

ART GALLERY OF NEW SOUTH WALES FOUNDATION  
ANNUAL REPORT 2006



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Art Gallery of New South Wales  
Art Gallery Road Sydney NSW 2000  
Tel: (02) 9225 1818

Cover image: Giuilo Cesare Procaccini *The lowering of the cross with Saints Mary Magdalene, Augustine, Jerome and angels* c1618 (detail) oil on canvas 238 x 171.7cm. Purchased with funds from the estate of Mr Walter Hartwig through the Art Gallery of New South Wales Foundation 2005

# ART GALLERY OF NEW SOUTH WALES FOUNDATION

## **PATRON**

Her Excellency Professor Marie Bashir AC, CVO,  
Governor of the State of New South Wales

## **PRESIDENT**

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Premier of New South Wales

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Ms Jillian Broadbent AO

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Professor Michael Feneley  
Ms Denyse Spice

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### **FINANCE COMMITTEE**

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

## DIRECTOR'S STATEMENT

The much and justly heralded *Pissarro* exhibition was the focus for our annual Foundation dinner in November. The proceeds of that dinner, combined with a generous donation from Carole Muller, enabled the Gallery to acquire a most unusual work. It may have little to do with Pissarro but nonetheless our head curator of Australian art, Barry Pearce, was pursuing Donald Friend's *Self-portrait on Balinese door* c1974 with, on the reverse side, a fine wood carving by the Balinese sculptor Made Jojol. This door now joins a pair with six window panels, beautifully painted by Donald Friend with, again, exotic Balinese subjects, which the Gallery acquired in 1988. Together, the doors now hang in the Dorothy Street Galleries of 20th Century Australian Art. The newly acquired door is painted with the same Balinese aesthetic and spirit with a self-portrait of the artist presenting himself as a colourful kind of semi-mystic Hindu deity. It is an image that conveys Friend's deep attachment to Bali and his natural sense of benign mischievousness. The reverse is richly carved, by the then young Balinese artist Made Jojol with a standing devotional figure amid a wonderful orchestration of exotic plants and animals.

The Foundation, with funds bequeathed from the estate of the late Walter Hartwig, purchased on behalf of the Gallery a significant addition to our European Old Master collections. Ever since the rejuvenation of that aspect of the collection, begun with James Fairfax's continuing gifts of outstanding works, the Foundation has acquired paintings to further complement and extend that previously fairly barren representation: the Domenico Beccafumi, the imposing portrait of a man by Nicolò dell' Abate and that wonderful portrait of Cosimo I de' Medici by Bronzino. As we surveyed the re-hanging of the James Fairfax Galleries, with this influx of fine works over the years, it became apparent that what was missing was a grand altarpiece that would bring scale and an extra gravitas to the walls. There is, we were to discover, not a large market for altarpieces these days and very few were brought to our attention. Eventually we were alerted to the availability of Cesare Procaccini's *The lowering of the cross with Sts Mary Magdalene, Augustine, Jerome and angels* c1618. It took us a while to fully appreciate this work, perhaps because it was at the first encounter just a little daunting, but its qualities of strength and beauty soon declared themselves and the work now hangs with apposite power, sensibility and grandeur on our walls.

The work has been extensively published and I quote here from the distinguished words of Hugh Brigstocke on this painting:

*For a brief period around 1618, Procaccini seems to break with his established style – based on the example of Parmigianino and other mannerists – adopting an approach involving a new sureness, a new sensibility and a new force of expression. These qualities translate into more dramatic compositions and a more pictorial technique involving a more sensual use of light and colour ... in this [our altarpiece] the pictorial focus is on blood, sweat and tears and the sense of intense emotion no longer recalls Barocci, but rather the first generation of Florentine Mannerists, such*

*as Rosso and Pontormo. These works are probably the most beautiful the artist ever painted and one can only regret that his development did not continue in the same direction.*

Whilst a note of caution is hinted at in these words with regard to Procaccini's later work, the views expressed confirm this altarpiece as an outstanding work. Whilst Procaccini may broadly be described as a mannerist, the depth of feeling, sheer emotive expression and flourish of this work anticipate the baroque in spirit and flavour which, happily, sits well with our Strozzi painting of the *Release of St Peter* c1635 besides which it now hangs.

Procaccini was born in Bologna in 1574 and moved to Milan with his family around 1590. His earliest recorded works as a painter are the frescoes in the church of Santa Maria Presso San Celso in Milan. In 1610 he completed a substantial commission for the cathedral in Milan on the theme of the life of St Carlo Borromeo (these are displayed in the Museo del Duomo). These earlier works are more mannerist in a style inspired, perhaps, more than any other single figure, by Parmigianino. Out of this Procaccini evolved his own more emotive language which found its full flourish in works such as our altarpiece and which so splendidly heralds the baroque. Brigstocke speaks of more drama in the composition and the intensity of emotion in this painting, both qualities evident from first glance in, especially, the figures of Mary Magdalene on the left and St Jerome, who seem real enough and contrast with the more mysterious, even sinister, figure of the bishop-saint who has been identified as St Augustine. Against this dark drama the angel in the foreground is a moment of relative bliss and beauty. The theme of the lowering of the cross is almost de rigeur in Italian mannerist and baroque altarpieces but this example is, by any judgment, both inspired and innovative in terms of its composition.

When we set out on our quest to acquire such an altarpiece for the collection, Procaccini was not identified as a potential artist, but nor indeed was any other. This, however, was one of those opportunities and fortuitously one of the artist's finest works.

