Annual Financial Statements
2007–08
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.
Independent auditor’s report to the Council Members of
The Art Gallery of Western Australia Foundation

Report on the financial statements

We have audited the accompanying financial statements, being a special purpose financial report,
of The Art Gallery of Western Australia Foundation (the Foundation), which comprises the balance
sheet as at 30 June 2008; the statement of income and expenditure, cash flow statement, the
statement of changes in equity for the year then ended, a summary of significant accounting
policies, other explanatory notes and the Council Members’ declaration.

The responsibility of the Council Members for the financial statements

The Council Members are responsible for the preparation and fair presentation of the financial
statements and have determined that the accounting policies described in Note 2 to the financial
statements, which form part of the financial statements, are appropriate to meet the needs of the
Council Members. The responsibility of the Council Members also includes establishing and
maintaining internal control relevant to the preparation and fair presentation of the financial
statements that is free from material misstatement selecting and applying appropriate accounting
policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No
opinion is expressed as to whether the accounting policies used, as described in Note 2, are
appropriate to meet the needs of the Council Members. We conducted our audit in accordance
with Australian Auditing Standards. These Auditing Standards require that we comply with relevant
ethical requirements relating to audit engagements and plan and perform the audit to obtain
reasonable assurance 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 statement. 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 Foundation’s preparation and fair presentation of the financial
statements 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 foundation’s internal control.
An audit also includes evaluating the reasonableness of accounting estimates made by the Council
Members as well as evaluating the overall presentation of the financial statements.
Independent auditor’s report to the Council Members of The Art Gallery of Western Australia Foundation (continued)

The financial statements have been prepared for distribution to the Council Members for the purpose of fulfilling the financial reporting obligations of the Foundation’s Council. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial statements to which it relates to any person other than the Council Members, or for any purpose other than that for which they were prepared.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by the Council Members or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor’s opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Art Gallery of Western Australia Foundation as of 30 June 2008 and its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
20 November 2008
Council Members’ Declaration

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. This is a special purpose financial report that has been prepared for distribution to members.

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 2008 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

20 November 2008
### THE ACQUISITION FUND

#### Revenue
- Membership pledges received: $157,940, $207,056
- Interest on investment: $175,665, $145,071
- Special viewings and functions: $2,559, $4,009

#### Total revenue
- $336,164, $356,136

#### Expenditure
- Salaries and wages costs: $93,797, $54,128
- Printing and publications costs: $9,839, $824
- Special viewings and functions: $55,363, $12,584
- Office costs: $13,762, $11,570
- Contributions to the Art Gallery: $54,698, $10,909

#### Total expenditure
- $227,459, $90,015

#### Operating result
- $108,705, $266,121

#### Opening balance of fund
- $2,547,852, $2,281,731

#### Transfer of funds to Foundation Bequests
- $(10,000), 
- –

#### Closing balance of fund
- $2,646,557, $2,547,852

### THE LIVING CENTRE FUND

#### Revenue
- Membership pledges received: –, $20,000
- Interest on investment: $10,319, $7,529

#### Total revenue
- $10,319, $27,529

#### Operating result
- $10,319, $27,529

#### Opening balance of fund
- $150,974, $123,445

#### Closing balance of fund
- $161,293, $150,974
**CONTEMPORARY ART GROUP**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership pledges received</td>
<td>35,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Interest on investment</td>
<td>2,440</td>
<td>3,141</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>37,440</td>
<td>28,141</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office costs</td>
<td>3,284</td>
<td>4,950</td>
</tr>
<tr>
<td>Contributions to the Art Gallery</td>
<td>3 31,996</td>
<td>32,864</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>35,280</td>
<td>37,814</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>2,160</td>
<td>(9,673)</td>
</tr>
<tr>
<td><strong>Opening balance of fund</strong></td>
<td>25,076</td>
<td>34,749</td>
</tr>
<tr>
<td><strong>Closing balance of fund</strong></td>
<td>27,236</td>
<td>25,076</td>
</tr>
</tbody>
</table>

