

headspace Annual Report 2014–15



headspace[®]
National Youth Mental Health Foundation



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headspace snapshot

headspace is the National Youth Mental Health Foundation, providing early intervention mental health services to 12-25 year olds.

Between 1 July 2014 and 30 June 2015:

59,047

young people accessed a **headspace** centre and had 260,768 occasions of service*



15,709 young people accessed **eheadspace** and had 48,779 occasions of service*

Research published in the MJA showed

60 per cent

of young people accessing a **headspace** centre showed significant improvement†

18

new **headspace** locations opened



headspace School Support engaged more than 2,200 Australian secondary schools on how they can prepare for, respond to, and recover from, a suicide

The Yarn Safe initiative generated a 32 per cent increase in the number of Aboriginal and Torres Strait Islander young people accessing **headspace** centres^



Awareness of **headspace** in the community increased from 55 per cent to 61 per cent



* A young person may present needing more than one service

† See Page 14 for details

^ New **headspace** centres commenced during this period and contributed to this growth

Foreword

The success of headspace since it was established in 2006 has been profound.

More than 80 **headspace** centres have been established across the country, from rural and remote locations through to capital cities. Over 1.2 million individual sessions have been provided to young people through centres and via online and phone counselling service **eheadspace**. Thousands of schools have been engaged by our School Support program.

Young people are voting with their feet when it comes to **headspace** and families and communities consistently tell us that the service is making a difference. New data published this year backs that up, finding the majority of the young people who received support from **headspace** centres showed significant improvement in their health and wellbeing over time.

Another key measure of success is the continuous demand from local communities across the country and in the last 12 months we opened a number of centres in areas that have tirelessly campaigned for a **headspace** centre, including Albury Wodonga and Mildura.

This year was a challenging and uncertain one. The transition of Medicare Locals to the new Primary Health Network impacted on 31 **headspace** centres and this process was successfully managed to ensure **headspace** services were not disrupted.

We also welcomed a new Federal Health Minister, the Hon Sussan Ley MP, taking the reins from the Hon Peter Dutton MP. We thank them both for their commitment to **headspace** and youth mental health.

The Commonwealth Government has provided us with the opportunity to create an integrated service platform which enables us to be responsive on a rural and regional level, as well as nationally.

We are proud to showcase what we've achieved in 2014-2015 and none of these achievements would have been possible without the support of the Commonwealth Government and the Department of Health along with the hard work of our Board of Directors, strong network of partnerships, the broader community, our lead agencies, our local and national youth reference groups, and staff across **headspace**.

We will continue to work to engender the trust and confidence required to ensure young people walk through our doors, and when they get here, receive the highest quality service possible.

It really is a significant privilege to lead this organisation and see it improve the lives of young people and their families.

Wendy McCarthy AO
Chair **headspace** board

Chris Tanti
Chief Executive Officer

“The Commonwealth Government has provided us with the opportunity to create an integrated service platform which enables us to be responsive on a rural and regional level, as well as nationally.”



About headspace

headspace is designed to make it as easy as possible for a young person and their family to get the help they need for problems affecting their wellbeing.

The **headspace** model is based on early intervention with the knowledge that adolescence and early adulthood is a critical time in a person's life - research shows that 75 per cent of mental health disorders emerge before the age of 25. By ensuring help is accessed in those early stages, young people can get things back on track.

headspace takes a holistic view towards supporting young people aged 12 to 25 and therefore targets four key areas that young people may require assistance with: mental health, physical (including sexual) health, alcohol and other drug services, and work and study support.

The single-door approach offers a range of services which 'wrap around' the young person, helping them to get the support they need regardless of the issues they face.

Services are confidential, youth friendly, and free or low cost. Young people and their families can access services face-to-face at local **headspace** centres or via a national online and telephone counselling service **eheadspace**.

Additional support is provided at specific **headspace** centres to help young people experiencing early psychosis and via **headspace** School Support which has teams operating throughout Australia who can respond to the individual needs of a school to help them prepare for, respond to, and recover from suicide.

The input of young people is central to the way **headspace** works across Australia: from service delivery to the development of campaigns encouraging young people and their families to seek help.

Innovation in service delivery and building new evidence is part of the **headspace** model, and sustainability is critical to make sure services continue uninterrupted for young people and their families.

headspace is funded by the Australian Government Department of Health under the Youth Mental Health Initiative.

Strategic objectives 2012-15

Access

Enhance access to appropriate services for all young people

Awareness

Build awareness of who **headspace** is and what it does

Effectiveness

Deliver the best, most effective model through continued research and validation

Integration

Provide seamless services that are responsive to the individual needs of young people

Sustainability

Develop a long-term, sustainable funding approach with multiple funding streams

headspace values 2012-15

Compassionate

We listen and want to make a difference for young people

Inclusive

We value a diversity of opinion and background

Leaders

We are innovative, thought leaders and valued partners

Passionate

We believe in what we do and enjoy what we do

Responsive

We are agile, flexible and move rapidly

Enhancing access to headspace services

The often overwhelming stigma attached to mental health issues has long been a barrier for young people in seeking help. headspace services work to dispel this stigma, with a focus on early intervention and improving access to help through youth-friendly centres and clinical programs. Over 200,000 young people have now accessed headspace with more than 1.2 million occasions of service provided since headspace began in 2006.

More young people heading online for help

ehespace is a clinical support program for young people who are not able to access a headspace centre or prefer to get help via online chat, email, or phone.

Providing a secure and anonymous place to talk to a professional means many young people who would not ordinarily seek help at a face-to-face service are getting the help they need.

ehespace continues to grow in popularity with 15,709 young people and their families receiving help from **ehespace** over the past 12 months, an increase of 22 per cent from the previous year. Over the same period, the time it takes to respond to young people has significantly improved to, on average, within five minutes.

In 2014-15, the redesign of the **ehespace** back-end system allowed for greater flexibility and streamlining of data entry, freeing up clinicians to respond to more young people through web chat and email.

The work of **headspace** centres with family and friends of young people has been supported by the **ehespace** phone line. The service is available to parents between 9am and 5pm Monday to Friday, giving them an avenue to discuss their concerns and help to work out the best way forward.

Monthly **ehespace** 'Live Info Sessions' give young people and their families the chance to speak anonymously online to mental health professionals and hear from other young people about their experiences.

"I've been feeling sad for the last few days and had no clue what to do. But I feel like ehespace has pointed me in the right direction. Thank you :)"

Liam, 18

"I've found ehespace to be very supportive and helpful. Living four hours from the closest town and supports, I was feeling very isolated. Reaching out to ehespace has helped to reduce that isolation and make me feel connected again."

Jess, 23

"My daughter picked up a brochure about headspace at her school on how to help a friend, who was self harming. With this information she was able to talk to her friend and knew she had to share this with me. I was able to contact the school to arrange help for her and the child in need. This was a weekend so there was no school help available and I had no way of contacting the child's parents, but my daughter sent him the link for ehespace and he was able to talk to one of the counsellors there. I am sure this saved his life as he was unable to talk to his parents. These kids are 15 years old and with your information they were able to get help. THANKS so much."

Rose

More communities benefit with 18 new headspace locations opening across Australia

A headspace centre provides a platform to bring together a range of services in one place for young people aged 12 to 25.

Embedded within communities, each centre is unique, responding to local needs while ensuring young people have access to similar service offerings regardless of which centre they walk into.

More than 600 local community organisations across the country are involved in delivering **headspace** services to young people through a consortium of local providers overseen by a lead agency (see page 20 for the consortium model and list of lead agencies).

In 2014-15, 16 centres, one funded centre outpost (linked to **headspace** Gosford), and **headspace** Elsternwick's **headspace** Youth Early Psychosis Program site at Bentleigh all opened in partnership with their lead agencies.

The list of new **headspace** centres is included in the centre map on the back cover.

Centre establishment – the headspace Dubbo journey

headspace Dubbo has established itself as a focal point for the local community with hundreds of young people coming through the doors since the centre opened in December 2014.

Centre scoping for **headspace** Dubbo began in 2013, and it was officially launched with a community celebration in April 2015.

Dubbo was chosen as it services many high-need, rural and remote communities. An expression of interest process led to Marathon Health (then Western NSW Medicare Local) being confirmed as the lead agency, with a consortium of five local providers contributing to the services on offer.

Centre set-up took around six months, covering a range of work including selecting and fitting out the site and recruiting staff. During this time, a strong relationship with the local Youth Council was established and a Youth Reference Group (YRG) set up. The YRG was involved in a number of ways from centre design to organising the official launch, and now has a continuing role in the centre.

headspace Dubbo manages a diverse range of clients which includes approximately 40 per cent Aboriginal and Torres Strait Islander; 18 per cent Lesbian, Gay, Bisexual, Transgender, Questioning, and Intersex (LGBTQI); and 4.6 per cent Culturally and Linguistically Diverse young people.

In addition to the clinical, administration and youth access workers, the centre offers a general practitioner, sexual health nurse, and **headspace** telepsychiatry appointments; Centrelink sessions; additional support programs (such as alcohol and other drugs); presentations to local schools; and partnerships with external organisations and events.

headspace Dubbo also provides other avenues to attract young people to the centre, such as groups for LGBTQI young people and sporting activities.

The enthusiasm, respect and approachability of the staff working at **headspace** Dubbo is what encourages young people to feel like they can turn to **headspace** for help.

headspace centres are a “one-stop shop” for all young people – and headspace Dubbo epitomises this approach.



Enhancing access to headspace services

Thousands of schools supported to reduce the impact of suicide

headspace School Support (hSS) builds the capacity of the education sector and Australian secondary school communities to respond to the impact of suicide and reduce contagion.

In 2014-2015, hSS engaged around 2,200 Australian secondary schools on how they can prepare for, respond to, and recover from a suicide.

Collaboration across key sectors is essential to making sure postvention responses are effective. hSS has developed – and is rolling out – a series of roundtables for key stakeholders in each state and territory to develop strong, effective, and sustainable partnerships; address any service duplications and gaps; and ensure seamless service delivery to schools.

hSS undertook research via a Delphi study which drew together international and national expert advice in school postvention and

suicide response actions. This research affirmed existing principles used by hSS as best practice and focused on actions that would potentially reduce further exposure and contagion of young people. Suicide postvention is still a relatively new field of practice and whilst evidence for school-based interventions is limited, hSS has played a critical role in shaping appropriate and effective practice from preparation through to response and recovery. Complementing the findings of the Delphi study, hSS continues to grow a large body of evidence from direct service delivery data, lived experience case studies, and ongoing feedback via national surveys.

On average, hSS has responded to between three and five suicides per week nationally

“A fantastic service delivered by extremely competent people. The support they provided was invaluable and helped the school and its community recover.”

“The overall support, advice, and guidance from headspace was invaluable. The school was contacted promptly by headspace who arranged a meeting with our Wellbeing Team. There was a clear focus on the care of not only our students but also staff, parents, and the school community. Appropriate resources were provided for the school which detailed information useful for dealing thoroughly with such a terrible event. headspace representatives also made themselves available for a staff care session, as well as information sessions for both students and parents.”

Feedback from Principals whose school communities hSS supported in 2014-15





Rolling out the headspace Youth Early Psychosis Program

A major part of the headspace Youth Early Psychosis Program (hYEPP) was rolled out this year enabling headspace to help even more young people in need.

Delivered in designated centres across Australia, the program builds on the **headspace** model by offering a significant early intervention opportunity to improve the lives of young people and their families who are affected by psychosis.

Significant progress was achieved in the implementation of the hYEPP program nationally. Implementation of the hYEPP program is a two-step process: initial service delivery and full service delivery. In 2014–15, initial hYEPP services were delivered at 14 locations across Australia, with 12 locations progressing to full service, where each now provides seven-day, 24-hour wrap around care.

Victoria	Elsternwick / Bentleigh, Dandenong, Narre Warren, Frankston
NSW	Mt Druitt / Blacktown, Parramatta, Penrith
Queensland	Gold Coast, Meadowbrook
Western Australia	Joondalup, Osborne Park, Midland
Northern Territory	Darwin*
South Australia	Adelaide*

Working in collaboration with lead agencies and state health departments, specialist mental health professionals were recruited and trained to deliver the early psychosis program at centres.

In addition, to ensure the program offers easy-to-access and seamless support, **headspace** continued to build relationships and agreements with state and territory mental health systems and hospitals and other key service providers.

***headspace** Adelaide and **headspace** Darwin are at initial hYEPP service delivery stage.

“Being involved in setting up an headspace Youth Early Psychosis Program has been exciting on many levels. The integration of expert clinical wisdom with the primary care aspect of headspace has been inspiring. The ease of access, youth friendliness, and fresh approach has been extremely well received. The accessibility and stigma-free environment has meant that we are already seeing a reduction in duration of untreated psychosis. The fact that the service is youth driven and family guided has led to innovation at a level of customer satisfaction that has not been a feature of traditional mental health services.”

**Dr Paul Denborough,
Head, Child & Adolescent Mental Health,
Alfred Health**

Taking psychiatric services to centres virtually

headspace developed the National Telehealth Service to help address the significant challenges of accessing psychiatrists skilled in youth mental health in regional and remote Australia.

The service enables psychiatrists, credentialed by **headspace**, to consult by video with young people and their supporting clinicians at **headspace** centres based in eligible areas.

The consulting psychiatrists include specialists in child and adolescence, gender dysphoria, youth mental health, and working with Aboriginal and Torres Strait Islander people.

Enhancing access to headspace services

Improving access for Aboriginal and Torres Strait Islander young people

headspace is in a unique position to contribute to the improvement of the social and emotional wellbeing of Aboriginal and Torres Strait Islander young people.

