

Castlemaine Art Gallery and Historical Museum Foundation

ABN 62 205 045 901

Financial Statements - 30 June 2022

Castlemaine Art Gallery and Historical Museum Foundation

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Castlemaine Art Gallery and Historical Museum Foundation

Trustees' report

30 June 2022

Your trustees present their report of the Castlemaine Art Gallery and Historical Museum Foundation (the Foundation) for the year ended 30 June 2022.

Trustees

The following persons were Trustees of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

William Ian Maltby
Emma Busowsky (appointed 14 April 2022)

George Amos Milford

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 surplus/(deficit) of the Foundation for the financial year was:

	2022 \$	2021 \$
Surplus/(deficit)	(68,655)	19,530

Review of Operations

Following the withdrawal of Mrs. Sarah Ferguson from her role with the Foundation, and in accordance with the Rules and Trust Deed, the procedures for selection and nomination of a replacement Trustee were carried out during the year. The Trustees are pleased to report the appointment of Ms. Emma Busowsky as Trustee to act conjointly with Messrs, Maltby and Milford. Emma, who is a professional curator, has a long familiarity with Castlemaine Art Gallery & Historical Museum.

The Fox Award, last staged in 2018/19, was held during the year under review. Entries for the award were of a high standard and helped cement the place of Castlemaine Art Museum in the museum sector after the hiatus caused by the pandemic lockdowns. Castlemaine Art Museum and the Trustees continue to intentionally utilise the corpus of the L and M Fox Bequest to fund the award. On present indication the available funds should fund three more iterations of the biennial prize.

The Foundation's share portfolio featured in the annual accounts under two headings. Due to fluctuations in the share market, there was a \$21,070 year-on-year reduction in the overall value of the holding. On the other hand, dividend income and franking credits generated a return of 12.19% on opening value, truly a magnificent yield compared to the derisory interest rates obtained on term deposits. A portion of this yield was received *in specie*, strengthening the portfolio, which consists of shares listed within the 'top 200' on the stock exchange. The Trustees do not speculate in shares, having received them as a legacy, but hold them in accordance with the Trust Deed which permits the Foundation to retain gifted property in the form in which it was bequeathed. The value of the shares at the time of receipt was \$165,499. At the latest balance date, the portfolio was valued at \$196,867.

CardnoTGM undertook a structural audit of the Art Museum premises. The engineers reported that the foundations were well built, and the premises are sound, particularly at the junctions between the 1931 heritage-listed section and the 1960s and later additions. This report will provide an authoritative basis for future structural works and inform relevant grant applications.

CardnoTGM also confirmed that ingress of rainwater due to the deterioration of the parapet rendering, flashing and drainage had been arrested by the works carried out under Living Heritage Funding. The Trustees thank the Board of Castlemaine Art Museum, Amanda Jean, (Heritage Architect), Evan Tindall of Grimwade Conservation and Rendercorp, (rendering contractor), for their work on this vital, behind-the-scenes building repair.

Repair and upkeep of the Art Museum premises continued during the year, the chief preoccupations being the fire and security systems, emergency access at the front gates and remedying water ingress in the art store. Repair and upkeep at Buda has been continued under the careful eye of the Curators and Committee.

Castlemaine Art Gallery and Historical Museum Foundation

Trustees' report

30 June 2022

The Victorian Government has announced its intention to fund works envisaged in the Castlemaine Art Museum Masterplan, stage 1, to the extent of six million dollars. It is understood that, while part of the funding will be devoted to laying out designs for internal rearrangement for stage 2, the initial works will include;

- Restoration of the bas relief frieze.
- All abilities access at the front entrance.

At the time of writing the Funding Agreement has not been signed. The Trustees regard this funding announcement as further acknowledgement of the unique and pre-eminent place of Castlemaine Art Museum in the state's cultural landscape.

