

Mind Australia Limited and controlled entities

**Consolidated Financial Statements
For the year ended 30 June 2023**

Mind Australia Limited and Controlled Entities

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30 June 2023

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General information

The financial statements cover Mind Australia Limited as a consolidated company consisting of Mind Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Mind Australia Limited's functional and presentation currency.

Mind Australia Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Mind Australia Limited
Building 8
Level 3, 584 Swan Street
Burnley VIC 3121

A description of the nature of the consolidated company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

Mind Australia Limited and Controlled Entities

Directors' report

30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated company' or the 'Group') consisting of Mind Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of the consolidated company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Experience	Responsibilities
A. Fels AO	Professor	Chair
R. Picker AM	Chartered Accountant	Deputy Chair
J. Coggin	Senior Executive	Director
L. Darwin	Mental Health Advocate	Director
T. Fels	Barrister and Solicitor	Director
E. Jayakody	Mental Health Advocate (consumer perspective)	Director
R. Vine (Resigned 31 December 2022)	Psychiatrist	Director
M. Grigg OAM (Appointed 29 August 2022)	Senior Executive Mental Health Services	Director

Objectives

Short-term objectives

The Group's short-term objectives are to:

- offer community support services to persons experiencing mental ill-health to develop wellbeing, resilience and life skills;
- support recovery of people experiencing mental ill-health by engaging all sectors of the community in ongoing partnerships and support programs;
- be a recognised leader in the provision of mental health support services, including housing, as evidenced by the success of programs and practices;
- continue to deliver evidence-based recovery-oriented services; and
- maximise opportunities to expand services nationally.

Long-term objectives

The Group's long-term objectives are to:

- invest in service design and innovation to deliver better services and outcomes;
- increase our impact by growing and expanding our service delivery;
- be a strong organisation that enables its people to do their best possible work; and
- contribute to a better, stronger Australian mental health system.

Strategy for achieving short and long-term objectives

To achieve these objectives, the Group has adopted the following strategies:

- the Group strives to attract and retain quality staff who are committed to working with people in need of support, and this is evidenced by high levels of staff engagement and low staff turnover. The Group believes that attracting and retaining quality staff will assist with the success of the Group in both the short and long term.
- staff work in partnership with a range of community stakeholders, and this is evidenced by ongoing support of the Entity's projects and initiatives. The Group ensures community stakeholders understand and are committed to the objectives of the Group through ongoing education in order for the projects to succeed.
- staff are committed to creating new and maintaining existing programs in support of its consumers. Committed staff allow the Group the ability to engage in continuous improvement.
- the Group's staff strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders. This is evidenced by the performance of staff who are assessed based on these accountabilities; and ensures staff are operating in the best interests of its consumers and the Group.
- the Group strives to invest in innovative services and processes to maximise positive impact on customer experience evidenced through customer outcomes better than relevant benchmarks.

Principal activities

The principal activities of the consolidated company during the financial year consisted of 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.

Mind Australia Limited and Controlled Entities
Directors' report
30 June 2023

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

Operating results

The consolidated company's operating surplus for the financial year ended 30 June 2023 was \$19,406,669 (2022: \$9,282,768).

Review of operations

During the financial year, the consolidated company grew the provision of services in Victoria, Queensland, South Australia and Western Australia by winning additional contracts in sub-acute and psychosocial services.

The consolidated company continued to develop community housing and specialist accommodation.

Future developments and results

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

Meetings of directors

The number of meetings of the consolidated company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Directors' Meetings		Finance, Audit & Risk (FAaR) Committee		Governance and Nominations (GAN) Committee	
	Held	Attended	Held	Attended	Held	Attended
A. Fels (Chair)	9	9	5	3	4	3
R. Picker (Deputy Chair)	9	7	5	4	-	-
J. Coggin	9	9	5	5	4	4
L. Darwin	9	7	-	-	-	-
T. Fels	9	9	5	4	-	-
E. Jayakody	9	9	-	-	4	4
R. Vine	5	4	-	-	2	1
M. Grigg	7	7	-	-	-	-

M. Grigg was appointed to the GAN meeting on 1 January 2023 and R. Vine resigned on 31 December 2022

Mind Australia Limited and Controlled Entities
Directors' report
30 June 2023

	Program Practice and Quality (PPaQ) Committee Held	Attended	Culture People and Remuneration (CPaR) Committee Held	Attended
A. Fels (Chair)	4	1	3	2
R. Picker (Deputy Chair)	4	2	-	-
J. Coggin	-	-	3	3
L. Darwin	4	2	-	-
T. Fels	-	-	3	3
E. Jayakody	2	1	3	3
R. Vine	2	2	-	-
M. Grigg	2	1	-	-

M. Grigg was appointed to the PPaQ Committee on 1 January 2023 and R.Vine resigned on 31 December 2022.

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee. Where a Director was not a member of a Committee during the year, this is shown as '-' under 'Held'.