Work has focused on making sure **headspace** is culturally safe and follows best practice, as well as raising the profile of young Aboriginal and Torres Strait Islanders as an important group of young people to support.

headspace is guided by a national Aboriginal and Torres Strait Islander Board Committee, whose Aboriginal and Torres Strait Islander and non-Indigenous members are strong, passionate advocates for young people. Membership of the Committee expanded this year and now includes Aboriginal Senior Medical Officers, the Healing Foundation, two Aboriginal and Torres Strait Islander young people who were involved in the Yarn Safe campaign, an Aboriginal Elder and a child psychiatrist with expertise in working in Aboriginal and Torres Strait Islander communities.

A major project was rolling out **headspace** cultural competency training across the entire **headspace** network to help mental health practice adapt to include cultural elements and cultural considerations for Aboriginal and Torres Strait Islander young people.

As well as face-to-face training, **headspace** ran a series of webinars on topics including working in a counselling setting with Aboriginal and Torres Strait Islander young people; providing an inclusive service to Aboriginal and Torres Strait Islander young people; and a young leader's perspective on youth engagement.

Centres have been crucial in supporting the Yarn Safe initiative and actively involved in encouraging help-seeking including setting up groups and developing specific programs targeting Aboriginal and Torres Strait Islander young people.



Building awareness of headspace

A range of community engagement activities are undertaken to increase awareness of headspace and its services, and to help reduce the impact of mental health stigma and inform young people and their families of the help available.

Evaluation of Yarn Safe shows:

Exposure to the Yarn Safe materials, including posters, postcards, television commercial and music video, had significantly increased both the number of young people who have a positive view of headspace and the number who think it is a safe and culturally appropriate place.[^]

500,000+

The 'Got a Lot Going On' video has been viewed over half a million times, aired on ABC's flagship music show Rage, and was a finalist in the National Indigenous Music Awards.

100,000+

The video of AFL players' personal stories reached over 100,000 people.

No shame in talking it out

headspace launched the ground breaking Yarn Safe campaign to encourage Aboriginal and Torres Strait Islander young people to seek help at headspace or other appropriate services, with the message that there's no shame in talking about problems affecting their mental health and wellbeing.

The Yarn Safe campaign was co-designed with a group of 12 Aboriginal and Torres Strait Islander young people from across Australia, including Elcho Island, Brisbane, Darwin, Broome, Melbourne, Sydney and Perth.

Working closely with the group and Indigenous creative agency, Gilimbaa, headspace created a targeted and culturally appropriate campaign that has generated positive feedback and an increase in the number of young Aboriginal and Torres Strait Islander people attending headspace centres.

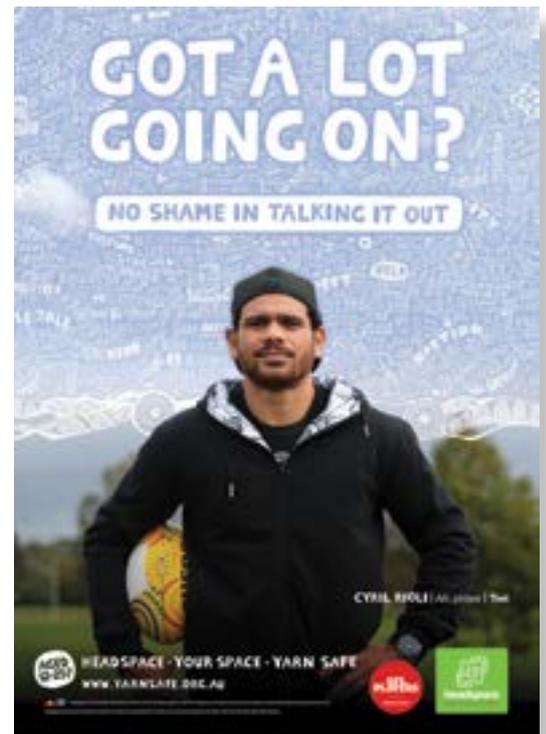
In addition, headspace and Indigenous Hip Hop Projects worked with three remote communities in the Northern Territory to create the 'Got a Lot Going On' music video.

The hip hop video, written and performed by young people in the communities, captures the broad range of issues they face, including racism, stress, drugs and isolation, but stresses there is 'no shame in talking it out'.

headspace also partnered with the AFL Players' Association to work with leading AFL players Cyril Rioli (Hawthorn), Chad Wingard (Port Adelaide), and Neville Jetta (Melbourne) who shared their own personal stories and encouraged young Aboriginal and Torres Strait islander people to seek help.

Yarn Safe has been internationally recognised, with headspace presenting at the International Youth Mental Health Conference in Montreal, Canada.

The Yarn Safe initiative generated a 32 per cent increase in the number of Aboriginal and Torres Strait Islander young people accessing headspace centres.*



[^] Research conducted by Essential Research through its partnership with Orima Research Indigenous Field Force

* New headspace centres commenced during this period and contributed to this growth

Building awareness of headspace

Engaging with local communities

Awareness of headspace in the community has increased from 55 per cent to 61 per cent over the past 12 months

headspace National Awareness Testing, Colmar Brunton.

headspace centres are at the forefront of community engagement activities. Young people and staff at headspace centres are the face of the organisation, interacting with their local communities to help raise awareness of – and destigmatise help-seeking for – mental health issues for young people and their families.

Collectively, headspace centres have led and/or taken part in well over 10,000 activities across the country, covering community awareness raising, health promotion, mental health literacy, service promotion, youth participation, and engaging with key stakeholders such as schools and universities.

Centres have also led the way in reaching out to specific target groups such as Aboriginal and Torres Strait Islander young people; Lesbian, Gay, Bisexual, Transgender, Questioning, and Intersex young people; and young people's families and friends.

Activities ranged from developing video Virtual Tours of centres to Youth Week events such as headspace Coffs Harbour's SKATERPALOOZA which included bands, skate clinics, and information stalls for young people.



Supporting parents and carers

headspace launched its first campaign aimed specifically at parents and carers. The campaign was based on research showing the important role parents play – particularly mothers – in encouraging young people to get help for problems affecting their mental health.

Parents and carers were encouraged to be aware of changes in the behaviour and mood of their child and to know there is help and support available through **headspace**.

Some of the key issues affecting young people were highlighted including depression, relationships, alcohol, school stress, bullying, and body image, as well as helping parents and carers to recognise the signs that something may not be quite right.

The campaign included television, radio, and print advertising as well as advertorials with a strong emphasis on women's magazines; printed resources for **headspace** centres; and a redesign of the parents and carers section of the **headspace** website to ensure easy access to a range of videos, fact sheets, and information.

headspace extended its 1800 650 890 phone line to support parents and carers who were concerned about the mental health and wellbeing of their child.

Results from the national campaign included more than doubling the number of visits to the parents and carers section of the **headspace** website.

Almost a fifth of all 25-55 year olds saw or heard at least one element of the parents and carers campaign and those exposed to the campaign are significantly more aware of headspace.

headspace National Awareness Testing, Colmar Brunton.



Reaching young people at music festivals

headspace attended two of Australia's biggest music festivals, **Stereosonic** and **Groovin' the Moo**.

Stereosonic visited Sydney, Perth, Melbourne, Adelaide, and Brisbane while the regional Groovin' the Moo festival went to Oakbank, Bunbury, Bendigo, Maitland, Townsville, and Canberra. Local **headspace** centres were part of the support crew along with **headspace** national office staff.

The '**headspace** helpdesk' – providing revellers with free water, phone charging stations, shade, and much more – helped raise the profile of **headspace** and reinforced the message that **headspace** is here to help young people.

REST Industry Super has supported **headspace** at Groovin' The Moo since 2013.



Building awareness of headspace

Youth participation at headspace

Young people are at the core of **headspace**. More than 500 young people are part of either the **headspace** Youth National Reference Group (hY NRG) or a Youth Reference Group (YRG) based in every centre. Young people are actively involved in strategic decision making, program development, and stakeholder activities across **headspace** programs and centres, and many have their own lived experience of mental health.



hY NRG

headspace thanks the outgoing members of hY NRG:

Lily Yuen
Jarrad Hickmott
Courtney Clark
Tyson Arapali
Rodrigo Espejel
Kelly Attard
Jordan Cooper
Kamania Butler
Holly Warland
Ebony-Lee Corbyn
Daniel Niutta
Marcel Tiggemann
Nicholas Pearce
Kieran Stubbs
Megan Anderson
Casey Manson
Laura Bishop
Zak Roberston
Emma-lee Foy
Rania Johns-Mead

Farewelling the outgoing headspace Youth National Reference Group

The second **headspace** Youth National Reference Group (hY NRG) has been farewelled in 2015, with their two-year term coming to an end.

Twenty talented young people from across Australia made up hY NRG, providing invaluable insight and helping to shape the strategic direction of **headspace**, as well as advocating for **headspace** and raising awareness of youth mental health.

Projects included co-developing and delivering the 2015 Youth Advocates Program (to equip **headspace** youth representatives with the skills they need to become effective advocates); advising on the Parents and Carers Campaign; and working with the **headspace** team on service development.

Recruitment of the new hY NRG began in June 2015.



Youth Advisors share their experience

Outgoing hY NRG member Casey is one of four young people who will step up into a Youth Advisor role, supporting the new hY NRG.

Casey said that during her time with hY NRG she had “genuine input into improving services, plus we’ve been able to share our own stories and experiences with mental health. This lets other young people know that it’s ok to seek help and that **headspace** is there for them.”

Showing a young person’s mental health journey

REST Industry Super supported the creation of headspace stories, a series of videos featuring six hY NRG members.

Rania, Nick, Lily, Jarrad, Kieran and Zak describe their journeys with a mental health issue, the support they received in seeking help, and how they got involved with **headspace**. The four-minute videos cover topics such as anxiety, depression, bipolar disorder, and alcohol and other drugs.

The videos are available on the **headspace** [YouTube](#) channel.

Getting involved at a headspace centre - Jessie’s story

“Since I was young, I’ve had a few different experiences with mental health. In the past year, I accessed headspace Dandenong for support and then I got involved with headspace Bentleigh. I’ve accessed some services there but my main involvement has been as a youth advocate and member of their Youth Reference Group (YRG), and attending group sessions.

As part of the YRG I’ve shared my experiences of mental health at school talks, for new headspace staff, and for external organisations involved with headspace such as Supré. I’ve also had the opportunity to sit in on multiple interview panels for new staff and to help shape the programs run at the centre.

It’s essential that young people are part of developing programs run at their centres: the centre will gain from a young person’s experience and understanding of mental illness; it helps motivate us; it inspires and educates people; and it breaks down the barriers that society has enclosed us in. Showing other young people that it is normal and they don’t need to feel afraid, embarrassed, or alone about what they are feeling or experiencing is key. I’ve found that being able to help develop the programs at headspace Bentleigh helped me keep my own mental health steady because I feel useful and it separates me from always being the patient.”

Jessie, 22 years old

Ensuring effectiveness

An ongoing program of research and evaluation helps to measure the quality of headspace services and makes sure best practice is followed. It also ensures headspace is providing the most appropriate services to young people and their families.

Evaluating the effectiveness of headspace

All headspace programs are evaluated in order to understand what works, guide continuous improvement, and contribute to current evidence about early intervention in youth mental health.

Evaluation activities cover:

1. Internal evaluation of programs: **headspace** centres, **eheadspace**, **headspace** School Support, and the **headspace** Youth Early Psychosis Program;
2. Informing ongoing quality improvement and reporting of activities across the centre network, as well as centre-based evaluation activity; and
3. Distribution and promotion of findings through peer reviewed publications and presentations. To date, there have been more than 100 peer reviewed research reports specifically about either **headspace**, the **headspace** conceptual model, or using **headspace** evidence to develop youth mental health models.

headspace uses an integrated data system to collect and store all (de-identified) client and service data across **headspace** programs. The Minimum Data Set (MDS) ensures key data is available to meet ongoing monitoring and reporting requirements, as well as for internal research activities. The MDS is continuously reviewed and refined to ensure comprehensive and appropriate data is collected that can be monitored over time.



Sixty per cent of young people who received support from headspace centres showed significant change, including reducing their psychological distress and/or improving their psychosocial functioning.¹

New insight into headspace clients

Two research papers^{1,2} published in the *Medical Journal of Australia* outline the services young people receive at headspace, and the resultant changes in their psychological distress and psychosocial functioning.

The research examined more than 24,000 young people who presented to **headspace** centres around the country.

Results showed that the majority of young people who received support from **headspace** centres showed improvement over time. Sixty per cent of the young people showed significant change, including reducing their psychological distress and/or improving their psychosocial functioning.

Another research paper measuring the satisfaction of young people who use **headspace** centres was published in the *Early Intervention in Psychiatry* journal.³ Key findings showed that satisfaction with **headspace** is high and increases with ongoing engagement. Young people are particularly satisfied with **headspace** staff.