**FOUNDATION BEQUESTS**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bequests received</td>
<td>74,369</td>
<td>409,308</td>
</tr>
<tr>
<td>Interest on investment</td>
<td>148,396</td>
<td>113,030</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>222,765</td>
<td>522,338</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office costs</td>
<td>426</td>
<td>300</td>
</tr>
<tr>
<td>Contributions to the Art Gallery</td>
<td>3 98,481</td>
<td>40,909</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>98,907</td>
<td>41,209</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>123,858</td>
<td>481,129</td>
</tr>
<tr>
<td><strong>Opening balance of fund</strong></td>
<td>2,098,963</td>
<td>1,617,834</td>
</tr>
<tr>
<td>Transfer of funds from The Acquisition Fund</td>
<td>4 10,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Closing balance of fund</strong></td>
<td>2,232,821</td>
<td>2,098,963</td>
</tr>
<tr>
<td><strong>Closing balance of capital funds</strong></td>
<td>5,067,907</td>
<td>4,822,865</td>
</tr>
</tbody>
</table>

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 2008

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**CAPITAL FUNDS**

**The Acquisition Fund**
- Membership pledges: 2,889,257 2,731,317
- State Government contribution: 500,000 500,000
- Accumulated other net expenses: (732,700) (683,465)
- Transfer of funds to Foundation Bequests: 4 (10,000) –

Total Acquisition Fund: 2,646,557 2,547,852

**The Living Centre Fund**
- Membership pledges: 1,011,318 1,011,318
- Accumulated other net expenses: (850,025) (860,344)

Total Living Centre Fund: 161,293 150,974

**Contemporary Art Group**
- Membership pledges: 175,000 140,000
- Accumulated other net expenses: (147,764) (114,924)

Total Contemporary Art Group: 27,236 25,076

**Foundation Bequests**
- Bequests received: 2,059,765 1,985,396
- Accumulated other net expenses: 163,056 113,567
- Transfer of funds from The Acquisition Fund: 4 10,000 –

Total Foundation Bequests: 2,232,821 2,098,963

Total Capital Fund: 5,067,907 4,822,865

Represented by:

**CURRENT ASSETS**

- Cash on deposit:
  - The Acquisition Fund: 2,601,067 2,512,676
  - The Living Centre Fund: 155,347 145,695
  - Contemporary Art Group: 26,531 24,697
  - Foundation Bequests: 2,192,119 2,067,680

- Accrued interest:
  - The Acquisition Fund: 48,563 38,249
  - The Living Centre Fund: 2,871 2,204
  - Contemporary Art Group: 707 381
  - Foundation Bequests: 40,702 31,283

Total current assets: 5,067,907 4,822,865

Total assets: 5,067,907 4,822,865

Net assets: 5,067,907 4,822,865

The Balance Sheet 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 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance of equity at start of period</strong></td>
<td>$4,822,865</td>
<td>$4,057,759</td>
</tr>
<tr>
<td><strong>Surplus/(deficit) for the period:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Acquisition Fund</td>
<td>108,705</td>
<td>266,121</td>
</tr>
<tr>
<td>The Living Centre Fund</td>
<td>10,319</td>
<td>27,529</td>
</tr>
<tr>
<td>Contemporary Art Group</td>
<td>2,160</td>
<td>(9,673)</td>
</tr>
<tr>
<td>Foundation Bequests</td>
<td>123,858</td>
<td>481,129</td>
</tr>
<tr>
<td><strong>Total surplus for the period</strong></td>
<td>$245,042</td>
<td>$765,106</td>
</tr>
<tr>
<td><strong>Balance of equity at end of period</strong></td>
<td>$5,067,907</td>
<td>$4,822,865</td>
</tr>
</tbody>
</table>

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 2008

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM OPERATING ACTIVITIES

The Acquisition Fund
- Membership contributions: 147,940 / 207,056
- Special viewings and functions: 2,559 / 4,009
- Expenditure: (172,761) / (79,106)
- Payment to Art Gallery: (54,698) / (10,909)

The Living Centre Fund
- Membership contributions: – / 20,000

Contemporary Art Group
- Membership contributions: 35,000 / 25,000
- Expenditure: (3,284) / (4,950)
- Payment to Art Gallery: (11,996) / (32,864)
- Tom Malone Prize: (20,000) / –

