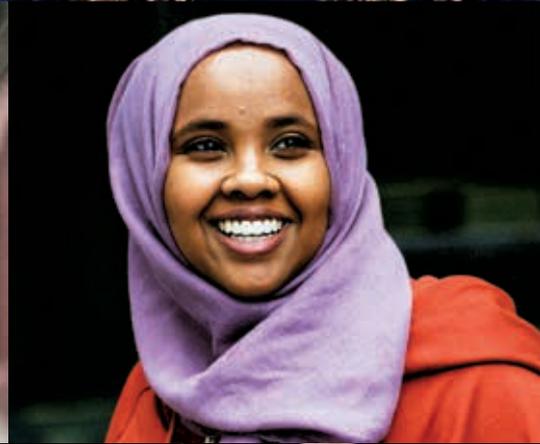


annual report

2018 – 2019



Artwork by: Josh Muir

Josh is a proud Yorta Yorta/ Gunditjmara man who holds his culture strong and close to his heart; it gives him his voice and his identity. Muir's artworks echo his culture in a contemporary setting, and his practice reflects his journey.

This piece captures values from the headspace vision for reconciliation: Celebration, Country, Diversity, Culture, Healing, Respect and Equity.

These values are the underlying factors in what it takes to establish the central Reconciliation icon: a Yarning circle, belonging and echoing throughout time as a ripple effect. Acknowledging our past, present and future with three spears. Wattle seed cornerstones support the piece to represent the importance of healing to reconciliation.

Acknowledgement of Country

headspace would like to acknowledge Aboriginal and Torres Strait Islander peoples as Australia's First People and Traditional Custodians. We value their cultures, identities and continuing connection to country, waters, kin and community. We pay our respects to Elders past and present and are committed to making a positive contribution to the wellbeing of Aboriginal and Torres Strait Islander young people, by providing services that are welcoming, safe, culturally appropriate and inclusive.



headspace Reconciliation Action Plan Artwork
2019 by Josh Muir, Yorta Yorta / Gunditjmara

welcome to the 2018–2019 annual report

6

a message from the ceo

16

headspace stories

31

contents – consolidated financial statements

35

consolidated statement of cash flows

8

a message from the board chair

18

governance statement

32

consolidated statement of profit or loss and other comprehensive income

36

notes to the consolidated financial statements

10

headspace snapshot

20

consolidated financial report

33

consolidated financial position

56

directors' declaration

12

about headspace

30

auditor's independence declaration

34

consolidated statement of changes in equity

57

independent auditor's report to members



a message from the CEO



Thank you to everyone across Australia who helped almost 100,000 young people to visit a headspace centre, resulting in close to half a million visits over the 2018 – 2019 financial year.

Despite the ongoing stigma associated with mental health and seeking help, young people came to headspace in record numbers because they see headspace as a brand they connect with and a safe place to share with someone they trust. Together with the centre network and national programs, we've worked towards reducing stigma and reached more young Australians in their local communities than ever before.

Youth participation

Young people, their families and friends, are integral to headspace and everything we do. It was a busy year for youth participation as we waved goodbye to our 2017 – 2019 cohort of the headspace Youth National Reference Group (hY NRG) and said hi to the 2019-2021 group. hY NRG continue to have a profound impact, contributing to campaigns, clinical governance and everything in between. During the year we also established a new Australian Youth Ambassador program in partnership with other national mental health organisations. We remain incredibly inspired by the voices and experience young people have in shaping the future of headspace.

Wait times

A key priority area was to better understand wait times in headspace centres. In response to growing demand for services, headspace undertook a national survey of headspace centres to uncover the level of demand and key factors perceived to affect wait times. The release of this report helped inform a 2019 Federal Budget commitment of \$152 million over six years to help address these issues. We are constantly seeking to ensure that all young people can access headspace services and we will be implementing new strategies over the coming year to strengthen opportunities so that the right service is provided to the right young person at the right time.

Accessing services

We saw the headspace centre network grow by 14 new sites, including one outreach, three satellites, four outposts and six centres. More than 50 per cent of headspace centres are now operating in rural and regional areas.

As part of the headspace digital strategy and national infrastructure, our development of new systems, upgrade of old ones, service enhancements and integration across centre and online services are driving support for end-to-end user journeys and care. For instance, the eheadspace service is now providing a wider range of service offerings to young people, families and friends.

We made significant progress with the implementation of the Be You program in primary and secondary schools. This Beyond Blue initiative, alongside our broader School's

programs, enables greater mental health and wellbeing support for educators, students and their families.

Stakeholder engagement

Stakeholder engagement has been another big focus as we developed and strengthened our relationships with key network partners, including primary health networks (PHNs), lead agencies and consortium chairs, and hosted workshops for state-based centre managers and clinical leads, GPs and the Aboriginal and Torres Strait Islander staff network.

We are committed to engaging with Aboriginal and Torres Strait Islander young people to support their social and emotional wellbeing. 7,691 young people who identified as Aboriginal and Torres Strait Islander came to headspace centres for 31,577 occasions of service. Cultural safety and security is of high importance to headspace as is the support for more than 50 Aboriginal and Torres Strait Islander people working in headspace centres.

Supporting priority groups

We commissioned a nationally representative survey of young people aged 12-25, asking about their mental health and wellbeing. We discovered that nearly one in three young Australians were reporting high or very high levels of psychological distress but as high as 35 per cent have never sought support from a mental health professional. These insights formed the backbone of many of our media and community awareness campaigns, including headcoach, a cyberbullying initiative and headspace day.

Thanks to partnerships with corporate and community organisations like the National Rugby League (NRL) and Riot Games, we were able to reach even more young people. We are incredibly grateful to all our corporate partners, who enable us to amplify our messages and resources.

Advocating for headspace

The last few months of this year have been dominated by representing the value and role which headspace plays in communities, with both the Federal Budget and Election providing opportunities for much public commentary. We are fortunate to enjoy long-term bipartisan support for our work, and we were pleased to see that mental health – particularly for young people – was a focus with many commitments to the headspace network. We look forward to working with the government, PHNs and the centre network to implement and deliver on these investments.

We partnered with Orygen, the National Centre of Excellence in Youth Mental Health, on a joint submission to the Productivity Commission's Inquiry into the Social and Economic Benefits of Improving Mental Health, and after consulting with young people, families and friends, and headspace centres we developed a headspace submission to the Royal Commission into Victoria's Mental Health System. Both of these are a once-in-a-generation opportunity for mental health reform and we will continue to make a strong argument for early intervention and youth mental health.

Thank you

Much of what has been achieved over the last year would not have been possible without the tremendous hard work, dedication and passion of headspace employees. Our people are our greatest asset and thanks to them, headspace is a truly great place to work.

I want to personally thank the talented and passionate headspace National Executive team, who ensure that we work collaboratively and support their committed teams to achieve our vision that all young Australians are supported to be mentally healthy and engaged in their communities.

Finally, as always, thank you to everyone from the national centre network – the centre teams, lead agencies, PHNs and consortium chairs – who bring headspace to life every single day in local communities across Australia.

Jason Trethowan
CEO, headspace

a message from the board chair



The headspace Board is proud to see headspace services continue to grow throughout the country, increasing access for young people across Australia to youth-friendly and culturally appropriate mental health support.

Expansion of the network

2018 – 2019 saw vital expansion of the headspace network, with 14 new services opening in locations spanning Melton (VIC) through to Mandurah (WA), ensuring headspace reaches young people right across Australia.

We also continued to see high levels of satisfaction across eheadspace (83 per cent), headspace centres (86 per cent) and headspace Early Psychosis (92 per cent). We know young people are seeing the benefits of the service with research revealing 62 per cent of young people attending headspace get better. With increasing satisfaction and positive impact of headspace comes a growing demand for the headspace service.

Wait times

We acknowledge the barrier that wait times create to help-seeking for young people and their families. We also know that wait times are a period of high risk for young people. Thanks to feedback from headspace centre managers in late 2018, we have a better understanding of the level of demand and the key factors that were perceived to affect wait times. In addition to centre expansion, we identified a need to increase clinical workforce capacity, invest in headspace digital and technology platforms, augment the existing headspace platform to provide better

care for young people with more severe and complex conditions, seek longer term contracts for primary health networks and implement quality improvement initiatives.

We are incredibly thankful to the Government for allocating funds to help reduce wait times as part of the Federal Budget. Their continued investment in headspace demonstrates both the value and the need for headspace. We know that increased investment in early intervention is key to supporting young people's mental health and we thank the Government for its continued commitment to youth mental health.

Board engagement

As part of the Board's engagement with the services and staff we are proud to govern, we were fortunate to have Board meetings hosted at headspace Bankstown (NSW), Orygen, the National Centre of Excellence in Youth Mental Health (VIC), and headspace Fremantle (WA). Experiences such as this enable the Board to meet with staff and young people and see services in action. During our time in Western Australia, we had the privilege of hearing a panel discussion about Aboriginal and Torres Strait Islander youth mental health in the context of rural and remote communities. Panellists offered valuable insights on the challenges working and living in regional and remote areas and also talked about the vital role that culture plays in improving the mental health and wellbeing of Aboriginal and Torres Strait Islander young people, something of utmost importance to headspace.