1. Rickwood, D. J., Mazzer, K. R., Telford, N. R., Parker, A. G., Tanti, C. J., & McGorry, P. D. (2015). Changes in psychological distress and psychosocial functioning in young people visiting **headspace** centres for mental health problems. *Med J Aust*, 202(10), 537-542.
2. Rickwood, D. J., Telford, N. R., Mazzer, K. R., Parker, A. G., Tanti, C. J., & McGorry, P. D. (2015). The services provided to young people through the **headspace** centres across Australia. *Med J Aust*, 202(10), 533-536.
3. Rickwood, D., Nicholas, A., Mazzer, K., Telford, N., Parker, A., Tanti, C., & Simmons, M. (2015). Satisfaction with youth mental health services: Further scale development and findings from **headspace**—Australia's national youth mental health foundation. *Early Intervention in Psychiatry*. doi: 10.1111/eip.12248

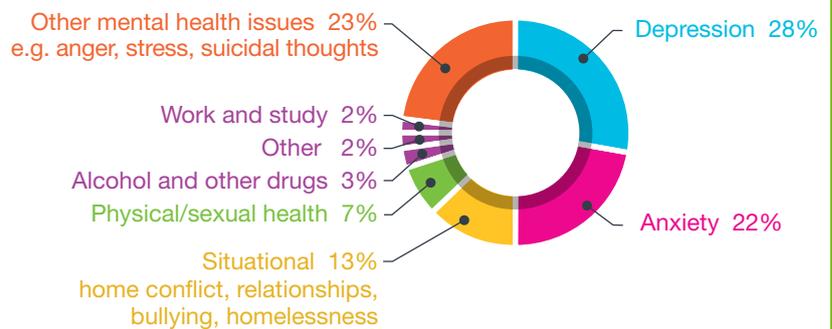
headspace centre journey*

Accessing the service

80%

of young people waited two weeks or less for their first appointment

Young people presented to centres with these issues:



Treatment

The average young person has 4.1 sessions with **headspace** which includes services to help with issues around:

- Mental health
- Physical health
- Alcohol and other drugs
- Work and study

Outcomes

Young people rate **headspace**



overall

Out of 5



staff

60% of all clients show significant improvement

} Other 40% may have made smaller improvements that didn't reach significance, or are still in need of services, or are still receiving services at **headspace**, or are using services that they were referred to

* A census of **headspace** clients commencing an episode of care between 1 April 2013 and 31 March 2014

Working with young people in need: Service Innovation Project

headspace is committed to building the evidence base in the growing area of early intervention for youth mental health.

A major piece of work in this area is the three-part Service Innovation Project (SIP), which was developed to help **headspace** centres to implement best practice approaches to working with young people in need.

The first component of SIP was a research project, which led to the development of the Best Practice Framework* for **headspace** centres to ensure resources are being used efficiently and to drive continuous improvement.

The second component was the *Social Inclusion Model Development Study*. It looked at population groups that have high levels of need but are less likely to access mental health services, and examined the facilitators and barriers to them accessing **headspace** services. The research focused on six marginalised population groups of young people: male; Lesbian, Gay, Bisexual, Transexual, Questioning, and Intersex; Aboriginal and Torres Strait Islander; Culturally and Linguistically Diverse; have co-morbid mental health and alcohol and other drug problems; or are homeless. The research will inform best practice in engaging young people from these groups in **headspace** services.

The third SIP component - the Centre Demonstration Projects - involved nine **headspace** centres testing innovative and targeted approaches for improving engagement and outcomes for disadvantaged and excluded young people. The findings of these projects are being used to guide the development of resources and tools to enhance services to young people.

The [Best Practice Framework](#) and Social Inclusion Model Development Study will be available at headspace.org.au

SIP - Centre Demonstration Projects

- **UHELP**: actively engaging Aboriginal and Torres Strait Islander young people in physical, social, and emotional wellbeing activities that incorporate substance abuse diversion, suicide prevention, and mental health resilience - **headspace** Inala
- **MERIDIAN**: Moderated online social therapy intervention for family and friends – **headspace** Glenroy
- **headspace Family Inclusive Practice Project** – **headspace** Murray Bridge
- **Training for Change**: Improving outcomes for LGBTIQI Youth – **headspace** Wagga Wagga
- **The CHOICE project** – a shared decision making and peer work model - **headspace** Gosford
- **Afghan Refugee and Asylum Seeker Youth Mental Health Engagement Project** – **headspace** Dandenong
- **Responding to the impact of childhood trauma** – **headspace** Midland
- **Moving for Mood**: Training allied health professionals to deliver a brief physical activity intervention in addition to standard clinical care for young people with depression – **headspace** Collingwood
- **myheadspace**: An online progress tracking application for young people – **headspace** Canberra

* Released in April 2014

headspace Forum 2015: Ideas that work

The inaugural headspace Forum took place in March 2015, bringing nearly 600 headspace staff together for two days of sharing and collaboration based on the theme 'ideas that work'.

The Forum provided a unique opportunity for colleagues across the organisation to reflect on the important work that takes place every day at **headspace**. The event focused on sharing knowledge, experiences, ideas, and solutions in order to make **headspace** even better for young people and their families.

Over two days, 24 breakout sessions were held, with over half facilitated by **headspace** centre and program staff. The sessions covered diverse topics such as engaging newly arrived refugee young people in mental health services, developing family inclusive practice, and helping parents support young people at risk of suicide or self harm.

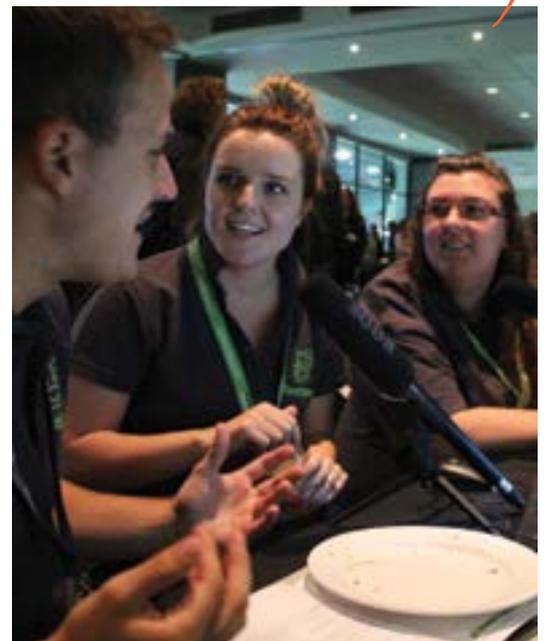
The two days culminated in a leadership panel with representatives from the Board, Executive and Clinical leadership, as well as the **headspace** Youth National Reference Group; with delegates asking questions about issues affecting **headspace** and the mental health sector.

Young people made their mark with their active involvement in the design and planning process, as co-hosts and MCs for events, and attending as representatives from **headspace** centres.

The post-event evaluation showed that more than 80 per cent of participants gained new knowledge or ideas from the Forum.

"The forum was a great networking opportunity and allowed the team to see that they are part of something much bigger than just our centre."

**headspace
centre Manager**





Focusing on quality and risk management

Building on the existing strong foundations of quality and safety at headspace has helped to further improve services to young people this year.

Quality and risk management ensures systems are in place to continuously improve **headspace**. A review of all clinical governance systems has been completed and a number of priority projects have now commenced and will be ongoing. These programs include:

- The **headspace** Quality Improvement Program (QIP), which sets a benchmark for service quality across the network of **headspace** centres and programs. QIP supports independent assessment of service quality against national service standards, and focuses on supporting **headspace** staff to work together on continuously improving service delivery.
- The development of a **headspace** Youth Early Psychosis Program (hYEPP) clinical governance framework as part of the establishment of hYEPP services nationwide. A comprehensive assessment of clinical governance systems for each program has been undertaken at two key stages: initial service commencement and achievement of full functional capacity. The process is designed to ensure the right systems are in place to actively manage clinical quality and risks associated with the provision of this unique program.

Embedding knowledge in policy and practice

The process of knowledge transfer via the translation, transfer, and integration of research findings into policy and practice is critical to service improvement at headspace.

In 2014-15, the new knowledge transfer strategy was developed with the aim of ensuring **headspace** centres and programs are equipped with the latest information and tools to help support young people.

Further, a major piece of work is identifying and prioritising the key learnings from the Centre Demonstration Projects which were completed during 2014-15 (see the Service Innovation Project story on page 16 for further information).



Improving integration

Integration is at the heart of the headspace model and creates clear and seamless pathways for help-seeking while ensuring a comprehensive range of services are available for young people.

Linking headspace centres and programs

Integration between headspace centres and programs means young people can get the support they need, when they need it.

Following the suicide of a young person, local **headspace** centres work closely with **headspace** School Support. **eheadspace** is linked into this integrated structure and is on hand for young people during these times through telephone and online support. **eheadspace** is a critical element of the overall **headspace** support framework. Approximately one in two young people using **eheadspace** have not been to a **headspace** centre, indicating that **eheadspace** is picking up young people early in the help-seeking journey.

As a relatively new service to **headspace**, the Youth Early Psychosis Program continues to be integrated with the **headspace** model in designated centres across Australia.

Strengthening vocational services

Assisting young people who access headspace in preparing for, gaining, and maintaining work or study is the aim of the headspace national vocational strategy.

Work is continuing under the strategy which has a particular focus on **headspace** centres, the **eheadspace** work and study program, and further developing the **headspace** vocational model.

The **headspace** vocational services model takes a holistic approach to helping young people, giving them intensive and dedicated vocational support which is integrated with the clinical support of a centre. To complement the model, a centre vocational profile has been developed to indicate current capacity in centres, help them to develop local vocational programs, and measure the impact of these programs.

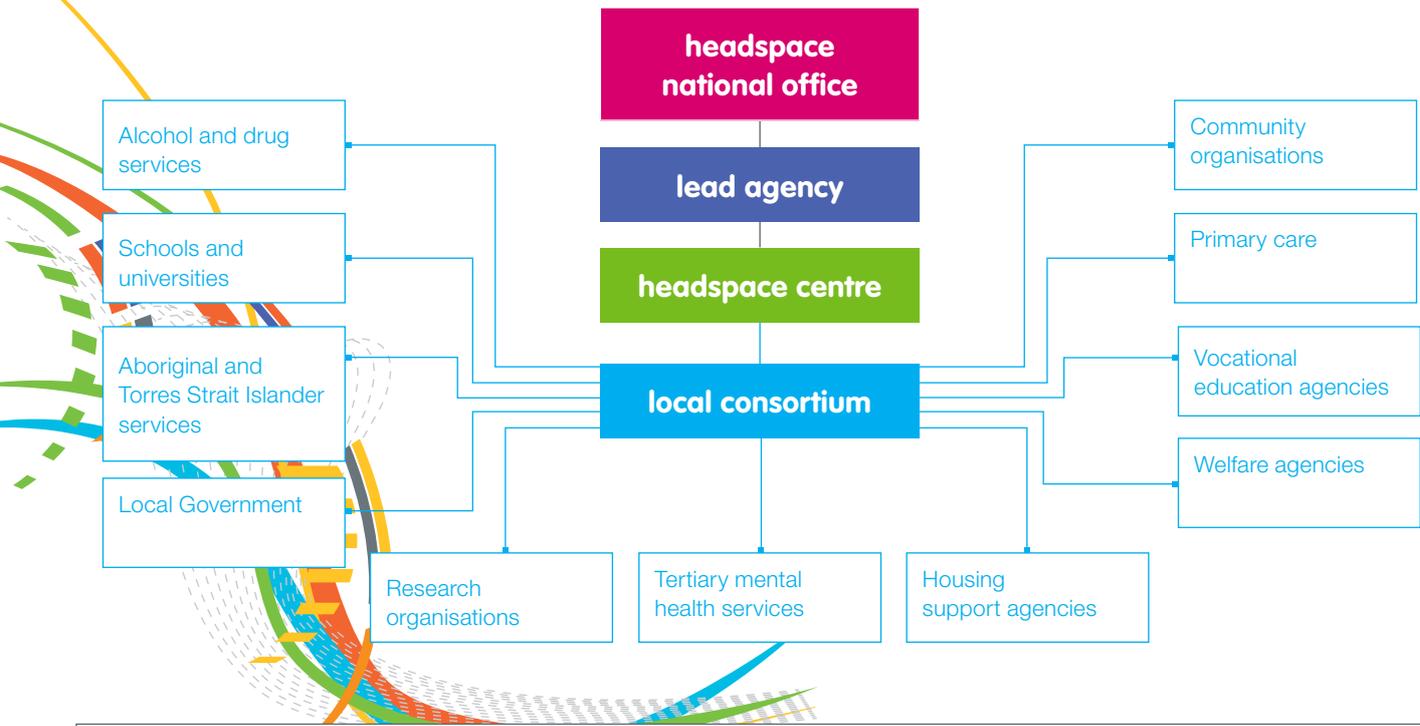
Under the work and study stream, **eheadspace** has developed a program with the ANZ bank in which young people who have accessed **eheadspace** are provided with simulated professional interviews in an online space. The program complements face-to-face service delivery, with young people who have taken part often referred onto **headspace** centres for intensive support.

Improving integration

headspace consortium model

Under the consortium model for **headspace** centres, **headspace** works with 64 lead agencies and their networks of community organisations (over 600 in total) who deliver services to young people and their families across Australia.

This year **headspace** has worked with 13 new agencies and their consortium partners to establish **headspace** centres, providing an integrated and localised platform to ensure young people have access to holistic support.



