



INDEPENDENT AUDITOR'S REPORT

The Brett Whiteley Foundation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Brett Whiteley Foundation (the Foundation), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Foundation as at 30 June 2018, and of its financial performance and its cash flows 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 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Foundation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the Foundation's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Directors of the Foundation are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the signed Statement in accordance with section 41C of the PF&A Act.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Foundation will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Foundation carried out its activities effectively, efficiently and economically
- 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.

A handwritten signature in black ink, appearing to read 'Yu Jiang'.

Reiky Jiang
Director, Financial Audit Services

16 October 2018
SYDNEY

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

**ANNUAL REPORT
FOR THE YEAR ENDED
30-June-2018**

I certify that this document (numbered pages 1 to 10 for identification) is a true copy of all accounts required to be laid before the company at the Annual General Meeting, together with a copy of every other document which is required under Section 316 to be laid before the Annual General Meeting.



Finance Manager

Jotika Chand

Dated 3 October 2018

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

DIRECTORS' DECLARATION

STATEMENT IN ACCORDANCE WITH SECTION 41C(1C) OF THE PUBLIC FINANCE AND AUDIT ACT, 1983 AND THE CHARITABLE FUNDRAISING ACT 1991

In accordance with a resolution of the Board of Directors of the Brett Whiteley 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 applicable clauses of the Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, other mandatory reporting requirements and the Treasurer's Directions;
- (b) The financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2018 and the operations for the year then ended;
- (c) At the date of signing we are not aware of circumstances that would render the financial statements misleading or inaccurate;
- (d) the attached financial statements and notes thereto comply with Australian Accounting Standards and other mandatory professional reporting requirements;
- (e) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (f) the statement of comprehensive income of the Brett Whiteley Foundation for the year ending 30 June 2018 gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals;
- (g) the statement of financial position of the Brett Whiteley Foundation as at 30 June 2018 gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals conducted by the organisation;
- (h) the provisions of the Charitable Fundraising Act 1991, the Regulations under that Act and the conditions attached to the Charitable Fundraising Authority have been complied with by the organisation; and
- (i) the internal controls exercised by the Brett Whiteley Foundation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.



Samantha Meers
CHAIR



Brian Ladd
DIRECTOR

Dated 3 October 2018

THE BRETT WHITELEY FOUNDATION
ACN 068 008 837
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Actual 2018 \$	Actual 2017 \$
Expenses excluding losses			
Operating expenses	2	110,859	210,734
Total expenses excluding losses		110,859	210,734
Revenue			
Investment revenue		88,328	162,731
Total revenue		88,328	162,731
Net Result		(22,531)	(48,003)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(22,531)	(48,003)

The accompanying notes form part of these financial statements

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Actual 2018 \$	Actual 2017 \$
Assets			
Current assets			
Cash and cash equivalents	3	10,120	449,247
Trade and other receivables	4	46	434
Financial assets at fair value through profit or loss	5	-	406,393
Total Current Assets		10,166	856,074
Non-current assets			
Financial assets at fair value through profit or loss	5	2,366,026	1,512,469
		2,366,026	1,512,469
Total Assets		2,376,192	2,368,543
Liabilities			
Current Liabilities			
Trade and other payables	6	37,485	7,305
Total Current Liabilities		37,485	7,305
Total Liabilities		37,485	7,305
NET ASSETS		2,338,707	2,361,238
Equity			
Accumulated funds	1 (f)	2,338,707	2,361,238
TOTAL EQUITY		2,338,707	2,361,238

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Fund \$	Total Equity \$
Balance at 1 July 2016	2,409,241	2,409,241
Net result for the year	(48,003)	(48,003)
Balance at 30 June 2017	2,361,238	2,361,238
Balance at 1 July 2017	2,361,238	2,361,238
Net result for the year	(22,531)	(22,531)
Balance at 30 June 2018	2,338,707	2,338,707

The accompanying notes form part of these financial statements

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Actual 2018 \$	Actual 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers		(80,679)	(215,585)
Total Payments		<u>(80,679)</u>	<u>(215,585)</u>
Receipts			
Interest received		93,799	98,052
Total Receipts		<u>93,799</u>	<u>98,052</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	<u>13,120</u>	<u>(117,534)</u>
Payments			
Purchase of investments		(452,247)	-
Proceeds from sale of investments		-	460,000
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(452,247)</u>	<u>460,000</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(439,127)	342,466
Opening cash and cash equivalents		449,247	106,781
CLOSING CASH AND CASH EQUIVALENTS	3	<u>10,120</u>	<u>449,247</u>

