



HEIDE  
MUSEUM  
OF  
MODERN  
ART

FINANCIAL  
STATEMENTS  
2020

## **FINANCIAL STATEMENTS**

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### **DIRECTORS' DECLARATION 34**

## DIRECTORS' REPORT

The directors present this report on Heide Park and Art Gallery (the company) for the financial year ended 31 December 2020.

### Directors

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

Lisa Gorman  
John Lee  
Cassy Liberman  
Steven Skala AO  
Sue Smith  
Nancy Underhill  
James Van Smeerdijk (appointed February 2020)  
Sharni Zoch

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

### Principal Activities

The principal activities of the company are to research and deliver outstanding exhibitions, publications, education and public programs that profiled artists central to Heide's history and contemporary art practice, and that displayed and interpreted Heide's nationally significant collection.

These activities were significantly affected by the COVID-19 pandemic in 2020 with the museum being closed for approximately 8 months from March 2020 due to government lockdowns. This resulted in:

- A significant decline in operational revenue from admissions, public and learning programs and retail operations,
- A reduction in development funding for exhibition and project sponsorships and donations
- Abatement of café rental for the Café Heide operator
- All but essential staff working from home
- Increasing the online offering of learning and public programs and our online retail offering

The Federal and State Governments gave various pandemic related assistance packages during 2020 including:

- the Federal Government's JobKeeper program
- the Federal Government's PAYG cash boost program
- Creative Victoria Strategic investment packages
- Victorian Government COVID Business Support grants

The museum galleries re-opened to the public on 28 November 2020, subject to indoor people density controls in place.

### Short-term objectives

Heide's short-term objectives are:

- Artistic Leadership—as an art museum to further develop its reputation as a leader of standards of excellence, innovation and outreach through exhibitions and programs embracing modern and contemporary art drawn from its Collection and external sources;
- Optimisation of Place—expand on operational integration of Heide's three discrete exhibition buildings with the sculpture park and gardens and public amenities; through events and programs, presenting Heide as a whole-of-site diverse experience for visitors;
- Securing the Future—ensure financial operational and environmental sustainability through asset maintenance and by diversifying sources of income across commercial operations, corporate and private philanthropy; and
- Audience Engagement—expand brand awareness and enhance engagement and communication with staff, volunteers, partners, supporters and the general public.

### Long-term objectives

The company's long-term objectives are:

- Continue to offer an inspiring, educational and thought-provoking experience of modern and contemporary art, architecture, gardens and social history;
- Maintain the facilities of a major museum and heritage site through financial, operational and environmental sustainability; and
- Integrate Heide's strategic focus areas with the three public benefit areas of the Victorian Government's Organisations Investment Program (Artistic and Arts Sector Benefits, Social Benefits, Economic Benefits).

### Strategy for achieving short and long-term objectives

To achieve these objectives, the company has adopted the following strategies:

- Present a diverse program of exhibitions that promotes Heide as a major cultural venue;
- Develop the Heide collection and optimise public and education access to acquired art works;
- Optimise Heide's unique story and spaces to increase local, national and international audiences;
- Develop financially sustaining partnerships and long-term relationships with the Government to support core operations and asset maintenance;
- Maintain strong governance, and compliance with financial and risk management requirements; and
- Attract and retain quality staff and volunteers committed to offering high standards of customer service to engage a broad diverse audience.

**Directors' Profiles**

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Lisa Gorman	Director and Owner Gorman Clothing
Qualifications	BNSc
Special Responsibilities	Retail Collaboration and Advisor

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John Lee	Director, McGlashan Everist Pty Ltd Architects
Qualifications	B.Arch, Registered Architect Victoria, FRAIA
Special Responsibilities	Heritage Committee

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Cassy Liberman	Owner/operator LJCB Investment Group and 5 Pillars Capital
Qualifications	BA, LLB
Special Responsibilities	Development Committee

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Steven Skala AO	Vice Chairman Australia, Deutsche Bank AG
Qualifications	BA, LLB (Hons), BCL
Special Responsibilities	Chairman

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Sue Smith	Executive Director, Human Resources, Simplot Australia
Qualifications	BA, Post Graduate Diploma
Special Responsibilities	Chair: Governance and Human Resources Committee

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Nancy Underhill	Deputy Director, Lisa Gasteen Opera School
Qualifications	BA, MPhil., PhD
Special Responsibilities	Governance and Human Resources Committee, Heritage Committee

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James Van Smeerdijk (appointed February 2020)	Director, atticusnow Pty Ltd
Qualifications	B.Sc. (Hons), MBA

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Sharni Zoch	General Manager, Internal Audit, Origin Energy
Qualifications	BComm, Chartered Accountant
Special Responsibilities	Chair: Finance, Audit and Risk Management Committee

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**Directors' Meetings**

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director, is as follows:

**AGM & Board meetings**

	Number eligible to attend	Number attended
Lisa Gorman	6	4
John Lee	6	6
Cassy Liberman	6	6
Steven Skala AO	6	6
Sue Smith	6	6
Nancy Underhill	6	6
James Van Smeerdijk (appointed February 2020)	6	4
Sharni Zoch	6	6

#### Contribution in winding up

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the company. At 31 December 2020 the total amount that members of the Company are liable to contribute if the Company wound up is \$1,500 (2019: \$1,500).