Lead agencies

360 Health and Community	EACH Social & Community Health	Gidgee Healing	Roseberry Community Services
Accoras	First Health	Murray Mallee GP Network	Royal Flying Doctors Service
Aftercare	FSG Australia	Murray Primary Health Network	SA Rural Health Network
Alfred Health	Gateway Health	New Horizons	Samaritans Foundation
Angicare NT	Genhealth Incorporated	Northern Australia Primary Health Limited	South Eastern Melbourne Primary Health Network Ltd
Arche Health	Goulburn Valley Health	Northern Health Network	South Eastern Sydney Local Health District
Bendigo Community Health Services	Grand Pacific Health Ltd	Northern Sydney Local Health District	The Benevolent Society
Black Swan Health	headspace Services Limited	One Healthy Community Fremantle	The Link Youth Health Service
Brain and Mind Centre	Healthy North Coast	Open Minds Australia	There4u Ltd
Brophy Family and Youth Services Inc	Hope Community Services	Orygen Youth Health Research Centre	United Synergies
Centacare New England	Hunter Primary Care	Ramsay Health Care Pty Ltd	Uniting Care Mental Health
Centacare North West	Inner East Community Health Service	Relationships Australia WA	Uniting Communities
EIS Health	Kimberley Aboriginal Medical Services Council	RHealth	Wesley Mission Brisbane
Central Australian Aboriginal Congress	Latrobe Community Health Service	Richmond PRA	Western Victoria Primary Health Network
Central Coast Local Health District	Lives Lived Well	Riverland Division of General Practice	Youth Focus
Centacare	Marathon Health		YSAS
Cornerstone Youth Services	Mind		

Boosting sustainability

Working with all levels of government

While the Commonwealth Government is the primary funder of headspace, there has been bi-partisan support from all levels of government, pointing to the strong need for headspace services across the country.

Centre growth has been supported by a program of capital works. In 2014-15, centre relocations have occurred in Bendigo, Morwell, and Shepparton, implemented with the support of the Victorian Government.

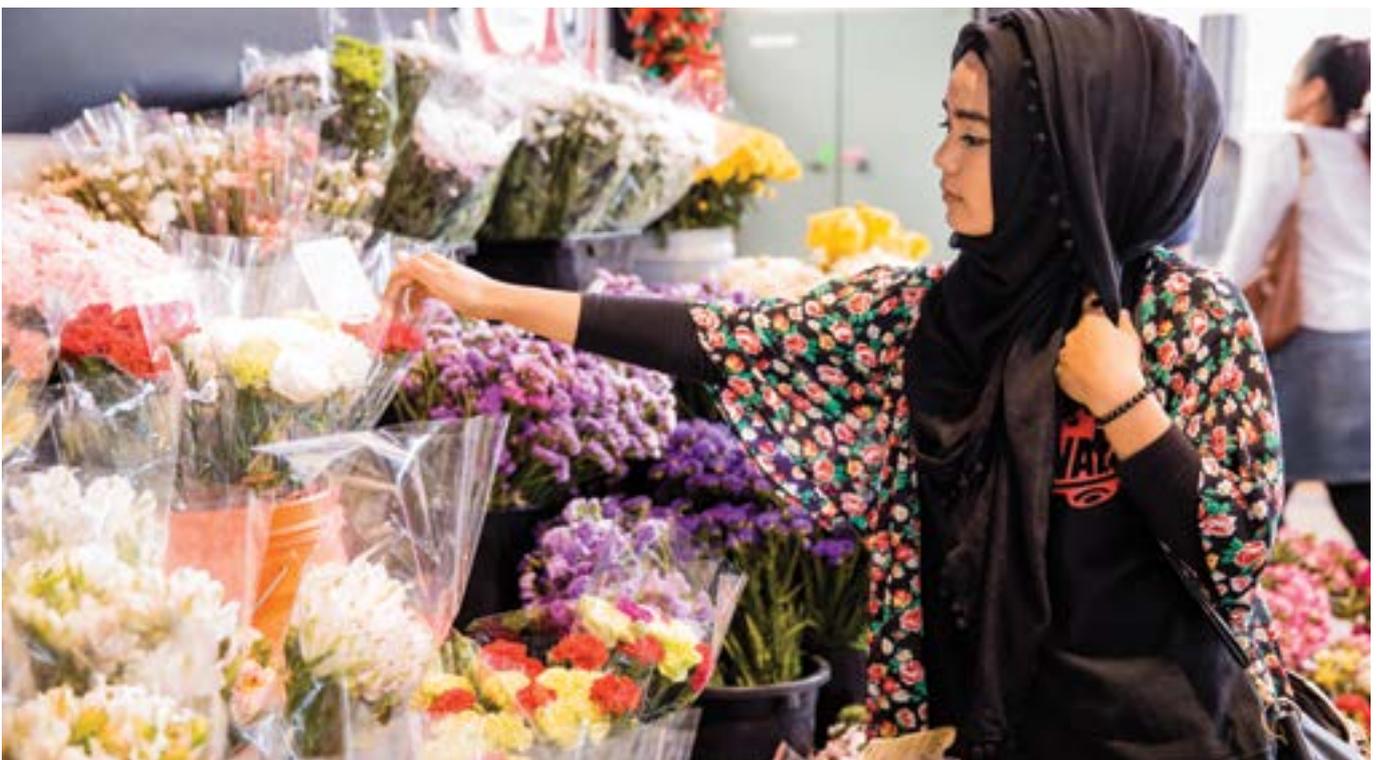
The **headspace** Youth Early Psychosis Program relies on strong partnerships with state and territory governments, in particular working with health departments and hospitals, to ensure seamless pathways for young people to access services.

headspace School Support (hSS) continues to work in partnership with key national and state based stakeholders to improve service delivery to Australian secondary schools assisting them to prepare for, respond to, and recover from the impact of suicide. Work includes the development of postvention policies and protocols with state education departments, Australian Catholic dioceses, and the Association of Independent Schools. In addition to this work, hSS has also partnered with other commonwealth funded programs such as Mindmatters and Standby. **headspace** centres have also contributed to the integral work of broader community suicide preparation, response, and recovery.

Local governments have contributed to many **headspace** centres to ensure they are embedded in vital community networks. For example, the new **headspace** Lake Haven centre outpost is housed in Wyong Shire Council's Gravity Youth Centre.

To ensure a comprehensive range of services can continue to be delivered to young people and their families, it is critical that headspace remains sustainable into the future.

Developing long term partnerships with government, the mental health sector, community, organisations and business, as well as sustaining and building the headspace workforce, have been important to ensuring service continuity.



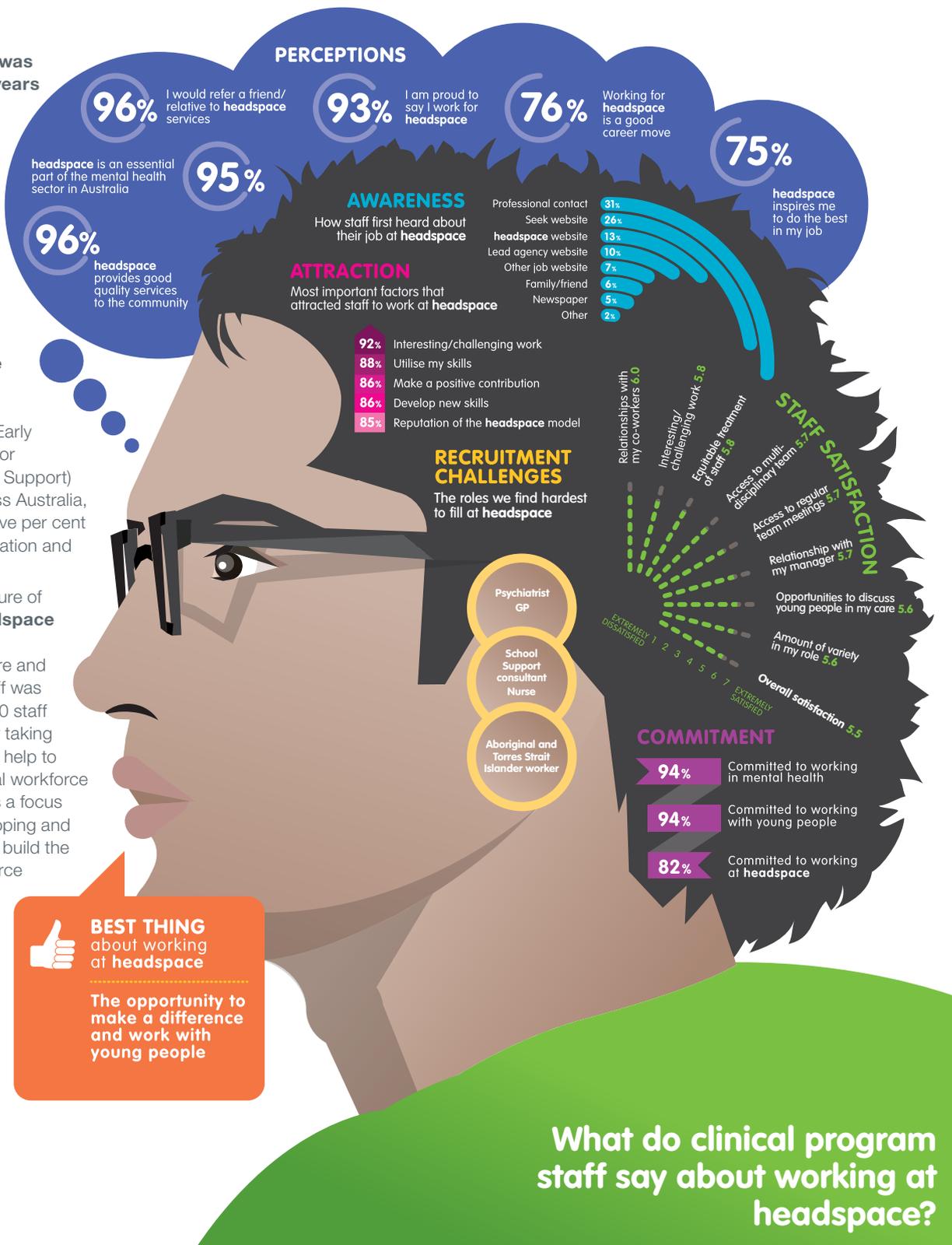
Boosting sustainability

Building the headspace workforce of the future

Since headspace was established nine years ago, the number of centres and programs has increased significantly, and so too has the headspace workforce.

More than 95 per cent of staff at headspace work in either a headspace centre or program (ehespace, headspace Youth Early Psychosis Program or headspace School Support) which operate across Australia, with the remaining five per cent working in administration and support functions.

To get a clearer picture of who works for headspace and why, a national consultation of centre and clinical program staff was undertaken, with 700 staff members voluntarily taking part. The results will help to feed into the national workforce strategy - which has a focus on attracting, developing and supporting staff - to build the headspace workforce of the future.



What do clinical program staff say about working at headspace?

Reaching more young people through corporate partnerships



REST Industry Super

The partnership with REST means **headspace** extends its reach to REST's two million members. It also contributes to raising awareness of **headspace** in communities across Australia, through **headspace's** presence at the Groovin' the Moo music festival for the last three years and the **headspace** stories video series.



Supré

In 2014, **headspace** entered into a partnership with fashion retailer Supré to launch the Supré Foundation. Although in its infancy, this partnership will enable **headspace** to deliver anti-bullying programs developed and led by specific **headspace** centres across the country.



NRL

headspace began working with the NRL on its State of Mind campaign, which aims to reduce stigma around mental illness, create positive discussion and connection in communities, and stimulate help-seeking behaviours by improving mental health literacy. The campaign is being rolled out in 2015-16.



Melbourne Stars

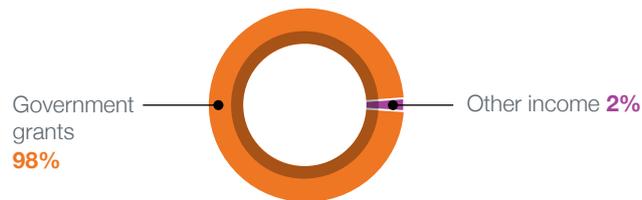
headspace is the official charity partner of the T20 Big Bash League club, Melbourne Stars. The club has a strong community focus and is helping **headspace** to raise awareness of mental health and help-seeking amongst young people and their families.

Overview of financial results

Income and Expenditure - Year ended 30 June 2015

During the financial year, **headspace** conducted the Youth Mental Health Initiative in accordance with its funding agreements with the Commonwealth Government of Australia. Revenue from operating activities was \$129,441,302, an increase of 35 per cent from 2014 enabling the expansion of the **headspace** network to over 80 centres during the year. **headspace** recorded a deficit of \$14,579,208 for the year. The deficit was mainly due to the expenditure of some carried forward reserves, particularly in the centres program with centre milestone payments exceeding the revenue recognised in the year as the program scaled up to full capacity; a small reduction in funding received for the **headspace** School Support program; and higher costs in the national office to support the delivery of the expanded centre and program network.

Where the money comes from

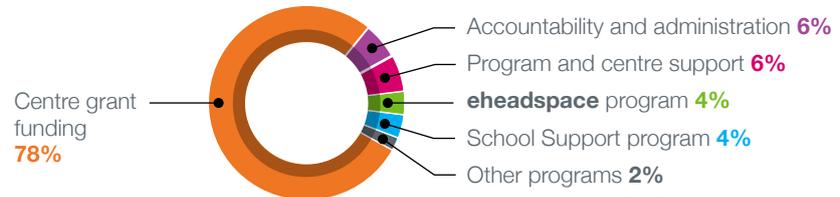


Government Grants – grants received from the Commonwealth Government Department of Health and other grants from state governments.

Other Income – includes fundraising and investment income.

Where the money goes

Ninety four per cent of government funding goes towards **headspace** centre and **headspace** program delivery and support



Centre grant funding – long term core funding paid mainly to third party lead agencies to operate standard **headspace** centres and the **headspace** Youth Early Psychosis Program at relevant centres.

eheadspace Program – represents expenditure of grant funds on delivering the **eheadspace** program on behalf of the Commonwealth Government.

headspace School Support Program – represents expenditure of grant funds on delivering the program on behalf of the Commonwealth Government.