None of this would of course be possible without the support of all the members of the Foundation, to whom I express my thanks on behalf of the Gallery. We can never tire of saying that the Foundation has brought to this Gallery many of its finest works of art, and long may it continue to do so. My special thanks to our chairman, Rowena Danziger, the deputy-chairman Gillian Broadbent and all of the members of the Foundation board who devote so much time, effort and consideration ensuring the continuing success of the Foundation. In the Gallery I as ever acknowledge the dedication of Rosemary Senn our general manager of finance and management, and to Jane Wynter and her team of Fiona Barbouttis and Barbara Cressall who manage to keep everybody happy, engaged and committed to the Gallery. Thank you.

Edmund Capon AM OBE  
Director, Art Gallery of New South Wales

# CHAIRMAN'S REPORT

I am pleased to report that the Foundation has had another successful year.

## CELEBRATIONS AND ACQUISITIONS

In November 2005, over 200 guests celebrated the *Camille Pissarro* Exhibition dinner. The proceeds to the dinner were generously matched by Carole Muller to enable the Gallery to acquire a beautiful Balinese door painted by Donald Friend in Hindu style.

During the year the Foundation also contributed to a major acquisition by Giullio Cesare Procaccini (1570–1625) *The Lowering of the cross with Saints Mary Magdalen, Augustine, Jerome and angels*. This was made possible through the funds bequeathed to the Foundation by Mr Walter Hartwig and is in keeping with his wish that the bequest be used for an acquisition.

Another major acquisition Tom Roberts *Mosmans Bay* is being contemplated by the Gallery. The work is currently part of the Hinton Bequest and held by the Armidale & Dumerasq Council / New England Regional Art Gallery. Negotiations are in progress for joint ownership and custody of the work. If successful, the Foundation will provide the funds initially but this will be reimbursed by 18 donors who have pledged \$100,000 each to be paid within a period of 10 years.

## DONATIONS AND BEQUESTS

At June 2006, there were 822 donors, of which about 698 are current donors, contributing either to the Foundation (280) or to the Gallery for other purposes. The Foundation received over \$442,000 in donations this year and a small amount of residual bequest income.

Over the last five years we have received over \$5.7 million in bequests from long standing, devoted supporters, such as Dr Mary Heseltine, Mr Walter Hartwig, and Mrs Mary Tancred as well as many other smaller but nevertheless important ones. These bequests have substantially strengthened the Foundation. A number of supporters of the work of the Foundation have made nominated Bequests and we will report on these more fully at a later date.

## FINANCIAL MATTERS

The equity markets continued to perform strongly in 2005-06 adding income of \$3.046 million – providing a 13.3% return on (average) funds invested of \$22.847 million. The Foundation has three major investment classes namely cash deposits, listed securities and managed funds which provide a diversified portfolio. It is monitored by our eminently experienced Finance Committee, comprising Ms Jillian Broadbent (Chair), Mr Geoff Ainsworth, Mr Brian France and Dr Mark Nelson. The portfolio is intended to ensure a regular income stream whilst providing potential for capital growth as well. The Net Worth (total fund) is \$24 million comprising \$20 million preserved capital and \$4 million accumulated earnings at 30 June 2006.

The Foundation has grown to \$24 million net worth at 30 June 2006 which is a staggering 56% (\$8.6 million) over the last five years of its 22 year history. This is in addition to \$5.5 million of contributions to art acquisitions over this same five year period.

## BOARD OF TRUSTEES

During the year we said farewell to Mrs Inge Grant who stepped down as Trustee when she retired from her position as president of the Art Gallery Society of New South Wales. We also said farewell to Mrs Prue Allen, also a past president of the Society.

We much appreciate their support and thank them for their commitment to the Foundation. Under their combined support the co-operation between the Society and the Foundation flourished. Our commitment to ensuring this strong relationship continues into the future is reflected in the recent appointment of Professor Michael Feneley as one of the Gallery representatives in his capacity as the new president of the Art Gallery Society. Mr Julien Playoust took up a position as another one of the Gallery representatives on the Foundation's Board. We look forward to the participation of both these new Trustees in the work of the Foundation.

## THE YEAR AHEAD

At the time of writing this report, plans are already underway for a fundraising dinner in November 2006 at the Gallery. It is centred around the splendid *Goddess: Divine Energy* exhibition and was undertaken with the support of VisAsia, to provide funds for the two excellent additions to the Gallery's Asian Collection.

We have also started the year with another major commitment to contribute funds to the Gallery for an important acquisition by Maurice De Vlaminck – *Les voiles blanches à Chatou*. We will tell you more about this in the forthcoming year.

One of the matters that has been under continual review but has not changed is our base level donations, which is a minimum commitment of \$1000 per annum over a 5 year period. This rate was set in 1994 and after lengthy Board deliberation, unfortunately we concluded that a rise is necessary in 2007 and will advise you shortly of the changes.

## THANKS

On behalf of the Foundation Trustees, I would like to thank the Premier Mr Morris Iemma MP and the Foundation's Patron, Her Excellency Professor Marie Bashir, AC, CVO Governor of New South Wales, for their interest and support.

I would also like to thank the other Trustees, Jillian Broadbent AO (Deputy Chairman), Geoffrey Ainsworth, Prof. Michael Feneley, Brian France AM, Fraser Hopkins, Catriona Mordant, Mark Nelson, Julien Playoust, Reg Richardson, Susan Rothwell, Denyse Spice, Isaac Wakil, Peter Weiss AM, Ray Wilson OAM. The success of the Foundation would not be possible without their dedication and support.

The achievements of the Foundation are made possible by the enthusiasm, energy and very hard work of Jane Wynter, Benefaction Manager, Barbara Cressall and Fiona Barbouttis. The support of Rosemary Senn and Jackie Bullions is also invaluable. The towering drive and inspiration comes from our director Edmund Capon who continues to transform our Gallery into a temple of delight. He has our gratitude and thanks.

