

ART GALLERY OF NEW SOUTH WALES FOUNDATION  
FINANCIAL REPORT 2010–11

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**TRUSTEES' STATEMENT**

for the year ended 30 June 2011

START OF AUDITED FINANCIAL STATEMENTS

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**STATEMENT IN ACCORDANCE WITH SECTION 41C (1C) OF THE PUBLIC FINANCE  
AND AUDIT ACT, 1983**

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Pursuant to Section 41C (1C) of the *Public Finance and Audit Act, 1983*, and the *Charitable Fundraising Act 1991*, and in accordance with a resolution of the Board of Trustees of the Art Gallery of NSW Foundation, we state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010, applicable Australian Accounting Standards and the Treasurer's Directions;
- (b) In our opinion, the financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2011 and the financial performance for the year then ended;
- (c) The provisions of the *Charitable Fundraising Act 1991*, the regulations under the Act and the conditions attached to the Foundation have been complied with;
- (d) In our opinion, the financial statements gives a true and fair view of all income and expenditure with respect to fundraising appeals;
- (e) The balance sheet gives a true and fair view of the state of affairs of the Foundation with respect to fundraising appeals; and
- (f) The internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied by the Foundation from any of its fundraising appeals.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



R. Danziger  
President  
Art Gallery of NSW Foundation



E G Capon  
Director  
Art Gallery of NSW



J Wicks  
Secretary and Assistant Director  
Finance and Resources  
Dated: 18 October 2011

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START OF AUDITED FINANCIAL STATEMENTS

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GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Art Gallery of New South Wales Foundation

To Members of the New South Wales Parliament

#### Report on the Financial Statements

I have audited the accompanying financial statements of the Art Gallery of NSW Foundation (the Foundation) which 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, notes comprising a summary of significant accounting policies and other explanatory information, and the Trustees' Statement.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Foundation as at 30 June 2011, and its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010
- are in accordance with the *Charitable Fundraising Act 1991* (CF Act) and the Charitable Fundraising Regulation 2008 (CF Regulation), including showing a true and fair view of the Foundation's financial result of fundraising appeals for the year ended 30 June 2011.

My opinion should be read in conjunction with the rest of this report on the financial statements.

#### The Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and the CF Act, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Auditing Standards require that I 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Foundation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- that the Foundation has complied with requirements and conditions of the CF Act, and CF Regulation that do not relate to the preparation and presentation of the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

#### **Report on Other Aspects of the *Charitable Fundraising Act 1991***

In addition, I have audited the Foundation's operations in order to express an opinion on the matters specified at sections 24(2)(b), 24(2)(c) and 24(2)(d) of the CF Act for the year ended 30 June 2011.

#### **Opinion**

In my opinion:

- the Foundation has properly kept the ledgers and associated records during the year ended 30 June 2011 in accordance with the CF Act and CF Regulation (section 24(2)(b) of the CF Act)
- the Foundation has, in all material respects, properly accounted for and applied money received as a result of fundraising appeals conducted during the year ended 30 June 2011 in accordance with the CF Act and the CF Regulation (section 24(2)(c) of the CF Act)
- there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (section 24(2)(d) of the CF Act).

My opinion should be read in conjunction with the rest of this report, including the inherent limitations.

#### **Trustees Responsibility under the CF Act**

The Trustees are responsible for complying with the requirements and conditions of the CF Act and CF Regulation. This responsibility includes establishing and maintaining internal control over the conduct of all fundraising appeals; ensuring all assets obtained during, or as a result of, a fundraising appeal are safeguarded and properly accounted for; and maintaining proper books of account and records.

The Trustees are also responsible for ensuring the Foundation will be able to pay its debts as and when they fall due.



## **Auditor's Responsibility**

My responsibility is to express an opinion on the matters specified at sections 24 (2)(b), 24 (2)(c), and 24 (2)(d) of the CF Act. I conducted my audit in accordance with applicable Australian Auditing Standards and Standards on Assurance Engagements to obtain reasonable assurance whether the Foundation has, in all material respects, complied with specific requirements of the CF Act and CF Regulation, and whether there are reasonable grounds to believe the Foundation will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (future debts).