Other Programs – represents expenditure of grant funds on other programs such as Data Capture Project, Casey-Cardinia Suicide Prevention Program, and SAFEMinds Program on behalf of the Commonwealth or Victorian State Government.

Program and centre Support – includes costs essential to support program delivery, for example, centre establishment and support, quality, research and evaluation, youth engagement, mental health awareness and stakeholder engagement.

Accountability and administration – includes administrative and other costs required to operate **headspace** in an efficient manner, for example information technology, human resources, finance, audit and legal fees, Board of Directors and committees, and corporate services including office management.

headspace Financial Report 2014-15



Governance Statement

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

headspace is classified as a health promotion charity and is endorsed as a deductible gift recipient and tax concession charity.

The responsibilities of the Board of Directors of **headspace** includes corporate governance for **headspace** and its wholly owned subsidiary **headspace** Services Limited.

The Board has adopted a formal charter that details the functions and responsibilities of the Board and promotes high standards of corporate governance across the **headspace** Group.

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 **headspace** Board of Directors to provide strategic direction and effective oversight of the management of the **headspace** Group;
- clarify the roles and responsibilities of the Board and its committees and senior management to ensure a suitable balance of authority;
- clarify the functions of each entity within the **headspace** Group and distinguish the core roles and responsibilities of the Board of directors of each entity in the **headspace** Group;
- facilitate accountability to the **headspace** members and principal funding agencies including the Commonwealth of Australia through the Department of Health;
- 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.

The Governance Charter is reviewed annually and updated as necessary. A copy of the Charter is available on the company's website.

Role of the Board

The role of the Board is to set the direction and oversee the operations of the **headspace** Group and to carry out the **headspace** objectives.

The primary functions and responsibilities of the Board are:

- ensuring compliance with the objects, purposes and values of the **headspace** Group and its Constitution;
- **headspace** Group governance including strategic planning, setting or approving policies, plans and budgets to achieve the objectives, and monitoring performance against them;
- leadership selection, including the appointment and removal of the Chief Executive Officer and monitoring performance, succession and remuneration planning for the Board, Chief Executive Officer and executive succession, and determining senior management remuneration;
- regulatory and financial monitoring and reporting to ensure compliance solvency, financial strength and good performance of the organisation;
- reviewing and monitoring the effectiveness of risk management and compliance in the **headspace** Group; agreeing or ratifying all policies and decisions on matters which might create significant risk, financial or otherwise;
- considering the social, ethical and environmental impact of all activities and operations and ensuring that these are acceptable; and
- evaluating and improving the performance of **headspace** Group Boards.

The Chief Executive Officer is responsible for key management and operational issues within the direction and policies laid down by the Board. All delegated authorities provided by the Board to the Chief Executive Officer are reviewed and confirmed annually.

Governance Statement

(continued)

Resignation of Directors

Professor Jill Trehwella resigned as the appointee of the University of Sydney on 6 November 2014. The University of Sydney nominated Professor Ann Brewer as replacement director. Dr Robert Walters resigned as the appointee of the Australian General Practice Network on 20 June 2015. The Australian General Practice Network nominated Dr Rodney Pearce as replacement director.

Board meetings

Directors are expected to prepare adequately for, attend and participate at Board meetings and meetings of Committees. The Board holds up to seven formal meetings a year, one of which serves to review and approve the strategic plan of the company. The Board also meets with Executive Management to consider matters of strategic importance to **headspace**. The number of Board meetings and each director's attendance at those meetings are set out in the Report of the directors.

Board and committee operations

To help it carry out its responsibilities, the Board has established the following Committees and has adopted Terms of Reference setting out the matters relevant to the composition, responsibilities and administration of these Committees:

- Aboriginal and Torres Strait Islander Committee;
- Centre Expansion Committee;
- Clinical Quality and Risk Management Committee;
- Family and Friends Committee;
- Finance, Audit and Risk Committee;
- Remuneration and Nominations Committee; and
- Research and Evaluation Committee.

Following each Committee meeting, the Board receives a copy of the minutes of meeting from the relevant Committee.

Review of Board Performance

The Board undertakes an annual review of its performance and may engage the assistance of external consultants to facilitate formal Board performance reviews.

Conflicts of interest

Directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest of the company. This is a matter for ongoing consideration by all directors and a register is tabled at each Board meeting. The Governance Charter contains a Conflict of Interest Policy.

Code of conduct

The Company has a Code of Conduct which requires the observance of strict ethical guidelines. The Code of Conduct applies to all employees and directors of the company, with the conduct of the Board and each director also governed by the Board Governance Charter.

Access to management

Board members have complete and open access to management through the Chair, Chief Executive Officer or Company Secretary at any time. In addition to regular presentations by management to Board and Board Committee meetings, directors may seek briefings from management on specific matters.

Directors' Report

for the year ended 30 June 2015

The directors of **headspace** National Youth Mental Health Foundation Ltd ("the Company") present their report on the consolidated entity (referred to hereafter as "the Group"), consisting of **headspace** National Youth Mental Health Foundation Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors

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

Wendy McCarthy AO	John McGrath AM
Anita Jacoby	Louis Peachey
Ann Brewer (<i>appointed 6 November 2014</i>)	Rodney Pearce AM (<i>appointed 20 June 2015</i>)
Lyn Littlefield OAM	Jill Trehwella (<i>resigned 6 November 2014</i>)
Ian Marshman	Sheree Vertigan
Barbara Hingston	Robert Walters (<i>resigned 20 June 2015</i>)
Patrick McGorry AO	

Company Secretary

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

Sara Tersigni: LLB London, Certified Member CSA.

Ms Tersigni was appointed Company Secretary on 5 June 2009 and is responsible for all governance and operational matters. Prior to joining the Group, 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, Objectives and Measures of Performance

The principal activities of the Group during the financial year 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 year.

The goals of the Group in undertaking its principal activities are to:

- Support and enhance the quality of mental health services it delivers;
- Implement **headspace** centres, clinical programs and supporting modalities;
- Ensure each element of the **headspace** system can be spoken for and articulated in the broader community;
- Make sure its people are at the core of each outcome and its workforce is developed to drive the desired outcomes;
- Develop internal capability to continue to grow and expand **headspace**; and
- Have the right systems and data to drive operational performance, meet obligations, improve the programs and manage risk.

The Group's strategy to achieve these goals is:

- Build awareness of who **headspace** is and what it does;
- Develop **headspace** so it is responsible to the individual needs of every young person;
- Develop a long-term sustainable funding approach by tapping into broader investor and funding options;
- Enhance access to appropriate services for all young people; and
- Deliver the best, most effective model through continual research and validation.

The Group has developed a set of internal indicators by which it measures how it is achieving its goals.

Operating Results

The operations of the Group for the financial year resulted in a deficit of \$14,579,208 (2014: surplus \$7,719,899). The deficit is mainly due to the unwinding of carried forward reserves particularly in the centres program, as programs scaled up to full capacity, a reduction in funding received from the Commonwealth Government for the Outreach to Schools program, higher costs in the national office to support program delivery, and centre milestone expenses being in excess of the revenue recognised.

Dividends Paid or Recommended

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

Directors' Report

(continued) for the year ended 30 June 2015

Review of Operations

During the financial year, the Group conducted the Youth Mental Health Initiative in accordance with its funding agreement with the Commonwealth of Australia. In addition, the Group has conducted other programs, funded by both the Commonwealth of Australia and other fund providers such as the Victorian Government, which support and complement the Youth Mental Health Initiative. The Group has, through these additional programs, including the **headspace** Youth Early Psychosis Program ("hYEPP") and the Outreach Teams to Schools program, increased its presence in the mental health sector and is now able to provide a more comprehensive service to the youth of Australia.

The Group increased the number of **headspace** centres to 84 during the year and an additional 15 new centres will be opened over the next 12 months. The number of **headspace** services available within the community has continued to increase through organic growth from existing centres as they continue to move from a developing stage in their lifecycle to fully established centres and also as a result of the year on year increase in the number of operational centres. Furthermore, hYEPP centres have increased their service delivery during the year as they move towards a fully established service. All these activities are supported by the funding agreements currently in place which sets out this intended growth of the Group.

The Group is funded directly to operate programs such as Outreach Teams to Schools, eheadspace, and to fulfil the functions of a lead agency for centres transitioning through an outgoing lead agency, and National office functions to support service delivery in programs. The Group is also engaged by the Commonwealth to disburse funds under third party contracts to various lead agencies to operate **headspace** centres and hYEPP centres. From time to time the Group accumulates cash reserves due to timing differences between the receipt of funds from the Commonwealth and when it disburses funds to centres in accordance with the conditions of the funding agreements. The majority of cash reserves at year end represent amounts held on behalf of these lead agencies. The Company has an obligation to disburse the total centre funding amounts made available by the Department of Health. At 30 June 2015 the Company had on hand \$92,020,118 that will be utilised for the purposes identified above. Amounts payable to centres will be paid over the next financial year as milestones are met by the lead agencies of these centres, and as milestones become due and payable. Further information is provided in Note 23.

Significant Changes in the State of Affairs

The Group was awarded a one year extension for the **headspace** Centres program, Youth Online and Telephone Counselling Program and the Outreach Teams to Schools Program; all three were previously due to expire on 30 June 2015. The Group also transferred the **headspace** Cairns centre to an unrelated entity in the first quarter of the financial year, as well as commencing the establishment and operation of the hYEPP Adelaide centre during the financial year.

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

Matters Subsequent to the end of the Financial Year

The Company, through its wholly owned subsidiary, **headspace** Services Ltd, began operating the **headspace** Canberra, **headspace** Queanbeyan and **headspace** Noarlunga centres from 1 July 2015. This will expand the amount of direct services delivered by the Group moving forward.

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

Likely Developments and Expected Results of Operations

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

Environmental Regulation

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

Directors' Report

(continued) for the year ended 30 June 2015

Information on Directors

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

Name	Qualifications and Experience	Special Responsibilities
<p>Ann Brewer (appointed 6 November 2014)</p>	<ul style="list-style-type: none"> • Board member since November 2014. • Member appointee of University of Sydney. • B.A. in Behavioural Science, (Macq) M.Com (Hons), PhD, (UNSW) FAICD. • Ann is a Professor in Business and Dean of Professional and Continuing Education, the University of Sydney and has a honorary chair in the Faculty of Education and Social Work, the University of Sydney. • She is the CEO of the Centre for Continuing Education and <i>SydneyLearning</i> Pty. Ltd. – a wholly owned entity of the University of Sydney and oversees the Law Extension Committee, the University of Sydney. • Ann is an organisational psychologist, initially training as a clinical psychologist. • Has held significant leadership and management positions as Deputy Vice Chancellor (Strategic Management) until June 30, 2014 responsible for ensuring the implementation of the University's strategic plan as well as oversight of the core operations of the University of Sydney including Human Resources, ICT, infrastructure & planning and Finance as well as the implementation of the strategic plan, the Quality Assurance Strategy for the University, risk management and enterprise bargaining. Her academic leadership roles included Head of School of Business and acting Dean of Faculty of Economics and Business. • Ann's skills include change management, industrial relations and overseeing major projects that introduce change into large, complex organisations especially around restructuring core business and service processes. • Ann continues to publish in leading international journals in her field and has authored eight books on organisational change, employee commitment and citizenship including her most recent on Leadership, Coaching and Followership published in 2013. • Ann has a forthcoming book in 2015 on <i>Beyond Mentoring</i>. • Ann is an accredited executive coach and has a group of senior managers as her clients. • Ann's community engagement includes strategic work for Jewish House, Jewish Care and others. • She maintains an active research and teaching portfolio in leadership, change and conflict management, conducting difficult conversations, performance and misconduct, business writing as well as critical anthropology for the 21st century. 	<p>Member appointee of The University of Sydney.</p> <p>Co-chair of Research and Evaluation Committee.</p>
<p>Barbara Hingston</p>	<ul style="list-style-type: none"> • Board member since 16 July 2009. • BA, BSW, GAICD, MAASW. • Barbara has held senior executive and corporate management roles in Commonwealth government and in the NGO sector including as Executive Director for Mercy Health Care Australia Ltd, a national collaboration in health and aged care. Inaugural Co-Chair of headspace Board's Clinical, Research and Evaluation Advisory Committee 2009-2012. • She is a highly experienced non-executive director, having contributed to the governance of acute tertiary health as a member of Austin Health Board for 8 years, mental health and other primary care services, health professional regulation, and child and family services in Victoria, Qld and the ACT. In addition to headspace, her current directorships include Catholic Social Services Australia, Eastern Melbourne Medicare Local and Dental Health Services Victoria Tasmania Health Service Governing Council, General Practice Training Tasmania, Eastern Melbourne Medicare Local and Dental Health Services Victoria and Lady Gowrie Tasmania Barbara consults to government and community organisations in corporate and clinical governance, strategy and stakeholder engagement and service review and evaluation. She is an executive mentor and coach to senior executive staff and is also an experienced social worker practiced in individual and group counselling in sexual assault, family violence and other trauma. 	<p>Appointee of the Commonwealth Minister for Health.</p> <p>Member Centre Expansion Committee.</p> <p>Member Finance Audit and Risk Committee.</p> <p>Member Family and Friends Committee.</p> <p>Chair Remuneration and Nominations Committee.</p>

