

ART GALLERY OF NEW SOUTH WALES FOUNDATION
ANNUAL REPORT 2005



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Art Gallery Road Sydney NSW 2000
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cover: Margaret Preston, *Manly Harbour Beach* 1943 (detail) oil on canvas, 43 x 35 cm. Purchased with funds provided by the Walter and Gillian Bunning Bequest Fund 2004 © Margaret Preston Estate. Licensed by Viscopy Australia

ART GALLERY OF NEW SOUTH WALES FOUNDATION

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Governor of the State of New South Wales

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Premier of New South Wales

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Mrs Rowena Danziger AM

DEPUTY CHAIRMAN

Ms Jillian Broadbent AO

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Ms Jillian Broadbent AO (Deputy Chairman)
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Mrs Inge Grant
Ms Denyse Spice

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Dr Mark Nelson

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Mr Geoffrey Ainsworth
Mr Brian France AM
Mr Fraser Hopkins
Mrs Catriona Mordant
Mr Reg Richardson
Mrs Susan Rothwell
Mr Isaac Wakil
Mr Peter Weiss AM

FINANCE COMMITTEE

Ms Jillian Broadbent AO (Chair)
Mr Geoffrey Ainsworth
Mr Brian France AM
Dr Mark Nelson

DIRECTOR'S STATEMENT

We have spent much of the year walking past, admiring, enjoying and being strongly engaged with the Foundation's most recent and, dare I say it, greatest acquisition to date: I speak of course of Cy Twombly's *Three studies from the Temeraire*. It may well be a challengeable assertion but I cannot recall any single acquisition having made quite such a tenacious and sustaining impact, at least in recent years. Inevitably there has not been universal approval but even many of those who harboured doubts have gradually been drawn into the mystery, eloquence and profundity of these works. Admittedly these three once individual paintings which metamorphosed under the artist's hands into an undeniable triptych have held their place in what is probably the most visible location in the whole Gallery, our grand or central court, but they certainly have not wilted on the walls. These immensely sophisticated works demand our considered rather than passing attention, yet there they remain in what is the busiest thoroughfare of the Gallery, imposing their contemplative will. Once again, the Foundation, with the substantial support of the Art Gallery Society of New South Wales and a number of individual benefactors, has brought another great work of art to the Gallery.

Whilst it will be some months before the Twomblys are fully paid for we have, not surprisingly with our perpetually optimistic view of the world, been contemplating further acquisitions. For some years I have been searching for a substantial work to act as a kind of centrepiece for the earlier, and principally Italian, James Fairfax Old Master galleries. It has taken some years to find the appropriate painting, but in accord with the aims of the Foundation and its support of all areas of the Gallery's collecting interests, I now have such a work in mind. Ideally, it seemed to me, we need an imposing altarpiece. However, just as there is a small market for altarpieces these days, so too are they few and far between. Nonetheless as the year comes to a close an impressive and powerful altarpiece by Giulio Cesare Procaccini (1574–1625) has been identified as just the work we need.

Such an acquisition would, furthermore, solve a recognisable weakness in the collection: the absence of a major 17th-century Italian picture. In little over a decade the Gallery has acquired, through the Foundation, a group of significant Italian 16th-century works by Beccafumi, Dell'Abate and Bronzino, together with the Prospero Fontana altarpiece which the Art Gallery Society purchased in 1994. The 17th century is, however, poorly represented in quantity but brilliantly represented in quality in its sole significant representative: Bernardo Strozzi's *The release of St Peter*, purchased in 1965 for the Gallery by our then adviser, Sir Philip Hendy, who had been director of the National Gallery in London from 1946–67. Clearly the Procaccini altarpiece would be a stunning companion and I, therefore, hope to be able to write about this in next year's Annual Report.

An acquisition made in the Foundation's name during this year, with funds from the bequest of the late Gillian Bunning, was Margaret Preston's *Manly Harbour Beach* of 1943. Having heard that the Gallery was preparing a major retrospective of

Preston's work, the owners of the painting, Hornsby Girls' High School, which was given the painting in the 1940s we presume by Margaret Preston herself, contacted us to inquire whether it would be of interest. It certainly was, and the work was purchased and included in the retrospective, which, as the year draws to a close, is about to open at the Gallery before embarking on a national tour. It will, therefore, be late in 2006 before we will be able to see *Manly Harbour Beach* back in the Gallery.

The Foundation and its Board of Trustees under the chairmanship of Rowena Danziger has again worked tirelessly and successfully to attract further support. We can never tire, nor indeed should we, of acknowledging the tremendous contribution the Foundation makes to the Gallery and the impact its acquisitions have made upon the vision and status of our collections. Acquisitions proposed for funding from the Foundation are, of course, presented to its Board of Trustees and views and opinions are expressed. As we all know when it comes to matters of art, a consensus is highly unlikely but such debate is as desirable as it is often entertaining. The important point is that, debate or no debate, the Foundation Trustees recognise that it is not their role to make decisions about acquisitions; that is a responsibility of the Gallery Trust as advised and recommended by the curatorial staff. I believe it is to the great credit of the trustees of the Foundation that personal tastes and interests are always subjugated to the needs and will of the institution. We in the Gallery acknowledge with great gratitude the wonderful support and the impartiality of the support we receive from the Foundation, its trustees and the members.

