

ART GALLERY OF NEW SOUTH WALES FOUNDATION  
**ANNUAL REPORT 2004**

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Cover image: **Cy Twombly**  
*Three studies from the Temeraire* 1998–99 (detail)  
(triptych) oil on canvas, 253 x 195 cm  
Purchased by the Art Gallery of New South Wales Foundation 2004  
© Cy Twombly

# ART GALLERY OF NEW SOUTH WALES FOUNDATION

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  - Ms Denyse Spice

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- Mrs Susan Rothwell

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- Mr Reg Richardson
- Mr James Agapitos OAM (resigned June 2004)

# DIRECTOR'S STATEMENT

This has been a busy year for our Foundation; one characterised by new levels of activity and a hint of urgency under the guidance and inspiration of our new chairman Rowena Danziger. The number of events and happily the number of new and renewed members have grown in response to our heightened presence in the public mind. Initiatives such as the ever-expanding Newsletter not only serve to keep Foundation members informed but are also positive barometers of our refreshed sense of purpose. Thus I begin by expressing my thanks to our chairman, to the tireless and tenacious Jane Wynter, and to the entire membership of the Foundation Board with a special word of thanks to Catriona Mordant, Peter Weiss, Susan Rothwell and Denyse Spice for their work in organising our November dinner. This will celebrate the 21st anniversary of the Foundation and we shall mark that occasion with another great acquisition. Thus it is that as the 2004 year draws to a close so too our negotiations to make the Foundation's most substantial ever acquisition commitment. Having been deliberated upon and discussed for over two years, and with the substantial support of the Art Gallery Society, the Gallery is acquiring what I believe to be an iconic work and one that is assuredly destined to become an icon of our collections. It is of course Cy Twombly's *Three studies from the Temeraire*; a work that is both majestic and mysterious.

Having first seen this extraordinarily evocative triptych in the exhibition *Encounters: new art from old*, the theme of which is wonderfully described in the catalogue as 'great artists of our time converse with the greatest artists of all time', at London's National Gallery in the year 2000 I was immediately captured. For me here was a work that had 'immortality' stamped indelibly upon it. The following year I spent more time with this work, albeit in the rather less salubrious surroundings of a store, and that was the preface to the triptych coming to Sydney in 2002, where it was displayed in both the Old Courts and the Contemporary galleries. Regrettably we were unable to identify the necessary funds at that time with the result that later the following year the panels were returned. As soon as they had left the building I knew I should never have let them go. Their departure was the moment I resolved their return.

Which of course begs the question, why? What is it about Twombly that is so captivating and intriguing? He is considered by many to be the most significant artist of our time but that, inevitably, is not an unchallenged position. His distinctive and independent works are redolent with contrasting qualities: they are grand and intimate; direct and elusive; austere and sensual; echoing with antiquity and yet overtly modern; rich in texture and yet insinuating infinite depth; they are playful and serious, innocent and profound. In the catalogue for the major retrospective of his work held at New York's Museum of Modern Art in 1994–95 Kirk Varnedoe wrote that he: 'fuses antiquity's epic spirit with the slang, raw data and fragmented time of modern experience'. Perhaps the path to his mysterious and absorbing imagery lies in the real sense of experience that each and every work of his evokes. His paintings do not illustrate and yet they convey extraordinary sensation. Grasping the truth of Twombly's work may be an elusive quest in strictly definitive terms for his visions and his references are, I believe, of a particularly grand scale and yet the language is one of the powerful intimacy of making marks. As Richard Serra has noted: '... he knows how to produce a sensation, not necessarily an image, but a sensation or an effect. Poets do that.'

Twombly's work is, perhaps, far more about the gesture than it is about the outcome, and yet his paintings are full of intent and content. He has also always held a distant yearning for the 'east': this he has revealed in conversation about his love for the Mediterranean and its cultures, which he declared to be not only the treasury of classical antiquity but also the link to 'Asia Minor', that quaint term favoured by those who see exoticism on the horizons of the eastern seaboard of the Mediterranean and what lies beyond. This empathy is more evident in recent paintings which have a strong calligraphic quality, but it is also evident in the ritualistic sense of gesture in much of his work of the 1980s and 90s including *Three studies for the Temeraire*. Words and intimations of language have always been part of Twombly's visual repertoire, usually in the form of marks and inferences that seem to float across the surface like moments of experience and insight, or little echoes of a distant past. There is seldom any specific clarity to these linguistic fragments but their curiosity invites us on journeys full of conjecture and momentary revelation.

Twombly was born in 1928 in Lexington, Virginia. In 1948–49 he trained at the School of the Museum of Fine Arts, Boston; he then won a Fellowship to the Art Students League in New York, where he forged a close association with fellow student Robert Rauschenberg. They subsequently attended the progressive Black Mountain College in North Carolina, where they studied under Robert Motherwell. In 1952 Twombly won a grant to visit Europe and with Rauschenberg in tow they travelled extensively returning to New York in 1953. In 1957 Twombly left New York for Rome, virtually for good, although he still returns every year to Lexington for a few months.

