

Year ended 30 June 2020

Financial Statements including Audit Report

Mental Health Co-ordinating Council Limited
ABN: 59 279 168 647

Mental Health Co-ordinating Council Limited

59 279 168 647

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Mental Health Co-ordinating Council Limited

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Directors' Report 30 June 2020

The directors present their report on Mental Health Co-ordinating Council Limited for the financial year ended 30 June 2020.

General Information

Information on directors

Judi Higgin

Qualifications

Experience

MBA, B. Soc Sci, Dip Frontline Management, Adv Dip Disability Services

Actively and passionately employed in the human services sector for well over 30 years, including C-level and executive level roles. Committed to the principles of recovery, empowering individuals to achieve their potential by exercising their rights to choose and control over their own lives. Judi has strong skills, capabilities and experience in governance, strategy, finance and risk management as well as comprehensive board experience given her tenure as a Director and Chair of MHCC and other community managed organisations.

Special Responsibilities

Chair MHCC, Member of Governance and Compliance Committee and Member of Finance and Audit Committee

Cam Pham

Qualifications

Experience

Special Responsibilities

MBA, B. Com., FCPA

Vast experience in Finance & Accounting roles

Treasurer and Chair, Finance and Audit Committee

Retired 27 April 2020

Mariam Faraj

Qualifications

Experience

Special Responsibilities

B Soc Sci, Grad Dip Ed, Diploma in Leadership and Management, GAICD

Over 20 years' experience in Community, Primary and Mental Health Care. More recent roles have included;

General Manager, Clinical Services CESP HN

Director Health Service Delivery, South Eastern Sydney Medicare Local

Manager Mental Health, South Eastern Sydney Medicare Local Social Work

Chair of Governance and Compliance Committee

Claire Vernon

Qualifications

Experience

Special Responsibilities

B. Soc Wk

Many years of experience in Social Work

Member of Finance and Audit Committee

Margaret Bowen

Qualifications

Experience

B.A. (Hons) Psych

32 years community sector management experience. CEO The Disability Trust

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Directors' Report

30 June 2020

General information (continued)

Mark Orr AM	
Qualifications	BSc (Hons), M Hlth Serv Mgt, M e-Hlth (HI), Grad Dip Spec Ed, Grad Dip ACG, Grad Cert App Fin and Invest, GAICD, FGIA, FCIS, Registered Psychologist
Experience	CEO and Company Secretary, Flourish Australia. Experienced Board Director and governance professional. Extensive experience as a Senior Executive in community managed and public sector organisations. Registered Psychologist. Appointed a Member of the Order Australia in 2019 for services to community health.
Special Responsibilities	Member of Governance and Compliance Committee and Member of Finance and Audit Committee
Irene Gallagher	
Experience	Mental health & wellbeing consumer, a passionate peer support worker, advocate, educator and academic who has served in the mental health sector for 25 years. CEO Being.
Jonathan Harms	
Qualifications	B. A. Laws (B.A., L.L.B.)
Experience	A policy advisor and stakeholder manager for a variety of State and Federal Ministers, departments and Insurance Australia Group; lawyer admitted in WA and NSW. CEO Mental Health Carers ARAFMI NSW, (trading as MHCN)
Peter Gianfrancesco	
Qualifications	B. SocWelf, B. Psychotherapy, B. Nursing (MentalHlth)
Experience	40 years experience in the mental health sector in both Australia and the United Kingdom. Significant clinical practice and clinical leadership roles in acute settings, senior service management roles in public mental health services in Australia, as well as occupying senior service management roles in public mental health services in Australia and 15 years experience as the CEO of a CMO in the United Kingdom. His experience also includes leadership and lead authorship of the National Standards for Mental Health Services and subsequent development of the accreditation processes. NSW State Manager Neami National
Dario Molina	
Qualifications	B. Com
Experience	25 years Executive experience
Special Responsibilities	Treasurer and Chair, Finance and Audit Committee

