

ART GALLERY OF NEW SOUTH WALES FOUNDATION ANNUAL REPORT 2001



# ART GALLERY OF NEW SOUTH WALES FOUNDATION

## **ANNUAL REPORT 2001**

Cover image:

Pierre Bonnard

*Bust in profile, red background (study)* c. 1920

oil on canvas 46 x 52 cm

Purchased with funds provided by the Art Gallery of New South Wales Foundation  
and the Margaret Hannah Olley Trust 2000

© Bonnard ADAGP Paris, Viscopy Sydney

# ART GALLERY OF NEW SOUTH WALES FOUNDATION

## **PATRON**

The Honourable Gordon Samuels AC to 28 February 2001

Dr Marie Bashir AO from 1 March 2001

Governor of the State of New South Wales

## **PRESIDENT**

The Honourable Bob Carr MP

Premier of New South Wales

## **CHAIRMAN**

Mr Rupert Murdoch AC

## **DEPUTY CHAIRMAN**

Ms Jillian Broadbent

# TRUSTEES

The Foundation was established by Trust Deed in August 1982. Its principal objective is to raise funds for investment and apply the derived income to the acquisition of works of art for the Art Gallery of New South Wales.

## THE ART GALLERY OF NEW SOUTH WALES REPRESENTATIVES

- Mr Rupert Murdoch AC
- Mr Michael Gleeson-White AO
- Mr Maxwell Sandow AM
- Mrs Diana Walder OAM
- Ms Jillian Broadbent

## N.S.W STATE GOVERNMENT REPRESENTATIVES

- Mr Barry Murphy
- Dr Mark Nelson

## DONOR REPRESENTATIVES

### BENEFACTORS

- Westpac Banking Corporation
- Mr Charles Lloyd Jones CMG

### GOVERNORS

- IBM Australia Ltd – represented by Ms Louise Davis
- Mr Isaac Wakil

### FELLOWS

- James N Kirby Foundation – represented by Mr Ray Kirby AO
- Mrs Joanna Capon

### MEMBERS

- Mr Brian France AO
- Mr James Agapitos

## DIRECTOR'S STATEMENT

This financial year the Art Gallery Foundation joined forces with the Margaret Olley Art Trust to purchase Pierre Bonnard's *Bust in profile, red background* of circa 1920; a painting that rapidly found a happy and harmonious home on the walls of the Gallery. In 1972 the Gallery acquired Bonnard's *Self-portrait* of circa 1940, which has become one of our most celebrated paintings. Now this mature, evocative but oddly objective painting is joined in the collections by an intimate study of his wife, painted some twenty years earlier.

*Bust in profile, red background* is Bonnard at his most characteristic with its rich colours, its intimacy and in its depiction of one of the artist's recurring themes, his much loved wife, Marthe. Unlike the almost self-effacing *Self-portrait* in which Bonnard is curiously self-absorbed and slightly distant, in this painting Marthe's head appears in unexpected profile, in the very foreground of the composition. Her bare shoulders suggest an intimacy and gentle sensuality that is typical of Bonnard's images of his wife. It is an unusual and yet uncontrived pose, as Marthe appears to be reaching down, almost unaware of the artist's adoring scrutiny.

The composition is dominated by the quiet drama of the head reaching across the picture and set against a striking background of red and golden ochres. The redness of Marthe's face is discreetly outlined with a brief line of untouched white canvas – it is a moment of great sensitivity and exquisite intimacy. Contrasting with these planes of unrestrained and rich colour, the right side of the painting details a striped sofa with what appears to be discarded clothing, suggesting the privacy and domesticity of the home. Here again Bonnard declares himself the supreme colourist in orchestrating a range of rich reds, ochres and yellows into an intelligible and seductive whole without a hint of ostentation.