By 1960 Twombly was established and much recognised, especially in his new home Italy, but also in New York where his classically inspired, highly individual and seemingly subjective marks, doodles and lines – moments of experience set against moody rich and absorbent creamy white grounds – were the very antithesis to the then current vogue for pop art and minimalism. If there was any relationship with New York it was perhaps that whiff of abstract expressionism but I would contend that the range of sensibilities evoked by Twombly's work is more profound and, in a way, more literal, than the broad sweeps of emotion of his New York expressionist colleagues. By the time these often gently convulsive works of the 1960s had gradually calmed into the more austere but nervous, and highly distinctive, 'blackboard' pictures distinguished by the 'scribbles' which became an absolute hallmark of his work, Twombly was certainly out there and on his own.

During the late 1970s and the 1980s his paintings had a less frenetic sense of pace and energy, and assumed an even more mysterious and contemplative nature. There is a noticeable maturity about these works and an admission of a debt to artists whom he particularly admired including Monet and Turner in their mysterious tones and contemplative attitude. He also moved out of Rome to where he presently lives, in the old port town of Gaeta, roughly half way between Rome and Naples.

The history of this triptych, *Three studies for the Temeraire*, is of special interest, unusual yet evolutionary. In 1998 Twombly was working on three related but at the time independent canvases on three adjacent walls of his Gaeta studio. The theme was these ancient vessels and all the senses of myth and history they inferred – there was originally neither particular thought of Turner, an artist who Twombly had always especially admired, nor of the three panels as a single work. Gradually they coalesced into a single epic event and were shown in the National Gallery in London in the exhibition *Encounters: new art from old* in the

year 2000 alongside Turner's famed *The fighting 'Temeraire' tugged to her last berth to be broken up*, which was painted in 1883. Here Twombly's pictures assumed their role as contemporary evocations of Turner's *Fighting Temeraire*.

Looking at the three canvases together, as a single panorama, there is a potent sense of passage as the ships drift, float and sail into the warm, sensuous but slightly ominous embrace of infinity. There is a strong sense of procession, with the flag-ship bringing up the rear, or maybe they are all images of the same ship, passing into history. This 'dissolving' fleet is a poignant echo of Turner's *Temeraire* as it is towed by a tugboat to its last resting place in the cooling glows of a fast descending sunset. Both Twombly's and Turner's paintings are dominated by sky and water, indistinguishable in the former's, but both elements in which things can float. There is too a wonderful correspondence between the emotive reflections in Turner's *Temeraire* and the dripping lines that flow from Twombly's apparently doomed ships.

The qualities and sensibilities which echo from Twombly's *Three studies for the Temeraire* are manifold: the imagery suggests the passage of time, the inevitable end to any voyage, the passage from the present to the past and vice versa. These works imply that continuity of human, cultural and aesthetic experience in which the past is always available, as Twombly so believes. His passing, disappearing fleet may indeed also symbolise that unbroken chord which links classical antiquity with the present.

Twombly's *Three studies* would never have been inspired as they were, or painted as they were, without Turner's *Fighting Temeraire*, even though they were initiated without any such specific association. Certainly they are far from slavish copies or shallow contemporary imitations. And whilst I am sure that Twombly's modern interpretation would confuse a latter-day Turner I am equally sure that he would have recognised certain qualities – the fascination with the aura of the heroic, the melancholy and beauty of passage, the magic of profound light, the evocation of depth, profundity and mystery.

When making such an acquisition we have to consider more than our instinctive reactions however convincing they may be. This represents a very large commitment and it will take the combined resources and support of the Foundation and the Society, together with a number of generous individual benefactors, to support this purchase. I am reluctant, however, to offer the usual arguments and rationale for a work such as this. Twombly's *Three studies from the Temeraire* is an imposing and independent statement by an artist firmly and indelibly etched into the annals of art history – to be honest that is quite enough. It is a work that through its very presence on these walls lifts and expands our imaginative horizons. And Cy Twombly is absolutely delighted that this epic work of his will find a permanent and appropriate home in one of the great harbour cities of the world.

Edmund Capon  
Director

## CHAIRMAN'S REPORT

It has been a successful year for the Foundation and the year ahead has started off very well.

### Donations & Bequests

The highlight of the year was the substantial bequest of \$950,000 from the late Mary Tancred. Her generosity is greatly appreciated and reflects an immense devotion to the Gallery, a sentiment shared by many of our loyal donors. In keeping with her wishes, the funds will be set aside in a separate 'Tancred Trust' fund and the income used to acquire works of art for the Gallery's Asian Collection.

We received over \$1.5 million in Donations and Bequests, comprising \$320,000 of donor contributions, \$252,000 from a special fund raising effort for Drysdale's Group of Aborigines and the balance from the Bequests including the one above mentioned. This increased our total Capital base to \$20.862 million at 30 June 2004, an impressive 15% increase over the year.

### Donors

At June 2004, there were 739 donors, of which about 616 are current donors, contributing either to the Foundation (300) or special interest areas of the Gallery (316).

### Acquisitions

Over the last two years a special fund raising effort enabled the Foundation to contribute funds to the Gallery for the acquisition of Russell Drysdale's *Group of Aborigines* 1953, a valuable addition to the Australian Collection. The acquisition could not have been made without the efforts of Peter Weiss and the Foundation members.

### Investments

The year saw a substantial improvement in equity markets which restored the income levels of the Foundation to \$1.8 million, being a 9.3% return on (average) funds invested of \$19.4 million.

The Foundation has three major investment classes – cash deposits, listed securities and a managed fund. During the year, on the recommendation of the Finance Committee, we invested in a broader selection of listed interest bearing securities to diversify the portfolio and improve returns whilst still maintaining an exposure to interest rates.