#### Reporting obligations

As a company limited by guarantee the entity is registered with the Australian Charities and Not-for-profits Commission. The consequences of this registration are that (1) the previous reporting obligations under the *Corporations Act 2001* no longer apply, and (2) the company now needs to comply with the various reporting requirements contained in the *Australian Charities and Not-for-profits Commission Act 2012*.

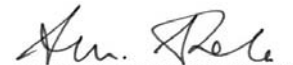
#### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Division 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included as page 8 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.



**Sharni Zoch**  
Director



**Steven Skala AO**  
Chairman

Dated on the 26th of April 2021

## Heide Park and Art Gallery

ABN: 60 005 712 943

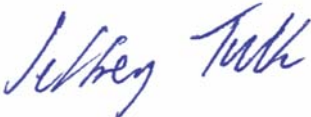
### Auditor's Independence Declaration

In accordance with the requirements of section 60.40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, as auditor of Heide Park and Art Gallery for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.



Saward Dawson



Jeffrey Tulk  
Partner

Dated: 26 April 2021

Blackburn VIC



**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Operating activities</b>			
Revenue from operating activities	2	4,908,896	5,475,185
Programming expenses		(333,735)	(707,658)
Marketing expenses		(317,636)	(562,934)
Collection expenses		(99,596)	(159,332)
Commercial operations expenses		(14,393)	(36,027)
Costs of goods sold		(169,330)	(329,975)
Repairs and maintenance		(340,632)	(302,636)
Grounds and gardens		(65,821)	(91,644)
Utilities		(167,920)	(187,193)
Insurance		(93,840)	(88,964)
Depreciation, amortisation and impairment	3 ; 8	(256,817)	(210,962)
Employee benefits expense		(2,324,217)	(2,316,942)
Other expenses from operating activities		(246,711)	(419,315)
<b>Total operating expenses</b>		<b>(4,430,648)</b>	<b>(5,413,582)</b>
<b>Net surplus (deficit) from operating activities</b>		<b>478,248</b>	<b>61,603</b>
<b>Investing activities</b>			
Brokerage costs		-	(533)
<b>Net deficit from investing activities</b>		<b>-</b>	<b>(533)</b>

STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE  
INCOME (cont)

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Capital activities</b>			
Donated works of art (at market value)	2	603,780	968,050
<b>Net surplus from capital activities</b>		<b>603,780</b>	<b>968,050</b>
<b>Net surplus for the year from all activities</b>		<b>1,082,028</b>	<b>1,029,120</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Revaluation gain from works of arts		2,074,310	75,527
Movement in fair value of investments		35,256	70,018
<b>Total comprehensive income</b>		<b>3,191,594</b>	<b>1,174,665</b>

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 \$	2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,213,107	960,714
Trade and other receivables	5	1,093,542	854,891
Inventories	6	123,771	139,808
Other current assets	9	48,154	186,627
Current financial assets	7	95,718	94,580
<b>Total Current assets</b>		<b>2,574,292</b>	<b>2,236,620</b>
<b>Non-current assets</b>			
Financial assets	7	743,312	701,843
Property plant and equipment	8	8,067,729	8,035,271
Other non-current assets	9	73,136,709	70,456,220
Total Non-current assets		81,947,750	79,193,334
<b>Total Assets</b>		<b>84,522,042</b>	<b>81,429,954</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	1,361,968	1,481,347
Borrowings	11	1,293	1,966
Provisions	12	288,037	276,059
Total Current liabilities		1,651,298	1,759,372
<b>Non-current liabilities</b>			
Provisions	12	19,040	10,472
Total Non-current liabilities		19,040	10,472
<b>Total Liabilities</b>		<b>1,670,338</b>	<b>1,769,844</b>
<b>Net Assets</b>		<b>82,851,704</b>	<b>79,660,110</b>
<b>Equity</b>			
Accumulated surpluses		10,494,563	10,016,315
Reserves		72,357,141	69,643,795
<b>Total Equity</b>		<b>82,851,704</b>	<b>79,660,110</b>