I reiterate our thanks to the chairman, Rowena Danziger, the deputy-chairman Jillian Broadbent, to all the trustees, the members of the Foundation and our general manager finance and management services, Rosemary Senn, who keeps such an acute eye on all our finances and governance. The management of this substantial body of support falls, in the Gallery, to Jane Wynter and her team, most particularly Fiona Barbouttis and Barbara Cressall, who, as ever, carry out their tasks with impressive skill, expediency, dedication and eternal good humour.

Edmund Capon AM OBE
Director Art Gallery of New South Wales

CHAIRMAN'S REPORT

I am pleased to be able to report on a busy and successful year of significant achievement in many aspects of the work of the Foundation.

CELEBRATIONS & ACQUISITIONS

We marked our 21st anniversary with a gala dinner which raised over \$500,000. The focus of the fundraising was our hope of purchasing Cy Twombly's *Three studies from the Temeraire* 1998–99 and it is only because the Art Gallery Society so generously agreed to make this a joint project with the Foundation that the dream became a reality. It has been a great pleasure to see the enthusiasm for the Twombly purchase from the artistic community and the general public.

The Foundation also contributed to the acquisition of 27 prints, printing blocks and plates by Arthur Boyd and Margaret Preston's *Manly Harbour Beach* 1943 using funds from the Bunning Bequest. We are profoundly grateful to Gillian Bunning for the bequest which made these acquisitions possible.

DONATIONS AND BEQUESTS

At June 2005, there were 789 donors, of which about 668 are current donors, contributing either to the Foundation (339) or special interest areas of the Gallery (329). The Foundation received over \$367,000 in donations this year.

During the year we received \$1.715 million in Bequests including a splendidly generous one of \$1.478 million from Walter Hartwig. The bequests both from this year and the Heseltine and Tancred bequests from the past have enabled the Foundation to grow substantially. The thoughtfulness and generosity of the donors and the tangible evidence of their commitment to the Gallery is a source of great strength to us and, I hope, an example to all supporters.

In this current year we have continued to encourage bequests as a way of ensuring the future of the Gallery. We are delighted to be able to thank now, those supporters ready to pledge for the future, and we have received three such pledges in the past four months.

FINANCIAL MATTERS

The equity markets improved significantly during 2004–05 adding income of \$2.388 million – achieving an 11% return on (average) funds invested of \$21.675 million. The Foundation's three major investment classes namely cash deposits, listed securities and managed funds were further diversified during the year by broadening the range of managed funds. This was based on advice from the Finance Committee and is intended to improve returns whilst still maintaining an exposure to interest rates.

The Foundation's policy has and continues to be one of preservation of donations and bequests ('capital' funds), and use of income for art acquisitions. On occasion however, a benefactor such as Walter Hartwig requests that their contributions go directly towards art acquisitions. The Foundation is happy to oblige and accordingly proposes to utilise these funds for an immediate acquisition, details of which you will see later in my report.

The overall success this year has enabled us to increase our Net Worth to \$22.490 million at 30 June 2005, a 7.8% increase over the previous year, making a massive 46% growth over the last five years. This is in addition to close to \$6 million of art acquisitions over this same period.

TRUST DEED

During the year some changes were made to the Foundation's Trust Deed with legal advice from Freehills and the Gallery's internal legal resources. These included modifying the Trust Deed to enable all donors to nominate/elect donor representatives irrespective of category of donor and some changes to the gift provisions for compliance purposes. We also took the opportunity to tidy up the document by clarification of the powers of the Foundation.

NEW DONOR CATEGORY

In May 2005, the Board resolved to create a new category of 'Donor', being those Foundation supporters who contribute between \$10,000 and \$20,000 over a five year period. This we hope will encourage supporters to move up to higher donor levels. The Trust Deed is being amended to reflect this change.

BOARD OF TRUSTEES & TRIENNIAL MEETING

In October 2004, a Triennial meeting was held to appoint the donor representatives for the Foundation's Board of Trustees.

I am pleased to report that the existing Trustees were all reappointed, namely Mr Geoff Ainsworth, Mr Brian France AM, Ms Catriona Mordant, Mr Reg Richardson, Ms Susan Rothwell, Mr Isaac Wakil and Mr Peter Weiss AM, and also Mr Fraser Hopkins who was filling the casual vacancy created by the resignation of Mr James Agapitos OAM.

During the year, Mrs Inge Grant was appointed to the Board in her capacity as President of the Art Gallery Society of New South Wales. She joins Ms Jillian Broadbent AO, Mrs Denyse Spice and Mrs Prue Allen and myself, as Art Gallery of New South Wales representatives. Dr Mark Nelson continued as a NSW government representative.

THE YEAR AHEAD

At the time of writing this report, plans are already underway for a fundraising dinner in November 2005 as part of the *Camille Pissarro* exhibition to be held at the Gallery. Mr Joachim Pissarro, senior curator at the Museum of Modern Art in New York and great grandson of the artist Camille Pissarro will be our special guest.

We have also started the year with another important acquisition of a work by Procaccini *The Lowering of the Cross with Sts Mary Magdalene, Augustine, Jerome and Angel* using funds from the Walter Hartwig Estate and earnings from the Foundation.

