



headspace

Annual Report

2010

"I love that I get looked after and always feel cared about, like I'm number one!"



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Report from the Chair

headspace, established in 2006, is an important initiative and those who dreamed of the service and, importantly, those who helped create and build the existing 30 centres, can be pleased that they have enabled many young people to access the care and assistance they need. Creating and establishing **headspace** has been a remarkable team effort and I would like to acknowledge my predecessor Ryan Stokes and his colleagues for their contribution.

I was pleased to accept the invitation of the Minister for Health, the Hon Nicola Roxon MP, to chair **headspace**. Since assuming this role in 2008, much of the board's time was spent on reorganising the governance of **headspace** so that it became an independent entity. It was a lengthy and demanding administrative process involving consultation with all stakeholders to ensure we had the best enabling governance model. I would like to acknowledge the support of the members of the **headspace** company in assisting us achieve our objectives; my board colleagues, **headspace** key management personnel, and the Department of Health and Ageing.

The appointment of **headspace** founding Director Professor Pat McGorry as the 2010 Australian of the Year signals that the community has kept pace with science and, importantly, that government has recognised the value and importance of mental health. This was reaffirmed by the attendance of over 1000 delegates at *Heads Up! The First International Youth Mental Health Conference* in July 2010. This significant event will be reported on in the FY2011 annual report.

The 2009 National Health and Hospitals Reform Commission's Final Report recognised the impact and cost of mental illness and substance misuse on young people, and positioned mental health as a key health issue requiring better resourcing. It acknowledged the success of **headspace** in providing the kind of support that makes a real difference to young Australians and their families. It recommended that the number of **headspace** centres be doubled from 30 to 60 in order that more communities have access to this specialised support.

In the three years **headspace** centres have been operational, more than 29,000 young people have been assisted by the support of our dedicated staff. During this time our centres have provided more than 250,000 services to young people. It is important to recognise that the vast majority of these young people would have been ineligible for specialist public mental health services and would have had great difficulty in accessing them.

We were pleased to receive funding for up to another 30 centres in the 2010 budget and we continue to be focussed on growing to 90 centres within three years. There are many communities around the country prepared to work with us to realise our vision of seeing and assisting more young people, as soon as possible, after any problems they may have emerge.

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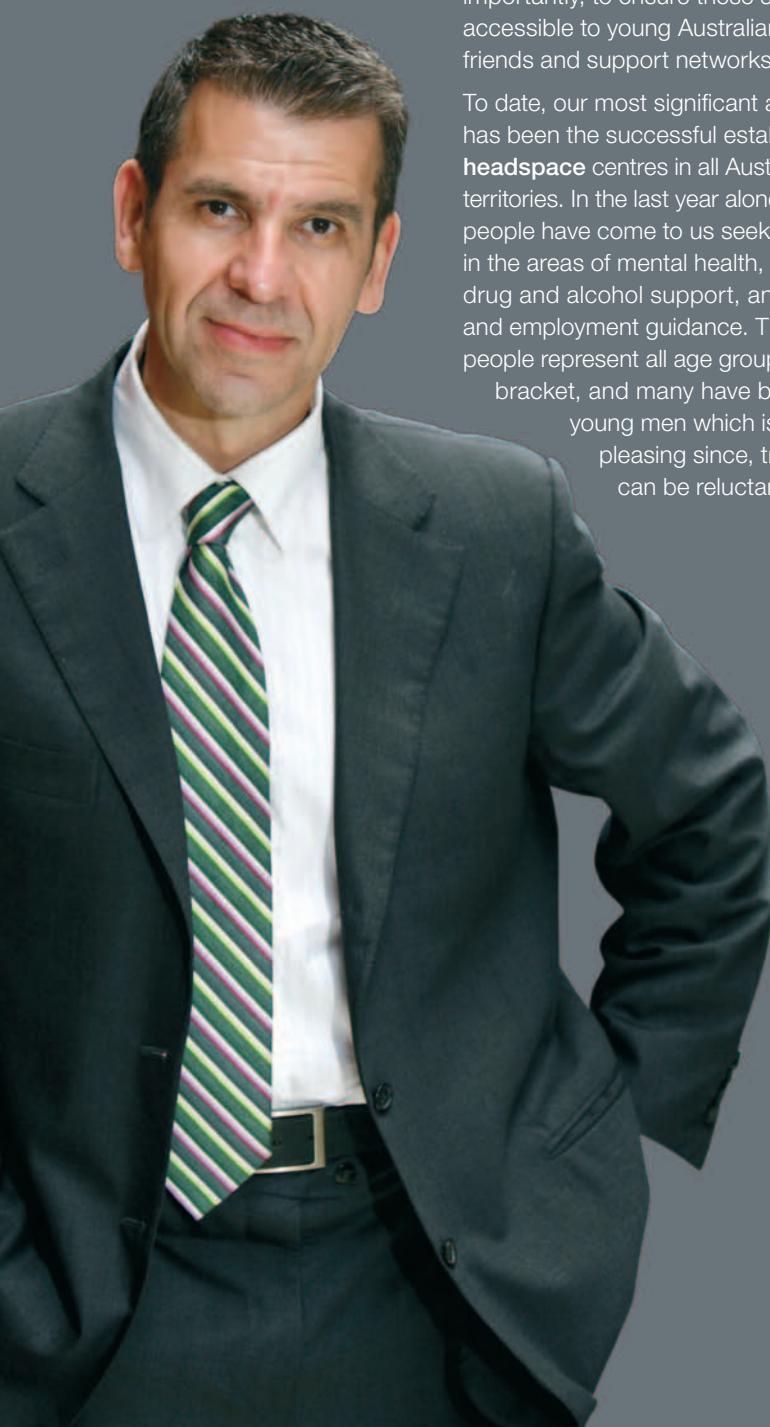
Wendy McCarthy

Wendy McCarthy AO
Chair, **headspace**.



Report from the CEO

Today, our most significant achievement has been the successful establishment of 30 headspace centres in all Australian states and territories.



headspace was established in 2006 to help young people, aged 12–25, with mental health concerns. We know that it's in this age range that most mental health problems first arise, and early intervention has always been a central tenet of our vision.

With the ongoing support of the Australian Government and the continued dedication of the National Youth Mental Health Foundation's board, we have since realised our initial goal to enhance the coordination and quality of services in youth mental health and, most importantly, to ensure these services are accessible to young Australians, their families, friends and support networks.

To date, our most significant achievement has been the successful establishment of 30 **headspace** centres in all Australian states and territories. In the last year alone, 23,000 young people have come to us seeking assistance in the areas of mental health, physical health, drug and alcohol support, and vocational and employment guidance. These young people represent all age groups in the 12–25

bracket, and many have been boys and young men which is particularly pleasing since, traditionally, they can be reluctant to seek help.

Recently, the Social Policy Research Centre at the University of New South Wales conducted an Independent Evaluation Report of **headspace**. The report noted that **headspace** has made significant progress towards improving outcomes for young Australians by changing the way that mental health services are delivered. For example, of the 169 young people surveyed 80 per cent reported an improvement in their ability to manage their emotions without resorting to substance use as a result of the psychological support provided through **headspace** centres.

Both the Government and the Coalition have recognised the effectiveness of our work and they support expansion of our centres. Accordingly, in May 2010, the Federal Government announced \$78.8 million in funding for **headspace**, an amount that allows for the creation of up to 30 more centres, ten of which – in Parramatta, Shoalhaven, Bendigo, Collingwood, Noarlunga, North and South Brisbane, Cairns, Hobart and Perth – will be operational in 2011.

headspace is also investing in online services to support and assist young people who cannot access a **headspace** centre, and a new website will be launched in late 2010. Our goal is for it to be the best source of information, advice and support for young Australians seeking information about mental health issues. Through this website and our centres we will promote **headspace** as the first port of call for other young people seeking advice and support. Such measures will see **headspace** continue to give young people every opportunity to share their stories, dreams, challenges, experiences and outcomes. No young person, wherever they may be, should ever be without support.

A handwritten signature in black ink, appearing to read "Chris Tanti".

Chris Tanti
CEO, **headspace**.

"headspace is really good and helped me heaps with my anger. They actually listen to you, not like some other people who don't."

Sam

About headspace

headspace provides high quality early intervention care and services for a range of mental health challenges commonly experienced by young adults, with the aim of heading off any long-term adverse affects.