Thank you to all our supporters. Your understanding of the cause and your help to achieve it help make not just the Gallery but Sydney a better place. Let us aim for new heights in 2007.

Rowena Danziger  
Chairman  
10 November 2006

# FIVE-YEAR SUMMARY

Performance	\$'000				
	2001-02	2002-03	2003-04	2004-05	2005-06
Donations	346	621	572	367	441
Bequests	400	2,579	1,007	1,715	35
Net Investment Income	(703)	(436)	1,810	2,388	3,046
Art Acquisitions (for Art Gallery of NSW)	-	(17)	(727)	(2,810)	(2,000)
Expenses	(25)	(31)	(20)	(18)	(6)
Surplus	18	2,716	2,642	1,642	1,516

Donor contributions variable due to special fund raisings in prior years.

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

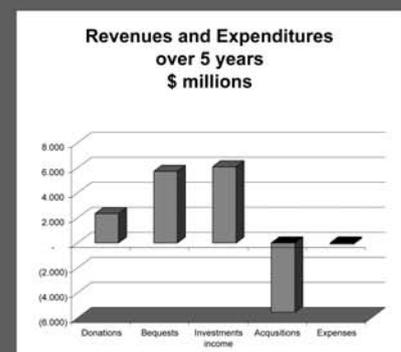
Investment returns improved greatly in 2006.

Acquisition in 2006 for Art Gallery of NSW

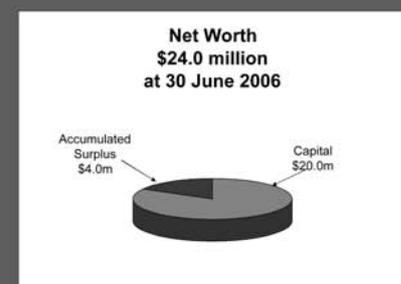
– Procaccini's *The Lowering of the Cross with Sts. Mary Magdalene, Augustine, Jerome and Angels*

Net worth \$24.006m - 56% growth over five years.

Balance Sheet as at 30 June	\$'000				
	2002	2003	2004	2005	2006
Cash/Term Deposits	550	8,266	3,017	5,623	4,357
Net Receivables(payables)	-	71	18	(795)	1,272
Listed Securities	-	2,568	7,847	7,834	7,751
Managed Funds	14,835	7,196	9,980	9,828	10,626
NET WORTH	15,385	18,101	20,862	22,490	24,006
<i>Represented by:</i>					
Capital Funds	14,126	17,309	18,888	20,970	19,968
Fluctuation/other reserves	1,000	750	869	856	0
Accumulated Surplus(Deficit)	259	42	1,105	664	4,038



Investment Returns	2001-02	2002-03	2003-04	2004-05	2005-06
Term Deposits/Cash	1.0%	4.6%	5.2%	5.5%	5.8%
Managed Fund	-4.7%	-8.8%	13.1%	15.3%	22.5%
Listed Securities	0.0%	-	8.8%	6.8%	6.1%
<b>TOTAL ALL SECURITIES</b>	<b>-4.7%</b>	<b>-2.6%</b>	<b>9.9%</b>	<b>11.0%</b>	<b>13.3%</b>
Average Investment Value \$'000	15,000	16,708	19,437	21,675	22,847



Note: These tables have not been subject to audit.

# FOUNDATION SUPPORTERS

as at 30 June 2006

Foundation membership comprises donors to the Foundation itself, plus donors to all the different support groups within the Gallery. Prior to 2004 all donors to the different collection benefactors groups (eg aboriginal collection benefactors ACB; contemporary collection benefactors CCB; photography collection benefactors PCB; conservation department benefactors CB) were listed separately according to the department supported. They are now all listed at the level within the Foundation according to the amount donated, or in the case of supporters who have notified the Gallery of their pledged bequest to the Gallery or Foundation, at the level commensurate with one half of the current value of the

pledged bequest.

The levels within the Foundation since November 1994 are as follows:

- Life Benefactors (\$1 million+)
- Benefactors (\$200,000 up to \$1 million)
- Governors (\$50,000 up to \$200,000)
- Fellows (\$20,000 up to \$50,000)
- Donors (\$10,000 up to \$20,000) in a five year period (category added in 2005)
- Members (\$5,000 up to \$10,000) in a five year period

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### FOUNDER BENEFACTORS

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### GOVERNORS 1983–1994

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 Mojo-MDA  
 Monier Limited  
 Morgan Stanley International Inc  
 The Late Mrs J Muston  
 Mr S.B. Myer  
 Mr J.H. Myrtle  
 National Panasonic (Aust) Pty Ltd  
 North Broken Hill Peko Ltd  
 Ord Minnett  
 Mr J.D. O'Toole  
 Pacific Dunlop Limited  
 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  
 Estate of late DM Porter  
 Mr Brent Potts  
 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  
 Renison Goldfields Consolidated Ltd  
 Rouge Homme Wines Pty Ltd  
 Dr & Mrs P. Rundle  
 Mr & Mrs M.T. Sandow  
 Sara Lee Holdings  
 Mr T.K. Schrecker  
 Sedgwick Pty Ltd  
 Mrs Vivienne Sharpe  
 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  
 Mrs D. Walder  
 Mr L. Walford  
 Mr J.S. Walton  
 Judge & Mrs W.D.T. Ward  
 Watty! Limited  
 J.B. Were and Son Charitable Fund  
 Mr & Mrs J. West  
 Willis Corroon Holdings Pty Ltd  
 Mr D. Wolanski  
 Mr and Mrs K. Woolley  
 Wormald International Ltd