Funding for development of a Master Plan & Business Case was awarded to Buda Historic Home & Garden Inc. and the work has been carried out by EPlus Architecture after a Features and Levels survey was undertaken by Spiire Property and Infrastructure Consultants. It is intended to develop Buda into a sustainable enterprise. The project has been led by a Buda Committee of Management-based steering committee The Trustees acknowledge the helpful input of the Committee and wholeheartedly endorse the recommendations of the Masterplan.

Significant Changes

In the opinion of the trustees there were no 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

There have been no events after the end of the financial year that would materially affect the financial statements.

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 Trustees

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.

Signed in accordance with a resolution of the Trustees.



William Ian Maltby
Trustee



George Amos Milford
Trustee

9 September 2022

Castlemaine Art Gallery and Historical Museum Foundation
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue and other income	2	80,128	37,576
Unrealised gain/(loss) on investments	7	(21,070)	47,049
Art prizes	3	(70,000)	-
Repairs and Maintenance		(11,982)	(8,668)
Achitect and consultant fees		(11,600)	(23,199)
Audit & Legal Fees		(7,675)	(7,090)
Depreciation and amortisation expense	3	(22,404)	(25,426)
Valuations		(3,257)	-
Sundry expense		(795)	(712)
Surplus/(deficit) before income tax expense		(68,655)	19,530
Income tax expense		-	-
Surplus/(deficit) after income tax expense for the year		(68,655)	19,530
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>(68,655)</u>	<u>19,530</u>

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 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	4	615,195	698,944
Trade and other receivables	5	12,187	10,058
Total current assets		<u>627,382</u>	<u>709,002</u>
Non-current assets			
Property, plant and equipment	6	25,552,422	25,524,826
Financial Assets	7	196,867	211,181
Total non-current assets		<u>25,749,289</u>	<u>25,736,007</u>
Total assets		<u>26,376,671</u>	<u>26,445,009</u>
Liabilities			
Current liabilities			
Trade and other payables	8	6,617	6,300
Total current liabilities		<u>6,617</u>	<u>6,300</u>
Total liabilities		<u>6,617</u>	<u>6,300</u>
Net assets		<u>26,370,054</u>	<u>26,438,709</u>
Equity			
Asset Reserves		2,800,089	2,800,089
Retained surpluses		<u>23,569,965</u>	<u>23,638,620</u>
Total equity		<u>26,370,054</u>	<u>26,438,709</u>

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 2022

	Reserves	Retained Earnings	Total equity
	\$	\$	\$
Balance at 1 July 2020	2,800,089	23,619,090	26,419,179
Surplus after income tax expense for the year	-	19,530	19,530
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	19,530	19,530
Balance at 30 June 2021	<u>2,800,089</u>	<u>23,638,620</u>	<u>26,438,709</u>

	Reserves	Retained Earnings	Total equity
	\$	\$	\$
Balance at 1 July 2021	2,800,089	23,638,620	26,438,709
Deficit after income tax expense for the year	-	(68,655)	(68,655)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(68,655)	(68,655)
Balance at 30 June 2022	<u>2,800,089</u>	<u>23,569,965</u>	<u>26,370,054</u>

The above Statement of changes in equity should be read in conjunction with the accompanying notes

Castlemaine Art Gallery and Historical Museum Foundation
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Bequests and donations received		5,561	19,812
Payments to suppliers and employees		(104,992)	(40,499)
Interest received		3,338	7,316
		<u> </u>	<u> </u>
Net cash used in operating activities	9	<u>(96,093)</u>	<u>(13,371)</u>
Cash flows from investing activities			
Dividends received		<u>12,344</u>	<u>6,182</u>
Net cash from investing activities		<u>12,344</u>	<u>6,182</u>
		<u> </u>	<u> </u>
Net cash from financing activities		<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents		(83,749)	(7,189)
Cash and cash equivalents at the beginning of the financial year		<u>698,944</u>	<u>706,133</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	4	<u><u>615,195</u></u>	<u><u>698,944</u></u>

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
30 June 2022

Note 1. Summary of Significant accounting policies

Basis of preparation

The trustees of the Castlemaine Art Gallery and Historical Museum Foundation (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 9th September 2022 by the trustees of the Foundation.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Statement of Compliance

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031: *Materiality* and AASB 1054: *Australian Additional Disclosures*.