Indemnification and insurance of officers and auditors

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

Contributions on winding up

In the event of the consolidated company being wound up, members are required to contribute a maximum of \$10 each.

The total amount that members of the consolidated company are liable to contribute if the consolidated company is wound up is \$200, based on 20 current members.

Events after the reporting period

Subsequent to the year end, \$3.135m of Tranche A loans were repaid on 27 July 2023.

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated company's operations, the results of those operations, or the consolidated company's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012* is set out immediately after this directors' report.

On behalf of the directors



A. Fels



R. Picker

27 September 2023
Melbourne

DECLARATION OF INDEPENDENCE BY ELIZABETH BLUNT TO THE DIRECTORS OF MIND AUSTRALIA LIMITED AND CONTROLLED ENTITIES

As lead auditor of Mind Australia Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mind Australia Limited and the entities it controlled during the period.



Elizabeth Blunt
Director

BDO Audit Pty Ltd

Melbourne, 27 September 2023

Mind Australia Limited and Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Revenue	3	121,959,968	110,509,252
Other income	4	871,038	910,163
Total revenue		<u>122,831,006</u>	<u>111,419,415</u>
Expenses			
Administrative and other expenses		(1,538,083)	(1,838,685)
Consultancy fees		(1,488,769)	(866,849)
Employee benefits expense		(85,968,771)	(86,080,926)
Depreciation and amortisation expense	5	(3,333,299)	(4,193,649)
Impairment of assets	5	(2,414,195)	(1,280,518)
Loss on disposal of assets		(111,267)	-
Property expenses		(3,147,488)	(3,295,505)
Client expenses		(1,120,786)	(1,140,891)
Information technology and communication expenses		(2,563,354)	(2,309,731)
Motor vehicle and travel expenses		(1,303,595)	(911,515)
Finance costs	5	(434,730)	(218,378)
Total expenses		<u>(103,424,337)</u>	<u>(102,136,647)</u>
Surplus for the year	21	19,406,669	9,282,768
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings		5,838,609	-
Gain/(loss) on equity instruments at fair value through other comprehensive income		115,420	(598,473)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on debt instruments at fair value through other comprehensive income		118,694	-
Other comprehensive income/(loss) for the year		<u>6,072,723</u>	<u>(598,473)</u>
Total comprehensive income for the year		<u><u>25,479,392</u></u>	<u><u>8,684,295</u></u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mind Australia Limited and Controlled Entities
Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	17,103,452	9,537,346
Trade and other receivables	7	11,892,740	5,827,516
Other financial assets	8	15,587,403	10,942,305
		<u>44,583,595</u>	<u>26,307,167</u>
Non-current assets classified as held for sale	9	5,800,000	-
Total current assets		<u>50,383,595</u>	<u>26,307,167</u>
Non-current assets			
Trade and other receivables	7	1,163,571	887,294
Investment properties	10	7,761,877	-
Property, plant and equipment	11	69,351,365	52,897,782
Right-of-use assets	12	4,886,361	1,550,217
Intangibles	13	-	2,776,827
Total non-current assets		<u>83,163,174</u>	<u>58,112,120</u>
Total assets		<u>133,546,769</u>	<u>84,419,287</u>
Liabilities			
Current liabilities			
Trade and other payables	14	7,270,317	4,925,077
Contract liabilities	15	15,256,574	7,720,075
Borrowings	16	10,815,000	3,800,000
Lease liabilities	17	1,367,349	1,061,006
Employee benefits	18	7,163,222	6,611,460
Provisions	19	267,080	257,704
Total current liabilities		<u>42,139,542</u>	<u>24,375,322</u>
Non-current liabilities			
Borrowings	16	5,500,000	2,700,000
Lease liabilities	17	3,637,073	833,036
Employee benefits	18	1,664,102	1,384,269
Total non-current liabilities		<u>10,801,175</u>	<u>4,917,305</u>
Total liabilities		<u>52,940,717</u>	<u>29,292,627</u>
Net assets		<u>80,606,052</u>	<u>55,126,660</u>
Equity			
Reserves	20	24,394,462	22,970,947
Retained surpluses	21	56,211,590	32,155,713
Total equity		<u>80,606,052</u>	<u>55,126,660</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Mind Australia Limited and Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2023

