
Castlemaine Art Gallery and Historical Museum Foundation

ABN: 62 205 045 901

Financial Statements

For the year ended 30 June 2020

Castlemaine Art Gallery and Historical Museum Foundation

For the year ended 30 June 2020

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Castlemaine Art Gallery and Historical Museum Foundation Trustees' Report

Your trustees present their report of the Castlemaine Art Gallery & Historical Museum (Foundation) for the year ended 30 June 2020.

Trustees

The names of each person who has been a trustee during the year and to the date of this report are:

William Ian Maltby

George Amos Milford

Trustees have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The trustees hold land, buildings, collections and intellectual property in trust for the purposes of the Castlemaine Art Gallery & Historical Museum for the benefit of the public. The Trustees also administer particular funds for the same purposes in relation to the same land, buildings, collections and museum.

Operating Result

The net result of the Foundation is:

30 June 2020	30 June 2019
\$	\$
(31,186)	(53,328)

Review of Operations

Interest and dividends earned by bequest funds fell by 30% this year in keeping with the economy-wide reductions in official interest rates. The previous year revenues had been bolstered by special dividends and were not going to be sustained into the current year.

Available funds were utilised to complete the intensive program of repairs that had been agreed and funded by the Foundation to bring the Castlemaine Art Museum into acceptable condition to coincide with the commencement of the lease. The Museum was closed from 2nd September until 5th October to permit servicing and update of mechanical and electrical services, including air conditioning and lighting, Attention to the roller doors, cleaning of clerestories, repairs to the roof, repainting the internal walls, reinstallation of donor plaques and refurbishing of floors.

The Trustees welcomed the launch of the Strategic Plan for Castlemaine Art Museum 2019-2023.

Castlemaine Art Gallery and Historical Museum Foundation Trustees' Report

Review of Operations (continued)

A number of 'big-ticket items' have been made the basis for an application to Heritage Victoria for funding of provision of universal access, rooftop walkways, structural enhancements to the roof and conservation of the bas relief panels and parapet walls. Funding to enable the compilation of a Heritage Masterplan has also been sought. It is to be expected that economic benefit will flow to Museum when these works have been carried out. The Foundation funded the architectural and heritage advisor consulting fees necessary to establish the scope of these urgent works. The Trustees also initiated a dialogue with the S R Stoneman Foundation as to the roof structure and lighting of the Stoneman Gallery. The Trustees are grateful for the immense effort devoted to this application by all concerned as well as for the unreserved engagement of the consultants with the overall vision for the Museum as a place of high significance for its superb aesthetics and the functionality of its internal spaces. The fine detail of the proposed conservation work was developed in close consultation with the Castlemaine Art Museum Board and staff, despite the restrictions that prevented face to face meetings.

It is pleasing to note that the publicly funded restoration of the exterior rendering, replacement tuckpointing and interior plaster repairs at Buda Historic Home have been competently completed, within the agreed time frame and within budget. The land and buildings have been the subject of a periodic appraisal in accordance with the guidelines of the ACNC. These were last revalued in 2017. Since then Buda has had its gravel paths renewed, some dead trees removed, outbuildings upgraded and very extensive render repairs have been undertaken on the homestead.

In respect of the Castlemaine Art Museum, since 2017 the presentation of the premises has been improved by an internal repaint and refurbishing of the floors. That these valuations are of a notional nature is evident to all. The ACNC stance is that a published balance sheet should be a current statement of values. A corollary of this is the notional calculation of the benefit, if any, conferred on the tenants by the granting of a 'peppercorn lease'. Such a calculation, if performed, is a matter to be addressed in the published reports of the tenant, rather than the landlord. Valuation of the art collection is an altogether more detailed and potentially costly exercise. This also would arrive at a purely notional valuation.

Significant Changes

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by Governments, regulators and industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increasing level of restrictions on corporate Australia's ability operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and business as the Australian and global economies face significant slowdowns and uncertainties. As mentioned above, CAGHM's investments have felt the impact of this volatility.