### Capital Preservation

It has always been the policy of the Foundation to preserve the capital (i.e. donations/bequests), but recent bequests raised the issue of whether or not this is still applicable in the light of the occasional benefactor who may request the contribution be spent on an artwork. After lengthy deliberation, the Board concluded that such wishes of its benefactors should prevail but the policy of capital preservation was still paramount and this strategy was consistent with the Foundation Trust Deed provisions.

### Board of Trustees

During the year, Mr Barry Murphy and Mr James Agapitos OAM resigned. We are very thankful to both for their contributions over the last 2–3 years.

### The Year Ahead

In anticipation of the Triennial meeting in October, the Board took the opportunity to modify the Foundation Trust Deed. In the past the donor representatives were classified by class of donor, but this was somewhat outdated and restrictive having initially been established to meet the need for representation of large corporate donors. Now that the support of the Foundation has moved to personal donations it is appropriate to enable all donors to nominate/elect all donor representatives irrespective of class of donor. The changes were made, the Trust Deed updated and put into effect at the Triennial meeting held in October 2004 to elect the donor representatives on the Trust Board for the next three year term. I am pleased to report that the existing Trustees were all reappointed, namely Mr Geoff Ainsworth, Mr Brian France AM, Ms Catriona Mordant, Mr Reg Richardson, Ms Susan Rothwell, Mr Isaac Wakil and Mr Peter Weiss AM, and also Mr Fraser Hopkins who was filling the casual vacancy created by the resignation of Mr James Agapitos OAM.

I am also pleased to welcome Mrs Inge Grant as one of the Foundation's Gallery representatives – she will take on this role in her capacity as President of the Art Gallery Society of New South Wales. She joins Ms Jillian Broadbent AO, Mrs Denyse Spice and Mrs Prue Allen and myself, as the six Art Gallery of New South Wales representatives. Dr Mark Nelson will continue as a NSW Government representative. We are also awaiting confirmation of two other appointments within the next month or two. This will enable us to commence 2005 with full Board.

The Foundation held a gala dinner to celebrate its 21st anniversary. Mr Clive James spoke to the 280 guests with wit and erudition and properly celebrated the occasion. To complement the celebration, the objective of the evening was to raise funds to augment the funds jointly provided by the Foundation and the Art Gallery Society for the acquisition of Cy Twombly's *Three studies from the Temeraire* 1998–99 (triptych).

At the time of writing this report, we have received another major bequest of \$1.2m from the Estate of Walter Hartwig. It was his express wish that these funds be used to acquire a work of art. The late Gillian Bunning another devoted supporter also left an amount of \$100,000 to the Foundation.

It is a great pleasure, on behalf of the Foundation Trustees, to thank The Hon Bob Carr MP, Premier and Minister for the Arts, and the Foundation's Patron, Her Excellency Professor Marie Bashir, AC Governor of New South Wales, for their interest and support. I would also like to thank all the Trustees for their immense efforts in continuing the success of the Foundation, Mr Edmund Capon AM OBE for his inspiration and keenness to buy great works of art and the team at the Gallery for all their support.

Rowena Danziger AM  
Chairman  
15 November 2004

ART GALLERY OF NSW FOUNDATION - 3 year summary

Performance	\$ '000		
	2002	2003	2004
	346	621	572
Bequests	400	2,579	1,007
Net Investment Income	(703)	(436)	1,810
Art Acquisitions (for AGNSW)	-	(17)	(727)
Expenses	(25)	(31)	(20)
Surplus	18	2,716	2,642

Key Features  
Donor contributions included special fund raising for Drysdale work \$504,000.

Major Bequests \$2.4m Mary Heseltine Estate and \$950,000 Mary Tancred Estate

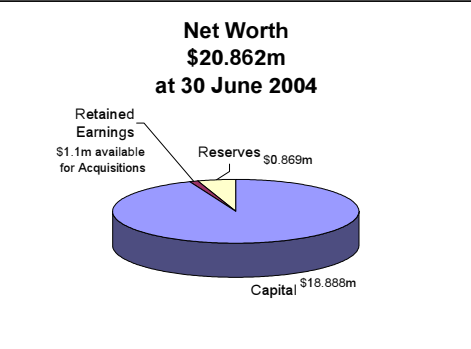
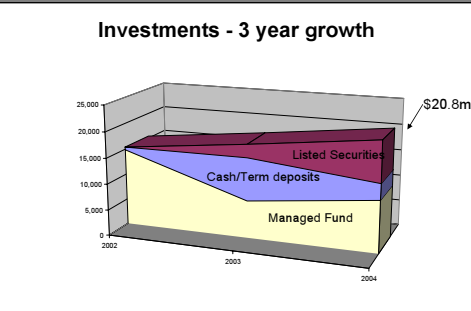
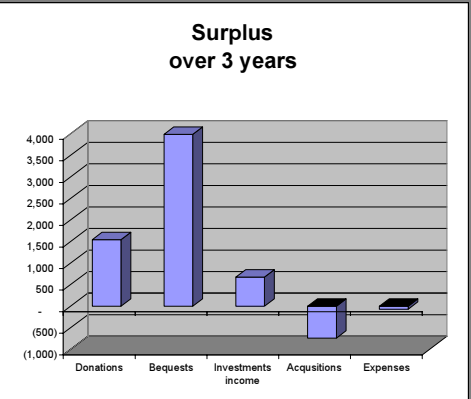
Investment returns improved greatly in 2004.

