



helping young people face life's challenges

headspace annual report
2020-2021

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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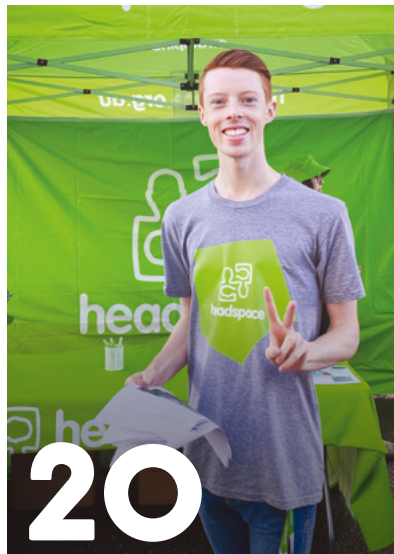
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a message from the CEO



Jason Trethowan
Chief Executive Officer
headspace

It was a year like no other. But despite the challenges presented by 2020-21, headspace supported more than 100,000 young people to manage their mental health and live happy, healthy lives.

That means we've now supported more than 700,000 young people in the 15 years since our establishment.

Thank you to everyone who has played a part in providing this critical care.

Never has headspace been more important than it is today.

Living in a pandemic

headspace services were more in demand this year than ever before, as COVID-19 and lockdowns continued impacting the way young people work, study and socialise. We know from headspace research the pandemic has impacted young people's confidence to achieve their future goals. Further, we saw demand for eheadspace, our national online and phone service, spike in Victoria and New South Wales when those states moved to periods of extended lockdown. The relaxing of restrictions also led to more young people than before seeking face-to-face support at our centres and satellites, with the needs of those young people becoming increasingly complex.

The ongoing role for headspace is clear: to increase the size and capacity of our workforce to respond to the increase in demand and complexity of needs brought about in-part by the COVID-19 pandemic. It is a challenge I am confident we will rise to meet.



My passion lies in helping support young people one-on-one, building that relationship and helping them find and discover their strengths and passions in life.

– headspace National staff member

It is okay to seek support when things get overwhelming.

– female, 24



Key achievements

In June, we released the headspace Strategy 2021-24, an ambitious plan to ensure all young people are supported to be mentally healthy and engaged in their communities. We want to be a service that provides to young people the right support, when and how it suits them. The Strategy also acknowledges our responsibility to collaborate with other voices of authority in the sector to shape the mental health system of tomorrow.

This year saw the second iteration of the headspace Model Integrity Framework (hMIF) take effect. Developed with input from key stakeholders – including headspace service managers and the headspace Youth National Reference Group (hY NRG) – hMIF gives centres confidence about how they can operate in accordance with the headspace model and continue meeting our assessment quality improvement processes.

Federal Budget

We were delighted to receive a funding commitment of \$278.6 million from the Federal Government in the May Budget, which will enhance and expand the headspace network in the years to come.

Part of that funding will establish the headspace National Early Career Graduate Program. This new workforce initiative will place and train early career psychologists, social workers and occupational therapists in headspace centres. The program will also support our centres to welcome Masters and Doctoral students from those disciplines. Not only will graduates benefit from working alongside our experienced staff, but they will also provide increased access to support for young people.

\$278.6m

commitment in 2021 Federal Budget to expand and enhance the headspace centre network over next four years.





It takes a village to power headspace. Every day is a team effort, and our successes are sweeter because of that collaboration.

We are also entering our third year of rolling out the Federal Government's seven-year Demand Management and Enhancement Program. Wait times remain a challenge across the network, which is why headspace National is committed to exploring new, evidence-based ways of working. Our approach to managing demand is informed by feedback from our centres, and by sophisticated data collection about the needs of young people presenting to headspace.

It was pleasing to see the Federal and State Governments in COVID-19 affected states and territories acknowledge the pressures on our centres and online services this year, with several targeted funding commitments announced in response to lockdowns.

headspace supporting communities across Australia

Another 20 headspace sites were established in 2020-21, bringing our total number of centres, satellites and outreach services to 135. A further 12 locations are slated for opening before the end of the 2021 calendar year. I'm grateful a temporary reprieve from travel restrictions made it possible for me to attend the official launch of both headspace Marion in SA and headspace Batemans Bay in NSW. Meeting with young people at these events is always an energising experience because it reminds me of the profound impact our services have on their wellbeing, and the tremendous resilience of young people. Nowhere was this more notable than at Batemans Bay, a community recovering from the devastating Black Summer bushfires in 2019-20. headspace does not take lightly its role to help young people in fire-affected parts of Australia to rebuild their lives and prepare for future seasons.

Establishing a new headspace centre requires the collaboration of several different organisations, not least of which are the Primary Health Networks (PHNs) that commission our sites and the lead agencies who run them. We owe those organisations our thanks for bringing headspace services to their communities. We must also express our sincerest gratitude to headspace staff around Australia, who handled the challenges of the past year with their characteristic grace and determination. I was impressed at the agility with which lockdown-affected sites were able to quickly move their in-person services online or over the phone. Their efforts meant young people did not miss out on support.

Government Reform Progress

Throughout the year headspace made representations about the work of our network to the Productivity Commission review of the mental health system, and to the Royal Commission into Victoria's Mental Health System. A highlight for me was the organised and thorough approach young people took in advocating for headspace. Thank you to Board Youth Advisors Amelia Walters and Jarrad Hickmott for leading the way, and to our incredible Board Chair, Lisa Paul AO PSM, whose extensive experience as a Secretary in the Commonwealth Government provided great insight into how institutions like the Productivity Commission operate. My thanks also to everyone in the headspace network who contributed submissions to the Commissioners and who represented headspace during the process.

Building mental health literacy and reducing stigma in the community

In recognition of the mental health impacts of COVID-19, the focus for headspace Day in 2020 was on taking small steps every day to manage mental health in tough times. The day was celebrated with a mix of in-person and online events emphasising our seven tips for a healthy headspace. Its success was testament to the creativity of our staff, young people and their communities.

Participation at our core

The participation of young people is a key driver of the headspace model and ensures our work is responsive to their needs and preferences. In 2021, we bade farewell to our outgoing hY NRG cohort, whose insights have shaped the way headspace has worked over the past two years. headspace is indebted to them for their service. The outgoing team have passed their batons to another group of 21 young people from around Australia who are already putting into practice their broad range of collective knowledge about headspace, mental health and advocacy.

headspace understands that young people do not manage mental health in isolation. With that in mind, we continue working with an outstanding Family and Friends Reference Group, all of whom are passionate about making our mental health services family-inclusive. The group has grown in size with the addition of some valued new members and we look forward to their important feedback over the next year.

Thank you

Partnerships are an essential part of headspace. I want to thank all our partners that help us to increase mental health literacy, encourage help-seeking and reduce the stigma around mental health. This was the final year of headspace's partnership with Kmart, and we want to thank them for their significant contribution to the mental health of young Australians.

