Help, hope and purpose

Mind Australia Limited and controlled entities

Consolidated Financial Statements For the year ended 30 June 2020

ABN 22 005 063 589

Mind Australia Limited and controlled entities

Contents

30 June 2020

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	33
Independent Audit Report	34

Directors' Report
30 June 2020

The directors present their report on Mind Australia Limited and controlled entities (Referred to hereafter as "the Group") for the financial year ended 30 June 2020.

In addition to the content of this report providing particulars of Mind Australia Limited's directors and a brief description of the Group's activities, operations, and results, readers are encouraged to also consider the Mind Australia Limited Annual Report for the year ended 30 June 2020 which provides further insight into the performance of the Group.

1. General information

(a) Information on directors

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

Name	Experience	Responsibilities
M.J. Field	Chartered Accountant	Chair
C. Gibbs	Senior Executive	Deputy Chair
J. Coggin	Senior Executive	Director
A. Fels	Professor	Director
T. Fels	Barrister and Solicitor	Director
B.J. McCormick	Consumer Consultant	Director
A. Ford	Certified Practising Accountant	Director
R. Vine (appointed 1 August 2019)	Psychiatrist	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Each of the directors at the balance sheet date are members in accordance with note 6 to this directors' report below.

(b) Principal activities

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

No significant changes in the nature of the Group's activity occurred during the financial year.

2. Operating results and review of operations for the year

(a) Operating result

The Group's operating loss for the financial year ended 30 June 2020 was $2,739,933 compared to a profit of $3,176,791 for the previous financial year. The prior year profit however included a one-off gain arising on the assumption of control of The Haven Foundation. Excluding this the Group would have made an operating loss of $2,709,983. The operating result reflects the continuing investment by the Group in addressing its vision and purpose in a changing market driven environment and creating a sustainable future.

(b) Dividends paid or recommended

Mind Australia Limited is a company limited by guarantee and is not permitted to pay dividends.

Directors' Report
30 June 2020

2. Operating results and review of operations for the year (continued)

(c) Review of operations

During the financial year, the Group grew the provision of services in Queensland and Victoria by winning additional contracts in sub-acute services.

The Group continued to transition clients into NDIS services and developed community housing and specialist accommodation.

The global pandemic (COVID-19) declared by the World Health Organisation (WHO) affected the provision of services. However with flexible funding arrangements and service models, the Group was able to continue service provision with minimal impact.

3. Other items

(a) Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

(b) Events after the reporting date

The Coronavirus (COVID-19), which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had an impact on the Australian and local economies.

As at the date of preparation of these financial statements the impact of the Coronavirus (COVID-19) pandemic is ongoing and the situation is rapidly changing. The speed and recovery of economic activity is largely dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Given the dynamic and evolving nature of COVID-19, and limited recent experience of the economic and financial impacts of such a pandemic on the preparation of these financial statements, changes to the estimates and judgements that have been applied in the measurement of assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

No other matters or circumstances have arisen since the end of the financial year which 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.

(c) Future developments and results

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

(d) Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Mind Australia Limited and controlled entities

Directors' Report

30 June 2020

4. Meetings of directors

The following table sets out the number of meetings of the Group's directors held during the year ended 30 June 2020 and the number of meetings attended by each director.

	Directors' Meetings		Finance and Audit (FAA) Committee		Governance and Nominations (GAN) Committee		Quality, Assurance and Risk (QAR) Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
M.J. Field (Chair)	10	9	8	7	5	5	5	5	2	2
C.Gibbs (Deputy Chair)	10	10	-	-	5	4	5	5	2	2
J. Coggin	10	9	-	-	5	5	-	-	-	-
A. Fels	10	9	8	8	-	-	-	-	-	-
T. Fels	9	9	7	5	-	-	-	-	-	-
A. Ford	10	10	8	8	5	5	-	-	2	2
B.J. McCormick	10	8	-	-	-	-	5	3	-	-
R. Vine	9	8	-	-	-	-	5	5	-	-

5. Indemnification and insurance of officers and auditors

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

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

6. Capital structure

Mind Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. In accordance with the guarantee, if the Group is wound up, the Constitution states that each member is required to contribute a maximum of $10.00 each towards meeting any outstanding obligations of the Group. At 30 June 2020, the number of members was 18. At that date the collective liability of members was $180 (2019: $180).

7. Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, for the year ended 30 June 2020 has been received and can be found on the following page of the financial report.

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

Director: ....
M. J. Field

Director: ....
A. Ford

Dated this 28th day of September 2020

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of:

1) The auditor independence requirements as set out in Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

2) Any applicable code of professional conduct in relation to the audit.