Acquisition in 2004 - Drysdale 'Group of Aborigines'

Net worth \$20.8m - 35% growth over three years

Cash/Term Deposits make up 46% of total funds

Balance Sheet	30-Jun-02 \$'000	30-Jun-03 \$'000	30-Jun-04 \$'000
Cash/Term Deposits	550	8,266	3,017
Net Receivables(payables)	-	71	18
Listed Securities	-	2,568	7,847
Managed Fund	14,835	7,196	9,980
NET WORTH	15,385	18,101	20,862
Represented by			
Capital Funds	14,126	17,309	18,888
Fluctuation/other reserves	1,000	750	869
Accumulated Surplus(Deficit)	259	42	1,105



Investment Returns	2002	2003	2004
Term Deposits/Cash	1.0%	4.6%	5.2%
Managed Fund - Westpac/BT	-4.7%	-8.8%	13.1%
Listed Securities	0.0%	-	8.8%
TOTAL ALL SECURITIES	-4.7%	-2.6%	9.3%
Average Investment Value	15,000	16,708	19,437

FOUNDATION MEMBERSHIP

Life Benefactors	10
Benefactors	10
Governors	11
Fellows	12
Members	14

FOUNDATION MEMBERSHIP

as at 30 June 2004

Membership of the Art Gallery of New South Wales Foundation is divided into five categories, determined by the level of contribution. The minimum level of commitment required for inclusion in this report and on the Honour Board is \$5,000.

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

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The late Mary Heseltine  
News Limited

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The Hon Justice TW Waddell  
Mrs D Walder  
Mr L Walford  
Mr JS Walton  
Judge & Mrs WDT Ward  
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JB 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

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Russell & Lucinda Aboud  
Mr & Mrs JH Adair  
Mr Ross Adamson  
LH Ainsworth  
Victoria Alexander  
D John W Allen  
Timothy & Prue Allen  
Mr WP Anderson  
Annandale Galleries  
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Jonathan Armytage  
Charles & Deidre Aronson  
Mrs IM Ashton  
Lachlan Astle & Neil Matthews  
Lady Atwill  
Australian Decorative Fine Arts Society Sydney Inc  
Susan Ayers  
Henry & Peta Badgery  
Richard & Chrissie Banks  
Jim & Janette Bain  
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Nicole Berger	John & Rosemary Clarke
Klaas & Lise Berkeley	Mr & Mrs D Clarke
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Judge AD & Mrs C Bishop	Jillian A Cobcroft
The Hon Bronwyn Bishop	Richard Cobden
Allan Blaikie	John & Doreen Coburn
Richard Andrew Blair	Dr Gianni & Mrs Elena Cocco
Blake Dawson Waldron	Joanna R Coghlan
Kevin & Marianne Bleasel	Ron Coles
Mr N Bleasel	Cheryl Collins
William & Annette Blinco	Peter & Gail Comino
Audrey & Robert Blunden	Susan Conde
Terry & Rob Bolin	Mr DN Constable
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Eva Breuer	Robin Crawford
Sir Ron Brierley	Peter & Dee Court
Mary-Jane Brodribb	Amanda Johnstone & David Cowling
Mr David Bromell	Dr Maria Craig & Mr Richard Bornman
Martin Browne	Robin Crawford
Thomas Bucich	Mr JN Creer
Ian & Siena Buchanan	Frank & Joan Croll
M Bulloch	Angelo & Erenie Crones
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Dr John & Professor Margaret Burgess	Peter & Sally Crossing
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Mrs Joyce A Burnard	Prof Noel & Adrienne Dan
Elizabeth Burns	Sally Dan-Cuthbert
Mr MDI Burrows	Sandy & Jane Dawson
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Paul & Karen Byrne	The Dickerson Family
Michael Callaghan	Collette Dinnigan
Elizabeth Callanan	James & Suzanne Dominguez
Andrew & Cathy Cameron	Ken & Judy Done
Adrian & Evan Cardiacos	Barbara & Andrew Dowe
Jim Carlsson	Stella Downer
Alison & Robert Carr	Pamela Downey
Michael Carr	Mrs IG Dulieu
Mr PH Cary	John & Jill Dunlop
Mrs N Cash	Sue & Colin Dunston
Peter & Norma Castaldi	Carmel Dwyer & Charles Leedman
Joseph Catanzariti	Matthew Dysart (in memory of)
Licia Cattani	Edward Lumley Ltd
Ronda Chisholm	Zeny Edwards