Consolidated	Asset revaluation reserve \$	General reserve \$	Fair value through OCI reserve \$	Retained surpluses \$	Total equity \$
Balance at 1 July 2021	9,138,577	13,655,440	648,908	22,999,440	46,442,365
Surplus for the year	-	-	-	9,282,768	9,282,768
Other comprehensive loss for the year	-	-	(598,473)	-	(598,473)
Total comprehensive income/(loss) for the year	-	-	(598,473)	9,282,768	8,684,295
Transfers in/(out) of reserve accounts	-	-	126,495	(126,495)	-
Balance at 30 June 2022	<u>9,138,577</u>	<u>13,655,440</u>	<u>176,930</u>	<u>32,155,713</u>	<u>55,126,660</u>
Consolidated	Asset revaluation reserve \$	General reserve \$	Fair value through OCI reserve \$	Retained surpluses \$	Total equity \$
Balance at 1 July 2022	9,138,577	13,655,440	176,930	32,155,713	55,126,660
Surplus for the year	-	-	-	19,406,669	19,406,669
Other comprehensive income for the year	5,838,609	-	234,114	-	6,072,723
Total comprehensive income for the year	5,838,609	-	234,114	19,406,669	25,479,392
Transfer in/(out) of reserve accounts	(4,649,208)	-	-	4,649,208	-
Balance at 30 June 2023	<u>10,327,978</u>	<u>13,655,440</u>	<u>411,044</u>	<u>56,211,590</u>	<u>80,606,052</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Mind Australia Limited and Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated	
		2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from grants and customers		113,958,446	108,477,901
Payments to suppliers and employees		(103,966,133)	(107,227,789)
Receipts from capital grants		19,677,915	10,034,465
Donations received	3	325,768	955,509
Interest and dividends received		871,038	332,540
Interest paid		(434,730)	(218,378)
		<u>30,432,304</u>	<u>12,354,248</u>
Net cash from operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment	11	(27,696,125)	(15,582,138)
Payments for intangibles		-	(519,275)
(Payments for)/redemption of term deposits		(4,410,984)	1,465,000
Proceeds from disposal of property, plant and equipment		1,262,388	1,845,229
		<u>(30,844,721)</u>	<u>(12,791,184)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings		9,815,000	2,125,462
Repayment of lease liabilities		(1,836,477)	(1,902,364)
		<u>7,978,523</u>	<u>223,098</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		7,566,106	(213,838)
Cash and cash equivalents at the beginning of the financial year		9,537,346	9,751,184
		<u>17,103,452</u>	<u>9,537,346</u>
Cash and cash equivalents at the end of the financial year	6	<u>17,103,452</u>	<u>9,537,346</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
30 June 2023

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Mind Australia Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all controlled entities for the year then ended. Mind Australia Limited and its controlled entities together are referred to in these financial statements as the 'consolidated company'.

Controlled entities are all those entities over which the consolidated company has control. The consolidated company controls an entity when the consolidated company 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. Controlled entities are fully consolidated from the date on which control is transferred to the consolidated company. They are de-consolidated from the date that control ceases.

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

The acquisition of controlled entities are accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated company loses control over a controlled entity, it derecognises the assets including goodwill, liabilities and non-controlling interest in the controlled entity together with any cumulative translation differences recognised in equity. The consolidated company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Income tax

As the consolidated company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax. The consolidated company is also exempt from certain other government levies such as payroll tax.

Note 1. Significant accounting policies (continued)

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

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

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 to sell. 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 to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of 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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped on days overdue. The consolidated company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 1. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

Non-financial 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The consolidated company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

As discussed in note 18, the liability for employee benefits expected to be settled more than 12 months from the 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 the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

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

Recognition of grant income

Determining the revenue recognition of grant revenue involves judgement and estimates in order to identify performance obligations, then allocate the transaction price, assess whether the revenue is to be recognised at a point in time or over-time, and on associated estimate of percentage of completion.

