



# ANNUAL FINANCIAL STATEMENTS

2015-16

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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 16.

# The Art Gallery of Western Australia Foundation

## Statement of Financial Position *as at 30 June 2016*

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>FUNDS</b>		
<b>The Acquisition Fund</b>		
Membership pledges	7,932,629	7,052,180
Accumulated other net expenses	( 5,297,259)	( 3,671,186)
Total Acquisition fund	<u>2,635,370</u>	<u>3,380,994</u>
<b>The TomorrowFund</b>		
Membership pledges	6,956,895	6,747,203
State Government contribution	12,500,000	12,500,000
Accumulated other net income	1,507,529	797,636
Total Tomorrow Fund	<u>20,964,424</u>	<u>20,044,839</u>
<b>The Historical Fund</b>		
Membership pledges	746,206	745,200
Accumulated other net expenses	( 745,200)	( 745,200)
Total Historical fund	<u>1,006</u>	<u>-</u>
<b>The Living Centre Fund</b>		
Membership pledges	1,008,245	1,008,245
Accumulated other net expenses	( 838,417)	( 842,217)
Total Living Centre Fund	<u>169,828</u>	<u>166,028</u>
<b>Contemporary Art Group</b>		
Membership pledges	394,227	367,227
Accumulated other net expenses	( 335,813)	( 313,931)
Total Contemporary Art Group	<u>58,414</u>	<u>53,296</u>
<b>Foundation Bequests</b>		
Bequests received	2,259,755	2,257,371
Accumulated other net expenses	( 372,198)	( 412,638)
Total Foundation Bequests	<u>1,887,557</u>	<u>1,844,733</u>
<b>Exhibition Fund</b>		
Member contributions	51,000	25,000
Accumulated other net income/(expenses)	992	( 171)
Total Exhibition Fund	<u>51,992</u>	<u>24,829</u>
<b>Total Foundation Funds</b>	<u><u>25,768,591</u></u>	<u><u>25,514,719</u></u>

Statement of Financial Position as at 30 June 2016 – continued

	2016 \$	2015 \$
<b>Represented by:</b>		
<b>CURRENT ASSETS</b>		
<b>Cash on deposit</b>		
The Acquisition Fund	4,099,373	3,590,124
The TomorrowFund	19,216,420	18,847,917
The Historical Fund	1,000	-
The Living Centre Fund	168,857	165,009
Contemporary Art Group	64,990	52,968
Foundation Bequests	1,876,760	1,728,245
Exhibition Fund	51,695	24,676
<b>Accrued interest</b>		
The Acquisition Fund	23,584	22,362
The TomorrowFund	110,554	116,241
The Historical Fund	6	-
The Living Centre Fund	971	1,019
Contemporary Art Group	374	328
Foundation Bequests	10,797	10,677
Exhibition Fund	297	153
<b>Total current assets</b>	<u>25,625,678</u>	<u>24,559,719</u>
Quoted investments	1,750,000	955,000
<b>Total non current assets</b>	<u>1,750,000</u>	<u>955,000</u>
<b>TOTAL ASSETS</b>	<u>27,375,678</u>	<u>25,514,719</u>
<b>CURRENT LIABILITIES</b>		
Other current liabilities		
The Acquisition Fund	( 1,487,586)	-
The TomorrowFund	( 112,551)	-
Contemporary Art Group	( 6,950)	-
<b>Total current liabilities</b>	<u>( 1,607,087)</u>	<u>-</u>
<b>Total LIABILITIES</b>	<u>( 1,607,087)</u>	<u>-</u>
<b>NET ASSETS</b>	<u>25,768,591</u>	<u>25,514,719</u>

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 2016*

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>THE ACQUISITION FUND</b>		
<b>Revenue</b>		
Membership pledges received	880,449	105,201
Interest on investment	80,671	90,366
Special viewings, functions and trip deposits	112,327	39,783
Sponsorship	42,360	-
<b>Total revenue</b>	<b>1,115,807</b>	<b>235,350</b>
<b>Expenditure</b>		
Contributions to the Art Gallery – Salaries and wages costs	160,910	99,579
Printing and publications costs	4,631	661
Special viewings and functions	49,927	13,571
Office costs	111,238	20,038
Others	47,047	785
Contributions to the Art Gallery – Works of Art	1,487,586	-
Artwork expenses	92	35
<b>Total expenditure</b>	<b>1,861,431</b>	<b>134,669</b>
Operating result	( 745,624)	100,681
Opening balance of fund	3,380,994	3,280,313
<b>Closing balance of fund</b>	<b>2,635,370</b>	<b>3,380,994</b>