Fully in accordance with the tradition of Foundation acquisitions this beautiful and beguiling painting has quickly found its certain place in the collections of our Gallery. It is another outstanding acquisition. It is also the first time that the Foundation has jointly purchased a work, on this occasion in association with one of our most remarkable and generous benefactors, Margaret Olley. It is highly appropriate that the painting now hangs in the galleries that bear her name. This instance of a joint purchase is a reminder to us that if the Foundation is to continue its task of bringing great and enduring works of art into our Gallery's collections, then it cannot rest in its quest of attracting funds. To this end I must express our profound thanks to all existing members of the Foundation, the continuing members and, of course especially, to our new members. It is absolutely crucial that we increase the capital base of the Foundation if we are to continue to acquire works of art of quality and pertinence that are the hallmark of Foundation acquisitions thus far. Looking back over these purchases, major paintings by such figures as Kirchner, Van Gogh, Beccafumi and Bronzino, we realize that our resources would now be quite inadequate. Thus it is that we appreciate all the more the work of the Trustees of the Foundation, in particular the Deputy Chairman, Jillian Broadbent. The year has also seen an increase in membership which has been greatly assisted by the continuing support and co-operation of the Art Gallery Society. I would also like to pay a special tribute to the work done and being done by James Agapitos in encouraging support for the Gallery and the Foundation.



Edmund Capon  
Director  
The Art Gallery of New South Wales

# DEPUTY CHAIRMAN'S REPORT

I am pleased to report that the Foundation has completed another successful year with good performance on investments and an increase in the level of donations. Donations amounted to \$860,000. A major component was a bequest of \$450,000 from the Estate of the Late Kathleen Elizabeth Armstrong. Such a generous contribution to the Foundation is greatly appreciated.

Net income from investments for the year to June 2001, amounted to \$910,000. In the record of income in our accounts, unrealised losses are recognized but unrealised gains are excluded and carried forward. Income in our Accounts is an amount of \$1.241 million comprising distributed earnings of \$2.348 million, unrealized losses of \$1.501 million, unrealised gains on carried forward from the previous year of \$336,000; gains on redemption of \$63,000 and expenses of \$5,000 for audit and bank charges.

Our total capital base at 30 June 2001 amounted to \$15.367 million, of which \$1.986 million comprised accumulated earnings. [Refer details below]

## ACQUISITIONS

In keeping with its objectives, the Foundation continued to support the Art Gallery of New South Wales contributing \$2.1 million to its acquisitions during the year. The artworks purchased were *The Plain of Masushi* six fold Japanese screens, at a value of \$644,000 and in conjunction with Margaret Olley, Pierre Bonnard's *Buste de Profil, Fond Rouge*, towards which the Foundation contributed \$1.45 million.

I refer you to the Director's Statement in this Annual Report for a more detailed description of the acquisitions.

## FINANCIAL MATTERS

The movement in retained earnings over the year was:

	Investments	Donations (preserved)	Total
	\$'000	\$'000	\$'000
Income	2,411	860	3,271
Less: Audit fees, other misc.	5		5
Diminution in Value of Investment	1,165		1,165
Surplus for the year	1,241	860	1,975
Less: purchases of works of art for the year	2,101		2,101
Net surplus for the year	-860	860	0
Accum. Funds at 30 June 2000	1,846		
<b>Accum. Funds at 30 June 2001</b>	<b>986</b>		

## INVESTMENTS

During 2000/01, the Foundation's capital was invested in the Westpac Pooled Investment Fund, which has a spread of assets including shares (both local and overseas), property, fixed interest and cash securities. This balanced fund has earned an average return of 11.7% over the five years to June 2001 and an average return of approximately 11.2% per annum since the Foundation's capital was invested with it, in September 1998.

## INVESTMENT PERFORMANCE

The overall investment return for the year was 5.9% compared to 13.6% in 1999/2000. These returns are calculated using an average investment balance and take into account not only income earned but also unrealised capital gains and losses. The return this year whilst not as attractive as in past years, is in keeping with industry averages. Over the last 2-3 years since the change from fixed interest securities, the returns on the portfolio have been higher than what would have otherwise been achieved given the low interest rate environment of recent years.

The return for the year included distributions from the Westpac Pooled Investment Fund, which reflected a diminution in value of the Fund. The net surplus on the Fund after allowing for this diminution amounted to \$1.241m (as shown above). The volatility of the international investment markets in the September quarter have had an adverse impact but the deterioration has been no more than 10%, and has been cushioned by the Investment Fluctuation reserve. While the outlook for the current year is uncertain, the balanced nature of the Westpac Fund should limit the risk of a major deterioration.

## INVESTMENT FLUCTUATION

The Foundation recognises that the entry into higher performing securities does entail a higher level of volatility of investment returns. The Board accordingly set aside an amount of \$1 million for an Investment Fluctuation reserve. This reserve is currently 6% of the capital of the Foundation. It is planned to build this reserve to 10% as soon as practicable.