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2020

	Accumulated Surplus \$	Asset Revaluation Reserve \$	Donated Artworks Reserve \$	Financial Assets Revaluation Reserve \$	Financial Assets Gain/ (Loss) on Disposal Reserve \$	Equipment Replacement Reserve \$	Total \$
<b>2020</b>							
Balance at 1 January 2020	10,016,315	39,929,453	29,181,844	94,437	251,493	186,568	79,660,110
Surplus for the year	1,082,028	-	-	-	-	-	1,082,028
Revaluation increment		2,074,310	-	35,256	-	-	2,109,566
Transfers to and from reserves							
Donated artworks reserve	(603,780)	-	603,780	-	-	-	-
Equipment replacement reserve	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>10,494,563</b>	<b>42,003,763</b>	<b>29,785,624</b>	<b>129,693</b>	<b>251,493</b>	<b>186,568</b>	<b>82,851,704</b>

	Accumulated Surplus \$	Asset Revaluation Reserve \$	Donated Artworks Reserve \$	Financial Assets Revaluation Reserve \$	Financial Assets Gain/ (Loss) on Disposal Reserve \$	Equipment Replacement Reserve \$	Total \$
<b>2019</b>							
Balance at 1 January 2019	9,979,128	39,853,926	28,213,794	24,419	245,810	162,685	78,479,762
Surplus for the year	1,029,120	-	-	-	-	-	1,029,120
Revaluation increment		75,527	-	70,018	5,683	-	151,228
Transfers to and from reserves							
Donated artworks reserve	(968,050)	-	968,050	-	-	-	-
Equipment replacement reserve	(23,883)	-	-	-	-	23,883	-
<b>Balance at 31 December 2019</b>	<b>10,016,315</b>	<b>39,929,453</b>	<b>29,181,844</b>	<b>94,437</b>	<b>251,493</b>	<b>186,568</b>	<b>79,660,110</b>

**STATEMENT OF CASH FLOWS**

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Cash from operating activities:</b>			
Receipts from customers, donations and sponsorship		1,401,881	3,292,007
Payments to suppliers and employees		(4,398,650)	(4,942,606)
Grant receipts		3,537,518	2,087,078
Dividends received (including imputation credits refunded)		32,066	70,855
Interest received		7,068	8,660
<b>Net cash provided by operating activities</b>	17	<b>579,883</b>	<b>515,994</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments		-	71,705
Acquisition of investments		(6,214)	(105,963)
Acquisition of property, plant and equipment		(318,203)	(287,654)
Acquisition of other non-current assets		(2,400)	(317,118)
<b>Net cash provided by (used in) investing activities</b>		<b>(326,817)</b>	<b>(639,030)</b>
<b>Cash from financing activities:</b>			
New short term borrowings drawn/(repaid)		(673)	(4,273)
<b>Net cash provided by (used in) financing activities</b>		<b>(673)</b>	<b>(4,273)</b>
<b>Net increase (decreases) in cash held</b>		<b>252,393</b>	<b>(127,309)</b>
Cash and cash equivalents at beginning of year		960,714	1,088,023
<b>Cash at end of financial year</b>	4	<b>1,213,107</b>	<b>960,714</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards — Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial report covers Heide Park & Art Gallery as a company limited by guarantee, incorporated and domiciled in Australia, and a not-for-profit entity for financial reporting purposes.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### b. Income Tax

No current or deferred income tax assets or liabilities have been raised by the company as it is exempt from income tax under Division 50 of the Income Tax Assessment Act. The Company has been endorsed by the Australian Taxation Office as a Charitable Institution and able

to access various tax concessions including Income Tax Exemption.

The Company is also registered with the Australian Charities and Not-for-profits Commission.

#### c. Cash and Cash Equivalents

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

#### d. Inventories

Inventories of goods for resale are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

#### e. Property Plant and Equipment

Land and buildings

Freehold land and buildings are held at fair value. Leasehold improvements are held at fair value. It is the policy of the Company to have an independent valuation performed periodically, with annual appraisals being made by the Directors. The Company's Directors review the depreciated replacement cost of the buildings on an annual basis to ensure that the carrying values are not in excess of the valuation, as required by AASB 136: Impairment of Assets.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset class are charged against fair value reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income.

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Directors 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.

#### Leasehold improvements

The Company acts as a government appointed Committee of Management with respect to the property known as Heide Park & Art Gallery. The Directors are of the opinion that the custodianship over Heide Park is permanent in nature and therefore they believe that it is appropriate to value the leasehold improvements on a basis consistent with *AASB 116: Property, Plant and Equipment (AASB 116)*. The value of capitalised leasehold improvements will be amortised over their expected useful life.

#### Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%
Plant and Equipment	20%
Computer Equipment	40%
Leasehold improvements	2.5%

#### Impairment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### f. Leases

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease

transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### Concessionary leases

For leases that have significantly below-market terms and conditions principally to enable the company to further its objectives (commonly known as peppercorn/concessionary leases), the company has adopted the temporary relief under AASB 2018-8: Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities and measures the right-of-use assets at cost on initial recognition.