Note 3. Revenue

	Consolidated	
	2023	2022
	\$	\$
Revenue from rendering services		
Capital grants	19,677,915	10,034,465
Government grants	39,249,602	39,377,930
	<u>58,927,517</u>	<u>49,412,395</u>
Rent	2,033,401	1,353,442
Provision of services	59,556,569	58,130,610
Donations	325,768	955,509
Other revenue	1,116,713	657,296
	<u>63,032,451</u>	<u>61,096,857</u>
Revenue	<u>121,959,968</u>	<u>110,509,252</u>

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
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Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from rendering services is as follows:

	Consolidated	
	2023	2022
	\$	\$
<i>Revenue from contracts with customers - AASB 15</i>		
Government grants	39,249,602	39,377,930
Rent	2,033,401	1,353,442
Provision of services	59,556,569	58,130,610
Other revenue	1,116,713	657,296
	<u>101,956,285</u>	<u>99,519,278</u>
<i>Revenue recognised under AASB 1058 Income NFP entities</i>		
Capital grants	19,677,915	10,034,465
Donations	325,768	955,509
	<u>20,003,683</u>	<u>10,989,974</u>
	<u><u>121,959,968</u></u>	<u><u>110,509,252</u></u>

Accounting policy for revenue recognition

The consolidated company recognises revenue as follows:

Capital grants

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

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 15.

Rent

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.

Revenue from the provision of services

Revenue from the rendering of a service is recognised by the consolidated company upon the delivery of the service to the client. Sources of revenue include but are not limited to government and federal grant and NDIS funding.

Donations

Donations are immediately recognised on receipt as revenue where there is no obligation to refund the monies.

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
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Note 4. Other income

	Consolidated	
	2023	2022
	\$	\$
Net gain on disposal of property, plant and equipment	-	577,623
Interest income	871,038	332,540
	<u>871,038</u>	<u>332,540</u>
Other income	<u>871,038</u>	<u>910,163</u>

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 5. Expenses

	Consolidated	
	2023	2022
	\$	\$
Surplus includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Property, plant and equipment	1,119,283	1,556,636
Intangibles	603,303	1,034,423
Right-of-use assets	1,610,713	1,602,590
	<u>3,333,299</u>	<u>4,193,649</u>
<i>Impairment</i>		
Impairment of intangibles	2,173,524	1,280,518
Impairment of assets held for sale	240,671	-
	<u>2,414,195</u>	<u>1,280,518</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	341,437	120,307
Interest and finance charges paid/payable on lease liabilities	93,293	98,071
	<u>434,730</u>	<u>218,378</u>
<i>Leases</i>		
Short-term and low-value assets lease payments	181,241	-
<i>Superannuation expense</i>		
Defined contribution superannuation expense	7,551,696	7,142,232
Employee benefits expense excluding superannuation	78,417,075	78,938,694
Bad debts	(177,903)	261,602

Bad debts

During the year, there was a write back of \$207,673.

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
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Note 5. Expenses (continued)

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 6. Cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at bank	17,103,452	9,537,346

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

Note 7. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	4,776,433	3,290,708
Less: Allowance for expected credit losses	(80,749)	(376,547)
	<u>4,695,684</u>	<u>2,914,161</u>
Prepayments	833,252	491,499
Other accrued income and receivables	6,363,804	2,421,856
	<u>7,197,056</u>	<u>2,913,355</u>
	<u>11,892,740</u>	<u>5,827,516</u>
<i>Non-current assets</i>		
Other accrued income and receivables	1,163,571	887,294
	<u>13,056,311</u>	<u>6,714,810</u>

The accrued income represents grants receivable where the Foundation has unconditional right to consideration.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables vary and are generally due for settlement within 30 to 60 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Bad debts are written off when identified.

Mind Australia Limited and Controlled Entities
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Note 8. Other financial assets

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Equity instruments designated at fair value through other comprehensive income	2,596,595	2,481,175
Debt instruments at fair value through other comprehensive income	3,057,824	2,939,130
Financial assets at amortised cost	9,932,984	5,522,000
	<u>15,587,403</u>	<u>10,942,305</u>

Restatement of comparatives

Comparative figures where appropriate have been reclassified to be comparable with the figures presented for the current financial year.