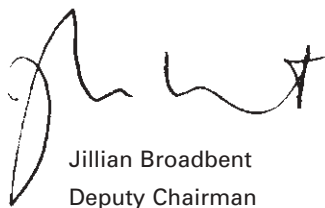
## CAPITAL CONTRIBUTIONS

	\$'000
Capital at 30 June 2000	12,521
Add: Donations for the year	<u>860</u>
<b>Capital at 30 June 2001</b>	<b>13,381</b>

## GENERAL

We take this opportunity to thank all Foundation members and supporters for their continued generosity and interest. The Foundation is now in its 19th year of operation and has consistently provided funding for the acquisition of icon works of art for the Art Gallery's permanent collection. Since inception, over \$17 million of works of art have been provided from the Foundation.

On behalf of the Foundation Trustees, we wish to particularly thank The Hon. Bob Carr MP, Premier and Minister for the Arts for his interest and support.



Jillian Broadbent  
Deputy Chairman

# FOUNDATION MEMBERS

Membership of the Art Gallery of New South Wales Foundation is divided into five categories. The category of membership is determined by the level of contribution to the Foundation over a five year period. The membership list distinguishes between previously existing members and new members resulting from the October 1994 fundraising campaign.

Bequests: Honorary membership of the Foundation has been conferred on patrons who have provided in their Will for a gift to either the Art Gallery or the Foundation. The level of membership offered is commensurate with one half of the current value of the proposed bequest.

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## LIFE BENEFACTORS 1994 to date

News Limited

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## BENEFACTORS

### FOUNDER BENEFACTORS 1983–1994

Art Gallery Society of New South Wales  
Caltex Australia Pty.Ltd  
Government of the State of New South Wales  
Vincent Fairfax Family Foundation  
Mr C. Lloyd Jones CMG  
News Limited  
Mr & Mrs E.P.T. Simpson  
Westfield Holdings Ltd  
Westpac Banking Corporation

### BENEFACTORS 1994 to date

Mr and Mrs PL Binnie  
Dr Elizabeth Hazel  
Charles and Denyse Spice  
Isaac & Susie Wakil  
Peter Weiss AM  
Westpac Banking Corporation

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## GOVERNORS

### GOVERNORS 1983–1994

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Ampol Ltd  
ANZ Banking Group Ltd  
Australian Consolidated Press  
The Australian Gas Light Company  
Bond Street City Freeholds Ltd  
Boral Ltd  
B.P. Australia Ltd  
Castlemaine Tooheys Ltd  
Coca-Cola Amatil Ltd  
CSR Ltd  
Esso Australia Ltd  
FAI Insurance Ltd  
Goodman Fielder Wattie Ltd  
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The Estate of the late M.E.R. Horton  
IBM Australia Ltd  
James Hardie Industries Ltd  
Lend Lease Corporation Ltd  
Lotto Management Services Pty Ltd

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Rothmans Holdings Limited  
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Isaac & Susie Wakil  
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### GOVERNORS 1994 to date

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Lady (Vincent) Fairfax OBE  
Jenny Ferguson  
David Gonski  
Deirdre & David Greatorex AO  
Geoffrey L Hassall  
IBM Australia Limited



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Anne Landa  
Geoffrey & Deborah Levy  
David Lowy  
Merrill Lynch Australia  
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Mrs Kerry Packer  
Elizabeth Ramsden

Penelope & Harry Seidler AC OBE  
John L Sharpe  
Brian Sherman  
Gene Sherman  
Mr and Mrs GM Thorp  
Malcolm & Lucy Turnbull  
Bret Walker SC  
Orli Wargon  
Doreen & Geoffrey K Williams  
Anonymous

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## FELLOWS

### FELLOWS 1983–1994

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The Late Sir Howard and Lady Beale  
Blue Circle Southern Cement Ltd  
Brambles Industries Ltd  
Brenmoss Group Holdings Pty Ltd  
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Mrs E. Capon  
G.J. Coles & Coy Ltd  
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Commonwealth Industrial Gases Ltd  
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Mr B. Walker  
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### FELLOWS 1994 to date

