

annual report 2019–2020

helping young people face
life's challenges



headspace
National Youth Mental Health Foundation

© 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, present and emerging 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.

The mind body spirit culture country artwork was created by Aboriginal and Torres Strait Islander artist Riki Salam of We Are 27 Creative after consultation with key members of the headspace network and cultural advisors.



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this year saw us reach more young Australians than ever before.

Thank you to everyone who supported 128,549 young people to visit a headspace service this year. We've not been short of challenges in 2019-20 with the impact of natural disasters and events such as COVID-19. What's certain is the dedication from the entire headspace network who have demonstrated incredible resilience and adaptability in getting through these times and ensured young people can continue to access support.

Our network

Throughout the past year, headspace has been welcomed into a further 13 communities across Australia. This means more opportunities to connect with young people locally, make them aware of support available and get them the help they need. We couldn't do this work without the team at headspace National, Primary Health Networks (PHNs), lead agencies and consortia chairs right across Australia. Via these connections, we gain valuable insights into local communities to carry out the critical work of operating a headspace service most appropriate for that area. The past year has also revealed the critical nature of a joined-up effort to support both the rapid response to service delivery models and maintain continuity of service for young Australians. I am extremely proud of the way in which we all responded with great care and agility to many complex and unprecedented challenges. The very best of headspace was certainly showcased over the course of the year.

Thought leadership

This past year has provided a unique opportunity for once-in-a-generation mental health reform in our country. It's been critical for us to continue to engage with a range of important inquiries and reviews that investigate mental health in Australia. *The Productivity Commission's Inquiry into the Social and Economic Benefits of Improving Mental Health* saw us ensure that major mental health reform reflects the needs of young people and their communities with engagement opportunities like public hearings, as well as our public submission to the Productivity Commission's Draft Report in January 2020. Similarly, with the *Royal Commission into Victoria's Mental Health System*, we made a public submission in July 2019, and I was fortunate to be invited to provide a witness statement to the official proceedings, which I gladly accepted as a way to advocate for the needs of young people in the state. I want to acknowledge and thank the many young people who represented the needs of youth mental health and the incredible leadership of Professor Patrick McGorry AO for his continued advocacy for much needed system reform to mental health in Australia.



I am extremely proud of the way in which we all responded with great care and agility to many complex and unprecedented challenges.





Wait times

During the year, we've been working toward delivering on the promises of the government's commitment in the 2019 Federal Budget to reduce wait times in headspace centres. Now in its second year, the \$152m Federal Government investment has now commenced support to over 63 headspace sites to implement activities to reduce wait times at headspace services. Spearheaded by a team at headspace National, and with the incredible support and insight provided by the network, we're committed to supporting strong outcomes for any young person accessing our services and ensuring a satisfactory experience.

A global pandemic

When COVID-19 hit, we shifted our entire operations to remote working – something we never saw coming – and something we managed to execute relatively seamlessly. This included the entire headspace National workforce, headspace centres who deployed different modes of service delivery and our national programs – headspace Schools, eheadspace and headspace Work and Study. Our focus at headspace National quickly evolved to supporting the network. We hosted weekly Zoom sessions with the centre network to share knowledge and gather local insights so we could build resources and provide information to maintain business continuity and service delivery. We also undertook critical research during periods of heightened lockdown, enabling us to understand the pressures facing young people and also how the adaptation of services such as telehealth were received. We were pleased to see our efforts

reflected in a \$1.1 billion package announced by the Federal Government, which included expanded Medicare-subsidised telehealth services for all Australians. The package also included the expansion of the headspace Work and Study program for young people by boosting the service with an additional \$6.75 million, providing a comprehensive national digital support service for all young Australians during the COVID-19 pandemic and after.

Overall, I'm proud to say that headspace was able to remain in place for young people and that is something for which I'm incredibly grateful. In addition to ensuring services remained available and accessible for young people, we rolled out a digital campaign to encourage help seeking and to support young people and their parents to cope during periods of restrictions right throughout the country.

Sadly, the pandemic meant making the difficult decision to postpone our headspace Forum, which was due to take place at the end of March. The headspace Forum is always a special and celebrated event that brings the entire network together to connect, learn and share. Plans are underway to move this event into an online format later this year.

Having witnessed both increased distress and increased demand for services as a result of the pandemic, we know that our job is far from over. Bolstering headspace services and support for young people is critical to ensure they can access help now and into the future. We will remain dedicated in our commitment to make sure appropriate support is available for young people and their families.

Schools and reducing suicide

In January, we welcomed the funding announcement from the Federal Government for suicide prevention and mental health initiatives, which included \$4.4m for headspace to provide training on suicide prevention and education sessions in schools for students through the Schools Suicide Prevention Activities Program (SSPA). Complementing our role as service delivery partner for Beyond Blue's Be You model, we know that schools have a pivotal role in supporting the mental health and wellbeing of young people and their families. SSPA builds on existing strategies that schools have in place and also enables timely referrals to headspace centres and mental health services to ensure help is sought at the earliest possible stages of distress.

Throughout the year, many Australian communities have experienced the tragedy of multiple suicides of young people. The rapid response to supporting school and community stakeholders with expert postvention guidance and advice for parents and carers was undertaken with great care, and was greatly appreciated by the impacted communities.

Aboriginal and Torres Strait Islander engagement

We were incredibly proud to establish the headspace National Aboriginal and Torres Strait Islander Advisory Group in 2020, consisting of Elders, Traditional Owners, young people, and representatives from three headspace centres led by local Aboriginal Community Controlled Health Organisations, and staff from the headspace network. We thoroughly welcome the group's crucial input to provide strategic advice and recommendations to headspace National on initiatives to help improve outcomes for Aboriginal and Torres Strait Islander young people.

Participation at our core

Participation from young people and their families and friends remains at the forefront of everything we do at headspace, at every level. The headspace Youth National Reference Group and our headspace Family and Friends participation groups provide support, insight and guidance on everything we do to ensure services and programs are safe, welcoming and appropriate for all young people. Bolstering the work of the national reference group is the incredible work of youth reference groups working to support headspace services in local communities across the country. At the headspace Board, Amelia Walters and Jarrad Hickmott offer guidance, insights and the voice of young people into all discussions as Board Youth Advisors. This year, Amelia also played a pivotal role in working closely with the headspace Youth National Reference Group to present the perspectives of young people to the Productivity Commission Inquiry into Mental Health, while Jarrad met with youth reference groups right across Australia to gather and share valuable insights about the effectiveness of participation in local communities. We thank all young people and their families and friends working with headspace for their invaluable support.

One headspace

We've continued to see huge shifts in the way young people access support. Closely monitoring this trend, it's been critically important for headspace to continue to evolve and offer more online services for young people. This year we were proud to extend the roll out of headspace accounts to centres and young people across the country. The online account, accessed via the headspace website enables young people to create an account, personalise it by creating their own self-help toolkit, join chats, and also access individual support from headspace professionals. As we move forward, this will remain a huge focus for us to ensure young people can access support through a range of means, both online and in person.



Our people at headspace are one of our greatest strengths and because of them, headspace remains a truly great place to work.