In the opinion of the Trustees there were no other significant changes in the state of affairs of the Foundation that occurred in the financial year under review not otherwise disclosed in this report.

After Balance Date Events

Since balance date it has become clear that low interest rates and reduced and deferred dividends will be a feature of 2020/2021 as companies experience the full effect of the coronavirus business restrictions. Market valuation of the Foundation shareholdings can be expected to fall with the pressure that company profits and dividends are likely to come under.

Castlemaine Art Gallery and Historical Museum Foundation Trustees' Report

Environmental Issues

The Foundation's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification and Insurance of Directors and Officers

Under the Foundation's Trust Deed the Trustees are indemnified out of the Foundation's assets for any loss or liability incurred by them in properly performing or exercising any of their powers, duties or rights in relation to the Foundation. The Foundation has not provided any insurance for an auditor of the Foundation or related body corporate.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Foundation or intervene in any proceedings.

The Foundation was not a party to any such proceedings during the period.

The Foundation may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Foundation are important.


William Ian Maltby, Trustee


George Amos Milford, Trustee

Dated this 1st day of September 2020

Castlemaine Art Gallery and Historical Museum Foundation

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue	2	53,753	86,558
Donation to gallery operations		-	(30,000)
Repairs and maintenance		(20,056)	(2,260)
Architect and consultant fees		(8,194)	-
Audit and legal fees		(6,175)	(7,428)
Depreciation expense	3	(25,362)	(26,701)
Len Fox Award		-	(70,000)
Unrealised gain/(loss) on investments	7(a)	(23,994)	(1,998)
Transfer to Buda Historic Homestead and Garden		(302)	(347)
Sundry expense		(856)	(1,152)
Deficit before income tax		(31,186)	(53,328)
Income tax expense	1(b)	-	-
Deficit after income tax expense		(31,186)	(53,328)
Other comprehensive income		-	-
Total comprehensive deficit		(31,186)	(53,328)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Castlemaine Art Gallery and Historical Museum Foundation

Statement of Financial Position

As at 30 June 2020

	Notes	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	4	706,133	741,267
Trade and other receivables	5	5,792	5,984
Total current assets		711,925	747,251
Non-current assets			
Property, plant and equipment	6	25,550,252	24,951,689
Financial assets	7	164,132	188,125
Total non-current assets		25,714,384	25,139,814
Total assets		26,426,309	25,887,065
Current liabilities			
Trade and other payables	8	7,130	36,700
Total current liabilities		7,130	36,700
Net assets		26,419,179	25,850,365
Equity			
Retained earnings		23,619,090	23,650,276
Reserves		2,800,089	2,200,089
Total equity		26,419,179	25,850,365

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Castlemaine Art Gallery and Historical Museum Foundation

Statement of Changes in Equity

For the Year Ended 30 June 2020

	Retained Earnings \$	Reserves \$	Total Equity \$
Balance at 1 July 2018	23,703,604	2,200,089	25,903,693
Comprehensive income:			
Deficit attributed to the Foundation	(53,328)	-	(53,328)
Total comprehensive income attributable to members of the entity for the year	(53,328)	-	(53,328)
Balance at 30 June 2019	23,650,276	2,200,089	25,850,365
Comprehensive income:			
Deficit attributed to the Foundation	(31,186)	-	(31,186)
Revaluation gain	-	600,000	600,000
Total comprehensive income attributable to members of the entity for the year	(31,186)	600,000	568,814
Balance at 30 June 2020	23,619,090	2,800,089	26,419,179

Castlemaine Art Gallery and Historical Museum Foundation

Statement of Cash Flows

For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Bequests and donations received		31,114	56,078
Payments to suppliers and employees		(65,153)	(80,487)
Interest received		14,579	20,834
Net cash used in operating activities	9	(19,460)	(3,575)
Cash flows from investing activities			
Purchase of property, plant and equipment		(23,926)	(50,000)
Dividends received		8,252	11,296
Net cash used in investing activities		(15,674)	(38,704)
Net decrease in cash held		(35,134)	(42,279)
Cash and cash equivalents at the beginning of the financial year		741,267	783,546
Cash and cash equivalents at the end of the financial year	4	706,133	741,267

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 1. Summary of Significant Accounting Policies

Basis of preparation

The Trustees of the Foundation have prepared the financial statements on the basis that the Foundation is a non-reporting entity. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of Trustees.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the Trustees have determined are appropriate to meet the needs of Trustees. Such accounting policies are consistent with the previous period unless stated otherwise

The financial statements have been prepared on an accrual basis and are based on historical costs unless stated otherwise in the notes.