Donald Elley	Bill & Anne Gregory
Robert Elliott	Randolph & Amanda Griffiths
Peter English & Fiona McIntosh	Sophie Guest
James & Jacqui Erskine	Bill & Kate Guy
Carole & Brian Ettelson	Hon Justice Ian V Gzell
Bill Evans	Damian Hackett & Michelle Holmes-Hackett
Ruth Faerber	Indranil Halder & Jane Wilkins
Sister Jennifer Fahey RSC	Michael & Gail Hale
Lady Mary Fairfax AM OBE	Nancy Hall
Danielle Favetti	Thomas Hamel
Tony & Amelia Fay	Ken & Di Handley
Sandra & Paul Ferman	Antonia & Con Haralambis
Nikki Fesq	Sally Hardy
Hannah Fink & Andrew Shapiro	James Harker-Mortlock
Sue Fisher	Mr Alistair & Dr Philippa Harvey-Sutton
Erin Flaherty	Angelo & Despina Hatsatouris
The Florin Family	Michael Hawker
Mr & Mrs EA Floyd	Evelyn Hawkins
Barbara Flynn & William Grounds	Eric Hawley & Glen Weston
Rosemary Foot AO	Heidelberg Graphic Equipment Ltd
Sandra Forbes & Robert Farrar	Hal Herron
Mariann Ford	Jean W Herron
Foundation Madelon	Mr MA Hershon
John Frey	Dr Mary Heseltine
Jim & Judy Friend	Peter H Hesky
Dr & Mrs J Friend	Sue Hewitt
Gwen Frolich	Nora Heysen
Judy & Chris Fullerton	Catherine Hickson
Mr M Galloway	John & Catherine Higgins
Sue Gazal	Lachie Hill
Sir Arthur & Lady George	Mr Stephen Hill (in memory of)
Getty Images	Winifred Hinds
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Belinda Gibson	Kate Hodgkinson & Frank Hodgkinson (in memory of)
Ross & Narelle Gibson	Alex Holland
Henry D Gillespie	Robyn Holt
Helen Glad	Maria Teresa Savio Hooke
Suzanne Gleeson	Sir Leslie Hooker Memorial Foundation
Barry & Katherine Goldman	Andrew L Horsley
Tim D Goodman & Rachel Robinson	Peter & Helen Horwitz
Robert Gould	Mr & Mrs SJ Howard
Julian & Stephanie Grose	Mr BC Hudson
Vicki Grace & Phil Fiebig	Bruce & Carolyn Hudson
Gill Green	The Hon TEF Hughes AO QC & Mrs Hughes
Josefa Green & John Millbank	Roslyn & Alex Hunyor
	W Nevin Hurst

Mrs HW Hutchinson	Therese Leuver
Dr & Mrs J Indyk	Mr & Mrs JD Lewis
The Insight Group	Vicki Liberman
David & Monica Jackson	Christine M & David B Liddy
Ted & Cynthia Jackson	Robert Linnegar & Randi Linnegar
Ken & Louise Jacobs	Bob & Eleni Longwell
Josephine Jacoby	Amanda Love
Di Jagelman	Dr Kathryn Lovric
Japan Chamber of Commerce & Industry, Sydney	David & Sue Lowes
Japanese Society of Sydney	Morris & Fiona Lyda
Pamela Jennings	Mrs Diana Macarthur-Stanham
The Hon Sir Asher Joel KBE AO & Lady Joel	Anni Macdougall
Adam & Jilly Johnson	Megan Machin (in memory of)
Michael & Margot Johnson	Alfred H Machin
Ian Johnston	Greg MacInnes
Dr Ross Jones	Ross Maddock
Erika Jumikis	David Maloney
Naomi Kaldor	J & A Mandelson
Ms Poppy & Iphy Kallinikos	Sarah Mandelson & Richard Single
Peter Kampfner	Richard Mann & Mary Curtis
Mary Kavanagh	Anthony & Suzanne Maple-Brown
C John Keightley	Joy & Harold Marchant
Mrs Suzanne Kelly	Eugene & Joanne Marchese
David Kelly & Aynsely Cameron	Pierre Marecaux & Ken Thompson
Susie & Ian Kennedy	Scott M. Marinchek
David S Kent	Mr FI Markovic
Mr & Mrs RH Kidd	Bert & Diana Marks (in memory of)
Nicole Kidman	Peter & Janie Marshall
Richard King	Richard & Maryanne Martin
Denise King	F & M Martin
Mrs J King	Mitchel & Robyn Martin-Weber
Anna-Lisa Klettenberg	Richard & Maryanne Martin
Tim Klingender	John McBride & John Schirano
Mr & Mrs Gilles Kryger	Mrs Marie McCann OAM
Ian & Sue Lancaster	McCarthy Watson & Spencer
Annette Larkin	McConnell Smith & Johnson
Chloris Latham	Frank McDonald
Charles Latimer	Jan McGovern
Robert Lavigne	Susan & David McGrath
Dr L Lawrence	Roger McIlroy
Neil & Caroline Lawrence	Andrew & Abbey McKinnon
John Laws CBE & Caroline Laws	Andrew McKinnon
Jeanne & Josef Lebovic	Lady McMahan
Edith Lees	Dr Stephen McNamara
Mr AG Legge	RP Meagher
Leo Buring Pty Ltd	Paul & Gráinne Meehan