Reconciliation Action Plan

We were proud to launch the headspace Reconciliation Action Plan (RAP) this year. The launch of the headspace RAP reflects our commitment to working with community Elders, children, young people and all First Nations people, to be led by them and to play our important role in closing the health gap for Aboriginal and Torres Strait Islander people. Our vision for reconciliation is an equitable Australia where the 60,000 year old cultures and continuing connection to Country of Aboriginal and Torres Strait Islander peoples are respected and celebrated. Thank you to the Aboriginal and Torres Strait Islander team members at headspace and all the members of the working group who came together to design an outstanding piece of work.

Youth participation

This year, I've been honoured to commence my role as Board Chair – a position I'm both grateful for, and incredibly proud to hold. In a true demonstration of the headspace commitment to put youth participation at the very core of the organisation, the Board also welcomed the appointment of two new youth advisors – Amelia Walters and Jarrad Hickmott.

Thank you

On behalf of the headspace Board, I would like to offer sincere thanks and congratulations to Ian Marshman, who finished up as Board Chair this year. Ian, who held the position of Chair since 2016 and was a Board member since 2009, is a tireless and dedicated advocate

for young people and their mental health. During his time on the Board, Ian saw and played a significant role in the growth of headspace as the Government's preferred youth mental health platform.

The Board would also like to thank headspace CEO Jason Trethowan, whose strong leadership has enabled the organisation to secure much needed funding, the headspace Executive team and the entire team at headspace National for a year of outstanding success in supporting the mental health of young people.

I would like to acknowledge my fellow Board Directors whose service helps us to achieve the best mental health outcomes for young people. Thank you to Professor Patrick McGorry AO, Ms Anne Murphy Cruise, Dr Annette Carruthers, Ms Katina Law, Dr John Harvey, Ms Amelia Walters and Mr Jarrad Hickmott.

The headspace Board is firmly dedicated to continuing its work with, and for, all young people to ensure they have access to youth-friendly, innovative, culturally-appropriate and best practice mental health services. We are honoured to govern headspace as a world-leading health organisation in youth mental health; a role we are privileged to hold.

Lisa Paul AO PSM
Board Chair, headspace

headspace since inception

2,957,402

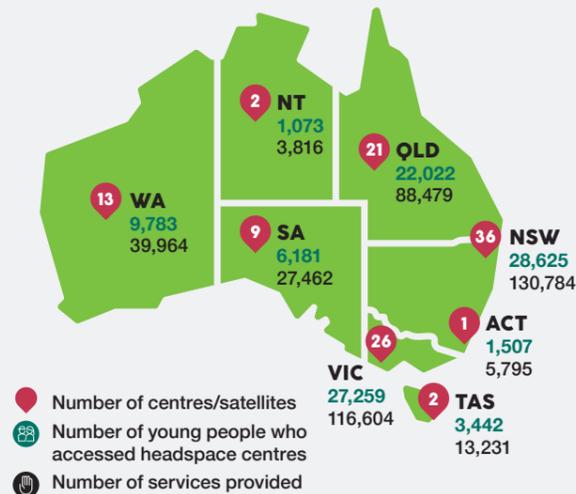
services have been provided to young people through centres, online and phone services.

524,800

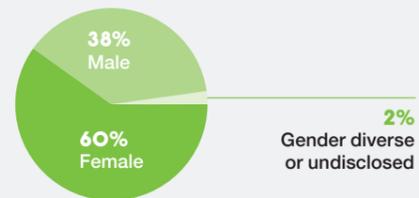
young people have accessed support through centres, online and phone services.

headspace centres 2018-2019

There are 110 centres across Australia in metro, regional and rural areas. We also have a number of satellite, outpost and outreach services.

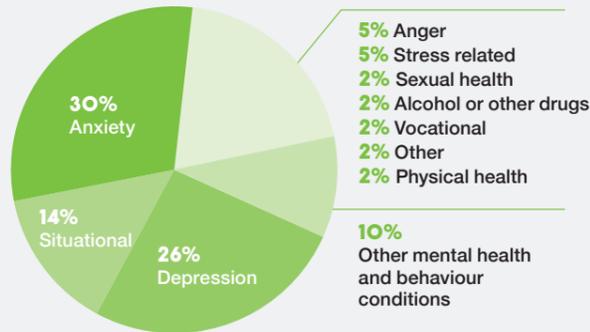


Gender



NB: Above data reflective of services formally announced and open as at 30 June 2019

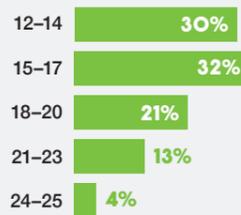
Main issues



Priority groups



Age



Satisfaction



headspace Schools 2018-19

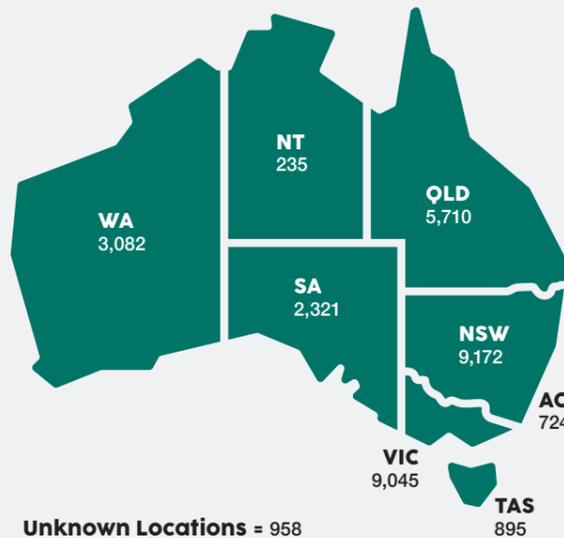


headspace Work and Study 2018-19

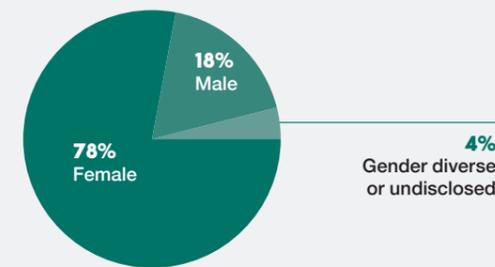


eheadspace 2018-2019

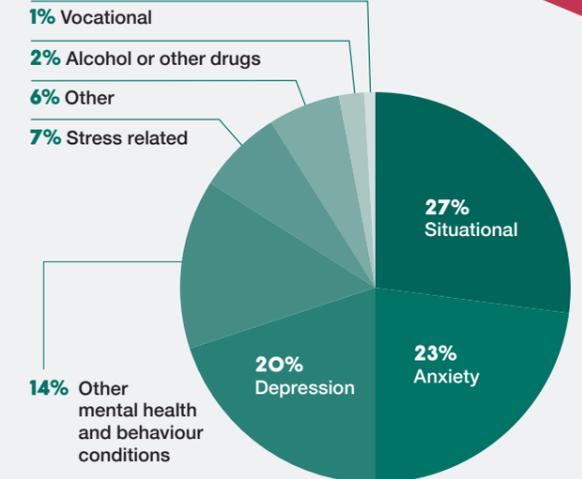
Number of young people accessing eheadspace



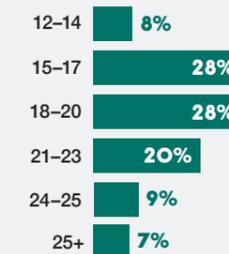
Gender



Main issues



Age



Satisfaction



Priority groups



Career mentoring with work and study



headspace Early Psychosis 2018-19



about headspace

At headspace, we believe in the power of youth. Our vision is that all young Australians are supported to be mentally healthy and engaged in their communities.

Each year, headspace provides early intervention mental health services to 12 – 25 year olds. Since 2006, headspace has provided nearly three million services and supported more than half a million young Australians to strengthen their wellbeing and manage their mental health. In 2018 – 2019 alone, headspace supported over 130,000 young people.

The headspace model understands that adolescence and early adulthood is a critical time in a person's life. Research highlights that more than 75 per cent of mental health disorders begin before the age of 25. headspace provides a holistic approach to supporting young people early in life through four core areas: mental health, physical (including sexual) health, work and study support, and alcohol and other drug services.

headspace centre network

A national network of 110 headspace centres operates across metropolitan, regional and rural areas of Australia, along with a range of satellites, outreach and support.

eheadspace

eheadspace is our online and phone counselling service and is available for young people seven days a week. eheadspace supports young people who are not able to access a headspace centre or would prefer to get help online. Providing a secure and anonymous place to talk to a professional means many young people who wouldn't ordinarily seek help at a face-to-face service are getting the help they need.

110
headspace centres



headspace Telehealth

headspace Telehealth provides 12 – 25 year olds, in eligible regional and rural areas, access to highly-skilled psychiatrists via video consultations. These psychiatrists are experts in youth mental health and have experience working with young people from various backgrounds.

headspace Work and Study

headspace vocational programs offers free and confidential support for young people needing help with work and study, career mentoring with industry professionals and Individual Placement Support, which integrates employment and vocational services with clinical mental health.

headspace Schools

headspace Schools supports, engages and partners with education and health sectors across Australia, to build the mental health literacy and capacity of workforces, children, young people, their families and wider school communities. Their programs and initiatives include primary and secondary school service delivery partner for Be You, School Suicide Prevention Activities, School staff and Principal Mental Health and Wellbeing, and various programs, training and professional development packages.

headspace Early Psychosis

The headspace Early Psychosis program supports young people experiencing, or at risk of developing, psychosis. Based on evidence developed by Orygen; the National Centre of Excellence in Youth Mental Health, the program is delivered by select headspace centres and focuses on early intervention, providing young people and their families with timely access to specialist support.