Vision

To improve the mental and social wellbeing of young Australians through the provision of high quality intervention services, that are welcoming, friendly and supportive.

Mission

To be the definitive voice in youth mental health in the areas of service delivery, research and development, service reform, community engagement and advocacy.

Who are we?

headspace, the National Youth Mental Health Foundation, is funded by the Australian Government, Department of Health and Ageing under the Youth Mental Health Initiative Program.

Established in 2006 and with the first centre opening in April 2007, **headspace** has provided services to more than 29,000 young people at centres in metropolitan, regional and remote areas across Australia. Between April 2007 and December 2008, 30 centres were progressively opened.

headspace centres are for young people aged from 12 to 25 years.

What do we do?

headspace provides high quality early intervention care and services for a range of mental health challenges young adults commonly experience, with the aim of heading off any long-term adverse effects.

headspace services span mental health, physical health, drug and alcohol assistance and vocational advice.

headspace aims to empower young people to seek assistance.

Any young person who needs support, advice or just someone to talk to about a mental health issue, can walk into a **headspace** centre and be treated with respect and compassion, within a confidential and safe environment. A family member can also refer a young person to **headspace**.



headspace Youth National Reference Group members Annabeth Bateman and Krysten Gers at the launch of Expressions.

What do we stand for?

headspace believes all young people are important and deserve the best care possible.

Our workers listen to, and try to understand the needs of, young people who visit our centres so they can help them achieve better health and wellbeing.

We will work with other mental health and community agencies to improve the lives of young people.

We will give young people a voice and continually try to influence government and opinion leaders on their behalf, for better mental health services.

headspace acknowledges the unique place and historical context of Aboriginal and Torres Strait Islander communities within Australia and the need for specific consideration in relation to all functions of the **headspace** model.

In providing our services we will be:

- **Compassionate** – We are caring, focussed and respectful of others
- **Inclusive** – We value a diversity of opinion and background
- **Responsive** – We are agile, flexible and move rapidly
- **Passionate** – We care about what we do and enjoy what we do
- **Leaders** – We are innovative, thought leaders and valued partners.



Making a difference

Giving young Australians the opportunity to seek help early

Located in all States and Territories of Australia, **headspace** has 30 centres that offer health advice, support and information for young people aged 12–25.

Throughout July 2009 – June 2010, these centres provided services to 23,000 young people and, through the integrated **headspace** platform, delivered 154,237 individual occasions of service. These related to a variety of issues concerning mental health, physical health, alcohol and drugs, and vocations support.

Having established our centres over the past two and a half years, the priority in 2009–10 was to consolidate the **headspace** model, principally by working with each centre to strengthen the capacity, reach and impact of **headspace** in the local community.

Behind the scenes, 2009–10 saw a transition from the initial period of **headspace** funding to a new, three-year, grant agreement (2009–12). Accordingly, significant work was undertaken in the first half of the year to negotiate new agreements and contract variations with every **headspace** centre in order to streamline access to funding for Allied Health Services

through the Commonwealth's Youth Mental Health Initiative. A number of changes to local governance arrangements and consortia membership of many centres also took place over the course of the year. Yet, despite a high level of uncertainty during this period, **headspace** centres continued to function effectively, responding to the increasing demand for their services from communities across Australia.

At the same time, centres also engaged in a wide range of activities and partnerships throughout the year to promote awareness of **headspace** and to facilitate local service reform. Key strategies included the development of joint protocols with local providers to streamline client care and access to services. Also developed were co-ordinated intake systems and the use of common assessment tools and shared clinical governance arrangements. This work was supported by the co-location of multiple youth health and welfare programs as part of the **headspace** platform.

Following a year of strong growth and development, **headspace** centres are well positioned to expand their operations and impact in 2010–11.

headspace.org.au is fast becoming the first port of call for people seeking information about youth mental health and wellbeing.

From July 2009 to June 2010, the **headspace** website had 688,040 visits (close to 60,000 a month) which was an 18 per cent increase from the previous year.



23,000
young people helped
by headspace last year

Making it easier for young people and their families to find the information they need

headspace.org.au is fast becoming the first port of call for people seeking information about youth mental health and wellbeing. From July 2009 to June 2010, the **headspace** website had 688,040 visits (close to 60,000 a month) which was an 18 per cent increase from the previous year. One of the most popular features of the website, 'Your Stories', also saw significant growth. Throughout the year, **headspace** published 254 stories by young people who were wanting to relate their own struggles and triumphs.

Information and guidance about key youth issues – including relationships, help-seeking and supporting friends – was further expanded on **headspace.org.au**, with the addition of five new factsheets. Printed versions of these factsheets were also made available to the community via **headspace** centres, other mental health services, and at public events.

The past year also saw **headspace** partner with S-press magazine (the nation's largest free publication for teenagers) in order to address one of the key and growing concerns for young Australians: cyber bullying. The resulting Cyber Bullying Initiative aims to combat the growing incidence of online bullying by providing critical information, advice and assistance. Articles about key cyber bullying issues were published on **headspace.org.au** and in S-press magazine, which is distributed to 99 per cent of Australian high schools.

headspace also developed and launched an online portal for young people affected by the 2009 bushfires. Supported by the Victorian Department of Human Services, *Your Bushfire Space* launched in January 2010 and provides young people, families and workers with the opportunity to share stories, find information and get involved in rebuilding the community.

Creating awareness and educating young people about how to get help

Throughout the past year, **headspace** launched a number of national initiatives to educate and inform young people and their families about mental health and wellbeing issues.

A major campaign entitled '**headspace** centres: someone else to go to' was launched in February 2010 with the aim of encouraging young people with mental health concerns to seek help from **headspace**. The campaign, developed with the support of M&C Saatchi, used unrealistic and humorous scenarios of unhelpful advice ("I told a friend I was depressed. He said I should eat more avocados") to illustrate the importance of properly addressing mental health concerns and seeking professional support. The campaign utilised a number of different mediums, including television and cinema commercials, outdoor advertising and indoor marketing, and has been successful in engaging young people with **headspace.org.au** and **headspace** centres.

There's help out there if you need it

CYBER BULLYING HOSTS IT BEST THOSE WHO ARE BEING BULLIED BUT ALSO, DISMORALLY, THOSE WHO ARE DOING THE BULLYING

With any sort of trauma, cyber bullies impact people differently. Some are impacted by the nature of the cyber space, others by the lack of physical presence of the person being targeted, but for some, the need to constantly check and compare themselves to others can be extremely difficult.

These are really serious issues and they carry a range of risks for the cyber bullies as well. It's really important that if you are being bullied or if you are a bully, or if you are any type of bully, that you speak to someone you trust. If you can't get help from your parents, then speak to a teacher, a guidance counsellor, or a school psychologist. They might also be able to help you with your alcohol, personal life, relationships, and mental health issues.

S'PRESS & headspace CYBER BULLYING INITIATIVE

headspace is a national youth mental health foundation.



In addition, both Network TEN and the SBS Foundation provided crucial support to **headspace** by airing the advertising campaign 'Avocados'. The advertisement not only had a huge impact on the audience – a significant increase in visitors to **headspace.org.au** was noted when the commercial aired – but also critical acclaim. The advertisement was recognised at the prestigious international Caples Awards, winning the bronze award in the Direct Response Broadcast Media category.

Print advertising support for the campaign was provided by Adshel, which displayed advertisements in public transport locations such as bus stops and train stations. EYE Study Australia also provided free advertising space in Australian universities and shopping centres. Cinema advertising in locations close to **headspace** centres was also utilised, and campaign posters and postcards were displayed and disseminated by **headspace** centres.

In addition to its own campaigns, **headspace** partnered national initiatives, including National Youth Week 2010 and Men's Health Week 2010. **headspace** centres played a key role in promoting these initiatives by managing events and raising awareness within their local communities. **headspace** also supported the Generation Next seminars for parents, teachers and professionals, and partnered a range of other mental health organisations to support the launch of R U OK? DAY in November 2009.