Directors' Report

(continued) for the year ended 30 June 2015

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
Anita Jacoby	<ul style="list-style-type: none"> Board member since 11 February 2013. Anita is one of Australia's most experienced media professionals. In a career spanning 30 years she's created and produced hundreds of hours of content for every TV network. Most recently she was Managing Director, ITV Studios Australia. She has also been an Executive at Zapruder's other films producing programs such as "Enough Rope", "The Gruen Transfer", "Elders", "Hungry Beast", "Country Town Rescue" and "AFP" and documentaries including "God on My Side" and the award-winning mental health documentary, "Angels & Demons". Over the years she's produced numerous stories for programs including "60 Minutes", "Sunday", "Witness", "Today" and "GMA". Many of these have focussed on mental health issues such as youth suicide, teenage drinking, drug abuse and gender issues. Anita has also worked as a news reporter, print journalist and book editor. Her work has seen her awarded six AFI/AACTA awards; an Order of Australia Media Award; a Human Rights Award (Highly Commended); Asia-Pacific Broadcasting Union Award and the Alzheimer's Australia Annual Award. Anita has completed the Australian Institute of Company Director's course. She is also a part-time Authority Member of the ACMA, is on the NSW Alzheimer's Advisory Board and a Director of the Arts Law Centre of Australia. 	<p>Appointee of the Commonwealth Minister for Health.</p> <p>Member Finance Audit and Risk Committee.</p>
Lyn Littlefield OAM	<ul style="list-style-type: none"> Board member since 5 June 2009. Professor, OAM, FAPS, FAICD, FAIM, BSc, BBS (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. 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. Lyn is Deputy Chair of Mental Health Council of Australia; Chair of the Board of Allied Health Professionals Australia; Chair of Mental Health Professions Australia; Board Member of the Mental Health Professionals Network. Lyn has also been a member of a number of Ministerial and Government Mental Health Advisory Groups. 	<p>Member appointee of the Australian Psychological Society Limited.</p> <p>Member of Clinical, Quality and Risk Management Committee.</p> <p>Member Remuneration Committee.</p>
Ian Marshman	<ul style="list-style-type: none"> Board member since 5 June 2009. BA (Honours), LLB. Ian is a Senior Adviser at the University of Melbourne and from 1999 to July 2015 was the Senior Vice-Principal at the University of Melbourne. In this role he was accountable to the Vice-Chancellor and Council for the overall management and administration of the University. Ian had specific responsibilities for major projects and 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 was Chair of the Management Committee for Victorian Tertiary Admissions Centre for 15 years until 2014. Ian is a current member of the Melbourne Theatre Company Board and a Director of the Melbourne Dental Clinic and Uniseed Ltd. He has previously served on the boards of several health services agencies. He is also a Director of a number of University boards. 	<p>Member appointee of the University of Melbourne.</p> <p>Chair of Finance, Audit & Risk Committee.</p> <p>Chair Centre Expansion Committee.</p> <p>Member Remuneration and Nominations Committee.</p>

Directors' Report

(continued) for the year ended 30 June 2015

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
Wendy McCarthy AO	<ul style="list-style-type: none"> Board member since 5 June 2009. AO, 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 five decades she has been a teacher, educator and change agent in Australian public life. Wendy is the Chair of Circus Oz, and is Deputy Chair of Goodstart Early Learning, Non-executive director of IMF Bentham Limited, Executive Director McCarthy Management Pty Ltd and a director of headspace Services Ltd. She has held many significant leadership roles in leading national and international bodies including eight years as Deputy Chair of the Australian Broadcasting Corporation, 10 years as Chancellor of the University of Canberra and 13 years as a director of Plan International. In 1989, Wendy was appointed an Officer of the Order of Australia for outstanding contributions to community affairs, women's affairs and the Bicentennial celebrations. 	<p>Appointee of the Commonwealth Minister for Health.</p> <p>Chair of Board.</p> <p>Member Centre Expansion Committee.</p>
Patrick McGorry AO	<ul style="list-style-type: none"> Board member since 5 June 2009. AO, MD, BS, PhD, FRCP, FRANZCP, Australian of the Year 2010. Patrick 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. He is the Editor-in-Chief of the Wiley journal "Early Intervention in Psychiatry". Patrick has also played a major role in mental health reform in Australia and many other countries. He led the successful consortium bid to the Department of Health and Ageing, on behalf of Orygen, University of Melbourne, APS and BMRI/University of Sydney, to design and implement headspace from 2006-2009, prior to it forming an independent company in 2009. Patrick is President of the Society for Mental Health Research 2013-2015; acting Chair of the Steering Committee of the International Association for Youth Mental Health. He is a former Director of Headstrong, Ireland's National Youth Mental Health Foundation; past-president and treasurer of the International Early Psychosis Association; a former member of the National Mental Health Advisory Committee; and a former member of the Victorian Government's Mental Health Reform Council. 	<p>Member appointee of Orygen Youth Health Research Centre.</p> <p>Co-chair of Research and Evaluation Committee.</p> <p>Member Centre Expansion Committee.</p>

Directors' Report

(continued) for the year ended 30 June 2015

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
John McGrath AM	<ul style="list-style-type: none"> • Board member since 5 June 2009. • AM. • Chairman of Mental Health Professionals Network Ltd, a Commonwealth funded project in Collaborative Interdisciplinary Networking and Chair of headspace Services Ltd. John is past Deputy Chair and an Inaugural Director of beyondblue since its inception in October 2000. • Immediate Past Chair of the Victorian Ministerial Expert Council on Mental Health from 1999 – 2010. Former Board Member of Crisis Support Services, a national professional telephone counseling service. John was the Inaugural Chair of the Mental Health Council of Australia 1997 – 2003. John was also the Inaugural Chair of the Western Region Alcohol and Drug Centre in Warrnambool for 13 years. • Member of the Victorian Parliament 1985 – 1999. Deputy Speaker and Chairman of Committees from 1992 until his voluntary retirement as National Party MLA for Warrnambool, in late 1999. • In 2008 John was appointed a Member of the Order of Australia in the Queen's Birthday honours awards. • John's decision to retire from politics was prompted by his desire to direct all of his energies towards promoting better outcomes for consumers of mental health services and their families. • John brings a strong family/carer focus to his involvement, instigated by the personal experience of having his two sons impacted by mental illness. Darren's treatment has been effective, so that today he leads an active and productive life, however John's second son Shane, lost his life to suicide in 1993. 	<p>Appointee of the Commonwealth Minister for Health.</p> <p>Chair Family and Friends Committee.</p> <p>Member Finance Audit and Risk Committee.</p> <p>Member Remuneration and Nominations Committee.</p>
Louis Peachey	<ul style="list-style-type: none"> • Board member since 18 May 2012. • Dr Louis Peachey is a Girimay man from the Djiribaligan language group (Rainforest People) of North Queensland. He is a Senior Medical Officer at the Atherton District Hospital where he works as a Rural Generalist. • Dr Peachey was the founding President of the Australian Indigenous Doctors Association, and has been directly involved in Health Advocacy for Indigenous Australians for more than a quarter of a century. He has served on the Board of the Australian College of Rural and Remote Medicine, and the Logan Area Division of General Practice. Dr Peachey has also served on numerous Federal and State health committees and reference groups throughout his career. 	<p>Appointee of Australian Indigenous Doctors Association.</p> <p>Chair Aboriginal and Torres Strait Islander Committee.</p> <p>Co-Chair of Clinical, Quality and Risk Management Committee.</p>

Directors' Report

(continued) for the year ended 30 June 2015

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
Rodney Pearce AM <i>(appointed 20 June 2015)</i>	<ul style="list-style-type: none"> • Board member since 22 June 2015. • AM, MBBS, Fellow AMA. • Rodney comes from a sixth generation farming family and grew up and works as a general practitioner in a farming town with significant Indigenous health issues. He has an interest in mental health, men's health and medical practitioners own health. • Since 1993 he has been involved in integrating general practice with local, state and federal government programs. • Rodney is an advisor to the federal government writing Australia's First Primary Health Care Strategy. He has received personal and practice awards for teaching undergraduate, postgraduate medical students, interns, RMO's and GP registrars. • Rodney has previous roles as: <ul style="list-style-type: none"> • President AMA (SA) 1998-2000 • Chair Federal AMA Council of General Practice 2004-2010 • Royal District Nursing Service Director 2007-12 • Central Adelaide and Hills Medical Local 2011-13. • Rodney is presently a director of: <ul style="list-style-type: none"> • Medical Benevolent Association (SA) • Australian General Practice Accreditation Ltd (AGPAL) • Australian General Practice Network, Joint Chair (AGPN) • Australian Association of General Practice (AAGP) • Influenza Specialist Group, Vice Chair (ISG) • Australian Medic Alert Foundation (AMAF) • General Practice Partners Australia (Founding member) • MedicalHQ (Urban and rural general practice) • Medical Officer of Health (MOH) for local government (Eastern Health Authority) and MedVet. • In 2012 Rodney was appointed a Member of the Order of Australia. 	Member appointee of Australian General Practice Network.

Directors' Report

(continued) for the year ended 30 June 2015

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
Jill Trehwella <i>(resigned 6 November 2014)</i>	<ul style="list-style-type: none"> • Board member since 19 June 2014. • Member appointee of University of Sydney. • MSc UNSW, PhD Sydney, Dist FRNSW, FLANL, FAAAS, FNSSA. • Jill is a Professor in the School of Molecular Bioscience and Deputy Vice-Chancellor (Research) at the University of Sydney. • Director, Synchrotron Light Source Australia Board. • Jill is a bioscientist and Australian Research Council Federation Fellow who is internationally recognised for her contribution to our understanding of the molecular communication that underpins healthy function. • Jill has held significant leadership positions in the USA, where she lived for 25 years while pursuing her research. She was the founding Leader of the multi-disciplinary Bioscience Division at Los Alamos, with more than 300 researchers working on projects such as the Human Genome Project, Structural Genomics of TB, the international HIV AIDS Gene Data Base, and stewarding National Institutes of Health research resources for flow cytometry and stable isotopes. • She returned to the University of Sydney and Australia in 2005 as an Australian Research Council Federation Fellow. • As DVC Research (since 2009) she enables research at the University of Sydney by providing practical support for its researchers, schools, faculties and institutes at every stage from grant applications through to dissemination of research through traditional academic and commercial channels. In this role Jill has administrative responsibility for the University's research grants and contracts, commercial development and industry partnerships, research integrity and ethics, clinical trials governance, research development and collaboration, research strategy and policy framework and research reporting, analysis data and systems functions. • As DVC Research Jill provides oversight for the governance and operations of university-wide research centres; including the Brain and Mind Research Institute (BMRI) and Charles Perkins Centre (CPC) and oversees the development of major collaborative, cross-disciplinary research programs with supporting infrastructure. 	Member appointee of University of Sydney.
Sheree Vertigan	<ul style="list-style-type: none"> • Board member since 5 June 2009. • Appointee of Principals Australia Institute. • BA, MEd, FACEL, AICD. • 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 has had a long term and extensive involvement in professional associations at local, state, national and international levels. She is now working on a number of educational and social projects. • Sheree currently holds a number of other positions including: <ul style="list-style-type: none"> • Chair and Immediate Past President of Australian Secondary Principals' Association Ltd. • Executive Secretary International Confederation of Principals • Director, Principals Australia Institute Board • Director Australian National Council for Drugs • ACEL Board member (Tasmania) • Safe Schools Coalition Australia, advisory committee. 	Appointee of Principals Australia. Member Aboriginal and Torres Strait Islander Committee.

Directors' Report

(continued) for the year ended 30 June 2015

Information on Directors (continued)

Name	Qualifications and Experience	Special Responsibilities
Robert Walters <i>(resigned 20 June 2015)</i>	<ul style="list-style-type: none"> • Board member since 5 June 2009. • 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 (General Practice South). • He is also a medico-legal adviser and case manager for the Medical Indemnity Protection Society (MIPS) in Tasmania and regularly presents to medical practitioners and students nationally, on matters related to medical indemnity, risk and medicine and the law. • Rob was appointed a Part-time Member of the Administrative Appeals Tribunal (AAT) in 2006. • Rob has served, and continues to serve, on a number of Boards and Councils representing General Practice including the Tasmanian Medicare Local Primary Health Care Advisory Council, the DVA Local Medical Officer Advisory Council, the Asbestos Safety and Eradication Council, the Rural Alive & Well Board, the beyondblue Clinical Reference Council, the National Advisory Council on Mental Health and he is a past Chair of the Cancer Council of Tasmania. He also has an interest in Occupational Medicine and is the Medical Director on the Tasmanian Work Cover Board. • Rob holds the rank of Colonel in the Australian Army Reserve and is a 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. 	<p>Member appointee of Australian General Practice Network Limited.</p> <p>Member Centre Expansion Committee.</p> <p>Co-Chair of Clinical, Quality and Risk Management Committee.</p>

There are no loans made to directors by the Group.