Brian & Lorna Mellor	Ian Plater & Claire Wivell Plater
Charles G Mendel	Anna & Vessa Playfair
Mr & Mrs R Mews	Mr & Mrs John Playoust
Justin Miller	Lesley Pockley
Paul Milliss	John & Sandra Pope
Russell Mills	Alex Popov
Mr RH Minter	Estate of late DM Porter
Misho	Rex & Genevieve Porter
Monier Limited	Lady Potter
Morgan Stanley Australia Ltd	Mr Brent Potts
Brian & Jocelyn Munday	Dr & Mrs GC Potts
Kingsley Munday	D & E Prevedoros
Barry & Elizabeth Murphy	Ann & Andrew Proctor
Mr Tim Murray & Ms Camilla Drover	Elisabeth Pryce
Mrs TA & Mr JD Murray-Jones	Julia & Fred Pucci
Michael Musgrave	Susan Ray
Mrs J Muston	Mrs WM Redhead
Mr SB Myer	Kenneth R Reed
Mr JH Myrtle	Alan & Jan Rees
Dr Desmond & Suzanne Nasser	Dr L Rees AC CMG
Kimberley Needham	Brian L Regan
Dr Warwick Nettle & Mimi Verlaine Nettle	Marcia Resch
Bruce & Lynne Newey	Isabel Reynolds
Kerry Nicholson	Mr & Mrs D Ritchie
Carmel Niland AM	Andrew & Andrea Roberts
William Nuttall & Annette Reeves	Patricia A Rochford
Rory Zena & Lucy O'Connor	Geraldine C Rogan
Tim Olsen	Gabriella Roy
Janette O'Neil	Michael SH Royal
Mr JD O'Toole	Dr Philip & Dr Valmae Rundle
Roslyn & Tony Oxley	Mrs Cynthia Russell
Lady Florence Packer	Judith Rutherford
John & Faye Parker	Terry & Judith Salmon
Michael & Fiona Pascalis	Kelly Salteri
Mr JH Pascoe	Victor & Margaret Sammut
Lisa & Egil Paulsen	Mark & Ruth Sampson
Gwen Pearson	Ruth Sams
John G Pearson & Mark B Clark	Grant Samuel
Pechiney Pacific Pty Limited	Mr & Mrs CG Samuelson
Dr Theo & Mrs Marianne Penklis	Greg & Elizabeth Sanderson
John & Susannah Penton	Mr & Mrs Max Sandow
Anthony W Perry	Peter & Christa Satouris
Molly Perry (in memory of)	Mrs Alfred Saunders
Philip Cox & Partners Pty Ltd	Alyson Schoer
Gabrielle Pizzi	Mr TK Schrecker
Placer Pacific Limited	Pamela Schüttler

Mr John Terrill Scott	Will & Jane Vicars
Lilli Scott	Mrs FGD Voss
Annette Searle	Eugenie Vrisakis
Morna Seres & Ian Hill	Mr L Walford
Vivienne Sharpe	Stephen L Walmsley
Dr Philip Sharp	Mr JS Walton
Mandy & Oliver C Shaul OAM	Mr & Mrs WDT Ward
Eve & Michael Silver	Philippa Warner
Lisa Simons	Suzanne AR Waterhouse
Shane David Simpson	Shirley Watkins
Fiona Sinclair King	Gail Watt
Janet E Single	John J Webster SC
Terri Sissian	Joy Elizabeth Wennerbom
Vassily & Robert Skinner	JB Were & Son Charitable Fund
Pat & Derek Smith	Mr & Mrs Morris L West
Mr RA Smith	Craig Westgate
Peter & Kathryn Snowball	RJ White AO
Mr & Mrs N Sparnon	The Edmund & George Whitlock Foundation
Jim & Alice Spigelman	Sarah J Whyte
Neville Spry & Susan Shehadie	Greg & Karen Whittred
Dalia & Tom Stanley	Michael Whitworth & Dr Candice Bruce
Gary & Max Stead	Drs Eva & Heinz Wicki
Ross Steele	Dr Ian Wilcox
David & Nikki Stein	Cameron Williams
Dr Miriam & Mr Les Stein	Julie Williams
Lyn & Ian Stephenson	Robert H Williams
Mr & Mrs GV Stewart	Neil & Lesley Wilson
Brett Stone & Mark Cowley	Julia Wokes
Bruce & Jennifer Stuckey-Clarke	Mr D Wolanski
Paul Sumner	Ms Vanessa Wood
Dr Paul Sutherland	Donna Woodhill
John D Swainston	Andrew Wright
Georgie Swift	Margaret Wright
Dr John Sydney Smith & Nola Charles	Larry & Patricia Wyner
Yosi & Derryn Tal	Susan Yates
Howard Tanner	Dr Ling Yoong
Victoria Taylor	Corinne & John Young
Max & Nola Tegel	Young & Rubicam
Jeanette C Thomas	
Mrs WJ Tilley	
Isolde Torny	
Kevin & Dawn Troy	
The Turik Family	
Akky & John Van Ogtrop	
The Vardis Family	
Edward & Morna Vellacott	

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ART GALLERY OF NEW SOUTH WALES FOUNDATION  
STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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 2004 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 2003 to 30 June 2004, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- (c) Money received as a result of fundraising activities conducted during the period from 1 July 2003 to 30 June 2004 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

DATED: 10 October 2004

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

  
E. CAPON  
DIRECTOR,  
ART GALLERY OF NSW

DATED: 18/10/04



GPO BOX 12  
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT  
ART GALLERY OF NEW SOUTH WALES FOUNDATION

To Members of the New South Wales Parliament

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

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

- (a) presents fairly the Foundation's financial position as at 30 June 2004 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act).

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

In my opinion:

- (a) the accounts of the Art Gallery of New South Wales Foundation show a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2004
- (b) the accounts and associated records of the Foundation have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* (the CF Act) and the *Charitable Fundraising Regulation 2003* (the CF Regulation)
- (c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act and the CF Regulation, and
- (d) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

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

**The Trustees' Role**

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

**The Auditor's Role and the Audit Scope**

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

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

- evaluated the accounting policies and significant accounting estimates used by the Trustees in preparing the financial report,
- examined a sample of the evidence that supports:
  - (i) the amounts and other disclosures in the financial report,
  - (ii) 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 opinions do *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 PF&A 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.