“It’s great to see not only young people but community members of all ages welcoming headspace. We’ve already been able to support lots of young people.”

– Cate Chaiyot, Centre Manager, Wonthaggi



ann's story

Ann Gallagher, a mum from the headspace Family and Friends Reference Group, experienced firsthand the impacts of cyberbullying, and the challenges that young people, parents and schools have in responding to these experiences.

"My daughter was cyberbullied by a former friendship group at her school when she identified the relationships as unhealthy for her, and tried to amicably break away from them. The bullying took place in a number of online forums and platforms, and very quickly got out of hand.

"The cyberbullying had a significant impact on my daughter's mental health and her ability to attend school. We had to work really hard for months with the school and police to find an outcome that kept her safe and enabled her time and space to recover.

"Fortunately, my daughter opened up to me about the experience quite early on so I could be there for her and work with the school to try and help, but I know this isn't always the case. I would encourage parents to be aware of what goes on so they can be there for their kids."



erika's story

"I signed up to headspace Career Mentoring because I was unsure about what to do next in my work journey. I wanted to speak with someone who had experience and qualifications in my field of interest.

"Together we worked on my cover letter, resume writing, interview presentation and skills at work including expectation setting and report writing. She helped me with my confidence – I have a stutter and she encouraged me to meet with an advertising executive who also has a stutter.

"She was very encouraging and helped me to see things from a different perspective – more glass half full.

"Having worked with a mentor, I now feel more confident applying for work. It's the first time I've secured a job through applying and not through networking. Before this I'd always relied on networking as I was doubtful of my actual abilities.

"This is the first time I've passed probation. The advice my mentor gave me was actual industry experience and I liked that we met regularly on a structured basis."



mike's story

Mike Anderson, 2019 – 2020 headspace Youth National Reference Group (hYNRC) member, shares his experience of cyberbullying.

"When I left primary school, the easiest way to stay in touch was Facebook. Messaging my friends was a good way to keep the connection and stay up to date on how their life was going.

"My friend got into a relationship and I was super happy for her but her new boyfriend didn't like that we still kept in touch and he began threatening me on social media.

"I genuinely felt scared and was made to feel like I was doing something wrong, but I knew I wasn't, I simply just wanted to talk to my friend."

"Unfortunately, I didn't really reach out for any support at the time, other than to mention it to my friends. I feel I probably should have reached out to my parents or a trusted adult, and kind of wished I did. If I had, maybe the online threats would have stopped and caused me less anxiety."

james's story

James Bush, a member of our 2017 – 2019 headspace Youth National Reference Group (hY NRC), talks about when he started to question his sexuality.

"It was kind of hard talking about my sexuality with my family as I grew up in a small town and also because my family were quite conservative. I turned to my friends first and they really helped me figure everything out and gave me the courage to talk to my family.

"For a while, I struggled to watch some of my friends and family not know what to do or how to act around me. But I really believe that my family and I have become a lot stronger after I opened up about questioning my gender and when I said I wanted to begin transitioning.

"When people got my pronouns wrong, initially it hurt a lot, even if people didn't mean it, it made me feel sick in a way because that's just not who I was. Now, it's a lot better because I know that a lot of the time it's just honest mistakes.

"If there's one piece of advice that I could give other young people who might be going through something similar it's that you're not alone. There is always someone out there to support you whether it's your family, friends, someone online or someone in the LGBTIQA+ community – you've always got someone you can turn to and talk to."

niharika's story

Niharika Hiremath, was a member of our 2017 – 2019 headspace Youth National Reference Group (hY NRC), who has since been appointed as a commissioner to the National Mental Health Commission.

"I provide advice to Government on ways to continuously improve youth mental health and suicide prevention. I also help the Commission with input and translating the outcomes of the Productivity Commission's Inquiry into Mental Health, and advise on the delivery of the Government's youth mental health and suicide prevention plan.

"I really want to give back to organisations like headspace. While I'm in this position, I want young people to know that having open and honest conversations about mental health is ok. It's the right path for reducing stigma and help seeking."



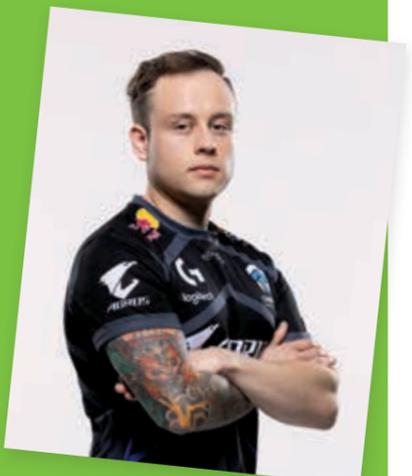
brandon's story

One of Australia's leading professional esports players, Brandon Holland, joined us in our headcoach campaign to help educate young men on how to maintain a healthy headspace.

"A passion for gaming doesn't have to be at the exclusion of all other pastimes, interests and relationships. Professional gamers take their combined physical and mental wellbeing just as seriously as professional athletes. Like any hobby or interest, gaming should be treated as just one element of a balanced lifestyle."

"In order to sustain the mental alertness required to master the complex strategies behind many video games, it is critical

for me to look after my physical and mental health. I prioritise sleep, exercise, healthy eating and positive relationships with family and friends in order to not only do my job, but enjoy a well-balanced, happy, healthy lifestyle and state-of-mind."



governance statement

headspace National Youth Mental Health Foundation Ltd (headspace) is a company limited by guarantee established for the purpose of promoting the improved health and mental health outcomes for young people in Australia, including through the funding of early intervention and prevention programs.

headspace is classified as a health promotion charity and is endorsed as a deductible gift recipient and tax concession charity.

The Commonwealth of Australia through the Department of Health is the principal source of funding for headspace operations.

The headspace Group Governance Charter and the following three documents form the foundations for the internal governance of headspace:

- The headspace Constitution
- The Members Agreement
- The Commonwealth Grant Agreement “Youth Mental Health: headspace National”

The Board will regularly review the Governance Charter to ensure that it remains appropriate to the needs of headspace as it matures as a company and to the community that it serves.

The Governance Charter will be publicly available and posted on the headspace website.

Role of the Board

The role of directors is to collectively ensure the delivery of the organisation’s objectives, to set strategic direction, and to uphold its values. Directors should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and is complying with all its legal, financial and ethical obligations. The role of the Board includes:

- Determine strategic direction of organisation.
- Appointment/dismissal of CEO.
- Monitor organisational performance.
- Manage risk.
- Liaise and engage with stakeholders.
- Demonstrate the value of headspace and monitor the culture of the organisation.

Role of the Chair

The Chair:

- Provides leadership to the Board.
- Sets the agenda for Board meetings in consultation with the CEO.
- Chairs Board meetings.
- Is the major point of contact between the Board and the CEO.

- Is the primary representative of the Board in dealings between government and headspace.
- Oversees the CEO performance review together with the Board.
- Oversees and guides the participation of Youth Advisors to the Board.

Role of Individual Directors

Directors have a duty to question, request information, raise any issue which is of concern to them, fully canvass all aspects of any issue confronting the company and cast their vote on any resolution according to their own judgement. Directors will keep confidential Board discussions, deliberations and decisions.

Confidential information received by a director in the course of the exercise of their duties remains the property of the company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.

Role of Youth Advisors to the Board

Each year, up to two young people who have served as members of the headspace Youth National Reference Group will be invited to attend meetings of the Board. Youth Advisors participate in meetings of the Board but are not directors of the Board.

Role of the Chief Executive Officer

Accountable to the Board, the CEO is responsible for managing the operations of the headspace Group to address key management and operational issues within the direction and the policies laid down by the Board. Responsibilities include:

- Acting as the primary spokesperson for the organisation.
- Developing and implementing organisational strategies and making recommendations to the Board on significant strategic initiatives.
- Setting and demonstrating the values and culture that underpin achievement of the headspace vision and mission.
- Making the appointment of key management personnel in consultation with the Board, appointment and removal of other staff, determining terms of appointment, evaluation of performance, and developing and maintaining succession plans for staff.
- Providing leadership for the development of professional excellence and high standards of conduct for headspace Group staff.
- Developing the annual budget and managing day to day operations within the budget.
- Maintaining an effective risk management framework.

governance statement (continued)

- Keeping the Board and funding agencies informed about any developments with a material impact on headspace Groups performance.
- Managing day to day operations of the headspace Group in accordance with agreed standards for social, ethical and environmental practices.

Board Primary Functions and Responsibilities

- Ensure compliance with the objects, purposes and values of the headspace Group, and with its Constitution.
- Set or approve policies, plans and budgets to achieve objectives, and monitor performance against them.
- Ensure that the organisation complies with all relevant laws, regulations and regulatory requirements.
- Review the organisation’s budget, monitor management and financial performance to ensure the solvency, financial strength and good performance of the organisation.
- Consider and approve annual financial statements and required reports to government.
- Set and maintain a framework of delegation and internal control.
- Planning for Board, CEO and executive succession.
- Determine CEO and senior management remuneration.
- Set key accountabilities and performance measures for the CEO and undertake, at least annually, a formal review of the CEO’s performance against agreed performance measures.
- Review and monitor the effectiveness of risk management and compliance in the headspace Group and agree or ratify all policies and decisions on matters which might create significant risk, financial or otherwise.
- Consider the social, ethical and environmental impact of all activities and operations and ensure that these are acceptable.
- Continue to evaluate and improve the performance of headspace Group Boards.