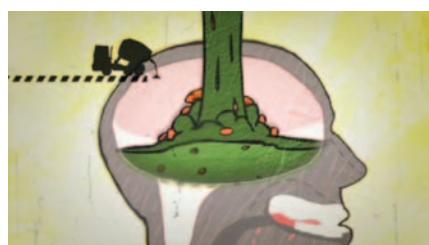
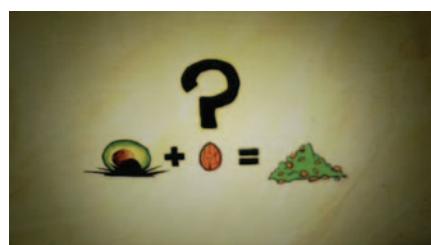
Overall, the 2009–10 period saw a significant rise in the volume of media coverage relating to **headspace**, with over 1,000 stories appearing in the Australian media. This provided **headspace** opportunities to offer public comment on a number of important health and mental health issues concerning help seeking, suicide prevention, same sex attraction and mental health, cyber bullying, and the Victorian bushfires.

In 2009, **headspace** was delighted to publish *Expressions*, a collection of stories, poems and artwork by young people from around Australia. Initiated by the **headspace** National Youth Reference Group, *Expressions* provided young Australians the opportunity to share their experiences and, significantly, to inspire others to seek help.

In a further attempt to communicate with and reach out to young people, **headspace** embraced the primary communication tools for young people by launching profiles on Facebook, Twitter and YouTube. Reaching an audience of over 8,000, **headspace** used these social media networks to engage in discussion and debate with its target audience. This enabled **headspace** to more widely promote both national and local events, and to raise awareness about other services that provide support to young people.

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Dylan Lewis of Video Hits for Men's Health Week 2010.



350

Over 350 attendees
at headspace training

Reviewing evidence and interventions to provide Australians with the most up-to-date information on youth health

In order for **headspace** to offer the best possible advice and care, the Centre of Excellence in Youth Mental Health (CoE) provides **headspace** centres with the latest evidence on diagnosis and treatment. As a result, **headspace** centres can help their local communities understand how to intervene earlier when mental health issues occur, as well as to identify when acute care is required.

The CoE is continuing to better understand how clinical treatment should be provided at the early onset stage. In the past year, the CoE published further comprehensive maps of interventions on the **headspace** website. Evidence maps for anxiety, depression, psychosis, bipolar disorder, eating and substance use disorders, and suicide and self harm are now available. The maps are continually being updated with new research, with the revised depression, psychosis, suicide and self harm maps now complete.

The CoE also co-authored three booklets: '*What Works for Depression in Young People*', '*What Works for Depression*' (all ages) and '*What Works for Anxiety Disorders*' (all ages). The booklets provide reviews of the scientific evidence for medical, psychological and self-help treatments for depression and anxiety. Given the high demand for these evidence-based resources, they are expected to have a significant community benefit.

The CoE delivered full-day workshops on implementing evidence in clinical practice to the Geelong, Gosford, Wollongong and Bathurst **headspace** centres. These sessions helped the sites to troubleshoot local issues in implementing evidence, and to develop methods to monitor the use of evidence-based practices. The CoE also updated four of the six existing **headspace** staff training programs to emphasise the evidence base for the targeted interventions. In addition, the CoE provided ongoing consultation and advice to **headspace** and its 30 centres regarding evidence and best practice across a wide range of youth health issues.

The CoE also published a range of academic papers in international journals that will help to advance the field of youth mental health.

Training professionals how to work with young people

Since its inception, **headspace** has strived to develop and enhance the knowledge and skills of health professionals who work with young people. By promoting and disseminating the latest research, evidence and practice regarding the early identification of mental health issues, greater numbers of young people are receiving the best help possible, and at an earlier stage.

In 2009–10, for instance, in order to enhance the skills of practitioners in the use of evidence-based interventions to help young people with mental health and substance use issues, **headspace** provided, at all 30 of its centres, seven training and education packages for **headspace** staff and various local health workers.

Two of the training packages – *SEE (Screening & Engaging Early) Young People*, and *Working with Families and Significant Others* – operated on a train-the-trainer format. Four additional packages, which were delivered to health workers outside **headspace**, addressed key youth mental health issues including early identification of psychosis in young people, aggression management, self-harm and suicide, motivational interviewing, and problem solving skills. **headspace** also delivered the *Promoting Access and Support Seeking in Young People (PASS)* package which trained **headspace** centre staff to talk to young people about the kinds of support **headspace** offers and the importance of seeking help.

In total, **headspace** provided 31 training sessions in 2009–10 and over 350 workers attended. Local interest in the training was high and feedback was extremely positive with many participants requesting more sessions in the future.

In addition to reviewing and updating the current training packages, **headspace** is also working towards the future. As such, planning is underway to deliver *SEE Young People* training in the future and further specialist training sessions. Consultation with **headspace** centres is also taking place to determine the current gaps in both clinical and operational knowledge to guide the development of new training packages.



Skate ramps at the National Youth Week launch in Parramatta.

headspace centres



Western Australia

Fremantle
Kimberley
Great Southern

Northern Territory

Central Australia
Top End

Queensland

Fraser Coast
Gold Coast
Southern Downs
Townsville

New South Wales

Central Coast
Central Sydney
Campbelltown
Mt Druitt
NSW Central West
Hunter
Riverina
Mid North Coast
Illawarra

ACT

ACT

Victoria

Western Melbourne
South West Victoria
Central West Gippsland
Barwon
Northern Melbourne
Southern Melbourne
Peninsula

South Australia

Adelaide Northern
Riverland
Murraylands

Tasmania

Northern Tasmania





"I am now seeing a counsellor that I love and I am slowly getting better."

Maeve

headspace in the community

Thousands of young people have been helped by headspace. In addition to providing health advice and support, headspace centres develop programs, events and activities to engage and develop young people.

Fremantle headspace

In April 2010, Fremantle **headspace** hosted an exhibition featuring 30 artworks by young people from the local community. The ARTpourri exhibition, based on the theme "What's in your **headspace**?" was held as part of National Youth Week 2010. The exhibition was launched at the Fremantle Village Art Market with the artists and a **headspace** Youth Reference Group in attendance to discuss art and its relationship to mental health. The artworks are now displayed at Fremantle **headspace** where new and emerging artists are provided a space to showcase their work.

Townsville headspace

In April 2010, Townsville **headspace** launched a new program in six local schools throughout Townsville to help local youth. The Holyoake DRUMBEAT program utilises discussion and activities on the drums to help explore themes and issues around healthy relationships, with a strong emphasis on teamwork. The program also helps develop self-esteem and, via a performance by the participants, a sense of achievement. The program is growing in popularity with more schools expressing an interest in running the program each term.



A painting by a youth participant from Fremantle headspace ARTpourri exhibition.



headspace ACT

In partnership with early intervention and preventative mental health service, Bungee, **headspace** ACT recently ran a 10-week art course for local youth. Seven young people participated in the workshops, which took place at the Belconnen Community Centre. Facilitated by artists from Bungee, the workshops aimed to foster and promote resilience and positive mental and emotional wellbeing. The participants developed inspiring pieces of art as well as a love for art and expression.

Western Melbourne **headspace**

As part of Mental Health Week 2009, Western Melbourne **headspace** partnered with a number of local organisations to host youth talent show, the BIG GIG. Members of Western Melbourne **headspace** Youth Advisory Committee worked with Victoria University Events Management students to create the local event at Visy Cares Hub.

The well-received BIG GIG brought together students from 12 schools in the local area, with 16 acts featuring 34 performers. A wide array of enthusiastic performances entertained the 200-strong crowd, including original songs, dance and comedy routines. A T-shirt slogan competition was also held, with 200 young people entering. The BIG GIG highlighted wonderful community spirit and, appropriately, did much to raise awareness of mental health issues.



Western Melbourne's **headspace** BIG GIG.

Murraylands **headspace**

Murraylands **headspace** hosted a one-of-a-kind event called Rock the Pool at Murray Bridge swimming pool in March 2010. The event offered young people the opportunity to enjoy up-and-coming local bands in a healthy, fun and safe environment. About 270 young people watched the five bands rock 'centre stage' – a donated semi-trailer. Organised activities were also offered by Murraylands **headspace** and partner organisations ac.care Reconnect and Rural City of Murray Bridge. Feedback from the young people who attended and their parents was overwhelmingly positive.



'Rock the Pool' – hosted by Murraylands **headspace**.

Northern Tasmania **headspace**

headspace Northern Tasmania partnered with Youthbeyondblue and the Indigenous Hip Hop Projects (IHHP) for a series of free events as part of National Youth Week. **headspace** Northern Tasmania and IHHP visited three local high schools to deliver hip hop workshops that boost morale and confidence by promoting self-expression through movement, music and art.

headspace organised a free bus for workshop participants to attend the events' finale at the Tailrace Centre. The finale enabled over 300 young people to showcase their talent by taking part in a community hip hop battle. After the event, **headspace** received positive feedback and a large number of queries about possible future hip hop workshops.