The financial statements were authorised for issue on 1 September 2020 by the Trustees of the Foundation.

Going concern

The Foundation has closing cash balances of \$706,133, however \$558,862 of this is encumbered special purpose bequests and investments. Therefore these funds are unable to be used for day-to-day operating expenditure of the Foundation. The Trustees of the Foundation have estimated another loss for the next financial year, however believe there is enough cash assets to cover the Foundation's operations for at least the next 12 months.

Despite this, the cash position casts material uncertainty on the ability of the Foundation to pay its debts as and when they fall due.

The Foundation made a \$31,186 deficit for the year ended 30 June 2020 and used \$19,460 cash in operating activities. The Foundation have budgeted for a \$36,804 loss in the 2020/21 financial year, with an expected total unencumbered cash position of \$16,041 as at 30 June 2021.

The Trustees have reviewed the financial position of the Foundation, its cash flows, liquidity position and access to borrowing facilities. The Trustees' forecasts and projections, taking into account reasonable measures to reduce expenditure and improve profitability, indicate that the Foundation will be able to operate within the level of its current facility. This will allow the Foundation to meet its current obligations.

After making enquiries and considering the uncertainty described above, the Trustees believe that the Foundation has adequate resources to continue to pay its debts as and when they fall due for the foreseeable future. As such, the Foundation continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(a) Revenue

The Foundation has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the modified retrospective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Due to the nature of the Foundation's revenue, no impact was noted and therefore no adjustments were required.

Interest income

Interest income is recognised using the effective interest method.

Investment income

Investment income is recognised once received.

Donation income

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the Statement of Financial Position.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(b) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the statement of cash flows on a net basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less, and bank overdrafts.

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated impairment losses.

Land and buildings

Land and buildings are measured per the valuation report completed by a real estate agent in Castlemaine as at 28 June 2020.

Plant and equipment

Plant and equipment is measured on a replacement value basis less accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by Trustees to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Art collection

The art collection is measured at fair value and is based on a valuation by the Gallery Director as at 30 September 2012.

(f) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Foundation retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

(g) Financial Instruments

The Foundation's financial instruments consist mainly of deposits with banks, receivables and payables.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

Classification and subsequent measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets are classified into amortised costs. The Foundation does not utilise hedging instruments.

Classifications are determined by both:

- the Foundation's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Foundation's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

The Foundation makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Foundation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Classification and subsequent measurement of financial liabilities

The Foundation's financial liabilities include trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Foundation designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. The Foundation does not utilise derivative financial instruments.

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(h) Trade Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Foundation during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Critical Estimates and Judgement

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

In the application of the Foundation's accounting policies, which are described in Note 1, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

(j) New and amended accounting policies adopted during the reporting period

Initial application of AASB 16 *Leases*

Initial application

The Foundation has adopted AASB 16 retrospectively with the modified retrospective method of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated. The Foundation does not hold any leases therefore no impact was noted and no adjustments were required.

Initial application of AASB 15 and AASB 1058

Initial application

The Foundation has applied AASB 15 and AASB 1058 using the modified retrospective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Due to the nature of the Foundation's revenue, no impact was noted and therefore no adjustments were required.