Foundation Bequests
- Bequests received: 84,369 / 409,308
- Expenditure: (426) / (300)
- Payment to Art Gallery: (98,481) / (40,909)

Net cash (used in) / provided by operating activities: a (91,778) / 496,335

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investment: 316,094 / 252,425

Net cash provided by investing activities: 316,094 / 252,425

Net increase in cash held: 224,316 / 748,760

Cash at the beginning of the financial year: 4,750,748 / 4,001,988

Cash at the end of the financial year: b 4,975,064 / 4,750,748

The Cash Flow Statement should be read in conjunction with the accompanying notes.
# Notes to Cash Flow Statement
for the year ended 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Operating result – The Acquisition Fund</td>
<td>108,705</td>
<td>266,121</td>
</tr>
<tr>
<td>Operating result – The Living Centre Fund</td>
<td>10,319</td>
<td>27,529</td>
</tr>
<tr>
<td>Operating result – Contemporary Art Group</td>
<td>2,160</td>
<td>(9,673)</td>
</tr>
<tr>
<td>Operating result – Foundation Bequests</td>
<td>123,858</td>
<td>481,129</td>
</tr>
<tr>
<td>Interest on investment</td>
<td>(336,820)</td>
<td>(268,771)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>(91,778)</strong></td>
<td><strong>496,335</strong></td>
</tr>
</tbody>
</table>

(b) The cash held comprises the following deposits:

<table>
<thead>
<tr>
<th>Bank Account</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Bank of Australia</td>
<td>4,975,064</td>
<td>4,750,748</td>
</tr>
</tbody>
</table>
THE ART GALLERY OF WESTERN AUSTRALIA FOUNDATION

Notes to and forming part of the Accounts 30 June 2008

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 with the exception of requirements in the following:

- AASB 7: Financial Instruments: Disclosure
- AASB 101: Presentation of Financial Statements
- AASB 107: Cash Flow Statements
- AASB 110: Events after the Balance Sheet Date
- AASB 114: Segment Reporting
- AASB 117: Leases
- AASB 118: Revenue
- AASB 119: Employee Benefits
- AASB 120: Accounting for Government Grants and
  - Disclosure of Government Assistance
- AASB 124: Related Party Disclosures
- AASB 132: Financial Instruments: Presentation
- AASB 137: Provisions, Contingent Liabilities and Contingent Assets

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 2007/08 were on hand at 30 June 2008. There were no commitments to purchase further works of art as at 30 June 2008.

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

These Financial Statements have been audited by PricewaterhouseCoopers. Prior to 2008 the accounts were audited for no consideration on an honorary basis. Remuneration payable to PricewaterhouseCoopers for the 2008 year is $5,000.

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 $2,762,556.

2008 Contributions

- Works of Art: $2,152,412
- Tom Malone Prize: $50,000
- Utopia Tour Exhibition Grant: $98,000
- Indigenous Trainee Assistant Curator Salary: $95,880
- South West Central Exhibition Grant: $19,999
- Family Program Pilot and Children’s Book Donation: $318,200

Total Contributions: $2,947,731

4. Transfer of funds

A Foundation Bequest contribution of $10,000 was incorrectly included in The Acquisition Fund in the 2007 accounts. The transfer during 2008 represents the transfer of the contribution to the correct fund. Interest revenue earned by the bequest contribution was also transferred during 2008 and has been adjusted against “Interest on investment” under The Acquisition Fund and Foundation Bequests.

5. 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 from 2008 is the Acquisition Fund Campaign which was established in May 2008 to provide a sustainable funding source for major acquisitions. This fund is comprised of $10m funding from the State Government (received July 2008) 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.

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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.

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6. Remuneration of foundation council members

The following persons were Council Members during the year ended 30 June 2008 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

<table>
<thead>
<tr>
<th>Name</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marlene Stafford</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Helen Cook</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Brett Davies</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Alan R Dodge</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Gary Dufour</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Annie Fogarty</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Jo Dawkins</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>John Hanley</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Ian Trahar</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Paul Sullivan</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>Sandra Di Bartolomeo</td>
<td>nil</td>
<td>nil</td>
</tr>
</tbody>
</table>

7. 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.

8. 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.