Statement of Comprehensive Income for the year ended 30 June 2016 – continued

	2016 \$	2015 \$
<b>THE TOMORROWFUND</b>		
<b>Revenue</b>		
Membership pledges received	209,692	266,230
Interest on investment	435,384	524,040
Dividends on investment	25,000	65,000
Special viewings and functions	3,570	-
<b>Total revenue</b>	<b>673,646</b>	<b>855,270</b>
<b>Expenditure</b>		
Office costs	300	2,001
Others	9,000	55
Contributions to the Art Gallery – Works of Art	524,191	569,264
Artwork expenses	15,570	42,510
Change in share price – unrealised (gain)/loss	( 795,000)	1,220,000
<b>Total (income)/expenditure</b>	<b>( 245,939)</b>	<b>1,833,830</b>
Operating result	919,585	( 978,560)
Opening balance of fund	20,044,839	21,023,399
<b>Closing balance of fund</b>	<b>20,964,424</b>	<b>20,044,839</b>

**THE HISTORICAL FUND**

<b>Revenue</b>		
Membership pledges received	1,000	-
Interest on investment	6	-
<b>Total revenue</b>	<b>1,006</b>	<b>-</b>
Operating result	1,006	-
Opening balance of fund	-	-
<b>Closing balance of fund</b>	<b>1,006</b>	<b>-</b>

Statement of Comprehensive Income for the year ended 30 June 2016 – continued

	<b>2016</b> \$	<b>2015</b> \$
<b>THE LIVING CENTRE FUND</b>		
<b>Revenue</b>		
Interest on investment	3,800	4,452
<b>Total revenue</b>	<u><b>3,800</b></u>	<u><b>4,452</b></u>
Operating result	3,800	4,452
Opening balance of fund	166,028	161,576
<b>Closing balance of fund</b>	<u><u><b>169,828</b></u></u>	<u><u><b>166,028</b></u></u>
<b>CONTEMPORARY ART GROUP</b>		
<b>Revenue</b>		
Membership pledges received	27,000	27,000
Interest on investment	1,300	1,216
<b>Total revenue</b>	<u><b>28,300</b></u>	<u><b>28,216</b></u>
<b>Expenditure</b>		
Special viewings and functions	-	75
Office costs	-	1,488
Contributions to the Art Gallery – Works of Art	18,950	12,000
Artwork Expenses	2,450	1,927
Others	1,782	-
<b>Total expenditure</b>	<u><b>23,182</b></u>	<u><b>15,490</b></u>
Operating result	5,118	12,726
Opening balance of fund	53,296	40,570
<b>Closing balance of fund</b>	<u><u><b>58,414</b></u></u>	<u><u><b>53,296</b></u></u>

Statement of Comprehensive Income for the year ended 30 June 2016 – continued

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>FOUNDATION BEQUESTS</b>		
<b>Revenue</b>		
Bequests received	2,384	187,505
Interest on investment	40,440	45,853
<b>Total revenue</b>	<b>42,824</b>	<b>233,358</b>
<b>Expenditure</b>		
Office costs	-	1,948
Contributions to the Art Gallery – Works of Art	-	32,180
Artwork Expenses	-	5,131
<b>Total expenditure</b>	<b>-</b>	<b>39,259</b>
Operating result	42,824	194,099
Opening balance of fund	1,844,733	1,650,634
<b>Closing balance of fund</b>	<b>1,887,557</b>	<b>1,844,733</b>
<b>EXHIBITION FUND</b>		
<b>Revenue</b>		
Member contributions	26,000	25,000
Interest on investment	1,163	318
<b>Total revenue</b>	<b>27,163</b>	<b>25,318</b>
<b>Expenditure</b>		
Special viewings and functions	-	489
<b>Total expenditure</b>	<b>-</b>	<b>489</b>
Operating result	27,163	24,829
Opening balance of fund	24,829	-
<b>Closing balance of fund</b>	<b>51,992</b>	<b>24,829</b>
<b>Closing balance of capital funds</b>	<b>25,768,591</b>	<b>25,514,719</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 Changes in Equity *for the year ended 30 June 2016*

