



headspace[®]

National Youth Mental Health Foundation

Annual Report 2017–18



Welcome

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

Artwork by: Riki Salam

we are 27 creative

We are connected, red desert sands bring winds of change, Kookaburra calls in a brand new day, sunlight breaks through, igniting passions. Pathways lead back to Country we are complete, rhythmic sounds guide us through. Fire transforms, seed cracks, bottlebrush blossoms we are renewed, Culture is strong. Mountains form, rivers flow to turquoise seas, freshwater – saltwater. Earth is renewed seasons complete, our knowledge is shared, wisdom is imparted. This is our place to grow, we are strong, we are connected. Beginning at the centre of the artwork the 'U' shaped symbols represent two people seated talking, discussing, yarning. Surrounding them are dots that represent their lives and issues that they are dealing with both good and bad. Larger dots lead along a clear

pathway with lines radiating outward representing hope, woven lines strengthen bonds. The surrounding concentric circles represent each State and Territory where headspace is present, supporting young people to live better lives. The circles are connected, knowledge is shared, wisdom is imparted, minds are strong, Country is strong when people are strong and connected to Culture. These elements together form a map of the Human brain and also a map of Country and Culture. When your mind is Strong and your Country and Culture is strong, Cultural pathways radiate outwards and lead to and from the central motif, (Human brain) back to Country and back to Culture that renews and strengthens us.





About headspace

Each year, **one in four** young Australians experience a mental health issue, and sadly suicide remains the leading cause of death.

headspace is the National Youth Mental Health Foundation and plays a vital role in our community supporting young people and their families with mental health and wellbeing.

headspace since inception

 **446,000**

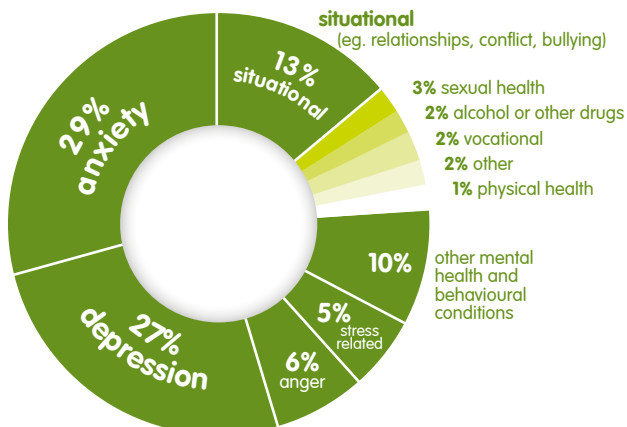
446,645 young people have accessed support through centres, online and phone services

 **2.5 million**

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

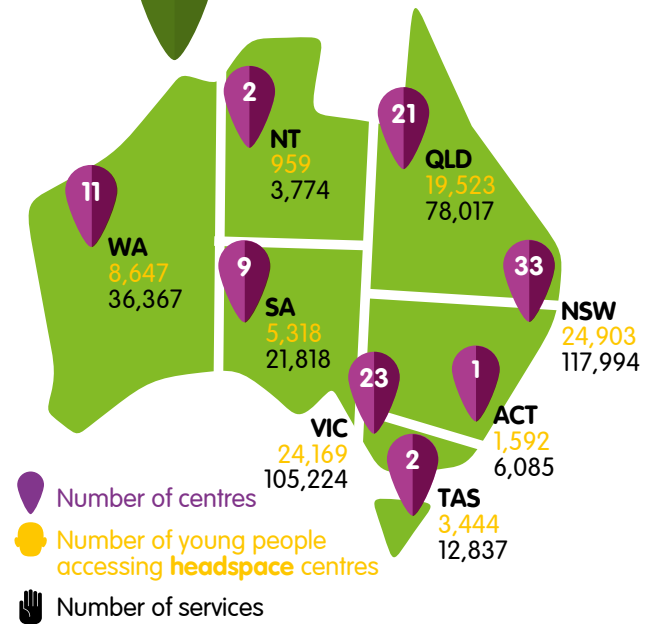
headspace National Youth Mental Health Foundation is funded by the Australian Government Department of Health

presenting issues



headspace centres 2017-18

There are **102** centres in Australia¹



¹ As at 30 June 2018 and not including satellite or outpost services

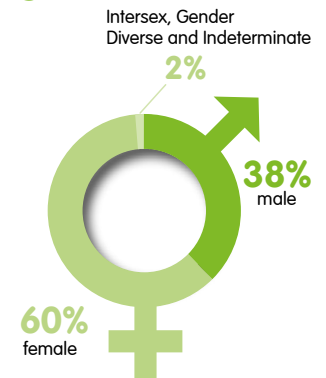
 **88,500**

88,557 young people accessed a **headspace** centre

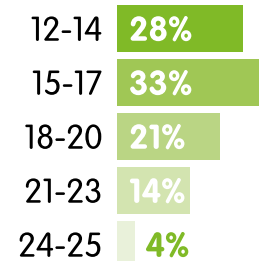
 **382,000**

382,116 services were provided to young people through **headspace** centres

gender



age



priority groups

Aboriginal and Torres Strait Islander

8%

Culturally and Linguistically Diverse

10%

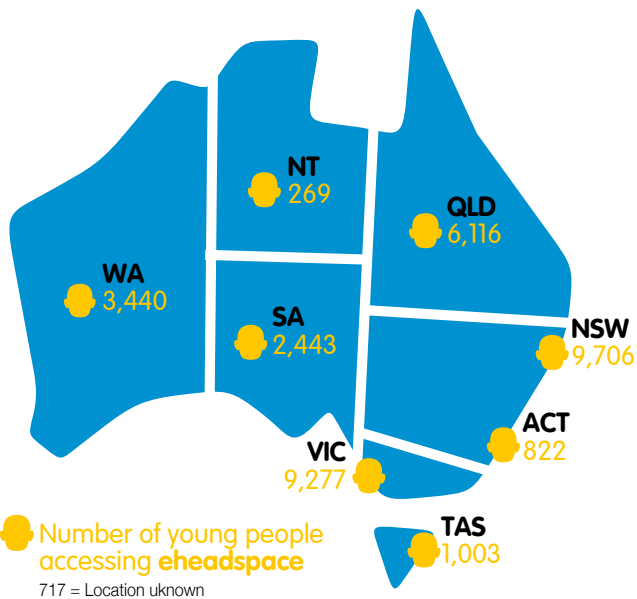
LGBTQIA+

22%

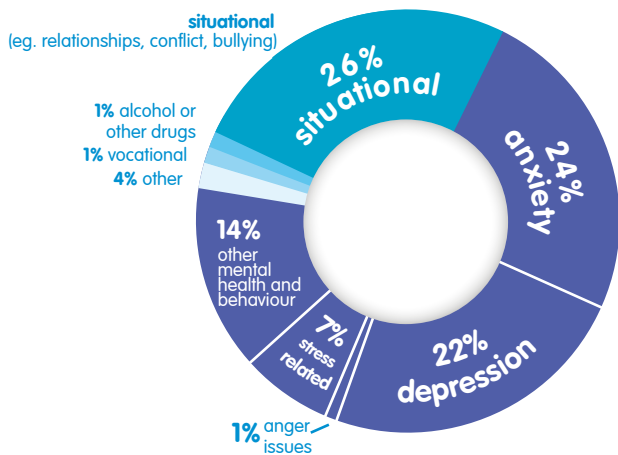
satisfaction level

 **86%**

ehedspace 2017-18



presenting issues



33,700

33,793 young people accessed online and phone counselling support

80,000

80,434 online and phone counselling services were provided

priority groups

Aboriginal and Torres Strait Islander

4%

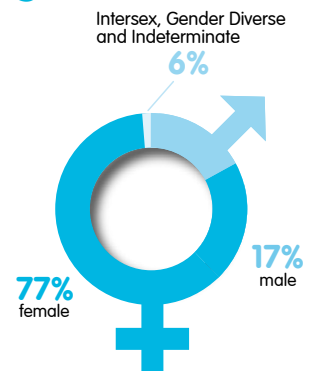
Culturally and Linguistically Diverse

5%

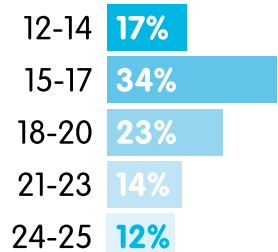
LGBTQIA+

16%

gender



age



satisfaction level



headsapce in schools 2017-18

2,000

2,028 school communities were supported (1,578 through the National Education Initiative and 450 through the suicide postvention program)

1,800

1,887 school principals were supported and trained in mental health

digital work and studyservice 2017-18

400

402 young people accessed digital work and study support

satisfaction level



headsapce youth early psychosis program 2017-18

2,600

2,654 young people were supported through the program

182,000

182,871 services were provided

satisfaction level







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Foreword

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

During 2017–18, **headspace** National continued to expand its role in providing national leadership to the **headspace** network of services and supporting Primary Health Networks (PHNs) to strengthen the commissioning of locally delivered youth mental health services.