I count myself lucky to work with a wonderful Board of Directors, and an Executive team of enviable talents, who steer our organisation and its workforce with confidence and wisdom. Thank you to Board Chair Lisa Paul, whose term will conclude in November. You and the entire headspace Board are unwavering in your commitment to our organisation. Your contributions to the wellbeing of young Australians are powerful and long-lasting.

It takes a village to power headspace. Behind the scenes there is a vast and tightly knit network of government support, PHNs, lead agencies, consortia, schools, partners, young people and – of course! – the headspace Board and headspace National team. Every day is a team effort, and our successes are sweeter because of that collaboration. To my executive team, thank you. The quality of output and commitment to youth mental health is inspiring. I know many of our colleagues have been challenged in 2021 by the environment in which we are operating, however, I'm constantly impressed with the passion and professionalism on display at headspace. Thank you all for your work – you are making a difference to the lives of so many young Australians.

Jason Trethowan
Chief Executive Officer
headspace



a message from the board chair



Lisa Paul AO PSM
Board Chair, headspace

The headspace Board is proud to have overseen another year of exciting growth for the organisation. During 2020-21, we not only expanded the reach of our network, but we added to the suite of support services that headspace provides. Continued demand for our services is testament to the fact young people trust and value headspace as a source of support in tough times.

This is an outstanding achievement given the challenges faced in 2020-21 by the mental health sector and the wider Australian community. COVID-19 has made the work of headspace both more important and more complex – and our organisation has met that challenge admirably, in no small part due to the outstanding work of headspace staff, volunteers and the leadership team.

Continued government support

In the May Budget headspace received a commitment of \$278.6 million in Federal Government funding to open 10 new sites, upgrade several satellites to full centres, and, with State and Territory government support, expand headspace centres' workforces.

We were delighted to welcome both the Prime Minister Scott Morrison and Federal Treasurer Josh Frydenberg to our centres after the announcement, so they could see first-hand the ways their commitment benefits the young people who come to headspace.



Life throws us challenges but none are too big that we can't embrace who we are and leap over hurdles.

– Australian Youth Advocate for Mental Health

It's really important for families and young people to remember they are not alone.

– headspace Centre Manager



We are also grateful for the Federal Government's commitment to headspace's Individual Placement and Support program, which will be offered at another 25 centres. That means more young people getting access to employment or education opportunities.

We also appreciate the support we received this year from State Governments. In June, The Hon Bronnie Taylor, NSW Minister for Minister for Mental Health, Regional Youth and Women announced \$1.2 million for headspace to run information sessions for parents and carers and to set up 12 Community Wellbeing Collaboratives in communities at high risk of suicide. The work we do in these communities connects vulnerable people to services and supports communities.

Mental health reform in Australia

November 2020 saw the release of the Productivity Commission's Final Report into Mental Health, which included several recommendations for the support of young people. Importantly, the report acknowledged the need for a person-centric mental health system that focussed on early intervention and prevention, and that support for families and young children will play an important role in improving mental health of young people. We look forward to continuing our work with Government on responses to the proposed reforms.

Campaigning with the sector

headspace prides itself on having close working relationships with the broader mental health sector and that work continued in 2020-21. We were glad to stand alongside other mental health organisations for a National Mental Health Commission's campaign which aimed to assist Australians experiencing mental ill-health during the COVID-19 pandemic.

Our Australian Youth Advocates for Mental Health also delivered their pioneering awareness campaign, Visible. Artists and young people collaborated on expressions that made visible the often unseen experience of living with mental ill-health. The campaign was supported by our friends Batyr, Beyond Blue, Black Dog Institute, Butterfly Foundation, Consumers Health Forum of Australia, Mind, Orygen, ReachOut and SANE Australia.



Continued demand for our services is testament to the fact young people trust and value headspace as a source of support in tough times.

Participation at Board level

A significant milestone will be reached in November when we farewell Jarrad Hickmott and Amelia Walters, two single-term Board Youth Advisors appointed for their youth perspective and their experience with headspace. Youth participation is at the heart of the headspace model and it was imperative that the voices of young people feature at the Board level as well. Amelia and Jarrad have inextricably shaped our decision-making during their tenure and we cannot thank them enough for their contribution.

The Push-Up Challenge

We are grateful to every company, community and individual who supports headspace to achieve its goal of empowering young people to manage their mental health. The Push-Up Challenge was a stellar example in 2021 of the support that exists for headspace in the community. We thank the Push-Up Challenge for again welcoming us as a beneficiary partner. Thanks also to the thousands of Australians who chose to support headspace: their fundraising efforts will make it possible for our services to reach more young people.

Thank you for your support

I want to acknowledge Board members: Professor Patrick McGorry AO, Ms Anne Murphy Cruise, Dr Annette Curruthers AM, Ms Katina Law, Dr John Harvey, Ms Robbie Sefton and Jarrad Hickmott and Amelia Walters. Your experience and your passion have made serving as Chair a pleasure.

Thank you to CEO Jason Trethowan whose visionary leadership has ensured headspace continues to expand its reach and its services and make a positive difference to the lives of young people. Thank you also to headspace Executive team and to the entire staff of headspace National, who work tirelessly year-round to safeguard the health and wellbeing of young people. I am constantly buoyed by your hard work, creativity and commitment.

I want to express my thanks to the Hon Greg Hunt MP, Minister for Health and Aged Care, and to the Hon David Coleman MP, Assistant Minister to the Prime Minister for Mental Health and Suicide Prevention and their Offices for their dedication to the health and wellbeing of young Australians during this challenging time. headspace values your ongoing support.

My tenure as Board Chair will conclude in 2021. I want to thank the headspace community for giving me the opportunity to serve in such a rewarding role. While I'm sad to say goodbye, I am incredibly proud of what our organisation has achieved. I know headspace will continue to be a pillar of hope for the hundreds of thousands of young Australians we support. Never has it been so important for young people to know we have their backs.

Lisa Paul AO PSM

Board Chair, headspace



headspace in the community

In FY 2020-2021 headspace centres provided

441,914

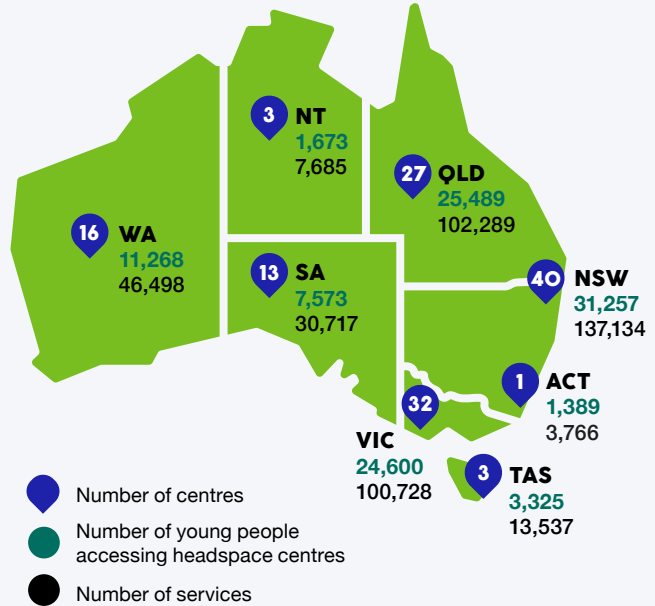
occasions of service

135

sites operating across Australia

88%

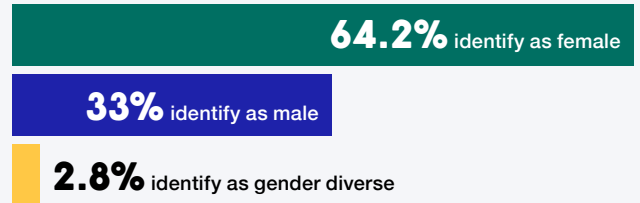
of young people report being satisfied with headspace