THANKS

The work of the Foundation could not happen without the tireless efforts of the administrative staff led with such enthusiasm by Jane Wynter. Rosemary Senn provides invaluable financial advice and wisdom for which I am grateful.

It is a great pleasure, on behalf of the Foundation Trustees, to thank the former Premier Mr Bob Carr MP and the Foundation's Patron, Her Excellency Professor Marie Bashir, AC Governor of New South Wales, for their interest and support. I would also like to thank all the Trustees for their immense efforts in continuing the success of the Foundation, and Mr Edmund Capon AM OBE for his inspiration and unswerving commitment to buying great works of art and his leadership of this fine institution.

Rowena Danziger AM
Chairman
10 October 2005

FIVE-YEAR SUMMARY

ART GALLERY OF NSW FOUNDATION - 5 year summary

Performance	\$ '000				
	2000-01	2001-02	2002-03	2003-04	2004-05
Donations	410	346	621	572	367
Bequests	450	400	2,579	1,007	1,715
Net Investment Income	1,246	(703)	(436)	1,810	2,387
Art Acquisitions (for AGNSW)	(2,101)	-	(17)	(727)	(2,810)
Expenses	(5)	(25)	(31)	(20)	(18)
Surplus	-	18	2,716	2,642	1,641

Key Features

Donor contributions reflect special fund raising for Drysdale artwork in 2002/03 and 2003/04.

Major Bequests \$2.4m Mary Heseltine Estate and \$1.1m Mary Tancred Estate, Walter Hartwig Estate \$1.5m.

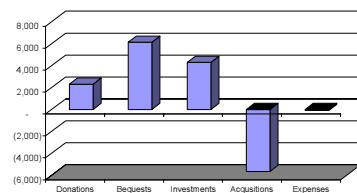
Investment returns improved greatly in 2005.

Contribution to Acquisition in 2005 - Cy Twombly's *Three Studies from the Temeraire 1998-99*

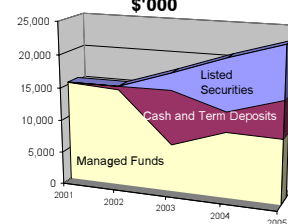
Net worth \$22.490m - 46% growth over five years.

Balance Sheet	30-Jun-01	30-Jun-02	30-Jun-03	30-Jun-04	30-Jun-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash/Term Deposits	31	550	8,266	3,017	5,623
Net Receivables(payables)	6	-	71	18	(795)
Listed Securities	-	-	2,568	7,847	7,834
Managed Funds	15,330	14,835	7,196	9,980	9,828
NET WORTH	15,367	15,385	18,101	20,862	22,490
<i>Represented by</i>					
Capital Funds	13,381	14,126	17,309	18,888	20,970
Revaluation Reserves	-	-	-	119	106
Fluctuation reserves	1,000	1,000	750	750	750
Accumulated Surplus(Deficit)	986	259	42	1,105	664

Revenues and Expenditures over 5 years \$000

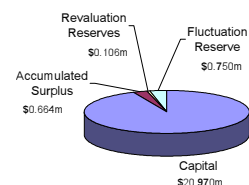


Funds Invested 5 year growth \$'000



Investment Returns	2000-01	2001-02	2002-03	2003-04	2004-05
Term Deposits/Cash	na	1.0%	4.6%	5.2%	5.5%
Managed Fund	na	-4.7%	-8.8%	13.1%	15.3%
Listed Securities	-	-	-	8.8%	6.8%
TOTAL ALL SECURITIES	5.9%	-4.6%	-2.6%	9.9%	11.0%
Average Investment Value	15,425	15,373	16,708	19,436	21,675

Net Worth \$22.490m at 30 June 2005



Note: These tables have not been subject to audit.

FOUNDATION SUPPORTERS

as at 30 June 2005

Donors to the Art Gallery of New South Wales Foundation are divided into six supporter category levels, determined by the financial value of contributions. The minimum level of commitment required for inclusion in this report and on the Honour Board is \$5,000.

An honorary Foundation supporter category has also been conferred on patrons who have provided in their Will for a gift to the Gallery or Foundation, and on patrons who have donated works to the Gallery. The level of supporter category conferred is commensurate with one half of the current value of the pledged bequest, or in the case of gifts under TIAS, one half of the value of the gift.

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Ken Coles AM & Rowena Danziger AM
Mary Heseltine
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BENEFACTORS

FOUNDER BENEFACTORS

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John M Gillespie
Dr Elizabeth Hazel
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Nelson Meers AC & Carole Meers
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Charles & Denyse Spice
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GOVERNORS 1983–1994

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Ampol Ltd
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 Audrey & Robert Blunden
 The Bodor Family
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 David Boyce
 Natalia Bradshaw
 Peter Braithwaite
 Eva Breuer
 Sir Ron Brierley
 Mary-Jane Brodribb
 Mr David Bromell
 Martin Browne
 Ian & Siena Buchanan
 Thomas Bucich
 M Bulloch
 Steve & Suzanne Burdon
 Dr John & Professor Margaret Burgess
 Ruth Burgess
 Mrs Joyce A Burnard
 Elizabeth Burns
 Gil & Kim Burton
 Margot Buttrose
 Paul & Elizabeth Buzby
 Michael Callaghan