Throughout the last year the **headspace** team has given priority to ensuring the best possible mental health outcomes for young people. A new strategic plan launched in November 2017 commits **headspace** National to continuing to develop and implement mental health models that are innovative and accessible. Between now and 2020 we will focus on four key areas – our approach, our services, our people and our partners – to ensure best-practice youth mental health services in Australia.

An effective, Board needs to be engaged and in touch with the services and staff it governs. This past year we have had several of our meetings at **headspace** centres in various parts of Australia. This has provided an invaluable opportunity to see **headspace** services in action and most importantly to meet with staff and the young people who they so ably and professionally support. This past year the **headspace** Board has had the privilege of hearing from key people involved in **headspace** centres in Newcastle (NSW), Melbourne (VIC), Meadowbrook (QLD) and Canberra (ACT).

A key part of these meetings has been the opportunity to hear from local Youth Reference Groups and local Family and Friends Groups, as well as core stakeholders including centre managers, lead agencies, PHNs and consortia chairs. Each of these groups play a vital role in local service delivery and provide a valued perspective on the key issues affecting young people. A particular highlight was the meeting the Board was able to arrange with 23 Aboriginal and Torres Strait Islander people working in **headspace** centres. This interaction gave the Board a clearer insight

into the ways we can attract, retain and support our Aboriginal and Torres Strait Islander workforce and continue to engage Aboriginal and Torres Strait Islander young people in key services.

This year we have partnered with many like-minded organisations to achieve great outcomes for young LGBTIQ+ people. The #mindthefacts campaign saw the nation's leading mental health organisations come together to make a positive, evidence-based contribution to raise awareness of the negative impact the postal survey was having on young LGBTIQ+ people and their mental health. The campaign highlighted the real and devastating links between youth suicide rates and discrimination against young LGBTIQ+ people. The Board is delighted and proud that a Yes vote in favour of same-sex marriage was achieved for Australia by such a large majority.

Partnerships are a key focus for **headspace**. As a Board we are extremely proud that **headspace** was named as a service delivery partner, with Early Childhood Australia, in the National Education Initiative (NEI) led by beyondblue. The NEI will support the mental health of children and young people in Australian education settings. We have also partnered with the Victorian Government on the Enhancing Mental Health Support in Schools Initiative, which provides enhanced mental health services to young people in Victorian school communities. Our ongoing partnership with Orygen, the Centre of Excellence in Youth Mental Health, enables us to work together to advocate on the latest research, evidence and clinical innovations.

In March, the Board was inspired by the range and quality of innovative work going on across the centre network during this year's **headspace** Forum. The Forum was our third and biggest to date. More than 850 people from across the **headspace** network came together to share the latest science,



technological solutions and creative initiatives to tackle youth mental health in Australia. Momentous and at times heart-wrenching work challenges and personal struggles were contained in personal stories related throughout the Forum, with young people, family members, clinicians and speakers bravely and honestly sharing their lived experiences – some upbeat and inspirational and others that made voices shake. The Forum program is a testament to the importance of the role that everyone involved with **headspace** plays in improving the mental health and wellbeing of Australia's youth.

The Board continues to work alongside **headspace** CEO Jason Trethowan, whose strong leadership has repositioned **headspace** as a key advocate for youth mental health. A newly shaped executive team provides great depth of experience and expertise.

The ongoing support for **headspace** as Australia's National Youth Mental Health Foundation is demonstrated through unequivocal bipartisan support at all levels of politics and through the attraction and retention of committed corporate partners. Their generosity helps us to access key priority markets and fund essential initiatives that benefit young people.

My fellow Board Directors, whose service helps us to achieve the best mental health outcomes for young people, continue to make the Chair role enjoyable. The Board farewelled with sadness Gabrielle Curtin, who departed the Board in February 2018, and welcomed Dr John Harvey, who joined the Board in May 2018. Our Board committees, and especially their dedicated Chairs, continue to do much of the vital governance heavy-lifting that is essential for an effective and smooth-running organisation.

The **headspace** Board remains absolutely committed to working with and for young people, to ensure all young people can access youth-friendly, innovative, culturally appropriate and best-practice mental health services. We will continue to advocate for young people to ensure youth mental health is a national priority. We will also seek to maintain solid relationships with key stakeholders in the sector to ensure our collective voice is heard. **headspace** is a world-leading and internationally recognised service that the Board is proud of and feels privileged to govern. Young people will continue to be at the heart of everything we do as we know that their experiences, knowledge and insight are the essential ingredients for a successful service.

Ian Marshman AM,
headspace Chair

Foreword

Mental health is the number one health issue faced by young people in Australia today, with suicide the leading cause of death of young people nationally.

headspace is a world-leading service with a dedicated workforce committed to providing mental health services that young people need. We are determined to break down stigma and barriers to help-seeking.

Our **headspace** centre services continue to grow, ensuring young people experiencing a tough time can access support in every state and territory in Australia. In 2017–18, over 88,500 young people accessed help through **headspace** centres and through our online and phone counselling service, **eheadspace**. As at 30 June 2018, there are 102 **headspace** centres operating nationally, with a further eight to come by 30 June 2019.

Young people and their friends and families are at the heart of everything we do at **headspace**, and their participation is paramount to a successful service. During my travels throughout the country I have had the privilege of meeting the young people connected to our services and centres. We are extremely proud to have a Youth National Reference Group made up of 20 young people from across the country. Their input, guidance, knowledge and ideas inform our work to ensure we are providing a youth mental health service that young people need and feel safe to access. Our Friends and Family Reference Group is also imperative to ensuring our service is holistic, inclusive and welcoming of the people who support young Australians experiencing a tough time.

This year we held our biennial **headspace** Forum, which brought together 850 people from across the **headspace** network to share and learn about the innovative approaches being used in **headspace** centres across the country. Young people played a lead role in the event, further highlighting the need for **headspace** services to remain contemporary and accessible. We were pleased to be joined by the Federal Minister for Health, Greg Hunt, and the Shadow Minister for Ageing and Mental Health, Julie Collins, who

recognised the crucial relationship **headspace** has with young Australians. The Forum also provided me with the opportunity to hear directly from Primary Health Networks (PHNs), lead agencies and consortia chairs about the challenges they experience in delivering local services and how **headspace** National can better support them in future.

Our focus is to ensure all young people can access **headspace** services, and we are constantly looking at new ways to expand through centres, outposts and innovative outreach services such as the one that is being trialled in the Pilbara, Western Australia. In addition, we seek to provide services and support in places where young people are, such as schools, online, local sports clubs, festivals and national sporting and gaming events.

We're also working hard to ensure our services are appropriate and suitable to all young people, and we're proud to have successfully attracted young people from marginalised and at-risk groups. Our Aboriginal and Torres Strait Islander Youth Mental Health Traineeship Program, which supports young people to undertake a Certificate IV in Mental Health, whilst providing them with paid employment, has launched into its second year. We also launched **Qheadspace**, which is an online peer support forum where young people can ask questions of trained queer peers.

As seen through our successful partnerships with Riot Games and the second season of the Netflix series *13 Reasons Why*, we have continued to build our profile as the leader in youth mental health through traditional and new channels. We have continued to develop resources that make a real difference to the mental health of young people. In October 2017, as part of Mental Health Week, we ran our **headspace** day campaign, encouraging people across Australia to share what they do to maintain a healthy **headspace**. Thousands of people took part on social media and at events held at **headspace** centres across



the country. Politicians, celebrity influencers, other mental health organisations, corporate businesses and members of the public all got on board, providing a wealth of tips and ideas for young people.

We're committed to continued improvement of our services and we listen to young people when they tell us what help they want and need. This year we completed the roll out of the **headspace** Model Integrity Framework (hMIF) across the entire **headspace** network. The hMIF was developed and implemented as a key collaborative process with centres, lead agencies and PHNs to ensure consistency and best-practice in the delivery of the **headspace** model. The process has provided unprecedented insight and learnings that will help us to build upon the services we provide to young people.