Crowe Melbourne

CROWE MELBOURNE

David Munday

DAVID MUNDAY
Partner

Melbourne, Victoria
30 September 2020

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 (restated) $
Revenue and income	4	89,278,105	79,263,553
Other income	4	684,038	949,966
Gain on acquisition of The Haven Foundation		-	5,886,774
		89,962,143	86,100,293
Employee benefits expense		(76,044,803)	(67,234,297)
Depreciation expense	5	(5,256,041)	(3,494,183)
Property expenses		(3,719,593)	(4,167,838)
Client expenses		(1,010,346)	(1,495,986)
Information technology and communications expenses		(2,336,734)	(1,572,126)
Administrative and other expenses	6	(2,758,865)	(3,103,342)
Motor vehicle and travel expenses		(1,501,297)	(1,855,730)
Finance costs		(74,397)	-
		92,702,076	82,923,502
(Loss) / profit for the year attributable to the members		(2,739,933)	3,176,791
Other comprehensive income			
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Net (loss)/gain on equity instruments at fair value through other comprehensive income		(220,867)	92,885
Net gain on revaluation of land and buildings		1,361,786	-
Other comprehensive income that may be reclassified subsequently to profit or loss			
Net loss on debt instruments at fair value through other comprehensive income		(23,816)	
Total comprehensive (loss) / income for the year attributable to the members		(1,622,830)	3,269,676

Consolidated Statement of Financial Position
30 June 2020

	Note	2020 $	2019 (restated) $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,793,319	3,209,712
Trade and other receivables	8	6,047,613	14,850,917
Other financial assets	9	13,225,218	8,469,901
Non-current assets classified as held for sale	12	-	3,800,000
TOTAL CURRENT ASSETS		26,066,150	30,330,530
NON-CURRENT ASSETS			
Property, plant and equipment	10	33,877,440	26,292,495
Right of use assets	11	1,461,731	-
TOTAL NON-CURRENT ASSETS		35,339,171	26,292,495
TOTAL ASSETS		61,405,321	56,623,025
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	5,698,605	7,506,672
Other liabilities	14	8,215,044	3,819,972
Lease liabilities	11	812,044	-
Employee benefits	15	5,549,101	5,055,714
Provisions	16	343,000	-
TOTAL CURRENT LIABILITIES		20,617,794	16,382,358
NON-CURRENT LIABILITIES			
Lease liabilities	11	510,336	-
Borrowings	17	1,540,000	-
Employee benefits	15	1,272,465	1,153,111
TOTAL NON-CURRENT LIABILITIES		3,322,801	1,153,111
TOTAL LIABILITIES		23,940,595	17,535,469
NET ASSETS		37,464,726	39,087,556
EQUITY			
Retained earnings		14,413,519	16,692,846
Asset revaluation reserve	18	9,138,577	8,237,397
Asset contribution reserve	18	-	8,704,249
General reserve	18	13,655,440	4,323,354
Carer development fund	18	-	627,837
Fair value through OCI reserve	18	257,190	501,873
TOTAL EQUITY		37,464,726	39,087,556

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Note	Retained earnings $	Asset revaluation reserve $	Asset contribution reserve $	General reserve $	Carer development funds $	Fair value through OCI reserve $	Available-for -sale asset reserve $	Total $
Balance at 1 July 2019 (as previously stated)		17,579,800	8,237,397	8,704,249	4,323,354	627,837	501,873	-	39,974,510
Prior year adjustment	22	(886,954)	-	-	-	-	-	-	(886,954)
Balance at 1 July 2019 (restated)		16,692,846	8,237,397	8,704,249	4,323,354	627,837	501,873	-	39,087,556
Loss for the year attributable to the members		(2,739,933)	-	-	-	-	-	-	(2,739,933)
Other comprehensive income for the year		-	1,361,786	-	-	-	(244,683)	-	1,117,103
Transfers in/(out) of reserve accounts		460,606	(460,606)	(8,704,249)	9,332,086	(627,837)	-	-	-
Balance at 30 June 2020		14,413,519	9,138,577	-	13,655,440	-	257,190	-	37,464,726

2019

	Note	Retained earnings $	Asset revaluation reserve $	Asset contribution reserve $	General reserve $	Carer development funds $	Fair value through OCI reserve $	Available-for -sale asset reserve $	Total $
Balance at 1 July 2018 (as previously stated)		13,191,356	9,033,041	8,704,249	4,263,255	700,000	-	408,988	36,300,889
Change in accounting policy		-	-	-	-	-	408,988	(408,988)	-
Prior year adjustment	22	(470,945)	-	-	-	-	-	-	(470,945)
Balance at 1 July 2018 (restated)		12,720,411	9,033,041	8,704,249	4,263,255	700,000	408,988	-	35,829,944
Profit for the year attributable to the members (restated)		3,176,791	-	-	-	-	-	-	3,176,791
Other comprehensive income for the year		-	-	-	-	-	92,885	-	92,885
Transfers in/(out) of reserve accounts		795,644	(795,644)	-	60,099	(72,163)	-	-	(12,064)
Balance at 30 June 2019		16,692,846	8,237,397	8,704,249	4,323,354	627,837	501,873	-	39,087,556