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Andrew & Cathy Cameron
Lisa Cantamessa & Francis Douglas
Adrian & Evan Cardiacos
Jim Carlsson
Alison & Robert Carr
Michael Carr
Bronwyn & Anthony Carroll
Mr PH Cary
Simon Cary
Mrs N Cash
Peter & Norma Castaldi
Joseph Catanzariti
Licia Cattani
Chinese Ginsengs & Herbs Co Pty Ltd
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Alan Chiswick
Oi Choong
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Mr & Mrs D Clarke
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Richard Cobden
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Dr Gianni & Mrs Elena Cocco
Joanna R Coghlan
Ron Coles
Cheryl Collins
Simon and Roberta Collins
Peter & Gail Comino
Susan Conde
Mr DN Constable
Peter & Helene Coombes
Alan Cooley
Peter & Dee Court
Geoffrey Cousins and Darleen Bungey
Dr Maria Craig & Mr Richard Bornman
Andrew Crawford
Robin Crawford
Rear Admiral Ian Crawford AO, AM (Mil)
& Mrs Catherine Crawford
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Angelo & Erenie Crones
Elinor Crossing
Peter & Sally Crossing
Charles P Curran AO
Prof Noel & Adrienne Dan
Sally Dan-Cuthbert
Sandy & Jane Dawson
Peter & Deborah Debnam
Roderick and Gillian Deane
John & Helen Denoon
The Dickerson Family
Collette Dinnigan
James & Suzanne Dominguez
Ken & Judy Done
Barbara & Andrew Dowe
Stella Downer
Pamela Downey
Kay Doyle
Michael L Duigan
The late Mrs IG Dulieu
John & Jill Dunlop
Sue & Colin Dunston
Carmel Dwyer & Charles Leedman
Matthew Dysart (in memory of)
Max & Sandra Eady
Zeny Edwards
Donald Elley
Robert Elliott
Peter English & Fiona McIntosh
James & Jacqui Erskine
Janet Espie
Carole & Brian Ettelson
Bill Evans
Ruth Faerber
Sister Jennifer Fahey RSC
Dr Donald K Faithfull
Lady Mary Fairfax AM OBE
Danielle Favetti
Tony & Amelia Fay
Robert Felton
Sandra & Paul Ferman
Nikki Fesq
Jean Findlay
Sue Fisher
Erin Flaherty
The Florin Family
Mr & Mrs EA Floyd
Barbara Flynn & William Grounds
Rosemary Foot AO
Sandra Forbes & Robert Farrar
Mariann Ford
Roslyn Forrest
Foundation Madelon
The Freedman Foundation
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John Frey
Dr & Mrs J Friend
Gwen Frolich
Judy & Chris Fullerton
Mr Lucio Galletto
Sally Garrett
Sue Gazal
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Donald & Rosita Gibson
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Ross & Narelle Gibson
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Suzanne Gleeson
Barry & Katherine Goldman
Tim D Goodman & Rachel Robinson
Robert Gould
Vicki Grace & Phil Fiebig
Gill Green
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Indranil Halder & Jane Wilkins
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Thomas Hamel
Ken & Di Handley
Antonia & Con Haralambis
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James Harker-Mortlock
Amanda Harkness
Mr Alistair & Dr Philippa Harvey-Sutton
Angelo & Despina Hatsaturis
Michael Hawker
Evelyn Hawkins
Eric Hawley & Glen Weston
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Michael Hedger
Heidelberg Graphic Equipment Ltd
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Jean W Herron
Mr MA Hershon
Peter H Hesky
Sue Hewitt
Nora Heysen
Catherine Hickson
John & Catherine Higgins
Lachie Hill
Mr Stephen Hill (in memory of)