	2016	2015
	\$	\$
<b>Balance of equity at start of period</b>	<u>25,514,719</u>	<u>26,156,492</u>
Surplus/(deficit) for the period:		
The Acquisition Fund	( 745,624)	100,681
The TomorrowFund	919,585	( 978,560)
The Historical Fund	1,006	-
The Living Centre Fund	3,800	4,452
Contemporary Art Group	5,118	12,726
Foundation Bequests	42,824	194,099
Exhibition Fund	<u>27,163</u>	<u>24,829</u>
Total surplus for the period	253,872	( 641,773)
<b>Balance of equity at end of period</b>	<u><u>25,768,591</u></u>	<u><u>25,514,719</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 2016*

	2016	2015
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>The Acquisition Fund</b>		
Membership contributions	880,449	105,201
Sponsorship	42,360	-
Special viewings and functions	112,327	39,783
Expenditure	( 373,844)	( 134,669)
<b>The TomorrowFund</b>		
Membership contributions	209,692	266,230
Special viewings and functions	3,570	-
Expenditure	( 24,870)	( 44,566)
Payment to Art Gallery	(411,640)	(569,264)
<b>The Historical Fund</b>		
Membership contributions	1,000	-
<b>Contemporary Art Group</b>		
Membership contributions	27,000	27,000
Expenditure	( 4,232)	( 3,490)
Tom Malone Prize	(12,000)	(12,000)

Statement of Cash Flows for the year ended 30 June 2016 – continued

	2016	2015
	\$	\$
<b>Foundation Bequests</b>		
Bequests received	2,384	187,505
Expenditure	-	( 7,079)
Payment to Art Gallery	-	( 32,180)
<b>Exhibition Fund</b>		
Member contributions	26,000	25,000
Expenditure	-	( 489)
<b>Net cash (used in) / provided by operating activities</b>	<b>478,196</b>	<b>( 153,018)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investment	566,958	685,307
Dividends on investment	25,000	65,000
<b>Net cash provided by investing activities</b>	<b>591,958</b>	<b>750,307</b>
<b>Net increase in cash held</b>	<b>1,070,154</b>	<b>597,289</b>
Cash at the beginning of the financial year	24,408,941	23,811,652
<b>Cash at the end of the financial year</b>	<b>25,479,095</b>	<b>24,408,941</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 2016*

### 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 as contributions to the Art Gallery (see note 3) 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. There were no commitments to purchase further works of art as at 30 June 2016

##### 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. The financial statements of the Art Gallery of Western Australia are audited annually by the Office of the Auditor General and a copy of the audited financial statements of the Art Gallery of Western Australia is available on the website.

### 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 Board approved in February 2015 the acquisition of two works funded from Foundation Bequests. In August 2016, the Board approved an adjustment for the acquisition to be funded from TomorrowFund. Consequently, under the 2011 to 2015 Contributions \$105,812 has been reclassified between Foundation Bequests and TomorrowFund.

The total contributions made to the Art Gallery since the inception of the Foundation are:

	\$
<b>Contributions prior to 2011</b>	
Works of Art	2,972,431
Susan Norrie Catalogue	5,000
Scooter	3,975
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>
<b>2011 to 2015 Contributions</b>	
Works of Art	
The TomorrowFund	2,828,074
Contemporary Art Group	39,235
The Historical Fund	745,200
Tom Malone Prize	56,000
Foundation Bequests	1,154,415
	<u>4,822,924</u>
<b>2016 Contributions</b>	
Works of Art	
The Acquisition Fund	1,487,586
Contemporary Art Group	6,950
The Tomorrow Fund	524,191
Tom Malone Prize	12,000
	<u>2,030,727</u>
	<u>10,466,226</u>

#### 4. FUNDS

The foundation capital has been divided into seven 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 TomorrowFund** 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 Historic Fund** supports the acquisition of historic works of art.

**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.

**The Exhibition Fund** was established in 2015 to raise funds to support ongoing temporary exhibitions and support improved access to the visual arts.

#### 5. REMUNERATION OF FOUNDATION COUNCIL MEMBERS

The following persons were Council Members during the year ended 30 June 2016 and received the following remuneration for their services to the Art Gallery of Western Australia Foundation:

	2016	2015
	\$	\$
Stefano Carboni	nil	nil
Adrian Fini	nil	nil
Nicholas Hasluck AM, QC	nil	nil
Prof Lyn Beazley AO	nil	nil
John Bond	nil	nil
Andrea Bux	nil	nil
Andrew Forrest	nil	nil
Sandra Honey	nil	nil
Paul O'Connor	nil	nil
	nil	nil

#### 6. EMPLOYEE ENTITLEMENTS

The Art Gallery of Western Australia 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.