The IHHP crew performing in the mall for the launch of National Youth Week.

Mt Druitt headspace

In 2010, Mt Druitt **headspace** launched SHAPE (Sessions for Health and Physical Exercise), a free health and fitness program aimed at promoting physical wellbeing. Targeted at young women between 16–25 who are struggling with body image and weight management, the sessions educated participants about diet and nutrition, encouraged a more active lifestyle, and aimed to help prevent the rise of chronic disease. The program offered before-and-after assessments with an allied health professional, eight healthy lifestyle group sessions, and a post-program plan to ensure ongoing progress.

Kimberley headspace

As a part of National Youth Week in 2010, the **headspace** Kimberley Youth Advisory Committee launched the Kimberley Youth Awards to recognise and celebrate the positive contributions young people make in the Kimberley community.

The presentation night took place in April at Zeebar in Broome and showcased a number of young local performers. From 25 nominations, four winners were announced. One of these was Craig Sampi (pictured below), a Public Health Nurse who has been proactive in increasing understanding about youth risk behaviours and implementing preventative strategies.

The Awards received positive coverage in the media and were deemed such a great success that they will become an annual event in the Kimberley.

Barwon headspace

In 2009, **headspace** Barwon ran the Discovery program to help young people develop self-awareness and self-esteem. Targeting 12–15 year olds, the skills-building program helped young people develop the tools to effectively deal with the demands that come with being a young person, with a particular focus on anger management and communication. Referrals for the program came via schools, GPs or others from within the **headspace** Barwon team. The nine lessons featured a range of activities focussed on group challenges, active discussions and periods of reflection. Activities included rock climbing, cooking, drumming and woodwork, with a therapeutic group discussion taking place after each group.



Rock climbing as part of Barwon's Discovery program.



Craig Sampi with his Kimberley Youth Award.

Adelaide Northern headspace

In August 2009, the new premises for Adelaide Northern Division of General Practice were opened by **headspace** board member and Australian of the Year, Professor Pat McGorry.

The new premises allow for a new, easily identifiable frontage for Adelaide Northern **headspace** and a youth-friendly reception area to welcome young people and make them feel at home.

The new premises will mean that Adelaide Northern **headspace** can help even more young people and their families. The new space features four counselling rooms, a dedicated GP room and nine additional rooms in the main building which will provide, if required, extra capacity for on-site counselling.

As part of the official opening celebrations, guests were invited to take part in a mosaic as a keepsake, which symbolises the positive effort and input from staff, agencies and people who are part of the Adelaide Northern Division of General Practice to make a holistic service.

Southern Downs headspace

In July 2009, **headspace** Southern Downs was the proud partner of a Gala Charity Dinner hosted by the Southern Downs and Granite Belt Regional Tourism Board.

Held at the Queensland College of Wine Tourism in Stanthorpe, the event was attended by 80 community members including the local Member of Parliament, the Hon. Lawrence Springborg.

The event was also supported by the Jamie Oliver Fifteen Foundation, which trains young people with tough backgrounds to become chefs. The Foundation has strong ties to Southern Downs, with many of Fifteen's apprentices visiting the region to learn about how local produce is grown, harvested, and processed. At the Gala Charity Dinner, apprentice chefs from Fifteen Melbourne provided a five course meal featuring many of the restaurant's signature dishes, prepared with fresh local produce.

headspace Southern Downs was grateful to the Fifteen Foundation and Southern Downs and Granite Belt Regional Tourism Board for the support provided at the event.



Corporate governance

The board's primary role is to ensure that headspace's activities are directed towards achieving its mission of being the definitive voice in youth mental health in the areas of service delivery, research and development, service reform, community engagement and advocacy.

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

headspace is classified as a health promotion charity under the *Income Tax Assessment Act 1997* and is endorsed as a deductible gift recipient and tax concession charity.

The Governance Charter sets out the policies and internal rules for the governance of headspace and supplements and is subject to the rules set out in the headspace constitution and any governing legislation.

The Governance Charter is designed to:

- enable the board of directors to provide strategic direction and effective oversight of the management of headspace;
- clarify the roles and responsibilities of the board and its committees and senior management to ensure a suitable balance of authority;
- facilitate accountability to the headspace members and principal funding agencies including the Commonwealth of Australia through the Department of Health and Ageing;
- set the standards for ethical corporate conduct, transparency and fair dealing in all headspace operations including its funding and research programs; and
- take account of the interests of stakeholders in the broader community, including young people and those who work with them in health, mental health and related fields.

Achieving the mission

The board's primary role is to ensure that headspace activities are directed towards achieving its mission of being the definitive voice in youth mental health in the areas of service delivery, research and development, service reform, community engagement and advocacy. The board must ensure that this mission is achieved in the most efficient and effective way.

Specific responsibilities of the board

The role of the board is to set the direction and oversee the operations of headspace and to carry out its objectives.

The board fulfils its primary role by:

- overseeing the operation of headspace, including its accountability and control mechanisms;
- providing input to and final approval of headspace major policies;
- appointing and removing the CEO and monitoring performance;
- providing input to and final approval of headspace corporate strategy and annual business plan;
- approving capital and operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- approving and monitoring financial and other reporting including any funding agreements; and
- acting as an advocate for headspace whenever and wherever necessary.

Management's responsibility

The board has formally delegated responsibility for headspace day-to-day operations, policies, programs and activities to the chief executive and executive key management personnel.

Board oversight

The board oversees and monitors management's performance by:

- meeting at least four times during the year;
- receiving detailed financial and other reports from management at these meetings and at other times as required;
- receiving additional information and input from management when necessary;
- assigning to the Finance, Audit and Risk Committee and Clinical, Research and Evaluation Committee responsibility to oversee particular aspects of headspace operations and administration.

Each board committee operates under Terms of Reference in the Governance Charter approved by the board.

The Governance Charter is reviewed annually and updated as necessary.

Copies of the Charter can be viewed on headspace.org.au

“I just didn’t know why I was angry all the time. So I went on to the headspace website and read stories about people who found help and are feeling better than ever. I needed that.”



Stephanie

Directors' report

The principal activities of the company during the financial period consisted of promoting the improved health and mental health outcomes for young people in Australia, through early intervention and prevention programs.

The directors of **headspace** National Youth Mental Health Foundation Ltd ("the Company") present their report on the Company for the financial period 5 June 2009 to 30 June 2010.

Directors

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

Ian Hickie AM	Patrick McGorry AO
Barbara Hingston	John McGrath AM
Lyn Littlefield OAM	Helen Milroy
Ian Marshman	Sheree Vertigan
Peter Mason AM	Robert Walters
Wendy McCarthy AO	

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

Sara Tersigni: LL.B London, CSA (Cert.)

Ms Tersigni was appointed Company Secretary on 5 June 2009 and has been responsible for all governance and operational matters. Prior to joining the Company, she worked for over 25 years in international legal project managerial roles in private legal practice, project management consulting, legal publishing management, and legal practice management.

Principal activities

The principal activities of the Company during the financial period consisted of promoting the improved health and mental health outcomes for young people in Australia, through early intervention and prevention programs.

No significant change in the nature of these activities occurred during the period.

Operating results

The operation of the Company for the financial period resulted in a surplus of \$8,480,655. This surplus will be fully expended over the next two financial years.

Dividends paid or recommended

The Company is a not-for-profit organisation incorporated as a company limited by guarantee. It does not have any share capital and has not issued debentures. The Company is precluded by its constitution from recommending payment of any dividend.

Review of operations

During the financial period, the Company conducted the Youth Mental Health Initiative in accordance with the funding agreement it has entered into with the Commonwealth of Australia. In addition, the Company has conducted other programs, funded by other funders, which support and complement the Youth Mental Health Initiative.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial period

No matters or circumstances have arisen since the end of the financial period which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments

The Commonwealth Department of Health and Ageing has advised that the current funding agreement with the Company will be extended to 30 June 2014 and that the funding under the agreement will be increased. However, a revised funding agreement, or deed of variation to the existing agreement, has not yet been received by the Company.

The Company expects to modify the status and level of operations in accordance with the varied funding agreement once it is received, and operations in future years will change accordingly.

Environmental regulation

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

Information on Directors

Ian Hickie AM

Board member since 5 June 2009.