Winifred Hinds	Richard King	McConnell Smith & Johnson
Christopher Hodges & Helen Eager	Denise King	Frank McDonald
Kate Hodgkinson & Frank Hodgkinson (in memory of)	Mrs J King	Jan McGovern
Alex Holland	Anna-Lisa Klettenberg	Susan & David McGrath
Robyn Holt	Timothy Klingender	Roger McIlroy
Malcolm and Helen Holmes	Mr & Mrs Gilles Kryger	Andrew McKinnon
Maria Teresa Savio Hooke	Ian & Sue Lancaster	Andrew & Abbey McKinnon
Sir Leslie Hooker Memorial Foundation	Annette Larkin	Lady McMahon
Andrew L Horsley	Chloris Latham	Dr Stephen McNamara
Peter & Helen Horwitz	Charles Latimer	Tony & Fran Meagher
Mr & Mrs SJ Howard	Robert Lavigne	RP Meagher
Bruce & Carolyn Hudson	Dr L Lawrence	Paul & Gráinne Meehan
The Hon TEF Hughes AO QC & Mrs Hughes	Neil & Caroline Lawrence	Brian & Lorna Mellor
Roslyn & Alex Hunyor	John Laws CBE & Caroline Laws	Charles G Mendel
Dr Susan Hurley & Dr James La Nauze	Jeanne & Josef Lebovic	Mr & Mrs R Mews
W. Nevin Hurst	Edith Lees	Justin Miller
Mrs HW Hutchinson	Mr AG Legge	Paul Milliss
T & D Hyde Page	Therese Leuver	Russell Mills
The Insight Group	Mr & Mrs JD Lewis	Mr RH Minter
David & Monica Jackson	Vicki Liberman	Misho
Ted & Cynthia Jackson	Christine M & David B Liddy	Dr Hing Yiu Mok
Ken & Louise Jacobs	Robert Linnegar & Randi Linnegar	Morgan Stanley Australia Ltd
Josephine Jacoby	Bob & Eleni Longwell	Brian & Jocelyn Munday
Di Jagelman	Dr Kathryn Lovric	Kingsley Munday
Japan Chamber of Commerce & Industry, Sydney	Amanda Love	Barry & Elizabeth Murphy
Japanese Society of Sydney	Tom & Sylvia Lowenstein	Mr Tim Murray & Ms Camilla Drover
Pamela Jennings	David & Sue Lowes	Mrs TA & Mr JD Murray-Jones
Adam & Jilly Johnson	Morris & Fiona Lyda	Michael Musgrave
Robert Johnson	Mrs Diana Macarthur-Stanham	Mrs J Muston (the late)
Rainbow Johnson	Anni Macdougall	Mr SB Myer
Michael & Margot Johnson	Megan Machin (in memory of)	Mr JH Myrtle
Ian Johnston	Alfred H Machin	Dr Desmond and Suzanne Nasser
Amanda Johnstone & David Cowling	Greg MacInnes	Kimberley Needham
Dr Ross Jones	David Maloney	Kazuko Nelson
Erika Jumikis	J & A Mandelson	Dr Warwick Nettle & Mimi Verlaine Nettle
Naomi Kaldor	Sarah Mandelson & Richard Single	Bruce & Lynne Newey
Vasili Kaliman	Richard Mann & Mary Curtis	Kerry Nicholson
Ms Poppy & Iphy Kallinikos	Anthony & Suzanne Maple-Brown	Carmel Niland AM
Peter Kampfner	Joy & Harold Marchant	Nomadic Rug Traders
Mary Kavanagh	Eugene & Joanne Marchese	William Nuttall & Annette Reeves
C. John Keightley	Pierre Marecaux & Ken Thompson	Rory, Zena & Lucy O'Connor
David Kelly & Aynsley Cameron	Scott Marinchek & Daniel Valawink	Tim Olsen
Mrs Suzanne Kelly	Mr FI Markovic	Janette O'Neil
Christina Kennedy	Bert & Diana Marks (in memory of)	Mr JD O'Toole
Susie & Ian Kennedy	Peter & Janie Marshall	Roslyn & Tony Oxley
David S Kent	F & M Martin	John & Faye Parker
Lesley Kernaghan	Mitchel & Robyn Martin-Weber	Michael & Fiona Pascalis
Key Foundation	Richard & Maryanne Martin	Lisa & Egil Paulsen
Nicole Kidman	John McBride & John Schirano	Gwen Pearson
	Mrs Marie McCann OAM	John G Pearson & Mark B Clark
	McCarthy Watson & Spencer	Pechiney Pacific Pty Limited

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Dr Theo & Mrs Marianne Penklis

John & Susannah Penton

Anthony W Perry

Molly Perry (in memory of)

