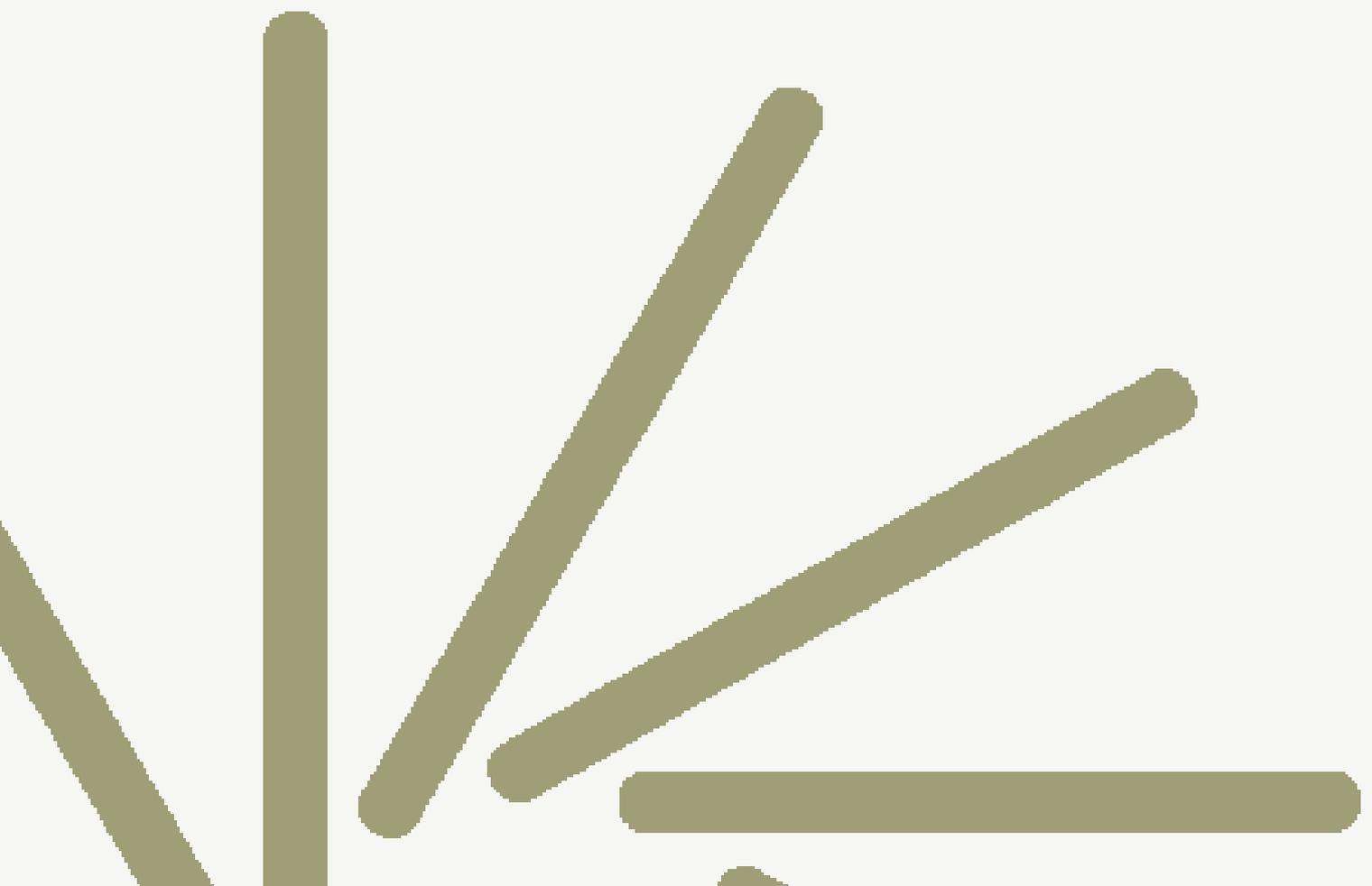




Art Gallery
of Western Australia
Foundation

Annual Financial Statements 2011-12



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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 2012, 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 2012 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.