Thank you

Partnerships are crucial to the work we do at headspace. We are incredibly grateful to our partners for their ongoing support to help increase mental health literacy, encourage help seeking and reduce the stigma surrounding mental health. In the past year, we've been fortunate to announce an exciting new partnership with the AFL to develop and embed a curriculum to support the mental health and wellbeing of young people striving to play AFL at the highest level. I also want to offer a big thanks to Viva Energy whose partnership with headspace came to a close this year. We're incredibly grateful for all the support they've shown and the work we've achieved during our three-year partnership, including training over 100 young people in mental health first aid, upskilling 924 young people through over 250 training opportunities and delivering 134 community awareness events through four headspace centres.

headspace operates as part of a crucial, passionate and devoted mental health sector that works together to address key issues and improve the mental health system for all Australians. We were proud to collaborate this year with the sector to launch the #youcantalk campaign – an important national movement that aims to empower and increase confidence when it comes to talking about suicide.

Our people at headspace are one of our greatest strengths and because of them, headspace remains a truly great place to work. We're incredibly fortunate to have a wonderful Board to govern our organisation and a dedicated Executive team to guide our workforce. Thank you to Board Chair, Lisa Paul AO PSM and all the headspace Board Directors for their unwavering commitment to our organisation and the work we do to support the wellbeing of young Australians and their families to manage their mental health and remain engaged in their communities.

It takes a dedicated and passionate team to deliver headspace to the community. From government support through to PHNs who commission headspace services, lead agencies who run them, consortium chairs, schools, partners and of course the work of the headspace Board and headspace National in supporting and guiding the network. Everyone comes together to deliver our service, disseminate information, support communities and ensure young people get the help they need. I'm constantly blown away by the connectedness and engagement of the entire headspace network and I offer my sincerest thanks to all for their dedication to the service.

Jason Trethowan
Chief Executive Officer
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.

It's an honour to round out another year as Chair of the headspace Board – a period rich in both triumphs and challenges. Throughout the year and in spite of COVID-19, the entire headspace network and the team at headspace National have shown incredible resilience, tenacity and flexibility in adapting to changing environments to ensure young people and their family and friends continue to get the help they need, whenever they need it.

Suicide response

Sadly, in this past year, we've seen too many communities in trauma as a result of suicide clusters of young people. I want to call this out because the death of one young person to suicide is an awful tragedy, but when we see a cluster appear, the impacts are immense. In these instances, headspace teams often step in to support communities and guide them throughout their recovery. This work has a heavy toll on those involved and often goes unrecognised, so I would like to offer my sincerest thanks to all those who do the work and support to mobilise communities in the event of a suicide cluster and ensure they're well supported.

Our response to natural disasters

Challenges facing our community as a whole ran deep throughout the year. We witnessed the destruction of natural disasters right across the country, including flood, drought and bushfire. These events will have a long-lasting impact with many young people and families experiencing

significant loss and grief from these tragic events. Many within the headspace network were quick to respond and provide support to families and young people on the ground, and to those people I offer tremendous gratitude.

It was heartening to see the Federal Government dedicate funds for headspace centres in bushfire affected areas to provide additional supports for young people, family and friends. The government also expedited funds for the establishment of the headspace Batemans Bay service to provide interim support for young people in the area before a full centre is due to be established in the next year.

Advocating for system change

In the crucial space of mental health reform, we responded to the Productivity Commission's interim report on its inquiry into mental health. A number of the Productivity Commission's recommendations would support help seeking for young people. Our commitment is to remain unwavering in advocating for the needs of young people to ensure the system supports them and their families in the prevention and treatment of mental health issues. We also contributed to the Royal Commission into Victoria's Mental Health System.

Young people getting better with headspace

The positive effect headspace has on the lives of young people continued to be showcased with the release of the first headspace centre young person follow up study. The report showed a decrease in psychological distress (K10) in young people while at headspace and further improvement after leaving. The study reinforced our commitment to understand the long term impacts of the service and to continuously grow and evolve to ensure the service meets the needs of young people.

Digital innovations

headspace has continued to charge forward in digital innovations, ensuring high quality, tailored and accessible mental health support through our online and phone services. This has been critical in supporting young people right throughout the year by giving them a space to connect, share and access specialist clinical support. This year we enabled young people to set up a headspace account which gives young people the option to build a bespoke platform of digital supports tailored to their needs. This platform also offers opportunities for young people to access interactive mental health content, join moderated online groups led by either mental health professionals or peers, or seek one-to-one support from expert youth mental health clinicians.

The Push-Up Challenge

The year began with us partnering for the first time with *The Push-Up Challenge* which ran from 8 to 28 July 2019. The event is a wonderful initiative that brings people together to shine a light on mental health. Thousands joined in and raised an incredible \$2.5m for headspace. The 2020 event was brought forward to take place from 11 to 31 May – a time of heightened COVID-19 restrictions right across the country. There's no doubt the 2020 event created a deep sense of camaraderie and shared goal among participants, resulting in a doubling of funds raised for headspace with the total reaching over \$5m – a truly astonishing feat.

A great place to work

I'm constantly in awe of the resilience of team members at headspace National – most of whom continue to support the delivery of headspace services remotely and away from the office. I was delighted to see this year's results of the headspace Culture Survey revealing incredibly positive outcomes including a strong year-on-year increase in engagement from the headspace National workforce. As custodian of culture, this information is incredibly important for the headspace Board to both nurture and grow the development of the existing workforce and attract the best talent to deliver our service to the community.

Board engagement

Prior to COVID-19, as a Board, we've had the fortune to continue to meet in person at regional locations such as Wollongong and Launceston. We've also been thrilled to welcome our newest board member, Ms Robbie Sefton who brings with her a clear vision for rural and regional Australia to be a vibrant, prosperous and dynamic place for people to create and work – a crucial element to the work of headspace.

I would like to acknowledge all of 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 Robbie Sefton and our youth advisors, Ms Amelia Walters and Mr Jarrad Hickmott.

Thank you

On behalf of the Board, I would like to thank headspace CEO Jason Trethowan, whose strong leadership has steered the organisation through challenging times and also secured much needed funding. I would also like to thank 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'd also like to offer a huge thanks to The Hon Greg Hunt MP, Minister for Health and Christine Morgan, CEO of the National Mental Health Commission and National Suicide Prevention Adviser to the Prime Minister for their unwavering commitment to the mental health of young people in Australia and ongoing support for the vital work that headspace provides to the entire community.

Now more than ever, we are focused on supporting young people and their needs due to the disproportionate impact COVID-19 is having on their lives. We know the effects of this period have the potential to be severe and long-lasting and the team continue to work tirelessly to ensure the needs of young people are met and support measures are in place both now and well into the future.