## **MEMBERS 1994 TO DATE**

### **Members 1994 to date**

Russell & Lucinda About  
 Ms Karma Abraham  
 Mr & Mrs JH Adair  
 Mr Ross Adamson  
 Mr L H Ainsworth  
 Victoria Alexander  
 D John W Allen  
 Timothy & Prue Allen  
 Mr Mark E Andrews  
 Annandale Galleries  
 Chris Antico and Samantha Green  
 John Antico AM  
 Gillian Appleton  
 Arc One Gallery  
 June & Jim Armitage  
 Jonathan Armytage  
 Pheona Arndell & John Quinn  
 Charles & Deidre Aronson  
 Lachlan Astle & Neil Matthews  
 Lady Atwill  
 Susan Ayers  
 Henry & Peta Badgery  
 Jim & Janette Bain  
 Dr Roderick Bain and Mr Norman Glenn  
 D & R Baker  
 Richard & Chrissie Banks  
 Christopher T Barry QC  
 Doug & Pam Bartlett  
 Mr & Mrs Charles Battersby  
 John Beard and Wendy Davis Beard  
 Julian & Anne Beaumont  
 Mrs Janette Beavis

**MEMBERS 1994 TO DATE** (continued)

Graham & Mary Beirman  
Luca & Anita Belgiorno-Nettis  
Pamela Bell OAM  
Thor Beowulf  
Nicole Berger  
Klaas & Lise Berkeley  
Daniel & Danielle Besen  
Ken & Lynette Bignill  
Michael & Jenny Birt  
Judge AD & Mrs C Bishop  
The Hon Bronwyn Bishop  
Allan Blaikie  
Richard Andrew Blair  
Kevin & Marianne Bleasel  
William & Annette Blinco  
Ken Bloxsom  
Audrey & Robert Blunden  
The Bodor Family  
Terry & Rob Bolin  
Bonhams & Goodman  
David Boyce  
Natalia Bradshaw  
Peter Braithwaite  
Eva Breuer  
Mary-Jane Brodribb  
Barbara Brown  
Michael & Wendy Brown  
Martin Browne  
Warwick Bryan  
Ian & Siena Buchanan  
Thomas Bucich  
Michael 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  
Elizabeth Callanan  
Lisa Cantamessa & Francis Douglas  
Adrian & Evan Cardiacos  
Jim Carlsson  
Alison & Robert Carr  
Michael Carr  
Philip Carr  
Bronwyn & Anthony Carroll  
Simon Cary  
Peter & Norma Castaldi  
Joseph Catanzariti  
Licia Cattani  
Ronni & Merelyn Chalmers  
Julia Champtaloup  
Chinese Ginsengs & Herbs Co Pty Ltd  
Ronda Chisholm  
Alan Chiswick  
Oi Choong  
Jane and Hamish Clark  
John & Rosemary Clarke  
David and Anna Cleary  
Jillian A Cobcroft  
Richard Cobden  
John & Doreen Coburn  
Dr Gianni & Mrs Elena Cocco  
Joanna R Coghlan  
Ron Coles  
Cheryl Collins  
Simon and Roberta Collins  
Peter & Gail Comino  
Susan Conde  
Alan Cooley  
Peter & Helene Coombes  
Peter & Dee Court  
Geoffrey Cousins and Darleen Bungey  
Dr Maria Craig & Mr Richard Bornman  
Robin Crawford  
Rear Admiral Ian Crawford AO AM (Mil)&  
Mrs Catherine Crawford  
Mr JN Creer  
Frank & Joan Croll  
Angelo & Erenie Crones  
Elinor Crossing  
Peter & Sally Crossing  
Charles P Curran AO  
Prof Noel & Adrienne Dan  
Sally Dan-Cuthbert  
Brian & Yvonne Davidson  
Sandy & Jane Dawson  
Roderick and Gillian Deane  
Peter & Deborah Debnam  
John & Helen Denoon  
The Dickerson Family  
Collette Dinnigan  
James & Suzanne Dominguez  
Ken & Judy Done  
Barbara & Andrew Dowe  
Stella Downer  
Pamela Downey  
Michael L Duigan  
The late Mrs IG Dulieu  
John & Jill Dunlop  
Anita & Don Dunn  
Sue & Colin Dunston  
Carmel Dwyer & Charles Leedman  
Matthew Dysart (in memory of)  
Max & Sandra Eady  
Donald Elley  
Robert Elliott & Elizabeth Russell  
Peter English & Fiona McIntosh  
James & Jacqui Erskine  
Janet Espie  
Carole & Brian Ettelson  
Bill Evans  
Ruth Faerber  
Sister Jennifer Fahey AM RSC  
Lady Mary Fairfax AM OBE  
Dr Donald K Faithfull  
Tony & Amelia Fay  
Peter Fay  
Robert Felton  
Nikki Fesq  
Vicki Grace & Phil Fiebig  
Jean Findlay  
Chris & Anne Finn  
Erin Flaherty  
The Florin Family  
Barbara Flynn & William Grounds  
Sandra Forbes & Robert Farrar  
Mariann Ford  
Roslyn Forrest  
The Freedman Foundation  
John Frey  
Jim & Judy Friend  
Gwen Frolich  
Judy & Chris Fullerton  
Anne Fulwood  
Mr Lucio Galletto  
Sally Garrett  
Sue Gazal  
Getty Images  
Jilly & Mike Gibson  
Donald & Rosita Gibson  
Belinda Gibson  
Ross & Narelle Gibson  
James & Robin Patricia Giffen  
Suzanne Gleeson  
Barry & Katherine Goldman  
Robert Gould  
Gill Green  
Bill & Anne Gregory