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		97,262,718	74,984,503
Payments to supplier and employees		(89,456,143)	(75,206,152)
Interest paid		(74,397)	-
Net cash from / (used in) operating activities		7,732,178	(221,649)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income		324,876	469,117
Proceeds from sale of plant and equipment		609,239	1,106,058
Purchase of property, plant and equipment		(10,349,427)	(8,073,275)
Net (amounts paid)/proceeds from financial assets at amortised cost		(4,000,000)	2,000,000
Net (amounts paid)/proceeds from financial assets at fair value through profit or loss		(1,000,000)	4,031,994
Proceeds from sale of assets held for sale		10,070,405	
Cash received on acquisition of subsidiary		-	1,449,422
Net cash (used in) / from investing activities		(4,344,907)	983,316
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		1,200,000	-
Repayment of lease liabilities		(1,003,664)	-
Net cash from financing activities		196,336	-
Net increase in cash and cash equivalents held		3,583,607	761,667
Cash and cash equivalents at beginning of year		3,209,712	2,448,045
Cash and cash equivalents at end of financial year	7	6,793,319	3,209,712

The accompanying notes form part of these financial statements.

Mind Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. In accordance with the guarantee, if the Group is wound up, the Constitution states that the amount to be contributed by any member will not exceed $10.00 towards meeting any outstanding obligations of the Group. At 30 June 2020 the number of members was 18 (2019: 18).

The financial report covers Mind Australia Limited as a consolidated entity. The controlled entities are detailed in note 19. Mind Australia Limited is a not-for-profit company, incorporated and domiciled in Australia.

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

1 Basis of Preparation

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

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

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

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Leases

As described in note 2(n), the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means the comparative information is reported under AASB 117 *Leases*.

Accounting policies that apply to the year ended 30 June 2020

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key criteria:

- the contract contains an identified asset,
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, and
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

2 Summary of Significant Accounting Policies (continued)

(b) Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Within the consolidated statement of financial position, right-of-use assets have been included in non-current assets and lease liabilities have been included in borrowings.

The Group has elected to account for short-term leases using the practical expedient. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group has also taken advantage of the temporary option to measure right-of-use assets at initial recognition at cost, where such leases have significantly below-market terms and conditions principally to allow the Group to further its objectives.

Accounting policies that applied prior to 30 June 2019

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

The accounting policy as lessor is included within note 2c.

(c) Revenue and Income

Accounting policies that apply to the year ended 30 June 2020

(i) Government grants

Grant income consists of revenue received directly and indirectly from State and Australian Federal governments for the provision of services. Amounts received which relate to unfulfilled performance obligations under AASB 15 are recognised as part of contract liabilities as detailed within note 14.

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

(ii) Revenue from the provision of Services

Revenue from the rendering of a service is recognised by the Group upon the delivery of the service to the client.

(ii) Capital grants – buildings and land

For capital grants received under an enforceable agreement where it includes a transfer to enable the Group to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Group when completed, the Group recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer. As the capital grants received by the Group are primarily for the acquisition of land and the construction of buildings, the Group recognises income as the land is acquired and the buildings are constructed (when it satisfies its obligations).

(iii) Donations

Donations are immediately recognised on receipt as revenue where there is no obligation to refund the monies. Where these are tied to a specific purpose the donations are initially recognised as "Funds received in advance", a liability, and are recognised as income only when the funds have been utilised in accordance with their purpose or conditions.

(iv) Rental income

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of each lease, in accordance with AASB 16 *Leases*. There is no change to this policy from that applied prior to the date of initial application of this standard.

(v) Interest

Interest income is recognised in the Statement of profit or loss and other comprehensive income as it accrues, using the effective interest method. There is no change to this policy from that applied in the comparative year.

Accounting policies that applied prior to 30 June 2019

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

(i) Government grants

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

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

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

When government grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the government, this is considered a reciprocal transaction and the revenue is recognised in the Statement of financial position as a liability until spent, otherwise the revenue is recognised as income on receipt. The same approach is adapted for other contracted services such as revenue received from Health services.

(ii) Rental income

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

(iii) Donations

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

(iv) Contribution of assets

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

(d) Goods and services tax (GST)

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

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

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

(e) Property, plant and equipment

(i) Basis of measurement of carrying amount

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

(ii) Revaluation of land and buildings

Land and buildings are measured using the revaluation model.