Note 9. Non-current assets classified as held for sale

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Land	1,455,000	-
Buildings	4,345,000	-
	<u>5,800,000</u>	<u>-</u>

During the financial year, Home Base Services Limited transferred property of \$5,800,000 to assets held for sale as it is expected this property will be sold in the next 12 months. There is a mortgage over these assets, refer to note 16(i). An impairment expense of \$240,671 has been recognised against the building to carry the property at fair value less costs to sell.

Note 10. Investment properties

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Investment property - at independent valuation	<u>7,761,877</u>	<u>-</u>

The company's property at 86-92 Mount Street, Heidelberg, VIC 3084 was reclassified to investment properties during the 2023 financial year, in April 2023, when the premises was vacated. The property is subject to a mortgage.

Valuations of investment properties

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

The investment property was revalued on 31 October 2022.

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
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Note 10. Investment properties (continued)

Lessee commitments

	Consolidated	
	2023	2022
	\$	\$
Minimum lease commitments receivable but not recognised in the financial statements:		
Within one year	519,422	-
One to five years	2,075,519	-
More than five years	-	-
	<u>2,594,941</u>	<u>-</u>

Accounting policy for investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated company. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Note 11. Property, plant and equipment

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - at independent valuation	48,355,037	39,439,110
Less: Accumulated depreciation	-	(688,094)
	<u>48,355,037</u>	<u>38,751,016</u>
Leasehold improvements - at cost	4,685,129	4,653,831
Less: Accumulated depreciation	(4,548,844)	(4,279,831)
	<u>136,285</u>	<u>374,000</u>
Motor vehicles - at cost	10,336	8,155
Less: Accumulated depreciation	(10,336)	(8,155)
	<u>-</u>	<u>-</u>
Furniture, fittings and equipment - at cost	4,055,200	4,020,616
Less: Accumulated depreciation	(3,835,578)	(3,660,490)
	<u>219,622</u>	<u>360,126</u>
Capital work in progress	20,640,421	13,412,640
	<u>69,351,365</u>	<u>52,897,782</u>

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
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Note 11. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land and buildings \$	Leasehold improvement s \$	Furniture, fittings and equipment \$	Capital work in progress \$	Total \$
Balance at 1 July 2022	38,751,016	374,000	360,126	13,412,640	52,897,782
Additions	1,829,906	41,452	47,467	25,777,300	27,696,125
Disposals	(1,078,586)	(7,815)	(7,588)	(1,065,332)	(2,159,321)
Revaluation increments	5,838,610	-	-	-	5,838,610
Transfers to investment properties	(7,761,877)	-	-	-	(7,761,877)
Transfers to assets held for sale	(5,800,000)	-	-	-	(5,800,000)
Impairment loss	(240,671)	-	-	-	(240,671)
Transfers in/(out)	17,484,187	-	-	(17,484,187)	-
Depreciation expense	(667,548)	(271,352)	(180,383)	-	(1,119,283)
Balance at 30 June 2023	<u>48,355,037</u>	<u>136,285</u>	<u>219,622</u>	<u>20,640,421</u>	<u>69,351,365</u>

During the year, certain land and buildings of Mind Australia Limited were transferred to investment properties (note 10) and Home Base Services Limited transferred its property to assets held for sale (note 9). Land and buildings of The Haven Foundation of \$45,930,997 are pledged as security for borrowings. Detail of borrowing arrangements is disclosed in note 16.

Accounting policy for property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) at the expected rate as follows:

Buildings	2% - 2.5%
Furniture, fittings and equipment - at cost	10% - 33%
Motor Vehicles	15% - 20%
Leasehold improvements	10% - 33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained surpluses.

Mind Australia Limited and Controlled Entities
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Note 12. Right-of-use assets

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	6,161,981	3,167,769
Less: Accumulated depreciation	<u>(2,020,362)</u>	<u>(2,266,138)</u>
	4,141,619	901,631
Motor vehicles - right-of-use	2,305,708	1,483,825
Less: Accumulated depreciation	<u>(1,560,966)</u>	<u>(835,239)</u>
	744,742	648,586
	<u>4,886,361</u>	<u>1,550,217</u>

Additions to the right-of-use assets during the year totalled \$3,694,301 (2022: \$286,065) and depreciation charged to the profit and loss is \$1,610,713 (2022: \$1,602,590). Additions include rental of a new office located in Burnley, commencing May 2023.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for as applicable, any lease payments made at or before the commencement date, net of any lease incentives received, any initial direct costs incurred and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets, other than in respect of motor vehicles where all leases have been recognised. Lease payments on these assets are expensed to profit or loss as incurred.