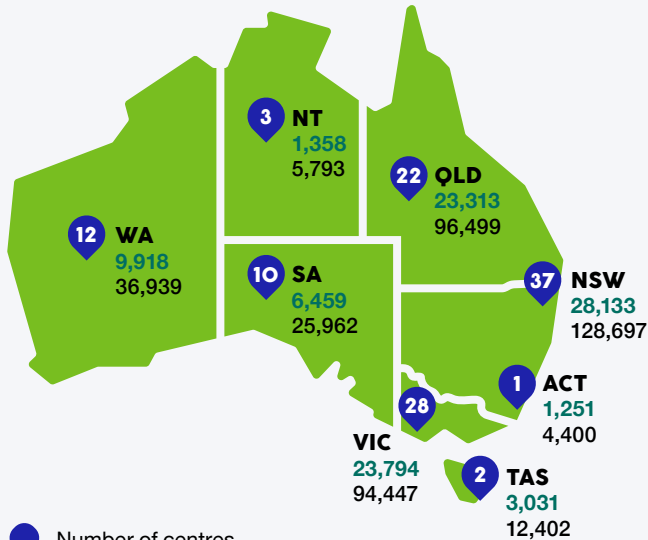
Lisa Paul AO PSM
Board Chair, headspace

headspace in the community

FY 2019-20

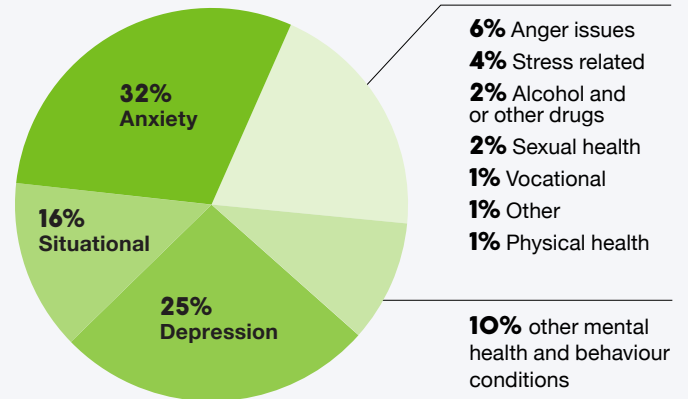
headspace centres

There are 115 headspace services across metropolitan, regional and rural Australia.

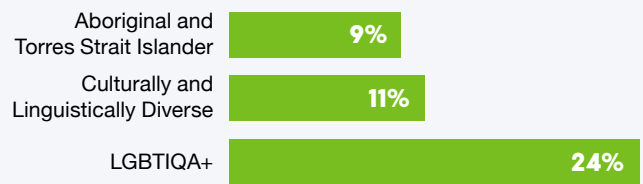


- Number of centres
- Number of young people accessing headspace centres
- Number of services

main issues



priority groups



97,257
young people accessed headspace centres



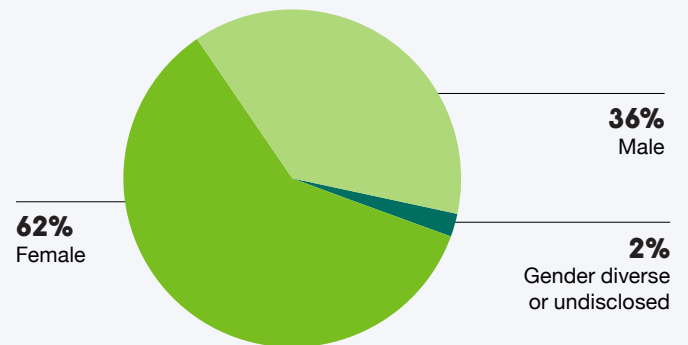
405,139
services provided to young people

Be You

6,569

Schools participating in Be You as a whole – learning community

gender



headspace in schools

41,634

Students engaged (Schools Suicide Prevention Activities Program)

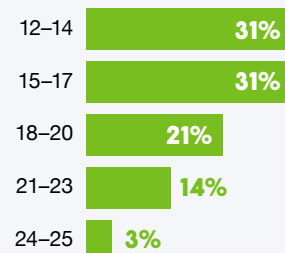
3,748

School principals, leadership supported and trained

2,563

Educators, wellbeing staff supported and trained

age



satisfaction

90%

of young people report being satisfied with headspace services in their communities

* As at 30 June 2020 and inclusive of licensed headspace centres, satellites and outposts.

headspace digital services

FY 2019-20

eheadspace

eheadspace, our online and phone counselling service provided:



31,292

young people accessed online and phone counselling



78,187

services provided to young people

website

7,700,581

total page views

40%

increase in visitors to the headspace website

01:18

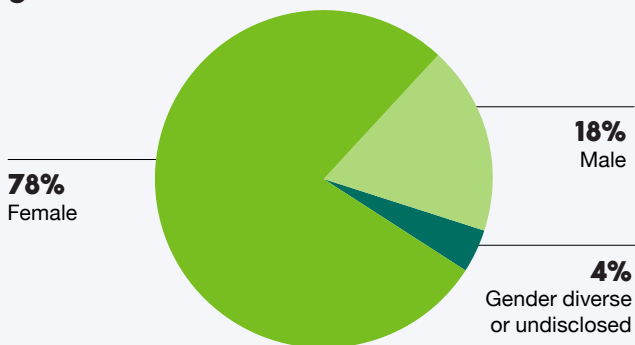
average time spent on page

webchat

41%

increase in webchat demand compared to the previous year

gender



headspace Work and Study

660

Number of young people serviced

16,321

Number of services provided

95%

Satisfaction

main issues

1% Vocational

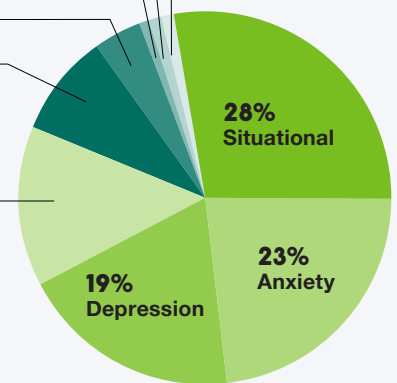
1% Sexual health

1% Alcohol or other drugs

4% Other

9% Stress related

14% Other mental health and behaviour conditions



age

12-14 **14%**

15-17 **32%**

18-20 **26%**

21-23 **17%**

24-25 **6%**

25+ **4%**

satisfaction

86%

of young people report being satisfied with eheadspace

priority groups

Aboriginal and Torres Strait Islander **4%**

Culturally and Linguistically Diverse **7%**

LGBTIQIA+ **30%**

Career mentoring with work and study

80

Number of young people serviced

344

Number of services provided

95%

Satisfaction

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 young people aged 12-25 and their families. Since establishment in 2006, headspace has supported over 600,000 young Australians, providing 3.6 million services that help them to strengthen their wellbeing, manage mental health, get through challenging times and get back on track.

In 2019-20, headspace supported over 128,549 young people, via our headspace centres, phone, online and more recently, through telehealth due to the impacts of COVID-19.

The headspace model understands that adolescence and early adulthood is a critical time in a young person's life, with research highlighting that more than 75% of mental health disorders begin before the age of 25.

We provide a holistic approach to supporting young people early in life through four core areas: mental health, physical and sexual health, work and study support, and alcohol and other drugs.

headspace centre network

As at 30 June 2020 a national network of 115 headspace sites now operates across metropolitan, regional and rural areas of Australia. This includes a range of satellites and outreach services, tailored to the needs of the local community in which they operate.

headspace online services

eheadspace is our online and phone counselling service available for young people seven days a week, every day of the year. eheadspace supports young people who might not be able to access a headspace centre or prefer to get help online. Providing a secure and anonymous place to talk to a professional or peer means many young people who wouldn't ordinarily seek help in person are getting support and access to tools to manage their mental health when they need it.