This audit involved performing procedures to obtain audit evidence about the Foundation's compliance with the CF Act and CF Regulation and its ability to pay future debts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material breaches of compliance and inability to pay future debts. In making those risk assessments, the auditor considers relevant internal control 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.

My procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting the Foundation's compliance with specific requirements of the CF Act and CF Regulation, and assessing the reasonableness and appropriateness of the Trustees' assessment regarding the Foundation's ability to pay future debts.

## **Inherent Limitations**

Because of inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance with the CF Act may occur and not be detected. My procedures have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered all requirements of the CF Act and CF Regulation.

Any projection of the evaluation of compliance with the CF Act to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Whilst evidence is available to support the Foundation's ability to pay future debts, such evidence is future orientated and speculative in nature. As a consequence, actual results are likely to be different from the information on which the opinion is based, since anticipated events frequently do not occur as expected or assumed and the variations between the prospective opinion and the actual outcome may be significant.

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

## Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, Standards on Assurance Engagements and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Steven Martin  
Director, Financial Audit Services

19 October 2011  
SYDNEY

**Statement of comprehensive income**

for the year ended 30 June 2011

		<b>2011</b>	2010
	Notes	\$'000	\$'000
<b>Revenue</b>			
Donations and bequests	3(a)	<b>848</b>	1,826
Investment revenue	3(b)	<b>1,516</b>	2,908
<b>Total revenue</b>		<b>2,364</b>	4,734
<b>Expenses</b>			
Contributions to the Art Gallery of NSW	2(a)	<b>1000</b>	–
Operating expenses	2(b)	<b>12</b>	36
<b>Total expenses</b>		<b>1,012</b>	36
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,352</b>	4,698
<b>Other comprehensive income</b>		<b>–</b>	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,352</b>	4,698

The accompanying notes form part of these financial statements

**Statement of financial position**

as at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	<b>4,810</b>	232
Trade and other receivables	5	<b>445</b>	722
<b>Total current assets</b>		<b>5,255</b>	954
<b>Non-current assets</b>			
Financial assets at fair value through profit and loss	6	<b>22,874</b>	25,823
<b>Total non-current assets</b>		<b>22,874</b>	25,823
<b>TOTAL ASSETS</b>		<b>28,129</b>	26,777
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	<b>7</b>	7
<b>Total liabilities</b>		<b>7</b>	7
<b>NET ASSETS</b>		<b>28,122</b>	26,770
<b>EQUITY</b>			
Accumulated funds	8	<b>28,122</b>	26,770
<b>TOTAL EQUITY</b>		<b>28,122</b>	26,770

The accompanying notes form part of these financial statements



**Statement of changes in equity**

for the year ended 30 June 2011

	Accumulated Funds \$'000	Total Equity \$'000
Balance at 1 July 2009	22,072	22,072
Surplus for the year	4,698	4,698
<b>Balance at 30 June 2010</b>	<b>26,770</b>	<b>26,770</b>
Balance at 1 July 2010	<b>26,770</b>	<b>26,770</b>
Surplus for the year	1,352	1,352
<b>Balance at 30 June 2011</b>	<b>28,122</b>	<b>28,122</b>

The accompanying notes form part of these financial statements

**Statement of cash flows**

for the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Donations and bequests received		848	1,823
Investment income received		1,930	1,776
<b>Total receipts</b>		<b>2,778</b>	<b>3,602</b>
<b>Payments</b>			
Contributions and other expenses paid		(1,012)	(36)
<b>Total Payments</b>		<b>(1,012)</b>	<b>(36)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>1,766</b>	<b>3,566</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		10,389	9,672
Purchases of investments		(7,577)	(21,329)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>2,182</b>	<b>(11,657)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,578</b>	<b>(8,091)</b>
Opening cash and cash equivalents		232	8,323
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	4	<b>4,810</b>	<b>232</b>
<b>RECONCILIATION OF SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus/(Deficit) for the Year		1,352	4,698
Unrealised / realised losses (gains) / diminution		137	(1,191)
Donations and bequests received		277	59
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>1,766</b>	<b>3,566</b>

The accompanying notes form part of these financial statements

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**


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**(a) Reporting entity**

The Art Gallery of New South Wales Foundation was constituted by Trust Deed executed on 23 August 1982. The Foundation comprises all operating activities under the control of the Trustees of the Foundation. The Foundation operates one program to raise donations, invest the capital and apply the income derived from such investments to the acquisition of works of art for the Art Gallery of New South Wales (Art Gallery). It is a not-for-profit entity.

