mind
Supporting mental health recovery

Mind Australia
Financial Statements

For the Year Ended 30 June 2015

ABN 22 005 063 589

Mind Australia

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Financial statements

For the year ended 30 June 2015

Mind Australia

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30 June 2015

Directors' report
30 June 2015

Your directors present their report on Mind Australia for the financial year ended 30 June 2015.

In addition to the content of this report providing particulars of Mind Australia's (the company) directors and brief description of the company's activities, operations and results, readers are encouraged to also consider the Mind Australia Annual Report for the year ended 30 June 2015, which provides further insight into the performance of the company.

1. Information on directors

Name	Experience	Responsibilities	Interest in Shares
J. Gardner	Lawyer	Chair	1
J.F. Farhall	Associate Professor	Deputy Chair	1
J.A. Earls	Lawyer		1
R.J. Collier (Resigned 27/10/2014)	Medical Practitioner		1
M.J. Field	Chartered Accountant		1
J. Coggin	Management Consultant		1
B.J. McCormick	Consumer Consultant		1
A. Ford	Certified Practising Accountant		1
C Gibbs (Appointed 29/09/2014)	Health Planning & Administration		1

Meetings of directors

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2015 and the number of meetings attended by each director.

	Directors' meetings		Committee meetings							
			Finance, Audit & Risk Management Committee (FARM)		*Governance Committee*		*Service, Quality and Risk Committee (SQAR)*		*Remuneration Committee*	
	Number eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
J. Gardner (Chair)	10	9	6	6	4	4	4	3	1	1
J.F. Farhall (Deputy Chair)	10	9					4	4	1	1
J.A. Earls	10	7	6	5						
R.J. Collier	3	3			2	2	2	2		
M.J. Field	10	10	6	6					1	1
J. Coggin	10	8					4	4		
B.J. McCormick*	10	8					4	3		
A. Ford	10	9	6	5	1	1				
C. Gibbs	7	7			2	2	2	2		

*B.J. McCormick took leave of absence for April/May 2015.

Directors' report
30 June 2015

2. Principal activities and objectives

The principal activities of the company during the financial year continued to be supporting people with mental ill-health in their recovery and to actively participate in social and economic life through the provision of services, information and education.

There was no significant change in the nature of the company's activities during the financial year. Services include care coordination, family and carer services, group support services, personalised support for consumers and carers and residential services. These services contribute to improving the mental health and wellbeing of people living with serious mental health challenges.

Strategy for achieving objectives:

Mind Australia's Strategic Plan sets four strategic goals:

- **Consumers' recovery supported** – Mind provides and assists consumers and carers to access individually tailored services and resources which enable them to live well.
- **Improving economic and social participation** – Mind contributes to improving the status and opportunities for all people living with serious mental health challenges.
- **Collaborating for better outcomes** – Mind partners and consumers benefit from their involvement through robust collaborations which improve outcomes for people with serious mental health challenges.
- **Growing a productive and rewarding organisation** – Mind's people and processes contribute to effective, efficient and sustainable outcomes and do it in ways which are challenging and supportive.

3. Operating results, review of operations, state of affairs and developments

The company's operating surplus for the financial year ended 30 June 2015 was $3,921,311 compared to a surplus of $3,408,402 the previous financial year. The operating result reflects the continuing work of the company in addressing its vision and purpose.

Revenue from rendering services and other sources decreased by 1.3% on 2013-14 levels. Total expenditure decreased by 2.2% over 2013-14. The financial year saw the loss of government contracts in South Australia and Victoria. These were predominantly offset by winning new government and health service contracts.

Changes in the state of affairs

Mind Australia took over responsibility of Typo Station Ltd during the year. The principal activities and objectives of this organisation are consistent with the principal activities of Mind Australia.

During the financial year, Mind Australia also commenced the provision of service delivery in Queensland.

Other than as disclosed above or elsewhere in this report or the accompanying financial statements of the company, there were no significant changes in the state of affairs or operations of the company that occurred during the financial year under review.

Likely developments and expected results of operations

The company will continue to carry on the principal activities disclosed within this report. Further service opportunities will be pursued.

4. Matters subsequent to the balance date

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

Directors' report

30 June 2015

5. Other matters

Directors' benefits

Since the end of the previous financial year, no director of the company has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with any director or with a firm of which any director is a member or with a company in which any director has a substantial financial interest.