Board Meetings

- The Board will hold not less than six meetings a year and such additional meetings as the directors agree in order to perform its functions.
- A quorum consists of more than half the number of directors.
- Wherever possible, 10 working days’ notice shall be given of the date, time and place of Board meetings. Where urgent matters arise, shorter notice may be given.
- Notice shall be given of meetings of any Board committees as laid out in the Terms of Reference, or (where this has not been specified in the Terms of Reference) at the discretion of the Chairs of those committees.

- Notice shall be given of General Meetings according to the provisions specified in the headspace Groups’ constitutions.

Board Committees

The Board may establish and terminate Board committees under clause 13.19 of the Constitution and advisory committees under clause 17 of the Constitution and set the terms of reference and appoint the members of such committees.

The Board will establish committees to assist the Board in exercising its authority.

The Board has established the following standing committees:

- Finance and Audit Committee (Board committee)
- Quality and Clinical Governance Committee (Board committee)
- Remuneration Committee (All Board Members).

Board Evaluation

The Chair will, on an annual basis, facilitate a discussion and evaluation of the Board’s performance. This will include discussion both collectively and individually about:

- The Board’s role, processes and performance;
- The Board’s group dynamics and skills set; and
- Other relevant issues.

The Chair will consider the commissioning of an independent evaluation of the Board’s performance at least every two years.

Conflicts of Interest

Directors have duties under section 425.25 ACNC Regulation (governance standard 5 – duties of responsible entities), general law and the Constitution in relation to conflicts of interest. In applying these provisions, directors must also have regard to the findings and recommendations of the headspace probity advisor and the conflict of interest requirements in any funding agreement with the Commonwealth of Australia.

A director’s interest in a matter involves a personal interest of some real substance (Interest).

Whether an Interest real or perceived exists depends on the context. It may be a direct or indirect interest, a pecuniary interest or a non-pecuniary interest such as reputation, the opportunity to gain non-pecuniary rewards such as expertise, knowledge or the opportunity to influence policy decisions that may subsequently provide a pecuniary or non-pecuniary benefit.

consolidated financial report

for the year ended 30 June 2019

headspace National Youth Mental Health Foundation Limited
ABN: 26 137 533 843



directors' report

for the year ended 30 June 2019

The directors of headspace National Youth Mental Health Foundation Ltd ("the Company") present their report on the consolidated entity (referred to hereafter as "the Group"), consisting of headspace National Youth Mental Health Foundation Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The names of each person who has been a director of the Company part of or during the whole of the financial year and up to the date of this report are:

- Ian Marshman AM (resigned 28 November 2018)
- Patrick McGorry AO
- Annette Carruthers
- Anne Murphy Cruise
- Lisa Bjorksten (resigned 22 August 2018)
- Katina Law
- John Harvey (appointed 7 May 2018)
- Lisa Paul AO PSM (appointed 8 October 2018)

Company Secretary

The following people held the position of Company Secretary at the end of the year:

- Shengnan (Diana) Liu: MCom CPA (resigned 7 November 2018)
- Kerry Costanzo (appointed 28 November 2018, resigned 21 March 2019)
- Christopher Adam Holmes CPA (appointed 22 March 2019)

Principal Activities, Objectives and Measures of Performance

The principal activities of the Group during the financial year consisted of delivering mental health and vocational services to young people in headspace centres, online and to schools. We continued our national role which included licencing, accreditation and support role for the headspace centres, enhancing workforce development, translating the evidence base through the headspace network, undertaking stigma reduction awareness campaigns and improving health and mental health outcomes for young people in Australia. The Group continued to administer service delivery at headspace Adelaide and the collocated headspace Adelaide Youth Early Psychosis Program through its wholly owned subsidiary headspace Services Limited.

The vision of the Group is "all young Australians are supported to be mentally healthy and engaged in their communities."

Mission: headspace collaborates to design and deliver innovative ways of working with young people to strengthen their mental health and wellbeing.

The Group's 2017–2020 strategy to achieve these goals is described below:

Our Approach

We create innovative models that enable young people to seek help early to support their mental health and wellbeing. Our approach evolves through youth participation, best practice and evaluation.

Objectives:

- headspace provides a consistent experience for young people, family and friends aligned with our approach.
- headspace service models and brand are innovative, youth friendly and high quality.
- headspace seeks to reduce barriers for young people who are at a greater risk and less likely to seek help.

Our Services

We are a trusted national brand delivering accessible services in centres, online and in schools to young people, their family and friends.

Objectives:

- headspace centres and online services are high quality and accessible.
- headspace builds the mental health literacy of the community in places where young people are.
- headspace is a trusted provider of youth mental health services to schools and the education sector.

Our People

We value our people as our greatest asset. We attract and retain great people who use their skills to make a difference to the health and wellbeing of young people.

Objectives:

- headspace is a truly great place to work.
- headspace attracts and retains great people who make a difference.
- headspace enables our people to flourish and grow.
- headspace actively seeks to embed the perspectives and practices of Australia's First Peoples in all it does.

directors' report (continued)

for the year ended 30 June 2019

Our Partners

We foster collaborative partnerships to improve mental health outcomes for young people and create positive system change.

Objectives:

- headspace contributes to maintaining youth mental health as a key national priority.
- headspace builds relationships to enhance services, increase access and drive innovation.
- headspace has a national network that is connected and engaged.

Operating Results

The operations of the Group for the financial year resulted in a gain / loss of \$956,229 (2018: loss \$23,589,525). The surplus was mainly due to the timing around the recognition of income versus program expenses for non-government funded programs.

Contributions on Winding Up

The Company is a not-for-profit organisation incorporated as a company limited by guarantee. If the Company is wound up, the liability of each member is limited to a maximum of \$100 towards meeting any outstanding obligations of the Company. The Company is precluded by its constitution from recommending payment of any dividend.

Review of Operations

During the financial year, the Group conducted its activities in accordance with its funding agreement with the Commonwealth of Australia through the Department of Health. In addition, the Group has conducted a number of other programs, funded by both the Commonwealth of Australia and other fund providers such as the Victorian and Queensland Governments and Beyond Blue.

The Group is funded directly to operate programs such as the Youth Online and Telephone Counselling Program (ehespace), headspace Work and Study and Be You service delivery as well as being the lead agency for one headspace centre and one headspace Youth Early Psychosis Program (hYEPP) service. headspace is a service delivery partner for Beyond Blue's Be You initiative.

Significant Changes in the State of Affairs

In January 2019 the Commonwealth Government announced an extension to funding for headspace's principal program for a further three years to 2023 equating to \$45 million. The ehespace contract was also extended for a further two years and a number of smaller time limited projects were funded.

The Commonwealth Government Department of Social Services announced two year funding from 1 July 2019 of \$2.4 million for the headspace Work and Study program. This program was originally funded as a pilot by the Department of Employment under the Empowering Youth Initiatives.

The headspace Adelaide and headspace Adelaide Youth Early Psychosis Program services operated by headspace Services Limited during the year were transferred to a third party Lead Agency at 30 June 2019.

No other significant changes in the Group's state of affairs occurred during the financial year.

Matters Subsequent to the end of the Financial Period

There were no other matters or circumstances which have arisen since the end of the financial year which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations

There are no likely developments in the operations of the Group which have not been disclosed within this report.

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

directors' report (continued)

for the year ended 30 June 2019

Information on Directors

The following information is current as at the date of this report:

Name	Qualifications and Experience	Special Responsibilities
Lisa Paul AO PSM (appointed 8 October 2018)	<ul style="list-style-type: none"> • Board member since 8 October 2018. • Lisa has been the Secretary of Federal Government departments between 2004 and 2016. She was first appointed Secretary of the Department of Education, Science and Training by Prime Minister John Howard. She was reappointed Secretary of the Department of Education, Employment and Workplace Relations by Prime Minister Rudd, and reappointed by Prime Ministers Julia Gillard, Tony Abbott and Malcolm Turnbull. • Lisa has joined the Boards of two listed companies, one private company and the Federal Government's Naval Shipbuilding Advisory Board. She holds an Enterprise Professorship part-time at the University of Melbourne, is a Counsellor of Bond University, and sits on the Boards of several not-for-profits including Social Ventures Australia. • Lisa is a National Fellow of the Institute of Public Administration Australia, an Australian National University Policy Fellow, a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Council for Educational Leaders, a Fellow of the Australian Institute of Management, a member of Chief Executive Women and a Fellow of the Australian and New Zealand School of Government. • In 2011, Lisa was made an Officer of the Order of Australia (AO). In 2003, Lisa was awarded a Public Service Medal for coordinating the Federal Government's domestic response to the Bali bombings. In 2011, Lisa was awarded Federal Government leader of the year by the Institute to of Chartered Accountants. In both 2005 and 2007, Lisa's Departments won the Australian Human Resource Institute's national award for excellence in people management. • In May 2019, Lisa was appointed to the Board of Future Battery Industries Cooperative Research Centre. 	Chair of Board

directors' report (continued)

for the year ended 30 June 2019

Information on Directors

The following information is current as at the date of this report:

Name	Qualifications and Experience	Special Responsibilities
Ian Marshman AM (reappointed 30 August 2016 and resigned 28 November 2018)	<ul style="list-style-type: none"> Board member since 5 June 2009. BA (Honours), LLB. LLD (Hons). Senior Advisor at the University of Melbourne. From 1999 to July 2015, he was the Senior Vice-Principal at the University of Melbourne. In this role he was accountable for the overall management and administration of the University. Ian had specific responsibilities for planning and budgeting, major projects, audit, compliance and external reporting accountabilities. Ian's career began as an Administrator in the Australian Public Service in Canberra. He has held senior positions in health at Commonwealth and State Government levels. He was Chair of the Management Committee for Victorian Tertiary Admissions Centre for 15 years until 2014. He was Chair of the Management Committee for Victorian Tertiary Admissions Centre for 15 years until 2014. Ian is a current member of the Melbourne Theatre Company Board and chairs its Finance and Risk Committee. He serves as Chair of the Melbourne Teaching Health Clinics Ltd and is President of the Queen's College Council. He has previously served on the boards of several health services agencies and of a number of higher education companies. In 2017 Ian was appointed a Member of the Order of Australia. Chair of the Yea and District Memorial Hospital Board. 	<ul style="list-style-type: none"> Prior Chair of Board Prior Member Quality and Clinical Governance Committee Prior Member Finance and Audit Committee

directors' report (continued)

for the year ended 30 June 2019

Information on Directors

The following information is current as at the date of this report:

Name	Qualifications and Experience	Special Responsibilities
Patrick McGorry AO (reappointed 30 August 2016)	<ul style="list-style-type: none"> Board member since 5 June 2009. AO, MD, BS, PhD, FRCP, FRANZCP, FAA, FASSA. Australian of the Year 2010. Patrick is the Executive Director of Orygen, Professor of Youth Mental Health at The University of Melbourne, and a Founding Director of the National Youth Mental Health Foundation (headspace). He is a world-leading researcher in the area of early psychosis and youth mental health. He has been directly involved in research and clinical care for homeless people, refugees and asylum seekers. Patrick's work has played a critical role in the development of safe, effective treatments for and innovative research into the needs of young people with emerging mental disorders, notably psychotic and severe mood disorders. He has also played a major part in the transformational reform of mental health services to better serve the needs of young people with mental ill health. Patrick was a key architect of the headspace model and has been successful in advocating for its national expansion. He has also led the design of and successfully advocated for the establishment of a national early psychosis programme based on the Early Psychosis Prevention and Intervention Centre model. He is frequently asked to advise on early intervention and youth mental health policy both nationally and internationally. Patrick has published over 800 scientific papers and eight books, and serves as Editor-in-Chief of the international journal Early Intervention in Psychiatry. He is a Fellow of the Australian Academy of Science, the Academy of the Social Sciences in Australia, and the Australian Academy of Health and Medical Science. He is the current President of the International Association of Youth Mental Health, and past President of the Society for Mental Health Research (2013-2017) and the Schizophrenia International Research Society (2016-2018). 	<ul style="list-style-type: none"> Member Quality and Clinical Governance Committee

directors' report (continued)

for the year ended 30 June 2019

Information on Directors

The following information is current as at the date of this report:

Name	Qualifications and Experience	Special Responsibilities
Annette Carruthers (appointed 30 August 2016)	<ul style="list-style-type: none"> Board member since 30 August 2016. MBBS (Honours), FRACGP, FAICD, GradDipAppFin. Annette is an experienced non-executive director in financial services, health, infrastructure and aged care. Current appointments include Director of Little Company of Mary Healthcare Ltd, Director of Catercare Pty Ltd and part-time Member of the Superannuation Complaints Tribunal. Annette has qualifications in finance, superannuation and corporate governance and has a special interest in risk management. Previous directorships include ASX listed nib Holdings, AMP Capital's Aged Care Investment Trust, Hunter Infrastructure and Investment Advisory Board, National Heart Foundation (NSW Division), Hunter Medicare Local, Hunter Area Health Service and the NSW Board of the Medical Board of Australia. Medically trained, Annette continues to work part-time as a General Practitioner. Her medical interests include clinical risk management and quality improvement in health services. 	Chair Quality and Clinical Governance Committee
Anne Murphy Cruise (appointed 30 August 2016)	<ul style="list-style-type: none"> Board member since 30 August 2016. LLB (Honours), MA (Honours), Dip. Ed (Honours), BA (Honours), admitted as a Barrister and Solicitor of the Supreme Court of Victoria. Anne is a senior lawyer at Macquarie Capital, specialising in equity capital markets transactions. Prior to this Anne was in private practice and has extensive experience in corporate governance, legal compliance and general corporate matters. Before commencing her career in the law, Anne was a foreign language teacher at a number of Victorian senior schools, teaching French and German. Anne is also involved in sector mentoring across various age groups and divisions at Macquarie and participates in the diversity program and the promotion of young women in the workforce. 	Member Finance and Audit Committee

directors' report (continued)

for the year ended 30 June 2019

Information on Directors

The following information is current as at the date of this report:

Name	Qualifications and Experience	Special Responsibilities
Katina Law (appointed 30 August 2016)	<ul style="list-style-type: none"> Board member since 30 August 2016. B Com, CPA, MBA, GAICD. Raised in the Kimberley region of Western Australia, Katina is a finance and general management executive and has worked extensively in executive roles across the mining sector in Australia, Asia, Africa, the United Kingdom and the United States. Katina has wide-ranging board experience working extensively with both large and small companies. Katina currently serves as Chair of ASX listed Ardea Resources and Yandal Resources. She is also an entrepreneur who has co-founded several award winning Indigenous businesses including IPS Management Consultants and Dutjahn Sandalwood Oils. Katina is an active advocate with government and corporates on behalf of Indigenous businesses. Katina also mentors Indigenous business people to increase participation in the mainstream economy and is passionate about improving the lives of Indigenous people. 	Chair Finance and Audit Committee
John Harvey (appointed 7 May 2018)	<ul style="list-style-type: none"> Board member since 7 May 2018. MBA, PhD, BSc (Hons) Genetics, BSc, FAICD. John has had an extensive career as a board director and brings a broad range of generalist skills and experiences to the headspace boardroom. A scientist by trade, John worked as a researcher in the health and agriculture sectors prior to managing the Australian wine industry's national research and development corporation as Executive Director. John is currently Chair of Adelaide based Can:Do Group which provides services to children and young people who are vision or hearing impaired. He is Chair of Studio Nine Architects, Deputy Chair of Rural Business Support, Non-Executive Director of the Australian Wine Research Institute and Revenir Winemaking as well as a Trustee for the Winston Churchill Memorial Trust (SA) and owner of his own wine company. He is also Advisory Board Chair of Stellan Capital. 	Member Quality and Clinical Governance Committee and Member Finance and Audit Committee

There were no loans made to directors by the Group.

directors' report (continued)

for the year ended 30 June 2019

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

headspace National Youth Mental Health Foundation Ltd Director (Note 1)	Board meetings		Finance and Audit Committee meetings		Quality and Clinical Governance Committee meetings	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Lisa Bjorksten	0	1	n/a	n/a	n/a	n/a
Annette Carruthers	6	6	n/a	n/a	4	4
John Harvey	6	6	3	3	4	4
Katina Law	6	6	5	5	n/a	n/a
Ian Marshman AM	2	2	1	2	1	1
Patrick McGorry AO	6	6	n/a	n/a	3	4
Anne Murphy Cruise	6	6	5	5	n/a	n/a
Lisa Paul AO PSM	6	6	n/a	n/a	n/a	n/a

Attendance at only the *in camera* section of a meeting is considered to be attendance by that director.

Non-Audit Services

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

There were non-audit services including cyber security training during the year. Details of the amounts paid or payable to the auditor (RSM Australia Partners) for audit services provided during the year are also set out in Note 17 to the financial report.

directors' report (continued)

for the year ended 30 June 2019

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after the Directors' Report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) (a) of the Corporations Act 2001.



Lisa Paul AO PSM
Chair on behalf of the Directors
Wollongong NSW



Katina Law
Chair Finance and Audit Committee
Wollongong NSW

Dated this 16th day of October 2019

consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

Continuing Operations	Note	2019	2018
		\$	\$
Revenue			
Revenue from services and Government grants		37,607,119	26,400,501
Interest		697,066	681,336
Fundraising		1,349,015	773,926
Other revenues from operating activities		7,404,449	1,157,438
Revenue from operating activities	2	47,057,649	29,013,201
Operating Expenses			
Employment		25,289,912	20,700,303
Occupancy		2,340,837	2,468,106
Grant payments		3,208,998	424,101
Consultancy		2,574,486	1,287,080
Sub-contracts with member organisations		179,743	174,000
Governance		252,868	258,222
Travel		1,913,613	1,582,928
Information and Technology		3,420,242	1,707,688
Communications and marketing		3,242,098	2,913,392
Depreciation and amortisation	3	756,732	642,255
(Gain) on disposal of assets		-	-
Provision for underspent grants	8	-	17,152,165
Other operating and administration expenses		2,724,954	3,294,846
Expenses from operating activities	3	45,904,482	52,605,086
Surplus / (Deficit) before Income Tax		1,153,167	(23,591,885)
Income tax expense	1f	-	-
Surplus / (Deficit) after income tax expense from Continuing Operations		1,153,167	(23,591,885)
Discontinued Operations			
Surplus / (Deficit) for the year from Discontinued Operations	22	(196,938)	2,360
Surplus / (Deficit) for the year		956,229	(23,589,525)
Surplus / (Deficit) for the year Attributable to Owners of the Parent		956,229	(23,589,525)
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		956,229	(23,589,525)

The accompanying notes form part of these Financial Statements.

