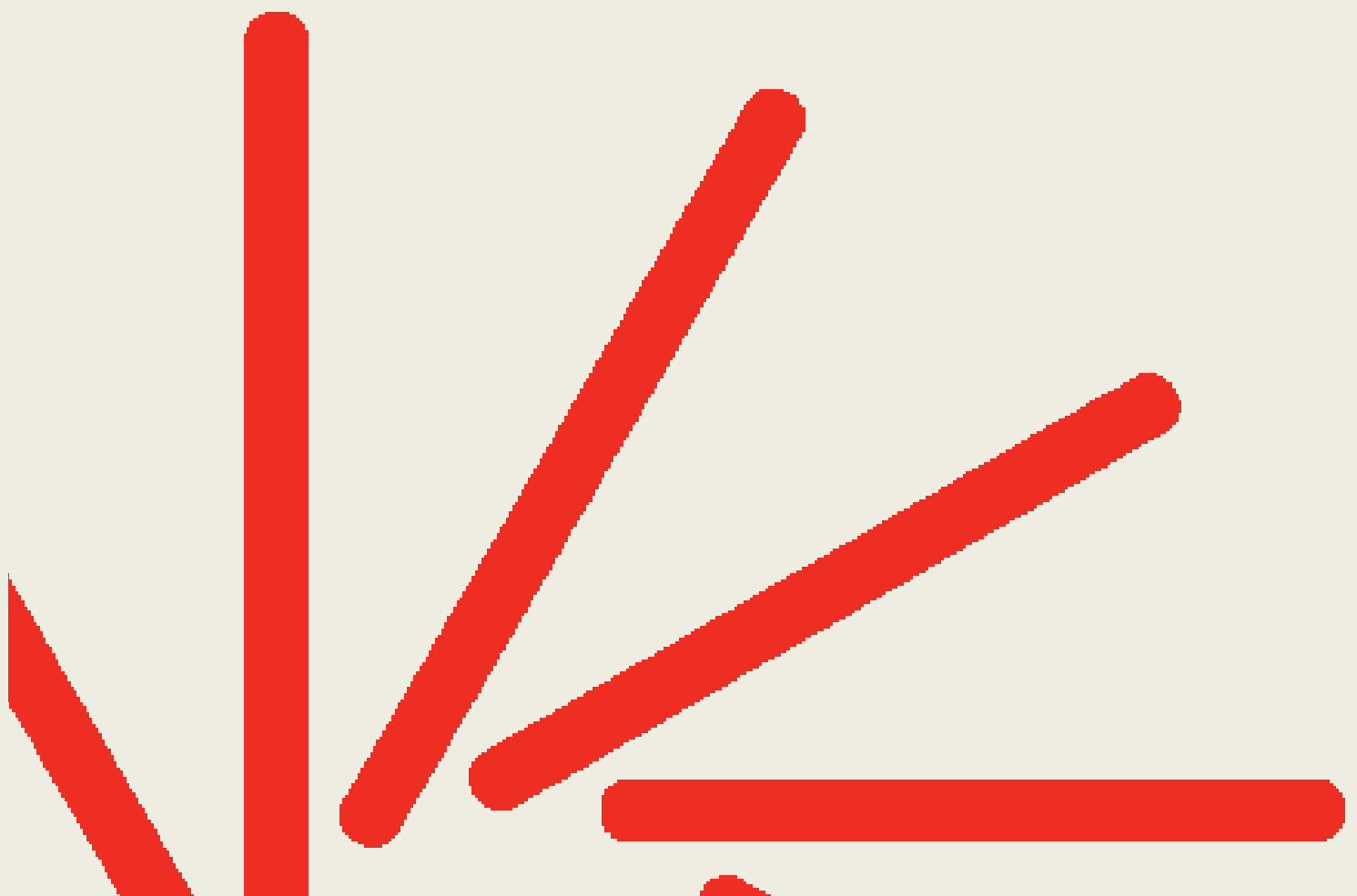




Art Gallery  
of Western Australia  
*Foundation*

# Annual Financial Statements 2009-10



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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 AUDIT OPINION**

**To the Parliament of Western Australia**

### **THE BOARD OF THE ART GALLERY OF WESTERN AUSTRALIA FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010**

I have audited the accounts, financial statements, controls and key performance indicators of The Board of the Art Gallery of Western Australia.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Board's Responsibility for the Financial Statements and Key Performance Indicators**

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 the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**The Board of the Art Gallery of Western Australia  
Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of The Board of the Art Gallery of Western Australia at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Board 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; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2010.