G J Gibson FCPA  
Director of Audit

SYDNEY  
19 October 2004

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
For the year ended 30 June 2004

	NOTES	2004 \$'000	2003 \$'000
Revenues from ordinary activities			
Grants & Contributions - Donations/Bequests	3(a)	1,579	3,200
Investment income	3(b)	1,810	628
Total Revenues		3,389	3,828
Expenditure from ordinary activities			
Donations to AGNSW of works of art		727	17
Audit Fees	7(b)	4	3
Diminution in value of investments		-	1,064
Other sundry items		16	28
Total Expenditure		747	1,112
<b>SURPLUS FOR THE YEAR FROM ORDINARY ACTIVITIES</b>		<b>2,642</b>	<b>2,716</b>
<b>NON-OWNER TRANSACTION CHANGES IN EQUITY</b>			
Net Increase (Decrease) in Asset Revaluation Reserve		119	-
<b>TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY</b>		<b>119</b>	<b>-</b>
<b>Total changes in Equity other than those resulting from transactions with owners as owners</b>		<b>2,761</b>	<b>2,716</b>

The accompanying notes form part of these statements

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2004

	NOTES	2004 \$'000	2003 \$'000
<b>ASSETS</b>			
Current Assets			
Cash at bank	4	102	100
Term Deposits	4	2,915	8,166
Receivables	5	22	74
Total Current Assets		<u>3,039</u>	<u>8,340</u>
Non-Current Assets			
Other Financial Assets	6	<u>17,827</u>	<u>9,764</u>
Total Non-Current Assets		<u>17,827</u>	<u>9,764</u>
<b>TOTAL ASSETS</b>		<u>20,866</u>	<u>18,104</u>
<b>LIABILITIES</b>			
Current Liabilities			
Payables	7	<u>4</u>	<u>3</u>
Total liabilities		<u>4</u>	<u>3</u>
<b>NET ASSETS</b>		<u><b>20,862</b></u>	<u><b>18,101</b></u>
<b>EQUITY</b>			
Accumulated Funds	8	<u>20,862</u>	<u>18,101</u>
<b>TOTAL EQUITY</b>		<u><b>20,862</b></u>	<u><b>18,101</b></u>

The accompanying notes form part of these statements

**ART GALLERY OF NEW SOUTH WALES FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
as at 30 June 2004

	NOTES	2004 \$'000 INFLOW (OUTFLOW)	2003 \$'000 INFLOW (OUTFLOW)
Cash Flows from Operating Activities			
Receipts - Donations & other revenue		1,580	1,662
Receipts - Investment Income		1,045	557
Payments - expenses		<u>(747)</u>	<u>(31)</u>
<b>Net cash flows from Operating Activities</b>		<u><b>1,878</b></u>	<u><b>2,188</b></u>
Cash Flow from Investing Activities			
Sale/Redemption of Investments		1,584	6,795
Net (Purchase) of Investments		<u>(8,711)</u>	<u>(1,267)</u>
<b>Net Cash Used in Investing Activities</b>		<u><b>(7,127)</b></u>	<u><b>5,528</b></u>
Net Increase/(Decrease) in Cash		(5,249)	7,716
Opening Cash Balance		8,266	550
<b>CLOSING CASH BALANCE</b>	4	<u><b>3,017</b></u>	<u><b>8,266</b></u>

**RECONCILIATION OF SURPLUS TO CASH USED IN OPERATING ACTIVITIES**

Surplus from ordinary activities	<u>2,642</u>	<u>2,716</u>
Deduct Bequest of Shares	-	(1,521)
Add (Write back of) Diminution in Value of Investments	(817)	1,064
Add Decrease (Increase) in Receivables	52	(71)
Add Increase (Decrease) in Payables	<u>1</u>	<u>-</u>
<b>Net Cash from Operating Activities</b>	<u><b>1,878</b></u>	<u><b>2,188</b></u>

The accompanying notes form part of these 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 the 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, the requirements of the *Public Finance and Audit Act and Regulation*, and Treasurer's Directions.
- Where there are inconsistencies with the above requirements, the legislative provisions have prevailed. Statements of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, other mandatory reporting requirements and legislative requirements. Except for certain property plant and equipment and non-current financial assets which are recorded at fair value, the financial statements are prepared in accordance with the historical cost convention.
- All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.
- (c) Revenue Recognition  
Revenue from the Foundation's activities is recognised on the contribution of donations provided and 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. Any resultant increase is brought to account as a revaluation reserve. Any decrease is offset against the revaluation reserve (if any) or otherwise taken to the Statement of Financial Performance as a Diminution in Value. The comparative investments at cost are shown in Note 6 to the Financial Statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued....

- (f) 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.
- (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.
- (h) International Financial Reporting Standards (IFRS)
- The Gallery is undertaking a review of the impact of the IFRS for all its entities including the Foundation, under the guidance of the AGNSW Trust, Finance & Audit Committee. The Foundation's infrastructure is minimal, so many of the standards are not expected to be applicable. However, AASB 139 Financial Instrument Recognition & Measurement may have an impact on unrealised gains and losses brought to account through the Operating Statement. A detailed evaluation will be undertaken in the next 6-9 months.