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

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

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

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

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

(iii) Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5% - 10%
Furniture, fittings and equipment - at cost	10% - 33%
Motor Vehicles	15% - 20%
Leasehold improvements	10% - 33%
Software	16% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

2 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

(iv) De-recognition and disposal

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

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

(f) Impairment of non-current assets

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

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

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

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

(g) Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument, and are initially measured at fair value, adjustments by transaction costs, except for those carried at fair value through profit and loss, which are measured initially at fair value.

Classification and Subsequent Measurement of Financial Assets

Financial assets are subsequently measured at fair value through profit or loss, fair value through other comprehensive income or amortised cost.

Classifications are determined by both i) the Group's business model for managing the financial asset and ii) the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Categories of financial assets

Financial Assets at Amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss.

The Group's financial assets at amortised cost includes cash and cash equivalents and trade and other receivables.

Equity instruments designated at fair value through other comprehensive income

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividends from these investments are recorded as other income within the profit or loss unless they clearly represent a return of capital.

The Group has elected to classify irrevocably its listed equity investments under this category.

Debt instruments at fair value through other comprehensive income

The Group measures debt instruments at fair value through other comprehensive income when:

- they are held within a business model whose objective is to both hold to collect contractual cash flows and selling, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments through other comprehensive income, interest income and impairment losses are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

The Group's debt instruments at fair value through other comprehensive income includes investments in quoted debt instruments.

Financial assets at fair value through profit or loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Changes in the fair value of the assets are recognised in the statement of profit or loss.

This category includes convertible capital notes that were disposed of during the prior year, and none were held as at balance sheet or comparative date.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables. Such financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based upon the days past due. The Group has a history of minimal bad debts and is exposed to minimal such risks, accordingly no provision is made as at the balance sheet date.

(h) Cash and Cash Equivalents

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

(i) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

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

2 Summary of Significant Accounting Policies (continued)

(j) Trade and other receivables

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

(k) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Restoration provisions:

Provisions for the costs to restore lease assets to their original conditions, as required by the terms and conditions of the lease, are recognised when the obligation in incurred, either at commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. The estimates are regularly reviewed and adjusted as considered necessary.

Restructuring:

A restructuring provision is recognised when the Group has developed a formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. A restructuring provision includes only direct expenditures arising from the restructure.

(m) Current and non-current classification

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

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

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

2 Summary of Significant Accounting Policies (continued)

(n) New, revised, or amending Accounting Standards and Interpretations adopted

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

AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers:*

In the current year, the Group has applied AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers* which are effective for an annual period that begins on or after 1 January 2019. The date of initial application of AASB 1058 and AASB 15 for the Group is 1 July 2019.

The Group has applied AASB 1058 and AASB 15 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated. Under this method the cumulative effect of initially applying AASB 1058 and AASB 15 for the first time in the year ending 30 June 2020 are adjusted against retained earnings as at 1 July 2019. There are however no changes to the accounting treatment of the Group's revenues and income and accordingly there is no such adjustment against retained earnings.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

Under AASB 1058 the main principle is that where a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised over any 'related amounts' is recognised as income immediately.

In the case of the Group the main 'related amount' is AASB 15. Where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to any excess above the related amounts that would be immediate income recognition under AASB 1058.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition.

General impact of application:

The Group has applied the new income requirements to its main revenue/income streams as detailed below.

Government grants:

Under AASB 1058 where there is an enforceable contract with a customer with sufficiently specific performance obligations, the transaction should be accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied, as opposed to immediate income recognition under AASB 1058.

The Group has reviewed its government grants and analysed the terms. These are considered to be sufficiently specific and accordingly revenue is recognised as performance obligations are satisfied.

Revenue from the provision of services:

Revenue from the provision of services to customers is recognised at a point in time upon delivery of the service to the customer in accordance with the requirements of AASB 15.

2 Summary of Significant Accounting Policies (continued)

(n) New, revised, or amending Accounting Standards and Interpretations adopted (continued)

Capital grants – Land and buildings:

In cases where the transaction includes a transfer to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, AASB 1058 requires the entity to recognise a liability for the excess of the fair value of the transfer over any related amounts recognised and recognise income as it satisfies its obligations under the transfer. Based on an analysis of the capital grant contracts, the Group has concluded that the capital grants relate to recognisable non-financial assets (primarily for the acquisition of land and the construction of buildings). The Group will recognise income as it satisfies its obligations under the transfer (as the land is acquired and the buildings are constructed).