Going concern

The Foundation has closing cash balances of \$615,195, however \$489,940 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 a 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 loss of \$68,655 for the year ended 30 June 2022 and used \$96,093 cash in operating activities. The Foundation have budgeted for a \$9,138 loss in the 2022/23 financial year, with an expected total unencumbered cash position of \$25,151 as at 30 June 2023.

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.

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*.

Goods and Services Tax ('GST') and other similar taxes

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.

Note 1. Summary of Significant accounting policies (continued)

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.

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.

Financial Instruments

The Foundation's financial instruments consist mainly of deposits with banks, investments in ASX listed companies, 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.

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.

Castlemaine Art Gallery and Historical Museum Foundation
Notes to the financial statements
30 June 2022

Note 1. Summary of Significant accounting policies (continued)

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.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. The Foundation does not utilise derivative financial instruments.

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.

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.

Note 2. Revenue and other income

	2022 \$	2021 \$
Interest on investments	3,338	7,316
Bequests and donations received	-	20,022
Dividends received	18,052	6,182
Franking credit refunds	7,690	2,649
Donation art work	50,000	-
Other income	-	1,407
Share capital refund	1,048	-
	<hr/>	<hr/>
Revenue and other income	<u>80,128</u>	<u>37,576</u>

Accounting policy for revenue recognition

The foundation recognises revenue as follows:

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).

Castlemaine Art Gallery and Historical Museum Foundation
Notes to the financial statements
30 June 2022

Note 3. Key expense items

	2022	2021
	\$	\$
Art prize	<u>70,000</u>	<u>-</u>

In the 2021/22 financial year, the gallery ran the biennial competition to win the Len Fox Painting Award worth \$50,000. \$20,000 was also paid to Castlemaine Art Museum for the delivery of the prize.

	2022	2021
	\$	\$
Depreciation expense		
Furniture and fittings	15,468	18,490
Plant and equipment	<u>6,936</u>	<u>6,936</u>
Total depreciation expense	<u>22,404</u>	<u>25,426</u>

Note 4. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	2,944	3,550
Short-term bank deposits	122,311	122,311
Bequest and special purpose fund investments	<u>489,940</u>	<u>573,083</u>
Total cash and cash equivalents	<u>615,195</u>	<u>698,944</u>

Accounting policy for 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.

Note 5. Trade and other receivables

	2022	2021
	\$	\$
Accrued income	<u>12,187</u>	<u>10,058</u>
Total trade and other receivables	<u>12,187</u>	<u>10,058</u>

Castlemaine Art Gallery and Historical Museum Foundation
Notes to the financial statements
30 June 2022

Note 6. Property, plant and equipment

	2022 \$	2021 \$
Land and buildings - at valuation	6,800,000	6,800,000
Art collection - at valuation	17,154,160	17,154,160
Art collection at valuation (gifted artworks)	1,307,962	1,257,962
	<u>18,462,122</u>	<u>18,412,122</u>
Plant and equipment - at cost	83,543	83,543
Less: Accumulated depreciation	(36,265)	(29,329)
	<u>47,278</u>	<u>54,214</u>
Fixtures and fittings - at cost	355,986	355,986
Less: Accumulated depreciation	(112,964)	(97,496)
	<u>243,022</u>	<u>258,490</u>
Total property, plant and equipment	<u><u>25,552,422</u></u>	<u><u>25,524,826</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land & Buildings \$	Art Collection \$	Plant & Equipment \$	Furniture & Fittings \$	Total \$
Balance at 1 July 2020	6,800,000	18,412,122	61,150	276,980	25,550,252
Additions	-	-	-	-	-
Depreciation expense	-	-	(6,936)	(18,490)	(25,426)
Balance at 30 June 2021	6,800,000	18,412,122	54,214	258,490	25,524,826
Additions	-	50,000	-	-	50,000
Depreciation expense	-	-	(6,936)	(15,468)	(22,404)
Balance at 30 June 2022	<u><u>6,800,000</u></u>	<u><u>18,462,122</u></u>	<u><u>47,278</u></u>	<u><u>243,022</u></u>	<u><u>25,552,422</u></u>