consolidated financial position

for the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Assets			
Current assets			
Cash assets		12,351,896	15,253,970
Other financial assets	4	22,606,360	22,147,881
Trade and other receivables	5	1,049,265	8,189,664
		36,007,521	45,591,515
Assets Held for Sale	22	2,591,541	-
Total current assets		38,599,062	45,591,515
Non-current assets			
Leasehold improvements, office equipment and motor vehicle	6	495,338	992,983
Total non-current assets		495,338	992,983
Total assets		39,094,400	46,584,498
Liabilities			
Current liabilities			
Trade and other payables	7	1,935,063	2,290,754
Provisions	8	11,290,739	18,669,930
Deferred income	9	6,499,891	9,647,001
		19,725,693	30,607,685
Liabilities Directly Associated with Assets Held for Sale	22	2,559,675	-
Total current liabilities		22,285,368	30,607,685
Non-current liabilities			
Provisions	8	555,898	679,908
Total non-current liabilities		555,898	679,908
Total liabilities		22,841,266	31,287,593
Net assets		16,253,134	15,296,905
Members' Funds			
Accumulated surplus	10	16,253,134	15,296,905
Total members' funds		16,253,134	15,296,905

The accompanying notes form part of these Financial Statements.

consolidated statement of changes in equity

for the year ended 30 June 2019

	Note	Accumulated surplus	Total
		\$	\$
Balance at 30 June 2017		38,886,430	38,886,430
Total comprehensive income for the year	10	(23,589,525)	(25,589,525)
Balance at 30 June 2018		15,296,905	15,296,905
Total comprehensive income for the year	10	956,229	956,229
Balance at 30 June 2019	10	16,253,134	16,253,134

The accompanying notes form part of these Financial Statements.

consolidated statement of cash flows

for the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Receipts from Government grants and other operations (incl GST)		55,209,457	38,836,455
Payments to employees and suppliers (incl GST)		(56,336,734)	(44,288,013)
Interest received		703,419	691,549
Net cash outflow from operating activities	13(b)	(423,858)	(4,760,009)
Cash flows from investing activities			
Payments for leasehold improvements and office equipment		(660,185)	(1,281,537)
Net cash outflow from investing activities		(660,185)	(1,281,537)
Cash flow from financing activities			
Net cash inflow / (outflow) from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		(1,084,043)	(6,041,546)
Cash and cash equivalents at the beginning of the financial year		37,401,851	43,443,397
Cash and cash equivalents at the end of the financial year	13(a)	36,317,808	37,401,851

The accompanying notes form part of these financial statements. The above Statement of Cash Flows includes cash flows from discontinued operations as detailed in Note 22.

notes to the financial statements

for the year ended 30 June 2019

Note 1: Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Group in preparation of the consolidated financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of preparation

The consolidated financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. headspace is a not-for-profit entity for the purpose of preparing the financial report. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*. The group is a not-for-profit entity for the purpose of preparing the financial statements. The financial statements of the Group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical Cost Convention

The financial report has been prepared on an accruals basis, is based on historical costs and does not take into account changing money values. Cost is based on the fair value of the consideration given in exchange for assets.

Early Adoption of Standards

The Group has not elected to early adopt any accounting standards for this reporting period (2018: None).

Critical accounting estimates and judgements

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report is disclosed in Note 19.

Note 1 (a): Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of headspace National Youth Mental Health Foundation Ltd ("the Parent Entity") as at 30 June 2019 and the results of its subsidiary for the year then ended. headspace National Youth Mental Health Foundation Ltd and its subsidiary together are referred to in this financial report as the Group.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of the subsidiary are consistent with those adopted by the Group.

Note 1 (b): Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian Dollars, which is the Group's functional and presentation currency.

Note 1 (c): New, revised or amending Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

The following Accounting Standard is most relevant for the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for other financial assets. Other financial assets are measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

New impairment requirements use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 1: Summary of significant accounting policies (continued)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Group for the annual reporting period ended 30 June 2018.

The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 15 Revenue from Contracts with Customers

This standard contains a single model for contracts with customers based on a five-step analysis of transactions for revenue recognition, and two approaches; a single time or over time, for revenue recognition and the application date is from 1 January 2019 for not-for-profits. The changes in revenue recognition measurements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 is not expected to have a material impact on the Group.

AASB 1058 Income for not for profit entities

This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers.

This Standard supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

AASB 16 Leases

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration,

removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). The Group will adopt this standard from 1 July 2019 and its impact on adoption is expected to result in a right-of-use asset of approximately \$3.1m and a corresponding lease liability of \$3.1m.

Note 1 (d): Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. All revenue is stated net of the amount of applicable goods and services tax (GST).

Revenue from services and Government grants

Revenue from Government grants is recognised when the Group has met all applicable milestones under the grant agreement. Where there are no milestones applicable to a grant agreement, grants are recognised as revenue upon obtaining control of the funds.

When grant revenue is received whereby the Group incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised as a liability until the service has been delivered to the contributor. Otherwise, the grant revenue is recognised as income upon receipt.

Interest

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

Fundraising

Donations received from fundraising events are recognised as revenue when received.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 1: Summary of significant accounting policies (continued)

Note 1 (e): Expenses

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grant payments

Payments payable to headspace Centres are recognised as a liability when the lead agency has performed the requirements placed on it under the grant agreement with headspace. This includes, but is not limited to compliance with the grant agreement and the submission of clinical and financial data in a prescribed form. The Company has an obligation to recognise an expense for this milestone, notwithstanding that payment may not actually occur until the Company physically receives the appropriate evidence that the milestone has been met.

Note 1 (f): Income tax

The Company is exempt from income tax in accordance with endorsement by the Australian Taxation Office under Subdivision 50-B of the *Income tax Assessment Act 1997*. Accordingly, no provision/expense for income tax has been made.

Note 1 (g): Leases

Lease payments for operating leases (note 12), where substantially all the risks and benefits remain with the lessor, are charged as expenses (net of any incentives received from the lessee) on a straight-line basis over the lease term.

Lease income from operating leases where the group is a lessor is recognised in income on a straight line basis over the lease term.

Note 1 (h): Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits at call with banks or financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Other financial assets include term deposits with fixed maturities of three months or greater that management has a positive intention and ability to hold to maturity. For the purposes of presentation in the Consolidated Statement of Cash Flows, cash assets and other financial assets equate to cash and cash equivalents.

Note 1 (i): Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Trade receivables are generally due for settlement within 30 days (2018: 30 days). They are presented as current assets unless the collection is not expected for more than 12 months after the reporting date.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1 (j): Leasehold improvements, office equipment and motor vehicle

Leasehold improvements, office equipment and motor vehicle are measured at cost or deemed cost on the acquisition and are carried at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of leasehold improvements and office equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised as an expense (note 1(n)).

The depreciable amount of all leasehold improvements and office equipment is calculated on a straight line basis over their estimated useful lives to the Group commencing from the time the asset is held ready for use, or, in the case of leasehold improvements, the shorter lease term. The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate
Office equipment	25% – 100%
Leasehold improvements	33⅓% – 100%
Motor Vehicle	25% – 100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds from the sale with the carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as gain / (loss) on sale.

Note 1 (k): Trade and other payables

Trade and other payables represent the liability outstanding at the end of the financial year for goods and services received by the Group which remain unpaid benefits. Due to their short-term nature, they are measured at amortised cost and are not discounted. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability (2018: 30 days).

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 1: Summary of significant accounting policies (continued)

Note 1 (l): Employee entitlements

Short-term obligations

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to the end of the financial year. Employee benefits that are expected to be wholly settled within one year have been measured at the undiscounted amounts expected to be paid when the liability is settled.

The liability for annual leave is recognised in the provision for employee entitlements. All other short-term employee benefit obligations are presented as other payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within twelve months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period based on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Defined contribution superannuation expense

Contributions made by the Group to employee superannuation funds are charged as expenses when incurred.

Note 1 (m): Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net 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 the acquisition of the asset or as part of the expense.

Receivables and payables are shown inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables.

Cash flows are presented on a gross 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable, to the tax authority.

Note 1 (n): Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Note 1 (o): Parent entity financial information

The financial information for the parent entity, headspace National Youth Mental Health Foundation Ltd, as disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements.

Note 1 (p): Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 1 (q): Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 2: Revenues from continuing operations

	2019	2018
	\$	\$
Operating activities from continuing operations		
Grant income	37,607,119	26,400,501
Interest	697,066	681,336
Fundraising	1,349,015	773,926
Other revenues from operations	7,404,449	1,157,438
Total revenues from continuing operations	47,057,649	29,013,201

Revenue for the financial year includes funding under agreements with the Commonwealth of Australia primarily as represented by the Department of Health, Federal and State Government bodies and grant funding from subcontractor agreements. The Group has deferred Government grant revenue of \$6.5m as disclosed in Note 9. Other revenues from operations included \$6.4m related to reversals from the prior year provisions (refer to note 8 for further details).

Note 3: Expenses from operating activities

	2019	2018
	\$	\$
Expenses from operating activities have been determined after:		
<i>Depreciation</i>		
Leasehold improvements	239,155	531,952
Office equipment	517,577	110,303
Total depreciation and amortisation	756,732	642,255
Rental expense relating to operating leases – minimum lease payments	1,692,585	1,485,434
Superannuation expense	2,016,521	1,493,081

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 4: Other financial assets

	2019	2018
	\$	\$
Current		
Deposits at call	22,606,360	22,147,881
Total other financial assets	22,606,360	22,147,881

(a) Risk exposure

The Group's exposure to risk is discussed in Note 18. The maximum exposure at the end of the financial year is the carrying amount of the cash and cash equivalents noted above.