Donations:

The Group has assessed that the adoption of the new income requirements do not have a significant impact on the amounts recognised in the Group's financial statements as the donations do not meet the enforceability and the 'sufficiently specific' criteria under AASB 15 and would therefore be recognised as income once the Group controlled the relevant asset under AASB 1058, which was in line with the previous income recognition under AASB 1004.

The adoption of AASB 15 and AASB 1058 did not have a significant impact on the financial performance of the Group.

AASB 16 *Leases:*

In the current year, the Group has applied AASB 16 *Leases* which is effective for an annual period that begins on or after 1 January 2019. The date of initial application of AASB 16 for the Group is 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group has applied AASB 16 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated.

Impact on lessee accounting:
AASB 16 changes how the Group accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group

- recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

For short-term leases (lease terms of 12 months or less) and leases of low value assets, the Group has opted to recognise lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within "Property expenses" within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(n) New, revised, or amending Accounting Standards and Interpretations adopted (continued)

The Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed as at the date of transition. Instead of performing an impairment review of the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases are onerous immediately before the date of application of AASB 16.

On transition to AASB 16 the incremental borrowing rate applied to lease liabilities recognised under AASB 16 was in the range of 4.09% to 4.28%.

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

	$
Total operating lease commitment disclosed as at 30 June 2019	1,783,727
Less short-term leases	(658,187)
Other adjustments relating to commitment disclosure	315,096
Operating lease liabilities before discounting	1,440,636
Discounted using incremental borrowing rate	(72,358)
Add reasonably certain option periods	241,264
Total lease liabilities recognised at 1 July 2019	1,609,542

The following is a reconciliation of the financial statement line items from AASB 117 to AASB 16 as at 1 July 2019:

	Carrying amount at 30 June 2019	Remeasurement	AASB 16 Carrying amount at 1 July 2019
Right of use assets	-	1,867,542	1,867,542
Lease liabilities	-	(1,609,542)	(1,609,542)

The Group has elected to measure concessionary leases at cost in accordance with AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*.

Impact on lessor accounting:
AASB 16 does not change substantially how a lessor accounts for leases. Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently

(o) New, revised, or amending Accounting Standards and Interpretations that are not yet effective

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 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(p) Comparative information

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(p) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all material subsidiaries of Mind Australia Limited as at 30 June 2020 or for the period under which control was obtained through the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(q) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Valuation of land and buildings

Management uses valuation techniques to determine the fair value of land and buildings. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer to note 10 for details of the valuation methodology applied.

As at 30 June 2020 the market is being impacted by the uncertainty caused by the COVID-19 pandemic. As at the date of valuation there is considered to be market uncertainty resulting in significant valuation uncertainty. As a result, less certainty exists than normal. Given the future impact that COVID-19 might have on markets, the values assessed may change significantly and unexpectedly over a short period of time.

Provisions

Short-term employee benefits

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

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contract liabilities

In accordance with the requirements of AASB 1058 *Income of Not-for-Profits* and AASB 15 *Revenue from Contracts with Customers*, the Group has assessed its arrangements with customers to determine its recognition of revenues. Where contacts are held with customers, the Group has identified its performance obligations and used judgement and estimate to determine how revenue is recognised over time and what performance obligations remain unfulfilled. These unfulfilled obligations represent contract liabilities at reporting date.

Impairment of non-financial assets

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

3 Critical Accounting Estimates and Judgments (continued)

Estimation of useful lives of assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based upon the expected utilisation of the assets and historical experience. Uncertainties in these estimates relate to the use and condition of the assets. Adjustments to useful lives are made when considered necessary.

Lease terms

In determining the lease terms to calculate the lease liabilities and right-of-use assets, management consider all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be exercised.

4 Revenue and Income

	2020	2019
	$	$
Revenue from rendering services		
Government grants	17,529,082	26,951,057
Government grants (capital)	2,177,813	-
Revenue from the provision of services	67,532,748	49,830,485
Rental income	1,013,672	883,090
Donations	526,529	1,030,140
Other revenue	498,262	568,781
	89,278,105	79,263,553

Other income		
Investment income	324,876	469,117
Net gain on disposal of fixed assets	359,162	480,849
	684,038	949,966

5 Result for the Year

	2020	2019
The result for the year includes the following specific expenses:	$	$
Amortisation of intangible assets	609,653	401,043
Depreciation expense – property, plant and equipment	3,439,076	3,093,140
Depreciation expense – right of use assets	1,207,312	-
	5,256,041	3,494,183

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

6 Other Expenses

	2020	2019
	$	$
Legal fees	307,308	373,949
Consultancy	1,113,967	1,403,820
Marketing and communications	281,070	401 156
Bank charges	17,167	18,735
Other expenses	900,545	887,608
Bad and doubtful debts	138,808	18,074
	2,758,865	3,103,342