Qualifications and Experience

Professor, AM.

In October 2000, Ian was appointed as the inaugural CEO of beyondblue and from 2003–06 served as its Clinical Advisor. In 2003, he was appointed as the inaugural Executive Director of the Brain and Mind Research Institute at the University of Sydney.

In 2007, he was appointed to the Prime Minister's Australian National Council on Drugs, and was elected as a Fellow of the Academy of the Social Sciences in Australia.

From 2008–13, he is one of the first round of new NHMRC 2008 Australian Fellows; recognising excellence in Australian Medical Research. His research, clinical and health services development work focuses on expansion of population-based mental health research and development of international mental health strategies. In July 2008 he was appointed to the Federal Health Minister's new National Advisory Council on Mental Health.

Special Responsibilities

Member appointee of University of Sydney.

Barbara Hingston

Board member since 16 July 2009.

Qualifications and Experience

BA, BSW, GAICD, MAASW.

Barbara has held senior executive and corporate management roles in government and the community sectors, including as Executive Director for Mercy Health Care Australia and within the Commonwealth public service, as Deputy Executive Director of the Australian Heritage Commission. She is also an experienced clinician in individual and group counselling practice (in the fields of sexual assault, family violence and other trauma) with victims and perpetrators, most recently as Senior Clinician and Direct Service Coordinator for CASA House. She now also works as a consultant in the evaluation of service delivery and public policy practice in these fields, including primary prevention of violence against women and children for the AFL, as a facilitator of its Respect and

Responsibility Program. Barbara is a Director of the Austin Health Service, also Chairing its Community Advisory Committee, and a current member of the Nurses Board Victoria and Physiotherapists Registration Board Victoria. Barbara was also Director of MacKillop Family Services between 2003–06, along with holding a Board Director position at Marymead Child and Family Services ACT. She was also a Member of the Public Housing Review Tribunal in the ACT and a Member of the Dental Board of Queensland.

Special Responsibilities

Appointee of the Commonwealth Minister for Health and Ageing.

Co-Chair of Clinical, Research and Evaluation Committee.

Lyn Littlefield OAM

Board member since 5 June 2009.

Qualifications and Experience

Professor, FAPS, FAICD, FAIM, BSc, BBSc (Hons), Dip Ed, M Psych, PhD.

Lyn has extensive experience in teaching, clinical practice and research in child and family psychology, and she established the first professional doctorate in clinical child, adolescent and family psychology in Australia. Lyn was previously the Head of the School of Psychological Science at La Trobe University, and is currently a Professor at La Trobe. Before joining the Australian Psychological Society (APS), she was the Inaugural Director of the Victorian Parenting Centre. She was conferred a Medal of the Order of Australia in 2001 for services to the welfare of children and families and is currently Executive Director of the APS.

Special Responsibilities

Member appointee of the Australian Psychological Society Limited.

Ian Marshman

Board member since 5 June 2009.

Qualifications and Experience

BA (Honours), LLB.

Ian was appointed Senior Vice-Principal at the University of Melbourne in March 1999. In this role he is accountable to the Vice-Chancellor and Council for the overall management and administration of the University. Ian has

688,040

Visits to the headspace website from July 2009 to June 2010

particular responsibilities for student recruitment, facilities planning, audit, compliance and external reporting accountabilities. Ian's career began as an Administrator in the Australian Public Service in Canberra. He has held senior positions in health at Commonwealth and State Government levels. He is currently Chair of the Management Committee for the Victorian Tertiary Admissions Centre. He is an auditor for Australian Universities Quality Agency, Chair of the Universitas 21 Managers Group and a Director of the on-line business school, Universitas 21 Global. He is also a Director of a number of University boards.

Special Responsibilities

Member appointee of the University of Melbourne.

Co-Chair of Finance, Audit and Risk Committee.

Peter Mason AM

Board member since 5 June 2009.

Qualifications and Experience

B Com (Hons), MBA, Hon Dr University of NSW.

Peter is Chairman of AMP Limited and a Senior Advisor to UBS Investment Bank. He has 40 years experience in investment banking. He was chairman of JP Morgan Chase Bank in Australia from 2000 to 2005, and chairman of their associate, Ord Minnett Group. Prior to this he was chairman and chief executive of Schroders Australia Limited and group managing director of Schroders' investment banking businesses in the Asia Pacific region. Peter is a director of David Jones Limited, the University of New South Wales Foundation, the UBS Australia Foundation, and the Australian Research Alliance for Children and Youth. He is also a member of the Takeovers Panel, and is a past director of a number of public companies and educational and charitable institutions, including 12 years as deputy chairman of the Children's Hospital at Westmead, and 13 years on the Council of the University of New South Wales.

Special Responsibilities

Appointee of the Commonwealth Minister for Health and Ageing.

Co-Chair of Finance, Audit and Risk Committee.

Wendy McCarthy AO

Board member since 5 June 2009.

Qualifications and Experience

BA, Dip Ed, Hon Dr University of SA.

Wendy began her career as a secondary school teacher and remains passionate about the power of education. For four decades she has been a teacher, educator and change agent in Australian public life. Her national consulting business McCarthy Mentoring specialises in providing mentors to major corporations, the public sector and Not for Profit Organisations. Wendy also chairs Circus Oz, McGrath Estate Agents and Pacific Friends of the Global Fund. In 2009 she retired from her role as Vice-Chair of Plan International. She has held many significant leadership roles in leading national bodies including eight years as deputy Chair of the Australian Broadcasting Corporation and three years as Chair of the Australian Better Health Program.

Special Responsibilities

Appointee of the Commonwealth Minister for Health and Ageing.

Chair.

Patrick McGorry AO

Board member since 5 June 2009.

Qualifications and Experience

MD, PhD, FRCP, FRANZCP, Australian of the Year 2010.

Pat is Executive Director of Orygen Youth Health and Professor of Youth Mental Health at the University of Melbourne. He is a world-leading researcher in the area of early psychosis and youth mental health. Pat has also played a major role in mental health reform in Australia as a key adviser to the "Because mental health matters: Victorian Mental Health Reform Strategy 2009–19".

Special Responsibilities

Member appointee of Orygen Youth Health Research Centre.

Co-Chair of Clinical, Research and Evaluation Committee.

John McGrath AM

Board member since 5 June 2009.

Qualifications and Experience

John is Deputy Chair and Inaugural Director of beyondblue since October 2000. He is Chairman of the Mental Health Professionals Network Ltd, Chair of the Victorian Ministerial Expert Advisory Council on Mental Health and a Board Member of Crisis Support Services. John was the Inaugural Chair of the Mental Health Council of Australia 1997–2003 and the Inaugural Chair of the Western Region Alcohol and Drug Centre in Warrnambool for 13 years. He was a Member of the Victorian Parliament 1985–1999, as MLA for Warrnambool, and Deputy Speaker of Parliament from 1992 until his voluntary retirement.

Special Responsibilities

Appointee of the Commonwealth Minister for Health and Ageing.

Member of Finance Audit and Risk Committee.

Helen Milroy

Board member since 5 June 2009.

Qualifications and Experience

MBBS, FRANZCP, CATCAP.

Helen is a Consultant Child and Adolescent Psychiatrist at the Bentley Family Clinic and Director for the Centre for Aboriginal Medical and Dental Health at the University of Western Australia. Helen is a past president of the Australian Indigenous Doctors' Association, current member of the National Advisory Council on Mental Health, Aboriginal and Torres Strait Islander Healing Foundation Development Team, the Western Australian Indigenous Implementation Board and the Australian Health Ethics Committee.

Special Responsibilities

Appointee of Australian Indigenous Doctors Association.

Sheree Vertigan

Board member since 5 June 2009.

Qualifications and Experience

BA, MEd, MACE.

Sheree has worked in a variety of positions within education, commencing her career as an English teacher prior to taking up a position as a consultant and then returned to senior positions within schools and the Department

of Education. Sheree currently holds a number of other positions including:

- Vice-President (secondary), Tasmanian Principals' Association
- Director, Principals Australia Board
- Member, National Leadership Learning Network
- Member, writing team, Principal Standards Project
- Director, Asia Education Foundation
- Director, Australian National Council for Drugs.

Special Responsibilities

Appointee of Principals Australia.

Robert Walters

Board member since 5 June 2009.

Qualifications and Experience

B Med Sc, MB BS, RFD.