### g. Financial Instruments

#### Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### Measurement

Financial assets at fair value through other comprehensive income comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Financial assets at fair value through other comprehensive income are recorded at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income.

When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into retained earnings.

#### Fair value

Equity investments are reflected at fair value and determined based on current bid prices for quoted investments. Fair value is based on the ASX closing market bid value at balance date. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### h. Works of Art

The Company undertook an independent valuation of the works of art in full as at 31 December 2020. The valuation was conducted by Charles Nodrum Gallery and Dwyer Fine Art. Further details of the valuation are provided

as part of Note 20. Works of art are valued at fair market value and any changes to the market value of works of art held are reflected in Other Comprehensive Income. The Directors have determined that where the works of art are owned by the Company or provided to the Company under an enduring stewardship arrangement, their value should be disclosed as assets of the Company. Works of art on loan or provided to the Company under a non-enduring stewardship arrangement are not disclosed as assets of the Company. Industry standards stipulate that the Company must maintain and insure all works of art held.

### i. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at present value. The Company has accounted for on-costs on these provisions. Employer contributions to employee superannuation are charged as expenses when incurred.

### j. Deferred Income

Deferred income shown in the accounts will be recognised over the service delivery period based on the percentage of completion method. For further details refer to the revenue recognition policy that follows.



## k. Revenue

### *Contributed assets*

The company receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (for example, AASB 9: Financial Instruments (AASB 9), AASB 16: Leases (AASB 16), AASB 116 and AASB 138: Intangible Assets (AASB 138)).

On initial recognition of an asset, the company recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer).

The company recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

### *Operating grants, donations and bequests*

When the company received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and

- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Government grants under the Australian Government JobKeeper wage subsidy program have been recognised as revenue when the company became entitled to receive the grants, which was assessed to be the time at which the salary and wages payments for the eligible JobKeeper fortnight were made to eligible employees.

Government grants under the Australian Government cash flow boost initiative have been recognised as revenue when the company became entitled to receive the grants, which

was assessed to be the time at which the applicable Activity Statements were lodged with the Australian Taxation Office.

### *Capital Grants*

When the company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The company recognises income in profit or loss when or as the company satisfies its obligations under the terms of the grant.

Donated works of art are recognised as revenue at market value at the time the works are donated.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

## l. 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

#### **m. Graeme Sturgeon Memorial Trust**

The Graeme Sturgeon Memorial Trust is a trust established to promote the creation and appreciation of Australian contemporary sculpture. The trust funds are administered by Heide Park & Art Gallery but are excluded from the financial statements as the funds must be appropriated in accordance with the deed of trust. The financial statements of the trust have not been audited as at 31 December 2020. The unaudited financial statements of the trust disclose net available assets of \$1,721 (2019: \$1,721).

#### **n. Comparative Figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

#### **o. Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use or where appropriate depreciated replacement cost, is compared to the asset's carrying value. Any excess of

the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

#### **p. Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

##### **Land and building valuation**

Heide Cottage land and buildings are held by Heide and classified under Freehold Land and Buildings. Heide Modern and Galleries are situated on land owned by the State Government and the buildings are classified under Leasehold Improvements. The State Government conducted an independent valuation of Land and Buildings at 5-7 Templestowe Road in November 2016. The valuation method adopted by the Government's valuer establishes the fair value of the property on behalf of Creative Victoria for financial reporting purposes and Heide has determined that all Freehold Land, Buildings and Leasehold Improvements are to be revalued in accordance with the report. The Government's valuation used a market based valuation technique for land and a depreciated replacement cost for buildings.

The valuation of property is undertaken every 5 years in accordance with government's policy.

The adoption of the Government's valuation required a change in Heide's valuation method for buildings and leasehold improvements to

depreciated replacement cost. The change in valuation method ensured consistency with the approach taken in valuing all Land and Buildings under Heide's control and aligns with the Government's valuation methodology and timeframes. This is appropriate as Heide acts as the Government's Committee of Management for 7 Templestowe Road. This is also consistent with the social value approach.

The change in valuation method for buildings and leasehold improvements resulted in a revaluation down by net \$4.4 million over all Land, Buildings and Leasehold Improvements which was taken to the Asset Valuation Reserve and other Comprehensive Income at 31st December 2016. This amount was offset against prior revaluations upwards of land and buildings.

Land is held at fair value as determined by the revaluations. Building and Leasehold Improvements are held at fair value which has been determined as depreciated replacement cost value and are depreciated at a rate of 2.5%. The current use is considered the highest and best use. There are no other factors that would lead Heide to believe that any of the assets have been significantly impaired.