Randolph & Amanda Griffiths	Josephine Jacoby	Anni Macdougall
Julian & Stephanie Grose	Di Jagelman	Megan Machin (in memory of)
Kylie Thurston Grosser & Tim Grosser	Pamela Jennings	Alfred H Machin
Sophie Guest	Adam & Jilly Johnson	David Maloney
Bill & Kate Guy	Robert Johnson	J & A Mandelson
Hon Justice Ian V Gzell	Rainbow Johnson	Sarah Mandelson & Richard Single
Damian Hackett & Michelle Holmes-Hackett	Michael & Margot Johnson	Julie Manfredi Hughes
Indranil Halder & Jane Wilkins	Ian Johnston	Richard Mann & Mary Curtis
Michael & Gail Hale	Amanda Johnstone & David Cowling	Anthony & Suzanne Maple-Brown
Thomas Hamel	Dr Ross Jones	Joy & Harold Marchant
Ken & Di Handley	Erika Jumikis	Eugene & Joanne Marchese
John Hanlon	Naomi Kaldor	Pierre Marecaux & Ken Thompson
Antonia & Con Haralambis	Vasili Kaliman	Scott Marinczek & Daniel Valawink
Sally Hardy	Ms Poppy & Iphy Kallinikos	Bert & Diana Marks (in memory of)
James Harker-Mortlock	Peter Kampfner	F & M Martin
Amanda Harkness	Mary Kavanagh	Richard & Maryanne Martin
Angelo & Despina Hatsaturis	C. John Keightley	Mitchel & Robyn Martin-Weber
Michael Hawker	David Kelly & Aynsley Cameron	Brenda & Robert May
Evelyn Hawkins	Mrs Suzanne Kelly	John McBride
Eric Hawley & Glen Weston	Nick & Susie Kelly	Mrs Marie McCann OAM
Lesley Heath	Christina Kennedy	McConnel Smith & Johnson
Michael Hedger	Susie & Ian Kennedy	Mark & Roslyn McCulloch
Hal Herron	David S Kent	Frank McDonald
Jean W Herron	Lesley Kernaghan	R McDonald Luger
Peter H Hesky	Key Foundation	Jan McGovern
Sue Hewitt	Richard King	Susan & David McGrath
Nora Heysen	Anna-Lisa Klettenberg	Roger McIlroy
Catherine Hickson	Timothy Klingender	Andrew McKinnon
John & Catherine Higgins	Mr & Mrs Gilles Kryger	Andrew & Abbey McKinnon
Lachie Hill	Ian & Sue Lancaster	Lady McMahan
Stephen Hill (in memory of)	Dr William Land AM	Dr Stephen McNamara
Winifred Hinds	Annette Larkin	Tony & Fran Meagher
Christopher Hodges & Helen Eager	Chloris Latham	RP Meagher
Kate Hodgkinson & Frank Hodgkinson (in memory of)	Charles Latimer	Paul & Gráinne Meehan
Malcolm and Helen Holmes	Robert Lavigne	Brian & Lorna Mellor
Maria Teresa Savio Hooke	Dr L Lawrence	Charles G Mendel
Andrew L Horsley	Neil & Caroline Lawrence	Stephen Menzies
Mr & Mrs SJ Howard	John Laws CBE & Caroline Laws	Warwick & Suzanne Miller
Bruce & Carolyn Hudson	Bernard & Linna Le Boursicot	Paul Milliss
The Hon TEF Hughes AO QC & Mrs Hughes	Edith Lees	Russell Mills
Roslyn & Alex Hunyor	Professor Michel Lefebvre	Dr Margaret Mills
Dr Susan Hurley & Dr James La Nauze	Therese Leuver	Mr RH Minter
W. Nevin Hurst	Christine M & David B Liddy	Dr Hing Yiu Mok
Mrs HW Hutchinson	Robert Linnegar & Randi Linnegar	Brian & Jocelyn Munday
T & D Hyde Page	Bob & Eleni Longwell	Kingsley Munday
The Insight Group	Amanda Love	Barry & Elizabeth Murphy
David & Monica Jackson	Dr Kathryn Lovric	Mr Tim Murray & Ms Camilla Drover
Ted & Cynthia Jackson	Tom & Sylvia Lowenstein	Mrs TA & Mr JD Murray-Jones
Ken & Louise Jacobs	David & Sue Lowes	Michael Musgrave
	Morris & Fiona Lyda	Dr Desmond and Suzanne Nasser
	Mrs Diana Macarthur-Stanham	Kimberley Needham