Rob is a practicing GP in Hobart. From 2002–05, Rob was the Chair of the Australian Divisions of General Practice (now AGPN) and continues to serve on the board of his Tasmanian Division (GP South). He is also a medico-legal adviser for the Medical Indemnity Protection Society in Tasmania and regularly presents to medical practitioners nationally, on matters related to Medical Indemnity and Medicine and the law. He has served, and continues to serve, on a number of boards and councils representing General Practice including the beyondblue Clinical Reference Council and the National Advisory Council on Mental Health. He also has an interest in Occupational Medicine and is the Medical Director on the Tasmanian Work Cover Board as well as a past Chair of the Cancer Council of Tasmania. Rob holds the rank of Colonel in the Australian Army Reserve and is Consultant to the Surgeon General of the Australian Defence Force on General Practice for the Army, Navy and Air Force. In 2002 he served overseas in East Timor with the UN Forces.

Special Responsibilities

Member appointee of Australian General Practice Network Limited.

254

Stories by young people
were published on
headspace.org.au

There are no loans made to directors by the Company.

Meetings of Directors

The numbers of meetings of the Company's board of directors and of each board committee held during the period ended 30 June 2010, and the number of meetings attended by each director were:

Director	Directors' Meetings		Sub-committee Meetings	
	Attended	Eligible to attend	Attended	Eligible to attend
Ian Hickie AM	6	7	-	-
Barbara Hingston	7	7	4	4
Lyn Littlefield OAM	6	7	-	-
Ian Marshman	6	7	5	5
Peter Mason AM	5	7	5	5
Wendy McCarthy AO	7	7	-	-
Patrick McGorry AO	5	7	3	4
John McGrath AM	7	7	3	5
Helen Milroy	3	7	-	-
Sheree Vertigan	7	7	-	-
Robert Walters	5	7	-	-

This was the first year of Board operation and the meetings had been set before some directors joined the Board, which led to some inability to attend meetings. Attendance at only the in camera section of a meeting is considered to be attendance by that director.

Insurance of officers

During the period ended 30 June 2010, the Company paid premiums totalling \$21,584 to insure the officers (including directors) of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

No indemnities have been given, during or since the end of the financial period, for any person who is or has been an auditor of the Company.

Proceedings on behalf of Company

No person has applied for leave of a court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

Remuneration report

Information on the remuneration arrangements for Directors and key management personnel is set out in note 19 to the financial report.

Non-audit services

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

Details of the amounts paid or payable to the auditor (RSM Bird Cameron Partners) for audit and non-audit services provided during the period are set out in Note 20 to the financial report.

The board of directors has considered the position and, in accordance with advice received from the Finance, Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 20 to the financial report, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Finance, Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

The lead auditor's independence declaration for the period ended 30 June 2010 has been received and can be found following the Directors' Report, as required under section 307C of the *Corporations Act 2001*.

Auditor

RSM Bird Cameron Partners continue in office in accordance with under section 327 of the *Corporations Act 2001*.

Signed on this 11th day of August 2010 in accordance with a resolution of the board of directors.



Wendy McCarthy AO
Chair.



Ian Marshman
Co-Chair of Finance, Audit and Risk Committee.

RSM Bird Cameron Partners

Chartered Accountants

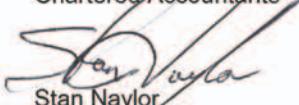
RSM Bird Cameron Partners
Level 8 Rialto South Tower
525 Collins Street, Melbourne, VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of headspace National Youth Mental Health Foundation Ltd for the period 5 June 2009 to 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM BIRD CAMERON PARTNERS
Chartered Accountants



Stan Naylor
Partner

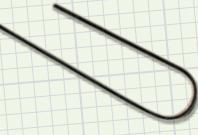
Melbourne, Victoria
Dated: 11 August 2010

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.





Financial statements

for the period ended
30 June 2010

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These financial statements cover the separate financial statements of headspace National Youth Mental Health Foundation Ltd as an individual entity. The financial statements are presented in the Australian currency.

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

The financial statements were authorised for issue by the directors on 11 August 2010. The directors have the power to amend and reissue the financial statements.

Statement of comprehensive income

for the period 5 June 2009 to 30 June 2010

	Note	2010 \$
Revenue from Continuing Operations		
Revenue from services and Government grants		16,558,484
Interest received		200,289
Fundraising revenue		44,958
Other revenues from operating activities		1,094,119
Revenue from operating activities	3	17,897,850
Employment expenses		1,378,449
Occupancy expenses		119,408
Grant payments		6,549,170
Consultancy expenses		211,733
Governance expenses		194,676
Other operating and administration expenses		963,758
Expenses from operating activities	4	9,417,194
Surplus for the period before income tax		8,480,655
Income tax expense	2(b)	–
Surplus for the period		8,480,655
Other comprehensive income		
Other comprehensive income		–
Total comprehensive income for the period		8,480,655

Statement of financial position

as at 30 June 2010

	Note	2010 \$
Assets		
Current assets		
Cash assets	5	2,342,950
Other financial assets	6	3,534,656
Trade and other receivables	7	2,941,489
Total current assets		8,819,095
Non-current assets		
Other financial assets	6	142,640
Leasehold improvements, plant and equipment	8	1,069,751
Total non-current assets		1,212,391
Total assets		10,031,486
Liabilities		
Current liabilities		
Trade and other payables	9	1,177,788
Provisions	10	100,392
Deferred income	11	87,273
Total current liabilities		1,365,453
Non-current liabilities		
Provisions	10	54,469
Deferred income	11	130,909
Total non-current liabilities		185,378
Total liabilities		1,550,831
Net assets		8,480,655
Members' Funds		
Accumulated surplus	12	8,480,655
Total members' funds		8,480,655

Statement of changes in equity

for the period ended 30 June 2010

	Note	2010 \$
Balance at 9 June 2009		—
Surplus/(deficit) for the period	12	8,480,655
Balance at 30 June 2010		8,480,655

Statement of cash flows

for the period ended 30 June 2010

	Note	2010 \$
Cash flows from operating activities		
Receipts from Government grants and other operations		15,371,864
Payments to employees and suppliers (incl GST)		(9,270,276)
Interest received		200,289
Net cash inflow from operating activities	15(b)	6,301,877
Cash flows from investing activities		
Payments for building improvements, plant and equipment		(281,632)
Net cash outflow from investing activities		(281,632)
Cash flow from financing activities		
Net cash inflow/(outflow) from financing activities		—
Net increase /(decrease) in cash held		6,020,245
Cash and cash equivalents at the beginning of the financial period		—
Cash and cash equivalents at the end of the financial period	15(a)	6,020,245
Cash and cash equivalents at the end of the financial period consists of:		
Cash assets	5	2,342,950
Other financial assets	6	3,677,295
		6,020,245

Notes to the financial statements

for the period ended 30 June 2010

Note 1. Financial period

The Company was incorporated on 5 June 2009. The directors of the Company resolved, in accordance with Section 323D(1) *Corporations Act 2001*, that the first financial year of the Company would be extended to a period not longer than 18 months. This financial report covers the period from the date of incorporation to 30 June 2010.

Note 2. Statement of significant accounting policies

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

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Historical Cost Convention

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Early Adoption of Standards

The Company has not elected to early adopt any accounting standards for this reporting period.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 22.

(a) Revenue recognition

Revenue from the rendering of services, including government grants, is recognised upon the delivery of the service.

Revenue from Government grants is recognised in the Statement of Comprehensive Income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

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

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

During the period, the Company received non-reciprocal contributions of assets from the Government and other parties for zero or a nominal value. These assets are recognised at fair value in the Statement of Financial Position, with a corresponding amount of income recognised in the Statement of Comprehensive Income.

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

Note 2. Statement of significant accounting policies (continued)

(b) Income tax

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

(c) Leases

Lease payments for operating leases (Note 14), where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(d) Cash assets

For the purposes of presentation in the Statement of Cash Flows, cash assets include cash on hand and deposits at call with banks or financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Other financial assets

Other financial assets are term deposits with fixed maturities of three months or greater that management has the positive intention and ability to hold to maturity.

(f) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

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

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

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other operating and administration expenses.

(g) Leasehold improvements, plant and equipment

Leasehold improvements, plant and equipment are measured on the fair value basis. The carrying amount of leasehold improvements, plant and equipment is reviewed annually by directors to ensure that the carrying amount for leasehold improvements is not materially different to the fair value.