##### **Works of art valuations**

Heide's collection of works of art is held at fair value. Purchased works of art are initially carried at cost and subsequently revalued at fair value. Donated works of art are carried at fair value. Works of art are not depreciated at they do not have a finite useful life. Heide's collection is revalued in accordance with Heide's Collection Policy as detailed at Note 20: Fair Value Measurements.

NOTE 2: REVENUE

		2020 \$	2019 \$
<b>Operating activities</b>			
Sale of goods		324,243	642,849
Admissions		276,265	873,114
Grants	A	3,423,732	1,978,222
Donations and sponsorship	B	658,569	1,276,888
Interest and dividends	(a) ; (b)	37,784	60,447
Other		188,303	643,665
<b>Total Revenue from Operating activities</b>		<b>4,908,896</b>	<b>5,475,185</b>
(a) Dividend revenue from other corporations		30,716	51,787
(b) Interest revenue from other persons		7,068	8,660
<b>Significant Revenue</b>			
<b>The following significant revenue items are relevant to explaining the financial performance:</b>			
Federal Government - JobKeeper		1,147,950	-
Federal Government - Cash Boost		100,000	-
Creative Victoria OIP funding		1,404,660	1,404,660
Creative Victoria R&M Grant		292,745	255,724
Creative Victoria - Capital works Grant		129,389	52,800
Creative Victoria - Strategic Package #1		253,546	-
Vic Gov COVID Business Support Grant		20,000	-
Vic Gov Mirka for Melbourne Grant		-	180,000
Heritage Victoria		30,000	30,000
VIC Education Dept		14,068	15,520
Local Government grants		31,374	39,518
	A	3,423,732	1,978,222
Donations and sponsorship (cash)		513,970	1,009,226
Donations and sponsorship (gifts in kind)		144,599	267,662
	B	658,569	1,276,888
Donated works of art (at market value)	(c)	603,780	968,050

(c) Donated works of art are recognised in other comprehensive income

	2020 \$	2019 \$
<b>NOTE 3: SURPLUS FOR THE YEAR</b>	<b>Surplus / (Deficit) for the year has been determined after:</b>	
	(a) Expenses from Ordinary Activities	
Depreciation of property, plant and equipment	130,037	85,254
Amortisation of leasehold improvements	126,780	125,708
Rental expense on low value leases	5,520	8,280
	<b>2020 \$</b>	<b>2019 \$</b>
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>	4,608	11,904
Cash on hand	1,208,499	948,810
Cash at bank	<b>1,213,107</b>	<b>960,714</b>
	<b>2020 \$</b>	<b>2019 \$</b>
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>	<b>Current</b>	
Trade receivables	1,103,542	864,891
Provision for doubtful debts (a)	(10,000)	(10,000)
	<b>1,093,542</b>	<b>854,891</b>
	(a) Provision for doubtful debts	
	Past experience indicates that no impairment allowance is necessary in respect of trade debtors 'past due 0 – 30 days'. The movement in the provision for doubtful debts has been determined after a review of amounts outstanding at 31 December 2020.	
Balance at 1 January 2020	(10,000)	(7,000)
Net increase to doubtful debts	-	(3,000)
Balance at 31 December 2020	<b>(10,000)</b>	<b>(10,000)</b>

	2020 \$	2019 \$
<b>NOTE 6: INVENTORIES</b>		
<b>Current</b>		
Goods for resale - at cost	123,771	139,808

	2020 \$	2019 \$
<b>NOTE 7: FINANCIAL ASSETS</b>		
<b>Current Financial Assets</b>		
Term deposit	95,718	94,580

The Heide Café Performance Bond is held in Trust and has been invested in a term deposit that expires within a year.

**Non-Current Financial Assets**

Equity investments - ASX listed entities	743,312	701,843
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Fair value is based on the ASX closing market bid value at balance date.

NOTE 8: PROPERTY PLANT AND EQUIPMENT

	2020 \$	2019 \$
<b>Land and buildings</b>		
<i>Freehold land at fair value</i>		
Independent valuation - 2016	2,950,000	2,950,000
<b>Total land</b>	<b>2,950,000</b>	<b>2,950,000</b>
 <i>Buildings at fair value</i>		
Independent valuation - 2016	449,000	449,000
At cost additions	52,767	-
Less accumulated depreciation	(42,186)	(31,072)
<b>Total buildings</b>	<b>459,581</b>	<b>417,928</b>
 <b>Plant and equipment</b>		
<i>Plant and equipment</i>		
At cost	2,120,837	2,013,718
Less accumulated depreciation	(1,744,571)	(1,614,534)
<b>Total plant and equipment</b>	<b>376,266</b>	<b>399,184</b>
 <i>Computer software</i>		
At cost	21,654	21,654
Less accumulated depreciation	(21,654)	(21,654)
<b>Total computer software</b>	<b>-</b>	<b>-</b>
 <b>Leasehold improvements</b>		
Independent valuation in 2016	4,614,000	4,614,000
At cost additions	129,389	-
Less accumulated depreciation	(461,507)	(345,841)
<b>Total leasehold improvements</b>	<b>4,281,882</b>	<b>4,268,159</b>
<b>Total property, plant and equipment</b>	<b>8,067,729</b>	<b>8,035,271</b>