Accounting policy for 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 former Gallery Director as at 30 September 2012.

Castlemaine Art Gallery and Historical Museum Foundation
Notes to the financial statements
30 June 2022

Note 7. Financial Assets

	2022	2021
	\$	\$
Shares in ASX listed corporations	<u>196,867</u>	<u>211,181</u>
<i>Movements in carrying amounts</i>		
Carrying amount at beginning	211,181	164,132
In specie dividend from BHP	6,756	-
Unrealised gains/(losses) in financial assets	<u>(21,070)</u>	<u>47,049</u>
Carrying amount at end	<u><u>196,867</u></u>	<u><u>211,181</u></u>

Investments in equity instruments are held for medium- to long-term planned purposes and are not held for trading. The Foundation has elected to designate the investments in equity instruments as at fair value through profit or loss. Refer to Note 1 for the foundations accounting policy for financial instruments.

Note 8. Trade and other payables

	2022	2021
	\$	\$
Accrued expenses	<u>6,617</u>	<u>6,300</u>
Total trade and other payables	<u><u>6,617</u></u>	<u><u>6,300</u></u>

Accounting policy for trade and other 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.

Note 9. Statement of Cash Flows

Reconciliation of surplus/(deficit) to net cash provided by operating activities

	2022	2021
	\$	\$
Surplus/(deficit) after income tax expense for the year	(68,655)	19,530
Dividends received	(12,344)	(6,182)
<i>Adjustments for non-cash items:</i>		
Depreciation and amortisation	22,404	25,426
In specie dividend from BHP	(6,756)	-
Unrealised gain/(loss) on investment	21,070	(47,049)
Donated artwork	(50,000)	-
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(2,129)	(4,266)
Increase/(decrease) in payables	<u>317</u>	<u>(830)</u>
Net cash used in operating activities	<u><u>(96,093)</u></u>	<u><u>(13,371)</u></u>

Castlemaine Art Gallery and Historical Museum Foundation
Notes to the financial statements
30 June 2022

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
- Emma Busowsky

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. Asset Reserves

The asset reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to 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 2022.

Note 14. Events after the reporting period

There have been no further events after the end of the financial year that would materially affect the financial statements.

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
30 June 2022**

The Trustees of the Foundation declare that:

- The financial statements and notes, as set out on pages 4 to 14, are in accordance with the accounting policies as described in Note 1 of the financial statements and give a true and fair view of the Foundation's financial position as at 30 June 2022 and of its performance for the year ended on that date, and
- 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.

On behalf of the Trustees



William Ian Maltby
Trustee



George Amos Milford
Trustee

9 September 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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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 Statement of Financial Position at \$18,462,122 as at 30 June 2022. 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 a valuation to substantiate the value adopted in the Statement of Financial Position as at 30 June 2021. 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 2022 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 2022
- 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 the trustee's 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.



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03 5443 0344

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 \$68,655 during the year ended 30 June 2022 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.

Trustee's responsibility for the financial report

The trustee's of the trust are 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 trustee's determine are 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 trustee's are 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 trustee's either intend to liquidate the trust or cease operations, or have no realistic alternative but to do so.



Andrew Frewin Stewart
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03 5443 0344

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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the name and address.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 9th day of September 2022

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the name and title.

Joshua Griffin
Lead Auditor