We responded when one in four young people told us they were completely disengaged in employment and education. Over the past two years, our Digital Work and Study Service has supported over 600 of Australia's most vulnerable and unemployed young people to join the workforce or find meaningful study. More than 100 young people have been matched with a mentor as part of our new Digital Industry Mentor Service, which links young people aged 17–24 with industry mentors to help them find, maintain and enjoy work.

We know that partnering with like-minded organisations is key to providing bespoke mental health services for young people, and in 2017, **headspace** was named as a delivery partner, with Early Childhood Australia, in the National Education Initiative (NEI) led by beyondblue. The NEI provides end-to-end mental health support to young people from birth through to the end of school. **headspace** will be in schools promoting the importance of prevention and early intervention, and we will continue our vital work in supporting school communities who experience suicide.

We have been delighted with the progress in building relationships with PHNs across the country. Our role has supported PHN local strategies to establish new **headspace** services and provide the best ways to use the **headspace** platform in the commissioning of services for young people.

Ensuring we have the right people who believe in **headspace's** values is imperative to our service's success. Over the last year we have sought guidance from staff as to **headspace's** future direction to ensure a happy and inclusive workforce, and have also worked to build an executive team consisting of a varied level of expertise and experience. I have full confidence in our newly shaped leadership team and wider staff to take **headspace** and its services to the next level over the coming years as the leader in youth mental health.

We are extremely grateful for the continued support of our corporate partners, whose generosity ensures we're able to deliver essential services for young people across the country. Some highlights include the ongoing support of Viva Energy Australia in supporting the development of youth mental health role models in local communities, and our ongoing relationship with the National Rugby League (NRL) aimed at stigma reduction and improving mental health literacy through grassroots clubs and at national sporting events.

A big thank you must also go to the entire centre network – the centres, lead agencies, PHNs and consortia chairs who work with constant hard work and passion.

Jason Trethowan
headspace CEO

About headspace

headspace provides a comprehensive early intervention mental health service for 12–25 year olds. We endeavour to make it as easy as possible for a young person and their family to get the help they need for issues affecting their wellbeing.

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

headspace provides a holistic approach to supporting young people early in life through four core areas: mental health, physical (including sexual) health, alcohol and other drug services, and work and study support.

A national network of 102 **headspace** centres operate across metropolitan, regional and rural areas of Australia. The look and feel of **headspace** centres is designed to create an environment that young people feel comfortable to access. All services are free or low cost, confidential and youth friendly.

Young people and their families can also access **eheadspace**, a national online and telephone support service staffed by a range of experienced youth mental health professionals. **eheadspace** supports young people who aren't able to access a **headspace** centre or would prefer to get help online. Providing a secure and anonymous place to talk to a professional means many young people who wouldn't ordinarily seek help at a face-to-face service are getting the help they need. In addition, **headspace** operates a digital work and study service providing support to vulnerable young people, and mentoring opportunities with corporate industry partners.

In 2017–18, the **headspace** in Schools team commenced work as a service delivery partner to beyondblue to develop the National Education Initiative. This service provides mental health literacy training and support to primary and secondary schools nationally as well as continuing the important work of supporting secondary schools that have experienced suicide.

The input of young people is key to the way **headspace** works across Australia, whether this is via service delivery or the development of campaigns encouraging people to seek help.



Youth Participation

Youth participation is fundamental to the delivery of quality services for young people.



Youth participation recognises that young people are experts in their own lives and have the right to be actively engaged in developing solutions to the issues affecting them.

headspace is committed to providing young people with meaningful opportunities to participate in policy, governance, service and program design.

headspace Youth National Reference Group

headspace Youth National Reference Group (hY NRG) enables young people to participate at all levels of the organisation. hY NRG members are typically recruited from local **headspace** centre Youth Reference Groups and are employed for an 18-month term.

The current group of 20 diverse young people were recruited in October 2017. During their tenure they have engaged in many activities. Some highlights include:

- Collaboration in the development of **headspace** campaigns, such as **headspace** Day 2017.
- Four hY NRG members were Master of Ceremonies at the **headspace** Forum 2018.
- Sharing their stories in the media and at events to reduce stigma and promote help-seeking.

Over the course of the year there was a total of 72 youth participation activities across **headspace** National.

headspace Internships

headspace Internships offer young people project-based roles to give them an opportunity to experience a workplace and help those who are looking to develop their skills and gain practical work experience.

The first round of interns (two roles) were recruited in early 2018, and the second round of internships (four roles) are due to commence in August 2018.

Youth Mental Health First Aid (YMHFA)

headspace corporate partner Viva Energy Australia provides ongoing funding to hY NRG to deliver the Youth Mental Health First Aid training project.

Two current hY NRG members have completed the Youth Mental Health First Aid Instructor training course so far. This year our two trainers have delivered the Youth Mental Health First Aid course to over 100 local Youth Reference Group members across the country.

Youth Advocates Program (YAP)

The Youth Advocates Program is a training program for young people engaged in youth participation activities at **headspace** centres. It aims to upskill young people, enabling them to talk confidently about mental health and **headspace** services, plan community awareness projects and organise events.

headspace Stories

It is so valuable to have personal stories from young people shared with the community. These stories encourage other young people who might be having a tough time to speak out and seek help.

Young People's Stories

Niharika, 22

I started realising there was an issue as I came out of high school. The breakdown of relationships with the people around me, along with pressure I put on myself to keep it together for everyone else started taking a toll. In 2015, I found myself under surveillance by the CAT (Crisis Assessment Treatment) team in the closest major hospital, for suicidal tendencies. This was after years of built-up depressive and anxious tendencies and associated destructive behaviours.

I had to take a more determined approach for seeking help and with the help of headspace, I did.

I started seeing a psychologist at headspace, meditating and slowly getting my life back on track. Although a lot of the external issues prevailed, I found my strength growing and I was coping with them a lot better.

If I could give one piece of advice to my younger self, it would be to reach out for help a lot earlier. Having a happy, healthy mindset should not just be a priority when your condition is deteriorating but rather, every day.



Mason, 18

Growing up, school was not a happy place for me and things were tough in grade 4 and I started getting bullied. By the time I was in grade 7, I was bullied to the point of having anxiety attacks, and I was suffering from depression. I was not attending school for a while with a recommendation from my doctor. I was a sad and lonely boy.

One challenge I had to face was dealing with my lack of confidence and self-worth when I was younger, because of circumstances beyond my control. What I learnt was that I am a pretty decent person, and I think helping other young people was actually what helped me the most.

headspace has helped me to find myself and find value. I had been mostly let down by adults over the years, so finding a safe place where I could trust people was really important to me. headspace is such a huge part of my story and my life, so much so, I can't really tell my story without talking about what headspace did for me.





Domina

Elvis, 24

I had a hard time growing up as I was quite overweight during school, and I didn't have a solid father-figure in my life. That being said, my mother and sister were my strength. I couldn't have asked for a better family unit.

When I was 18 I suffered a major spinal injury, which left me having to go through intense physiotherapy to help me walk properly again.

I had an awful time at high school and not getting into university, I went from job to job, without much direction and with poor mental health.

After getting into university I decided to face many of my mental demons. I experienced anxiety because I had a hard time balancing the workload and concentrating.

My psychologist had diagnosed me with generalised anxiety disorder and panic disorder but I was soon to be diagnosed with something called Cerebellar Ataxia by a neurologist. Basically the part of my brain responsible for coordination wasn't doing its job! This was also really hard, but through patience and practice, it's getting better.

My girlfriend actually recommended I check out **headspace** Bondi Junction to help with my mental health issues.

headspace was also there for me when my mother found out she was sick. They helped me and, in turn, helped her. I'm thankful for the support **headspace** has given me and I'm truly who I am today thanks to them and what I've gone through.

If I could tell my younger self anything, it would be to love yourself. There's no point being your own worst enemy. I would say, "Elvis, you are destined for greatness, and your real friends will help you make it there."

Domina, 20

I experienced mental health issues at a young age and it was amplified from trauma I faced in my late teens. I realised I needed help and started reaching out with the support of my school and friends at the peak of when things were tough. After getting help from the school counsellor, I was initially very hesitant to seek help from outside of them – it suddenly made it all too real and serious, and really felt like something was wrong with me.