Priority groups



Gender

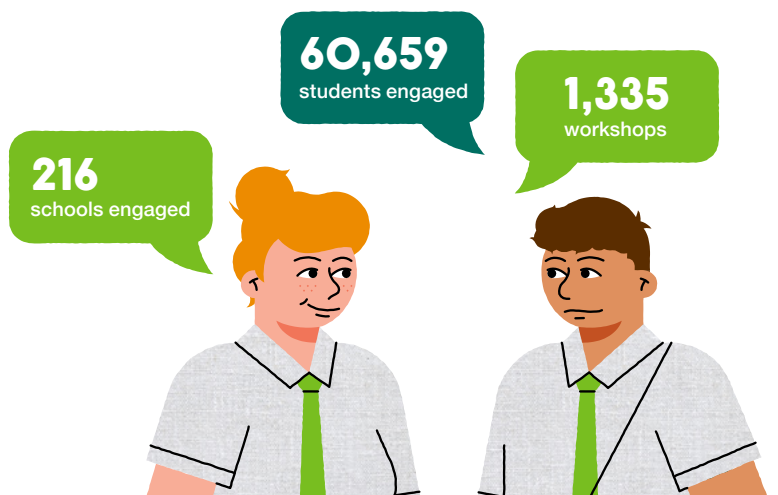


Be You

5,350

educators supported by headspace as delivery partners for the Be You initiative during FY 2020-2021

headspace schools



headspace digital services

website

3.9 million

visits to the headspace website

82% of young people were satisfied with the service

eheadspace

In FY 2020-2021, eheadspace, our online and phone counselling service provided 62,698, services to

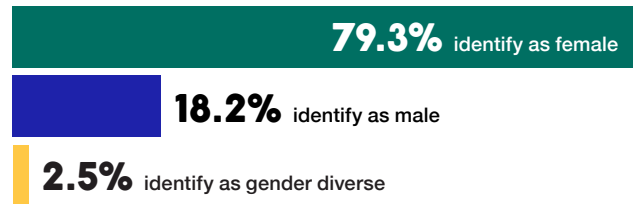
25,302

young people

Priority groups



Gender



headspace work and study

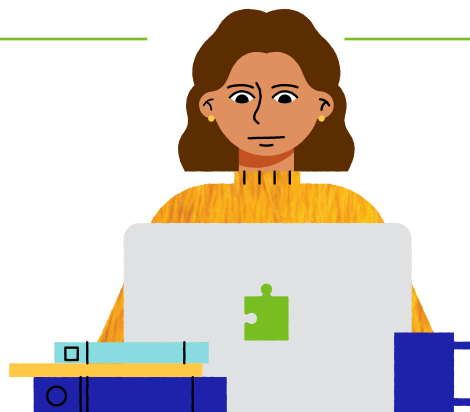
1,425
young people

95.4% of young people who used the service report being satisfied

headspace career mentoring

126
young people worked with a career mentor

653
career mentoring sessions



online community events

42

online community events were led by mental health professionals

175

chat sessions were led by peer moderators

7,843

unique logins to eheadspace

29,759

guest log ins to Online Community Chats (not unique)

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, their families and their friends. Since establishment in 2006, headspace has supported more than 700,000 young Australians, providing 4.4 million services to strengthen their wellbeing, manage mental health, get through challenging times and get back on track.

In 2020-21 alone, headspace centres supported young people on 441,914 occasions.

The headspace model understands that adolescence and early adulthood are critical times 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.



441,914

headspace provided 441,914 occasions of service via our headspace centres

headspace centre network

As at 30 June 2021, a national network of 135 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 national 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.

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. Programs on offer include Career Mentoring, Individual Placement and Support (IPS) and Digital Work and Study.

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 Mental Health Education Programs, which support school staff and principals in 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.





andy's story

The headspace Career Mentoring service connects young people with an industry professional to help the young people find, maintain and enjoy employment in their preferred area of work.

Aspiring psychologist and recent university graduate Andy was about to start looking for his first full-time professional role.

But first he wanted to know more about what it takes to start a new career.

“A lot of my life was dedicated to working hard so that I could one day land a job – but I never really stopped to reflect on what having a job would be like,” Andy said.

He registered for the headspace Career Mentoring program and was paired with Pim, an experienced mental health professional.

Together they explored what life was like as a psychologist, the different pathways someone can take to psychology practice and the many sectors in which psychologists could work.

“I really appreciated these in-depth clarifications about the field of psychology,” Andy said, crediting the mentoring program with helping him fill gaps in his knowledge after university.

“I have a huge amount of respect for my mentor and she is definitely someone that I would love to emulate one day.”



harry's story

Harry is a member of the Youth Advisory Committee (YAC) at headspace Elsternwick.

He connected with headspace during Victoria's second period of COVID-related lockdown in 2020.

Lockdown had a profound impact on Harry's mental health. The normally outgoing young man who was used to spending lots of time with friends and family found the sudden isolation difficult to manage. The final-year psychology student even lost motivation to complete his university degree.

Harry says headspace was a vital support for him at this challenging time.

“headspace provided a team that I could talk to and process the experience with. They were genuine people that considerably helped me and gave me a strong connection to the organisation,” he said.

Harry says being a part of his local YAC has been a welcome distraction from lockdowns in 2021. He credits the YAC experience with giving him the skills to reach out to friends who are also having a tough time.

Harry's experience also prompted him to create a men's mental health podcast called Ungroomed, which he says has been an important way to help destigmatise mental health amongst his peers.



jordan's story

Jordan was excited to lend her lived experience of mental health to the role of Australian Youth Advocate for Mental Health, saying she wanted to shine a light on an issue that too often goes unseen.

“Because I know how alienating and alone it can feel to have mental ill-health, I want to help break down stigma and advocate for young people to get the help and support they need,” she said.

For her Visible expression, Jordan chose to spotlight lesser-known experiences of mental ill-health, including body-focused repetitive behaviour like skin-picking.

She was paired with artist Isobel Knowles to collaborate on a series of animations that depict Jordan's daily experiences of anxiety and the healthy coping mechanisms she's learned to deploy in response.