The consolidated company leases various offices around Australia and the rental contracts are generally for a period of up to five years, but may contain extension options which the consolidated company uses to maximise operational flexibility in terms of managing the assets used in the consolidated company'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.

Note 13. Intangibles

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Software - at cost	7,598,967	7,672,456
Less: Accumulated amortisation	<u>(4,144,925)</u>	<u>(3,615,111)</u>
Less: Impairment	<u>(3,454,042)</u>	<u>(1,280,518)</u>
	<u>-</u>	<u>2,776,827</u>

Mind Australia Limited and Controlled Entities
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Note 13. Intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Software at cost \$
Balance at 1 July 2021	4,014,730
Additions	1,077,038
Impairment of assets	(1,280,518)
Amortisation expense	<u>(1,034,423)</u>
Balance at 30 June 2022	2,776,827
Impairment of assets	(2,173,524)
Amortisation expense	<u>(603,303)</u>
Balance at 30 June 2023	<u><u>-</u></u>

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Management believe that the asset was no longer continuing to generate the expected benefits from its continued use and as such have impaired the asset in accordance with AASB 136.

Note 14. Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables and accrued expenses	7,108,833	4,737,576
Goods and services tax (GST)	<u>161,484</u>	<u>187,501</u>
	<u><u>7,270,317</u></u>	<u><u>4,925,077</u></u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Mind Australia Limited and Controlled Entities
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Note 15. Contract liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Subsidies and grants received in advance	<u>15,256,574</u>	<u>7,720,075</u>

There are amounts in contract liabilities which relate to capital grants of \$1,829,146 (2022: 572,210).

Accounting policy for contract liabilities

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

Note 16. Borrowings

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Loan facility (ii)	<u>10,815,000</u>	<u>3,800,000</u>
<i>Non-current liabilities</i>		
Loan facility (i)	2,700,000	2,700,000
Loan facility (ii)	<u>2,800,000</u>	<u>-</u>
	<u>5,500,000</u>	<u>2,700,000</u>
	<u><u>16,315,000</u></u>	<u><u>6,500,000</u></u>

Included within borrowings are:

- (i) The above loan is part of a facility of \$4,000,000 granted to the consolidated company 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 3.76% above the Australian Bank Bill Swap Reference Rate (Mid) administered by ASX Benchmarks. The facility is subject to a mortgage over 5 properties held by Home Base Services Limited and is subject to a charge and guarantee across the assets of the consolidated company.
- (ii) The Haven Foundation Limited (THF) has a mix of short term / long term / undrawn facilities totaling \$26.18 million in place with Treasury Corporation of Victoria (TCV) to assist with funding various community housing developments.

These facilities are subject to both first and second ranking mortgages over all of THF freehold property assets, coupled with a General Security Agreement (GSA) over the whole of the Haven Foundation's assets and further supported by a parental guarantee from Mind Australia Limited.

At 30 June 2023, \$13.62 million has been drawn under the facility representing Tranche A loans (Interest Only) and Tranche B loans (Principal & Interest). Tranche A loans are classified as current liability as these are payable on demand.

During the current financial year, three Tranche A loans (\$2.80m) were renegotiated to Tranche B loans with a fixed interest rate of 5.072% per annum for a period of 15 years, which resulted in these loans being reclassified as non-current liabilities.

\$3.14m of Tranche A loans were repaid on 27 July 2023.

Mind Australia Limited and Controlled Entities
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Note 16. Borrowings (continued)

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 17. Lease liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	1,367,349	1,061,006
<i>Non-current liabilities</i>		
Lease liability	3,637,073	833,036
	<u>5,004,422</u>	<u>1,894,042</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	1,515,836	1,075,618
One to five years	1,939,237	893,440
More than five years	2,250,529	-
	<u>5,705,602</u>	<u>1,969,058</u>

The Burnley (office rental) commenced during the year for a 10 year period.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 18. Employee benefits

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Employee entitlements	7,163,222	6,611,460
<i>Non-current liabilities</i>		
Employee entitlements	1,664,102	1,384,269
	<u>8,827,324</u>	<u>7,995,729</u>

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Note 18. Employee benefits (continued)

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly 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 at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 19. Provisions

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease make good	<u>267,080</u>	<u>257,704</u>

