



Art Gallery
of Western Australia Foundation

Annual Financial Statements 2006–07

**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 2007, statement of income and expenditure and the cash flow statement 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 1 to the financial statements, which form part of the financial statements, are appropriate to meet the needs of the 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, whether due to fraud or error; 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 1, are appropriate to meet the needs of the 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 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 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.

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.

**Independent auditor's report to the Council Members of
The Art Gallery of Western Australia Foundation (continued)**


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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Foundation as at 30 June 2007 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.



PricewaterhouseCoopers



Pierre Dreyer
Partner

Perth
8 November 2007

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 5 to 12 present fairly, in accordance with the accounting policies described in Note 2(a) to the financial statements, the Foundation's financial position as at 30 June 2007 and its performance, as represented by the results of its operations and its cash flows, 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

8 November 2007

The Art Gallery of Western Australia Foundation

Statement of Income and Expenditure *for the year ended 30 June 2007*

	Note	2007 \$	2006 \$
THE ACQUISITION FUND			
Revenue			
Membership pledges received		207,056	78,827
Interest on investment		145,071	129,097
Special viewings and functions		4,009	107,450
Total revenue		356,136	315,374
Expenditure			
Salaries and wages costs		54,128	64,324
Printing and publications costs		824	2,835
Special viewings and functions		12,584	33,599
Office costs		11,570	10,128
Contributions to the Art Gallery	3	10,909	–
Total expenditure		90,015	110,886
Operating result		266,121	204,488
Opening balance of fund		2,281,731	2,093,016
Transfer of funds to Contemporary Art Group		–	(15,773)
Closing balance of fund		2,547,852	2,281,731

THE LIVING CENTRE FUND

Revenue			
Membership pledges received		20,000	1,000
Interest on investment		7,529	5,035
Total revenue		27,529	6,035
Operating result		27,529	6,035
Opening balance of fund		123,445	117,410
Closing balance of fund		150,974	123,445

Statement of Income and Expenditure for the year ended 30 June 2007 – continued

	Note	2007 \$	2006 \$
CONTEMPORARY ART GROUP			
Revenue			
Membership pledges received		25,000	30,000
Interest on investment		3,141	5,216
Total revenue		28,141	35,216
Expenditure			
Printing and publications costs		–	2,390
Office costs		4,950	6,411
Contributions to the Art Gallery	3	32,864	19,455
Total expenditure		37,814	28,256
Operating result		(9,673)	6,960
Opening balance of fund		34,749	12,016
Transfer of funds from The Acquisition Fund		–	15,773
Closing balance of fund		25,076	34,749
FOUNDATION BEQUESTS			
Revenue			
Bequests received		409,308	1,576,088
Interest on investment		113,030	41,746
Total revenue		522,338	1,617,834
Expenditure			
Office costs		300	–
Contributions to the Art Gallery	3	40,909	–
Total expenditure		41,209	–
Operating result		481,129	1,617,834
Opening balance of fund		1,617,834	–
Closing balance of fund		2,098,963	1,617,834
Closing balance of capital funds		4,822,865	4,057,759

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 2007*

	Note	2007 \$	2006 \$
CAPITAL FUNDS			
The Acquisition Fund			
Membership pledges		2,731,317	2,539,261
State Government contribution		500,000	500,000
Accumulated other net expenses		(683,465)	(741,757)
Transfer of funds to Contemporary Art Group		–	(15,773)
Total Acquisition fund		2,547,852	2,281,731
The Living Centre Fund			
Membership pledges		1,011,318	991,318
Accumulated other net expenses		(860,344)	(867,873)
Total Living Centre Fund		150,974	123,445
Contemporary Art Group			
Membership pledges		140,000	100,000
Accumulated other net expenses		(114,924)	(81,024)
Transfer of funds from The Acquisition Fund		–	15,773
Total Contemporary Art Group		25,076	34,749
Foundation Bequests			
Bequests received		1,985,396	1,576,088
Accumulated other net expenses		113,567	41,746
Total Foundation Bequests		2,098,963	1,617,834
Total Capital Fund		4,822,865	4,057,759