Increases in the carrying amounts arising on revaluation of leasehold improvements, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in a revaluation reserve. To the extent that the increase reverses a decrease previously recognised in the Statement of Comprehensive Income, the increase is first recognised in the Statement of Comprehensive Income. Each year, the difference between depreciation based upon the revalued carrying amount of the asset charged to the Statement of Comprehensive Income, and depreciation based upon the asset's original cost, net of tax, is reclassified from the revaluation surplus to accumulated surplus.

The depreciable amount of all leasehold improvements, plant and equipment is depreciated on a straight line basis over their estimated useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	25% – 50%
Surplus/(deficit) for the period	33½%

Note 2. Statement of significant accounting policies (continued)

(h) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Employee entitlements

Short-term obligations

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to the end of the reporting period. 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.

Other long-term employee benefit obligations

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. In determining the liability, consideration is given to employee wage increases and the probability that the employees may not satisfy vesting requirements. These cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(j) 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of expense.

Receivables and payables are shown inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flow.

(k) Impairment of assets

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

(l) Comparative figures

As this is the Company's first financial report, there are no comparative figures.

Note 2. Statement of significant accounting policies (continued)

(m) New accounting standards and interpretations

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of the standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - simplifying the requirements for embedded derivatives;
 - removing the tainting rules associated with held-to-maturity assets;
 - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
 - allowing an irrevocable election on initial recognition to present gains and losses on investments in respect of these investments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
 - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.

Note 3. Revenues from continuing operations

	2010 \$
Operating activities from continuing operations	
Government grant funding	16,558,484
Interest received	200,289
Fundraising revenue	44,958
Other revenues from operations	1,094,119
Total revenues from continuing operations	17,897,850

Revenue for the period includes several items of a transitional nature relating to the transfer of business. Under a deed of transfer effective 1 October 2009 between the University of Melbourne and Orygen Youth Health Research Centre (collectively the Transferring Parties) and the Company, the Transferring Parties ceased to conduct a project under the Commonwealth Government's "Promoting Better Mental Health Program", with the Company taking over this commitment. Under the deed of transfer, unexpended government grant funding of \$5,328,619 was transferred to the Company.

Due to the delayed timing of receipt of this funding, expenditure (including payments to **headspace** centres) was delayed until such time as the transfers were finalised. As a result, the Company has a surplus at the end of the period which would not normally occur. This surplus is committed for distribution, and will be fully expended over the next two financial years.

In addition, as part of this transfer, the Company received assets worth \$1,085,481 as disclosed in Note 8.

Note 4. Expenses from operating activities

	2010 \$
Expenses from operating activities has been determined after:	
Depreciation of non-current assets	
Leasehold improvements	210,099
Plant and equipment	87,263
Total depreciation	297,362
Rental expense relating to operating leases	
Minimum lease payments	165,000

Note 5. Cash assets

	2010 \$
Current	
Cash on hand	2,342,950

(a) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 21. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 6. Other financial assets

	2010 \$
Current	
Deposits at call	3,534,656
	<hr/>
	3,534,656
Non-current	
Term deposits	142,640
	<hr/>
	142,640
Total other financial assets	3,677,295

Note 7. Trade and other receivables

	2010 \$
Current	
Trade receivables	2,901,423
Prepayments	40,066
	<hr/>
	2,941,489

(a) Impaired trade receivables

There are no impaired trade receivables at period end.

(b) Past due but not impaired

As at 30 June 2010, trade receivables of \$503,895 were past due but not impaired. These relate to amounts payable from individual **headspace** centres. In each case, amounts will become payable by the Company to these centres under the individual grant agreements referred to in note 18. The amounts payable to the centres exceed the amounts receivable from the centres. The ageing analysis of these trade receivables is as follows:

	2010 \$
Ageing	
31–60 days	69,458
Prepayments	434,437
	<hr/>
	503,895

The other classes within trade and other receivables do not contain impaired assets and are not passed due.

(c) Fair value and credit risk

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

Note 8. Leasehold improvements, plant and equipment

Under a deed of transfer effective 1 October 2009 between the University of Melbourne and Orygen Youth Health Research Centre (collectively the Transferring Parties) and the Company, the Transferring Parties ceased to conduct a project under the Commonwealth Government's "Promoting Better Mental Health Program", with the Company taking over this commitment. Under the deed of transfer, leasehold improvements, plant and equipment previously owned by the University of Melbourne were transferred to the Company for no consideration. These assets have been recognised at fair value to the Company. The value of the assets was \$1,085,481 and this has been included in other revenues from operating activities.

(a) Leasehold improvements

	2010 \$
Leasehold improvements at fair value	865,681
Less accumulated depreciation	(210,099)
Total building improvements	655,582

(b) Plant and Equipment

	2010 \$
Plant and equipment at fair value	501,432
Less accumulated depreciation	(87,263)
Total plant and equipment	414,169

(c) Movements in carrying amounts

	Leasehold Improvements \$	Plant & Equipment \$	Total \$
Balance at the beginning of the period	–	–	–
Additions transferred from University of Melbourne	807,361	278,120	1,085,481
Other additions	58,320	223,312	281,632
Depreciation expense	(210,099)	(87,263)	(297,362)
Carrying amount at the end of the period	655,582	414,169	1,069,751

Note 9. Trade and other payables

	2010 \$
Current	
Trade payables	742,348
Other payables	435,440
	1,177,788

Note 10. Provisions

	2010 \$
Current	
Employee entitlements – annual leave	100,392
Non-current	
Employee entitlements – long service leave	54,469
Total provisions	154,861

Note 11. Deferred income

	2010 \$
Current	
Lease incentive	87,273
Non-current	
Lease incentive	130,909
Total deferred income	218,182

Note 12. Accumulated surplus

Movements in accumulated surplus were as follows:

	2010 \$
Balance at 5 June 2009	–
Surplus/(deficit) for the period	8,480,655
Balance 30 June 2010	8,480,655

Note 13. Members' guarantee

The Company is limited by guarantee. If the Company is wound up the liability of each member is limited to a maximum of \$100 towards meeting any outstanding obligations of the Company. At 30 June 2010 the number of members was five.

Note 14. Operating lease commitments: Company as lessee

Non-cancellable operating leases

The photocopier/printer is leased from Fuji Xerox for a period of 3 years commencing 15 September 2009. Rent is paid monthly in arrears.

	2010 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Not later than one year	8,328
Later than one year and not later than five years	10,410
	18,738

Cancellable operating leases

Office accommodation is leased from Tee Enterprise Holdings Pty Ltd under a lease which expires on 30 June 2012. Rent is paid monthly in advance.

	2010 \$
Commitments for minimum lease payments in relation to cancellable operating leases are payable as follows:	
Not later than one year	225,516
Later than one year and not later than five years	226,663
	452,179

Note 15. Cash Flow Information

(a) Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2010 \$
Cash assets – Note 5	2,342,950
Other financial assets – Note 6	3,677,295
Cash and cash equivalents	6,020,245

Note 15. Cash flow information (continued)**(b) Reconciliation of cash flow from operations with surplus for the period**

	2010 \$
Surplus for the period	8,480,655
Non-cash flows in surplus	
Assets transferred from University of Melbourne	(1,085,481)
Depreciation	297,362
Changes in assets and liabilities	
Increase in trade and other receivables	(2,941,489)
Increase in trade and other payables	1,177,787
Increase in provisions	154,861
Increase in deferred income	218,182
Cash flow from operations	6,301,877

Note 16. Economic dependence

The continuing operation of the Company is dependent upon periodic renewal of a funding agreement with the Commonwealth of Australia as represented by the Department of Health and Ageing. The current agreement commenced on 1 October 2009 and expires on 30 June 2012.

The Department of Health and Ageing has advised that the funding agreement will be extended to 30 June 2014 and the funding under the agreement will be increased. However, a revised funding agreement, or deed of variation to the existing one, has not yet been received by the Company.

Note 17. Contingencies**Contingent assets**

The Company does not have any contingent assets or any other contingent liabilities of a material nature which have not already been dealt with in these financial statements.

Contingent liabilities

On the expiry or early termination of the funding agreement referred to in Note 16, the Company may be required to repay to the Commonwealth of Australia any unspent funds relating to the agreement. The Company does not expect there will be any such unspent funds and accordingly no contingent liability can be measured with sufficient reliability.