Indemnification and insurance of officers and auditors

During the financial year the company insured the directors of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director other than conduct involving wilful breach of duty in relation to Mind Australia.

Otherwise, no indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of Mind Australia.

Auditor's independence

The lead auditor's independence declaration as required under Section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, for the year ended 30 June 2015 has been received and can be found on the following page of the financial report.

Capital structure

Mind Australia is a company limited by guarantee, incorporated and domiciled in Australia. In accordance with the guarantee, if the company is wound up, the Constitution states that each member is required to contribute a maximum of $10.00 each towards meeting any outstanding obligations of the company. At 30 June 2015 the number of members was 21. At that date the collective liability of members was $nil (2014: $nil).

Signed in accordance with a resolution of the Board of Directors:

Director: .... Director: ....

Melbourne, 28 September 2015

Crowe Horwath™

Auditor Independence Declaration under Section 60-40 of the Australian Charities and Not for Profits Commission Act 2012 to the Directors of Mind Australia

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there has been:

1) No contraventions of the auditor independence requirements as set out in Section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and

2) No contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

David Munday

DAVID MUNDAY
Partner

Melbourne, Victoria

Date: 28 September 2015

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue from rendering of services	4	56,759,328	58,213,449
Revenue from other sources	4	2,174,470	1,555,606
Income – gain on acquisition	4, 21	634,402	640,777
		59,568,200	60,409,832
Employee benefits expense		(43,093,548)	(44,501,837)
Depreciation expense	5(a)	(1,923,404)	(2,524,469)
Lease expense	5(b)	(1,650,125)	(1,405,312)
Client expenses		(1,389,159)	(1,175,226)
Administrative expense		(3,431,284)	(3,347,798)
Media and awareness expense		(511,820)	(375,645)
Motor vehicle expenses		(1,727,967)	(1,579,066)
Other expenses	6	(1,919,582)	(2,092,077)
Surplus before income tax expense		3,921,311	3,408,402
Income tax expense		-	-
Surplus for the year after income tax expense		3,921,311	3,408,402
Other comprehensive income			
Other comprehensive Income that will not be reclassified to profit and loss in subsequent periods			
Net gain on revaluation of land and buildings		-	338,203
Net loss on revaluation of available for sale assets		(80,000)	-
Total comprehensive income for the year attributable to the members		3,841,311	3,746,605

The accompanying notes form part of these financial statements.

Statement of financial position as at
30 June 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	990,358	1,341,855
Trade and other receivables	8	1,963,892	1,862,053
Financial assets – available for sale	9	3,920,000	-
Financial assets – held to maturity	9	17,000,035	18,000,085
TOTAL CURRENT ASSETS		23,874,285	21,203,993
NON-CURRENT ASSETS			
Property, plant and equipment	10	17,792,726	17,665,413
TOTAL NON-CURRENT ASSETS		17,792,726	17,665,413
TOTAL ASSETS		41,667,011	38,869,406
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	3,977,129	4,532,295
Other Liabilities	12	2,213,359	1,835,337
Short-term provisions	13	3,724,307	4,347,052
TOTAL CURRENT LIABILITIES		9,914,795	10,714,684
NON-CURRENT LIABILITIES			
Long-term provisions	13	846,197	1,090,014
TOTAL NON-CURRENT LIABILITIES		846,197	1,090,014
TOTAL LIABILITIES		10,760,992	11,804,698
NET ASSETS		30,906,019	27,064,708
EQUITY			
Retained earnings		14,342,991	10,421,680
Asset revaluation reserve	14	2,975,524	2,975,524
Asset contribution reserve	14	8,704,249	8,704,249
General reserve	14	4,263,255	4,263,255
Carer Development Fund	14	700,000	700,000
Available for sale asset reserve	14	(80,000)	-
		30,906,019	27,064,708

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2015

2015

	Retained earnings $	Asset revaluation reserve $	Asset contribution reserve $	General reserve $	Carer Development Fund $	Available for sale asset reserve $	Total $
Balance at 1 July 2014	10,421,680	2,975,524	8,704,249	4,263,255	700,000	-	27,064,708
Total comprehensive income for the year attributable to the members	3,921,311	-	-	-	-	-	3,921,311
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	(80,000)	(80,000)
Transfers	-	-	-	-	-	-	-
Balance at 30 June 2015	14,342,991	2,975,524	8,704,249	4,263,255	700,000	(80,000)	30,906,019