The accompanying notes form part of these financial statements

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Brett Whiteley Foundation (Foundation) was incorporated on 1st February, 1995. It is a not-for-profit entity as profit is not its primary objective and, it has no cash generating units. The Australian Securities & Investment Commission (ASIC) has issued a Section 151 licence to the Foundation approving the omission of the word "Limited" from the Foundation name. A condition of this licence is that amendments to the Foundation's memorandum and/or articles of association will need prior approval of the ASIC before a meeting of members can be held to pass a special resolution to effect those changes.

The Foundation holds authority number CFN18153 to fundraise under the provisions of the *Charitable Fundraising Act*, 1991.

The Foundation is registered with the Australian Charities and Not-for-Profits Commission and is a not-for-profit entity (as profit is not its primary objective) as it has no cash generating units.

The financial statements have been authorised for issue by the Board on 3 October 2018.

(b) Basis of Preparation

The Brett Whiteley Foundation's financial statements are general purpose financial statements, which have been prepared in accordance with:

- Australian Accounting Standards and Interpretations;
- the requirements for the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015 and
- the requirements for the Charitable Fundraising Act, 1991.

All amounts are expressed in Australian currency.

The financial statements are based on historical cost, except where a different basis of measurement is specified. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

(c) Statement of Compliance

The financial statements comply with Australian Accounting Standards and Interpretations.

(d) Accounting for Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of amount of GST except that;

- the amount of GST incurred by the Foundation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense: and
- receivables and payables are stated with the amount of GST included.

Operating cash flows are stated on a gross basis in the Statement of Cash Flows. The cash flows arising from investing and financing activities which are receivable from, or payable to, the Australian Taxation Office are also classified as operating cash flows.

(e) Revenue Recognition

Revenue 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.

Non-cash donations and contribution of services shall only be recognised as income when the fair value can be reliably measured.

(i) Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(ii) Donations

Donations are recognised as revenue when the Foundation obtains control over the assets comprising the donations. Control over donations is normally obtained upon receipt of cash.

(f) Equity - Accumulated funds

The category of 'Accumulated Funds' includes all current and prior period retained earnings.

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(h) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(i) Taxation Status

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

(j) Accounting Standards Issued but not yet Effective

(i) Applicable for the first time

The following standards are applicable for the first time in 2017-18 and have not had any material impact upon initial application.

- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Involvements 2014-2016 Cycle

(ii) Issued but not yet effective

The Foundation has assessed the impact of these new standards and interpretations and considers the impact to be not applicable or insignificant. They will continued to be reviewed in the next financial year.

The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of not for profit entities
- AASB 1059 Service concession asset

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018	2017
	\$	\$
2 Other Operating Expenses		
Auditors remuneration - audit of the Financial Statements*	7,180	7,000
Other costs (ASIC fees, bank fees, catering)	3,679	3,734
Contribution to Art Gallery of New South Wales	100,000	100,000
Contribution for the Brett Whiteley documentary film	-	100,000
Total other operating expenses	<u>110,859</u>	<u>210,734</u>

* The Auditors received no other benefits other than those disclosed above.

3 Current Assets - Cash and Cash Equivalents

Cash on hand and at bank	<u>10,120</u>	<u>449,247</u>
--------------------------	---------------	----------------

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits and bank overdraft. As there is no bank overdraft, the cash at end of the financial year as shown in the Statement of Cash Flows is the same as above. The carrying amount is equal to net fair value.

Average interest earned was 1.4% (2017 1%).

Cash and cash equivalents

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

Term Deposits

The Foundation has placed funds in bank deposits "at call" or for a fixed term. The interest rate payable is negotiated initially and is fixed for the term of the deposits. The deposits are usually held to maturity. Interest is accrued as at 30 June and brought to account in the Statement of Comprehensive Income.

4 Trade and other receivables

Trade and other receivables - not past due	<u>46</u>	<u>434</u>
--	-----------	------------

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. Any changes are accounted for in the Statement of Comprehensive Income when impaired, derecognised or through the amortisation process. No interest is earned on trade and other receivables. Sales are made on 30 day terms.