My mental health issues were affecting my school life and my grades, which is why my incredible school referred me to **headspace**.

headspace has supported me when I sought help from clinicians and also through group therapy. All options that were the best for me at the time have helped me through this recovery process.

To help take care of my mental health and wellbeing, my self-care regime consists of nice-smelling bath products, cups of tea, books, a music playlist and the sun outdoors.

Elvis



Friends and Family Story

Sharene Dearlove

Sharene Dearlove had no idea her daughter, Morgan, was going through a mental health crisis.

“One day she broke down sobbing and just couldn’t bring herself to face going back to uni,” Sharene said.

“Morgan is the cruisey one of the family, the compassionate one, the one who looks after everyone else and we did not see this coming.”

Morgan, 20, grew up in Port Augusta, SA, and was studying to become a disability development educator.

But in April 2014, everything started to feel overwhelming.

“She didn’t feel she was succeeding in the course and I suppose part of that came from her belief it wasn’t the course she thought she should be doing,” Sharene said.

“The self-doubt came and it wheedled its way under her defences.”

Unsure how to help her daughter, Sharene called **headspace** for advice and Morgan was quickly set up with ongoing support and care from clinicians and counsellors.

The **headspace** team looked after the whole family, providing detailed information on all the treatment options available and connecting Sharene to parenting courses for support. Staff even organised appointments with counsellors at Morgan’s university to help get her back to her studies.

“headspace has been really inclusive of us as a whole family, even including my youngest daughter in a couple of sessions just so that she’s on the right wavelength with everything that’s frustrating her as well”

SHARENE



“It’s a whole family thing you’re dealing with. It doesn’t just affect one person.

“As a mother you want to be able to fix everything yourself but my advice to anyone is to go and get help.”

Morgan is now recovering at home, with regular support from a headspace counsellor.

headspace former CEO Chris Tanti said Morgan and Sharene’s experience highlighted the important role parents play in supporting their children to seek help.

“Knowing the signs and symptoms that something might be wrong and then taking the next step and getting help is vital,” Mr Tanti said.

“Parents don’t need to be able to solve everything but noticing changes and signs that something isn’t right is a good first step.

“If you notice your child has become withdrawn, stopped doing the things they usually enjoy, seem down, worried or irritable, there is help available.”

For Sharene, one of the best features of the service was the fact that it was clearly geared towards young people.

“They gave us access to a complete suite of medical and support services, but also to doctors who knew how to talk to Morgan. It can be hard to find a clinician who is young person friendly,” she said.

“You know that you can go to **headspace** and the kids are being looked after at a level that they need to be looked after and being asked the questions they need to be asked.

“**headspace** is somewhere my daughters feel comfortable and feel like they belong. To get kids to go to a service like that can often be really hard work. I’m lucky that my daughter was receptive and that we had a **headspace** service in our town.”

Reflecting on her family’s two-year journey with mental health issues, Sharene urged other parents to seek advice early and not expect a quick fix.

“Expect swings and roundabouts, expect the highs and lows, and don’t always expect, like I did, that first visit will get it sorted. Just take it as it comes,” she said.



Our Partners

Our partners are our biggest supporters. They support our programs, campaigns, promotional activities and encourage their employees to give generously and volunteer.

Our partners all do their bit to raise awareness, encourage conversations and help reduce the stigma associated with mental ill health. Here are their stories.



Funlab

Since 2016, **headspace** has been the charity of choice for Funlab venues (Strike Bowling, Holey Moley, Sky Zone and Archie Brothers). The Funlab partnership not only supports **headspace** National but also engages **headspace** centres with local Funlab venues through awareness raising and fundraising activities. Here's a snapshot of what we achieved in the 2017–18 financial year:

Day of Fun

On 24 October 2017, 21 Funlab venues hosted free activities for the inaugural Day of Fun. On the Day of Fun, visitors were encouraged to make donations to **headspace**, which would be matched by Funlab Headquarters. Funlab raised \$20,300, which enabled **headspace** to increase community engagement activities to improve mental health literacy and reduce stigma about help-seeking.

30 Fun Runs

Funlab staff participated in fun runs across the nation to raise awareness of, and funds for, **headspace**. Chelsea Mannix, Chief People Officer at Funlab took part in every single fun run across all the participating states. Go Chelsea!

Mental Health Literacy Training

headspace developed and delivered Mental Health Literacy training to Funlab venue managers in Melbourne, Sydney and Brisbane. These sessions helped improve the managers' confidence and ability to recognise when a colleague may be experiencing difficulties, and knowing how to approach the person in these circumstances.



Hays

In September 2017, Hays chose **headspace** as their charity of choice based on feedback from their employees, who saw mental health as a cause that they would like to support.

Hays is Australia's largest recruitment company, with 33 offices and 1,300 staff. Each office conducts local fundraising activities, which are matched by Hays' head office. Hays' employees and clients are proving to be champion fundraisers for **headspace**. Here are just a few examples of how they're supporting **headspace**.

Canberra Golf Day

Hays Canberra held their annual charity golf day for their clients and staff to raise funds for **headspace**. The event was held at the Royal Canberra Golf Club, and was a great success!

Melbourne Trivia Night

Hays Melbourne also hold an annual fundraising event for their staff, and this year it was a trivia night and silent auction. **headspace** staff came along for some quiz fun!

WA Run for a Reason

Fun runs are a great way to raise funds for **headspace**. Hays WA staff participated in the HBF Run for a Reason – the biggest fun run in Perth.

Hays has shared our campaigns with their employees and clients. Hays' staff have also had the opportunity to volunteer and support young people through the **headspace** Digital Work and Study Service and Digital Industry Mentor Service.

Future Generation Global

Future Generation Global supports the **headspace** Aboriginal and Torres Strait Islander Traineeship Program. This program contributes to the development of a sustainable Aboriginal and Torres Strait Islander mental health and wellbeing workforce in regional and remote areas of Australia, ensuring all young people can access culturally relevant, appropriate and effective mental health services.

After the success of the pilot, the program has been extended to two additional **headspace** centres. We now have Aboriginal trainees undertaking community engagement work in Darwin, Townsville and Broome.

Jellis Craig Foundation

Since 2017, **headspace** has been a Jellis Craig Foundation Charity Partner. Staff from Jellis Craig offices are encouraged to participate in raising awareness and fundraising for **headspace** via the Jellis Craig Foundation.

This year, Jellis Craig funds supported the extension of the **headspace** Food for Thought program, which aims to increase the confidence, skills and knowledge of key staff in secondary schools to enable them to identify, intervene appropriately and support young people who may be experiencing an eating disorder. Jellis Craig Foundation funds allowed **headspace** to print over 130 Food for Thought Kits, and to deliver additional Food for Thought training sessions in Victoria.



Kmart

In 2017, Kmart began collecting donations for **headspace** through their self-service checkouts in Queensland, South Australia, Tasmania, the Northern Territory and Western Australia. From February right through to the end of October, Kmart stores were raising funds through spare change coin collection.

Kmart's community program helps young people in their communities to thrive by supporting **headspace** programs that are focused on youth self-resilience and wellbeing. During the 2017 calendar year, Kmart customers donated \$90,902 to **headspace**.

National Rugby League

headspace partners with the National Rugby League (NRL) on its State of Mind campaign, which aims to reduce stigma around mental illness, create positive discussion and connection in communities, and stimulate help-seeking behaviours by improving mental health literacy.

headspace centres support the NRL with the delivery of the State of Mind Grassroots program, which is delivered to local rugby league clubs across Australia.

Rest

Since 2013, our partnership with Rest has helped us raise awareness of **headspace** services in regional communities across Australia through the **headspace** helpdesk at Groovin the Moo music festivals.

In 2018, the **headspace** helpdesk offered festival goers a place to relax, keep hydrated and have a chat with a **headspace** volunteer. Groovin the Moo attracted 126,000

people (76% under the age of 25) across six festivals in regional Australia (Bendigo, Bunbury, Canberra, Maitland, Townsville and Wayville), making it Australia's largest music festival.

2018 was one of the most successful years for **headspace** at Groovin the Moo, providing a wonderful opportunity to connect with young people. Festival attendees regularly comment on the invaluable services provided by the **headspace** helpdesk.

“Having headspace there is so important. I know how easy it is to become overwhelmed so suddenly and it provides a safe place for people to get help to calm down.”