7 Cash and Cash Equivalents

	2020	2019
	$	$
Cash at bank and on hand	6,793,319	3,209,712
Cash as shown in the Statement of cash flows	6,793,319	3,209,712

8 Trade and Other Receivables

	2020	2019
	$	$
Receivables related to services provided	3,285,025	5,838,324
Funds in escrow	-	6,102,943
Prepaid expenses	705,947	500,044
Other accrued income and receivables	2,056,641	2,409,606
	6,047,613	14,850,917

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

The funds in escrow as at 30 June 2019 related to the disposal of assets treated as held for sale.

9 Current Other Financial Assets

	2020	2019
	$	$
Equity instruments designated at fair value through other comprehensive income	4,318,202	3,543,955
Debt instruments at fair value through other comprehensive income	907,016	925,946
Financial assets at amortised cost	8,000,000	4,000,000
Total current financial assets	13,225,218	8,469,901

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2020

10 Property, plant and equipment

	2020 $	2019 $
Property		
Land and buildings - at fair value	19,827,500	16,344,343
Accumulated depreciation	-	(193,372)
Total property	19,827,500	16,150,971
Plant and equipment		
Furniture, fittings and equipment - at cost	4,414,170	5,659,334
Accumulated depreciation	(3,522,101)	(4,531,690)
	892,069	1,127,644
Motor vehicles - at cost	5,344,174	5,333,591
Accumulated depreciation	(2,323,972)	(1,952,318)
	3,020,202	3,381,273
Leasehold improvements - at cost	5,739,701	7,333,276
Accumulated depreciation	(3,471,327)	(4,297,811)
	2,268,374	3,035,465
Software - at cost	6,567,691	4,181,760
Accumulated amortisation	(3,298,467)	(2,688,814)
	3,269,224	1,492,946
Capital works in progress	4,600,071	1,104,196
Total plant and equipment	14,049,940	10,141,524
Total property, plant and equipment	33,877,440	26,292,495

All of the Group's land and buildings were valued as at 30 June 2020, which was undertaken by Charter Keck Cramer and m3property, independent valuers, who are registered as Certified Practising Valuers with the Australian Property Institute ("API"). Where the properties are currently under development, they have been assessed on the direct comparison approach with view to comparable transactions and industry data. For the properties under occupation the various methods of valuation have been used include i) a sale in one line or single transaction ii) on the basis of Income yield (gross) and iii) direct sales comparison, or a combination thereof.

As detailed in note 3, the valuation of land and buildings is a critical accounting estimate. Given COVID-19 this is further illustrated by the fact that the above valuations have been prepared on the basis of 'material valuation uncertainty', as recommended by the API, to highlight the difficulties in undertaking valuations in the current environment. A "material valuation uncertainty" statement implies the valuation is current at the date of valuation only and that less certainty and a higher degree of caution should be attached to the valuation. In addition, the valuations should be kept under frequent review and the assessed value may change significantly and unexpectedly over a relatively short period of time.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

10 Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

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

	Land and buildings $	Furniture, fittings and equipment $	Motor vehicles $	Leasehold improve' ments $	Software $	Capital works in progress $	Total $
30 June 2018	**8,439,735**	**1,550,699**	**3,264,519**	**3,051,436**	**929,044**	**1,111,122**	**18,346,555**
Additions	3,829,344	510,768	1,376,194	1,179,694	964,945	-	7,860,945
Disposals	(1,078,699)	(70,393)	(409,804)	-	-	(6,926)	(1,565,822)
Depreciation	(184,409)	(863,430)	(849,636)	(1,195,665)	(401,043)	-	(3,494,183)
Property acquired as part of a business combination	5,145,000	-	-	-	-	-	5,145,000
30 June 2019	**16,150,971**	**1,127,644**	**3,381,273**	**3,035,465**	**1,492,946**	**1,104,196**	**26,292,495**
Additions	2,481,756	464,225	973,322	888,318	2,385,931	3,495,875	10,689,427
Disposals	-	(18,276)	(377,484)	(21,779)	-	-	(417,539)
Depreciation	(167,013)	(681,524)	(956,909)	(1,633,630)	(609,653)	-	(4,048,729)
Revaluation	1,361,786	-	-	-	-	-	1,361,786
30 June 2020	**19,827,500**	**892,069**	**3,020,202**	**2,268,374**	**3,269,224**	**4,600,071**	**33,877,440**

11 Leases

(a) Amounts recognised in the Consolidated Statement of Financial Position:

	2020
	$
Right-of-use assets:	
Buildings	1,461,731
Lease liabilities:	
Current	812,044
Non-current	510,336
	1,322,380

Additions to the right-of-use assets during the year totalled $801,501.