Philip Cox & Partners Pty Ltd

Gabrielle Pizzi

Ian Plater & Claire Wivell Plater

Fiona Playfair

Anna & Vessa Playfair

Mr & Mrs John Playoust

Lesley Pockley

John & Sandra Pope

Estate of late DM Porter

Rex & Genevieve Porter

Mr Brent Potts

Dr & Mrs GC Potts

D & E Prevedoros

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Julia & Fred Pucci

Elisabeth Pryce

Dr Dick Quan

Susan Ray

Kenneth R Reed

Alan & Jan Rees

Dr L Rees AC CMG

Brian L Regan

Marcia Resch

Isabel Reynolds

Gabiella Roy

Mr & Mrs D Ritchie

Andrew & Andrea Roberts

Patricia A Rochford

Geraldine C Rogan

Liane Rossler & Sam Marshall

Michael SH Royal

Drs Philip & Valmae Rundle

Mrs Cynthia Russell

Judith Rutherford

Margaret & John Ryan

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Kelly Salteri

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Ruth Sams

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Grant Samuel

Mr & Mrs CG Samuelson

Greg & Elizabeth Sanderson

Mr Max Sandow AM & Mrs Sandow

Peter & Christa Satouris

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Ray Shorrocks

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Janice and Bruce Simpson

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Fiona Sinclair King

Janet E Single

Terri Sissian

Vassily & Robert Skinner

Pat & Derek Smith

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Mr & Mrs N Sparnon

Jim & Alice Spigelman

Dalia & Tom Stanley

Gary & Max Stead

Ross Steele

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Lyn & Ian Stephenson

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John D Swainston

Georgie Swift

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Yosi & Derryn Tal

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Isolde Tornya

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The Turik Family

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Eugenie Vrisakis

Stephen L Walmsley

Mr & Mrs WDT Ward

Philippa Warner

Suzanne AR Waterhouse

Shirley Watkins

Gail Watt

John J Webster SC

Roslyn E Weiley

Joy Elizabeth Wennerbom

Mr & Mrs Morris L West

Craig Westgate

RJ White AO

The Edmund & George Whitlock
Foundation

Sarah J Whyte

Greg & Karen Whittred

Michael Whitworth & Dr Candice Bruce

Drs Eva & Heinz Wicki

Dr Ian Wilcox

Mr David Wilkenfeld

Cameron Williams

Julie Williams

Robert H. Williams

Chris and Judi Wilson

Neil & Lesley Wilson

Julia Wokes

Mr D Wolanski

Ms Vanessa Wood

Margaret Woodward

Donna Woodhill

Andrew Wright

Margaret Wright

Larry & Patricia Wyner

Tohr & Marianne Yamaguchi

Susan Yates

Dr Ling Yoong

Corinne & John Young

Young & Rubicam

FINANCIAL STATEMENTS

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GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
ART GALLERY OF NEW SOUTH WALES FOUNDATION

To Members of the New South Wales Parliament

Audit Opinion Pursuant to the *Public Finance and Audit Act 1983*

In my opinion, the financial report of the Art Gallery of New South Wales Foundation:

- (a) presents fairly the Foundation's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act).

Audit Opinion Pursuant to the *Charitable Fundraising Act 1991*

In my opinion:

- (a) the accounts of the Art Gallery of New South Wales Foundation show a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2005.
- (b) the accounts and associated records of the Foundation have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* (the CF Act) and the *Charitable Fundraising Regulation 2003* (the CF Regulation)
- (c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act and the CF Regulation, and
- (d) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

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

The Trustees' Role

The financial report is the responsibility of the Trustees of the Art Gallery of New South Wales Foundation. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the PF&A Act and the CF Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

Acknowledgment

I thank the Art Gallery of New South Wales's staff for their courtesy and assistance.

Yours sincerely

Peter Carr
Director, Financial Audit Services

cc The Hon Bob Debus, Minister for the Arts
The Hon M Iemma MP, Treasurer

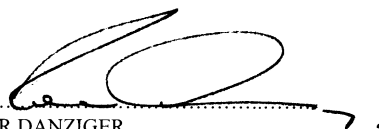
STATUTORY FINANCIAL STATEMENTS

For the year ended 30 June 2005

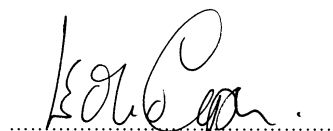
STATEMENT IN ACCORDANCE WITH SECTION 41C(1C) OF THE PUBLIC FINANCE AND AUDIT ACT, 1983

In accordance with a resolution of the Board of Trustees of the Art Gallery of NSW Foundation, we state that:

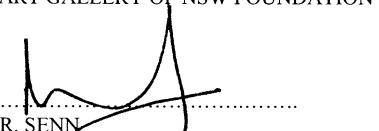
- (a) The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the applicable clauses of the Public Finance and Audit Regulation 2000, applicable Accounting Standards, other mandatory reporting requirements and the Treasurer's Directions
- (b) The financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2005 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 financial report has been properly drawn up and the associated records have been properly kept for the period from 1 July 2004 to 30 June 2005, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- (e) Money received as a result of fundraising activities conducted during the period from 1 July 2004 to 30 June 2005 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations.



R.DANZIGER
CHAIR
ART GALLERY OF NSW FOUNDATION



E.CAPON
DIRECTOR,
ART GALLERY OF NSW



R. SENN
SECRETARY & GENERAL MANAGER,
FINANCE & MANAGEMENT SERVICES

DATED: 4 October 2005

STATEMENT OF FINANCIAL PERFORMANCE

YEAR ENDED 30 JUNE 2005

	NOTES	2005 \$'000	2004 \$'000
Revenues from ordinary activities			
Grants & Contributions - Donations/Bequests	3(a)	2,082	1,579
Investment income	3(b)	2,387	1,810
Total Revenues		<u>4,469</u>	<u>3,389</u>
Expenditure from ordinary activities			
Donations	2	2,810	727
Audit Fees	7(b)	5	4
Other		13	16
Total Expenditure		<u>2,828</u>	<u>747</u>
SURPLUS FOR THE YEAR FROM ORDINARY ACTIVITIES		<u>1,641</u>	<u>2,642</u>
NON-OWNER TRANSACTION CHANGES IN EQUITY			
Net Increase (Decrease) in Asset Revaluation Reserve		(13)	119
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		<u>(13)</u>	<u>119</u>
Total changes in Equity other than those resulting from transactions with owners as owners		<u>1,628</u>	<u>2,761</u>

The accompanying notes form part of these statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	NOTES	2005 \$'000	2004 \$'000
ASSETS			
Current Assets			
Cash at bank	4	38	102
Other Financial Assets	4	5,585	2,915
Receivables	5	497	22
Total Current Assets		<u>6,120</u>	<u>3,039</u>
Non-Current Assets			
Other Financial Assets	6	<u>17,662</u>	<u>17,827</u>
Total Non-Current Assets		<u>17,662</u>	<u>17,827</u>
TOTAL ASSETS		<u>23,782</u>	<u>20,866</u>
LIABILITIES			
Current Liabilities			
Payables	7	<u>1,292</u>	<u>4</u>
Total liabilities		<u>1,292</u>	<u>4</u>
NET ASSETS		<u>22,490</u>	<u>20,862</u>
EQUITY			
Reserves	8	106	119
Accumulated Funds	8	<u>22,384</u>	<u>20,743</u>
TOTAL EQUITY		<u>22,490</u>	<u>20,862</u>