FESTIVAL ATTENDEE, GROOVIN THE MOO



We thank all of our partners for their vital support for headspace.

Riot Games

headspace joined forces with Riot Games, the creators of the global video game sensation, *League of Legends*. Together, we delivered the Oceanic Pro League **headspace** Round, which was held 23 to 25 February, 2018. The aim of the **headspace** Round was to bring positive mental health messaging to the *League of Legends* community, 90% of whom are young men aged between 16 and 30. The **headspace** Round reached close to 35,000 young men.

Suprè Foundation

The Bullying Education and Prevention resources developed in partnership with Suprè and the Telethon Kids Institute continue to be delivered by **headspace** centres this year. We now have 140 **headspace** staff across Australia trained to deliver the Bullying Education and Prevention workshops.

With over 300 in-school workshops delivered to young people, the program is proving topical and popular in most communities.

The Bullying. So Not OK booklets will continue to be distributed through Suprè stores and available for download from the **headspace** website. With over 2,500 copies already downloaded, this resource is also proving popular with young people.

Viva Energy Australia

Now in our second year of partnership, **headspace** and Viva Energy Australia continue to develop youth mental health role models in local communities.

Young people in participating **headspace** centres undertook a range of training and upskilling opportunities including event management training, first aid, mental health first aid, cultural capacity, presentation skills, leadership and facilitation training. They developed and delivered events and other opportunities for community engagement, education and awareness raising.

Two **headspace** Youth National Reference Group members undertook training to become Youth Mental Health First Aid Instructors and will spend the next year delivering this vital training to young people throughout the **headspace** network.

Viva employees have supported **headspace** through their participation in the **headspace** Digital Industry Mentoring Service and Digital Work and Study program where their valuable skills, knowledge and experience has assisted in preparing young people for future study and employment opportunities.



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 responsibilities of the Board of directors of **headspace** include corporate governance for **headspace** and its wholly owned subsidiary **headspace** Services Limited.

The Board has adopted a formal Governance Charter which sets out the functions and responsibilities of the Board and promotes high standards of corporate governance within the **headspace** group.

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

- a. The **headspace** Constitution;
- b. The Members Agreement; and
- c. The Commonwealth Grant Agreement “Youth Mental Health: **headspace** National”.

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

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

Role of the Board

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

- Determine strategic direction of organisation
- Appointment/dismissal of CEO
- Monitor organisational performance

- Manage risk
- Liaise and engage with Stakeholders
- Demonstrate the 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 the Government and **headspace**; and
- Oversees the CEO performance review together with the Remuneration Committee.
- Oversees and guides the participation of Board 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 the Chief Executive Officer

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

- Acting as the primary spokesperson for the organisation
- Developing and implementing organisational strategies and making recommendations to the Board on significant strategic initiatives;

Governance Statement

(continued)

- Setting and demonstrating the values and culture that underpin achievement of the **headspace** vision and mission
- Making the appointment of key management personnel in consultation with the Board, appointment and removal of other staff, determining terms of appointment, evaluation performance, and developing and maintaining succession plans for staff;
- Providing leadership for the development of professional excellence and high standards of conduct for **headspace** Group staff
- Developing the annual budget and managing day to day operations within the budget;
- Maintaining an effective risk management framework;
- Keeping the Board and Funding Agencies informed about any developments with a material impact on **headspace** Groups performance and;
- Managing day to day operations of the **headspace** Group in accordance with agreed standards for social, ethical and environmental practices.
- Review and monitor the effectiveness of risk management and compliance in the **headspace** Group and agree or ratify all policies and decisions on matters which might create significant risk, financial or otherwise;
- Consider the social, ethical and environmental impact of all activities and operations and ensure that these are acceptable; and
- Continue to evaluate and improve the performance of **headspace** Group Boards.

Key Board Functions

The primary functions and responsibilities of the Board are to:

- Ensure compliance with the objects, purposes and values of the **headspace** Group, and with its Constitution;
- Set or approve policies, plans and budgets to achieve objectives, and monitor performance against them;
- To 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, and determine senior management remuneration;

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 company's Constitution.

Board and committee operations

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

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

The Board has established the following standing Committees:

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

Governance Statement

(continued)

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 Boards group dynamics and skills set and
- Other relevant issues.

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

Conflicts of interest

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

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

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

Directors' Report

for the year ended 30 June 2018

The directors of **headspace** National Youth Mental Health Foundation Ltd ("the Company") present their report on the consolidated entity (referred to hereafter as "the Group"), consisting of **headspace** National Youth Mental Health Foundation Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2018.

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:

Ian Marshman AM

Patrick McGorry AO

Annette Carruthers

Anne Murphy Cruise

Lisa Bjorksten (resigned 22 August 2018)

Katina Law

Gabrielle Curtin (resigned 12 February 2018)

John Harvey (appointed 7 May 2018)

Company Secretary

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

Candida Bruce: BA, LLB (resigned 30 May 2018)

Shengnan (Diana) Liu: MCom, CPA
(appointed 30 May 2018)

Principal Activities, Objectives and Measures of Performance

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

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

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

The Group's 2016-2018 strategy to achieve these goals is described below:

Our Approach

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

Objectives

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

Our Services

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

Objectives

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

Directors' Report

(continued) for the year ended 30 June 2018

Our People

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

Objectives

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

Our Partners

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

Objectives

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

Operating Results

The operations of the Group for the financial year resulted in a loss of \$23,589,525 (2017: surplus \$1,713,977). The deficit is mainly due to a change in practice from the Department of Health which means that going forward any historical residual grant amounts can no longer be rolled over. As such residual amounts held as at 30 June 2018 may need to be returned to the Department. The relevant amount at 30 June 2018 was \$17.1m which has been accumulated over the ten years that **headspace** has been operating. This amount is recognised in these accounts as a current liability.

headspace is currently in discussions with the Department of Health regarding the use of these funds for new and current programs. The Department of Health has indicated that it may support the redirection of some of these funds and is currently reviewing other proposals submitted by **headspace**.

Contributions on Winding Up

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

Review of Operations

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

The Group is funded directly to operate programs such as the Youth Online and Telephone Counselling Program (eheadspace), Digital Work and Study and Digital eMentoring, as well as being the lead agency for four **headspace** centres and one hYEPP centre.

Two new programs commenced in the current financial year. The larger of these programs is significant and brings together three existing programs KidsMatter, MindMatters and the **headspace** School Support Postvention services. **headspace** is the main service provider to beyondblue for this program. The second was the Digital eMentoring program funded by the Department of Employment under the Empowering YOUTH Initiatives scheme, with all other programs and direct led centres largely operating at consistent levels to that of the prior financial year.

Directors' Report

(continued) for the year ended 30 June 2018

Significant Changes in the State of Affairs

During the second half of the year, the Group negotiated the terms of the new **headspace** National Commonwealth funding agreement to commence from 1 July 2018 to 30 June 2020. The Group has been advised that due to a change in practice the Department of Health are unable to accommodate the rollover of any historical residual amounts in past funding agreements, meaning that such amounts as at 30 June 2018 may need to be returned to the Department. The amount of historical residual grants at 30 June 2018 which may need to be returned to the Department is \$17.1m. These funds have been accumulated over the ten years that **headspace** has been operating. This liability has been recognised as a Provision for underspent grants in the financial report. **headspace** is currently in discussions with the Department of Health regarding the use of these funds for new and current programs. The Department of Health has indicated that it may support the redirection of some of these funds and is currently reviewing other proposals submitted by **headspace**.

In addition to the Group being awarded a two-year funding agreement for the National Education initiative, the Group was awarded an eighteen-month grant extension for the School Support program to end 31 December 2019, to provide additional suicide prevention training.

Additionally, the Group was awarded a six-month contract for the period July to December 2018 from the Victorian Government's Department of Education and Training to undertake to administer contracts to Victorian-based **headspace** centres to provide counselling services to secondary school students; provide a direct telephone counselling service and undertake training to educators.