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Felicity & John Atanaskovic  
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Vesta and Owen Davies  
Brian & Phillipa France  
Mr Neville Gruzman & Mrs Gruzman  
Simon & Diana Heath  
Mr Ian E Joye  
Bernard and Barbara Leser  
Y D Buchanan May  
Hugh Buchanan May (in memory of)  
Will Noble  
Mr Guy Paynter  
Reader's Digest (Australia) Pty Limited  
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Susan Rothwell  
James & Jeanne-Claude Strong  
ME Tancred  
Mrs Marie Trainor  
Transfield Holdings Pty Ltd  
Diana Walder OAM  
Mr D G Wilson

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### MEMBERS 1983–1994

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Australian Guarantee Corporation Ltd  
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Barclays Bank Australia Ltd  
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Mrs B Bishop  
Blake Dawson Waldron  
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Mr N. Bleasel  
Mrs G. Bunning  
Mr M.D.I. Burrows  
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Mrs N. Cash  
Licia Cattani  
Christian Dior Parfums Paris  
Christie's Australia Pty Limited  
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Dr M. Coppleson  
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Mr R.H.Minter  
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Mr J.H. Myrtle  
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Ord Minnett  
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 Lady Florence Packer  
 Partnership Pacific Ltd  
 Mr J.H. Pascoe  
 Pechiney Australia Pty Ltd  
 Peko-Wallsend Ltd  
 Philip Cox & Partners Pty Ltd  
 Placer Pacific Limited  
 A.V. Playfair Pty Ltd  
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 Dr & Mrs G.C. Potts  
 Lady Potter  
 Reader's Digest Services Pty Ltd  
 The late Mrs W.M. Redhead  
 The Late Dr L. Rees AC CMG  
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 Rouge Homme Wines Pty Ltd  
 Dr & Mrs P. Rundle  
 Mr & Mrs M.T. Sandow  
 Sara Lee Holdings  
 Mr T.K. Schrecker  
 Sedgwick Pty Ltd  
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 Mr R.A. Smith  
 Mr and Mrs N Sparnon  
 Mr J Spigelman  
 Mr & Mrs G.V. Stewart  
 Mr and Dr J. Strong  
 Thorn E.M.I (Australia) Ltd  
 Transfield Pty Ltd  
 Mr M. Turnbull  
 Mrs F.G.D. Voss  
 The Hon Justice T.W. Waddell  
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 Mr L. Walford  
 Mr J.S. Walton  
 Judge & Mrs W.D.T. Ward  
 Wattyl Limited  
 J.B. Were and Son Charitable Fund  
 Mr & Mrs J. West  
 Willis Corroon Holdings Pty Ltd  
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 Mr and Mrs K. Woolley  
 Wormald International Ltd

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 Sam and Susan Ballas  
 Christopher T Barry QC  
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 Julian & Anne Beaumont  
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 Nicole Berger  
 Pamela Bell  
 Klaas & Lise Berkeley  
 Graham & Mary Bierman  
 Judge AD & Mrs C Bishop  
 The Hon Bronwyn Bishop  
 Allan Blaikie  
 Kevin & Marianne Bleasel  
 William & Annette Blinco  
 Terry & Rob Bolin  
 Ellen Borda  
 David Boyce  
 Eva Breuer  
 Sir Ron Brierley  
 Mr David Bromell  
 Martin Browne  
 M Bulloch  
 Steve & Suzanne Burdon  
 Elizabeth Burns  
 Paul & Karen Byrne  
 Michael Callaghan  
 Elizabeth Callanan  
 Adrian & Evan Cardiacos  
 Jim Carlsson  
 Michael Carr  
 Mr PH Cary  
 Judy Cassab  
 Peter & Norma Castaldi  
 Licia Cattani  
 Ronda Chisholm  
 John & Rosemary Clarke  
 Richard Cobden  
 Dr Gianni & Mrs Elena Cocco  
 Dr Malcolm Coppleson AO & Patricia Coppleson  
 Patrick Corbally Stourton  
 Bruce and Ann Corlett  
 Dr Maria Craig & Mr Richard Bornman  
 Frank & Joan Croll  
 Elinor Crossing  
 Peter & Sally Crossing  
 Prof Noel and Adrienne Dan  
 Sally Dan-Cuthbert  
 Ian Darling  
 Hon Mrs LJ Dawson-Damer  
 Peter & Deborah Debnam