NOTE 8: PROPERTY PLANT AND EQUIPMENT (cont)

Movements in carrying amounts

	Freehold land \$	Buildings \$	Plant and equipment \$	Computer software \$	Leasehold improvements \$	Total \$
2020						
Balance at the beginning of year	2,950,000	417,928	399,184	-	4,268,159	8,035,271
Additions	-	52,767	107,119	-	129,389	289,275
Depreciation/amortisation expense	-	(11,114)	(130,037)	-	(115,666)	(256,817)
Carrying amount at the end of year	<b>2,950,000</b>	<b>459,581</b>	<b>376,266</b>	-	<b>4,281,882</b>	<b>8,067,729</b>

Concessionary leases

The company classifies the property and building on Crown Land as concessionary leases (refer Note 1 f).

NOTE 9: OTHER ASSETS

	2020 \$	2019 \$
<b>Current</b>		
Prepayments	43,493	63,070
Accrued income	4,661	123,557
	<b>48,154</b>	<b>186,627</b>
<b>Non-current</b>		
Works of art	73,017,070	70,338,981
Archive materials	119,639	117,239
	<b>73,136,709</b>	<b>70,456,220</b>

Works of Art, Directors' basis of valuation:

Opening balance at 1 January	70,338,981	69,186,067
Increase in valuation of existing artwork	2,074,309	-
Donations received based on independent valuation	603,780	968,050
Acquisition at cost - works of art	-	184,864
Balance at 31 December	<b>73,017,070</b>	<b>70,338,981</b>

In addition to the works of art owned by the Company or subject to enduring stewardship arrangement disclosed above, the value of works of art on long-term loan to the company or subject to non-enduring stewardship arrangements total \$8,213,500 which has not been recorded as an asset of the company.

	2020 \$	2019 \$
Archive Materials at cost:		
Opening balance at 1 January	117,239	-
Additions at cost	2,400	117,239
Balance at 31 December	<b>119,639</b>	<b>117,239</b>

In 2019 archive materials of the late Mirka Mora were acquired through auction and private sale.



NOTE 10: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
<b>Current</b>		
Unsecured liabilities		
Trade payables	114,796	404,505
Other payables		
- Deferred income (i)	1,070,337	889,429
- Other payables (GST)	42,123	51,149
- Employee accruals	47,188	48,740
Café Heide Performance Bond (held in Trust) (ii)	87,524	87,524
	<b>1,361,968</b>	<b>1,481,347</b>

(i) Deferred income includes the following amounts received or receivable from Creative Victoria to be recognised as income in subsequent periods:

- 2021 Operational grant first instalment \$702,330 (2019: \$702,330)
- 2021 Summer Festival grant \$125,561 (2019: nil)
- capital works grant \$29,154 (2019: \$102,325)

(ii) The Cafe is managed by Orletto Holdings operating as Heide Cafe. The Heide Cafe performance bond is held in trust and refundable at the expiration of the café agreement or if the terms of the lease agreement are contravened in accordance with the contract.

NOTE 11: BORROWINGS

	2020 \$	2019 \$
<b>Current</b>		
Credit card amounts payable	1,293	1,966
	<b>1,293</b>	<b>1,966</b>

	2020 \$	2019 \$
<b>NOTE 12: PROVISIONS</b>		
<b>Analysis of Total Provisions</b>		
Current	288,037	276,059
Non-Current	19,040	10,472
	<b>307,077</b>	<b>286,531</b>

**Provision for Long-term Employee Benefits**

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

	2020 \$	2019 \$
<b>NOTE 13: CAPITAL AND LEASING COMMITMENTS</b>		
<b>a. Low value lease commitments</b>		
Non-cancellable low value leases contracted for but not capitalised in the financial statements		
Payable—minimum lease payments:		
• not later than 12 months	5,520	8,280
• later than 12 months but not later than five years	-	5,520
• greater than five years	-	-
	<b>5,520</b>	<b>13,800</b>

The 2020 low value lease balance relates to a photocopier and 3 laser printers (contract expires September 2021).