2014

	Retained earnings $	Asset revaluation reserve $	Asset contribution reserve $	General reserve $	Carer Development Fund $	Available for sale asset reserve $	Total $
Balance at 1 July 2013	7,013,278	2,637,321	8,704,249	4,963,255	-	-	23,318,103
Total comprehensive income for the year attributable to the members	3,408,402	-	-	-	-	-	3,408,402
Other comprehensive income/(loss) for the year, net of tax	-	338,203	-	-	-	-	338,203
Transfers	-	-	-	(700,000)	700,000	-	-
Balance at 30 June 2014	10,421,680	2,975,524	8,704,249	4,263,255	700,000	-	27,064,708

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2015

	Note	2015 $	2014 $
CASH FROM OPERATING ACTIVITIES:			
Receipts from customers		58,113,968	61,040,377
Payments to suppliers and employees		(55,218,033)	(52,012,036)
Interest received		590,674	634,514
Net cash provided by operating activities		3,486,609	9,662,855
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		1,968,194	5,008,109
Purchase of property, plant and equipment		(2,806,350)	(3,243,773)
Maturity (purchase) of financial assets held to maturity		1,000,050	(10,500,008)
Payments for available for sale assets		(4,000,000)	-
Net cash used in investing activities		(3,838,106)	(8,735,672)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		-	-
Net cash used in financing activities		-	-
Net increase/ (decrease) in cash and cash equivalents held		(351,497)	927,183
Cash and cash equivalents at beginning of year		1,341,855	414,672
Cash and cash equivalents at end of financial year	7	990,358	1,341,855

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2015

2 **Summary of significant accounting policies (continued)**

1 **Corporate information**

Mind Australia is a company limited by guarantee, incorporated and domiciled in Australia. In accordance with the guarantee, if the company is wound up, the Constitution states that the amount to be contributed by any member will not exceed $10.00 towards meeting any outstanding obligations of the company. At 30 June 2015 the number of members was 21 (2014: 25).

The financial report is for Mind Australia as an individual entity. The financial report was authorised for issue in accordance with a resolution of the directors on 28 September 2015.

The nature of the operations and principal activities of the company are described in the Directors' report.

2 **Summary of significant accounting policies**

(a) Basis of preparation

The financial statements are for Mind Australia as an individual entity. The financial statements are a general purpose financial report, prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

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

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

(b) New, revised, or amending Accounting Standards and interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance of the company.

The following Accounting Standards and interpretations are most relevant to the company:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities;
- AASB 2012 – 3 Amendments to AASB 136- Recoverable Amount Disclosures for non-financial assets; and
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A to C).

The following Accounting Standards have been issued but are not yet effective:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

Any new, revised or amending Accounting Standards or interpretations that are not yet mandatory have not been early adopted. The expected impact on the financial statements of the Accounting Standards that have been issued but are not yet effective is detailed below:

AASB 9 *Financial instruments*:
AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de recognition on financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

2 Summary of significant accounting policies (continued)

The directors of the company anticipate that the application of AASB 9 in the future may have an impact on the amounts reported in respect to the company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the company undertakes a detailed review.

AASB 15 *Revenue from contracts with customers*:
AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The directors of the company anticipate that the application of AASB 15 in the future may have an impact on the amounts reported and disclosures made in the company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 until the company under takes a detailed review.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments which are convertible to a known amount of cash and subject to an insignificant risk of change in value. For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash, deposits and other short term investments with original maturities of three months or less.

(d) Trade and other receivables

Trade receivables, which comprise amounts due from services provided are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement vary from 30 to 60 days. The notional amount of the receivable is deemed to reflect fair value. An allowance for impairment of receivables is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(e) Property, plant and equipment

(i) Basis of measurement of carrying amount

Freehold land and buildings are measured at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings and less any impairment losses recognised after the date of the revaluation.

Plant and equipment is measured on the cost basis less depreciation and any accumulated impairment losses. Plant and equipment with cost over $1,000.00 (2014 - $1,000.00) are capitalised at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Any property, plant and equipment donated to the company or acquired for nominal cost is recognised at fair value at the date the company obtains control of the assets.

(ii) Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Revalued assets are assessed annually to ensure that the carrying amount of each asset does not differ materially from its fair value, which is determined by reference to market-based evidence. However, fair values are confirmed by independent valuations which are commissioned triennially. Revaluation increments or decrements arise from differences between an asset's depreciated cost or deemed cost and fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the asset class and the net amount is restated to the revalued amount of the class.