Jordan said working on the initiative helped her realise just how resilient she's become. She's full of praise for the work of headspace too.

“I love the people and the culture of headspace. I never feel judged, I feel safe. I see amazing youth with such incredible stories, and a hunger to change the world. It fills me with such happiness, and I feel proud to be a part of it.”



kim's story

Kim Edgar is a powerful advocate for mental health awareness and suicide prevention, not only on the Bellarine Peninsula where she lives but across the whole of Australia.

Kim's son, Daniel, died by suicide in 2018. Kim tells her story to help other parents learn the signs of mental ill-health and to promote ways that families can support their young person.

Kim uses her position on the headspace Family and Friends Reference Group to advocate for holistic and family-inclusive approaches to mental health. She says it's important for practitioners to acknowledge young people are part of a family unit that also requires knowledge and support to navigate the mental health system.

“Suicide prevention is everyone's business,” Kim said.

Kim joined the reference group almost two years ago and reports that headspace is listening to and acting on the advice of members.

“I have really enjoyed the experience so far,” she said. “The breadth of opportunities for family participation show that we're really valued – and that's amazing.”



candice's story

University of Wollongong student Candice was applying for as many as 25 jobs a week before registering for the headspace Work and Study program. She reached out to headspace for support after a string of unsuccessful applications left her feeling dejected.

Over the course of several online consultations with her Work and Study specialist, Candice learned better resume and cover letter writing techniques. headspace also provided Candice feedback on job applications prior to submission, to give her the best possible chance of success.

“Job-hunting sometimes feels like a mystery that we’re just supposed to know from a young age how to solve. headspace helped demystify the process for me,” she said.

It wasn’t long before she saw the benefits, securing a part-time position at a local supermarket just a couple of months after her first headspace consultation.

“It didn’t real sink in until I got my first pay, and that’s when I felt this sudden sense of stability,” Candice said.

She now reports having the confidence to navigate the job market in the future.



emily's story

Emily describes mental health advocacy as her greatest passion and so was excited to work on the Visible campaign with its goal of increasing community awareness about the mental health experiences of young people.

An Australian Youth Advocate for Mental Health (AYAMH), Emily worked with artist Vivi to produce a 24-frame animation featuring her favourite video game characters.

“Video games were one of the only places where I didn’t have to worry about discrimination or prejudice. When you meet me in a video game, I can just be present, unfiltered, and unapologetically myself,” Emily says.

Being a part of the AYAMH initiative has connected Emily with other young people who “see the world in a different way”.

“This team is incredibly diverse in identities, lived experience and areas of passion. We’ve had such a broad range of ideas and it’s been amazing to spend meaningful time understanding each idea and each other,” she says.

AYAMH is the latest in a long line of headspace initiatives to which Emily has contributed. She’s been a member of her local Youth Advisory Committee, a peer support moderator for eheadspace and a Recovery Educator for the headspace Discovery College.

She credits the youth-friendly and approachable environment at headspace with helping her manage her mental health.



maddison's story

Darwin resident Maddison, 20, was matched with a headspace vocational specialist to help her find new work after being made redundant from another role.

"I was very anxious, because I wasn't confident about getting a job. I'd already been looking for so long, that I was starting to give up," she said.

headspace's Individual Placement and Support program helped Maddison identify the skills she needed to impress potential employers: how to develop a resume, what to include in a cover letter and what to expect in a job interview.

Soon Maddison began securing interviews and quickly won a role with an international hospitality franchise.

She remembered feeling "very, very happy" when she got the good news.

"It has given me a routine, which is something I need to keep my head clear. It's made me feel like I have a purpose," Maddison said.



nikia's story

Since seeking support from headspace as a teenager, Nikia has gone on to get involved with the organisation in several ways at local, state and national levels.

Nikia is a valued member of the Youth Reference Group at headspace Edinburgh North in South Australia.

She's also a headspace youth ambassador for her state, and supports young people in her work as an eheadspace moderator.

Most recently, Nikia has played an important role in the development of social and emotional wellbeing resources as part of headspace's Wominjeka youth reference group.

The proud Ngarrindjeri woman hopes sharing her lived experience of mental ill-health helps to break down stigma in the wider community, especially among Aboriginal and Torres Strait Islander peoples.

"I know this will start some important conversations in my community and will hopefully encourage more young people like me to take the first steps towards better social and emotional wellbeing," Nikia said.





87%
of young people would recommend headspace to a young person who needed mental health support



13
new headspace locations in communities across Australia



33
headspace is the most recalled youth mental health organisation



707,425

young people have received services since inception

135

headspace sites operating across Australia



88%

of young people say headspace is a vital community service

governance statement

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

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

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

The headspace 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 Office” and variations thereto.

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

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

Role of the Board

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

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

Role of the Chair

The Chair:

- Provides leadership to the Board.
- Sets the agenda for Board meetings in consultation with the CEO.
- Chairs Board meetings.
- Is the major point of contact between the Board and the CEO.
- Is the primary representative of the Board in dealings between government and headspace.
- Oversees the CEO performance review together with the Board.
- Oversees and guides the participation of Board Youth Advisors.

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 Board Youth Advisors

For a term of three years, up to two young people who have served as members of the headspace Youth National Reference Group, or equivalent, will be invited to attend and participate in meetings of the Board. 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 headspace 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 impact.
- Making the appointment of key management personnel in consultation with the Board, appointment and removal of other employees, determining terms of appointment, evaluation of performance, and developing and maintaining succession plans for employees.
- Providing leadership for the development of professional excellence and high standards of conduct for headspace employees.
- 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 headspace's performance.
- Managing day to day operations of headspace 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 headspace, 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, as appropriate.
- 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 headspace 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 the headspace Board.

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 constitution.

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)

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 conflict of interest requirements in any funding agreement with the Commonwealth of Australia and State and Territory funding agreements.

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.

financial report

for the year ended 30 June 2021

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



directors' report

for the year ended 30 June 2021

The directors of headspace National Youth Mental Health Foundation Ltd ("the Company") present their report on the Company for the year ended 30 June 2021.

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 AM
- John Harvey
- Katina Law
- Patrick McGorry AO
- Anne Murphy Cruise
- Lisa Paul AO PSM
- Robbie Sefton

Company Secretary

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

- Kerry Costanzo

Principal Activities, Objectives and Measures of Performance

During the financial year ended 30 June 2021, the principal activities of the company consisted of delivering mental health and vocational services to young people in headspace centres, online and to schools, and health promotion, mental health awareness and suicide prevention activities to support young people, parents, carers and the community. 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, providing advice to government, undertaking stigma reduction awareness campaigns and improving health and mental health outcomes for young people in Australia.

Operating Results

The operations of the Company for the financial year resulted in a surplus of \$2,013,729 (2020: surplus of \$307,199). The surplus was mainly due to the timing around the recognition of income versus expenses for the non-government funded activities of the Company.