NOTE 14: RESERVES

	2020 \$	2019 \$
<b>a. Asset revaluation reserve</b>		
Records revaluations of non-current assets	42,003,763	39,929,453
<b>b. Donated artworks reserve</b>		
Represents the value of works of art donated or bequeathed to the company. Subsequent revaluations of the Works of Art are recognised in the Asset Revaluation Reserve.	29,785,624	29,181,844
<b>c. Financial asset revaluation reserve</b>		
Records the unrealised gain on financial investments	129,693	94,437
<b>d. Financial Asset Gain /(loss) on Sale Reserve</b>		
Records the realised gain on financial investments	251,493	251,493
<b>e. Equipment replacement reserve</b>		
Represents the joint contribution of the company and licenced operator of the café operator (Orletto Holdings trading as Heide Café) to fund replacement of café equipment.	186,568	186,568

NOTE 15: ECONOMIC DEPENDENCE

The Company is dependent upon the ongoing receipt of State and Local Government grants and community and philanthropic donations to ensure the ongoing continuance of its exhibition, education and public programs. At the date of this report management has no reason to believe that this financial support will not continue.

**NOTE 16: RELATED PARTIES**

**a. Key Management Personnel**

Key management personnel are determined to be the Board of Directors, Executive Director, Artistic Director, Development Director and Senior Curator.

**b. Transactions with Key Management Personnel**

**i. Loans to Directors**

During 2020, there were no new or existing loans to directors.

**ii. Compensation for Key Management Personnel**

Directors of the Company have not been remunerated for the financial year.

Other key management personnel compensation comprised the following:-

	2020 \$	2019 \$
Short term benefits	482,246	470,110

Compensation of the Company's key management personnel includes only salaries and eligible termination payments. Key management personnel do not receive any non-cash benefits, contributions to a post-employment defined benefit plan or other termination benefits. Key management personnel may receive long-term employment benefits when the requisite continuous service period of 7 years is attained.

**iii. Key Management Personnel**

The Company's related parties include its Board of Directors as described below.

The names of the persons who were Directors of the Company for all or part of the financial year are listed below.

Lisa Gorman	Sue Smith
John Lee	Nancy Underhill
Cassy Liberman	James Van Smeerdijk (appointed February 2020)
Steven Skala AO	Sharni Zoch

Certain Director-related transactions occur within a normal customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with the Director or Director-related entity at arm's length in similar circumstances.

NOTE 16: RELATED PARTIES (cont.)

The aggregate value of transactions related to key management personnel and entities over which they have control or significant influence were as follows:

Key Management		2020 \$	2019 \$
Personnel	Transaction		
Directors	Donations (cash)	37,616	21,750
Directors	Donations (in-kind)	-	-
Directors	Purchase of goods and services	-	18,183
Management	Donations (cash)	6,350	-
Management	Donations (in-kind)	-	-
Management	Purchase of goods and services	-	318

NOTE 17: CASH FLOW INFORMATION

Reconciliation of cashflow from operations with surplus for the year

	2020 \$	2019 \$
Net surplus for the year	1,082,028	1,029,120
<b>Non-cash flows in surplus:</b>		
Depreciation and amortisation of non-current assets	256,817	210,962
Brokerage costs	-	586
Works of art (donated)	(603,780)	(968,050)
Bad Debts	9,909	-
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in trade and term receivables	(248,500)	(53,615)
(Increase)/decrease inventories	16,037	16,041
(Increase)/decrease in other assets	137,335	3,828
Increase/(decrease) in trade payables and accruals	(271,357)	108,736
Increase in other grants and advance	180,908	141,316
Increase in provisions	20,546	27,070
	<b>579,883</b>	<b>515,994</b>

**NOTE 18: FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	2020 \$	2019 \$
<b>Financial assets</b>		
Cash and cash equivalents	1,213,107	960,714
Trade and other receivables	1,093,542	854,891
Term deposit	95,718	94,580
Equity investments	743,312	701,843
	<b>3,145,679</b>	<b>2,612,028</b>

In August 2016 an Investment Committee was established by the Heide Board to assist the Board in the discharge of its statutory, regulatory and fiduciary responsibilities in relation to the prudent management and investment of the assets of Heide.

**Financial Liabilities**

Financial liabilities at amortised cost

Trade and other payables	161,984	453,245
Borrowings	1,293	1,966
	<b>163,277</b>	<b>455,211</b>

**Net Fair Values**

(i) For listed financial assets the fair values have been based on closing quoted bid prices at the end of the reporting period.

**NOTE 19: CONTRA SPONSORSHIP**

Heide receives sponsorship in the form of graphic design, printing, catering, photography and advertising and pro bono legal advice in exchange for promoting the provider as a corporate supporter of the gallery. The value of contra sponsorship included in the financial statements at Note 2 Revenue: Donations and Sponsorship (gifts in kind) is \$144,599 (2019: \$267,662)

**NOTE 20: FAIR VALUE MEASUREMENTS**

The Company has the following assets as set out in the table below that are measured at fair value on a recurring basis after their initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are remeasured at fair value on a non-recurring basis as per AASB 13: Fair Value Measurement.