Report on Controls

I have audited the controls exercised by The Board of the Art Gallery of Western Australia during the year ended 30 June 2012.

Controls exercised by The Board of the Art Gallery of Western Australia are those policies and procedures established by the Board to ensure 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.

Board's Responsibility for Controls

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by The Board of the Art Gallery of Western Australia based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Board complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of The Board of the Art Gallery of Western Australia for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Board's Responsibility for the Key Performance Indicators

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 and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 2012.

Independence

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of The Board of the Art Gallery of Western Australia for the year ended 30 June 2012 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. I have not been engaged to report on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
23 August 2012

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 2011-12 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 2012.

The Council members declare that the financial statements and notes set out on pages 11 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 2012 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

19 November 2012

The Art Gallery of Western Australia Foundation

Statement of Financial Position *as at 30 June 2012*

	Note	2012 \$	2011 \$
CAPITAL FUNDS			
The Acquisition Fund			
Membership pledges		11,049,782	10,246,234
State Government contribution		12,500,000	12,500,000
Accumulated other net expenses		(1,087,607)	(178,160)
Total Acquisition fund		<u>22,462,175</u>	<u>22,568,074</u>
The Living Centre Fund			
Membership pledges		1,008,245	1,008,245
Accumulated other net expenses		(856,312)	(863,510)
Total Living Centre Fund		<u>151,933</u>	<u>144,735</u>
Contemporary Art Group			
Membership pledges		286,000	254,000
Accumulated other net expenses		(248,137)	(219,958)
Total Contemporary Art Group		<u>37,863</u>	<u>34,042</u>
Foundation Bequests			
Bequests received		2,069,866	2,069,766
Accumulated other net expenses		(322,152)	226,731
Total Foundation Bequests		<u>1,747,714</u>	<u>2,296,497</u>
Total Capital Fund		<u><u>24,399,685</u></u>	<u><u>25,043,348</u></u>

Statement of Financial Position for the year ended 30 June 2011 – continued

Represented by:

CURRENT ASSETS

Cash on deposit		
The Acquisition Fund	19,796,475	19,151,217
The Living Centre Fund	150,108	142,928
Contemporary Art Group	37,295	33,617
Foundation Bequests	1,726,717	2,267,811
Accrued interest		
The Acquisition Fund	240,700	241,857
The Living Centre Fund	1,825	1,808
Contemporary Art Group	568	424
Foundation Bequests	20,997	28,686
Total current assets	21,974,685	21,868,348
Quoted investments	2,425,000	3,175,000
Total non current assets	2,425,000	3,175,000
TOTAL ASSETS	24,399,685	25,043,348

The Balance Sheet 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 2012*

	Note	2012 \$	2011 \$
THE ACQUISITION FUND			
Revenue			
Membership pledges received		803,548	4,688,554
Interest on investment		920,299	927,731
Dividends on investment		40,000	-
Special viewings and functions		22,088	96,107
Total revenue		1,785,935	5,712,392
Expenditure			
Salaries and wages costs		207,241	221,129
Printing and publications costs		5,436	6,318
Special viewings and functions		38,001	66,234
Office costs		46,620	43,996
Others		238,463	140,666
Contributions to the Art Gallery		606,073	535,899
Change in share price		750,000	-
Total expenditure		1,891,834	1,014,242
Operating result		(105,899)	4,698,150
Opening balance of fund		22,568,074	17,869,924
Closing balance of fund		22,462,175	22,568,074
THE LIVING CENTRE FUND			
Revenue			
Interest on investment		7,198	7,835
Total revenue		7,198	7,835
Expenditure			
Office costs		-	1,399
Special viewings and functions		-	24,225
Others		-	4,882
Total expenditure		-	30,506
Operating result		7,198	(22,671)
Opening balance of fund		144,735	167,406
Closing balance of fund		151,933	144,735