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

The Company is funded directly to operate programs such as the Youth Online and Telephone Counselling Program (ehespace) and other digital mental health services, headspace Work and Study service delivery and headspace School support programs. headspace is a service delivery partner for Beyond Blue's Be You initiative. In the financial year the Company administered and dispersed funding on behalf of governments to support COVID-19 related activities in headspace Centres.

The safety and wellbeing of our national workforce remains our highest priority. As a result of the COVID-19 pandemic, the company's workforce has been required to operate under a hybrid model of working from home and the office for the whole of the financial year. During lockdown periods, the entire workforce has successfully worked from home.

Significant Changes in the State of Affairs

During the financial year the Company has secured contract extensions, amendments and commitments for the following contracts:

- eheadspace contract has a commitment to be extended to 30 June 2025.
- National Office contract has secured a funding increase of \$5m per annum for four years from 2021-2022, bringing its funding in line with that to the growing headspace network that it services.
- Demand Management and Enhancement Program and headspace Early Psychosis Program Data contracts both extended to 30 June 2022.

In addition, funding agreements were secured for the following new activities:

- NSW Parent Sessions contract of \$1.1m to support activities through to 30 June 2022.
- NSW Collaborative contract of \$4.8m to support activities through to 30 June 2022.
- NSW Regional and Rural Support contract of \$3.5m to support activities through to 30 June 2023.
- IPS contract of \$1.3m to support activities through to 30 June 2023.
- Early Career Program contract of \$22.6m to support activities through to 30 June 2023.

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

Matters Subsequent to the end of the Financial Year

As a result of the impacts the COVID-19 pandemic has had on New South Wales across June and July 2021, headspace was awarded additional funding of \$3.5m to provide additional services for headspace centres as well as greater online support to the New South Wales region. The Company will administer funds on behalf of NSW Health to headspace centres in Greater Sydney to support services impacted by COVID-19 related lockdowns and other direct services.

The Beyond Blue contract has been executed for a further two years from 1 July 2021 to 30 June 2023 totalling \$19.1m.

The Company will establish a national Early Career Program in financial year 2022 to support the attraction and retention of allied health professionals to the headspace network, pending final approval from government.

The Company has entered into a new lease term for its National Office for a further four years commencing 1 July 2021.

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of Operations

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

Environmental Regulation

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

(continued) for the year ended 30 June 2021

Information on Directors

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

Name and special responsibilities	Qualifications and Experience
<p>Lisa Paul AO PSM</p> <p>Board Chair</p> <p>Member of the Quality and Clinical Governance Committee</p>	<p>headspace Board member since 8 October 2018.</p> <p>Coordinator of BizRebuild, the Business Council of Australia's bush fire recovery initiative (January-December 2020).</p> <p>Lisa was a Secretary of Federal Government departments between 2004 and 2016. She was appointed, or reappointed, by Prime Ministers Howard, Rudd, Gillard, Abbott, and Turnbull.</p> <p>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, chairs the Australian Academy of Science's Audit Committee and sits on Boards for the Future Battery Industries Cooperative Research Centre and the American Australian Leadership Dialogue. She advises companies, mentors and coaches and has a consulting practice.</p> <p>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.</p> <p>In 2011, Lisa was made an Officer of the Order of Australia (AO). In 2003, Lisa was awarded a Public Service Medal (PSM) 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.</p>

Name and special responsibilities	Qualifications and Experience
<p>Patrick McGorry AO Member of the Quality and Clinical Governance Committee</p>	<p>headspace Board member since 5 June 2009.</p> <p>AO, MD, BS, PhD, FRCP, FRANZCP, FAA, FASSA FAHMS Australian of the Year 2010.</p> <p>Patrick is the Executive Director of Orygen, Professor of Youth Mental Health at The University of Melbourne, and a Founding Director of the headspace 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.</p> <p>In 2013 he received the Annual Research Award from the National Alliance for the Mentally Ill in Washington DC.</p> <p>In 2015 he was awarded the Lieber Prize for Schizophrenia Research by the US-based Brain and Behaviour Foundation.</p> <p>In 2016 he became the first psychiatrist to be elected as a Fellow of the Australian Academy of Science.</p> <p>In 2018 he received the Schizophrenia International Research Society Lifetime Achievement Award.</p> <p>In 2019 he received the Humanitarian Award of the Society of Biological Psychiatry and the NHMRC Research Excellence Award.</p> <p>From 2019 to 2021 he was Chair of the Expert Advisory Committee, Royal Commission into Victoria's Mental Health.</p> <p>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.</p> <p>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.</p> <p>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).</p>

(continued) for the year ended 30 June 2021

Name and special responsibilities	Qualifications and Experience
<p>Annette Carruthers AM Chair of the Quality and Clinical Governance Committee</p>	<p>headspace Board member since 30 August 2016.</p> <p>MBBS (Honours), FRACGP, FAICD, GradDipAppFin.</p> <p>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, and Director of Catercare Pty Ltd. She is a panel member with the Australian Financial Complaints Authority.</p> <p>Annette has qualifications in finance, superannuation and corporate governance and has a special interest in risk management.</p> <p>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.</p> <p>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.</p> <p>In 2021, Annette was awarded an AM in the Queen's Birthday honours in recognition of her efforts to improve the quality of healthcare, including the establishment of the GP Access After Hours service in the Hunter region.</p>
<p>Anne Murphy Cruise Member of the Finance and Audit Committee</p>	<p>headspace Board member since 30 August 2016.</p> <p>LLB (Honours), MA (Honours), Dip. Ed (Honours), BA (Honours), admitted as a Barrister and Solicitor of the Supreme Court of Victoria.</p> <p>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.</p> <p>Anne is Deputy Chair of the Business Law Section of the Law Council of Australia and is Co-Chair of the ECM Legal Committee of the Australian Financial Markets Association.</p> <p>Anne is also on the Melbourne Advisory Committee of Enterprise Ireland, the Irish government's innovation and trade agency, which fosters promotion of Irish enterprises in Australia.</p> <p>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.</p> <p>Before commencing her career in the law, Anne was a foreign language teacher at a number of Victorian senior schools, teaching French and German.</p>

Name and special responsibilities	Qualifications and Experience
<p>Katina Law Chair of the Finance and Audit Committee</p>	<p>headspace Board member since 30 August 2016.</p> <p>B Com, FCPA, MBA, GAICD.</p> <p>Raised in the Kimberley region of Western Australia, Katina is a finance and general management executive and has worked extensively in roles across the mining sector in Australia, Asia, Africa, the United Kingdom and the United States.</p> <p>Katina has wide-ranging Board experience working extensively with both large and small companies. Katina currently serves as a Non Executive Director on the Boards of ASX listed Yandal Resources Ltd and DGO Gold Ltd.</p> <p>Katina is also an entrepreneur who has co-founded several award winning Indigenous businesses including IPS Management Consultants and Dutjahn Sandalwood Oils. She is an active advocate with government and corporates on behalf of Indigenous businesses.</p> <p>Katina also mentors Indigenous business people to increase participation in the mainstream economy and is passionate about improving the lives of Indigenous people.</p>
<p>John Harvey Member of the Finance and Audit Committee Member of the Quality and Clinical Governance Committee</p>	<p>headspace Board member since 7 May 2018 when he was appointed to a casual vacancy. John was formally appointed as a headspace Director at the Annual General Meeting on 28 November 2018.</p> <p>MBA, PhD, BSc (Hons) Genetics, BSc, FAICD.</p> <p>John has had an extensive career as a Board Director and brings a broad range of generalist skills and experiences to the headspace boardroom.</p> <p>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.</p> <p>John is currently Chair of Adelaide based Can:Do Group which provides services to the vision or hearing impaired. He also Chairs the Studio Nine Group of Architects and Rural Business Support which manages the Australian Government's rural financial counselling program in South Australia and the Northern Territory. He is a 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.</p>