Note 5: Trade and other receivables

	2019	2018
	\$	\$
Current		
Trade and other receivables	272,793	6,445,950
GST receivable	–	–
Prepayments	776,472	1,743,714
Total trade and other receivables	1,049,265	8,189,664

Majority of trade receivables represents outstanding payments owing by Primary Health Networks at 30 June 2019.

(a) Allowance for expected credit losses

There are no losses recognized in the profit or loss in respect of expected credit losses for the year ended 30 June 2019 (2018: \$nil).

(b) Past due but not provided for

As at 30 June 2019, trade receivables of \$1,500 (2018: \$341,608) were past due but not provided for.

(c) Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 18 for more information on the Group's risk management policy.

(d) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 6: Leasehold improvements, office equipment and motor vehicle

Note 6 (a): Leasehold improvements

	2019	2018
	\$	\$
Leasehold improvements at cost	1,448,364	2,667,670
Less accumulated depreciation	(1,303,366)	(2,220,792)
Total leasehold improvements	144,998	446,878

Note 6 (b): Office equipment

	2019	2018
	\$	\$
Office equipment at cost	1,872,438	3,036,754
Less accumulated depreciation	(1,522,098)	(2,490,649)
Total office equipment	350,340	546,105

Note 6 (c): Motor Vehicle

	2019	2018
	\$	\$
Motor vehicle at cost	–	79,976
Less accumulated depreciation	–	(79,976)
Total Motor Vehicle	–	–
Net book amount	495,338	992,983

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 6: Leasehold improvements, office equipment and motor vehicle (continued)

Note 6 (d): Movements in carrying amounts

	Leasehold improvements	Office equipment	Motor Vehicle	Total
	\$	\$	\$	\$
Carrying amount as at 30 June 2017	443,116	229,143	–	672,259
Additions	753,797	527,740	–	1,281,537
Disposals	–	–	–	–
Depreciation	(750,035)	(210,778)	–	(960,813)
Carrying amount as at 30 June 2018	446,878	546,105	–	992,983
Back out discontinued operations	(218,084)	(99,174)	–	(317,258)
Additions	155,359	420,986	–	576,345
Disposals	–	–	–	–
Depreciation	(239,155)	(517,577)	–	(756,732)
Carrying amount as at 30 June 2019	144,998	350,340	–	495,338

Note 7: Trade and other payables

	2019	2018
	\$	\$
Current		
Trade payables	70,620	55,352
GST payable	682,831	382,284
Other payables	1,181,613	1,853,118
Total trade and other receivables	1,935,063	2,290,754

Refer to Note 18 for further information on financial instruments.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 8: Provisions

As noted in prior year, the Group had recognised \$17m in provision for underspent grants that are payable back to the Department of Health (the Department) or other funding organisations. The Department has since advised that some of these funds can be used to fund programs in the reporting period. Consequently, the Group has reversed \$6.4m in provision to Other Income for financial year ended 30 June 2019. The balance of unspent funds at 30 June 2019 which is expected to be returned to the Department is \$9.5m. headspace is currently in discussions with the Department regarding alternative means of expending available funds.

	2019	2018
Current	\$	\$
Employee entitlements – annual leave	1,278,851	1,236,651
Employee entitlements – long service leave	512,734	281,114
Provision for underspent grants	9,499,154	17,152,165
	11,290,739	18,669,930
Non-current		
Employee entitlements – long service leave	555,898	679,908
Total provisions	11,846,637	19,349,838

The following amounts reflect leave that is expected to be taken or paid within the next 12 months:

	2019	2018
	\$	\$
Current leave obligations expected to be wholly settled within 12 months Total trade and other receivables	1,791,585	1,517,765

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 9: Deferred income

	2019	2018
Current	\$	\$
Deferred income	6,499,891	9,647,001
Total deferred income	6,499,891	9,647,001

Note 9: Deferred income

Movements in accumulated surplus were as follows:

	2019	2018
	\$	\$
Balance as at 1 July	15,296,905	38,886,430
Surplus / (deficit) after income tax expense for the year	956,229	(23,589,525)
Balance as at 30 June	16,253,134	15,296,905

Note 11: Members' guarantee

The Company is limited by guarantee. If the Company is wound up the liability of each member is limited to a maximum of \$100 towards meeting any outstanding obligations of the Company. At 30 June 2019 the number of members was 5 (2018: 5).

Note 12: Commitments

Operating Leases

The Group leases various office equipment and office accommodation under leases which have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

Minimum lease payments

	2019	2018
	\$	\$
Within one year	1,735,395	2,825,193
Later than one year and not later than five years	1,429,891	–
	3,165,286	2,825,193

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 13: Cash flow information

Note 13 (a): Reconciliation of cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	2019	2018
	\$	\$
Cash Assets	12,351,896	15,253,970
Other Financial assets – Note 4	22,606,360	22,147,881
Cash included within Assets Held for Sale	1,359,552	–
Cash and cash equivalents	36,317,808	37,401,851

Note 13 (b): Reconciliation of cash flow from operating activities with surplus / (deficit) for the year

	2019	2018
	\$	\$
Surplus / (Deficit) after income tax expense for the year	956,229	(23,589,525)
Non-cash flows		
Depreciation	1,157,445	960,813
Disposals / Write off of assets	385	–
Changes in operating assets and liabilities		
Decrease / (Increase) in trade and other receivables	5,947,929	(5,832,264)
Increase / (Decrease) in trade and other payables	235,225	(233,786)
(Decrease) / Increase in provisions	(5,573,961)	17,714,067
(Decrease) / Increase in deferred income	(3,147,110)	6,220,686
Net cash (used in) / from operating activities	(423,858)	(4,760,009)

The above reconciliation includes cash flows from discontinued operations as detailed in Note 22.

Note 14: Economic dependence

The continuing operation of the Group is dependent upon periodic renewal of funding agreements with the Commonwealth of Australia as represented by the Department of Health. The Group operates under a two-year grant agreement expiring 30 June 2020 to operate the headspace National Office.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 15: Contingencies

Contingent assets

The Group does not have any contingent assets of a material nature which have not already been dealt with in these financial statements (2018: Nil).

Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2019 of \$539,938 (2018: \$508,653) to various landlords for commercial leases.

Note 16: Related party disclosures

Note 16 (a): Key management personnel compensation

The aggregate compensation made to directors, officers and other key management personnel of the Group is as follows:

	2019	2018
	\$	\$
Key management personnel benefits		
Compensation to key management	1,949,548	2,213,100
	1,949,548	2,213,100

Note 16 (b): Directors' remuneration

The names of the Group directors who have held office during the financial year are reported in the Directors' Report.

Directors do not receive any additional fees for membership of Board sub-committees.

Note 16 (c): Transactions with Directors with headspace centres

Patrick McGorry AO is a Director of Orygen. The Group has entered into a sub-lease agreement with Orygen in relation to letting unoccupied office floor space to Orygen situated at 485 La Trobe Street in Melbourne. During the financial year, payments received or receivable of \$131,186 (2018: \$261,404) have been received by the Group from Orygen for sub-lease income.

The Group also has entered into a staff secondment agreement with Orygen in relation to seconding an employee to Orygen for research work. During the financial year, payments received or receivable of \$43,444 (2018: \$27,860) have been received by the Group from Orygen.

During the financial year, \$657,910 (2018: \$38,067) have been paid by the Group to Orygen in the form of grants.

Note 16 (d): Transactions with Centre of Excellence

The Group maintains a Centre of Excellence to provide research services. Orygen is the subcontractor for the Centre of Excellence. Patrick McGorry AO is a Director of Orygen. During the financial year, payments were made by the Group or were payable to Orygen for the Centre of Excellence totalling \$414,681 (2018: \$517,604). \$179,743 (2018: \$204,188) remained outstanding at year end.

Note 16 (e): Subsidiaries

Interests in subsidiaries are set out in Note 20.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 17: Remuneration of the audit and non-audit services

Details of the amounts paid or payable to the lead auditor's firm for audit and non-audit services provided during the financial year are set out below.

	2019	2018
Audit and Non-audit Services	\$	\$
Audit and review of financial report	73,090	71,180
Cyber security audit services	–	25,000
Cyber security training	4,000	3,00
Total audit and non-audit services	77,090	99,180

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 18: Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall treasury risk management policy focuses on minimising credit risk. The Group uses different methods to measure different types of risk to which it is exposed during the year. These methods include sensitivity analysis in the case of interest rate risk and aging analysis (external debtors) and credit rating agency data (term deposits) for credit risk.

Risk management is carried out by senior management under policies approved by the Finance and Audit Committee. The Finance and Audit Committee has been delegated the responsibility for oversight of treasury activities by the Board of Directors. The Committee approves written policies for overall treasury risk management, as well as policies and procedures covering specific areas such as credit risk and investment of excess funds.

The Group holds the following financial instruments at the end of the financial year.

	Note	Office equipment	Motor Vehicle
Financial Assets		\$	\$
Cash assets		12,351,896	15,253,970
Other financial assets	4	22,606,360	22,147,881
Trade and other receivables (excl prepayments)	5	1,049,265	8,189,664
Total financial assets		36,007,521	45,591,515
Financial Liabilities		\$	\$
Trade and other payables	7	1,935,063	2,290,754
Provision for underspent grants	8	9,499,154	17,152,165
Total financial liabilities		11,434,217	19,442,919

Note 18 (a): Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the financial year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate instruments.