(b) Amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	2020
	$
Deprecation charge of Right-of-use assets (buildings)	1,207,312
Interest expense (included in finance costs)	70,714
Expense relating to short-term leases (included in property expenses)	730,880

The total cash outflow for leases during the year was $1,074,378.

(c) The Group's leasing activities:

The Group leases various offices around Australia and the rental contracts are generally for period up to five years, but may contain extension options which the Group uses to maximise operational flexibility in terms of managing the assets used in the Group's operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

In addition, the Group has a number of property leases on below market terms and conditions that enables the Group to provide its services. As detailed within note 2(b) the Group has elected to measure these leases at cost.

12 Non-current assets classified as held for sale

	2020	2019
	$	$
Assets held for sale	-	3,800,000

13 Trade and Other Payables

	2020	2019 (restated)
	$	$
Current		
Trade payables and accrued expenses	5,487,053	6,961,291
Goods and Services Tax (GST) payable	211,552	545,381
	5,698,605	7,506,672

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

14 Other Liabilities

	2020	2019
	$	$
Current		
Funds received in advance	-	3,819,972
Contract liabilities	8,215,044	-
	8,215,044	3,819,972

15 Employee Benefits

	2020	2019
	$	$
Current liabilities		
Employee entitlements	5,549,101	5,055,714
Non-current liabilities		
Employee entitlements	1,272,467	1,153,111

16 Provisions

	2020	2019
	$	$
Current		
Restoration	343,000	-

17 Borrowings

	2020	2019
	$	$
Non-current liabilities		
Loans	1,540,000	-

Included within borrowings are:

i) An amount of $1,200,000, as part of a facility of $9,000,000 granted to the Group for a period of 10 years. The facility is repayable in instalments commencing in the financial year ending 30 June 2027. Interest is charged at a rate of 3.5% above the Australian Bank Bill Swap Reference Rate (Mid) administered by ASX Benchmarks. The facility is subject to a mortgage over seven properties and is subject to a charge and guarantee across the Group's assets.

ii) A loan of $340,000 which the Group entered into as part of an acquisition of land undertaken during the year This loan is repayable to the seller on 26 June 2022 with interest charged at 3.25% per annum and this debt is secured over the property to which it relates. This charge has however been subordinated to the second mortgage noted below under (iii).

iii) In addition, the Group has been granted a facility for an amount of $7.03 million to assist with funding various developments. When drawn down the interest rates will be set and aligned to treasury bond rates. This facility is subject to a mortgage over four properties, and a second mortgage, but prioritised through a deed of subordination, over a further property, and a charge and guarantee across the Group's assets.

18 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on land and buildings held under the revaluation model.

18 Reserves (continued)

(b) Asset contribution reserve

The reserve records the fair value of the assets transferred from mergers of other organisations.

(c) General reserve

The general reserve records funds set aside for future expansion of Mind Australia Limited. The asset contribution reserve and Mind carer development fund have been consolidated into this reserve.

(d) Mind carer development fund

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

(e) Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

(f) Available for sale asset reserve

The reserve was used to recognise increments and decrements in the fair value of available for sale investments. This reserve was transferred to financial assets at fair value through other comprehensive income reserve on adoption of AASB 9: Financial Instruments.

19 Interest in subsidiaries

Name of Subsidiary	Principal place of business	Principal activity	Ownership held by group	
			2020	**2019**
The Haven Foundation	Australia	Accommodation provided for persons with serious and persistent mental illness.	100%	100%
Home Base Services Limited	Australia	Accommodation provided for persons with serious and persistent mental illness.	100%	100%

20 Commitments

(a) Operating leases

	2019 $
Minimum lease payments under non-cancellable operating leases:	
- not later than one year	1,233,979
- between one year and five years	549,748
	1,783,727

At 30 June 2020 the Group was committed to short-term leases and the total commitment at that date was $57,535.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

20 Commitments (continued)

(b) Capital commitments

At 30 June 2020 the Group had capital commitments in relation to building works of $6,814,645 (2019 - $nil). These commitments will be funded by government grants and a low interest loan.

21 Contingent liabilities

The Group had no contingent liabilities as at 30 June 2020 and 30 June 2019.