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
Note 2. Revenue		
- interest on investments	14,579	20,834
- dividends received	8,252	11,296
- franking credit refunds	8,372	3,675
- donation prize art work	22,550	50,000
- other income	-	753
Total revenue	<u>53,753</u>	<u>86,558</u>
Note 3. Key expense items		
Depreciation expense		
- Furniture & fittings	18,427	19,766
- Plant & equipment	6,935	6,935
	<u>25,362</u>	<u>26,701</u>
Note 4. Cash and Cash Equivalents		
Cash at bank and on hand	24,960	50,426
Short-term bank deposits	122,311	122,311
Bequest and special purpose fund investments	558,862	568,530
	<u>706,133</u>	<u>741,267</u>
Note 5. Trade and Other Receivables		
Accrued income	5,792	5,984
	<u>5,792</u>	<u>5,984</u>

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 6. Property, Plant and Equipment	2020 \$	2019 \$
Land and buildings At valuation	6,800,000	6,200,000
Furniture and fittings At cost	355,986	355,986
Less: accumulated depreciation	(79,006)	(60,579)
	276,980	295,407
Plant and equipment At cost	83,543	83,543
Less: accumulated depreciation	(22,393)	(15,458)
	61,150	68,085
Art collection At valuation	17,154,160	17,154,160
At valuation (gifted artworks)	1,257,962	1,234,037
	18,412,122	18,388,197
Total property, plant and equipment	25,550,252	24,951,689

Land and buildings are measured per the valuation report completed by a real estate agent in Castlemaine as at 28 June 2020. The art collection and furniture and fittings that are measured at fair value are based on a valuation by the former Gallery Director as at 30 September 2012.

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & Buildings	Furniture & Fittings	Plant & Equipment	Art Collection	Total
2019	\$	\$	\$	\$	\$
Balance at 30 June 2018	6,200,000	315,173	75,020	18,338,197	24,928,390
Additions	-	-	-	50,000	50,000
Depreciation expense	-	(19,766)	(6,935)	-	(26,701)
Carrying amount at 30 June 2019	6,200,000	295,407	68,085	18,388,197	24,951,689
2020					
Balance at 30 June 2019	6,200,000	295,407	68,085	18,388,197	24,951,689
Revaluation surplus	600,000	-	-	-	600,000
Additions	-	-	-	23,925	23,925
Depreciation expense	-	(18,427)	(6,935)	-	(25,362)
Carrying amount at 30 June 2020	6,800,000	276,980	61,150	18,412,122	25,550,252

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
Note 7. Financial Assets		
Shares in ASX listed corporations	164,132	188,125
Total financial assets	<u>164,132</u>	<u>188,125</u>
<i>(a) Movements in carrying amounts</i>		
Carrying amount at beginning	188,125	190,123
Additions	-	-
Disposals	-	-
Unrealised gains/(losses) in financial assets	(23,994)	(1,998)
Carrying amount at end	<u>164,131</u>	<u>188,125</u>
Note 8. Trade and Other Payables		
Accrued expenses	7,130	36,700
Total trade and other payables	<u>7,130</u>	<u>36,700</u>
Note 9. Statement of Cashflows		
<i>Reconciliation of surplus to net cash used in operating activities</i>		
Operating loss	(31,186)	(53,328)
Add back depreciation	25,363	26,701
Non cash items:		
Unrealised gain/(loss) on investment	23,993	1,998
Dividends received	(8,252)	(11,296)
Changes in assets and liabilities:		
- Decrease in receivables	192	1,650
- Increase in payables	(29,570)	30,700
Net cashflows used in operating activities	<u>(19,460)</u>	<u>(3,575)</u>

Castlemaine Art Gallery and Historical Museum Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 10. Trustee and Related Party Disclosures

The names of Trustees who have held office during the financial year and on the date of this report are:

William Ian Maltby
George Amos Milford

From time to time, the Trustees donate money to the Castlemaine Art Museum in the normal course of business.

No trustee or related entity has entered into a material contract with the Foundation. No trustee fees have been paid as the positions are held on a voluntary basis.

Note 11. Financial Asset Reserves

The financial asset reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale.

Note 12. Contingent Liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 13. Capital Commitments

There are no known capital commitments for the Foundation as at 30 June 2020.

Note 14. Events After the Balance Sheet Date

Since balance date it has become clear that low interest rates and reduced and deferred dividends will be a feature of 2020/2021 as companies experience the full effect of the coronavirus business restrictions. Market valuation of the Foundation shareholdings can be expected to fall with the pressure that company profits and dividends are likely to come under.