#### **MEMBERS 1994 to date**

James Agapitos and Ray Wilson  
 Sir Alexis Albert  
 Timothy & Prue Allen  
 Jonathan Armytage  
 Charles & Deidre Aronson

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Lauraine Diggins	Roslyn and Alex Hunyor
James & Suzanne Dominguez	The Insight Group
Ken & Judy Done	David & Monica Jackson
Mr & Mrs GM Douglass	Ted & Cynthia Jackson
Stella Downer	Josephine Jacoby
Mrs IG Dulieu	Pamela Jennings
Carmel Dwyer & Charles Leedman	Ian Johnston
Donald Elley	Judy Joye
Robert Elliott	Erika Jumikis
Peter English & Fiona McIntosh	Ms Poppy & Iphy Kallinikos
Carole & Brian Ettelson	Mary Kavanagh
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Sue Fisher	Nicole Kidman
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Sandra & Paul Ferman	Richard King
Erin Flaherty	Anna-Lisa Klettenberg
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Gwen Frolich	Dr L Lawrence
Sue Gazal	Josef & Jeanne Lebovic
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Belinda Gibson	Amanda Love
Ross & Narelle Gibson	Alfred H Machin (in memory of)
Henry D Gillespie	Megan Machin (in memory of)
Suzanne Gleeson	Greg MacInnes
Robert Gould	J & A Mandelson
Mollie Gowing	Sarah Mandelson & Richard Single
Neville H Grace	Mrs Diana Macarthur-Stanham
John & Inge Grant	Joy & Harold Marchant
G Green	Mr FI Markovic
Bill & Anne Gregory	Bert & Diana Marks (in memory of)
Bill & Kate Guy	Peter & Janie Marshall
Ian V Gzell QC	Mitchel & Robyn Martin-Weber
Ken & Di Handley	Mrs Marie McCann OAM
Sally Hardy	McConnell Smith & Johnson
Amanda Harkness	Frank McDonald
Mr Alistair & Dr Philippa Harvey-Sutton	Jan McGovern
Michael Hawker	Dr Stephen McNamara
Evelyn Hawkins	RP Meagher
Eric Hawley & Glen Weston	Paul & Gráinne Meehan
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Dr Mary Heseltine	Mr & Mrs R Mews
Sue Hewitt	Justin Miller
Lackie Hill	Paul Milliss
Winifred Hinds	Russel Mills
Alex Holland	Mr RH Minter
Maria Teresa Savio Hooke	Misho
Fraser Hopkins	David Moore
Andrew L Horsley	Morgan Stanley Australia Ltd
Beverley & Stanley Horwitz	Brian & Jocelyn Munday
Mr & Mrs SJ Howard	Barry & Elizabeth Murphy

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Mr Tim Murray & Ms Camilla Drover	John D Swainston
Mrs TA & Mr JD Murray-Jones	Georgie Swift
Michael Musgrave	Howard Tanner
Dr and Mrs Mark Nelson	Victoria Taylor
Dr Warwick Nettle & Mimi Verlaine Nettle	Max & Nola Tegel
Bruce & Lynne Newey	Kevin & Dawn Troy
Kerry Nicholson	The Turik Family
Rory & Zena O'Connor	Edward & Morna Vellacott
Tim Olsen	Will & Jane Vicars
Roslyn & Tony Oxley	Mrs FGD Voss
John & Faye Parker	The Hon TW Waddell & Mrs Thea Waddell OAM
Michael & Fiona Pascalis	Stephen L Walmsley
Lisa & Egil Paulsen	Mr & Mrs WDT Ward
Gwen Pearson	Philippa Warner
Pechiney Pacific Pty Limited	Suzanne AR Waterhouse
Dr Theo & Mrs Marianne Penklis	Shirley Watkins
Molly Perry (in memory of)	SHW & EM Watson
Gabrielle Pizzi	Mr & Mrs Morris L West
Ian Plater & Claire Wivell Plater	Craig Westgate
Anna & Vessa Playfair	RJ White AO
Mr and Mrs John Playoust	Michael Whitworth & Dr Candice Bruce
Lesley Pockley (the late)	Drs Eva & Heinz Wicki
Alex Popov	Ms Vanessa Wood
D & E Prevedoros	Margaret Wright
Brian L Regan	Young & Rubicam
Reg & Sally Richardson	Anonymous (4)
Mr and Mrs D Ritchie	
Andrew & Andrea Roberts	
Patricia A Rochford	
Geraldine C Rogan	
Michael SH Royal	
Dr Philip & Dr Valmae Rundle	
Mark & Ruth Sampson	
Greg & Elizabeth Sanderson	
Mr & Mrs Max Sandow	
Peter & Christa Satouris	
Mrs Alfred Saunders	
Mr & Mrs Schoer	
Mr John Terrill Scott	
Annette Searle	
Mr & Mrs Andrew Shapiro	
Dr Philip & Kate Sharp	
Vivienne Sharpe	
Lisa Simons	
WJ Sinclair	
Peter & Kathryn Snowball	
Jim & Alice Spigelman	
Dalia and Tom Stanley	
David & Nikki Stein	
Mr and Mrs GV Stewart	
Mr & Mrs F Storch	
Dr Paul Sutherland	