The accompanying notes form part of these statements

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2005

	NOTES	2005 \$'000 INFLOW (OUTFLOW)	2004 \$'000 INFLOW (OUTFLOW)
Cash Flows from Operating Activities			
Donations received		1,607	1,580
Investment income received		1,715	1,045
Donations and other expenses paid		(1,540)	(747)
Net Cash Flows from Operating Activities		1,782	1,878
Cash Flow from Investing Activities			
Proceeds of Sale of Investments		11,133	1,584
Purchase of Investments		(10,309)	(8,711)
Net Cash used in Investing Activities		824	(7,127)
Net Increase/(Decrease) in Cash		2,606	(5,249)
Opening Cash Balance		3,017	8,266
CLOSING CASH BALANCE	4	5,623	3,017

RECONCILIATION OF SURPLUS TO CASH USED IN OPERATING ACTIVITIES

Surplus from ordinary activities		1,641	2,642
Less (Write back of) Diminution in Value of Investments		(672)	(817)
Less Decrease (Increase) in Receivables		(475)	52
Add Increase (Decrease) in Payables		1,288	1
Net Cash from Operating Activities		1,782	1,878

The accompanying notes form part of these statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) Reporting entity

The Art Gallery of New South Wales Foundation was constituted by Trust Deed executed on 23rd 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.

(b) Basis of accounting

These financial statements, which are a general purpose financial report, have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act and Regulation*, and Treasurer's Directions.

Where there are inconsistencies with the above requirements, the legislative provisions have prevailed. Statements of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, other mandatory reporting requirements and legislative requirements. Except for certain property plant and equipment and non-current financial assets which are recorded at fair value, the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

(c) Revenue Recognition

Revenue from the Foundation's activities is recognised when it has control of the good or right to receive, it is probable that the economic benefits will flow to the agency and the amount of revenue can be measured reliably. Donations are recognised as and when the cash is received. Investment income is recognised on an accrual basis.

(d) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets by the Foundation. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

(e) Investments

The investment valuation policy adopted by the Foundation reflects market value, based on listed prices for listed interest based securities or unit redemption prices for the managed funds. For each class of asset, any resultant increase is offset against the Provision for Diminution (if any) or otherwise brought to account as a revaluation reserve. Any decrease is offset against the revaluation reserve (if any) or taken to the Statement of Financial Performance as a Diminution in Value.

The comparative investments at cost are shown in Note 6 to the Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued....

(f) Taxation status

The Foundation is a registered charitable fund and its activities are exempt of income tax under Subdivision 50-B of the *Income Tax Assessment Act 1997*. The Foundation is also registered for GST and has gift deductible recipient status.

(g) International Financial Reporting Standards

The current status of the Gallery's review, on behalf of the Foundation, of the effect of the adoption of International Reporting Standards on its statements of financial performance and position is discussed below.

The Foundation qualifies as a not-for-profit entity under the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The Foundation will apply the AEIFRS from 2005-06. The Gallery, on behalf of the Foundation, has reviewed key differences between AEIFRS requirements and existing AASB requirements (AGAAP) and other impacts likely to arise from options in AEIFRS and from options likely to be mandated by NSW Treasury for the NSW Public Sector. Based on management's best estimates as at the date of preparing the 30 June 2005 financial report, The Foundation does not anticipate any material changes to its equity, profit/loss and cash flows. The actual impact, however, will not be known until pending changes to the AEIFRS, including the UIG interpretations and/or emerging accepted practice in their interpretation and application are finalised.

	2005	2004
	\$'000	\$'000
2 DONATIONS EXPENDITURE		
Donations to the Art Gallery of NSW	<u>2,810</u>	<u>727</u>

Donations to the Art Gallery of NSW are for the purchase of Art Works.

3 REVENUES

3(a) Grants & Contributions

Ordinary	362	320
Special Purpose (Drysdale)	5	252
Bequests - Cash - Bunning	100	57
Bequests - Cash - Tancred Trust	137	950
Bequests - Cash - Walter Hartwig	1,478	-
	<u>2,082</u>	<u>1,579</u>

3(b) Investment Income

Interest, Dividends & Distributions	1,715	933
Realised gains	-	60
Diminution Write Back	672	817
	<u>2,387</u>	<u>1,810</u>

Grants & Contributions and Bequests received in cash are not used for general operations and, are preserved as capital unless otherwise requested by donor/benefactors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4 CURRENT ASSETS - CASH & CASH EQUIVALENTS

	2005	2004
	\$'000	\$'000
Cash at bank - Operating Account	38	102
Other Financial Assets - Term Deposits	<u>5,585</u>	<u>2,915</u>
Total Cash & Cash Equivalents	<u>5,623</u>	<u>3,017</u>

5 CURRENT ASSETS - RECEIVABLES

Receivables - Art Gallery of NSW & Others	<u>497</u>	<u>22</u>
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6 OTHER FINANCIAL ASSETS

AT COST

Listed securities	7,728	7,728
Managed Funds	<u>10,168</u>	<u>11,433</u>
Total	<u>17,896</u>	<u>19,161</u>
Add: Unrealised gains on listed securities	106	119
Less: Provision for diminution on Managed Funds	<u>340</u>	<u>1,453</u>
AT FAIR VALUE	<u>17,662</u>	<u>17,827</u>

Investments are made in accordance with the provisions of the Trustee Act 1925, and Amendment of 1998.