(continued) for the year ended 30 June 2021

Name and special responsibilities	Qualifications and Experience
<p>Robbie Sefton</p> <p>Member of the Finance and Audit Committee</p>	<p>headspace Board member since 26 November 2019</p> <p>Robbie has lived, worked and travelled throughout regional, rural and remote Australia as a leader and advocate, respected both within and outside these communities.</p> <p>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.</p> <p>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.</p> <p>Other current leadership roles held by Robbie include:</p> <ul style="list-style-type: none"> ● Board Member, Great Barrier Reef Marine Park Authority ● Independent, Non-executive Director, Smarter Regions CRC ● Independent Non-executive Director, CRC for High Performing Soils. <p>Recent leadership roles include:</p> <ul style="list-style-type: none"> ● Deputy Chair, National Australia Day Council ● Chair, Independent panel for the assessment of social and economic conditions in the Murray- Darling Basin.

There were no loans made to directors by the Company.

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 2021, and the number of meetings attended by each Director were:

Director	Board meetings		Finance and Audit Committee meetings		Quality and Clinical Governance Committee meetings	
	A	B	A	B	A	B
Lisa Paul AO PSM	9	9			3	4
Patrick McGorry AO	9	9			3	4
Annette Carruthers AM	9	9			4	4
Anne Murphy Cruise	9	9	5	5	3	4
Katina Law	9	9	5	5		
John Harvey	9	9	5	5	4	4
Robbie Sefton	8	9	4	5		

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

A – Number of meetings attended

B – Number of meetings held during the time the Director held office during the year.

Non-Audit Services

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

There were non-audit services including accounting advice relating to the applicability of new accounting standards to the Company. 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 16 to the financial report.

(continued) for the year ended 30 June 2021

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 26th day of October 2021



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 2021, 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

RSM AUSTRALIA PARTNERS

K J Dundon

K J DUNDON
Partner

Dated: 26 October 2021
Melbourne, Victoria

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AUDIT | TAX | CONSULTING

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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 cover headspace National Youth Mental Health Foundation Ltd as an individual entity. The financial statements are presented in the Australian currency, which is the Company's functional and presentational currency.

The Company is a not-for-profit unlisted public entity limited by guarantee, incorporated and domiciled in Australia. A description of the nature of the Company'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 26 October 2021. The directors have the power to amend and reissue the financial statements.

statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Note	2021	2020
		\$	\$
Continuing operations			
Revenue from continuing operations			
Revenue from services and Government grants		49,942,615	42,003,094
Interest		104,753	390,232
Fundraising		5,632,409	3,918,039
Other revenues from operating activities		2,740,192	886,502
Revenue from operating activities	2	58,419,969	47,197,867
Operating expenses			
Employment		35,476,229	29,484,622
Occupancy		621,058	883,986
Grant payments		4,215,879	428,599
Consultancy		3,140,855	2,795,108
Sub-contracts with member organisations		179,742	179,741
Governance		275,835	260,614
Travel		541,458	1,643,138
Information and technology		4,944,436	4,311,083
Communications and marketing		2,704,162	2,210,232
Depreciation and amortisation	3	1,968,474	1,907,130
Finance costs		58,168	95,660
(Gain) / loss on disposal of assets		-	9,985
Other operating and administration expenses		2,279,944	2,648,904
Expenses from operating activities	3	56,406,240	46,858,802
Surplus / (deficit) before income tax		2,013,729	339,065
Income tax expense	1e	-	-
Surplus / (deficit) after income tax expense from continuing operations		2,013,729	339,065
Discontinued operations			
Surplus / (deficit) for the year from discontinued operations	19	-	(31,866)
Surplus / (deficit) for the year		2,013,729	307,199
Surplus / (deficit) for the year attributable to owners of the parent		2,013,729	307,199
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		2,013,729	307,199

The accompanying notes form part of these financial statements.

financial position

for the year ended 30 June 2021

	Note	2021	2020
		\$	\$
ASSETS			
Current assets			
Cash assets		38,856,015	33,799,453
Trade and other receivables	4	3,258,472	2,501,220
Total current assets		42,114,487	36,300,673
Non-current assets			
Leasehold improvements, office equipment and motor vehicle	5	277,300	223,612
ROU assets	6	136,163	1,287,564
Total non-current assets		413,463	1,511,176
Total assets		42,527,950	37,811,849
LIABILITIES			
Current liabilities			
Trade and other payables	7	1,947,870	1,245,482
Lease liabilities		142,135	1,346,043
Provisions	8	7,904,085	6,243,792
Contract liabilities	9	13,276,786	11,879,911
Total current liabilities		23,270,876	20,715,228
Non-current liabilities			
Provisions	8	692,472	545,748
Total non-current liabilities		692,472	545,748
Total liabilities		23,963,348	21,260,976
Net assets		18,564,602	16,550,873
Members' funds			
Accumulated surplus	10	18,564,602	16,550,873
Total members' funds		18,564,602	16,550,873

The accompanying notes form part of these financial statements.

statement of changes in equity

for the year ended 30 June 2021

	Note	Accumulated surplus	Total
		\$	\$
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		16,550,873	16,550,873
Total comprehensive income for the year	10	2,013,729	2,013,729
Balance at 30 June 2021	10	18,564,602	18,564,602

The accompanying notes form part of these financial statements.

statement of cash flows

for the year ended 30 June 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from Government grants and other operations (incl GST)		58,819,249	45,062,225
Payments to employees and suppliers (incl GST)		(51,734,603)	(46,280,352)
Interest received		104,753	391,803
Interest expense on lease liabilities and other finance costs paid		(58,168)	(95,660)
Net cash outflow from operating activities	12(b)	7,131,231	(921,984)
Cash flows from investing activities			
Payments for leasehold improvements and office equipment		(347,340)	(341,635)
Net cash outflow from investing activities		(347,340)	(341,635)
Cash flow from financing activities			
Repayments of lease liabilities		(1,727,329)	(1,254,736)
Net cash inflow / (outflow) from financing activities		(1,727,329)	(1,254,736)
Net increase / (decrease) in cash and cash equivalents		5,056,562	(2,518,355)
Cash and cash equivalents at the beginning of the financial year		33,799,453	36,317,808
Cash and cash equivalents at the end of the financial year	12(a)	38,856,015	33,799,453

The accompanying notes form part of these financial statements.

notes to the financial statements

for the year ended 30 June 2021

Note 1: Summary of significant accounting policies

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

Basis of preparation

The 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 Company is a not-for-profit entity for the purpose of preparing the financial statements. The financial statements of the Company 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 Company has not elected to early adopt any accounting standards for this reporting period (2020: 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 Company'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 18.

a. Functional and presentation currency

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

b. New, revised or amending Accounting Standards and Interpretations adopted by the Company

The Company 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 adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

c. Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: 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 are recognised over time, as and when the Company delivers the performance obligations stated within the funding agreements.