**MEMBERS 1994 TO DATE (continued)**

Kazuko Nelson  
Dr Warwick Nettle & Mimi Verlaine Nettle  
Bruce & Lynne Newey  
Kerry Nicholson  
Carmel Niland AM  
Nomadic Rug Traders  
William Nuttall & Annette Reeves  
Rory, Zena & Lucy O'Connor  
Alec O'Halloran & Helen Zimmerman  
Tim Olsen  
Janette O'Neil  
Marianna & Tony O'Sullivan  
Roslyn & Tony Oxley  
John & Faye Parker  
Michael & Fiona Pascalis  
Lisa & Egil Paulsen  
The Hon Andrew Peacock AC & The Hon Penne Korth Peacock  
Gwen Pearson  
John G Pearson & Mark B Clark  
John & Susannah Penton  
Anthony W Perry  
Molly Perry (in memory of)  
Gabrielle Pizzi  
Ian Plater & Claire Wivell Plater  
Fiona Playfair  
Anna & Vessa Playfair  
Mr & Mrs John Playoust  
John & Sandra Pope  
Rex & Genevieve Porter  
Frances Prell  
Ann & Andrew Proctor  
Elizabeth Pryce  
Julia & Fred Pucci  
Philip Ramsden  
Dr Dick Quan  
Susan Ray  
Kenneth R Reed  
Alan & Jan Rees  
Brian L Regan  
Marcia Resch  
Isabel Reynolds  
Mr & Mrs D Ritchie  
Andrew & Andrea Roberts  
Patricia A Rochford  
Geraldine C Rogan  
Liane Rossler & Sam Marshall  
Gabiella Roy  
Michael SH Royal  
Drs Philip & Valmae Rundle  
Mrs Cynthia Russell  
Margaret & John Ryan  
Ken and Echiko Sadamatsu  
Terry & Judith Salmon  
Kelly Salteri  
Barry Salzman  
Margaret & Victor Sammut  
Mark & Ruth Sampson  
Ruth Sams  
Mr & Mrs CG Samuelson  
Peter & Christa Satouris  
Mrs Alfred Saunders  
Robert & Mitzi Saunders  
Alysoun Schoer  
Pamela Schüttler  
Anna Schwartz  
Lilli Scott  
Mr John Terrill Scott  
Annette Searle  
Morna Seres & Ian Hill  
Bernard Shafer in Memory of Anna Shafer  
Dr John and Mrs Robin Shand  
Mr & Mrs Andrew Shapiro  
Dr Philip Sharp  
Vivienne Sharpe  
Jeanette & Brian Sharpe  
Mandy & Oliver C Shaul OAM  
Neville Spry & Susan Shehadie  
Ray Shorrocks  
Mrs Helen Showniruk  
Patrick & Gabriella Simpson  
Janice and Bruce Simpson  
Shane David Simpson  
Fiona Sinclair King  
Janet E Single  
Terri Sissian  
Pat & Derek Smith  
Mr RA Smith  
Peter & Kathryn Snowball  
Gary & Max Stead  
Ross Steele AM  
Peter & Suzanne Steigrad  
Dr Miriam & Mr Les Stein  
David & Nikki Stein  
Lyn & Ian Stephenson  
Mr & Mrs GV Stewart  
Brett Stone & Mark Cowley  
Bruce and Jennifer Stuckey-Clarke  
Sullivan+Strumpf Fine Art Pty Ltd  
Dr Paul Sutherland  
Sutton Gallery  
John D Swainston  
Georgie Swift  
Yosi & Derryn Tal  
Howard Tanner  
Victoria Taylor  
Bhupen Thakker  
Jeanette C Thomas  
Mrs WJ Tilley  
Isolde Tornya  
Michael & Eleonora Triguboff  
Kevin & Dawn Troy  
Urban Art Projects  
Akky & John van Ogtrop  
Edward & Morna Vellacott  
Will & Jane Vicars  
Mrs FGD Voss  
Eugenie Vrisakis  
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  
Ivan and Karel Wheen  
The Edmund & George Whitlock Foundation  
Greg & Karen Whittred  
Michael Whitworth & Dr Candice Bruce  
Sarah J Whyte  
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  
Donna Woodhill  
Margaret Woodward  
Margaret Wright  
Andrew Wright  
Larry & Patricia Wyner  
Tohr & Marianne Yamaguchi  
Susan Yates  
Dr Ling Yoong  
Corinne & John Young

# 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:

- presents fairly the Foundation's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

In my opinion:

- the financial report of the Art Gallery of New South Wales Foundation shows a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2006
- the ledgers 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)
- 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
- 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.

#### **Scope**

##### ***The Financial Report and Trustees' Responsibility***

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Foundation, for the year ended 30 June 2006.

The Trustees of the Foundation are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

## Audit Approach

I conducted an independent audit in order 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.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Trustees in preparing the financial report, and
- examined a sample of evidence that supports:
  - the amounts and disclosures in the financial report,
  - compliance with accounting and associated record keeping requirements pursuant to the CF Act, and
- obtained an understanding of the internal control structure for fundraising appeal activities.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Trustees had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Foundation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

## Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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



Peter Carr  
Director, Financial Audit Services

SYDNEY  
20 October 2006

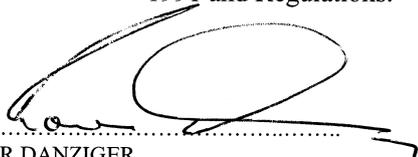
STATUTORY FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

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:

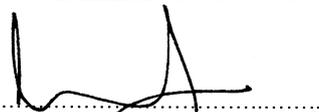
- (a) The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the applicable clauses of the Public Finance and Audit Regulation 2000, applicable Accounting Standards, other mandatory reporting requirements and the Treasurer's Directions
- (b) The financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2006 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 2005 to 30 June 2006, 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 2005 to 30 June 2006 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: 16 Oct 2006

ART GALLERY OF NEW SOUTH WALES FOUNDATION

INCOME STATEMENT

YEAR ENDED 30 JUNE 2006

Revenue			
Donations and Bequests	3(a)	476	2,082
Investment Revenue	3(b)	3,046	2,387
Total Income		<u>3,522</u>	<u>4,469</u>
Expenses			
Contributions to AGNSW	2(a)	2,000	2,810
Operating Expenses	2(b)	6	18
Total Expenses		<u>2,006</u>	<u>2,828</u>
<b>SURPLUS FOR THE YEAR</b>		<u>1,516</u>	<u>1,641</u>

ART GALLERY OF NEW SOUTH WALES FOUNDATION

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2006

Net Increase/(Decrease) in Asset Revaluation Reserve	-	(13)
<b>TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</b>	<u>-</u>	<u>(13)</u>
Surplus for the Year	1,516	1,641
<b>TOTAL INCOME AND EXPENSES RECOGNISED FOR THE YEAR</b>	<u>1,516</u>	<u>1,628</u>