Directors' Report

(continued) for the year ended 30 June 2015

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

Director	Board Meetings		Finance, Audit & Risk Committee Meetings		Remuneration and Nominations Committee		Clinical Quality and Risk Management Committee Meetings		Research and Evaluation Committee Meetings		Family and Friends Committee Meetings		Aboriginal & Torres Strait Islander Committee Meetings		Centre Expansion Committee Meetings	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Ann Brewer	7	7	0	0	0	0	0	0	2	2	0	0	0	0	0	0
Barbara Hingston	9	9	5	7	4	4	0	0	0	0	2	4	0	0	4	6
Anita Jacoby	5	9	4	7	0	0	0	0	0	0	0	0	0	0	0	0
Lyn Littlefield OAM	5	9	0	0	4	4	1	5	0	0	0	0	0	0	0	0
Ian Marshman	9	9	7	7	4	4	0	0	0	0	0	0	0	0	6	6
Wendy McCarthy AO	9	9	4	7	3	4	0	0	0	0	0	0	0	0	5	6
Patrick McGorry AO	9	9	0	0	0	0	0	0	2	2	0	0	0	0	3	6
John McGrath AM	9	9	7	7	3	4	0	0	0	0	4	4	0	0	0	0
Louis Peachey	8	9	0	0	0	0	5	5	0	0	0	0	4	4	0	0
Jill Trehwella	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheree Vertigan	8	9	0	0	0	0	0	0	0	0	0	0	2	4	0	0
Robert Walters	8	9	0	0	0	0	5	5	0	0	0	0	0	0	6	6
Rodney Pearce AM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

Non-audit Services

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

There were no non-audit services during the year. In the prior year \$60,760 was incurred in conducting a risk review for the Group. Details of the amounts paid or payable to the auditor (RSM Bird Cameron Partners) for audit and non-audit services provided during the year are also set out in Note 17 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 standards of independence for auditors. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise auditor independence for the following reasons:

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

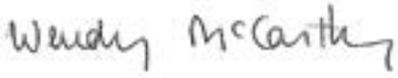
Directors' Report

(continued) for the year ended 30 June 2015

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found following the Directors' Report.

Signed on this 21st day of October 2015 in accordance with a resolution of the Board of Directors.



Wendy McCarthy AO

Chair
Melbourne

Ian Marshman

Co-chair of Finance, Audit and Risk Committee
Melbourne



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of **headspace** National Youth Mental Health Foundation Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM BIRD CAMERON PARTNERS

P A RANSOM
Partner

Melbourne, VIC
Dated: 21 October 2015

Liability limited by a scheme approved under Professional Standards Legislation

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

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



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These financial statements are the consolidated financial statements of the Group consisting of **headspace** National Youth Mental Health Foundation and its subsidiary. The financial statements are presented in the Australian currency.

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 21 October 2015. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue from Continuing Operations			
Revenue from services and Government grants		126,667,830	93,170,742
Interest		2,117,839	2,367,047
Fundraising		340,291	325,383
Other revenues from operating activities		315,342	272,206
Revenue from operating activities	2	129,441,302	96,135,378
Operating Expenses			
Employment		18,633,176	13,766,118
Occupancy		1,876,647	1,288,468
Grant payments		111,383,807	64,449,929
Consultancy		1,149,225	1,282,324
Sub-contracts with member organisations		450,000	450,000
Governance		407,750	412,052
Travel		2,060,361	1,670,612
Communications and marketing		3,453,467	1,927,324
Depreciation and amortisation	3	1,039,732	737,135
Loss on disposal of assets		-	7,796
Other operating and administration expenses		3,566,345	2,423,721
Expenses from operating activities	3	144,020,510	88,415,479
(Deficit) / Surplus for the year before Income Tax		(14,579,208)	7,719,899
Income tax expense	1f	-	-
(Deficit) / Surplus for the year		(14,579,208)	7,719,899
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		(14,579,208)	7,719,899

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash assets		70,645,575	24,362,416
Other financial assets	4	21,374,543	47,908,176
Trade and other receivables	5	649,282	1,392,915
Total current assets		92,669,400	73,663,507
Non-current assets			
Leasehold improvements and office equipment	6	578,211	848,509
Total non-current assets		578,211	848,509
Total assets		93,247,611	74,512,016
LIABILITIES			
Current liabilities			
Trade and other payables	7	18,263,990	16,528,760
Provisions	8	1,080,785	684,751
Deferred income	9	41,372,361	10,282,704
Total current liabilities		60,717,136	27,496,215
Non-current liabilities			
Provisions	8	420,489	351,347
Deferred income	9	24,740	-
Total non-current liabilities		445,229	351,347
Total liabilities		61,162,365	27,847,562
Net assets		32,085,246	46,664,454
Members' Funds			
Accumulated surplus	10	32,085,246	46,664,454
Total members' funds		32,085,246	46,664,454

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2015

	Note	Accumulated surplus \$	Total \$
Balance at 30 June 2013		38,944,555	38,944,555
Total comprehensive income for the year	10	7,719,899	7,719,899
Balance at 30 June 2014		46,664,454	46,664,454
Total comprehensive income for the year	10	(14,579,208)	(14,579,208)
Balance at 30 June 2015		32,085,246	32,085,246

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from Government grants and other operations (incl GST)		140,276,060	103,107,169
Payments to employees and suppliers (incl GST)		(121,874,939)	(76,321,099)
Interest received		2,117,839	2,367,047
Net cash inflow from operating activities	13(b)	20,518,960	29,153,117
Cash flows from investing activities			
Payments for leasehold improvements and office equipment		(769,434)	(559,171)
Net cash outflow from investing activities		(769,434)	(559,171)
Cash flow from financing activities			
Net cash inflow / (outflow) from financing activities		-	-
Net increase in cash held		19,749,526	28,593,946
Cash and cash equivalents at the beginning of the financial year		72,270,592	43,676,646
Cash and cash equivalents at the end of the financial year	13(a)	92,020,118	72,270,592

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2015

Note 1: Summary of significant accounting policies

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

Basis of preparation

The consolidated financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. **headspace** is a not-for-profit entity for the purpose of preparing the financial report.

Historical Cost Convention

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

Early Adoption of Standards

The Group has not elected to early adopt any accounting standards for this reporting period (2014: Nil).

Critical accounting estimates and judgements

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report is disclosed in Note 20.

a. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of **headspace** National Youth Mental Health Foundation Ltd ("the Parent Entity") as at 30 June 2015 and the results of its subsidiary for the year then ended. **headspace** National Youth Mental Health Foundation Ltd and its subsidiary together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

b. Functional and presentation currency

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

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

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

Any new, revised or amending 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 Group.

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

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 *Impairment of Assets* have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The Group has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following applicable standard:

- *AASB 124 Related Party Disclosures*: extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity.

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

d. Revenue Recognition

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

Revenue from services and Government grants

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

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

Interest

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

Fundraising

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

e. Expenses

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

Grant payments

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

f. Income tax

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

g. Leases

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

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

h. Cash and cash equivalents

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

i. Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured less any provision for impairment. Trade receivables are generally due for settlement within 30 days (2014: 30 days). They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

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

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

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

j. Leasehold improvements and office equipment

Leasehold improvements and office equipment are measured at cost or deemed cost on acquisition and are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of leasehold improvements of office equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised as an expense (Note 1(n)).

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

Class of fixed asset	Depreciation rate
Office equipment	25% - 50%
Leasehold improvements	33 $\frac{1}{3}$ %

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

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

k. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the financial year for goods and services received by the Group which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability (2014: 30 days).

l. Employee entitlements

Short-term obligations

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

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

Other long-term employee benefit obligations

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

l. Employee entitlements (continued)

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

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

m. Goods and Services Tax (GST)

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

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

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

n. Impairment of assets

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

o. Parent entity financial information

The financial information for the parent entity, **headspace** National Youth Mental Health Foundation Ltd, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements.

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 2: Revenues from continuing operations

	2015 \$	2014 \$
Operating activities from continuing operations		
Government grants	126,667,830	93,170,742
Interest	2,117,839	2,367,047
Fundraising	340,291	325,383
Other revenues from operations	315,342	272,206
Total revenues from continuing operations	129,441,302	96,135,378

Revenue for the financial year includes funding under agreements with the Commonwealth of Australia as represented by the Department of Health as well as from other State Government bodies. Government grants physically received in the year amounted to \$157,839,519. The Group has deferred Government grant revenue of \$41,372,361 as disclosed in Note 9.

Note 3: Expenses from operating activities

	2015 \$	2014 \$
Expenses from operating activities have been determined after:		
<i>Depreciation</i>		
Leasehold improvements	456,414	264,648
Office equipment	583,318	472,487
Total depreciation and amortisation	1,039,732	737,135

Rental expense relating to operating leases - minimum lease payments	1,430,273	913,501
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Individually significant items

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

Note 4: Other financial assets

	2015 \$	2014 \$
Current		
Deposits at call	21,374,543	47,908,176
Total other financial assets	21,374,543	47,908,176

(a) Risk exposure

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

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 5: Trade and other receivables

	2015 \$	2014 \$
Current		
Trade and other receivables	246,312	466,562
GST receivable	-	640,260
Prepayments	402,970	286,093
Total trade and other receivables	649,282	1,392,915

(a) Impaired trade receivables

There are no impaired trade receivables at year end (2014: \$nil).

(b) Past due but not impaired

As at 30 June 2015, trade receivables of \$43,182 (2014: \$1,036) were past due but not impaired.

(c) Risk exposure

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

(d) Fair value

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

Note 6: Leasehold improvements and office equipment

Note 6(a): Leasehold improvements

	2015 \$	2014 \$
Leasehold improvements at cost	1,196,489	752,529
Less accumulated depreciation	(950,800)	(494,387)
Total leasehold improvements	245,689	258,142

Note 6(b): Office equipment

	2015 \$	2014 \$
Office equipment at cost	2,115,529	1,790,056
Less accumulated depreciation	(1,783,007)	(1,199,689)
Total office equipment	332,522	590,367
Net book amount	578,211	848,509

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 6: Leasehold improvements and office equipment (continued)

Note 6(c): Movements in carrying amounts

	Leasehold improvements (\$)	Office equipment (\$)	Total (\$)
Balance at 1 July 2013	507,053	527,217	1,034,270
Additions	15,737	543,434	559,171
Disposals	-	(7,797)	(7,797)
Depreciation	(264,648)	(472,487)	(737,135)
Carrying amount as at 30 June 2014	258,142	590,367	848,509
Additions	443,961	325,473	769,434
Depreciation	(456,414)	(583,318)	(1,039,732)
Carrying amount as at 30 June 2015	245,689	332,522	578,211

Note 7: Trade and other payables

	2015 \$	2014 \$
Current		
Trade payables	22,715	236,907
GST payable	3,028,823	-
Other payables	15,212,452	16,291,853
Total trade and other payables	18,263,990	16,528,760

Note 8: Provisions

	2015 \$	2014 \$
Current		
Employee entitlements – annual leave	964,596	684,751
Employee entitlements – long service leave	116,189	-
	1,080,785	684,751
Non-current		
Employee entitlements – long service leave	420,489	351,347
Total provisions	1,501,274	1,036,098

Amounts not expected to be settled within the next 12 months

The total provision for employee benefits includes accrued annual leave and long service leave. For long service leave the provision covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. \$116,189 of the long service leave provision of \$536,678 (2014 - \$351,147) is presented as current and \$420,489 as non-current as the vast majority of employees are not entitled to a payment of their long service leave entitlement within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months:

	2015 \$	2014 \$
Current leave obligations expected to be wholly settled within 12 months	1,080,785	684,751

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 9: Deferred income

	2015 \$	2014 \$
Current		
Lease incentive	-	82,032
Deferred income	41,372,361	10,200,672
	41,372,361	10,282,704
Non-current		
Lease incentive	24,740	-
Total deferred income	41,397,101	10,282,704

The deferred income of the Company represents the following:

- \$8,056,147 relating to centres for which milestones relevant to payment have not been met at 30 June 2015 and which is expected to be expended in the following financial year.
- \$4,120,000 of funding received from the Department of Health that relates to centres funding for the 2016 financial year.
- \$1,690,000 related to the Service Development funds for which milestones relevant to payment have not been met at 30 June 2015 or grant agreements not entered into and which is expected to be expended in the following financial year.
- \$14,253,071 in hYEPP centre grants for which milestones relevant to payment have not been met at 30 June 2015 and which is expected to be expended in the following financial year.
- \$12,853,143 of funding received from the Department of Health that relates to hYEPP centres funding for the 2016 financial year.
- \$400,000 relating to the Eating Disorders program funding that will commence operation in the 2016 financial year.

Note 10: Accumulated surplus

Movements in accumulated surplus were as follows:

	2015 \$	2014 \$
Balance as at 1 July	46,664,454	38,944,555
Surplus for the year	(14,579,208)	7,719,899
Balance as at 30 June	32,085,246	46,664,454

Note 11: Members' guarantee

The Company is limited by guarantee. If the Company is wound up the liability of each member is limited to a maximum of \$100 towards meeting any outstanding obligations of the Company. At 30 June 2015 the number of members was 5 (2014: 5).

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 12: Commitments

Note 12 (a): Lease commitments: Group as lessee

Non-cancellable operating leases

Photocopier / printers are leased from Fuji Xerox on three contracts, one for a period of 25 months commencing 20 June 2014, the second for a period of 36 months commencing 1 September 2014. Rent is paid monthly in arrears.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2015	2014
	\$	\$
Within one year	14,700	25,603
Later than one year and not later than five years	4,984	9,256
	19,684	34,859

Office accommodation is leased from Panreef Holdings Pty Ltd under a lease which expires on 30 June 2016. Rent is paid monthly in advance.

Commitments for minimum lease payments in relation to cancellable operating leases are payable as follows:

	2015	2014
	\$	\$
Within one year	105,527	105,527
Later than one year and not later than five years	-	105,527
	105,527	211,054

Office accommodation is leased from Land Lease Real Estate Investments Limited under a lease which expires on 31 December 2015. Rent is paid monthly in advance.

	2015	2014
	\$	\$
Within one year	763,397	1,522,429
	763,397	1,522,429

Two motor vehicles were leased from Macquarie Leasing under leases which expire on 30 June 2016. Rent is paid monthly in advance.