Land and buildings are treated as a class of assets in accordance with AASB 136 *Impairment of Assets*. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the profit or loss in

Notes to the financial statements

For the year ended 30 June 2015

2 Summary of significant accounting policies (continued)

which case it is credited to the Statement of profit or loss and other comprehensive income.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the income statement, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

(iii) Depreciation

Depreciation is charged to the Statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of buildings, plant and equipment commencing from the time the assets are held ready for use. Land is not depreciated. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed asset	Depreciation rate
Buildings	2.5%
Furniture, fixtures and equipment	10%-33%
Motor vehicles	15%-20%
Leasehold improvements	10%-33%

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

(iv) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of profit or loss and other Comprehensive income. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(v) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of profit or loss and other comprehensive income.

(f) Trade and other payables

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

(g) Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date, or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted.

(h) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current

Notes to the financial statements

For the year ended 30 June 2015

2 Summary of significant accounting policies (continued)

liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(i) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Employee benefits

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

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

(k) Revenue and other income

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Government grants

The company is supported by grants received from the federal and state governments. Government revenue is recognised in the Statement of profit or loss and other comprehensive income when the entity obtains control of the revenue, it is probable that the economic benefits gained from the contract will flow to the entity and the amount of the revenue can be measured reliably.

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability, and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received. Government grant is recognised in the Statement of profit or loss and other comprehensive income when it is probable, control is gained of the monies and it can be measured reliably.

When government grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the government, this is considered a reciprocal transaction and the revenue is recognised in the Statement of financial position as a liability until spent, otherwise the revenue is recognised as income on receipt.

(ii) Services

Board receivable from residents is taken up in the period the service is provided, to the extent that it is probable that the entity will receive the resultant inflow of benefits.

(iii) Donations

Donations are recognised when the company gains control of the contribution and associated conditions are fulfilled.

(iv) Contribution of assets

Contributions are recognised when the company is notified of an impending distribution or the contribution is received, whichever occurs earlier. Revenue from contributions comprising shares or other property is recognised at fair value, being their market value at the date the company becomes legally entitled to the assets.

(v) Interest

Interest income is recognised in the Statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

2 Summary of significant accounting policies (continued)

(vi) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquired. All acquisition costs are expensed as incurred to Statement of profit or loss and other comprehensive income.

On the acquisition of a business, Mind Australia assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

(n) Income tax

The company is a not-for-profit charitable organisation and is exempt from income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997. The company is also exempt from certain other government levies such as payroll tax. Donations of $2.00 or more made to the company are income tax deductible to donors.

(n) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the statement of financial position.

(o) 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 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 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.

(p) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

2 Summary of significant accounting policies (continued)

The company's objectives are not aligned to acquiring financial assets for the purpose of trading; accordingly it does not hold financial assets classified as at fair value through profit or loss.

Recognition and Derecognition

Financial assets are recognised when the company becomes a party to the contractual provisions to the instrument. This is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Held-to-maturity investments, loans and receivables

Held-to-maturity investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Each asset category is carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when assets are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale financial assets include the company's investments in listed convertible notes, as well as any financial assets not included in the above category. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. The company does not carry any investments that have no active market.

(q) Comparative information

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current year.

3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Management continually evaluates its judgements and estimates in relation to assets, liabilities revenue and expenses. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the company's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

Impairment of non-financial assets

The company assesses impairment of all assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include economic environment and future expectations of the assets. If an impairment trigger exists the recoverable amount of the asset is determined.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as warranties (for plant and equipment and motor vehicles) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Deferral of grant revenue

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is initially recognised in the Statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Employee benefits

Short-term employee benefits
The company has determined the liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Refer to Note 2(j).

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting. 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 reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements

For the year ended 30 June 2015

		2015 $	2014 $
4	**Revenue and other income**		
	Revenue from rendering services		
	- Grants and subsidies	55,470,071	56,432,967
	- Board, lodgings and rentals	1,038,390	1,555,596
	- Other revenue	250,867	224,886
		56,759,328	58,213,449
	Other revenue		
	- Donations	1,265,985	1,241,084
	- Interest revenue	753,566	634,514
	- Gain / (loss) on disposal of fixed assets	127,317	(319,992)
	-Other	27,602	-
		2,174,470	1,555,606
	- Other income		
	- Excess on contribution of assets transferred on merger	634,402	640,777
	Total income	59,568,200	60,409,832
5.	**Result for the year**		
	Profit includes the following items		
	(a) Depreciation expense	1,923,404	2,524,469
	(b) Operating lease rental payments	1,650,125	1,365,970
6	**Other expenses**		
	- Legal fees	174,239	193,132
	- Consultancy	1,173,906	1,261,475
	- Subscription and memberships	77,302	62,628
	- Travel and accommodation	327,485	375,368
	- Minor capital	101,992	114,641
	- Other expenses	64,658	84,832
		1,919,582	2,092,077
7	**Cash and cash equivalents**		
	Cash at bank and on hand	990,358	1,341,855
	Cash as shown in the Statement of cash flows	990,358	1,341,855

Notes to the financial statements

For the year ended 30 June 2015

	2015 $	2014 $
8 Trade and other receivables		
Receivables related to services provided	946,542	1,027,242
Prepaid expenses	350,092	177,249
Other accrued income and receivables	667,258	657,562
	1,963,892	1,862,053
9 Current financial assets		
Available for sale financial assets	3,920,000	-
Financial assets held to maturity	17,000,035	18,000,085
Total current financial assets	20,920,035	18,000,085

The company's investments in listed convertible notes are classified as available for sale financial assets. Financial assets held to maturity represent short term deposit accounts which the company intends to hold until maturity.

	2015 $	2014 $
10 Property, plant and equipment		
Property		
Land and buildings	11,981,185	11,159,461
Accumulated depreciation	(239,171)	(150,303)
Total property	11,742,014	11,009,158
Plant and equipment		
Furniture, fittings and equipment	6,193,659	5,220,210
Accumulated depreciation	(3,860,752)	(3,262,091)
	2,332,907	1,958,119
Motor vehicles	3,326,022	5,072,777
Accumulated depreciation	(1,364,164)	(1,885,047)
	1,961,858	3,187,729
Improvements	3,522,917	3,404,467
Accumulated depreciation	(1,938,128)	(1,934,852)
	1,584,789	1,469,615
Capital works in progress	171,158	40,792
Total plant and equipment	6,050,712	6,656,255
Total property, plant and equipment	17,792,726	17,665,413

Notes to the financial statements

For the year ended 30 June 2015

10 Property, plant and equipment (continued)

Movements in carrying amounts

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

	Land and buildings $	Furniture, fixtures and fittings $	Motor vehicles $	Improvements $	Capital works in progress $	Total $
2015						
Balance 1 July 2014	11,009,158	1,958,119	3,187,729	1,469,615	40,792	17,665,413
Additions	821,723	1,232,114	553,833	1,153,558	130,366	3,891,594
Disposals	-	(129,119)	(1,122,036)	(589,722)	-	(1,840,877)
Transfers	-	-	-	-	-	-
Depreciation expense	(88,867)	(728,207)	(657,668)	(448,662)	-	(1,923,404)
Balance 30 June 2015	11,742,014	2,332,907	1,961,858	1,584,789	171,158	17,792,726
2014						
Balance 1 July 2013	11,007,196	2,074,844	4,756,646	1,415,496	134,208	19,388,390
Additions	732,422	796,975	476,424	1,237,363	-	3,243,184
Disposals	(987,115)	(85,575)	(1,066,134)	(548,244)	-	(2,687,068)
Transfers*	-	-	-	-	(93,416)	(93,416)
Depreciation expense	(81,548)	(828,125)	(979,207)	(635,000)	-	(2,523,880)
Revaluation recognised in equity**	338,203	-	-	-	-	338,203
Balance 30 June 2014	11,009,158	1,958,119	3,187,729	1,469,615	40,792	17,665,413

(*) Transfer of $93,416 in 2014 is the net movement of assets which have been capitalised during the FY2013-14 year and new assets purchases that are yet to be capitalised as at 30 June 2014.

(**) The land and buildings were last revalued in May 2014 based on independent assessments by LandMark White. Fair value is determined directly by reference to market-based evidence, which is the amount for which an asset could be exchanged at its highest and best use between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Notes to the financial statements

For the year ended 30 June 2015

	2015 $	2014 $
11 Trade and other payables		
Trade payables and accrued expenses	3,898,344	4,298,815
Goods and Services Tax (GST) payable	78,785	233,480
	3,977,129	4,532,295
12 Other Liabilities		
Deferred grant income	2,058,030	1,829,837
Deferred donation income subject to conditions	155,329	5,500
	2,213,359	1,835,337
13 Provisions		
Current		
Employee entitlements	3,466,077	4,126,469
Specific purpose funding	258,230	220,583
	3,724,307	4,347,052
Non-current		
Employee entitlements	846,197	1,090,014

14 Reserves

Asset revaluation reserve

The reserve records revaluations of land and buildings. Any decreases taken to the reserve in respect of the asset class cannot exceed accumulated increments of the class previously recognised in the reserve.