# FINANCIAL STATEMENTS

# STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

ART GALLERY OF NEW SOUTH WALES FOUNDATION  
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 New South Wales  
Foundation we state that:

- (a) the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1993, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the applicable clauses of the Public Finance and Audit (General) Regulation 1995, 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 2001 and the operations for the year then ended; and
- (c) at the date of signing we are not aware of circumstances that would render the financial statements misleading or inaccurate.



JILLIAN BROADBENT  
Deputy Chairman

12 November 2001



GPO BOX 12  
SYDNEY NSW 2001

## **INDEPENDENT AUDIT REPORT**

### **ART GALLERY OF NEW SOUTH WALES FOUNDATION**

**To Members of the New South Wales Parliament and Members of the Art Gallery of New South Wales Foundation.**

#### **Scope**

I have audited the accounts of the Art Gallery of New South Wales Foundation for the year ended 30 June 2001. The Foundation is responsible for the financial report consisting of the accompanying statement of financial position, statement of financial performance and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and the Members of the Foundation based on my audit as required by sections 34 and 45(1) of the *Public Finance and Audit Act 1983* (the PF&A Act) and section 24 of the *Charitable Fundraising Act 1991* (the CF Act).

My audit has been conducted in accordance with Australian Auditing Standards and statutory requirements to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. I have also performed procedures, including obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the CF Act.

These procedures have been undertaken to form an opinion:

- (a) whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with my understanding of the Foundation's financial position, the results of its operations and its cash flows; and
- (b) on the matters required by section 24(2) of the CF Act.

The audit opinion expressed in this report has been formed on the above basis.



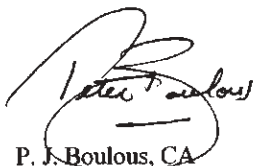
**Audit Opinion Pursuant to the *Public Finance and Audit Act 1983***

In my opinion, the financial report of the Art Gallery of New South Wales Foundation complies with section 41B of the PF&A Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Foundation as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.

**Audit Opinion Pursuant to the *Charitable Fundraising Act 1991***

In my opinion:

- i) 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 2001;
- ii) the accounts and associated records of the Art Gallery of New South Wales Foundation have been properly kept during the year in accordance with the CF Act;
- iii) 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
- iv) there are reasonable grounds to believe that the Art Gallery of New South Wales Foundation will be able to pay its debts as and when they fall due.



P. J. Boulous, CA  
Director of Audit  
(duly authorised by the Auditor-General of New South Wales)

SYDNEY  
15 November 2001

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
For the year ended 30 June 2001

	NOTES	2001 \$'000	2000 \$'000
Revenues from ordinary activities			
Grants & Contributions	3	860	346
Investment income		2,348	1,085
Increment in value of investments		-	556
Gain on sale of investments		63	-
Total Revenues		<u>3,271</u>	<u>1,987</u>
Expenditure from ordinary activities			
Donations to AGNSW for purchase of works of art		2,101	280
Audit Fees	7(b)	3	4
Diminution in value of investments		1,165	-
Loss on sale of investments		-	8
Other sundry items		2	-
Total Expenditure		<u>3,271</u>	<u>292</u>
<b>OPERATING SURPLUS FOR THE YEAR FROM ORDINARY ACTIVITIES</b>		<u>-</u>	<u>1,695</u>
Total revenues, expenses and valuation adjustments attributable to members of the Company recognised directly in Equity		-	-
Total changes in Equity other than those resulting from transactions with owners as owners		<u>-</u>	<u>1,695</u>

These accounts must be read in conjunction with the notes attached to the accounts.

