493	2,987
Total expenditure		460,160	261,395
Operating result		(9,037)	793,609
Opening balance of fund		3,428,979	2,635,370
Closing balance of fund		3,419,942	3,428,979

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

	2018	2017
	\$	\$
THE TOMORROWFUND		
Revenue		
Membership pledges received	25,608	38,675
Interest on investment	402,952	385,385
Dividends on investment	180,000	160,000
Total revenue	608,560	584,060
Expenditure		
Special viewings and functions	-	44
Others	3,240	4,214
Contributions to the Art Gallery	369,982	199,159
Artwork expenses	-	13,716
Change in share price	415,000	(860,000)
Total (income)/expenditure	788,222	(642,867)
Operating result	(179,662)	1,226,927
Contribution from Fund	2,500,000	-
Opening balance of fund	22,191,351	20,964,424
Closing balance of fund	24,511,689	22,191,351

THE HISTORICAL FUND

Revenue		
Membership pledges received	4,000	7,000
Interest on investment	220	78
Total revenue	4,220	7,078
Operating result	4,220	7,078
Opening balance of fund	8,084	1,006
Closing balance of fund	12,304	8,084

	2018	2017
	\$	\$
THE LIVING CENTRE FUND		
Revenue		
Interest on investment	3,363	3,408
Total revenue	<u>3,363</u>	<u>3,408</u>
Operating result	3,363	3,408
Opening balance of fund	173,236	169,828
Closing balance of fund	<u><u>176,599</u></u>	<u><u>173,236</u></u>

CONTEMPORARY ART GROUP

Revenue		
Membership pledges received	30,000	34,699
Interest on investment	1,541	1,384
Total revenue	<u>31,541</u>	<u>36,083</u>
Expenditure		
Printing and publication costs	0	0
Special viewings and functions	242	2,958
Office costs	0	408
Contributions to the Art Gallery	19,053	13,378
Artwork Expenses	0	508
Total expenditure	<u>19,295</u>	<u>17,252</u>
Operating result	12,246	18,831
Opening balance of fund	77,245	58,414
Closing balance of fund	<u><u>89,491</u></u>	<u><u>77,245</u></u>

	2018	2017
	\$	\$
FOUNDATION BEQUESTS		
Revenue		
Bequests received	-	-
Interest on investment	37,143	37,879
Total revenue	37,143	37,879
Expenditure		
Contributions to the Art Gallery	25,890	-
Artwork Expenses	-	-
Total expenditure	25,890	-
Operating result	11,253	37,879
Opening balance of fund	1,925,436	1,887,557
Closing balance of fund	1,936,689	1,925,436
EXHIBITION FUND		
Revenue		
Membership pledges received	88,450	66,000
Interest on investment	2,015	634
Total revenue	90,465	66,634
Expenditure		
Contributions to the Art Gallery Corsini exhibition	77,950	51,000
Total expenditure	77,950	51,000
Operating result	12,515	15,634
Opening balance of fund	67,626	51,992
Closing balance of funds	80,141	67,626

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

Statement of Comprehensive Income for the year ended 30 June 2018 – continued

	2018	2017
	\$	\$
AGWA MEMBERS FUND		
Revenue		
Membership contributions received	29,178	64,500
Interest on investment	93	200
Special viewings and functions	27,740	-
Total revenue	57,011	64,700
Expenditure		
Salaries and wages costs	96,248	24,293
Printing and publications costs	1,984	-
Special viewings and functions	14,505	-
Office costs	7,564	41
Others	138	-
Total expenditure	120,439	24,334
Operating result	(63,428)	40,366
Opening balance of fund	40,366	-
Closing balance of fund	(23,062)	40,366
Closing balance of capital funds	30,203,793	27,912,323

The Statement of Income and Expenditure 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 2018*

	2018 \$	2017 \$
Balance of equity at start of period	<u>27,912,323</u>	<u>25,768,591</u>
Surplus/(deficit) for the period:		
The Acquisition Fund	(9,037)	793,609
The TomorrowFund	(179,662)	1,226,927
The Historical Fund	4,220	7,078
The Living Centre Fund	3,363	3,408
Contemporary Art Group	12,246	18,831
Foundation Bequests	11,253	37,879
Exhibition Fund	12,515	15,634
AGWA Members Fund	(63,428)	40,366
Total surplus for the period	<u>(208,530)</u>	2,143,732
State Government Contribution	2,500,000	-
Balance of equity at end of period	<u>30,203,792</u>	<u>27,912,323</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 2018*

	2018 \$	2017 \$
CASH FLOWS FROM STATE GOVERNMENT		
The Acquisition Fund	2,500,000	-
CASH FLOWS FROM OPERATING ACTIVITIES		
The Acquisition Fund		
Membership pledges received	99,906	704,157
Ticketing Revenue	23,777	-
Sponsorship	79,000	96,650
Special viewings and functions	183,460	189,318
Expenditure	(460,160)	(1,748,981)
Payment to Art Gallery	-	-
The Tomorrow Fund		
Membership pledges received	24,608	38,675
Special viewings and functions	1,000	-
Expenditure	(373,222)	(329,684)
The Historical Fund		
Membership pledges received	4,000	7,000
Contemporary Art Group		
Membership pledges received	30,000	34,699
Expenditure	(242)	(3,874)
Payment to Art Gallery	(19,053)	(20,328)
Foundation Bequests		
Bequests received	-	-
Payment to Art Gallery	(25,890)	-
7] Z[T[fa` 8g V		
Member pledges received	88,450	66,000
Expenditure	(77,950)	(51,000)
AGWA Members Fund		
Membership contributions received	29,178	64,500
Special viewing and functions	27,740	-
Expenditure	(120,439)	(24,334)
Net cash (used in) / provided by operating activities	(485,837)	(976,842)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investment	491,013	515,626
Dividends on investment	180,000	160,000
Net cash provided by investing activities	671,013	675,626
Net increase in cash held	2,685,176	(301,216)
Cash at the beginning of the financial year	25,177,878	25,479,094
Cash at the end of the financial year	27,863,054	25,177,878

The Art Gallery of Western Australia Foundation

Notes to and forming part of the Accounts for the year ended 30 June 2018

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 2018

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
	<hr/> 3,612,575 <hr/>
2011 to 2017 Contributions	
Works of Art	
The Acquisition Fund	1,390,574
The TomorrowFund	3,551,424
Contemporary Art Group	127,563
The Historical Fund	745,200
Foundation Bequests	1,154,415
	<hr/> 6,969,176 <hr/>
2018 Contributions	
Works of Art	
The TomorrowFund	369,982
Contemporary Art	19,053
Group Foundation	25,890
Bequests	414,925
	<hr/> 10,996,676 <hr/>

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 \$15 million of funding from the State Government and \$10 million from corporate and private supporters.

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 2018 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2018	2017
	\$	\$
Prof Lyn Beazley AO	nil	nil
John Bond	nil	nil
Dr Stefano Carboni	nil	nil
Adrian Fini	nil	nil
Warwick Hemsley	nil	nil
Sandy Honey	nil	nil
Andrea Horwood	nil	nil
Alexandrea Thompson	nil	nil
Sam Walsh AO	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 Local Government, Sport and Cultural Industries. The Department of Local Government, Sport and Cultural Industries 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*.