Note 18. Other commitments

In connection with the funding agreement referred to in Note 16, the Company has entered into individual grant agreements with each of the lead agencies operating the 30 **headspace** centres throughout Australia. Payments are due to the lead agencies when the due date for payment has been reached and the lead agency has met all the obligations that are required to be performed up to the due date for payment.

At 30 June 2010, some lead agencies had not met all of their obligations and accordingly had not received some payments. These payments total \$863,334. Further payments under these grant agreements totalling \$2,837,550 fall due on 31 July 2010 or 30 September 2010 provided the lead agencies have met all the obligations that are required to be performed up to the due date for payment. The Company will receive additional payments under the funding agreement referred to in Note 16 which will cover these commitments.

Note 18. Other commitments (continued)

The Company intends to enter into deeds of variation to each of these grant agreements which will result in commitments to the lead agencies totalling \$13,500,000 per annum in each of the financial years ending 30 June 2011 and 30 June 2012. This includes the \$2,837,550 referred to above. The Company will receive additional payments under the funding agreement referred to in note 16 which will cover these commitments. The Department of Health and Ageing has advised that the funding agreement will be extended to 30 June 2014 and the funding under the agreement will be increased. However, a revised funding agreement, or deed of variation to the existing one, has not yet been received by the Company.

Note 19. Related party disclosures

(a) Key Management Personnel Compensation

	2010 \$
Key management personnel benefits:	
Short term benefits	613,825
Long term benefits	55,120
Total building improvements	668,945

The following members of the Executive Team are the named senior executives as per section 300S(1)(c) of the Corporations Act 2001:

- Chris Tanti
- Deepika Ratnaike
- Maree Sidey
- Matt O'Brien
- Sara Tersigni

(b) Directors' Remuneration

Income paid or payable to all directors by the Company and any related parties for the financial period totalled \$190,000.

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

The Board has established a Remuneration Committee which has responsibility for determining appropriate remuneration for directors.

The Board has resolved, following a recommendation from the Remuneration Committee, that directors' fees will be increased annually by reference to the CPI index in each March quarter.

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

(c) Transactions by Directors with headspace Centres

Ian Hickie AM is Executive Director of the Brain and Mind Research Institute (BMRI). The Company has entered into two grant agreements with BMRI in relation to the operation of the following **headspace** centres:

- Central Sydney **headspace**; and
- **headspace** Campbelltown

These grant agreements include the same terms and conditions as all other grant agreements with **headspace** centres.

Patrick McGorry AO is the Director of the Oxygen Youth Health Research Centre Limited (Oxygen). The Company has entered into two grant agreements with Oxygen in relation to the operation of the following **headspace** centres:

- Western Melbourne **headspace**; and
- Northern Melbourne **headspace**

These grant agreements include the same terms and conditions as all other grant agreements with **headspace** centres.

Note 19. Related party disclosures (continued)

(d) Transactions with Centre of Excellence

Under the funding agreement referred to in Note 16, the Company is required to maintain a Centre of Excellence to provide research services. The funding agreement stipulates that Orygen Youth Health Research Centre Limited (Orygen) is the approved subcontractor for the Centre of Excellence. Patrick McGorry AO is the Director of Orygen.

(e) Transactions with McCarthy Mentoring

The Company has entered into an arrangement with McCarthy Mentoring to provide mentoring services to seven of the Company's executives. No payments have been made by the Company to McCarthy Mentoring for these services. However, it is anticipated that payments, at market rates or less, will be made in the financial year ending 30 June 2011. Wendy McCarthy AO is a principal of McCarthy Mentoring but has not been involved in the provision of these services to the Company.

(f) Fundraising Income

Ian Marshman is entitled to receive Directors' fees of \$15,000. He has elected not to receive these fees and this amount has been treated as a donation from a director and included in fundraising revenue as disclosed in Note 3.

Note 20. Remuneration of auditor and non-audit services

The Company may decide to employ the lead auditor's firm on assignments additional to their statutory audit duties where the firm's expertise and experience are required. Details of the amounts paid or payable to the lead auditor's firm for audit and non-audit services provided during the financial period are set out below.

	2010 \$
Audit services	
Audit and review of financial report	19,500
Audit of headspace centre	6,902
Total audit services	26,402
Non-audit services	
Tax advice	1,023
Total non-audit services	1,023

The Company is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Note 21. Financial instruments and financial risk management

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

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

Note 21. Financial instruments and financial risk management (continued)

The Company holds the following financial instruments at the end of the reporting period:

	Note	2010 \$
Financial assets		
Cash assets	5	2,342,950
Other financial assets	6	3,677,295
Trade and other receivables	7	2,941,489
		8,961,734
Financial liabilities		
Trade and other payables	9	1,177,789
Other liabilities	11	218,182
		1,395,971

(a) Market risk

(i) Interest rate risk

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

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

At 30 June 2010, if interest rates had changed by +/- 1 percentage point from the year-end rates with all other variables held constant, surplus for the period would have been \$51,748 lower/higher, all based on interest income from cash and cash equivalents.

(ii) Sensitivity Analysis

The Company believes the following movements are 'reasonably possible' over a 12 month period:

- A movement of +1% / -1% in market interest rates from applicable bank interest rates. If these movements were to occur, the impact on the Statement of Comprehensive Income and on Member funds for each category of financial instrument held at the end of the reporting period is presented below.

	Carrying amount \$	Interest rate risk +1% \$	-1% \$
Financial assets			
Cash assets	2,342,950	14,975	(14,975)
Other financial assets	3,677,395	36,773	(36,733)
Trade and other receivables	2,941,489	-	-
Financial liabilities			
Trade and other payables	1,177,790	-	-
Other liabilities	218,182	-	-
Total increase/(decrease)	51,748	(51,748)	

Note 21. Financial instruments and financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalent deposits with the bank, and credit exposures to outstanding receivables. All banking, including the investment of surplus monies, is managed through two banks, which must have an independent rating of 'AA-' (S&P) or above. The transfer of money between the bank account and term deposit accounts is analysed on a monthly cash flow basis to ensure the Company obtains the best interest rates possible over the short term (mixture of fixed term and current account rates) whilst meeting its immediate cash requirements. The effective weighted average interest rate for cash and cash equivalents is 4.55 per cent.

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

(c) Liquidity risk

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

The Company is predominantly funded by one Government funding agreement up to 30 June 2012 and pursues other sources of revenue, including third party grants.

(d) Fair value estimation

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

Note 22. Critical accounting estimates and assumptions

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

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated fair values of leasehold improvements, plant and equipment

The Company carries its property, plant and equipment at fair value with changes in the fair values recognised in the Statement of Comprehensive Income. At the end of each reporting period, the directors update their assessment of the fair value of each asset, and adjust accordingly.

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

(ii) Revenue recognition

The Company has recognised revenue from contributions when it obtains control of the contribution, or the right to receive the contribution. This is not necessarily upon cash receipt.

Note 23. Company Details

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

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

47–51 Chetwynd St
North Melbourne Victoria 3051

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 28 to 44 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

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

Dated this 11th day of August 2010.



Wendy McCarthy AO

Chair.



Ian Marshman

Co-Chair of Finance, Audit and Risk Committee.

RSM Bird Cameron Partners

Chartered Accountants

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

We have audited the accompanying financial report of **headspace** National Youth Mental Health Foundation ("the company"), which comprises the Statement of Financial Position, as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period 5 June 2009 to 30 June 2010, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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 independent member firm of RSM
 International, an affiliation of independent
 accounting and consulting firms.



RSM Bird Cameron Partners

Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of **headspace** National Youth Mental Health Foundation is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of **headspace** National Youth Mental Health Foundation (the company) for the period ended 30 June 2010 included on the **headspace** National Youth Mental Health Foundation web site. The company's directors are responsible for the integrity of the **headspace** National Youth Mental Health Foundation web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to / from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Melbourne, Victoria
Dated: 11 August 2010



Stan Naylor
Partner

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HEALTH CARE

Government funding

headspace National Youth Mental Health Foundation Ltd is funded by the Australian Government Department of Health and Ageing under the Youth Mental Health Initiative Program. The National Youth Virtual Tours Project is funded by the Department of Education, Employment and Workplace Relations.

'Your Bushfire Space' was made possible thanks to the generous support of the Victorian Bushfire Appeal Fund and has been developed in collaboration with the Victorian Department of Health.

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headspace National Youth Mental Health Foundation Ltd is funded by the Australian Government
Department of Health and Ageing under the Youth Mental Health Initiative Program.