Balance Sheet as at 30 June 2007 – continued

	Note	2007 \$	2006 \$
<i>Represented by:</i>			
CURRENT ASSETS			
Cash on deposit			
The Acquisition Fund		2,512,676	2,253,302
The Living Centre Fund		145,695	119,299
Contemporary Art Group		24,697	33,605
Foundation Bequests		2,067,680	1,595,782
Accrued interest			
The Acquisition Fund		38,249	31,502
The Living Centre Fund		2,204	1,071
Contemporary Art Group		381	1,146
Foundation Bequests		31,283	22,052
Total current assets		4,822,865	4,057,759
Total assets		4,822,865	4,057,759
Net assets		4,822,865	4,057,759

The Balance Sheet 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 2007*

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
The Acquisition Fund			
Membership contributions		207,056	79,125
Special viewings and functions		4,009	58,314
Expenditure		(79,106)	(110,886)
Payment to Art Gallery		(10,909)	–
The Living Centre Fund			
Membership contributions		20,000	1,000
Contemporary Art Group			
Membership contributions		25,000	30,000
Expenditure		(4,950)	(8,802)
Payment to Art Gallery		(32,864)	(9,455)
Tom Malone Prize		–	(10,000)
Foundation Bequests			
Bequests received		409,308	1,576,088
Expenditure		(300)	–
Payment to Art Gallery		(40,909)	–
Net cash provided by operating activities	a	496,335	1,605,384
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment		252,425	139,425
Net cash provided by investing activities		252,425	139,425
Net increase in cash held		748,760	1,744,809
Cash at the beginning of the financial year		4,001,988	2,257,179
Cash at the end of the financial year	b	4,750,748	4,001,988

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

The Art Gallery of Western Australia Foundation

Notes to Cash Flow Statement *for the year ended 30 June 2007*

	2007	2006
	\$	\$
(a) Reconciliation of net cash provided by operating activities to operating result:		
Operating result - The Acquisition Fund	266,121	204,488
Operating result - The Living Centre Fund	27,529	6,035
Operating result - Contemporary Art Group	(9,673)	6,960
Operating result - Foundation Bequests	481,129	1,617,834
Interest on investment	(268,771)	(181,811)
Income received in advance	-	(49,137)
Other non-cash items	-	1,015
Net cash provided by operating activities	496,335	1,605,384
(b) The cash held comprises the following deposits:		
Commonwealth Bank of Australia operating bank account	4,750,748	4,001,988

The Art Gallery of Western Australia Foundation

Notes to and forming part of the Accounts *for the year ended 30 June 2007*

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 the applicable Australian Accounting Standards with the exception of the disclosure requirements in the following:

AASB 101: Presentation of Financial Statements
AASB 107: Cash Flow Statements
AASB 110: Events after the Balance Sheet Date
AASB 112: Income Taxes
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: Disclosure and 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 2006/07 were on hand at 30 June 2007. Works of art approved for acquisition in June 2006 totalling \$20,868 were committed from Contemporary Art Group funds but were not on hand as at 30 June 2006. Consequently, these acquisitions have been included as Contributions to the Art Gallery in 2007. There were no commitments to purchase further works of art as at 30 June 2007.

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 for no consideration on an honorary basis.

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:

	\$
<i>Contributions prior to 2007</i>	
Works of Art	2,067,730
Susan Norrie Catalogue	5,000
Scooter	3,075
Tom Malone Prize	50,000
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
	2,677,874
<i>2007 Contributions</i>	
Works of Art	
The Acquisition Fund	10,909
Contemporary Art Group	32,864
Foundation Bequests	40,909
	84,682
Total Contributions	2,762,556

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. 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 2007 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2007	2006
	\$	\$
Mr Brett Davies	nil	nil
Ms Helen Cook	nil	nil
Mr Alan R Dodge	nil	nil
Ms Marlene Stafford	nil	nil
Mrs Annie Fogarty	nil	nil
Ms Jo Dawkins	nil	nil
Mr John Hanley	nil	nil
Mr Ian Trahar	nil	nil
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	nil	nil

6. 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.