Accounting policy for provisions

Provisions are recognised when the consolidated company has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated company at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2023	Lease make good
	\$
Carrying amount at the start of the year	257,704
Additional provisions recognised	105,500
Amounts used	<u>(96,124)</u>
Carrying amount at the end of the year	<u><u>267,080</u></u>

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Note 20. Reserves

	Consolidated	
	2023	2022
	\$	\$
Asset revaluation reserve	10,327,978	9,138,577
Financial assets at fair value through other comprehensive income reserve	411,044	176,930
General reserve	<u>13,655,440</u>	<u>13,655,440</u>
	<u><u>24,394,462</u></u>	<u><u>22,970,947</u></u>

Accounting policy for reserves

Asset revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

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.

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.

Note 21. Retained surpluses

	Consolidated	
	2023	2022
	\$	\$
Retained surpluses at the beginning of the financial year	32,155,713	22,999,440
Surplus for the year	19,406,669	9,282,768
Transfer from revaluation surplus reserve	4,649,208	-
Transfer to other reserves	<u>-</u>	<u>(126,495)</u>
Retained surpluses at the end of the financial year	<u><u>56,211,590</u></u>	<u><u>32,155,713</u></u>

Note 22. Key management personnel disclosures

Compensation

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

	Consolidated	
	2023	2022
	\$	\$
Aggregate compensation	<u><u>904,226</u></u>	<u><u>878,874</u></u>

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
30 June 2023

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the consolidated company:

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit of the financial statements	72,000	70,250
<i>Other services - network firms</i>		
Audited acquittals	16,000	10,000
Other services	21,956	18,000
Preparation of financial statements	9,900	11,250
	47,856	39,250
	119,856	109,500

Note 24. Contingent assets

The consolidated company had no contingent assets as at 30 June 2023 and 30 June 2022.

Note 25. Contingent liabilities

Mind Australia Limited (as the parent entity) has given parental guarantee to TCV for the value of drawn loans of The Haven Foundation as disclosed in note 16.

The consolidated company has given bank guarantees as at 30 June 2023 of \$1,377,440 (2022 \$987,000) to various landlords.

Note 26. Commitments

At 30 June 2023, the consolidated company had capital commitments in relation to building works of \$24,644,257 (2022: \$8,181,183). These commitments will be funded by government grants and low interest loans.

Note 27. Related party transactions

Parent entity

Mind Australia Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

Controlled entities

Interests in controlled entities are set out in note 28.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year other than the transactions disclosed in note 22.

Receivable from and payable to related parties

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

Loans to/from related parties

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

Mind Australia Limited and Controlled Entities
Notes to the consolidated financial statements
30 June 2023

Note 28. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Controlling interest	
		2023 %	2022 %
The Haven Foundation	Australia	100.00%	100.00%
Home Base Services Limited	Australia	100.00%	100.00%
The Haven Foundation (Australia) Limited	Australia	100.00%	100.00%

Note 29. Events after the reporting period

Subsequent to year end, \$3.135m of Tranche A loans were repaid on 27 July 2023. Refer to note 16 for more information.

Home Base Services Limited entered into an option deed on 6 July 2023 for the sale of the Lots 11 and 14 Cardigan Close, Melton South and 37 Tussock Drive, White Hills for a total sale price of \$3,900,000. Additionally, Home Base Services entered into another option deed on 6 July 2023 for the sale of 12 Dragon Avenue, Morayfield and 1 Icarus Crescent, Burpengary for a total sale price of \$2,100,000. Both options are expected to settle in the next 12 months.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated company's operations, the results of those operations, or the consolidated company's state of affairs in future financial years.

Mind Australia Limited and Controlled Entities
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



A. Fels



R. Picker

27 September 2023
Melbourne

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 registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Mind Australia Limited, is 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 Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

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* (ACNC Act) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's director's report, 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 on the other information obtained prior to the date of this auditor's report, 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 responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the Group's financial reporting process.

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 (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



Elizabeth Blunt
Director

Melbourne, 27 September 2023

A trusted provider of
community mental health
support services to people
and their families, friends and
carers for more than 45 years.



Mind Connect

1300 286 463

Carer Helpline

1300 554 660

mindconnect@mindaustralia.org.au
mindaustralia.org.au



Mind Central Office

Building 8, Level 3, 584 Swan Street
PO Box 5107 | Burnley VIC 3121

Mind Australia Limited ABN 22 005 063 589