5 Financial Assets at Fair Value through Profit or Loss

Investments less than 1 year	-	406,393
Investments more than 1 year	2,366,026	1,512,469
	<u>2,366,026</u>	<u>1,918,862</u>

The Foundation's financial instruments arise directly from the Foundation's operations or are required to finance its operations. The Foundation does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

Risk Management of Financial Assets

The Foundation's investments are administered by the Art Gallery of NSW (Art Gallery) in line with its Investment Policy. The Art Gallery's Investment Policy and its Strategic Risk Management Plan were reviewed by the Finance Committee / Board during 2016/17. The policy is reviewed annually by the Art Gallery's Audit and Risk Committee.

This entailed a review of the major risks associated with the financial instruments i.e. Credit, Liquidity, Market, Interest rate, Currency and other risks. The likelihood and the consequences of each risk were analysed and the controls and risk mitigation strategies confirmed.

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Credit risk arises when there is the possibility of the Foundation's debtors defaulting on their contractual obligations, resulting in a financial loss to 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. The credit risk for trade debtors is the carrying amount (net of any allowance for impairment). No collateral is held by the Foundation. The Foundation has not granted any financial guarantees.

Credit risk on investment is managed by ensuring that only those banks and building societies approved by the Reserve Bank / Australian Prudential Regulatory Authority (APRA) and included in the 'AGNSW Approved List', all of which have A rating or better. Investment is not only confined to the four major banks with investments also in other funds with better return over longer maturity period.

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.

Interest rate risks - The Foundation's exposure to interest rate risks is limited with the fixed rate investments which are negotiated prior to investment.

Other risks - The Foundation does not have financial assets which are exposed to market, currency or other risks.

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 Statement of Comprehensive Income, where there is objective evidence.

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.

6 Trade and other payables

	2018	2017
Trade creditors - non interest bearing	37,485	7,305

The amounts represent liabilities for goods and services provided to the Foundation and other amounts, including fees accrued. Trade and other payables are recognised initially at 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.

THE BRETT WHITELEY FOUNDATION

ACN 068 008 837

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7 Reconciliation of Net Cash Flows from Operating Activities to Net Result

	2018	2017
Net cash flows from operating activities	13,120	(117,534)
Net gain/(loss) on fair value of financial assets	(5,083)	64,420
(Decrease)/increase in receivables	(388)	259
Decrease/(increase) in payables	(30,180)	4,850
Net Result	(22,531)	(48,003)

8 Members' guarantee

The Foundation is limited by guarantee. If the Foundation is wound up, the Articles of Association state that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Foundation. At 30 June 2018 the number of members was (5) five.

9 Related Parties

As per AASB 124 *Related Party Disclosures* a *Key Management Personnel* (KMP) is a person who has the authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly.

The key management personnel of the Foundation are the Trustees and the senior executive members.

The Trustees act in an honorary capacity and receive no compensation for their services. Senior management compensation is paid by the Art Gallery of New South Wales Trust.

The contribution to Art Gallery of NSW Trust was \$100,000 (2017 \$100,000). See note 2.

No remuneration or loans were provided to the directors.

The Foundation has entered into an agreement with Ms Wendy Whiteley for the sale of certain Whiteley publications on her behalf. These publications are supplied on a consignment basis at commercial terms. There was \$0 owing to her as at 30 June 2018 (\$0 at 2017).

With the exception of the above matter, no director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Foundation with a director, a firm in which the director is a member, or an entity in which the director has a substantial financial interest.

10 Disclosure under the *Charitable Fundraising Act 1991*

Any donations received where the use of those funds is restricted under the conditions of the contribution to specific purposes are applied for those specific purposes. Costs of fundraising include all fundraising costs in accordance with the Act.

The Foundation did not undertake any specific fundraising appeals during the year (2017: nil), and did not receive any donations during the year (2017:nil).

11 Events After the Reporting Period

No other matters or circumstances are known which may affect the operation of the Foundation in future financial years.

12 Contingent Liabilities

There were no contingent liabilities as at 30 June 2018 (nil - 2017).

13 Commitments for Expenditure

There were no outstanding capital and expenditure commitments as at 30 June 2018 (nil - 2017).

14 Assistance received by the Foundation

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

END OF AUDITED FINANCIAL STATEMENTS