Mental Health Co-ordinating Council Limited

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Directors' Report

30 June 2020

General information (continued)

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Governance Committee		Finance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Judi Higgin	8	8	2	2	5	5
Cam Pham	6	5	-	-	4	3
Claire Vernon	8	7	-	-	5	5
Irene Gallagher	8	4	-	-	-	-
Jonathan Harms	8	7	-	-	-	-
Mariam Faraj	8	7	2	2	-	-
Margaret Bowen	8	6	-	-	-	-
Mark Orr	8	7	2	2	5	4
Peter Gianfrancesco	4	3	-	-	-	-
Dario Molina	1	1	-	-	-	-

Company Secretary

Carmel Tebbutt held the position of the Company Secretary at the end of the financial year. She was appointed as the Company Secretary on 24 April 2019.

Principal activities

The principal activity of the Mental Health Coordinating Council Limited during the financial year was to support community managed mental health organisations to provide quality, well resourced and effective mental health services. MHCC undertook this activity by advocating for best practice policy development and legislative reform including preparing submissions and presenting to inquiries; capacity building through projects, training and professional development opportunities; and communicating relevant sector information and opportunities through newsletters, digital media and sector events.

Short term objectives

The Company has identified the following short term objectives:

- Deliver our NDIA funded projects in accordance with project plans
- Advocate on behalf of our member organisations regarding the challenges due to COVID-19
- Strengthen our digital capacity to deliver resources and support

Strategies to Achieve Short term objectives

- Regular online communication with member organisations
- Invest in improved digital technology
- Work with stakeholders and funding bodies

Mental Health Co-ordinating Council Limited

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Directors' Report

30 June 2020

General information (continued)

Long term objectives

The Company's long-term objectives are to:

- To engage with government, service delivery and advocacy organisations to ensure people with lived experience have well-resourced, effective and accessible services, optimally co-designed with service users, their carers and families.
- To support the community managed mental health sector, adapt to the dynamic mental health reform environment. and make the most of emerging opportunities, through advocacy, capacity building and promoting evidence based best practice approaches.
- To provide a responsive and effective peak body which is financially sustainable, well governed and managed with skilled and well supported staff.

Strategies to Achieve long term objectives

The Mental Health Co-ordinating Council Limited has an operational plan that outlines the strategies for achieving the long term strategic objectives of the business.

Performance measures

The company uses the following key performance indicators to measure performance:

The Mental Health Coordinating Council's priorities and objectives are outlined in the 2019-2021 Strategic Plan and operationalised through the operational plan including performance measures, with regular reporting to the board. The Mental Health Coordinating Council also reports to its funding bodies against key performance indicators outlined in grant agreements and is accredited on the Australia Council on Health Care Standards and is a Registered Training Organisation on the Australia Skills Quality Authority.

Members' guarantee

Mental Health Co-ordinating Council Limited is a Company Limited by Guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member is limited to \$1. At 30 June 2020 the collective liability of members was \$67 (2019: \$ 66).

Review of operations

The surplus for the Company after providing for income tax amounted to \$236,419 (2019: \$406,672).

Matters or circumstances arising after the end of the year

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

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Directors' Report
30 June 2020

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 6 of the financial report.

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

Director: 

Director: 

Dated this ...14th...day of ...October.....2020

Mental Health Co-ordinating Council Limited

ABN: 59 279 168 647

Crowe Audit Australia

ABN 13 969 921 386

Audit and Assurance Services

Dubbo Office

2 Commercial Avenue
Dubbo NSW 2830 Australia
PO Box 654
Dubbo NSW 2830 Australia

Tel 02 6883 5600

Fax 02 6884 2242

Bathurst Office

157 George Street
Bathurst NSW 2795 Australia
PO Box 684
Bathurst NSW 2795 Australia

Tel 02 6330 2200

Fax 02 6330 2299

www.crowe.com.au

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Directors of Mental Health Co-ordinating Council Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Crowe Audit Australia



Gabriel Faponle
Audit Partner
Registered Company Auditor No. 513644

Dated at Dubbo on the 14th day of October 2020

Liability limited by a scheme approved under Professional Standards Legislation.