128,549

headspace supported 128,549 young people through centres, online and phone services this year.



headspace TelePsychiatry

headspace TelePsychiatry provides young people aged 12 – 25, 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 Work and Study offers support to young people aged between 15 and 25 to plan a career, find employment or work towards further education. This is done in a highly accessible, confidential and youth-friendly environment. headspace Work and Study includes one-on-one support with a careers specialist. Our Career Mentoring service links young people with industry-specific mentors to support them in career planning and development. headspace Work and Study also supports the Individual Placement and Support (IPS) program run out of 24 headspace centres nationally to help young people with mental health concerns to work in regular jobs that they are both interested in and passionate about.

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 their role as the service delivery partner for Be You for all primary and secondary schools nationally, the delivery of School Suicide Prevention Activities, which supports school staff and principal mental health and wellbeing, and various other programs supporting training and professional development for those working in schools.

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 program is delivered at 14 headspace centres and focuses on early intervention, and providing young people and their families with timely access to specialist support.

josh's story

Josh Di Nucci is a young person from WA and one of the Australian Youth Advocates for Mental Health, Josh explains why he is so passionate about Visible.



“Visible is an initiative that aims to bring visibility to mental health experiences that may otherwise go unseen. It can be really difficult to talk about mental health and Visible provides a creative safe space to share and talk about these vulnerable experiences. I also feel Visible has great reach to those in rural or isolated areas of Australia.

It has been a pleasure to be on this journey with the other advocates and headspace team. I have learnt so much that I will take forward in my advocacy ventures.”



amy's story

Amy joined the headspace Family and Friends Reference Group having supported a sibling through their experience of mental ill-health. Amy is passionate about ensuring the voice of family, friends, and carers of young people is recognised, and continues to advocate for inclusion of family and friends in service delivery, campaigns, and resources through her work with headspace.

“I have a natural propensity for caring, so when my brother's mental ill-health became more prominent, I felt a certain responsibility to care for him, especially as the others around me couldn't. My experiences have taught me that whilst my family's mental health can be my concern, it is not my responsibility. I was a better sister once I gave myself space to set boundaries and extend myself the same compassion that I gave to my brother.

Being included in the mental health care of my brother gave me a better picture of what was going on for him, but also allowed me to carry some of the burden. This was imperative in building a level of trust between us and his healthcare team.”

apeksha's story

headspace Youth Reference Group Member, Apeksha Das is in her final year of training to become a registered psychologist and shares her experience of the headspace Career Mentoring Program.

“Initially I signed up for the career mentoring program because I wasn't sure what career pathway I wanted to pursue. After signing up for the program, and being matched with a mentor, I found my mentor really helped me with self confidence, drive, motivation and self belief, all things that helped me get to where I am today. She supported me to make goals and held me accountable so that I actively applied for jobs and attended interviews. I didn't feel as alone in the process and found having someone there to support me meant a lot.

I'm currently in my final year of training to become a registered psychologist. I work primarily with young children in the early intervention space and thoroughly enjoy what I do. Days can be challenging but the wins are incredibly rewarding.”



cory's story

Cory, a 23-year-old young person living in rural Queensland, was linked into the Work and Study service through his local headspace Ipswich centre.

He was matched with Brydie, a Work and Study Specialist, where he received one-to-one tailored support via phone and email for over five months. Cory worked with Brydie to look at the transferrable skills he had to offer, the benefits of networking, career exploring, looking into courses, updating his resume, writing a cover letter, time management skills, handling conflict in the workplace and much more. During his time with the service, Cory enrolled into a Certificate IV in child, youth and family services and gained full-time employment as a labourer at a truck painting company, Cory said this about his experience:



I would definitely recommend anyone struggling with work or study or going through a hard time to use headspace. Brydie made my experience so good and I always looked forward to catching up with her, and she helped me through my hard time and got me thinking positively.



nikia's story

Nikia Bailey is a Ngarrindjeri woman living on Kurna land and is currently studying a Bachelor of Psychology (Honours) at the University of South Australia, Nikia shares her experience of being a member of the Wominjeka Reference Group.



"I am extremely passionate about Aboriginal and Torres Strait Islander mental health. The increased stigma and lack of mental health representation in Aboriginal and Torres Strait Islander communities motivates me to strive for change. The Wominjeka Reference Group allows a range of young people from across Australia to collaborate in raising mental health awareness by creating a campaign for Aboriginal and Torres Strait Islander people. The young people in this group use authentic lived experience to advocate for mental health awareness in Indigenous communities.

I am privileged to be a part of a group that is both passionate and proactive about changing the perspective on mental health."

matt's story

Matthew King, is a current member of the headspace Youth National Reference Group (hY NRG). Matt talks about expressing his sexuality.

"Expressing my sexuality and coming out to my mum was one of the most liberating things that I had done, it felt like a big weight had been lifted off my shoulders. School was a different experience. I found peers to be not as supportive, and sometimes I worried about expressing my sexuality at school because of the stigma associated with being gay.

At times I also felt like I didn't have anyone I could relate to or learn from.

My experience has shown me that it's ok to be confused and you don't need to feel pressure to hunt for any type of label straight away. I found it useful to just be myself and the rest followed.

I got through this challenging time by building a strong network around me, this really helped me to find comfort and build confidence in who I was. To anyone else going through something similar I would say lean on your support network, and if things get tough, talk about it. I've found talking and sharing with those I love around me brings a real sense of stability to my life."



governance statement

headspace National Youth Mental Health Foundation Ltd (headspace) is a company limited by guarantee established for the purpose of promoting 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:

- (a) The headspace Constitution
- (b) The Members Agreement
- (c) 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 values 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.
- Keeping the Board and funding agencies informed about any developments with a material impact on the headspace Group's 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 Group's 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 2020

headspace National Youth Mental
Health Foundation Limited

ABN: 26 137 533 843



directors' report

for the year ended 30 June 2020

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 2020.

Directors

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

- Annette Carruthers
- John Harvey
- Katina Law
- Patrick McGorry AO
- Anne Murphy Cruise
- Lisa Paul AO PSM
- Robbie Sefton (appointed 26 November 2019)

Company Secretary

The following people held the position of Company Secretary during the financial year:

- Kerry Costanzo (appointed 19 March 2020)
- Christopher Adam Holmes: CPA (resigned 19 March 2020)

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's vision: All young Australians are supported to be mentally healthy and engaged in their communities.

The Group's 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.

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.

directors' report

(continued) for the year ended 30 June 2020

Operating Results

The operations of the Group for the financial year resulted in a gain of \$307,199 (2019: gain of \$956,229). The surplus was mainly due to the timing around the recognition of income versus expenses for the non-government funded activities of the Group.

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, New South Wales and Queensland Governments and Beyond Blue.

The Group is funded directly to operate programs such as the Youth Online and Telephone Counselling Program (eheadspace), and headspace Work and Study service delivery and headspace School support programs. headspace is a service delivery partner for Beyond Blue's Be You initiative.