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2001

	NOTES	2001 \$'000	2000 \$'000
<b>ASSETS</b>			
Current Assets			
Cash at bank	4	31	186
Receivables - AGNSW	5	<u>6</u>	<u>-</u>
Total Current Assets		<u>37</u>	<u>186</u>
Non-Current Assets			
Other Financial Assets	6	<u>15,330</u>	<u>15,521</u>
Total Non-Current Assets		<u>15,330</u>	<u>15,521</u>
<b>TOTAL ASSETS</b>		<u>15,367</u>	<u>15,707</u>
<b>LIABILITIES</b>			
Current Liabilities			
Payables	7	<u>-</u>	<u>4</u>
Total liabilities		<u>-</u>	<u>4</u>
<b>NET ASSETS</b>		<u><u>15,367</u></u>	<u><u>15,703</u></u>
<b>EQUITY</b>			
Reserves	8	-	336
Accumulated Funds	8	<u>15,367</u>	<u>15,367</u>
<b>TOTAL EQUITY</b>		<u><u>15,367</u></u>	<u><u>15,703</u></u>

These accounts must be read in conjunction with the notes attached to the accounts.

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2001

	NOTES	2001 INFLOW (OUTFLOW) \$'000	2000 INFLOW (OUTFLOW) \$'000
Cash Flows from Operating Activities			
Receipts - revenue		3,265	1,431
Payments - expenses		(2,110)	(671)
<b>Net cash flows from Operating Activities</b>		<b>1,155</b>	<b>760</b>
Cash Flow from Investing Activities			
Sale of Investments		1,038	329
Net (Purchase) of Investments		(2,348)	(1,185)
<b>Net Cash Used in Investing Activities</b>		<b>(1,310)</b>	<b>(856)</b>
Net Increase/(Decrease) in Cash		(155)	(96)
Opening Cash Balance		186	282
<b>CLOSING CASH BALANCE</b>		<b>31</b>	<b>186</b>
<b>RECONCILIATION OF SURPLUS TO CASH USED IN OPERATING ACTIVITIES</b>			
Operating Surplus		-	1,695
Add Non Cash Items			
Decrement (Increment) in Value of Investments		1,165	(556)
Add Decrease (Increase) in Receivables		(6)	-
Add Increase (Decrease) in Creditors		(4)	(379)
<b>Net Cash from Operating Activities</b>		<b>1,155</b>	<b>760</b>

These accounts must be read in conjunction with the notes attached to the accounts.

# **ART GALLERY OF NEW SOUTH WALES FOUNDATION**

## **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 23 August, 1982. The Foundation comprises all operating activities under the control of the Trustees of the Foundation.

#### **(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, Industry practice, the requirements of the Public Finance and Audit Act and Regulations, 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 which are recorded at valuation, 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 on the contribution of donations provided and the distribution of earnings from its investments.

#### **(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 the unit redemption value of the Fund. The resultant increase is brought to account as a revaluation reserve. The comparative investments at cost are shown in Note 6 to the accounts.

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

(f) Trustee benefits

No Trustee of the Foundation has received or become entitled to receive a benefit because of a 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.

(g) Taxation status

The activities of the Foundation are exempt of income tax. The Foundation is also registered for GST/ABN and has gift deductible recipient status.

**2 PROGRAMME STATEMENT**

The Foundation operates one programme. The objective of this programme is to raise funds to be invested and to apply the income derived from such investments to the acquisition of works of art for the Art Gallery of New South Wales.

**3 REVENUES - GRANTS AND CONTRIBUTIONS**

Donations and contributions received cannot be used for general operations and must under the provisions of the Trust Deed be transferred to capital reserves which must be preserved.

**4 CURRENT ASSETS - CASH**

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.