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

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Mental Health Co-ordinating Council Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	4	3,621,096	3,307,847
Employee benefits expenses		(1,907,596)	(1,748,625)
Depreciation and amortisation		(7,140)	(7,280)
Motor vehicle expenses		(3,955)	(5,542)
Program activity expenses		(1,182,582)	(837,725)
Other operating expenses		(155,253)	(185,216)
Computer and IT expenses		(114,274)	(87,667)
Travel expenses		(13,877)	(29,120)
Surplus/(deficit) before income tax expense		<u>236,419</u>	<u>406,672</u>
Income tax expense		-	-
Surplus/(deficit) for the year		<u><u>236,419</u></u>	<u><u>406,672</u></u>

The accompanying notes form part of these financial statements.

Mental Health Co-ordinating Council Limited

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Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,019,917	4,572,278
Trade and other receivables	6	97,494	281,489
Other assets	8	18,820	36,255
TOTAL CURRENT ASSETS		<u>4,136,231</u>	<u>4,890,022</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	30,493	37,633
TOTAL NON-CURRENT ASSETS		<u>30,493</u>	<u>37,633</u>
TOTAL ASSETS		<u>4,166,724</u>	<u>4,927,655</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	123,473	97,723
Employee benefits	11	267,591	195,887
Other financial liabilities	10	972,340	1,305,322
TOTAL CURRENT LIABILITIES		<u>1,363,404</u>	<u>1,598,932</u>
NON-CURRENT LIABILITIES			
Other financial liabilities	10	260,378	1,022,202
TOTAL NON-CURRENT LIABILITIES		<u>260,378</u>	<u>1,022,202</u>
TOTAL LIABILITIES		<u>1,623,782</u>	<u>2,621,134</u>
NET ASSETS		<u>2,542,940</u>	<u>2,306,521</u>
EQUITY			
Retained earnings		2,306,521	1,899,849
Results for the year		236,419	406,672
TOTAL EQUITY		<u>2,542,940</u>	<u>2,306,521</u>

The accompanying notes form part of these financial statements.

Mental Health Co-ordinating Council Limited

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Statement of Changes in Equity For the Year Ended 30 June 2020

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2019	2,306,521	2,306,521
Surplus for the year	236,419	236,419
Balance at 30 June 2020	<u>2,542,940</u>	<u>2,542,940</u>

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2018	1,899,849	1,899,849
Surplus for the year	406,672	406,672
Balance at 30 June 2019	<u>2,306,521</u>	<u>2,306,521</u>

The accompanying notes form part of these financial statements.

Mental Health Co-ordinating Council Limited

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Statement of Cash Flows For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Grants (state) operating Received		2,149,021	1,724,397
Grant administration fees		325,141	261,084
Contributions received from members		80,155	53,622
LDU course and project income		841,579	1,209,582
Interest received		230	43
Consultancy & coordination fees		44,971	58,998
Other receipts		180,000	13,684
Payments to Suppliers and employees		(4,173,458)	(2,323,384)
Net cash provided by/ (used in) operating activities	17	<u>(552,361)</u>	<u>998,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash provided by/ (used in) Investing activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash provided by/(used in) Financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		(552,361)	998,026
Cash and cash equivalents at beginning of year		<u>4,572,278</u>	<u>3,574,252</u>
Cash and cash equivalents at end of financial year	5	<u>4,019,917</u>	<u>4,572,278</u>

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Mental Health Co-ordinating Council Limited

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

The financial report covers Mental Health Co-ordinating Council Limited as an individual entity. Mental Health Co-ordinating Council Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Mental Health Co-ordinating Council Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 3.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable considerations and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or services to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customers such as discounts, rebates and refunds, any potential bonuses receivable from the customer and other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

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

2 Summary of Significant Accounting Policies (continued)

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Interest revenue

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

Membership fees

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position

(e) Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(f) Property, plant and equipment

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

An Items of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

Any gain or loss arising on depreciation of the asset (calculated as the difference between the net disposal proceed and the carrying amount of the item) is included in the income statement in the year it is recognised.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and building are measured using the cost model and fair value over the assets useful life to the company, commencing when the asset is ready for use.