(ii) Price Risk / foreign currency

The Group is not exposed to any significant foreign currency/price risk.

(iii) Sensitivity Analysis

The Directors consider that there is minimal interest rate risk, since there are no long term borrowings or interest bearing credit held by the Group. Interest rate risk is incurred on cash and cash equivalents earning interest in bank accounts and term deposits.

If these movements were to occur, the impact on the Consolidated Statement of Profit and Loss and Other Comprehensive Income for each category of financial instrument held at the end of the financial year is presented below. This assumes that all other assumptions are held constant.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 18: Financial Risk Management (continued)

2019	Carrying Amount	Interest Rate Risk	
		+100bps	-100bps
Financial Assets	\$	\$	\$
Cash assets	12,351,896	71,088	(71,088)
Other financial assets	22,606,360	226,064	(226,064)
Trade and other receivables (excl. prepayments)	1,049,265		
Financial Liabilities			
Trade and other payables	1,935,063	–	–
Provision for underspent grants	9,499,154	–	–
Total increase / decrease		297,152	(297,152)

2018	Carrying Amount	Interest Rate Risk	
		+100bps	-100bps
Financial Assets	\$	\$	\$
Cash assets	15,253,970	131,869	(131,869)
Other financial assets	22,147,881	119,567	(119,567)
Trade and other receivables (excl. prepayments)	8,189,664		
Financial Liabilities			
Trade and other payables	2,290,754	–	–
Provision for underspent grants	17,152,165	–	–
Total increase / decrease		251,436	(251,436)

Note 18 (b): Credit risk

Credit risk arises from credit exposures to outstanding receivables.

The Directors consider that the credit risk associated with Government funding receivable is low, since all revenue is under contract subject to the Group meeting certain criteria as laid out in the Government funding agreements. The Group is required to report its quarterly financial status to Government, within a detailed reporting framework. This allows the Government to review the application of all funding against the approved key milestones.

The outstanding debtors balance in the Group primarily consists of amounts owing from Primary Healthcare Networks or where contracts are in place for the provision of service. As such there is a high level of certainty regarding the collection of the receivable as at the end of the financial year.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 18: Financial Risk Management (continued)

Note 18 (c): Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash for both short-term commitments and longer-term commitments through contracts. The Group manages liquidity risk by regularly monitoring the forecast and actual cash flows and matching cash availability to these requirements. Surplus cash at bank is invested only in cancellable term deposits, the amount based on cash flows incorporating working capital requirements. The Group has no borrowing facilities.

The Group is predominantly funded by The Departments of Health, current funding agreement has an expiry date of 30 June 2020. The Group pursues other sources of revenue, including third-party grants.

Maturities of financial liabilities

The table below discloses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for non-derivative financial liabilities. The Group does not deal in derivative financial instruments.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

2019	Less than 6 months	6 – 12 months	Total contractual cash flows	Carrying amount of liabilities
Contractual maturities of financial liabilities				
Trade and other payables	1,935,063	–	1,935,063	1,935,063
Provision for underspent grants	9,499,154	–	9,499,154	9,499,154

2018	Less than 6 months	6 – 12 months	Total contractual cash flows	Carrying amount of liabilities
Contractual maturities of financial liabilities				
Trade and other payables	2,290,754	–	2,290,754	2,290,754
Provision for underspent grants	17,152,165	–	17,152,165	17,152,165

Note 18 (d): Fair value estimation

Given the nature of the Group's financial instruments, no fair value estimations are necessary. The carrying values (less any impairment provision) of financial assets and financial liabilities approximate their fair values due to their short-term nature.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 19: Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Note 19 (a): Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Provision for underspent grants

The provision for underspent grants requires a degree of estimation and judgement. The level of provision is assessed by taking into account actual unspent balances on hand at 30 June 2019, as well as latest discussions and agreements with the grant funders.

(ii) Leasehold improvements, office equipment and motor vehicle useful lives

Leasehold improvements, office equipment and motor vehicle are measured at cost or deemed cost on acquisition. Management believes that the assigned useful lives, as well as the underlying assumptions, are reasonable, though different assumptions and assigned lives could have a significant impact on the carrying amounts.

(iii) Long service leave

As discussed in Note 1, the liability for long service leave expected to be settled more than 12 months from reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases have been taken in to account.

Note 19 (b): Critical judgements in applying the Group's accounting policies

(i) Revenue recognition

The Group has recognised revenue from grant contributions when it obtains control of the grant, or the right to receive the grant. This is generally when the Group has met all applicable milestones under the relevant grant agreement and is not necessarily upon cash receipt. The Group in applying this accounting policy accepts that in doing so revenue will be recognised covering programs or periods of time where related expenditure has been delayed or will occur in a future period.

Note 20: Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of headspace Services Ltd in according with the accounting policy described in note 1(a):

Name of Entity	Country of Incorporation	Type of Entity	Holding	
			2019 (%)	2018 (%)
headspace Services Ltd	Australia	Company limited by guarantee	100	100

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 21: Parent entity financial information

Note 21 (a): Summary financial information

	2019	2018
	\$	\$
Balance sheet		
Current assets	36,007,520	40,956,580
Total assets	36,502,859	41,632,303
Current liabilities	19,725,693	25,736,484
Total liabilities	20,281,591	26,564,203
Members funds		
Accumulated surplus	16,221,268	15,068,100
Surplus / (Deficit) for the period	1,153,167	(19,444,087)
Total comprehensive income	1,153,167	(19,444,087)

Note 21 (b): Contingencies of the parent entity

The parent entity had neither any contingent assets nor liabilities as at 30 June 2019 or 30 June 2018.

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 22: Discontinued Operations and Assets Held for Sale

At 30 June 2019 the Group ceased operating the headspace Adelaide and headspace hYEPP Adelaide businesses under a Transfer of Business agreement to a third party Lead Agency for nil consideration.

Financial Performance Information

	2019	2018
	\$	\$
Revenue	8,052,956	5,877,401
Expenses		
Employment Expenses	6,205,282	4,469,174
Occupancy Expenses	505,247	531,898
Depreciation Expenses	400,716	318,559
Travel Expenses	262,107	273,436
Comms & Marketing Expenses	20,517	167,851
Other Expenses	856,025	114,123
	8,249,894	5,875,041
Surplus / Deficit for the year	(196,938)	2,360
Income Tax Expense	-	-
Surplus from Discontinued Operations	(196,938)	2,360
	2019	2018
	\$	\$
Cash Flows from Discontinued Operations		
Operating Activities	1,040,740	(2,285,500)
Investing Activities	(83,840)	-
Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations	956,900	(2,285,500)

notes to the financial statements (continued)

for the year ended 30 June 2019

Note 22: Discontinued Operations and Assets Held for Sale (continued)

Carrying amounts of assets and liabilities disposed

	2019
	\$
Assets	
Cash and cash equivalents	1,256,773
Other financial assets	102,779
Trade and other receivables	1,231,989
Total Assets	2,591,541
Liabilities	
Trade and other payables	630,434
Provisions	1,929,241
Deferred income	-
Total Liabilities	2,559,675
Net assets	31,866

Note 23: Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Groups operations, the result of the operations, or the Groups state of affairs in future financial years.

Note 24: Group details

The Company and its subsidiary are Companies limited by guarantee, incorporated and domiciled in Australia.

The registered office and principal place of business of the Group is:

Level 2, 485 La Trobe Street, Melbourne, Victoria 3000

directors' declaration

for the year ended 30 June 2019

Directors' Declaration

The directors of the Company declare that in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, and:
 - (i) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year then ended of the consolidated group; and
 - (ii) comply with Australian Accounting Standards, including the Interpretations; and
- (b) in the directors' opinion there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-For-Profit Commission Regulation 2013.

On behalf of the Directors

Lisa Paul AO PSM
Chair on behalf of the Directors

Katina Law
Chair Finance and Audit Committee

Dated this 16th day of October 2019



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HEADSPACE NATIONAL YOUTH MENTAL HEALTH FOUNDATION LTD

Opinion

We have audited the accompanying financial report of headspace National Youth Mental Health Foundation Ltd ("the Company") and its subsidiary, which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and, and the directors' declaration.

In our opinion, the financial report of the Company has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its financial performance and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards— Reduced Disclosure Requirements 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 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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37





Other Information (Continued.)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the directors determine 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.

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

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 the 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 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/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

P A RANSOM
Partner

Dated: 16 October 2019
Melbourne, Victoria





headspace would like to acknowledge Aboriginal and Torres Strait Islander peoples as Australia's First People and Traditional Custodians. We value their cultures, identities, and continuing connection to country, waters, kin and community. We pay our respects to Elders past and present and are committed to making a positive contribution to the wellbeing of Aboriginal and Torres Strait Islander young people, by providing services that are welcoming, safe, culturally appropriate and inclusive.



headspace is committed to embracing diversity and eliminating all forms of discrimination in the provision of health services. **headspace** welcomes all people irrespective of ethnicity, lifestyle choice, faith, sexual orientation and gender identity.



headspace centres and services operate across Australia, in metro, regional and rural areas, supporting young Australians and their families to be mentally healthy and engaged in their communities.

headspace National Youth Mental Health Foundation is funded by the Australian Government Department of Health

ABN 26 137 533 843