COLIN MURPHY  
AUDITOR GENERAL  
27 August 2010

#### 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 2009 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 2010.

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 2010 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

25 November 2010

# The Art Gallery of Western Australia Foundation

## Statement of Income and Expenditure *for the year ended 30 June 2010*

	Note	2010 \$	2009 \$
<b>THE ACQUISITION FUND</b>			
<b>Revenue</b>			
Membership pledges received		1,420,757	898,332
Interest on investment		675,647	687,542
State Government contribution		2,500,000	10,000,000
Special viewings and functions		15,869	396
<b>Total revenue</b>		<b>4,612,273</b>	<b>11,586,270</b>
<b>Expenditure</b>			
Salaries and wages costs		193,937	201,579
Printing and publications costs		17,551	5,858
Special viewings and functions		43,592	32,487
Office costs		18,840	30,241
Research		-	11,000
Contributions to the Art Gallery	3	235,135	184,956
<b>Total expenditure</b>		<b>509,055</b>	<b>466,121</b>
Operating result		4,103,218	11,120,149
Opening balance of fund		13,766,706	2,646,557
Transfer of funds to Foundation Bequests		-	-
<b>Closing balance of fund</b>		<b>17,869,924</b>	<b>13,766,706</b>
<b>THE LIVING CENTRE FUND</b>			
<b>Revenue</b>			
Interest on investment		6,585	8,581
<b>Total revenue</b>		<b>6,585</b>	<b>8,581</b>
<b>Expenditure</b>			
Office costs		311	-
Special viewings and functions		8,742	-
<b>Total expenditure</b>		<b>9,053</b>	<b>-</b>
Operating result		(2,468)	8,581
Opening balance of fund		169,874	161,293
<b>Closing balance of fund</b>		<b>167,406</b>	<b>169,874</b>

Statement of Income and Expenditure for the year ended 30 June 2010 – continued

	Note	2010 \$	2009 \$
<b>CONTEMPORARY ART GROUP</b>			
<b>Revenue</b>			
Membership pledges received		25,000	29,000
Interest on investment		1,082	1,977
<b>Total revenue</b>		<b>26,082</b>	<b>30,977</b>
<b>Expenditure</b>			
Printing and publications costs		438	-
Office costs		2,711	672
Contributions to the Art Gallery	3	24,581	38,358
<b>Total expenditure</b>		<b>27,730</b>	<b>39,030</b>
Operating result		(1,648)	(8,053)
Opening balance of fund		19,183	27,236
<b>Closing balance of fund</b>		<b>17,535</b>	<b>19,183</b>
<b>FOUNDATION BEQUESTS</b>			
<b>Revenue</b>			
Bequests received		-	-
Interest on investment		89,435	119,484
<b>Total revenue</b>		<b>89,435</b>	<b>119,484</b>
<b>Expenditure</b>			
Special viewings and functions		515	-
Office costs		133	-
Grants and subsidies		-	15,000
Contributions to the Art Gallery	3	110,833	70,981
<b>Total expenditure</b>		<b>111,481</b>	<b>85,981</b>
Operating result		(22,046)	33,503
Opening balance of fund		2,266,324	2,232,821
Transfer of funds from The Acquisition Fund		-	-
<b>Closing balance of fund</b>		<b>2,244,278</b>	<b>2,266,324</b>
<b>Closing balance of capital funds</b>		<b>20,299,143</b>	<b>16,222,087</b>

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 2010*

	Note	2010	2009
		\$	\$
<b>CAPITAL FUNDS</b>			
<b>The Acquisition Fund</b>			
Membership pledges		5,198,346	3,777,589
State Government contribution		13,000,000	10,500,000
Accumulated other net expenses		( 328,422)	( 510,883)
<b>Total Acquisition fund</b>		<b>17,869,924</b>	<b>13,766,706</b>
<b>The Living Centre Fund</b>			
Membership pledges		1,011,318	1,011,318
Accumulated other net expenses		( 843,912)	( 841,444)
<b>Total Living Centre Fund</b>		<b>167,406</b>	<b>169,874</b>
<b>Contemporary Art Group</b>			
Membership pledges		229,000	204,000
Accumulated other net expenses		( 211,465)	( 184,817)
<b>Total Contemporary Art Group</b>		<b>17,535</b>	<b>19,183</b>
<b>Foundation Bequests</b>			
Bequests received		2,069,765	2,069,765
Accumulated other net expenses		174,513	196,559
<b>Total Foundation Bequests</b>		<b>2,244,278</b>	<b>2,266,324</b>
<b>Total Capital Fund</b>		<b>20,299,143</b>	<b>16,222,087</b>