Plant and equipment

Plant and equipment are measured using the diminishing value basis over the assets useful life to the company, commencing when the asset is ready for use.

Depreciation

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

Fixed asset class	Depreciation rate
Plant and equipment	20% - 37.5%
Motor Vehicles	18.75%
Computer Equipment	33% - 40%

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

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables.
- held-to-maturity investments.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(i) Employee benefits

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

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

(j) Adoption of new and revised accounting standards

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

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

2 Summary of Significant Accounting Policies (continued)

(j) Adoption of new and revised accounting standards (continued)

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives.

AASB 1058 Income of Not-for-Profit Entities continued

For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

3 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

Key Estimates - Employee Benefits

As described in the accounting policies, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Key Estimates - Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Mental Health Co-ordinating Council Limited

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

4 Revenue and Other Income

	2020	2019
Revenue	\$	\$
- Government grants	2,046,680	1,578,316
- Member subscriptions	80,155	53,622
- Consultancy and seminar income	230	2,839
- Sales of training packages and publications	15,000	12,727
	2,142,065	1,647,504
Other Income		
- Interest received	44,971	58,998
- LDU Payments	840,424	1,207,737
- Grant administration fees	409,631	370,456
- Sundry income	2,850	21,307
- LDU project income	1,155	1,845
- ACDC support	10,000	-
- Jobkeeper subsidy	120,000	-
- COVID Cash Boost	50,000	-
	1,479,031	1,660,343
Total Revenue and other income	3,621,096	3,307,847

5 Cash and Cash Equivalents

Cash at Bank	4,020,330	4,572,691
Credit Card	(140)	(140)
Undeposited Funds	(273)	(273)
Total cash and cash equivalents	4,019,917	4,572,278

6 Trade and Other Receivables

CURRENT		
Trade receivables	116,895	288,342
Provision for impairment	(19,801)	(8,253)
	97,094	280,089
Deposits	400	1,400
Total current trade and other receivables	97,494	281,489

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

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 is determined as follows, the expected credit losses incorporate forward looking information.

7 Property, plant and equipment

	2020	2019
	\$	\$
Plant and equipment		
At cost	191,123	191,123
Accumulated depreciation	(167,420)	(163,561)
Total plant and equipment	<u>23,703</u>	<u>27,562</u>
Motor vehicles		
At cost	32,890	48,344
Disposal	-	(15,454)
Accumulated depreciation	(29,867)	(28,675)
Total motor vehicles	<u>3,023</u>	<u>4,215</u>
Computer equipment		
At cost	110,608	110,608
Accumulated amortisation	(106,841)	(104,751)
Total computer equipment	<u>3,767</u>	<u>5,857</u>
Total property, plant and equipment	<u><u>30,493</u></u>	<u><u>37,633</u></u>

Mental Health Co-ordinating Council Limited

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

7 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment \$	Motor Vehicles \$	Computer Equipment \$	Total \$
Year ended 30 June 2020				
Balance at the beginning of year	27,561	4,216	5,856	37,633
Depreciation Expense	(3,859)	(1,192)	(2,090)	(7,170)
Balance at the end of the year	<u>23,703</u>	<u>3,023</u>	<u>3,767</u>	<u>30,493</u>