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

Matters Subsequent to the end of the Financial Year

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

Likely Developments and Expected Results of Operations

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

Environmental Regulation

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

Directors' Report

(continued) for the year ended 30 June 2018

Information on Directors

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

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

Directors' Report

(continued) for the year ended 30 June 2018

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
Patrick McGorry AO	<ul style="list-style-type: none"> • Board member since 5 June 2009. • AO, MD, BS, PhD, FRCP, FRANZCP, FAA, FASSA. • Australian of the Year 2010. • Professor Patrick McGorry is the Executive Director of Orygen, Professor of Youth Mental Health at The University of Melbourne, and a Founding Director of the National Youth Mental Health Foundation (headspace). He is a world-leading researcher in the area of early psychosis and youth mental health, he has been directly involved in research and clinical care for homeless people, refugees and asylum seekers. • Patrick's work has played a critical role in the development of safe, effective treatments for and innovative research into the needs of young people with emerging mental disorders, notably psychotic and severe mood disorders. He has also played a major part in the transformational reform of mental health services to better serve the needs of young people with mental ill health. • Professor McGorry was a key architect of the headspace model and has been successful in advocating with colleagues for its national expansion. He has successfully advocated for the establishment of a national early psychosis programme based on the Early Psychosis Prevention and Intervention Centre model. He is frequently asked to advise on early intervention and youth mental health policy both nationally and internationally. • Professor McGorry has published extensively in the specialist literature and serves as Editor-in-Chief of Early Intervention in Psychiatry. He is a Fellow of the Australian Academy of Science, the Academy of the Social Sciences in Australia, and the Australian Academy of Health and Medical Science. He is the current President of the International Association of Youth Mental Health, and past President of the Society for Mental Health Research (2013-2017) and the Schizophrenia International Research Society (2016-2018). 	Member Quality and Clinical Governance Committee.
Annette Carruthers (appointed 30 August 2016)	<ul style="list-style-type: none"> • Board member since 30 August 2016. • MBBS (Honours), FRACGP, FAICD, GradDipAppFin. • Annette is an experienced non-executive director in financial services, health, infrastructure and aged care. Current appointments include President of Multiple Sclerosis Australia and Director of Little Company of Mary Healthcare Ltd, Catercare Pty Ltd and Multiple Sclerosis Research Australia. Annette has qualifications in finance, superannuation and corporate governance and has a special interest in risk management. She is also a part-time member of the Superannuation Complaints Tribunal. • Previous directorships include ASX listed nib Holdings, AMP Capital's Aged Care Investment Trust, Hunter Infrastructure and Investment Advisory board, National Heart Foundation (NSW Division), Hunter Medicare Local, Hunter Area Health Service and the NSW Board of the Medical Board of Australia. • Medically trained, Annette continues to work part-time as a general practitioner. Her medical interests include clinical risk management and quality improvement in health services. She is a member of the Medical Experts Committee of Avant Mutual Ltd, a leading medical indemnity insurer. 	Chair Quality and Clinical Governance Committee.

Directors' Report

(continued) for the year ended 30 June 2018

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
Anne Murphy Cruise (appointed 30 August 2016)	<ul style="list-style-type: none"> Board member since 30 August 2016. LLB (Honours), MA (Honours), Dip. Ed (Honours), BA (Honours), admitted as a Barrister and Solicitor of the Supreme Court of Victoria. Anne is a senior lawyer at Macquarie Capital, specialising in equity capital markets transactions. Prior to this Anne was in private practice and has extensive experience in corporate governance, legal compliance and general corporate matters. Before commencing her career in the law, Anne was a foreign language teacher at a number of Victorian senior schools, teaching French and German. Anne is also involved in sector mentoring across various age groups and divisions at Macquarie and participates in the diversity program and the promotion of young women in the workforce. 	Member Finance and Audit Committee.
Gabrielle Curtin	<ul style="list-style-type: none"> Appointed 30 August 2016. Resigned 12 February 2018. 	Member Finance and Audit Committee.
Lisa Bjorksten	<ul style="list-style-type: none"> Appointed 30 August 2016 Resigned 22 August 2018. 	Member Quality and Clinical Governance Committee.
Katina Law (appointed 30 August 2016)	<ul style="list-style-type: none"> Board member since 30 August 2016. B Com, CPA, MBA, GAICD. Raised in the Kimberley region of WA, Katina is currently managing director of Indigenous Professional Services, providing services to business and government in a wide range of areas including human resources, performance auditing, change management and financial management. Katina has worked extensively in executive roles across the mining sector in Australia, Asia, Africa, the UK and the United States. Katina has wide-ranging board experience working extensively with both large and small companies. Katina is currently Chair of ASX listed Ardea Resources and is on the board of Gumala Enterprises Pty Ltd. Katina has mentored Indigenous business people to increase participation in the mainstream economy and is passionate about improving the lives of Indigenous people. 	Chair Finance and Audit Committee.

Directors' Report

(continued) for the year ended 30 June 2018

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
John Harvey (appointed 7 May 2018)	<ul style="list-style-type: none"> Board member since 7 May 2018 MBA, PhD, BSc (Hons) Genetics, BSc, FAICD John has had an extensive career as a board director and brings a broad range of generalist skills and experiences to the headspace boardroom. A scientist by trade, John worked as a researcher in the health and agriculture sectors prior to managing the Australian wine industry's national research and development corporation as Executive Director. John is currently Chair of Adelaide based Can:Do Group which provides services to children and young people who are vision or hearing impaired. He is Chair of Studio Nine Architects, Deputy Chair of Rural Business Support, Non-Executive Director of the Australian Wine Research Institute and Revenir Winemaking as well as a Trustee for the Winston Churchill Memorial Trust (SA) and owner of his own wine company. 	

There were no loans made to directors by the Group.

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 2018, and the number of meetings attended by each director were:

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

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

Directors' Report

(continued) for the year ended 30 June 2018

Non-Audit Services

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

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

Directors' Report

(continued) for the year ended 30 June 2018

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.



Ian Marshman AM
Chair On behalf of the directors
Melbourne



Katina Law
Chair Finance and Audit Committee
Melbourne

Dated this 18th day of October 2018

RSM Australia Partners

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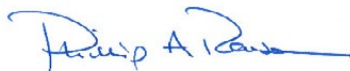
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of **headspace** National Youth Mental Health Foundation Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



P A RANSOM
Partner

Dated: 18 October 2018
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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Registered office
Level 2, 485 La Trobe Street
MELBOURNE VIC 3000

Principal place of business
Level 2, 485 La Trobe Street
MELBOURNE VIC 3000

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

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

The financial statements were authorised for issue by the directors on 18 October 2018. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue from Continuing Operations			
Revenue from services and Government grants		32,187,680	33,505,072
Interest		691,549	760,735
Fundraising		801,774	449,950
Other revenues from operating activities		1,209,599	728,384
Revenue from operating activities	2	34,890,602	35,444,141
Operating Expenses			
Employment		25,169,477	18,321,131
Occupancy		3,000,004	2,631,814
Grant payments		424,101	5,272,425
Consultancy		1,287,380	657,783
Sub-contracts with member organisations		174,000	187,000
Governance		258,868	223,888
Travel		1,856,364	1,181,283
Communications and marketing		3,081,243	1,208,245
Depreciation and amortisation	3	960,813	457,913
(Gain) on disposal of assets		-	(9,526)
Provision for underspent grants	8	17,152,165	-
Other operating and administration expenses		5,115,712	3,598,208
Expenses from operating activities	3	58,480,127	33,730,164
Surplus / (Deficit) before Income Tax		(23,589,525)	1,713,977
Income tax expense	1f	-	-
Surplus / (Deficit) after income tax expense for the year		(23,589,525)	1,713,977
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		(23,589,525)	1,713,977

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash assets		15,253,970	31,667,923
Other financial assets	4	22,147,881	11,775,474
Trade and other receivables	5	8,189,664	2,357,400
Total current assets		45,591,515	45,800,797
Non-current assets			
Leasehold improvements, office equipment and motor vehicle	6	992,983	672,259
Total non-current assets		992,983	672,259
Total assets		46,584,498	46,473,056
LIABILITIES			
Current liabilities			
Trade and other payables	7	2,290,754	2,524,540
Provisions	8	18,669,930	1,069,077
Deferred income	9	9,647,001	3,426,315
Total current liabilities		30,607,685	7,019,932
Non-current liabilities			
Provisions	8	679,908	566,694
Total non-current liabilities		679,908	566,694
Total liabilities		31,287,593	7,586,626
Net assets		15,296,905	38,886,430
Members' Funds			
Accumulated surplus	10	15,296,905	38,886,430
Total members' funds		15,296,905	38,886,430

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2018

	Note	Accumulated surplus \$	Total \$
Balance at 30 June 2016		37,172,453	37,172,453
Total comprehensive income for the year	10	1,713,977	1,713,977
Balance at 30 June 2017		38,886,430	38,886,430
Total comprehensive income for the year	10	(23,589,525)	(25,589,525)
Balance at 30 June 2018	10	15,296,905	15,296,905

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from Government grants and other operations (incl GST)		38,836,455	60,668,451
Payments to employees and suppliers (incl GST)		(44,288,013)	(75,415,956)
Interest received		691,549	760,735
Net cash outflow from operating activities	13(b)	(4,760,009)	(13,986,770)
Cash flows from investing activities			
Payments for leasehold improvements and office equipment		(1,281,537)	(72,763)
Net cash outflow from investing activities		(1,281,537)	(72,763)
Cash flow from financing activities			
Net cash inflow / (outflow) from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		(6,041,546)	(14,059,533)
Cash and cash equivalents at the beginning of the financial year		43,443,397	57,502,930
Cash and cash equivalents at the end of the financial year	13(a)	37,401,851	43,443,397

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

Note 1: Summary of significant accounting policies

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

Basis of preparation

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

Historical Cost Convention

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

Early Adoption of Standards

The Group has not elected to early adopt any accounting standards for this reporting period (2017: None).