The Foundation hold authority number CFN18151 to fundraise under the provisions of the *Charitable Fundraising Act, 1991* (NSW).

The financial statements has been authorised for issue by the Board on 18 October 2011.

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**(b) Basis of preparation**

The Foundation's financial statements are a general purpose financial statement, which has been prepared in accordance with:

- applicable Australian Accounting Standards and interpretations
- the requirements for the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2010,
- the provisions of the *Charitable Fundraising Act 1991* and the regulations under the Act

Financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statements items are prepared on an accrual basis and based on historical costs.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

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**(c) Statement of compliance**

The financial statements and notes comply with Australian Accounting Standards and interpretations. The Foundation has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective from the current annual reporting period.

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**(d) Income recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

**(i) Donations and bequests**

Donations and bequests are generally recognised as income, when the Foundation obtains control over the assets comprising donations and bequests. Control over these are normally obtained upon the receipt of cash.

**(ii) Investment income**

Investment income is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. Dividends and Distributions revenue is recognised in accordance with AASB 118 *Revenue* when the Foundation's right to receive payment is established. Unrealised gains and losses are brought to account in the statement of comprehensive income.

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**(e) Financial instrument policies****(i) Financial instruments****(a) Cash**

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances and paid monthly at the normal commercial rate.

**(b) Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. Any changes are accounted for in the statement of comprehensive income when impaired, derecognised or through the amortisation process. The evidence included past experience and current and expected changes in economic conditions and debtors credit ratings. No interest is earned on trade debtors.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(c) Investments**

In accordance with AASB139 *Financial Instruments under AIFRS*, the Foundation's investments are classified as 'at fair value through profit or loss' and measured at fair value, which is equivalent to their carrying value.

The Foundation invests in a selection of listed interest rate securities and managed funds in accordance with the provisions of the *Trustee Act 1925*. They are generally redeemable with 24 hours notice. Fair value is determined by reference to current bid prices at the close of business on balance date for interest rate securities and redemption price in the case of managed fund. The classification of its financial assets will be reviewed at each financial year end. The listed securities are quoted on the Australian Stock Exchange and are a mixture of floating and fixed interest securities. The managed funds are represented by the number of units in a selection of funds. Each fund has different investment horizons and comprises a mix of asset classes appropriate to the investment horizon. Each fund appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the fair value. The value of the investments represents the Foundation's share of the value of the underlying assets of the fund and is stated at fair value, based on the market value.

The Foundation has invested funds with TCorp, a NSW government approved investment fund.

The Foundation holds units in the Strategic Cash Facility. The unit price of the facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for the facility. Unit prices are calculated and published daily. The Foundation's investments in the Strategic Cash Facility is classified as 'at fair value through profit or loss' based on its investment strategy. The fair value of the investment is determined by reference to the unit price at the close of business on the statement of financial position date. The movement in the fair value of the facility incorporates distributions receivable as well as unrealised movements in fair value and is reported in the line item 'Investment revenue'. The investment is generally able to be redeemed within 24 hours notice. The value of the investment represents the Foundation's share of the value of the underlying assets of the fund and is stated at fair value.

**(d) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Foundation and other amounts, including interest. Trade and other payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(ii) Risk management**

The Foundation's Investment Policy was endorsed by the Foundation's Finance Committee/Board during 2010/11. The policy is reviewed annually by the Finance Committee/Board.

The Foundation's investment portfolio is regularly reviewed by the Finance Committee. This includes a review of the major risks associated with the financial instruments i.e. credit, liquidity, market, interest rate, currency and other risks. Risk impact area and implications arising from each risk factor was analysed and a risk rating assigned. The likelihood and the consequences of each risk were analysed and the controls and risk mitigation strategies confirmed.