	Computer Equipment \$	Motor Vehicles \$	Computer Equipment \$	Total \$
Year ended 30 June 2019				
Balance at the beginning of year	31,420	7,645	7,946	47,011
Disposal	-	(2,098)	-	(2,098)
Depreciation Expense	(3,859)	(1,331)	(2,090)	(7,280)
Balance at the end of the year	<u>27,561</u>	<u>4,216</u>	<u>5,856</u>	<u>37,633</u>

8 Other Assets

	2020 \$	2019 \$
CURRENT		
Accrued income	<u>18,820</u>	<u>36,255</u>

9 Trade and Other Payables

	2020 \$	2019 \$
Current		
Trade payables	4,782	9,063
Superannuation and employee benefits	21,648	11,972
GST payable	62,129	51,529
PAYG withholding	<u>34,914</u>	<u>25,158</u>
Total trade and other payables	<u>123,473</u>	<u>97,722</u>

Mental Health Co-ordinating Council Limited

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

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

10 Other Financial Liabilities

	2020	2019
	\$	\$
CURRENT		
Government grants in advance	928,030	1,291,759
Amounts received in advance	44,310	13,562
	<u>972,340</u>	<u>1,305,322</u>
NON-CURRENT		
Government grants in advance	260,378	1,022,202
Total other financial liabilities	<u><u>260,378</u></u>	<u><u>1,022,202</u></u>

11 Employee Benefits

	2020	2019
	\$	\$
Current liabilities		
Long service leave	100,621	85,242
Provision for employee benefits	166,970	110,645
Total employee benefits	<u><u>267,591</u></u>	<u><u>195,887</u></u>

12 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Mental Health Co-ordinating Council Limited during the year are as follows: 2020: \$470,364 (2019: \$514,621).

13 Auditor's Remuneration

	2020	2019
	\$	\$
Auditor's Remuneration:		
- Audit & review of the financial report	13,050	10,000
Total auditor's remuneration	<u><u>13,050</u></u>	<u><u>10,000</u></u>

14 Fair Value Measurement

The entity is not exposed to various risk in relation to financial instrument.

Mental Health Co-ordinating Council Limited

ABN: 59 279 168 647

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

15 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

Capital Commitments

There have been no additional commitments to capital in 2020.

16 Related Parties

There were no related party transactions during the year.

17 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
Surplus/ (Deficit) for the year	236,419	406,672
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	7,142	7,280
- net gain on disposal of property, plant and equipment	-	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	183,994	(111,175)
- (increase)/decrease in other assets	17,434	(30,724)
- increase/(decrease) in income in advance	(1,094,806)	645,336
- increase/(decrease) in trade and other payables	25,751	64,809
- increase/(decrease) in provisions	71,704	15,828
Cashflows from operations	<u>(552,361)</u>	<u>998,026</u>

18 Events after the end of the Reporting Period

The financial report was authorised for issue on 2 October 2020 by those charged with governance.

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

19 Statutory Information

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

Mental Health Co-ordinating Council Limited
Ground Floor Building
125 Corner Church and Glover Streets
Lilyfield NSW 2039

Mental Health Co-ordinating Council Limited

ABN:59 279 168 647


Directors' Declaration

The directors declare that in the directors' opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Director 

Director 

Dated 14 October 2020

Independent Auditor's Report to the members of Mental Health Co-ordinating Council Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mental Health Co-ordinating Council Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration by those charged with governance.

In our opinion, the accompanying financial report of the Company is in accordance with the Division 60 of the *Australian Charities and Not-For- Profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulations 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-For- Profits Commission Act 2012*, which has been given to the management of the Company, would be in the same terms if given to the Management as at the time of this auditor's report.

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

Other Information

Directors are responsible for the other information. The other information comprises the information contained in the Director's Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Liability limited by a scheme approved under Professional Standards Legislation.

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Crowe Audit Australia

Crowe Audit Australia



Gabriel Faponle
Audit Partner
Registered Company Auditor No. 513644

Dated at Dubbo on the 14th day of October 2020