22 Prior year adjustment

During the year an error was noted in relation to payment of salaries and wages and superannuation entitlements. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of Financial Position (extract)	30 June 2019 $'000	Increase/ (decrease) $'000	30 June 2019 (restated) $'000	30 June 2018 $'000	Increase/ (decrease) $'000	1 July 2018 (restated) $'000
Trade and other payables	6,619,718	886,954	7,506,672	5,014,526	470,945	5,485,471
Net assets	**39,974,510**	**(886,954)**	**39,087,556**	**36,300,889**	**(470,945)**	**35,829,944**
Retained earnings	17,579,800	(886,954)	16,692,846	13,191,356	(470,945)	12,720,411
Total equity	**39,974,510**	**(886,954)**	**39,087,556**	**36,300,889**	**(470,945)**	**35,829,944**

Statement of profit or loss and other comprehensive income (extract)	2019 $'000	Increase/ (decrease) $'000	2019 (restated) $'000
Employee benefits expense *	66,818,288	416,009	67,234,297
Profit for the year	**3,592,800**	**(416,009)**	**3,176,791**
Total comprehensive income for the period	**3,685,685**	**(416,009)**	**3,269,676**

* This is after a reclassification of expenses undertaken in the current year to more accurately reflect the nature of the costs incurred.

23 Related Parties

(a) Key management personnel

Disclosures related to key management personnel are set out at note 23 (b).

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other than the compensation figures disclosed below, there were no transactions with related parties during the current or previous financial year.

23 Related Parties (continued)

(b) Transactions with related parties (continued)

The members approved a remuneration pool of $250,000 for the directors. Total director remuneration paid in the 2019-2020 financial year was $228,661 (2018-2019: $226,546).

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

	2020 $	2019 $
Short-term employee benefits	2,021,684	1,529,446
Post-employment benefit	192,060	145,297

24 Parent Entity Information

Information relating to Mind Australia Limited (the Parent Entity):

	2020 $	2019 (restated) $
Statement of financial position		
Current assets	22,514,440	29,170,180
Total assets	42,219,715	45,506,997
Current liabilities	(18,457,279)	(14,955,239)
Total liabilities	(19,729,746)	(16,108,348)
Net assets	22,489,969	29,398,649
Retained earnings and reserves	22,489,969	28,398,649
Statement of profit or loss and other comprehensive income		
Deficit for the year	(8,010,496)	(6,512,117)
Other comprehensive income	1,101,816	92,885
Total comprehensive loss	(6,908,680)	(6,419,232)

The deficit for the year ended 30 June 2019 has been adjusted from that disclosed in the financial statements for the year ended 30 June 2019 for the prior period adjustment as detailed within note 22, together with a further adjustment to increase Mind Australia Limited's deficit by $3,201,223 to reflect donations provided by Mind Australia Limited to its controlled entities which was not included within this note. This has no effect on the consolidated numbers.

Mind Australia Limited has entered into guarantees in respect of borrowings taken out by its controlled entities as disclosed in note 19.

25 Events Occurring After the Reporting Date

The Coronavirus (COVID-19), which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had an impact on the Australian and local economies.

As at the date of preparation of these financial statements the impact of the Coronavirus (COVID-19) pandemic is ongoing and the situation is rapidly changing. The speed and recovery of economic activity is largely dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

25 Events Occurring After the Reporting Date (continued)

Given the dynamic and evolving nature of COVID-19, and limited recent experience of the economic and financial impacts of such a pandemic on the preparation of these financial statements, changes to the estimates and judgements that have been applied in the measurement of assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

The financial report was authorised for issue on 28 September 2020 by the board of directors.

26 Statutory Information

The registered and principal place of business is:
Mind Australia Limited
86-92 Mount Street
Heidelberg VIC 3084

Directors' Declaration

The directors of the Group declare that:

1. The consolidated financial statements and notes, as set out on pages 5-32, are in accordance with the *Australian Charities and Not for Profit Commission Act 2012* and:

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

    b. give a true and fair view of the financial position of the Group as at 30 June 2020 and of the performance for the year ended on that date.

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

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

Director ....

M. J. Field

Director ....

A. Ford

Dated this 28th day of September 2020

Independent Auditor's Report
To the Members of Mind Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mind Australia Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance and cash flows for the year then ended; and

(b) complying with Australian Accounting Standards – *Reduced Disclosure Requirements* (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*.

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 Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Subsequent Event Re: COVID-19

We draw attention to Note 25 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global pandemic in March 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2020 but does not include the financial report and our auditor’s report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Group 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 Group 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 Group 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 60-45(3) (b) of the ACNC Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in paragraph 60-30(3)(b), (c) or (d) of the ACNC Act. We have nothing to report in this regard.

Crowe Melbourne

CROWE MELBOURNE

David Munday

DAVID MUNDAY
Partner

Melbourne, Victoria

30 September 2020

A trusted provider of community mental health support services to people and their families, friends and carers for over 40 years.

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Help, hope and purpose

Mind Connect
1300 286 463

Carer Helpline
1300 554 660

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