As a result of the global spread of COVID-19, the Group rapidly moved its entire workforce safely to working from home arrangements in March 2020 in the weeks preceding the Commonwealth Governments formal directives. The entire workforce remained working from home for the remainder of the financial year. The three-day headspace Forum scheduled for late March 2020 was cancelled, with over 950 registered attendees from across Australia and overseas notified in early March.

Significant Changes in the State of Affairs

In March 2020, the Commonwealth Government's Department of Health approved the expansion of the headspace Work and Study program commencing from 1 July 2020 repurposing \$6.75 million of unspent grant funds held, to assist young people impacted by the economic downturn caused by the COVID-19 global pandemic.

During the financial year the Beyond Blue contract was extended for a further 18 months from January 2020 to 30 June 2021 for a further \$16.3 million, combined with an additional \$3 million to support bushfire

affected areas during the 2020 calendar year.

Voluntary deregistration of headspace Service Ltd (hSL)

hSL was established by the parent company (headspace National) for the purposes of operating headspace centres. hSL provided a separation from headspace National when it was the commissioning body of headspace centres funded by the Commonwealth.

As a result of the transfer of business and the business assets from hSL to another lead agency, headspace National had no plans to use the corporate entity for any trading purposes in the near future, and deregistered the entity effective 30 June 2020. The financial position of hSL at the time of voluntary deregistration is set out in the financial section of this Annual Report.

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

Matters Subsequent to the end of the Financial Year

The COVID-19 pandemic has created unprecedented economic uncertainty and has had a profound impact on the mental health and wellbeing for many young Australians. headspace will continue to deliver its services to young Australians over the next twelve months and remains vigilant in the undertaking of programs and services to ensure they adapt to the needs of young people. The Group has recently been awarded additional funding of \$5 million specifically to provide additional services for headspace centres and greater online support.

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.

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">• headspace Board member since 8 October 2018.• Coordinator of BizRebuild, the Business Council of Australia's bush fire recovery initiative, January 2020.• Lisa was a Secretary of Federal Government departments between 2004 and 2016. She was appointed or reappointed by Prime Ministers Howard, Gillard, Abbott and Turnbull.• Since leaving government Lisa has served on the Boards of two listed companies, one private company and the Federal Government's Naval Shipbuilding Advisory Board. She held an Enterprise Professorship 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 and Future Battery Industries Cooperative Research Centre.• 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 of Chartered Accountants.	Chair of Board

directors' report

(continued) for the year ended 30 June 2020

Name	Qualifications and Experience	Special Responsibilities
Patrick McGorry AO (reappointed 30 August 2016)	<ul style="list-style-type: none">• headspace Board member since 5 June 2009.• AO, MD, BS, PhD, FRCP, FRANZCP, FAA, FASSA FAHMS.• 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 also worked with asylum seekers and refugees and other marginalised populations.• 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 program 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 nine 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).	Member Quality and Clinical Governance Committee

directors' report

(continued) for the year ended 30 June 2020

Name	Qualifications and Experience	Special Responsibilities
Annette Carruthers (appointed 30 August 2016)	<ul style="list-style-type: none">• headspace Board member since 30 August 2016.• MBBS (Honours), FRACGP, FAICD, GradDipAppFin.• Annette is an experienced non-executive director in health, financial services, 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.• Medically trained, Annette continues to work part-time as a General Practitioner. In her career she has focused on clinical risk management and quality improvement in a wide range of health services.• 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.	Chair, Quality and Clinical Governance Committee
Anne Murphy Cruise (appointed 30 August 2016)	<ul style="list-style-type: none">• headspace 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.• Anne is also on the Melbourne Advisory Committee of Enterprise Ireland, the Irish government's innovation & trade agency, which fosters promotion of Irish enterprises in Australia.• Anne is a member of the Macquarie Group PRIDE Executive and actively promotes LGBTIQ rights in the workforce. She participates in the Macquarie diversity program, is involved in sector mentoring across various age groups and divisions at Macquarie and is actively involved in the promotion of young women in the workforce.• Before commencing her career in the law, Anne was a foreign language teacher at a number of Victorian senior schools, teaching French and German.	Member Finance and Audit Committee

directors' report

(continued) for the year ended 30 June 2020

Name	Qualifications and Experience	Special Responsibilities
Katina Law (appointed 30 August 2016)	<ul style="list-style-type: none">• headspace Board member since 30 August 2016.• B Com, FCPA, 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 on the boards of several ASX listed companies including as Non Executive Chair of Yandal Resources and Non Executive Director of DGO Gold.• 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">• headspace 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 Stellan Capital, Helping Hand Aged Care and Revenir Winemaking as well as a Trustee for the Winston Churchill Memorial Trust (SA) and the South Australian Grains Industry Trust.	Member Quality and Clinical Governance Committee and Member Finance and Audit Committee

directors' report

(continued) for the year ended 30 June 2020

Name	Qualifications and Experience	Special Responsibilities
Robbie Sefton (appointed 26 November 2019)	<ul style="list-style-type: none">• headspace Board member since 26 November 2019.• Robbie has lived, worked and travelled all over regional, rural and remote Australia as a leader and advocate, respected both within and outside these communities.• Robbie's achievements include being named a Westpac Australian Financial Review Woman of Influence; Agrifutures Australia NSW Rural Woman of the Year; and is a graduate of the Australian Rural Leadership Program which she was also a board member of the Foundation for six years. She has also been a panel member for the Reserve Bank of Australia's panel for finance for small business.• Following the Australian government's request for an independent panel to assess social and economic conditions affecting over 2 million people across the Murray-Darling Basin, Robbie was appointed Chair of the panel. The panel was tasked to report on how the Basin Plan is affecting local communities, including Indigenous communities, and strategies to support them adapt to change and build resilience. The report will support longer term efforts to monitor the social and economic conditions in the Basin and will be used by governments and leaders to help evaluate the outcomes of the Basin Plan.• Other leadership roles held by Robbie are:<ul style="list-style-type: none">— Deputy Chair, National Australia Day Council— Board Member, Great Barrier Reef Marine Park Authority— Independent, Non-executive Director, Smarter Regions CRC— Independent Non-executive Director, CRC for High Performing Soils— Chair, Independent panel for the assessment of social and economic conditions in the Murray-Darling Basin.	Member Finance and Audit Committee

There were no loans made to directors by the Group.

directors' report

(continued) for the year ended 30 June 2020

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 2020, and the number of meetings attended by each Director were:

Director	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
Annette Carruthers	8	9	n/a	n/a	4	4
John Harvey	9	9	5	5	4	4
Katina Law	9	9	5	5	n/a	n/a
Patrick McGorry AO	9	9	n/a	n/a	2	4
Anne Murphy Cruise	9	9	4	5	n/a	n/a
Lisa Paul AO PSM	8	9	n/a	n/a	2	4
Robbie Sefton	7	7	3	3	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 accounting advice relating to the applicability of new accounting standards to the Group. 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.