The accompanying notes form part of these statements

## BALANCE SHEET

AS AT 30 JUNE 2006

	NOTES	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	4	4,357	5,623
Receivables	5	1,279	497
Total Current Assets		<u>5,636</u>	<u>6,120</u>
Non-Current Assets			
Financial Assets at Fair Value	6	18,377	17,662
Total Non-Current Assets		<u>18,377</u>	<u>17,662</u>
TOTAL ASSETS		<u>24,013</u>	<u>23,782</u>
<b>LIABILITIES</b>			
Current Liabilities			
Payables	7	7	1,292
Total Liabilities		<u>7</u>	<u>1,292</u>
<b>NET ASSETS</b>		<u>24,006</u>	<u>22,490</u>
<b>EQUITY</b>			
Reserves	8	-	106
Accumulated Funds	8	24,006	22,384
<b>TOTAL EQUITY</b>		<u>24,006</u>	<u>22,490</u>

The accompanying notes form part of these statements

## CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2006

	NOTES	2006 \$'000	2005 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Donations and Bequests Received		476	1,607
Investment Income Received		1,549	1,715
<b>Total Receipts</b>		<u>2,025</u>	<u>3,322</u>
<b>Payments</b>			
Contributions and Other Expenses Paid		(3,291)	(1,540)
<b>Total Payments</b>		<u>(3,291)</u>	<u>(1,540)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<u>(1,266)</u>	<u>1,782</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds of Sale of Investments		-	11,133
Purchase of Investments		-	(10,309)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>-</u>	<u>824</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>		(1,266)	2,606
Opening Cash and Cash Equivalents		5,623	3,017
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	4	<u>4,357</u>	<u>5,623</u>
<b>RECONCILIATION OF SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the Year		1,516	1,641
Less	Unrealised Gains/Diminution Reversed	(715)	(672)
	Decrease (Increase) in Receivables	(782)	(475)
	Increase (Decrease) in Payables	(1,285)	1,288
<b>Net Cash Flows from Operating Activities</b>		<u>(1,266)</u>	<u>1,782</u>

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 (AGNSW). It is a not-for-profit entity.

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

The financial report has been authorised for issue by the Board on 16 October 2006.

(b) *Basis of accounting*

The Foundation's financial report is a general purpose financial report, which has been prepared in accordance with:

- applicable Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AEIFRS);
- Urgent Issues Group interpretations; and
- the requirements for the Public Finance and Audit Act and Regulation,

Financial assets at 'fair value through profit or loss' are measured at fair value. Other financial report items are prepared in accordance with historical cost convention.

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

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

(c) *Statement of Compliance*

The financial statements and notes comply with Australian Accounting Standards. A statement of compliance with IFRS cannot be made due to the Foundation applying the not-for-profit sector requirements of the AEIFRS. This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement were deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards (AGAAP) which applied to the year ended 30 June 2005.

The basis used to prepare the 2005-06 and 2004-05 comparative information for financial instruments are discussed in Note 1(e) below.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

Reconciliations of AEIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 14. This note also includes separate disclosure of the 1 July 2005 equity adjustments arising from the adoption of AASB 132 and AASB 139.

(d) *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.

(i) *Donations and bequests*

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

(ii) *Investment revenue*

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

(e) *Financial Instruments*

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.

(i) *Cash*

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

(ii) *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 Operating Statement.

(iii) *Receivables*

In accordance with AEIFRS 'Receivables' are classified as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement when impaired, derecognised or through the amortisation process. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates fair value. Sales are made on 30 day terms.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued....

*[Receivables Policy applicable in 2004-05]*

Receivables were previously recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. The change in accounting policy did not result in a change in the value of the comparative item.

*(iv) Investments*

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

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

Investments are made in accordance with the provision of the Trustee Act 1925, and Amendment of 1998. They are generally able to be redeemable with 24 hours notice. The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the fair value. The value of the investments represents the Foundation's share of the value of the underlying assets of the fund and is stated at fair value, based on the market value.

*[Investment Policy applicable in 2004-05]*

Financial Instrument (Investments) were previously recognised at market value based on listed prices for listed interest based securities and unit redemption prices for managed funds. For each class of asset, any resultant increase (unrealised gain) was offset against the Provision for Diminution (if any) or otherwise brought to account as a revaluation reserve. Any decrease was offset against the revaluation reserve (if any) or taken to the Operating Statement as a diminution in value. The change in accounting policy on investments as a result of AEIFRS resulted in a transfer from the revaluation reserve at 1 July 2005 of unrealised gains to the Accumulated Funds and the 2005/06 unrealised gains brought to account in the Operating Statement for the current year (Refer Note 14)

*(v) 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.

*[Payables Policy applicable in 2004-05]*

These amounts represent liabilities for goods and services provided to the Foundation and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. The change in accounting policy did not result in a change in the comparative item.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

*(f) Comparative Information*

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition date to AEIFRS for financial instruments was 1 July 2005. The impact of adopting AASB 132 / 139 is further discussed in Note 14.

*(g) Income Tax*

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

*(h) New Australian Accounting Standards and UIG Interpretation*

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. However, the Foundation has early adopted the following Accounting Standards from 1 July 2005:

- AASB 2005-04 regarding the revised AASB 139 fair value option
- AASB 7 regarding financial instruments disclosure
- UIG 9 regarding the reassessment of embedded derivatives

Any initial impact on first time adoption are discussed as part of Note 14, along with the other AEIFRS impacts. Other amending accounting standards and UIG interpretations have not been applied and are not yet effective. The impact is not known or reasonably estimable.

