



Art Gallery
of Western Australia
Foundation

Annual Financial Statements 2010-11



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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 2011, 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 2011 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.

The Board of the Art Gallery of Western Australia

Report on Controls

I have audited the controls exercised by The Board of the Art Gallery of Western Australia. The Board is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

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.

Report on the Key Performance Indicators

I have audited the key performance indicators of The Board of the Art Gallery of Western Australia. 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.

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 Standards.

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 2011.

Independence

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


COLIN MURPHY
AUDITOR GENERAL
31 August 2011

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 2010-11 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 2011.

The Council members declare that the financial statements and notes set out on pages 11 to 12 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 2011 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.



Hamish Beck
Chair of the Council of the
Art Gallery of Western Australia Foundation

10 November 2011

The Art Gallery of Western Australia Foundation

Statement of Comprehensive Income *for the year ended 30 June 2011*

	Note	2011 \$	2010 \$
THE ACQUISITION FUND			
Revenue			
Membership pledges received		4,688,554	1,420,757
Interest on investment		927,731	675,647
State Government contribution		-	2,500,000
Special viewings and functions		96,107	15,869
Total revenue		5,712,392	4,612,273
Expenditure			
Salaries and wages costs		221,129	193,937
Printing and publications costs		6,318	17,551
Special viewings and functions		66,234	43,592
Office costs		43,996	18,840
Contributions to the Art Gallery	3	535,899	235,135
Total expenditure		873,576	509,055
Operating result		4,838,816	4,103,218
Opening balance of fund		17,869,924	13,766,706
Transfer in/(out) of funds		3,072.00	-
Closing balance of fund		22,711,812	17,869,924
THE LIVING CENTRE FUND			
Revenue			
Interest on investment		7,835	6,585
Total revenue		7,835	6,585
Expenditure			
Office costs		24,225	311
Special viewings and functions		1,398	8,742
Total expenditure		25,623	9,053
Operating result		(17,788)	(2,468)
Opening balance of fund		167,406	169,874
Transfer in/(out) of funds		(3,073)	-
Closing balance of fund		146,544	167,406

Statement of Comprehensive Income for the year ended 30 June 2011 – continued

	Note	2011 \$	2010 \$
CONTEMPORARY ART GROUP			
Revenue			
Membership pledges received		25,000	25,000
Interest on investment		1,746.30	1,082
Total revenue		26,746	26,082
Expenditure			
Printing and publications costs		509	438
Special viewings and functions		355	-
Office costs		(823)	2,712
Contributions to the Art Gallery	3	10,390	24,581
Total expenditure		10,431	27,730
Operating result		16,315	(1,648)
Opening balance of fund		17,535	19,183
Transfer in/(out)of funds		1	-
Closing balance of fund		33,851	17,535
FOUNDATION BEQUESTS			
Revenue			
Bequests received			
Interest on investment		115,586	89,435
Total revenue		115,586	89,435
Expenditure			
Special viewings and functions		5,000	515
Office costs		-	133
Grants and subsidies		-	10,000
Contributions to the Art Gallery	3	29,681	100,833
Total expenditure		34,681	111,481
Operating result		80,905	(22,046)
Opening balance of fund		2,244,278	2,266,324
Closing balance of fund		2,325,183	2,244,278
Closing balance of capital funds		25,217,390	20,299,143

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

The Art Gallery of Western Australia Foundation

Statement of Financial Position *as at 30 June 2011*

	Note	2011 \$	2010 \$
CAPITAL FUNDS			
The Acquisition Fund			
Membership pledges		9,889,972	5,198,346
State Government contribution		13,000,000	13,000,000
Accumulated other net expenses		(178,160)	(328,421)
Total Acquisition fund		22,711,812	17,869,925
The Living Centre Fund			
Membership pledges		1,008,245	1,011,318
Accumulated other net expenses		(861,701)	(843,913)
Total Living Centre Fund		146,544	167,405
Contemporary Art Group			
Membership pledges		254,000	229,000
Accumulated other net expenses		(220,149)	(211,465)
Total Contemporary Art Group		33,851	17,535
Foundation Bequests			
Bequests received		2,069,766	2,069,766
Accumulated other net expenses		255,418	174,512
Total Foundation Bequests		2,325,183	2,244,278
Total Capital Fund		25,217,390	20,299,144
Represented by:			
CURRENT ASSETS			
Cash on deposit			
The Acquisition Fund		22,469,955	17,675,859
The Living Centre Fund		144,736	162,498
Contemporary Art Group		33,427	17,204
Foundation Bequests		2,296,497	2,218,853
Accrued interest			
The Acquisition Fund		241,857	197,138
The Living Centre Fund		1,808	1,833
Contemporary Art Group		424	334
Foundation Bequests		28,686	25,425
Total current assets		25,217,390	20,299,143
TOTAL ASSETS		25,217,390	20,299,143
NET ASSETS		25,217,390	20,299,143

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 2011*

	2011 \$	2010 \$
Balance of equity at start of period	20,299,143	16,222,087
Surplus/(deficit) for the period:		
The Acquisition Fund	4,838,816	4,103,218
The Living Centre Fund	(17,788)	(2,468)
Contemporary Art Group	16,315	(1,648)
Foundation Bequests	80,905	(22,046)
Total surplus for the period	4,918,248	4,077,056
Balance of equity at end of period	25,217,390	20,299,143

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 2011*

	Note	2011	2010
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
The Acquisition Fund			
Membership contributions		4,688,554	1,420,757
State Government contribution		-	2,500,000
Special viewings and functions		96,107	15,869
Expenditure		(337,678)	(273,920)
Payment to Art Gallery		(535,899)	(235,135)
The Living Centre Fund			
Expenditure		(25,623)	(9,053)
Contemporary Art Group			
Membership contributions		25,000	25,000
Expenditure		(41)	(3,150)
Payment to Art Gallery		(390)	(14,581)
Tom Malone Prize		(10,000)	(10,000)
Foundation Bequests			
Expenditure		(5,000)	(10,648)
Payment to Art Gallery		(29,681)	(100,833)
Net cash (used in) / provided by operating activities		3,865,348	3,304,307
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment		1,004,851	677,856
Net cash provided by investing activities		1,004,851	677,856
Net increase in cash held		4,870,199	3,982,164
Cash at the beginning of the financial year		20,074,416	16,092,252
Cash at the end of the financial year		24,944,615	20,074,416

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 2011*

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 2010/11 were on hand at 30 June 2011. There were no commitments to purchase further works of art as at 30 June 2011.

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.

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	2,972,421
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	19,980
Family Program Pilot and Children's Book Donation	338,200
	<u>3,612,575</u>
2011 Contributions	
Works of Art	
The Acquisition Fund	535,900
Contemporary Art Group	390
Tom Malone Prize	10,000
Foundation Bequests	29,681
	<u>575,971</u>
Total Contributions	<u>4,188,546</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 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 2010 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2011	2010
	\$	\$
Marlene Stafford	nil	nil
Stefano Carboni	nil	nil
Hamish Beck	nil	nil
Fiona Kalaf	nil	nil
Paul Sullivan ¹	nil	nil
John Hanley ¹	n/a	nil
Sandra Di Bartolomeo ¹	nil	nil
John Langoulant	n/a	nil
Marco D'Orsogna	nil	nil
Aneka Manners	nil	nil
William Galvin ²	nil	n/a
	nil	nil

Note 1: Not Foundation Council members in 2010-11.

Note 2: Not Foundation Council members in 2009-10.

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*.