**(a) Credit risk**

*Credit risk* arises when there is the possibility of the Foundation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Foundation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). The Foundation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. No collateral is held by the Foundation. The Foundation has not granted any financial guarantees.

**(b) Liquidity risk**

*Liquidity risk* is the risk that the Foundation will be unable to meet its payment obligations when they fall due. The Foundation continuously manages this risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The Foundation has no loans or overdrafts and no assets have been pledged as collateral. An overdraft facility is not considered necessary as arrangements have been put in place to call in term deposits at short notice if needed. A penalty of reduced interest rate may sometimes be incurred.

**(c) Market risk**

*Market risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is inherent in equity markets, which is subject to global volatility. The Foundation endeavours to limit this risk by investing in a selection of managed funds which provide diversification through asset allocation over a spread of financial assets (cash, bonds, fixed interest securities and equities) over medium and long term investment horizons.

**(iii) Impairment of financial assets**

*Interest rate* risk is confined to fixed rates on term deposits and fixed or floating rates on listed interest based securities. The Foundation has no interest bearing liabilities and therefore is not exposed to interest rate risk on borrowings. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Foundation will not be able to collect all amounts due. Any reversals of impairment losses are reversed through the income statement, where there is objective evidence.

**(iv) De-recognition of financial assets and liabilities**

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Foundation transfers the financial asset where substantially all the risks and rewards have been transferred or where the Foundation has not transferred substantially all the risks and rewards, if the entity has not retained control. Where the Foundation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Foundation's continuing involvement in the asset. A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired.

**(f) Income tax**

The Foundation is a registered charitable fund and is entitled to an income tax exemption concession.

**(g) Accounting standards issued but not yet effective**

At reporting date a number of accounting standards adopted by the AASB had been issued but are not yet operative. These Standards and Interpretations have not been adopted by the Foundation.

The Foundation has assessed the impact of these new standards and interpretations and considers the impact to be not applicable or insignificant.

**Notes to and forming part of the financial statements**

for the year ended 30 June 2011

	2011	2010
	\$'000	\$'000
<b>2 EXPENSES</b>		
<b>(a) Contributions to the Art Gallery of NSW for art acquisitions</b>	<b>1,000</b>	
<b>(b) Operating expenses</b>		
Audit fees	7	7
Bank and other charges	5	29
	<b>12</b>	<b>36</b>

Audit fees are for the audit of the financial statements. The auditors received no other benefits.

<b>3 INCOME</b>		
<b>(a) Donations and bequests</b>		
Donations	<b>638</b>	<b>1,717</b>
Bequests	<b>210</b>	<b>1,191</b>
	<b>848</b>	<b>2,908</b>
<b>(b) Investment revenue</b>		
Interest, dividends & distributions	<b>1,653</b>	<b>1,717</b>
Unrealised / realised gains (losses)	<b>(137)</b>	<b>1,191</b>
	<b>1,516</b>	<b>2,908</b>

Donations and bequests received are generally preserved as capital unless otherwise requested by donor / benefactor.

<b>4 CURRENT ASSETS – CASH</b>		
<b>Cash at bank</b>	<b>4,810</b>	<b>232</b>
<b>Total cash</b>	<b>4,810</b>	<b>232</b>

For the purpose of the statement of cashflows, cash includes cash at bank. Cash recognised in the Statement of financial position are reconciled at end of the financial year to the statement of cashflows as follows:

<b>Cash (per Statement of Financial Position)</b>	<b>4,810</b>	<b>232</b>
<b>Closing cash (per Statement of Cash Flows)</b>	<b>4,810</b>	<b>232</b>

The interest rate return on these cash deposits was 3.18% in 2011 (4.37% 2010) on an average cash balance of \$0.847m (\$2.133m in 2010).

<b>5 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>		
<b>Receivables – not past due</b>	<b>445</b>	<b>772</b>

These primarily represent accrued income on investments and are non interest bearing.