Note 15. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered office

14 Lyttleton Street
Castlemaine VIC 3450

Principal place of business

14 Lyttleton Street
Castlemaine VIC 3450

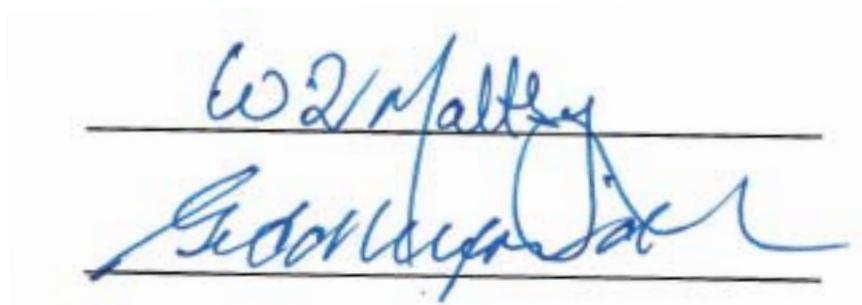
Castlemaine Art Gallery and Historical Museum Foundation Trustees' Declaration

The Trustees of the Foundation declare that:

- 1 The financial statements and notes, as set out on pages 1 to 16, are in accordance with the accounting policies as described in Note One of the financial statements and give a true and fair view of the Foundation's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- 2 In the trustees' opinion there are reasonable grounds to believe that the foundation will be able to pay its debts as and when they become due and payable.

William Ian Maltby

George Amos Milford

The image shows two handwritten signatures in blue ink, each written over a horizontal line. The top signature is 'W I Maltby' and the bottom signature is 'George Amos Milford'. The signatures are written in a cursive style.

Dated this 1st day of September 2020

Independent Auditor's Report to the Members of Castlemaine Art Gallery and Historical Museum Foundation

Report on the audit of the financial statements

Qualification

The Castlemaine Art Gallery and Historical Museum Foundation and Buda's art collection is carried in the balance sheet at \$18,412,122 as at 30 June 2020. The majority of the balance is measured at fair value based on a valuation by the former Gallery Director as at 30 September 2012. We were unable to obtain the valuation to substantiate the value adopted in the balance sheet as at 30 June 2020. In addition, based on the age of the valuation we cannot conclude that it still provides an accurate reflection of the collection's current value.

Qualified opinion

In our opinion:

The accompanying financial report of Castlemaine Art Gallery and Historical Museum Foundation, being a special purpose financial report, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of the trust's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- ii. complying with the accounting policies described in Note 1 of the financial report.

What we have audited

Castlemaine Art Gallery and Historical Museum Foundation (the trust) financial report comprises the:

- ✓ statement of financial position as at 30 June 2020
- ✓ statement of profit or loss and other comprehensive income for the year then ended
- ✓ statement of changes in equity for the year then ended
- ✓ statement of cash flows for the year then ended
- ✓ notes comprising a summary of significant accounting policies and other explanatory notes, and
- ✓ the certification by members of the committee that the annual statements give a true and fair view of the financial position of the trust.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of accounting and restriction on distribution

Without further modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Castlemaine Art Gallery and Historical Museum Foundation to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the trust incurred a net loss of \$31,186 during the year ended 30 June 2020 and, as of that date, the current liabilities do not exceed current assets, however the amount of unencumbered funds is reducing making it difficult for the trust to cover its operating expenses. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt as to the trust's ability to continue as a going concern and therefore, the trust may be unable to realise its assets and discharge its liabilities in the normal course of business.

Independence

We are independent of the trust in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Committee's responsibility for the financial report

The committee of the trust is responsible for the preparation of the financial report that gives a true and fair view in accordance with the accounting policies described in Note 1 of the financial report and the *Australian Charities and Not-for-profits Commission Act 2012* and for such controls as the committee determines is necessary to enable preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the trust or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart

61 Bull Street, Bendigo, 3550

Dated this 1st day of September 2020



Joshua Griffin
Lead Auditor