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



Katina Law
Chair Finance and Audit Committee

Dated this 14th day of October 2020



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of **headspace** National Youth Mental Health Foundation Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian Professional Accounting Bodies in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

K J DUNDON
Partner

Dated: 14 October 2020
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trade name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ARN 36 989 185 056

Liability limited by a scheme approved under Professional Standards legislation



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Registered office

Level 2, 485 La Trobe Street
MELBOURNE VIC 3000

Principal place of business

Level 2, 485 La Trobe Street
MELBOURNE VIC 3000

These financial statements are the consolidated financial statements of the Group consisting of headspace National Youth Mental Health Foundation and its subsidiary, headspace Services Ltd. The financial statements are presented in the Australian currency, which is the Group's functional and presentational currency.

The Group is a not-for-profit unlisted public entity limited by guarantee, incorporated and domiciled in Australia. A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 14 October 2020. The directors have the power to amend and reissue the financial statements.

consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

Continuing operations	Note	2020 \$	2019 \$
Revenue from continuing operations			
Revenue from services and Government grants		42,003,094	37,607,119
Interest		390,232	697,066
Fundraising		3,918,039	1,349,015
Other revenues from operating activities		886,502	7,404,449
Revenue from operating activities	2	47,197,867	47,057,649
Operating expenses			
Employment		29,484,622	25,289,912
Occupancy		883,986	2,340,837
Grant payments		428,599	3,208,998
Consultancy		2,795,108	2,574,486
Sub-contracts with member organisations		179,741	179,743
Governance		260,614	252,868
Travel		1,643,138	1,913,613
Information and technology		4,311,083	3,823,041
Communications and marketing		2,210,232	3,242,098
Depreciation and amortisation	3	1,907,130	756,732
Finance costs		95,660	-
(Gain) / loss on disposal of assets		9,985	-
Other operating and administration expenses		2,648,904	2,322,154
Expenses from operating activities	3	46,858,802	45,904,482
Surplus / (deficit) before income tax		339,065	1,153,167
Income tax expense	1f	-	-
Surplus / (deficit) after income tax expense from continuing operations		339,065	1,153,167
Discontinued operations			
Surplus / (deficit) for the year from discontinued operations	22	(31,866)	(196,938)
Surplus / (deficit) for the year		307,199	956,229
Surplus / (deficit) for the year attributable to owners of the parent		307,199	956,229
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		307,199	956,229

The accompanying notes form part of these financial statements.

consolidated financial position

as at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Current assets			
Cash assets		33,799,453	34,958,256
Trade and other receivables	4	2,501,220	1,049,265
		36,300,673	36,007,521
Assets held for sale	22	-	2,591,541
Total current assets		36,300,673	38,599,062
Non-current assets			
Leasehold improvements, office equipment and motor vehicle	5	223,612	495,338
ROU assets	6	1,287,564	-
Total non-current assets		1,511,176	495,338
Total assets		37,811,849	39,094,400
LIABILITIES			
Current liabilities			
Trade and other payables	7	1,245,482	1,935,063
Lease liabilities		1,346,043	-
Provisions	8	6,243,792	11,290,739
Contract liabilities	9	11,879,911	6,499,891
		20,715,228	19,725,693
Liabilities directly associated with assets held for sale	22	-	2,559,675
Total current liabilities		20,715,228	22,285,368
Non-current liabilities			
Provisions	8	545,748	555,898
Total non-current liabilities		545,748	555,898
Total liabilities		21,260,976	22,841,266
Net assets		16,550,873	16,253,134
Members' funds			
Accumulated surplus	10	16,550,873	16,253,134
Total members' funds		16,550,873	16,253,134

The accompanying notes form part of these financial statements.

consolidated statement of changes in equity

for the year ended 30 June 2020

	Note	Accumulated surplus	Total
		\$	\$
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		16,253,134	16,253,134
Changes in accounting policy on adoption of AASB 16 <i>Leases</i> at 1 July 2019	10	(9,460)	(9,460)
Total comprehensive income for the year	10	307,199	307,199
Balance at 30 June 2020	10	16,550,873	16,550,873

The accompanying notes form part of these financial statements.

consolidated statement of cash flows

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from Government grants and other operations (incl GST)		45,062,225	55,209,457
Payments to employees and suppliers (incl GST)		(46,280,352)	(56,336,734)
Interest received		391,803	703,419
Interest expense on lease liabilities and other finance costs paid		(95,660)	-
Net cash outflow from operating activities	13(b)	(921,984)	(423,858)
Cash flows from investing activities			
Payments for leasehold improvements and office equipment		(341,635)	(660,185)
Net cash outflow from investing activities		(341,635)	(660,185)
Cash flow from financing activities			
Repayments of lease liabilities		(1,254,736)	-
Net cash inflow / (outflow) from financing activities		(1,254,736)	-
Net increase / (decrease) in cash and cash equivalents		(2,518,355)	(1,084,043)
Cash and cash equivalents at the beginning of the financial year		36,317,808	37,401,851
Cash and cash equivalents at the end of the financial year	13(a)	33,799,453	36,317,808

The accompanying notes form part of these financial statements. The above Statement of Cash Flows at 30 June 2019 included \$1,359,552 of Cash assets from Discontinued Operations as detailed in Note 22.

notes to the consolidated financial statements

for the year ended 30 June 2020

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.

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.

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.

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 Standards are most relevant for the Group:

AASB 16 Leases

The Group applied for the first time AASB 16 from 1 July 2019. AASB 16 introduced a single, on balance sheet accounting model for lessees. As a result, in relation to various leases, the Group has recognised right-of-use assets representing its right to use the underlying assets, and lease liabilities, representing its obligation to make lease payments. The new Standard has been applied using the modified retrospective approach, with no adjustment to operating retained earnings. Therefore comparative information has not been restated.

The Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of initial application of AASB 16, being 1 July 2019.

Previously, the Group classified its office lease as an operating lease under AASB 117. The leases run for 2 years and includes extension options which provide operational flexibility. The leases provide for additional rent payments that are based on changes in local price indices. At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Note 1: Summary of significant accounting policies (continued)

Practical expedients applied

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term;
- applied the practical expedient to apply a single discount rate to a portfolio of leases with similar characteristics;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 5.6%.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

Operating lease commitments as at 30 June 2019 (AASB 117)	\$3,165,286
Less discounted based on weighted average incremental borrowing rate (AASB 16)	(\$549,312)
Less short term leases exempted from (AASB 16)	(\$298,591)
Accumulated depreciation as at 1 July 2019 (AASB 16)	(\$152,834)
Right-of-Use Asset at 1 July 2019	\$2,164,550
Current lease liabilities (AASB 16)	\$1,254,735
Non-current lease liabilities (AASB 16)	\$919,275
Reduction in opening accumulated surplus at 1 July 2019	(\$9,460)

The recognised right-of use assets relate to the lease of building premises.

Application of policy from 1 July 2019

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. As lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

This therefore requires three conditions to be met:

- the contract contains an identified asset which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the consolidated entity;
 - the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
 - the Group has the right to direct the use of the identified asset throughout the period of use.
- The consolidated entity assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re measurements of the lease liability. Right-of-use assets are depreciated on a straight line basis over the shorter of the asset's useful live and the lease term.