Critical accounting estimates and judgements

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

a. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of **headspace** National Youth Mental Health Foundation Ltd ("the Parent Entity") as at 30 June 2018 and the results of its subsidiary for the year then ended. **headspace** National Youth Mental Health Foundation Ltd and its subsidiary together are referred to in this financial report as the Group.

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

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

b. Functional and presentation currency

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

c. New, revised or amending Accounting Standards and Interpretations adopted by the Group

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

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

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 1: Summary of significant accounting policies (continued)

AASB 9 Financial Instruments. This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a “fair value through other comprehensive income” category for debt instruments, contains requirements for impairment of financial assets, etc. This standard has an application date of 1 January 2019. Management has undertaken an assessment and assessed that the adaptation of this new standard would not have a significant impact on the Group.

AASB 16 Leases. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts, effectively resulting in the recognition of almost all leases on the statement of financial position. This standard has an application date of 1 January 2019. The Group has a number of operating leases that will be impacted by the application of this change. At the time this statement is prepared, the Group has no lease obligation extending over 30 June 2019.

AASB 1058 Income for not for profit entities. This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. This Standard supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. This standard has an application date of 1 January 2019. The impact of AASB 1058 is not expected to have a material impact to the Group.

d. Revenue Recognition

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

Revenue from services and Government grants

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

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

Interest

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

Fundraising

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

e. Expenses

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

Grant payments

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

f. Income tax

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

g. Leases

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 1: Summary of significant accounting policies (continued)

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

h. Cash and cash equivalents

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

i. Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured less any provision for impairment. Trade receivables are generally due for settlement within 30 days (2017: 30 days). They are presented as current assets unless the collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

The collectability of other receivables is assessed at the reporting date and specific provision is made for any doubtful amounts.

The amount of the impairment loss is recognised as an expense within other operating and administration expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating and administration expenses in the Consolidated Statement of Comprehensive Profit or Loss and Other Comprehensive Income.

j. Leasehold improvements, office equipment and motor vehicle

Leasehold improvements, office equipment and motor vehicle are measured at cost or deemed cost on the acquisition and are carried at cost less accumulated

depreciation and any accumulated impairment. In the event that the carrying amount of leasehold improvements and office equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised as an expense (note 1(n)).

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

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

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

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

k. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the financial year for goods and services received by the Group which remain unpaid benefits. Due to their short-term nature, they are measured at amortised cost and are not discounted. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability (2017: 30 days).

l. Employee entitlements

Short-term obligations

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

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 1: Summary of significant accounting policies (continued)

Other long-term employee benefit obligations

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

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

Defined contribution superannuation expense

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

m. Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

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

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. Parent entity financial information

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

p. Current and non-current classification

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

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

A liability is classified as current when: it is either expected to be settled in the consolidated entity'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.

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 2: Revenues from continuing operations

	2018 \$	2017 \$
Operating activities from continuing operations		
Grant income	32,187,680	33,505,072
Interest	691,549	760,735
Fundraising	801,774	449,950
Other revenues from operations	1,209,599	728,384
Total revenues from continuing operations	34,890,602	35,444,141

Revenue for the financial year includes funding under agreements with the Commonwealth of Australia primarily as represented by the Department of Health, Federal and State Government bodies and grant funding from subcontractor agreements. The Group has deferred Government grant revenue of \$9,647,001 as disclosed in Note 9.

Note 3: Expenses from operating activities

	2018 \$	2017 \$
Expenses from operating activities have been determined after:		
<i>Depreciation</i>		
Leasehold improvements	750,035	218,084
Office equipment	210,778	239,829
Total depreciation and amortisation	960,813	457,913
Rental expense relating to operating leases – minimum lease payments	2,237,463	1,996,477
Superannuation expense	1,985,391	1,510,887

Individually significant items

There are no items that are significant to the financial performance of the Group, that require being listed separately.

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 4: Other financial assets

	2018	2017
Current	\$	\$
Deposits at call	22,147,881	11,775,474
Total other financial assets	22,147,881	11,775,474

(a) Risk exposure

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

Note 5: Trade and other receivables

	2018	2017
Current	\$	\$
Trade and other receivables	6,445,950	1,780,342
GST receivable	-	-
Prepayments	1,743,714	577,058
Total trade and other receivables	8,189,664	2,357,400

Majority of trade receivables is contributed by outstanding payments from Primary Health Networks at 30 June 2018.

(a) Impaired trade receivables

There are no impaired trade receivables at year end (2017: \$nil).

(b) Past due but not impaired

As at 30 June 2018, trade receivables of \$341,608 (2017: \$836,456) were past due but not impaired.

(c) Risk exposure

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

(d) Fair value

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 6: Leasehold improvements, office equipment and motor vehicle

Note 6(a): Leasehold improvements

	2018 \$	2017 \$
Leasehold improvements at cost	2,667,670	1,913,873
Less accumulated depreciation	(2,220,792)	(1,470,757)
Total leasehold improvements	446,878	443,116

Note 6(b): Office equipment

	2018 \$	2017 \$
Office equipment at cost	3,036,754	2,662,476
Less accumulated depreciation	(2,490,649)	(2,433,333)
Total office equipment	546,105	229,143

Note 6(c): Motor Vehicle

	2018 \$	2017 \$
Motor vehicle at cost	79,976	79,976
Less accumulated depreciation	(79,976)	(79,976)
Total Motor Vehicle	-	-

Net book amount	992,983	672,259
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Note 6(d): Movements in carrying amounts

	Leasehold improvements (\$)	Office equipment (\$)	Motor Vehicle (\$)	Total (\$)
Carrying amount as at 30 June 2016	654,250	404,513	-	1,058,763
Additions	6,950	65,813	-	72,763
Disposals	-	(1,354)	-	(1,354)
Depreciation	(218,084)	(239,829)	-	(457,913)
Carrying amount as at 30 June 2017	443,116	229,143	-	672,259
Additions	753,797	527,740	-	1,281,537
Disposals	-	-	-	-
Depreciation	(750,035)	(210,778)	-	(960,813)
Carrying amount as at 30 June 2018	446,878	546,105	-	992,983

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 7: Trade and other payables

	2018 \$	2017 \$
Current		
Trade payables	55,352	6,941
GST payable	382,284	88,170
Other payables	1,853,118	2,429,429
Total trade and other payables	2,290,754	2,524,540

Refer to Note 18 for further information on financial instruments.

Note 8: Provisions

The Group has been advised that due to a change in practice the Department of Health are unable to accommodate the rollover of any historical residual amounts in past funding agreements, meaning that such amounts as at 30 June 2018 may need to be returned to the Department. The amount of historical residual grants at 30 June 2018 which may need to be returned to the Department is \$17.1m. These funds have been accumulated over the ten years that **headspace** has been operating. This liability has been recognised as a Provision for underspent grants in the financial report. **headspace** is currently in discussions with the Department of Health regarding the use of these funds for new and current programs. The Department of Health has indicated that it may support the redirection of some of these funds and is currently reviewing other proposals submitted by **headspace**.