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

(continued) for the year ended 30 June 2021

Note 1: Summary of significant accounting policies (continued)

d. Expenses

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

e. 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.

f. 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 Statement of Cash Flows, cash assets and other financial assets equate to cash and cash equivalents.

g. 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 (2020: 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.

h. Leasehold improvements, office equipment and right-of-use assets

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

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, or any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The depreciable amount of all leasehold improvements and office equipment is calculated on a straight line basis over their estimated useful lives to the Company 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 Statement of Profit or Loss and Other Comprehensive Income as gain / (loss) on sale.

Note 1: Summary of significant accounting policies (continued)

i. 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 Company 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 (2020: 30 days).

j. Employee entitlements

Short-term obligations

Provision is made for the Company'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 Statement of Financial Position if the Company 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 Company to employee superannuation funds are charged as expenses when incurred.

k. Contract liabilities

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

Contract liabilities also include the Company's unspent grant funds on hand pertaining to grant agreements, that is contractually able to be recaptured by the funder. In instances where funds are not recaptured but are repurposed for new initiatives the unwinding of this contract liabilities balance will be recognised as Other Income in the period the draw down occurs.

l. Lease liabilities

The Company leases various offices. Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company'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 lease term, 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 Company has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Company 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.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Note 1: Summary of significant accounting policies (continued)

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.

n. Impairment of assets

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

o. 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.

p. Current and non-current classification

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

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

Note 2: Revenues from continuing operations

	2021	2020
	\$	\$
Operating activities from continuing operations		
Grant income	49,942,615	42,003,094
Interest	104,753	390,232
Fundraising	5,632,409	3,918,039
Other revenues from operations	2,740,192	886,502
Total revenues from continuing operations	58,419,969	47,197,867

	2021	2020
	\$	\$
Revenue from contracts with customers by timing of revenue recognition under AASB 15:		
Revenue recognised over time	50,028,865	42,162,030
Revenue recognised at a point in time	8,391,104	5,035,837
Total operating revenue	58,419,969	47,197,867

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 Company has deferred Government grant revenue of \$9.1m as disclosed in Note 9.

Other revenues 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 underspend 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

	2021	2020
	\$	\$
Expenses from operating activities have been determined after:		
<i>Depreciation and amortisation</i>		
Leasehold improvements	88,185	193,514
Office equipment	205,467	409,862
ROU assets	1,674,822	1,303,754
Total depreciation and amortisation	1,968,474	1,907,130
Short-term lease payments	621,058	883,986
Superannuation expense	2,793,913	2,310,793

(continued) for the year ended 30 June 2021

Note 4: Trade and other receivables

	2021	2020
	\$	\$
Current		
Trade and other receivables	2,189,204	1,729,654
GST receivable	-	25,320
Prepayments	1,069,268	746,246
Total trade and other receivables	3,258,472	2,501,220

(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 2021 (2020: \$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 17 for more information on the Company'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: Leasehold improvements and office equipment**Note 5(a): Leasehold improvements**

	2021	2020
	\$	\$
Leasehold improvements at cost	1,596,572	1,596,572
Less accumulated depreciation	(1,596,572)	(1,508,387)
Total leasehold improvements	-	88,185

Note 5(b): Office equipment

	2021	2020
	\$	\$
Office equipment at cost	2,149,076	1,811,418
Less accumulated depreciation	(1,871,776)	(1,675,991)
Total office equipment	277,300	135,427
Net book amount	277,300	223,612

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 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
Additions	-	347,340	347,340
Disposals	-	-	-
Depreciation	(88,185)	(205,467)	(293,652)
Carrying amount as at 30 June 2021	-	277,300	227,300

Note 6: Right-of-Use assets

Note 6(a): Right-of-Use assets

	2021	2020
	\$	\$
Properties – right-of-use	3,267,572	2,744,151
Less accumulated depreciation	(3,131,409)	(1,456,587)
Total right-of-use assets	136,163	1,287,564

Note 6(b): Movements in carrying amounts

	Properties right-of-use
	\$
Carrying amount as at 30 June 2019	
Additions	2,744,151
Depreciation	(1,456,587)
Carrying amount as at 30 June 2020	1,287,564
Additions	523,421
Depreciation	(1,674,822)
Carrying amount as at 30 June 2021	136,163

(continued) for the year ended 30 June 2021

Note 7: Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables	1,708	1,621
GST payable	300,360	-
Other payables	1,645,802	1,243,861
Total trade and other payables	1,947,870	1,245,482

Refer to Note 17 for further information on financial instruments.

Note 8: Provisions

	2021	2020
	\$	\$
Current		
Employee entitlements – annual leave	2,425,007	1,830,214
Employee entitlements – long service leave	1,201,586	900,148
Provision for underspent grants	4,277,492	3,513,430
	7,904,085	6,243,792
Non-current		
Employee entitlements – long service leave	692,472	545,748
Total provisions	8,596,557	6,789,540

Note 9: Contract liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities	13,276,786	11,879,911
Total contract liabilities	13,276,786	11,879,911

Contract liabilities consists of deferred income carried forward for future periods of \$9.1m as well as \$4.2m of repurposed cash previously part of the provision for underspent grants.

Note 10: Accumulated surplus

Movements in accumulated surplus were as follows:

	2021	2020
	\$	\$
Balance as at 1 July	16,550,873	16,253,134
Surplus / (deficit) after income tax expense for the year	2,013,729	307,199
Changes in accounting policy on adoption of AASB 16 Leases at 1 July 2019	-	(9,460)
Balance as at 30 June	18,564,602	16,550,873

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 2021 the number of members was 5 (2020: 5).

Note 12: Cash flow information

Note 12 (a): Reconciliation of cash

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

	2021	2020
	\$	\$
Cash Assets	38,856,015	33,799,453
Cash and cash equivalents	38,856,015	33,799,453

Note 12 (b): Reconciliation of cash flow from operating activities with surplus / (deficit) for the year

	2021	2020
	\$	\$
Surplus / (deficit) after income tax expense for the year	2,013,729	307,199
Non-cash flows		
Depreciation	1,968,474	1,907,130
Disposal of assets	-	9,985
Changes in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	(757,252)	(357,130)
Increase / (decrease) in trade and other payables	702,388	(1,182,851)
Increase / (decrease) in provisions	1,807,017	(6,986,337)
Increase / (decrease) in contract liabilities	1,396,875	5,380,020
Net cash (used in) / from operating activities	7,131,231	(921,984)

The above reconciliation includes cash flows from discontinued operations as detailed in Note 19.