The lease liability is initially measured at the present value of the lease payment that is not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the consolidated entity is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of the lease liabilities and right-of-use assets recognised.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model

notes to the consolidated financial Statements

(continued) for the year ended 30 June 2020

Note 1: Summary of significant accounting policies (continued)

with a measurement approach that is based on an allocation of the transaction price. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not-for-Profit Entities

The Group has adopted AASB 1058 from 1 July 2019. The Australian Accounting Standards Board issued the new Australian accounting standard and implementation guidance on the recognition and measurement of income for Not-for-Profit (NFP) entities. This new standard establishes principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and to volunteer services received. Where such a transaction meets the requirements of AASB 15 Revenue from Contracts with Customers, revenue will be recognised in accordance with the requirements of this standard. Where a transaction does not meet the requirements to be accounted for under AASB 15, as it is either not an enforceable contract or the performance obligations are not sufficiently specific, the Group needs to assess whether the transactions should be accounted for under AASB 1058.

Impact of adoption

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact from adoption of these new standards as at 1 July 2019.

d. Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

Revenue from services and Government grants

Revenue from services and Government grants is recognised when the Group has delivered its performance obligations under the services or grant agreement. Where there are sufficiently specific performance obligations applicable to a grant agreement, grants are recognised as revenue upon receipt.

Grant monies received but not yet expended – that is, when services have not yet been performed, or performance obligations have not been fulfilled – are shown in the 'Consolidated Statement of Financial Position' as contract liabilities.

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 when there are no sufficiently specific performance obligations attached to the donations.

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.

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.

g. Leases

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

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: Summary of significant accounting policies (continued)

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 (2019: 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.

j. Leasehold improvements, office equipment, motor vehicle and right-of-use assets

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(o)).

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:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Office equipment	25% – 100%
Leasehold improvements	33.3% – 100%
ROU assets	33.3% - 66.6%

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.

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 (2019: 30 days).

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.

m. Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 1: Summary of significant accounting policies (continued)

n. 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.

o. 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.

p. Lease make good provision

An assessment has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision if recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in the profit or loss statement.

q. 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.

r. 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.

s. Discontinued operations related to assets held for sale

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 consolidated financial statements
(continued) for the year ended 30 June 2020

Note 2: Revenues from continuing operations

	2020	2019
	\$	\$
Operating activities from continuing operations		
Grant income	42,003,094	37,607,119
Interest	390,232	697,066
Fundraising	3,918,039	1,349,015
Other revenues from operations	886,502	7,404,449
Total revenues from continuing operations	47,197,867	47,057,649

	2020	2019
	\$	\$
Revenue from contracts with customers by timing of revenue recognition under AASB 15:		
Revenue recognised over time	42,162,030	43,992,220
Revenue recognised at a point in time	5,035,837	3,065,429
Total operating revenue	47,197,867	47,057,649

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 \$5.2m as disclosed in Note 9.

Other revenue from operations includes the recognition of any repurposed funds within the Statement of Profit or Loss and Other Comprehensive Income that were previously recorded as part of the provision for underspent grants. This other revenue is brought to account as expenditure is incurred for the various programs that are utilising these repurposed funds.

Note 3: Expenses from operating activities

	2020	2019
	\$	\$
Expenses from operating activities have been determined after:		
<i>Depreciation and amortisation</i>		
Leasehold improvements	193,514	239,155
Office equipment	409,862	517,577
ROU assets	1,303,754	-
Total depreciation and amortisation	1,907,130	756,732
Short-term lease payments	883,986	-
Rental expense related to operating leases	-	1,692,585
Superannuation expense	2,310,793	2,016,521

notes to the consolidated financial Statements
(continued) for the year ended 30 June 2020

Note 4: Trade and other receivables

	2020	2019
	\$	\$
Current		
Trade and other receivables	1,729,654	272,793
GST receivable	25,320	-
Prepayments	746,246	776,472
Total trade and other receivables	2,501,220	1,049,265

Note 5: Leasehold improvements and office equipment

Note 5 (a): Leasehold improvements

	2020	2019
	\$	\$
Leasehold improvements at cost	1,596,572	1,448,364
Less accumulated depreciation	(1,508,387)	(1,303,366)
Total leasehold improvements	88,185	144,998

(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 2020 (2019: \$nil).

(b) 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.

(c) Fair value

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

Note 5 (b): Office equipment

	2020	2019
	\$	\$
Office equipment at cost	1,811,418	1,872,438
Less accumulated depreciation	(1,675,991)	(1,522,098)
Total office equipment	135,427	350,340
Net book amount	223,612	495,338

Note 5: Leasehold improvements and office equipment (continued)

Note 5 (c): Movements in carrying amounts

	Leasehold improvements	Office equipment	Total
	\$	\$	\$
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
Additions	136,701	204,934	341,635
Disposals	-	(9,985)	(9,985)
Depreciation	(193,514)	(409,862)	(603,376)
Carrying amount as at 30 June 2020	88,185	135,427	223,612

Note 6: ROU assets

Note 6 (a): ROU assets

	2020	2019
	\$	\$
ROU at cost	2,744,151	-
Less accumulated depreciation	(1,456,587)	-
Total ROU assets	1,287,564	-

Note 6 (b): Movements in carrying amounts

	ROU	Total
	\$	\$
Carrying amount as at 30 June 2019	-	-
Additions	2,744,151	2,744,151
Depreciation	(1,456,587)	(1,456,587)
Carrying amount as at 30 June 2020	1,287,564	1,287,564

notes to the consolidated financial Statements
(continued) for the year ended 30 June 2020

Note 7: Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	1,621	70,620
GST payable	-	682,831
Other payables	1,243,861	1,181,613
Total trade and other payables	1,245,482	1,935,064

Refer to Note 18 for further information on financial instruments.

Note 8: Provisions

	2020	2019
	\$	\$
Current		
Employee entitlements – annual leave	1,830,214	1,278,851
Employee entitlements – long service leave	900,148	512,734
Provision for underspent grants	3,513,430	9,499,154
	6,243,792	11,290,739
Non-current		
Employee entitlements – long service leave	545,748	555,898
Total provisions	6,788,540	11,846,637

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

	2020	2019
	\$	\$
Current leave obligations expected to be wholly settled within 12 months	2,730,362	1,791,585

notes to the consolidated financial Statements
(continued) for the year ended 30 June 2020

Note 9: Contract liabilities

	2020	2019
	\$	\$
Current		
Contract liabilities	11,879,911	6,499,891
Total contract liabilities	11,879,911	6,499,891

Contract liabilities consists of deferred income carried forward for future periods of \$5.2m as well as \$6.7m of repurposed cash previously part of the provision for underspent grants.

Note 10: Accumulated surplus

Movements in accumulated surplus were as follows:

	2020	2019
	\$	\$
Balance as at 1 July	16,253,134	15,296,905
Surplus / (deficit) after income tax expense for the year	307,199	956,229
Changes in accounting policy on adoption of AASB 16 Leases at 1 July 2019	(9,460)	-
Balance as at 30 June	16,550,873	16,253,134

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 2020 the number of members was 5 (2019: 5).