Represented by:

### ASSETS

#### CURRENT ASSETS

Cash on deposit			
The Acquisition Fund		17,675,859	13,659,708
The Living Centre Fund		162,498	165,441
Contemporary Art Group		17,204	18,883
Foundation Bequests		2,218,853	2,248,220



Statement of Financial Position as at 30 June 2010 – continued

	-	
Accrued interest	-	
The Acquisition Fund	197,137	110,070
The Living Centre Fund	1,832	1,357
Contemporary Art Group	334	303
Foundation Bequests	25,426	18,105
Accrued Income		
The Acquisition Fund	-	-
<b>Total current assets</b>	<u>20,299,143</u>	<u>16,222,087</u>
<b>TOTAL ASSETS</b>	<u>20,299,143</u>	<u>16,222,087</u>
<b>NET ASSETS</b>	<u>20,299,143</u>	<u>16,222,087</u>

*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 2010*

	2010 \$	2009 \$
Balance of equity at start of period	<u>16,222,087</u>	<u>5,067,907</u>
Surplus/(deficit) for the period:		
The Acquisition Fund	4,103,218	11,120,149
The Living Centre Fund	( 2,468)	8,581
Contemporary Art Group	( 1,648)	( 8,053)
Foundation Bequests	<u>( 22,046)</u>	<u>33,503</u>
Total surplus for the period	4,077,056	11,154,180
Balance of equity at end of period	<u><u>20,299,143</u></u>	<u><u>16,222,087</u></u>

*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 2010*

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>The Acquisition Fund</b>			
Membership contributions		1,420,757	898,332
State Government contribution		2,500,000	10,000,000
Special viewings and functions		15,869	396
Expenditure		(273,920)	(281,165)
Payment to Art Gallery		(235,135)	(184,956)
Tom Malone Prize			-
<b>The Living Centre Fund</b>			
Expenditure		(9,053)	-
<b>Contemporary Art Group</b>			
Membership contributions		25,000	29,000
Expenditure		(3,149)	(672)
Payment to Art Gallery		(14,581)	(23,358)
Tom Malone Prize		(10,000)	(15,000)
<b>Foundation Bequests</b>			
Expenditure		(648)	(15,000)
Payment to Art Gallery		(110,833)	(70,981)
<b>Net cash (used in) / provided by operating activities</b>		<b>3,304,307</b>	<b>10,336,596</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investment		677,855	780,592
<b>Net cash provided by investing activities</b>		<b>677,855</b>	<b>780,592</b>
<b>Net increase in cash held</b>		<b>3,982,162</b>	<b>11,117,188</b>
Cash at the beginning of the financial year		16,092,252	4,975,064
<b>Cash at the end of the financial year</b>		<b>20,074,414</b>	<b>16,092,252</b>

*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 2010

### 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 2009/10 were on hand at 30 June 2010. There were no commitments to purchase further works of art as at 30 June 2010.

##### *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:

	\$
<i>Contributions prior to 2010</i>	
Works of Art	2,611,882
Susan Norrie Catalogue	5,000
Scooter	3,075
Tom Malone Prize	70,000
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
	<b>3,242,026</b>
<i>2010 Contributions</i>	
Works of Art	
The Acquisition Fund	235,135
Contemporary Art Group	14,581
Tom Malone Prize	10,000
Foundation Bequests	110,833
	<b>370,549</b>
<b>Total Contributions</b>	<b>3,612,575</b>

#### 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.

#### 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*.

#### 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:

	2010	2009
	\$	\$
Marlene Stafford	nil	nil
Helen Cook	nil	nil
Stefano Carboni	nil	nil
Gary Dufour <sup>1</sup>	n/a	nil
Annie Fogarty <sup>1</sup>	n/a	nil
Paul Sullivan	nil	nil
John Hanley	nil	nil
Sandra Di Bartolomeo	nil	nil
Marco D'Orsogna	nil	nil
Peter Eggleston	nil	nil
Hamish Beck <sup>2</sup>	nil	n/a
Aneka Manners <sup>2</sup>	nil	n/a
	<u>nil</u>	<u>nil</u>

Note 1: Not Foundation Council members in 2009-10.

Note 2: Not Foundation Council members in 2008-09.

#### 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.