		2020 \$	2019 \$
<b>Recurring fair value measurements</b>			
Financial assets			
Shares in listed corporations	(i)	743,312	701,843
Property, plant and equipment			
Freehold land at fair value	(ii)	2,950,000	2,950,000
Buildings at fair value			
Independent valuation in 2016		449,000	449,000
Additions at cost		52,767	-
Less accumulated depreciation		(42,186)	(31,072)
<b>Total buildings</b>		<b>459,581</b>	<b>417,928</b>
Leasehold improvements			
Independent valuation in 2016		4,614,000	4,614,000
Additions at cost		129,389	-
Less accumulated depreciation		(461,507)	(345,841)
<b>Total leasehold improvements</b>		<b>4,281,882</b>	<b>4,268,159</b>

(i) For investments in shares, the fair values have been determined based on closing bid prices at the end of the reporting period.

(ii) For freehold land and buildings, the fair values are based on the State Government's valuation undertaken in 2016, which used comparable market data for similar properties.

**NOTE 20 FAIR VALUE MEASUREMENTS  
(cont'd)**

Works of Art

Heide's collection of works of art is held at fair value. Purchased works of art are initially carried at cost and subsequently revalued at fair value. Donated works of art are carried at fair value. Works of art are not depreciated as they do not have a finite useful life. Heide's collection is revalued in accordance with Heide's Collection Policy.

Every three years Heide undertakes a full valuation of the collection. At minimum this entails:

- a) All works over \$100,000 to be independently valued. Independent valuation may refer to a process of outsourcing all valuation research, documentation and review, to an external party or undertaking research and documentation in-house with an external review of revised valuations.
- b) The balance of the collection being works valued at \$100,000 or less to be valued from quality images and catalogue details.

The average inflation rate calculated through the revaluation of this random selection of works is applied across the entire collection, with the exception of those works revalued under point a), or works acquired and valued during the year of valuation.

On an annual basis curatorial staff review any extraordinary issues arising which may reasonably be expected to affect possible impairment or escalation of value of works of art (e.g. damage, change in circumstances of the artist, market fluctuations etc.) and obtain additional valuations to address such circumstances as appropriate.

All works donated within the year are subject to valuation and presented to the Board in an Acquisition Proposal as part of the acquisition process.

Charles Nodrum, an approved valuer under the Cultural Gifts Program, undertook a valuation of the collection (except for four works transferred to Heide from the Albert & Barbara Tucker Foundation loan collection) as at 31 December 2020 and valued the collection at \$72,631,070. The four works transferred from the Albert & Barbara Tucker Foundation loan collection were valued by Dwyer Fine Art at \$386,000. This is reflected in the collection valuation (Note 9 Other Assets). In 2020 Heide received donated works of art at a value of \$603,780 (2019: \$968,050). This is reflected in the collection valuation (Note 9 Other Assets).



**NOTE 21 SUBSEQUENT EVENTS**

COVID-19 restrictions have been progressively lifted in the first quarter in 2021 with a short lockdown in February 2021. Museums and art galleries are allowed to be open for public visits and exhibitions with indoor people density controls in place. The Federal Government's JobKeeper program ended on 28 March 2021.

Management continues to monitor the ongoing impact of the COVID-19 pandemic and have prepared strategies to deal with potential future uncertainty.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the result of those operations or the state of affairs of the company in future financial years.

No adjustments have been made to these financial statements as a result of the uncertainty concerning the COVID-19 pandemic. The Directors have concluded that as of the date of the Director's Declaration the Company continues to operate as a going concern

**NOTE 22 COMPANY DETAILS**

The registered office of the company is:

Heide Park & Art Gallery  
7 Templestowe Road  
Bulleen VIC 3105

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Heide Park & Art Gallery:

(a) The financial statements and notes of Heide are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) Giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and


(ii) Complying with Australian Accounting Standards—Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012; and

(b) There are reasonable grounds to believe that Heide will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Sharni Zoch**  
Director



**Steven Skala AO**  
Chairman

Dated the 26th of April 2021

## Heide Park and Art Gallery

ABN: 60 005 712 943

### Independent Audit Report to the members of Heide Park and Art Gallery

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report, being a general purpose financial report of Heide Park and Art Gallery (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards (reduced disclosure requirements), the Australian Charities and Not-for-profits Commission Act 2012 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

#### 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 are independent of the Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical 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.

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

#### Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Heide Park and Art Gallery

ABN: 60 005 712 943

### Independent Audit Report to the members of Heide Park and Art Gallery

In preparing the financial report, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## Heide Park and Art Gallery

ABN: 60 005 712 943

### Independent Audit Report to the members of Heide Park and Art Gallery

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Saward Dawson



Jeffrey Tulk  
Partner

Blackburn VIC

Dated: 26 April 2021