Asset contribution reserve

The reserve records the fair value of the assets transferred from MHAV Hostels and Lantern to Mind Australia, as at the date of transfer of responsibility for the assets (comprising available-for-sale and property assets). Fair value accounting in relation to the available-for-sale assets accords with the policy described in Note 2(e). Revaluation of the property assets accords with the policy described in Note 2(f).

General reserve

The reserve records funds set aside for future expansion of Mind Australia.

Mind Carer Development Fund

The Mind Carer Development Fund was created as a result of the Mind and ARAFEMI merger in 2014. The Mind Carer Development Fund Committee was set up and aims to implement develop and progress initiatives related to carer focused models of recovery and related services that support families and carers. The Fund may be used to invest in strategic initiatives aimed to improve information, support and advocacy services and recovery focused initiatives for Mind's clients in the interests of families and carers.

Available for sale asset reserve

The reserve is used to recognise increments and decrements in the fair value of available for sale investments.

Notes to the financial statements
For the year ended 30 June 2015

15 Leasing commitments

Operating lease commitments

The company has contracted to lease several properties, the future commitments for which are due:

	2015 $	2014 $
- no later than 1 year	1,065,480	1,428,011
- between 1 year and 5 years	1,653,394	1,428,200
- greater than 5 years	-	-
	2,718,874	2,856,211

16 Contingent liabilities

The company had no contingent liabilities as at 30 June 2015 and 30 June 2014.

17 Commitments

The company had no commitments for expenditure as at 30 June 2015 and 30 June 2014 other than the lease commitments disclosed in note 16.

18 Related parties and related party transactions

Key management personnel
Disclosures relating to key management personnel are set out below.

Transactions with related parties
There were no transactions with related parties during the current or previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2015 $	2014 $
Short-term employee benefits	1,105,818	967,994
Post-employment benefit	88,000	84,035
	1,913,818	1,052,029

19 Events after the end of the reporting period

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

Notes to the financial statements

For the year ended 30 June 2015

20 Business combinations

On 22 October 2014 Mind Australia agreed to a merging of interests with Typo Station Ltd, trading as Evolve. Under the transfer deed agreement Typo Station Ltd agreed to a transfer of all assets and liabilities free of encumbrances. It was merged due to there being similar business and community objectives. The prior year comparative figures are in relation to the ARAFEMI merger.

Details of the acquisition are as follows:

	2015 Fair value $	2014 Fair Value $
Fair value of assets acquired	823,200	2,280,377
Fair value of liabilities assumed	(113,150)	(1,561,602)
Fair value of net assets acquired	710,050	718,775
Less legal costs incurred as a result of the merger	75,647	-
Profit disclosed in the Statement of profit or loss and other comprehensive income	634,402	718,775

21 Registered and principal place of business

The registered and principal place of business for the company is 86-92 Mount Street Heidelberg Victoria 3084.

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 21, are in accordance with the *Australian Charities and Not for Profits Commission Act 2012* and:

   a. comply with Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not for Profits Commission Act 2012*, and

   b. give a true and fair view of the financial position of the company as at 30 June 2015 and its performance for the year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....

Director ....

Melbourne, 28 September 2015

Independent Auditor's Report to the Members of Mind Australia

Report on the financial report

We have audited the accompanying financial report of Mind Australia (the company), which comprises the Statement of Financial Position as at 30 June 2015, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not for Profits Commission Act 2012*. We confirm that the independence declaration required by Section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, has been given to the directors of Mind Australia, and a copy of that declaration is attached to the annual financial report.

Crowe Horwath™

Auditor's Opinion

In our opinion, the financial report of Mind Australia has been prepared in accordance with the *Australian Charities and Not for Profits Commission Act 2012* including:

i. giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards (Reduced Disclosure Requirements) and the *Australian Charities and Not for Profits Commission Act 2012*.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

David Munday

DAVID MUNDAY
Partner

Melbourne, Victoria

Date: 28 September 2015

Supporting mental health recovery

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