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank - operating account	31	186
Cash at bank - Term Deposit	-	-
Total Cash	<u>31</u>	<u>186</u>

**5 CURRENT ASSETS - RECEIVABLES**

Receivable - Distribution from Investment Fund	<u>6</u>	<u>-</u>
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**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

6	OTHER FINANCIAL ASSETS	MARKET		MARKET	
		VALUE	COST	VALUE	COST
		2001	2001	2000	2000
		\$'000	\$'000	\$'000	\$'000
	Investment Funds/Govt Securities	15,330	16,495	15,521	15,185
	Term deposits	-	-	-	-
	Total investments	15,330	16,495	15,521	15,185
	Less: Provision for amortisation/diminution	-	1,165	-	-
		15,330	15,330	15,521	15,185
	Represented by:				
	Current assets	-	-	-	-
	Non-current assets	15,330		15,521	
		15,330		15,521	
	Included in cash and investments are restricted use assets representing the Capital - Refer Note 8	15,367		12,521	

Investments are made in accordance with the provisions of the Trustee Act 1925, and Amendment of 1998. These amendments enabled the Foundation to invest in funds such as the Westpac Pooled Investment Fund which holds a diverse range of investments including equities, property, fixed interest and cash. It is generally redeemable with 24 hours notice. Distributions are made on a quarterly basis. Due to the volatility of securities markets, the Foundation has set aside an amount for Investment Fluctuation. (Note 8).

The investments for the year earned a return of 5.9% (2000 13.4%) on the average investment balance for the year \$15.425m (2000 \$14.646m)

**7 CURRENT LIABILITIES**

**(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 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No such award was made during the year.

**(b) AUDIT FEES**

The Auditors received no other benefits other than those disclosed in the Statement of Financial Performance

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

8 CHANGES IN EQUITY

1999-2000	Asset Revaluation Reserve	Accumulated Funds	Accumulated Funds	Accumulated Funds	Total Equity
		<i>Capital</i>	<i>General</i>	<i>Investment Fluctuation Reserve</i>	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 1999</b>	-	12,174	897	600	13,671
<b><u>Changes in Equity-other than transactions with owners as owners</u></b>					
Surplus for the year	-	-	1,696	-	1,696
Transfer of donations	-	347	(347)	-	-
Transfer to Investment Fluctuation Reserve	-	-	(400)	400	-
Increment (decrement) on revaluation of Investments	336	-	-	-	336
<b>Total</b>	336	347	949	400	2,032
<b>Balance as at 30 June 2000</b>	<b>336</b>	<b>12,521</b>	<b>1,846</b>	<b>1,000</b>	<b>15,703</b>

2000-2001	Asset Revaluation Reserve	Accumulated Funds	Accumulated Funds	Accumulated Funds	Total Equity
		<i>Capital</i>	<i>General</i>	<i>Investment Fluctuation Reserve</i>	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2000</b>	336	12,521	1,846	1,000	15,703
<b><u>Changes in Equity-other than transactions with owners as owners</u></b>					
Surplus for the year	-	-	-	-	-
Transfer of donations	-	860	(860)	-	-
Transfer to Investment Fluctuation reserve	-	-	-	-	-
Increment (decrement) on revaluation of Investments	(336)	-	-	-	(336)
<b>Total</b>	(336)	860	(860)	-	(336)
<b>Balance as at 30 June 2001</b>	<b>-</b>	<b>13,381</b>	<b>986</b>	<b>1,000</b>	<b>15,367</b>

The Trust Deed prescribes that capital contributions must be invested with only the income derived from such investments being applied to meet expenses and fund the acquisitions of works of art.



**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

9 UNCLAIMED MONIES

All amounts unclaimed are forwarded to the NSW Treasury for credit of Special Deposits Unclaimed Monies Account and are available for refund from that account. There were no unclaimed amounts in the period under review. No unclaimed amounts are held in the accounts of the Art Gallery Foundation in excess of two years.

10 COMMITMENTS FOR EXPENDITURE

At the date of this report, the Trustees are not aware of any material commitments for expenditure

11 CONTINGENT LIABILITIES

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

End of Audited Financial Statements

ART  
GALLERY  
NSW

FOUNDATION

Art Gallery Road The Domain Sydney NSW 2000 Telephone: (02) 9225 1700 Information Line: (02) 9925 1790 Email (general): [artmail@ag.nsw.gov.au](mailto:artmail@ag.nsw.gov.au)  
For information on current exhibitions and events, visit the Gallery's website [www.artgallery.nsw.gov.au](http://www.artgallery.nsw.gov.au)