Note 12: Commitments

Operating Leases (related to 2019 financial year under AASB 117 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:

	2020	2019
	\$	\$
Within one year	-	1,735,395
Later than one year and not later than five years	-	1,429,891
	-	3,165,286

notes to the consolidated financial Statements
(continued) for the year ended 30 June 2020

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:

	2020	2019
	\$	\$
Cash Assets	33,799,453	34,958,256
Cash included within assets held for sale	-	1,359,552
Cash and cash equivalents	33,799,453	36,317,808

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

	2020	2019
	\$	\$
Surplus / (deficit) after income tax expense for the year	307,199	956,229
<i>Non-cash flows</i>		
Depreciation	1,907,130	1,157,445
Disposal of assets	9,985	385
<i>Changes in operating assets and liabilities</i>		
Decrease / (increase) in trade and other receivables	(357,130)	5,947,929
(Decrease) / increase in trade and other payables	(1,182,851)	235,225
(Decrease) / increase in provisions	(6,986,337)	(5,573,961)
Increase / (decrease) in contract liabilities	5,380,020	(3,147,110)
Net cash (used in) / from operating activities	(921,984)	(423,858)

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 three-year grant agreement expiring 30 June 2023 to operate the headspace National Office.

notes to the consolidated financial Statements

(continued) for the year ended 30 June 2020

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 (2019: Nil).

Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2020 of \$545,049 (2019: \$539,938) to various landlords for commercial leases.

Note 16: Related party disclosures**Note 16 (a): Key management personnel compensation**

The year on year increase in key management personnel compensation is a result of an increase in the number of positions and changes in roles within the Executive team for the Group.

	2020	2019
	\$	\$
Key management personnel benefits:		
Compensation to key management	2,496,580	1,949,548
	2,496,580	1,949,548

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 by Directors with headspace centres

Patrick McGorry AO is a Director of Orygen. During the financial year, \$100,800 has been paid by the Group to Orygen for project co-design and support.

During the financial year, \$4,000 (2019: \$657,910) 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 \$390,234 (2019: \$414,681). \$89,874 (2019: \$179,743) remained outstanding at year end.

Note 16 (e): Subsidiaries

Interests in subsidiaries are set out in Note 20.

notes to the consolidated financial Statements
(continued) for the year ended 30 June 2020

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.

	2020	2019
	\$	\$
Audit and non-audit Services		
Audit and review of financial report	67,170	73,090
Accounting advice	4,000	-
Cyber security training	-	4,000
Total audit and non-audit services	71,170	77,090

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	2020	2019
		\$	\$
Financial assets			
Cash assets		33,799,453	34,958,256
Trade and other receivables (excl prepayments)	4	1,729,653	272,793
Total financial assets		35,529,106	35,231,049
Financial liabilities			
Trade and other payables	7	1,245,482	1,935,063
Provision for underspent grants	8	3,513,430	9,499,154
Lease liabilities		1,346,043	-
Total financial liabilities		6,104,955	11,434,217

notes to the consolidated financial Statements

(continued) for the year ended 30 June 2020

Note 18: Financial risk management (continued)

(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.

(ii) 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.

2020	Carrying Amount	Interest Rate Risk	
		+25bps	-25bps
	\$	\$	\$
Financial assets			
Cash assets	33,799,453	51,356	(51,356)
Trade and other receivables (excl. prepayments)	1,729,653		
Financial liabilities			
Trade and other payables	1,245,482	-	-
Provision for underspent grants	3,513,430	-	-
Lease liabilities	1,346,043	-	-
Total increase / decrease		51,356	(51,356)

2019	Carrying Amount	Interest Rate Risk	
		+100bps	-100bps
	\$	\$	\$
Financial assets			
Cash assets	34,958,256	297,152	(297,152)
Trade and other receivables (excl. prepayments)	272,793		
Financial liabilities			
Trade and other payables	1,935,063	-	-
Provision for underspent grants	9,499,154	-	-
Lease liabilities	-	-	-
Total increase / decrease		297,152	(297,152)

Note 18: Financial risk management (continued)

(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.

(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.

2020	Less than 6 months	6 – 12 months	Total contractual cash flows	Carrying amount of liabilities
	\$	\$	\$	\$
Contractual maturities of financial liabilities				
Trade and other payables	1,245,482	-	1,245,482	1,245,482
Provision for underspent grants	3,513,430	-	3,513,430	3,513,430
Lease liabilities	712,012	634,031	1,346,043	1,346,043
<hr/>				
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
Lease liabilities	-	-	-	-

notes to the consolidated financial Statements

(continued) for the year ended 30 June 2020

Note 18: Financial risk management (continued)**(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.

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.

(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 2020, as well as latest discussions and agreements with the grant funders.

(ii) Leasehold improvements and office equipment 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) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(iv) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 19: Critical accounting estimates and assumptions (continued)

(v) 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.

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

(vi) Revenue recognition

When recognising services or grant revenue over time, judgement and estimates are exercised in ascertaining the percentage of completion of performance obligation at reporting date.

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 22:

Name of Entity	Country of Incorporation	Type of Entity	Holding	
			2020 (%)	2019 (%)
headspace Services Ltd	Australia	Company limited by guarantee	100	100

Note 21: Parent entity financial information

The parent entity financial position and performance consists of the current year operating result as disclosed in the Statement of Financial Position, less Discontinued Operations and Assets and Liabilities held for sale as disclosed in Note 22.

a) Contingencies of the parent entity

The parent entity had neither any contingent assets nor liabilities as at 30 June 2020 or 30 June 2019.

notes to the consolidated financial Statements
(continued) for the year ended 30 June 2020

Note 22: Discontinued operations and assets held for sale

At 30 June 2020 headspace Services Ltd has been de-registered as an entity of the Group. The Financial Performance Information is the following for headspace Services Ltd.

Financial performance information

	2020	2019
	\$	\$
Revenue	2,226	8,052,956
Expenses		
Employment expenses	14,851	6,205,282
Occupancy expenses	-	505,247
Depreciation expenses	-	400,716
Travel expenses	10,385	262,107
Comms & marketing expenses	486	20,517
Other expenses	8,370	856,025
	34,092	8,249,894
Surplus / (deficit) for the year	(31,866)	(196,938)
Income tax expense	-	-
Surplus from discontinued operations	(31,866)	(196,938)

Cash flows from discontinued operations

	2020	2019
	\$	\$
Operating activities	(31,866)	1,040,740
Investing activities	-	(83,840)
Financing activities	-	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(31,866)	956,900

Note 22: Discontinued operations and assets held for sale (continued)

Carrying amounts of assets and liabilities disposed

	2020	2019
	\$	\$
Assets		
Cash assets	-	1,359,552
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

The COVID-19 pandemic has created unprecedented economic uncertainty and has had a profound impact on the mental health and wellbeing for many young Australians. headspace will continue to deliver its services to young Australians over the next twelve months and remains vigilant in the undertaking of programs and services to ensure they adapt to the needs of young people. The Group has recently been awarded additional funding of \$5 million specifically to provide additional services for headspace centres and greater online support.

No other matter or circumstance has arisen since 30 June 2020 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

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 2020 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 14th day of October 2020



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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 2020, 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 2020 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.

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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 2020, 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.

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.

A stylized, handwritten signature of 'Rsm' in a cursive script.

RSM AUSTRALIA PARTNERS

A handwritten signature of 'K J Dundon' in a cursive script.

K J DUNDON
Partner

Dated: 15 October 2020
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 emerging 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