Restricted Use Assets of \$20.970m (2004 \$18.888m) is included in cash, cash equivalents and other financial assets, representing the capital.

The Foundation also holds cash and term deposits in a selection of banks. Interest is earned on daily balances at the rates prevailing from day to day on the Operating Account and at fixed rates on the term deposits. The return on these securities was 5.5% in 2005 (5.2 % 2004) on an average balance of \$4.196m (\$4.962 in 2004).

During the year the Foundation redeemed its investment in the BT/Westpac Pooled Investment Fund and invested the proceeds in a selection of managed funds. These funds hold a diverse range of investments including equities, property, fixed interest and cash. They are generally redeemable with 24 hours notice. Distributions are made on a periodic basis. These managed funds earned a return of 15.3% (2004 13.1%) on an average investment of \$10.495m (2004 \$8.688m).

The Foundation also holds investments in listed interest based securities. The return on these securities was 6.8% in 2005 (8.8% 2004) on an average balance of \$7.841m (\$4.988 in 2004).

Overall, the Foundation earned 11.0% (2004 9.9%) on an average balance of \$21.675m (2004 \$19.436).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7 CURRENT LIABILITIES

7(a) Payables

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 210.01. If trade terms are not specified, payment is made not later than the end of the month following in which the invoice or statement is received.

7(b) Audit fees

Audit fees are for the audit of the financial report. The Auditors received no other benefits other than those disclosed in the Statement of Financial Performance.

8 CHANGES IN EQUITY	ACCUMULATED FUNDS				Total Equity \$'000
	Capital \$'000	Retained Earnings \$'000	Fluctuation Reserve \$'000	Revaluation Reserve \$'000	
Balance as at 1 July 2003	17,309	42	750	-	18,101
<u>Changes in Equity-other than transactions with owners as owners</u>					
Surplus for the year	-	2,642	-	-	2,642
Transfer of donations/bequests	1,579	(1,579)	-	-	-
Transfer to(from) Reserve	-	-	-	119	119
Total	1,579	1,063	-	119	2,761
Balance as at 30 June 2004	18,888	1,105	750	119	20,862
<u>Changes in Equity-other than transactions with owners as owners</u>					
Surplus for the year	-	1,641	-	-	1,641
Transfer of donations/bequests	2,082	(2,082)	-	-	-
Transfer to(from) Reserve	-	-	-	(13)	(13)
Total	2,082	(441)	-	(13)	1,628
Balance as at 30 June 2005	20,970	664	750	106	22,490

	2,005	2,004
<i>The Capital comprises:</i>	\$'000	\$'000
Tancred Trust Fund	1,087	950
Walter Hartwig Fund	1,478	-
General Capital Funds	18,405	17,938
Total Capital	<u>20,970</u>	<u>18,888</u>

An Investment Fluctuation Reserve is used to provide for volatility in securities markets.
The Revaluation Reserve reflects the increase in market value of the securities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

9 COMMITMENTS FOR EXPENDITURE

At the date of this report, the Trustees have approved the contribution of €1.3 million (A\$2.13m approx) to be funded by the Walter Hartwig fund and earnings for the acquisition of Procaccini by the Art Gallery of NSW. GST is not applicable to this transaction.

10 CONTINGENT LIABILITIES

At the date of this report, the Trustees are not aware of any material contingent liabilities.

11 FUNDRAISING

The Foundation conducted the following fundraising activities during the year:

	2005	2004
	\$'000	\$'000
Grants & Contributions - Donations/Bequests	2,082	1,579
Net Investment income/(loss)	<u>2,387</u>	<u>1,810</u>
	<u>4,469</u>	<u>3,389</u>
Cost of fundraising	<u>18</u>	<u>20</u>
Net surplus from fundraising	<u>4,451</u>	<u>3,369</u>
Donations	2,810	727
Transferred to Accumulated Funds	<u>1,641</u>	<u>2,642</u>
	<u>4,451</u>	<u>3,369</u>

In accordance with the Charitable fundraising Act 1991, the following details are provided:

Cost of fundraising as percentage of funds raised	0.4%	0.6%
Net surplus as percentage of funds raised	99.6%	99.4%
Cost of services as percentage of total expenditure	99.4%	97.3%
Cost of services as percentage of income received	62.9%	21.5%

12 POST BALANCE DATE EVENT

There are no significant post balance date events that will impact the financial report.

13 TRUSTEE BENEFITS

No Trustee of the Foundation has received or become entitled to receive a benefit because of the contract made by the Gallery 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

ART
GALLERY
NSW

FOUNDATION

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For information on current exhibitions and events, visit the Gallery's website www.artgallery.nsw.gov.au