2 PROGRAM STATEMENT

The Foundation operates one program. The objective of this program 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	2004 \$'000	2003 \$'000
3(a) Grants & Contributions		
Ordinary	320	369
Special Purpose (Drysdale)	252	252
Bequests - Cash - General	57	2,562
Bequests - Cash - Tancred Trust	950	-
Bequests - Works of Art	-	17
	<u>1,579</u>	<u>3,200</u>
3(b) Investment Income		
Dividends & Distributions	933	628
Realised gains	60	-
Diminution Write Back	817	-
	<u>1,810</u>	<u>628</u>

Grants & Contributions and Bequests received in cash cannot be used for general operations and, under the provisions of the Trust Deed, are transferred to capital reserves to be preserved.



**ART GALLERY OF NEW SOUTH WALES FOUNDATION**
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
**4 CURRENT ASSETS - CASH & CASH EQUIVALENTS**

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.

	2004 \$'000	2003 \$'000
Cash at bank - operating account	102	100
Term Deposits	2,915	8,166
Total Cash & Cash Equivalents	3,017	8,266

The Cash/Term Deposits for the year earned a return of 5.2% (2003 4.6%) on the average investment balance for the year \$4.962m (2003 \$5.909m)

	2004 \$'000	2003 \$'000
5 CURRENT ASSETS - RECEIVABLES		
Receivables - Art Gallery of NSW & Others	22	74

6 OTHER FINANCIAL ASSETS	AT FAIR VALUE 2004 \$'000	COST 2004 \$'000	AT FAIR VALUE 2003 \$'000	COST 2003 \$'000
Listed securities	7,847	7,725	1,025	1,020
Shares	-	-	1,543	1,521
Investment Fund	9,980	11,433	7,196	9,465
Total investments	17,827	19,158	9,764	12,006
Add: Unrealised gains	-	119	-	27
Less: Provision for diminution	-	1,453	-	2,269
	17,827	17,824	9,764	9,764

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

Restricted Use Assets of \$18.888m (2003 \$17.309m) is included in cash, cash equivalents and other financial assets, representing the preserved capital.

During the year the Foundation's investment in the Westpac Pooled Investment Fund was transferred to the BT Wholesale Active Balance Fund, due to a restructure of the company and the funds under management. The Fund 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 periodic basis. The fund earned a return of 13.1% (2003 -8.8%) on an average investment of \$8.688m (2003 \$8.748m).

During the year the Foundation invested a further \$6.7m in listed fixed interest securities. The returns on these securities was 8.8% in 2004 (nil 2003) on an average balance of \$4.988m (nil 2003).

The Foundation also sold the final tranche of listed shares worth \$1.5m approx which were inherited as part of a bequest in the prior year. As they were disposed of, within a few months of receipt, return rates are not applicable.

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

**(b) Audit fees**

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

8 CHANGES IN EQUITY	ACCUMULATED FUNDS				Total Equity
	Capital \$'000	Retained Earnings \$'000	Fluctuation Reserve \$'000	Revaluation Reserve \$'000	\$'000
Balance as at 1 July 2002	14,126	259	1,000	-	15,385
<b>Changes in Equity-other than transactions with owners as owners</b>					
Surplus for the year	-	2,716	-	-	2,716
Transfer of donations	3,183	(3,183)	-	-	-
Transfer to(from) Reserve	-	250	(250)	-	-
<b>Total</b>	3,183	(217)	(250)	-	2,716
Balance as at 30 June 2003	17,309	42	750	-	18,101
<b>Changes in Equity-other than transactions with owners as owners</b>					
Surplus for the year	-	2,642	-	-	2,642
Transfer of donations	1,579	(1,579)	-	-	-
Transfer to(from) Reserve	-	-	-	119	119
<b>Total</b>	1,579	1,063	-	119	2,761
Balance as at 30 June 2004	18,888	1,105	750	119	20,862

	2,004 \$'000	2,003 \$'000
The Capital comprises:		
Tancred Trust Fund	950	-
General Capital Funds	17,938	17,309
Total Capital	18,888	17,309

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



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

9 COMMITMENTS FOR EXPENDITURE

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

10 CONTINGENT LIABILITIES & CONTINGENT ASSETS

At the date of this report, the Trustees are not aware of any material contingent liabilities.  
At the date of this report, there are two major bequests which are partially or wholly outstanding, pending probate application or final administration by the Executors.

11 FUNDRAISING

The Foundation conducted the following fundraising activities during the year:

	2004	2003
	\$'000	\$'000
Grants & Contributions - Donations/Bequests	1,579	3,200
Net Investment income/(loss)	1,810	(436)
	<u>3,389</u>	<u>2,764</u>
Cost of fundraising	20	31
Net surplus from fundraising	<u>3,369</u>	<u>2,733</u>
Donations to AGNSW of works of art	727	17
Transferred to Accum. Funds	2,642	2,716
	<u>3,369</u>	<u>2,733</u>

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

Cost of fundraising as percentage of funds raised	1%	1%
Net surplus as percentage of funds raised	99%	99%
Cost of services as percentage of total expenditure	97%	35%
Cost of services as percentage of income received	21%	1%

12 POST BALANCE DATE EVENT

An amount of \$1.2 million in respect of one of the major bequests mentioned in Note 10 above was received on 6 October 2004.

End of Audited Financial Statements