	2018 \$	2017 \$
Current		
Employee entitlements – annual leave	1,236,651	918,254
Employee entitlements – long service leave	281,114	150,823
Provision for underspent grants	17,152,165	-
	18,669,930	1,069,077
Non-current		
Employee entitlements – long service leave	679,908	566,694
Total provisions	19,213,476	1,635,771

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

	2018 \$	2017 \$
Current leave obligations expected to be wholly settled within 12 months	1,517,765	1,069,077

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 9: Deferred income

	2018	2017
	\$	\$
Current		
Deferred income	9,647,001	3,426,315
Total deferred income	9,647,001	3,426,315

Note 10: Accumulated surplus

Movements in accumulated surplus were as follows:

	2018	2017
	\$	\$
Balance as at 1 July	38,886,430	37,172,453
Surplus / (deficit) after income tax expense for the year	(23,589,525)	1,713,977
Balance as at 30 June	15,296,905	38,886,430

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 2018 the number of members was 5 (2017: 5).

Note 12: Commitments

Operating Leases

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

Minimum lease payments:

	2018	2017
	\$	\$
Within one year	2,825,193	2,152,054
Later than one year and not later than five years	-	1,785,425
	2,825,193	3,937,479

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 13: Cash flow information

Note 13 (a): Reconciliation of cash

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

	2018	2017
	\$	\$
Cash Assets	15,253,970	31,667,923
Other Financial assets – Note 4	22,147,881	11,775,474
Cash and cash equivalents	37,401,851	43,443,397

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

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

	2018	2017
	\$	\$
Surplus / (Deficit) after income tax expense for the year	(23,589,525)	1,713,977
Non-cash flows		
Depreciation	960,813	457,913
Disposals / Write off of assets	-	1,354
Changes in operating assets and liabilities		
(Increase) / Decrease in trade and other receivables	(5,832,264)	353,550
(Decrease) / Increase in trade and other payables	(233,786)	(2,759,956)
Increase / (Decrease) in provisions	17,714,067	254,301
Increase / (Decrease) in deferred income	6,220,686	(14,007,909)
Net cash (used in) / from operating activities	(4,760,009)	(13,986,770)

Note 14: Economic dependence

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 15: Contingencies

Contingent assets

The Group does not have any contingent assets of a material nature which have not already been dealt with in these financial statements (2017: Nil).

Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2018 of \$508,653 (2017: \$474,743) to various landlords for commercial leases.

Note 16: Related party disclosures

Note 16 (a): Key management personnel compensation

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

	2018	2017
Key management personnel benefits:	\$	\$
Compensation to key management	2,213,100	1,771,259
	2,213,100	1,771,259

Note 16 (b): Directors' remuneration

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

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

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

Patrick McGorry AO is a Director of Orygen. The Group has entered into a sub-lease agreement with Orygen in relation to letting unoccupied office floor space to Orygen situated at 485 La Trobe Street in Melbourne. During the financial year, payments received or receivable of \$261,404 (2017: \$0) have been received by the Group from Orygen for sub-lease income.

The Group also has entered into a staff secondment agreement with Orygen in relation to seconding an employee to Orygen for research work. During the financial year, payments received or receivable of \$27,860 (2017: \$0) have been received by the Group from Orygen.

During the financial year, \$38,067 have been paid by the Group to Orygen in the form of grants.

Note 16 (d): Transactions with Centre of Excellence

The Group maintains a Centre of Excellence to provide research services. Orygen is the subcontractor for the Centre of Excellence. Patrick McGorry AO is a Director of Orygen. During the financial year, payments were made by the Group or were payable to Orygen for the Centre of Excellence totalling \$517,604 (2017: \$378,204). \$204,188 remained outstanding at year end.

Note 16 (e): Subsidiaries

Interests in subsidiaries are set out in Note 20.

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

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

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

Audit and Non-audit Services	2018 \$	2017 \$
Audit and review of financial report	71,180	63,500
Cyber security audit services	25,000	-
Cyber security training	3,000	-
Total audit and non-audit services	99,180	63,500

Note 18: Financial Risk Management

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

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

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

Financial Assets	Note	2018 \$	2017 \$
Cash assets		15,253,970	31,667,923
Other financial assets	4	22,147,881	11,775,474
Trade and other receivables (excl prepayments)	5	8,189,664	2,357,400
Total financial assets		45,591,515	45,800,797

Financial Assets

Trade and other payables	7	2,427,117	2,524,540
Provision for underspent grants	8	17,152,165	-
Total financial liabilities		19,579,282	2,524,540

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 18: Financial Risk Management (continued)

(a) Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the financial year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate instruments. The Group is also exposed to earnings volatility on floating rate instruments.

(ii) Price Risk / foreign currency

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

(iii) Sensitivity Analysis

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

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

2018	Carrying Amount	Interest Rate Risk	
		+100bps	-100bps
Financial Assets	(\$)	(\$)	(\$)
Cash assets	15,253,970	131,869	(131,869)
Other financial assets	23,147,881	119,567	(119,567)
Trade and other receivables (ex prepayments)	8,189,664		
Financial Liabilities			
Trade and other payables	2,427,117	-	-
Provision for underspent grants	17,152,165	-	-
Total increase / decrease		251,436	(251,436)

2017	Carrying Amount	Interest Rate Risk	
		+100bps	-100bps
Financial Assets	(\$)	(\$)	(\$)
Cash assets	31,667,923	280,769	(280,769)
Other financial assets	11,775,474	116,797	(116,797)
Trade and other receivables (ex prepayments)	2,357,400	-	-
Financial Liabilities			
Trade and other payables	2,524,540	-	-
Total increase / decrease		397,566	(397,566)

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 18: Financial Risk Management (continued)

(b) Credit risk

Credit risk arises from credit exposures to outstanding receivables.

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

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

(c) Liquidity risk

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

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

Maturities of financial liabilities

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

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

2018	Less than 6 months (\$)	6-12 months (\$)	Total contractual cash flows (\$)	Carrying amount of liabilities (\$)
Contractual maturities of financial liabilities				
Trade and other payables	2,427,117	-	2,427,117	2,427,117
Provision for underspent grants	17,152,165	-	17,152,165	17,152,165

2017	Less than 6 months (\$)	6-12 months (\$)	Total contractual cash flows (\$)	Carrying amount of liabilities (\$)
Contractual maturities of financial liabilities				
Trade and other payables	2,524,540	-	2,524,540	2,524,540

(d) Fair value estimation

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 19: Critical accounting estimates and assumptions

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

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions

that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Provision for underspent grants

The provision for underspent grants requires a degree of estimation and judgement. The level of provision is assessed by taking into account actual unspent balances on hand at 30 June 2018, as well as latest discussions and agreements with the grant funders.

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

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

(iii) Long service leave

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

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

(i) Revenue recognition

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

Note 20: Subsidiaries

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

Name of Entity	Country of Incorporation	Type of Entity	Holding	
			2018 (%)	2017 (%)
headspace Services Ltd	Australia	Company limited by guarantee	100	100

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2018

Note 21: Parent entity financial information

a) Summary financial information

	2018 \$	2017 \$
Balance sheet		
Current assets	40,956,580	41,273,156
Total assets	41,632,303	41,324,107
Current liabilities	25,736,484	6,190,346
Total liabilities	26,564,203	6,811,920
Members funds:		
Accumulated surplus	15,068,100	34,512,187
Surplus / (Deficit) for the period	(19,444,087)	854,156
Total comprehensive income	(19,444,087)	854,156

b) Contingencies of the parent entity

The parent entity had neither any contingent assets nor liabilities as at 30 June 2018 or 30 June 2017.

Note 22: Group details

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

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

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

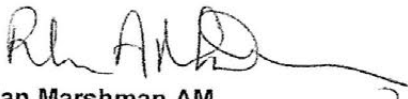
Director's Declaration

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 2018 and of the performance for the year then ended of the consolidated group; and
 - (ii) comply with Australian Accounting Standards, including the Interpretations; and
- (b) in the directors' opinion there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Ian Marshman AM
Chair On behalf of the directors



Katina Law
Chair Finance and Audit Committee

Dated this 18th day of October 2018

Auditor's Report

for the year ended 30 June 2018



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADSPACE NATIONAL YOUTH MENTAL HEALTH FOUNDATION LTD

Opinion

We have audited the accompanying financial report of **headspace** National Youth Mental Health Foundation Ltd ("the Company") and its subsidiary, which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and, and the directors' declaration.

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 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 2018, 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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Auditor's Report

(continued) for the year ended 30 June 2018



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.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads 'P A Ransom'.

P A RANSOM
Partner

Dated: 18 October 2018
Melbourne, Victoria





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National Youth Mental Health Foundation



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