**Notes to and forming part of the financial statements**

for the year ended 30 June 2011

	2011	2010
	\$'000	\$'000
<b>6 NON CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		
<b>(a) The Foundation has the following financial assets at fair value through profit and loss;</b>		
Listed securities	13,586	9,553
Managed funds	6,244	11,405
TCorp investments	3,044	4,865
Total non current financial assets at fair value	22,874	25,823

The return on listed securities was 10.3% in 2011 (9.7% 2010) on an average balance of \$11.569m (\$7.610m in 2010) and the return on managed funds was 1.3% in 2011 (19.9% 2010) on an average investment of \$8.824m (\$9.356m 2010). The return on TCorp Cash Strategic Facility was 5.58% in 2011 against a benchmark return of 4.98%. (4.62% in 2010 against a benchmark return of 3.89%).

Overall, the Foundation earned return was 5.6% in 2011 (12.3% 2010) on an average balance of \$26.869 (\$23.676m 2010), representing all its funds.

The Foundation has investments in the following TCorp Hour Glass Investment facility. The Foundation's investments are represented by a number of units in managed investments within the facility. The unit price of the facility is equal to the total value of net assets by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

Facility	Investment Sectors	Investment horizon
Strategic Cash Facility	Cash	1.5 yrs to 3 years

	2011	2010
	\$'000	\$'000
	Group	Group

**(b) Sensitivity analysis**

	Change in Interest rate / Unit Price		Impact on Profit/Loss and Equity	
Cash	+/-	1.0%	48	2
Listed interest based securities	+/-	7.5%	1,019	716
Managed funds	+/-	15.0%	937	1,711
Strategic Cash Facility	+/-	1.0%	30	49

**Notes to and forming part of the financial statements**

for the year ended 30 June 2011

**(c) Fair value recognised in the Statement of Financial Position**

The Gallery uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 - Derived from quoted prices in active markets for identical assets / liabilities

Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly

Level 3 - Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2010 Total \$'000
<b>Financial assets at fair value</b>				
Listed interest based securities	9,553	–	–	9,553
Managed funds	11,405	–	–	11,405
TCorp Strategic Cash Facility	–	4,865	–	4,865
	20,958	4,865	–	25,823

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2011 Total \$'000
<b>Financial assets at fair value</b>				
Listed interest based securities	13,856	–	–	13,586
Managed funds	6,244	–	–	6,244
TCorp Strategic Cash Facility	–	3,044	–	3,044
	19,830	3,044	–	22,874

(The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position)

There were no transfers between level 1 and 2 during the period ended 30 June 2011.

	2011 \$'000	2010 \$'000
<b>7 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES</b>		
Payables - non interest bearing	7	7

These liabilities will be settled within 2-3 months using cash at bank.

**Notes to and forming part of the financial statements**

for the year ended 30 June 2011

	2011	2010
	\$'000	\$'000
<b>8 EQUITY</b>		
<b>Accumulated funds</b>		
Total equity comprises:		
<b>Capital (Preserved Funds)</b>		
Tancred trust fund	1,087	1,087
General fund	29,288	28,440
<b>Total capital</b>	<b>30,375</b>	<b>29,527</b>
<b>Retained investment income / (deficit)</b>	<b>(2,253)</b>	<b>(2,757)</b>
<b>Total equity</b>	<b>28,122</b>	<b>26,770</b>

The Capital represent donations and bequests which are preserved as required under the Foundation's Trust Deed.

**9 COMMITMENTS FOR EXPENDITURE**

There are no material expenditure commitments outstanding as at 30 June 2011 (nil in 2010).

**10 CONTINGENT LIABILITIES & CONTINGENT ASSETS**

At the date of these statements, the Trustees are not aware of any material contingent liabilities.

**11 ASSISTANCE RECEIVED BY THE FOUNDATION**

The Art Gallery of New South Wales Foundation receives administrative and secretarial support at no cost from the Art Gallery of New South Wales.

**12 FUNDRAISING APPEALS**

The Foundation did not undertake any specific fundraising appeals as defined under the *Charitable Fundraising Act, 1991*. However many of the Foundation supporters attend/support the fundraising activities held by the Art Gallery.

**13 TRUSTEE BENEFITS**

No Trustee of the Foundation has received or become entitled to receive a benefit because of the contract made by the Foundation or a related body with the Trustee or with a firm of which the Trustee is a member, or with a company in which the Trustee has a substantial interest.

END OF AUDITED FINANCIAL STATEMENTS