CONTEMPORARY ART GROUP

Revenue

Membership pledges received	32,000	25,000
Interest on investment	2,618	1,607

Total revenue	<u>34,618</u>	<u>26,607</u>
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Expenditure

Printing and publications costs	-	508
Special viewings and functions	1,737	355
Office costs	311	(823)
Contributions to the Art Gallery	22,923	10,390
Others	5,826	(330)

Total expenditure	<u>30,797</u>	<u>10,100</u>
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Operating result	3,821	16,507
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Opening balance of fund	34,042	17,535
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Closing balance of fund	<u>37,863</u>	<u>34,042</u>
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FOUNDATION BEQUESTS

Revenue

Bequests received	100	-
Interest on investment	103,042	115,723

Total revenue	<u>103,142</u>	<u>115,723</u>
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Expenditure

Special viewings and functions	4,295	5,000
Office costs	-	-
Grants and subsidies	-	-
Others	(45,073)	28,823
Contributions to the Art Gallery	692,703	29,681

Total expenditure	<u>651,925</u>	<u>63,504</u>
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Operating result	(548,783)	52,219
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Opening balance of fund	2,296,497	2,244,278
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Closing balance of fund	<u>1,747,714</u>	<u>2,296,497</u>
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Closing balance of capital funds	<u>24,399,685</u>	<u>25,043,348</u>
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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 2012*

	2012 \$	2011 \$
Balance of equity at start of period	<u>25,043,348</u>	<u>20,299,143</u>
Surplus/(deficit) for the period:		
The Acquisition Fund	(105,899)	4,698,150
The Living Centre Fund	7,198	(22,671)
Contemporary Art Group	3,821	16,507
Foundation Bequests	<u>(548,783)</u>	<u>52,219</u>
Total surplus for the period	(643,663)	4,744,205
Balance of equity at end of period	<u><u>24,399,685</u></u>	<u><u>25,043,348</u></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 2012*

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
The Acquisition Fund			
Membership contributions		803,548	1,513,554
Special viewings and functions		22,088	96,107
Expenditure		(535,761)	(337,678)
Payment to Art Gallery		(606,073)	(535,899)
The Living Centre Fund			
Expenditure		-	(25,623)
Contemporary Art Group			
Membership contributions		32,000	25,000
Expenditure		(7,874)	(41)
Payment to Art Gallery		(12,923)	(390)
Tom Malone Prize		(10,000)	(10,000)
Foundation Bequests			
Expenditure		40,778	(5,000)
Payment to Art Gallery		(692,703)	(29,681)
Net cash (used in) / provided by operating activities		(966,920)	690,348
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment		1,041,942	1,052,896
Dividends on investment		40,000	0
Net cash provided by investing activities		1,081,942	1,052,896
Net increase in cash held		115,022	1,743,244
Cash at the beginning of the financial year		21,595,573	19,852,329
Cash at the end of the financial year		21,710,595	21,595,573

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 2012*

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 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 2011/12 were on hand at 30 June 2012. There were no commitments to purchase further works of art as at 30 June 2012.

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.

(e) Comparative figures

Comparative figures were restated to be consistent with current year's audited financial statements.

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
	<u>3,612,575</u>
2011 Contributions	
Works of Art	
The Acquisition Fund	535,899
Contemporary Art Group	390
Tom Malone Prize	10,000
Foundation Bequests	29,681
	<u>575,970</u>
2012 Contributions	
Works of Art	
The Acquisition Fund	606,073
Contemporary Art Group	12,923
Tom Malone Prize	10,000
Foundation Bequests	692,703
	<u>1,321,699</u>
Total Contributions	<u><u>5,510,244</u></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 pledged to the Foundation from corporate and private supporters has been received. 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 2012 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2012	2011
	\$	\$
Stefano Carboni	nil	nil
Hamish Beck	nil	nil
Fiona Kalaf	nil	nil
Marco D'Orsogna	nil	nil
Aneka Manners	nil	nil
William Galvin	nil	nil
Anita Percudani	nil	n/a
Andrew Shearwood	nil	n/a
	nil	n/a

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.