(continued) for the year ended 30 June 2021

Note 13: Economic dependence

The continuing operation of the Company is dependent upon periodic renewal of funding agreements with the Commonwealth of Australia as represented by the Department of Health. The Company operates under a three-year grant agreement expiring 30 June 2023 to operate the headspace National Office.

Note 14: Contingencies*Contingent assets*

The Company does not have any contingent assets of a material nature which have not already been dealt with in these financial statements (2020: Nil).

Contingent liabilities

The Company has given bank guarantees as at 30 June 2021 of \$546,032 (2020: \$545,049) to various landlords for commercial leases.

Note 15: Related party disclosures**Note 15 (a): Key management personnel compensation**

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

	2021	2020
	\$	\$
Key management personnel benefits:		
Compensation to key management	2,465,075	2,496,580
	2,465,075	2,496,580

Note 15 (b): Directors' remuneration

The names of the Company 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 15 (c): Transactions by Directors with headspace centres

Patrick McGorry AO is a Director of Orygen. During the financial year, \$71,301 has been paid by the Company to Orygen for consulting and the distribution of the Push Up Challenge donation funds.

During the financial year, \$744,250 (2020: \$4,000) have been paid by the Company to Orygen in the form of grants.

Note 15 (d): Transactions with Centre of Excellence

The Company 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 Company or were payable to Orygen for the Centre of Excellence totalling \$269,613 (2020: \$390,234). \$44,936 (2020: \$89,874) remained outstanding at year end.

Note 16: 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.

	2021	2020
	\$	\$
Audit and Non-audit Services		
Audit and review of financial report	64,106	67,170
Accounting advice	2,100	4,000
Total audit and non-audit services	66,206	71,170

Note 17: Financial risk management

The Company’s activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company’s overall treasury risk management policy focuses on minimising credit risk. The Company 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 Company holds the following financial instruments at the end of the financial year.

	Note	2021	2020
		\$	\$
Financial assets			
Cash assets		38,856,015	33,799,453
Trade and other receivables (excl prepayments)	4	2,189,204	1,729,653
Total financial assets		41,045,219	35,529,106
Financial liabilities			
Trade and other payables (excl GST payable)	7	1,647,510	1,245,482
Provision for underspent grants	8	4,277,492	3,513,430
Lease liabilities		142,135	1,346,043
Total financial liabilities		6,067,137	6,104,955

(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 Company is not exposed to any significant foreign currency/price risk.

(continued) for the year ended 30 June 2021

Note 17: Financial risk management (continued)*(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 Company. 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 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.

2021	Carrying Amount	Interest Rate Risk	
		+25bps	-25bps
	\$	\$	\$
Financial assets			
Cash assets	38,856,015	84,724	(84,724)
Trade and other receivables (excl. prepayments)	2,189,204		
Financial liabilities			
Trade and other payables (excl. GST payable)	1,647,510	-	-
Provision for underspent grants	4,277,492	-	-
Lease liabilities	142,135	-	-
Total increase / decrease		84,724	(84,724)
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)	1,729,654		
Financial liabilities			
Trade and other payables	1,245,482	-	-
Provision for underspend grants	3,513,430	-	-
Lease liabilities	1,346,043		
Total increase / decrease		51,356	(51,356)

Note 17: 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 Company meeting certain criteria as laid out in the Government funding agreements. The Company 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 Company primarily consists of amounts owing from Beyond Blue 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 Company 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 Company has no borrowing facilities.

The Company is predominantly funded by The Departments of Health, current funding agreement has an expiry date of 30 June 2023. The Company pursues other sources of revenue, including third-party grants.

Maturities of financial liabilities

The table below discloses the Company’s financial liabilities into relevant maturity groupings based on their contractual maturities for non-derivative financial liabilities. The Company 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.

2021	Less than 6 months	6 – 12 months	Total contractual cash flows	Carrying amount of liabilities
	\$	\$	\$	\$
Contractual maturities of financial liabilities				
Trade and other payables	1,647,510	-	1,647,510	1,647,510
Provision for underspent grants	4,277,492	-	4,277,492	4,277,492
Lease liabilities	34,410	107,725	142,135	142,135
2020				
	\$	\$	\$	\$
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

(continued) for the year ended 30 June 2021

Note 17: Financial risk management (continued)

(d) Fair value estimation

Given the nature of the Company'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 18: 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 Company and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company 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 2021, 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 Company 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 Company'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 Company 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.

(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.

Note 18: Critical accounting estimates and assumptions (continued)

(b) Critical judgements in applying the Company’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 19: Discontinued operations

At 30 June 2020 headspace Services Ltd was de-registered as a subsidiary of the Company. The following Financial Performance Information is for headspace Services Ltd.

Financial performance information

	2021	2020
	\$	\$
Revenue	-	2,226
Expenses		
Employment expenses	-	14,851
Occupancy expenses	-	-
Depreciation expenses	-	-
Travel expenses	-	10,385
Comms & marketing expenses	-	486
Other expenses	-	8,370
	-	34,092
Surplus / (deficit) for the year	-	(31,866)
Income tax expense	-	-
Surplus from discontinued operations	-	(31,866)

Cash flows from discontinued operations

	2021	2020
	\$	\$
Operating activities	-	(31,866)
Investing activities	-	-
Financing activities	-	-
Net increase / (decrease) in cash and cash equivalents from discontinued operations	-	(31,866)

(continued) for the year ended 30 June 2021

Note 20: 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 and remains vigilant in the undertaking of programs and services to ensure they adapt to the needs of young people. The Company has recently been awarded additional funding of \$3.5 million specifically to provide additional services for headspace centres and greater online support to the New South Wales region.

The Beyond Blue contract has been executed for a further two years from 1 July 2021 to 30 June 2023 totalling \$19.1m.

The Company will establish a national Early Career Program in financial year 2022 to support the attraction and retention of allied health professionals to the headspace network, pending final approval from government.

The Company has entered into a new lease term for its National Office for a further four years commencing 1 July 2021.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the result of the operations, or the Company's state of affairs in future financial years.

Note 21: Company details

The Company is Company limited by guarantee, incorporated and domiciled in Australia.

The registered office and principal place of business of the Company 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 2021 and of the performance for the year then ended of the Company; and
 - (ii) comply with Australian Accounting Standards, including the Interpretations; and
- (b) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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 26th day of October 2021



RSM Australia Partners

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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"), which comprises the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 company's financial position as at 30 June 2021 and of its financial performance and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards– Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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Other Information (Continued)

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

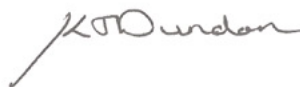
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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K J DUNDON
Partner

Dated: 27 October 2021
Melbourne, Victoria







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