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2 EXPENSES</b>		
<i>(a) Contributions to AGNSW</i>	<u>2,000</u>	<u>2,810</u>
<i>(b) Operating Expenses</i>		
Audit fees	6	5
Other expenses	-	13
	<u>6</u>	<u>18</u>
Audit fees are for the audit of the financial report. The Auditors received no other benefits.		
<b>3 INCOME</b>		
<i>(a) Donations and Bequests</i>		
Donations	441	367
Bequests - Bunning	-	100
Bequests - Tancred Trust	-	137
Bequests - Other	35	1,478
	<u>476</u>	<u>2,082</u>
<i>(b) Investment Revenue</i>		
Interest, Dividends & Distributions	2,331	1,715
Unrealised gains	375	-
Diminution Write Back	340	672
	<u>3,046</u>	<u>2,387</u>

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
4 CURRENT ASSETS - CASH & CASH EQUIVALENTS		
Cash at Bank	57	38
Term Deposits	4,300	5,585
Total Cash & Cash Equivalents	<u>4,357</u>	<u>5,623</u>

The return on these cash and cash equivalents was 5.8% in 2006 (5.5 % 2005) on an average balance of \$4.589m (\$4.196 in 2005).

5 CURRENT ASSETS - RECEIVABLES		
Receivables	<u>1,279</u>	<u>497</u>

These primarily represent accrued income on investments.

	<i>Fair Value</i>	<i>Fair Value</i>
6 NON CURRENT ASSETS - FINANCIAL ASSETS		
Listed Securities	7,751	7,834
Managed Funds	10,626	9,828
Total Non Current Financial Assets at Fair Value	<u>18,377</u>	<u>17,662</u>

The return on the listed securities was 6.1% in 2006 (6.8% 2005) on an average balance of \$7.797m (\$7.841 in 2005) and the managed funds earned a return of 22.5% (15.3 % 2005) on an average investment of \$10.227m (\$10.495m 2005).

Overall, the Foundation earned 13.3% (11.0% 2005) on an average balance of \$22.847m (\$21.675m 2005), representing all its funds.

Restricted Use Assets of \$19,968m (2005 \$20.970m) is included in cash, cash equivalents and other financial assets, representing the capital.

7 CURRENT LIABILITIES		
Payables	<u>7</u>	<u>1,292</u>

8 CHANGES IN EQUITY	<i>Accumulated Funds</i>	<i>Revaluation Reserve</i>	<i>Total Equity</i>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 July 2004	20,743	119	<b>20,862</b>
<u>Changes in Equity-other than transactions with owners as owners</u>			
Surplus for the year	1,641	-	<b>1,641</b>
Transfer to(from) Reserve	-	(13)	<b>(13)</b>
<u>Total</u>	<u>1,641</u>	<u>(13)</u>	<b><u>1,628</u></b>
Balance as at 30 June 2005	<u>22,384</u>	106	<b><u>22,490</u></b>
<u>Changes in Equity-other than transactions with owners as owners</u>			
Surplus for the year	1,516	-	<b>1,516</b>
AASB139 First time adoption	106	(106)	-
<u>Total</u>	<u>1,622</u>	<u>(106)</u>	<b><u>1,516</u></b>
Balance as at 30 June 2006	<u>24,006</u>	-	<b><u>24,006</u></b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

<i>Total Equity comprises:</i>	<b>2006</b>	<b>2005</b>
<b>Capital (Preserved Funds)</b>	<b>\$'000</b>	<b>\$'000</b>
Tancred Trust Fund	1,087	1,087
Walter Hartwig Fund	-	1,478
General Fund	18,881	18,405
Total Capital	<u>19,968</u>	<u>20,970</u>
<b>Retained Investment Income</b>	<u>4,038</u>	<u>1,520</u>
Total Equity	<u>24,006</u>	<u>22,490</u>

During 2005/06, the Walter Hartwig Fund was used towards the acquisition of a work of art (namely the Procaccini (*The Lowering of the Cross with Sts. Mary Magdalene, Augustine, Jerome and Angels*) c1618 for the Art Gallery of NSW. This was in keeping with the wishes of the benefactor.

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

#### 9 COMMITMENTS FOR EXPENDITURE

At the date of this report, there were no commitments outstanding, although there was 'in principle' approval for negotiations on a potential acquisition of up to \$1.5m which are still in progress (2005 - \$2.13m).

#### 10 CONTINGENT LIABILITIES

At the date of this report, the Trustees are not aware of any material contingent liabilities (2005 - Nil).

#### 11 FUNDRAISING APPEALS

The Foundation did not undertake any specific fundraising appeals as defined under the Charitable Fundraising Act, 1991.

#### 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.

#### 14 IMPACT OF ADOPTION OF AEIFRS

The Foundation has applied the AEIFRS for the first time in the 2005-06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. The Foundation has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect NSW Treasury's mandates and policy decisions.

There are no impacts on total equity and surplus/(deficit) as reported under previous AGAAP. There are also no material impacts on the Foundation's cash flows.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*(a) Financial Instruments – 1 July 2005 first time adoption impacts*

As discussed in Note 1(c), the comparative information for 2004/05 for financial instruments has not been restated and is presented in accordance with previous AGAAP. AASB 132 and AASB 139 have been applied from 1 July 2005. Accordingly, the 1 July 2005 AEIFRS opening equity adjustments for the adoption of AASB 132 / AASB 139 follow:

		<i>Accumulated Funds Total</i> \$'000	<i>Revaluation Reserve</i> \$'000	<i>Total Equity</i> \$'000
Total opening equity 1 July 2005		22,384	106	22,490
AASB 139 first-time adoption adjustment -	<i>Note</i>	<u>106</u>	<u>(106)</u>	<u>-</u>
Restated opening Equity 1 July 2005 (after applying AASB 139)		<u>22,490</u>	<u>-</u>	<u>22,490</u>

*Note* – Movements in fair value of these facilities were previously recognised through the asset revaluation reserve. They are now recognised through profit and loss. This change has resulted in the reclassification of these gains from reserves to accumulated funds.

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](http://www.artgallery.nsw.gov.au)