Commitments for minimum lease payments in relation to cancellable operating leases are payable as follows:

	2015	2014
	\$	\$
Within one year	6,943	15,357
	6,943	15,357

Cairns office accommodation is leased from Simair Pty Ltd under a lease which expires on 23 October 2015. Rent is paid monthly in advance.

	2015	2014
	\$	\$
Within one year	45,025	137,753
Later than one year and not later than five years	-	46,364
	45,025	184,117

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 12: Commitments (continued)

Note 12 (a): Lease commitments: Group as lessee (continued)

Adelaide office accommodation is leased from Halfin Investments Pty Ltd and Jack & Basil Anthony Antonas under a lease which expires on 14 May 2018. Rent is paid monthly in advance.

	2015 \$	2014 \$
Within one year	317,607	-
Later than one year and not later than five years	901,865	-
	1,219,472	-

Temporary Adelaide office accommodation is leased from Urban Renewal Authority under a lease which expires on 31 March 2016. Rent is paid monthly in advance.

	2015 \$	2014 \$
Within one year	182,017	-
	182,017	-

Note 13: Cash flow information

Note 13 (a): Reconciliation of cash

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

	2015 \$	2014 \$
Cash Assets	70,645,575	24,362,416
Other Financial assets – Note 4	21,374,543	47,908,176
Cash and cash equivalents	92,020,118	72,270,592

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

Operating (Deficit) / Surplus position by program/program area is as follows:

	2015 \$	2014 \$
headspace National Office	4,732,878	9,556,528
headspace Centres	(13,674,148)	-
Service Development Funds	(2,606,044)	-
hSS (School Support)	(3,668,843)	(1,823,921)
ehs (ehespace)	(781,258)	38,013
Other programs	(546,218)	(29,542)
headspace direct run centres – (headspace Services Ltd)	1,964,425	(21,179)
(Deficit) / Surplus for the year	(14,579,208)	7,719,899

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 13: Cash flow information (continued)

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

	2015 \$	2014 \$
(Deficit) / surplus for the year	(14,579,208)	7,719,899
Non-cash flows		
Depreciation	1,039,732	737,135
Disposals / Write off of assets	-	7,797
Changes in assets and liabilities		
(Increase) in trade and other receivables	(31,367)	(757,718)
Increase in trade and other payables	2,510,230	10,958,585
Increase in provisions	465,176	371,153
Increase in deferred income	31,114,397	10,116,266
Cash flow from operations	20,518,960	29,153,117

Note 14: Economic dependence

The continuing operation of the Group is dependent upon periodic renewal of a funding agreement with the Commonwealth of Australia as represented by the Department of Health. The current centre agreement commenced on 1 October 2009 and expires on 30 June 2016. The current Early Psychosis Youth Services Agreement (now known as hYEPP) commenced on 25 June 2013 and expires on 30 June 2016. The current Outreach Teams to Schools and eheadspace contracts both expire on 30 June 2016.

Note 15: Contingencies

Contingent assets

The Group does not have any contingent assets of a material nature which have not already been dealt with in these financial statements (2014: Nil).

Contingent liabilities

Upon expiry or early termination of the funding agreements referred to in Note 14, the Group may be required to repay to the Commonwealth of Australia any unspent and uncommitted funds relating to the agreements. The Group does not expect there will be any such unspent and uncommitted funds and accordingly no contingent liability can be measured with reliability.

Note 16: Related party disclosures

Note 16 (a): Key management personnel compensation

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

	2015 \$	2014 \$
Key management personnel benefits:		
Short term benefits	2,123,079	1,919,528
Post-employment benefits	164,611	151,949
Long term benefits	88,466	125,740
	2,376,156	2,197,217

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 16: Related party disclosures (continued)

Note 16 (b): Directors' remuneration

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

The Company Board has established a Remuneration Committee which has responsibility for determining appropriate remuneration for directors and senior executives.

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

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

Jill Trawhella member appointee of the University of Sydney was also a member of the Group until she resigned from this position on 6 November 2014. Professor Ann Brewer replaced Jill Trawhella on 6 November 2014. The Group has entered into two grant agreements with University of Sydney (Brain and Mind Research Institute) in relation to the operation of the following **headspace** centres:

headspace Camperdown; and

headspace Campbelltown

These grant agreements are on the same terms and conditions as all other grant agreements with **headspace** centres. During the financial year, payments were made by the Group, or were payable to these Centres totalling \$1,846,896 (2014: \$1,852,290).

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

headspace Sunshine

headspace Glenroy

headspace Craigieburn; and

headspace Werribee

These grant agreements are on the same terms and conditions as all other grant agreements with **headspace** centres. During the financial year, payments were made by the Group, or were payable to these Centres totalling \$3,814,419 (2014: \$3,043,744).

Note 16 (d): Transactions with Centre of Excellence

Under the centre agreement referred to in Note 14, the Group is required to maintain a Centre of Excellence to provide research services. The centre agreement stipulates that Orygen Youth Health Research Centre Limited (Orygen) is the approved subcontractor for the Centre of Excellence. Patrick McGorry AO is a Director of Orygen.

During the financial year, payments were made by the Group, or were payable to the Centre of Excellence totalling \$450,000 (2014: \$450,000).

Note 16 (e): Transactions with McCarthy Mentoring

The Group has entered into an arrangement with McCarthy Mentoring to provide mentoring services to seven of the Group's executives and managers (2014: seven). During the financial year, payments totalling \$67,683 (2014: \$39,047) have been made by the Group to McCarthy Mentoring for these services. There were no outstanding invoices owed at 30 June 2015. Wendy McCarthy AO was previously principal of McCarthy Mentoring but resigned on 30 June 2012 and has not been involved in the provision of these services to the Group.

Note 16 (f): Fundraising income

Both Ian Marshman and Anita Jacoby are entitled to receive Directors' fees each of \$28,000 (2014: \$28,000). Both have elected not to receive these fees and these amounts have been treated as a donation from a director and included in fundraising revenue as disclosed in Note 2.

Note 16 (g): Subsidiaries

Interests in subsidiaries are set out in Note 21.

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 17: Remuneration of auditor and non-audit services

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

	2015 \$	2014 \$
Audit Services		
Audit and review of financial report	47,000	48,500
Total audit services	47,000	48,500
	\$	\$
Non-Audit Services		
Risk review		60,750
Total non-audit services	-	60,750

Note 18: Financial Risk Management

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

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

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

	Note	2015 \$	2014 \$
Financial Assets			
Cash assets		70,645,575	24,362,416
Other financial assets	4	21,374,543	47,908,176
Trade receivables (ex prepayments)	5	246,312	1,106,822
Total financial assets		92,266,430	73,377,414
Financial Liabilities			
Trade and other payables	7	18,263,990	16,528,760
Total financial liabilities		18,263,990	16,528,760

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 18: Financial Risk Management (continued)

(a) Market risk

(i) Interest rate risk

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

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

At 30 June 2015, if interest rates had changed by 100 basis points from the year-end rates with all other variables held constant, deficit for the year would have been \$894,857 lower / higher (2014: \$707,320) surplus lower / higher, all based on interest income from cash and cash equivalents.

(ii) Sensitivity Analysis

The Group believes the following movements are 'reasonably possible' over a 12 month period. The Group believes that the organisation could be exposed to interest rate fluctuations of up to the movement noted below and therefore believes this depicts the effects interest rate fluctuations could have on the Group:

- A movement of 100 basis points in market interest rates from applicable bank interest rates.

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

2015	Carrying Amount (\$)	Interest Rate Risk	
		+100bps (\$)	-100bps (\$)
Financial Assets			
Cash assets	70,645,575	894,857	(894,857)
Other financial assets	21,374,543	-	-
Trade and other receivables (ex prepayments)	246,312	-	-
Financial Liabilities			
Trade and other payables	18,263,990	-	-
Total increase / decrease		894,857	(894,857)

2014	Carrying Amount (\$)	Interest Rate Risk	
		+100bps (\$)	-100bps (\$)
Financial Assets			
Cash assets	24,362,416	707,320	(707,320)
Other financial assets	47,908,176	-	-
Trade and other receivables (ex prepayments)	1,106,822	-	-
Financial Liabilities			
Trade and other payables	16,528,760	-	-
Total increase / decrease		707,320	(707,320)

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 18: 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 banks which must have an independent rating of 'A+' (S&P) or above. The effective weighted average interest rate for cash and cash equivalents is 2.18% (2014: 3.44%).

The Directors consider that the credit risk associated with Government funding receivable is low, since all revenue is under contract subject to the Group meeting certain criteria as laid out in the Government funding agreement. The Group 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.

The credit quality of financial assets that are neither past due nor impaired can be measured by reference to historical information about counterparty defaults.

The outstanding debtors balance in the Group exclusively consists of amounts owing by either lead agency organisations or where contracts are in place for the provision of service. As such there is a high level of certainty regarding the collection of the receivable as at the end of the financial year.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash for both short term liabilities and commitments and longer term commitments through contracts. The Group 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 Group has no borrowing facilities.

The Group is predominantly funded by two Government funding agreements up to 30 June 2016. The Group pursues other sources of revenue, including third party grants.

Maturities of financial liabilities

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

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

2015	Less than 6 months (\$)	6 – 12 months (\$)	Total contractual cash flows (\$)	Carrying amount of liabilities (\$)
Contractual maturities of financial liabilities				
Trade and other payables	18,263,990	-	18,263,990	18,263,990
2014				
<i>Contractual maturities of financial liabilities</i>				
Trade and other payables	16,528,760	-	16,528,760	16,528,760

(d) Fair value estimation

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

Note 19: Fair value hierarchy

The Group neither measures nor discloses any assets or liabilities at fair value. Consequently a fair value hierarchy is not required to be disclosed in the financial statements.

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 20: Critical accounting estimates and assumptions

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

(a) Critical accounting estimates and assumptions

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

(i) Long service leave

The Group estimates the probability of an employee remaining in service until their entitlement date for long service leave in accordance with the following probability:

Years of Service	Probability
0	10%
1	20%
2	35%
3	50%
4	65%
5	80%
6	90%
7	100%

This assessment of probability remains unchanged from the prior financial year. Provisions for employee benefits payable after twelve months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 1(i). The amount of these provisions would change should any of these factors change in the next twelve months.

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

(i) Revenue recognition

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

Note 21: Subsidiaries

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

Name of Entity	Country of Incorporation	Type of Entity	Holding	
			2015 (%)	2014 (%)
headspace Services Ltd	Australia	Company limited by guarantee	100	100

Notes to the Consolidated Financial Statements

(continued) for the year ended 30 June 2015

Note 22: Company financial information

(a) Summary financial information

The individual financial statements for the Company show the following aggregate amounts:

	2015 \$	2014 \$
Balance sheet		
Current assets	91,275,778	73,495,844
Total assets	91,787,781	74,344,354
Current liabilities	61,340,481	27,426,174
Total liabilities	61,759,844	27,772,784
Members funds:		
Accumulated surplus	30,027,937	46,571,570
(Deficit) / Surplus for the period	(16,543,633)	7,741,076
Total comprehensive income	(16,543,633)	7,741,076

(b) Contingencies of the Company

The Company had neither any contingent assets nor liabilities as at 30 June 2015 or 30 June 2014.

Upon expiry or early termination of the funding agreements referred to in Note 14, the Company may be required to repay to the Commonwealth of Australia any unspent and uncommitted funds relating to the agreements. The Company does not expect there will be any such unspent and uncommitted funds and accordingly no contingent liability can be measured with reliability.

Note 23: Future cash obligations

The Company has two main obligations for the cash balance it retains at year end. The first is to disburse grant funds to lead agencies of centres in the form of milestone payments, for which there are typically four per year. The Company has a commitment to disburse the total centre funding amounts made available by the Department of Health to centres. At 30 June 2015 the Company had on hand \$60,152,737 of unpaid milestones that will be paid to centres over the next financial year as milestones are met by the lead agencies of these centres, and as milestones become due and payable.

The second obligation is to fund direct service delivery of centres through the Company's subsidiary **headspace** Services Ltd, operate the Outreach Teams to Schools and eheadspace programs, as well as having in place appropriate levels of National office functions to support service delivery in programs. Available funding of \$31,867,381 is expected to be expended over the next financial year and beyond as costs are incurred.

Note 24: Group details

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

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

Level 2, 485 La Trobe Street, Melbourne Victoria 3000

Directors' Declaration

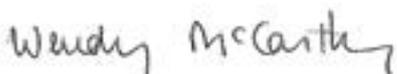
Directors' Declaration

The directors of the Company declare that in the opinion of the directors:

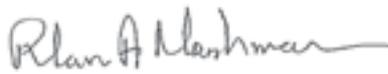
- (a) the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, and:
 - (i) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year then ended of the consolidated group; and
 - (ii) comply with Australian Accounting Standards, including the Interpretations; and
- (b) in the directors' opinion there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Wendy McCarthy AO
Chair



Ian Marshman
Co-Chair of Finance, Audit & Risk Committee

Dated this 21st day of October 2015

Auditor's Report

for the year ended 30 June 2015



RSM Bird Cameron Partners
Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 8000 F +61 3 9286 8199
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HEADSPACE NATIONAL YOUTH MENTAL HEALTH FOUNDATION LTD

We have audited the accompanying financial report of **headspace** National Youth Mental Health Foundation Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act") and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 about 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.

Liability limited by a scheme approved under Professional Standards Legislation

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

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



Auditor's Report

(continued) for the year ended 30 June 2015



Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion the financial report of **headspace** National Youth Mental Health Foundation Ltd is in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

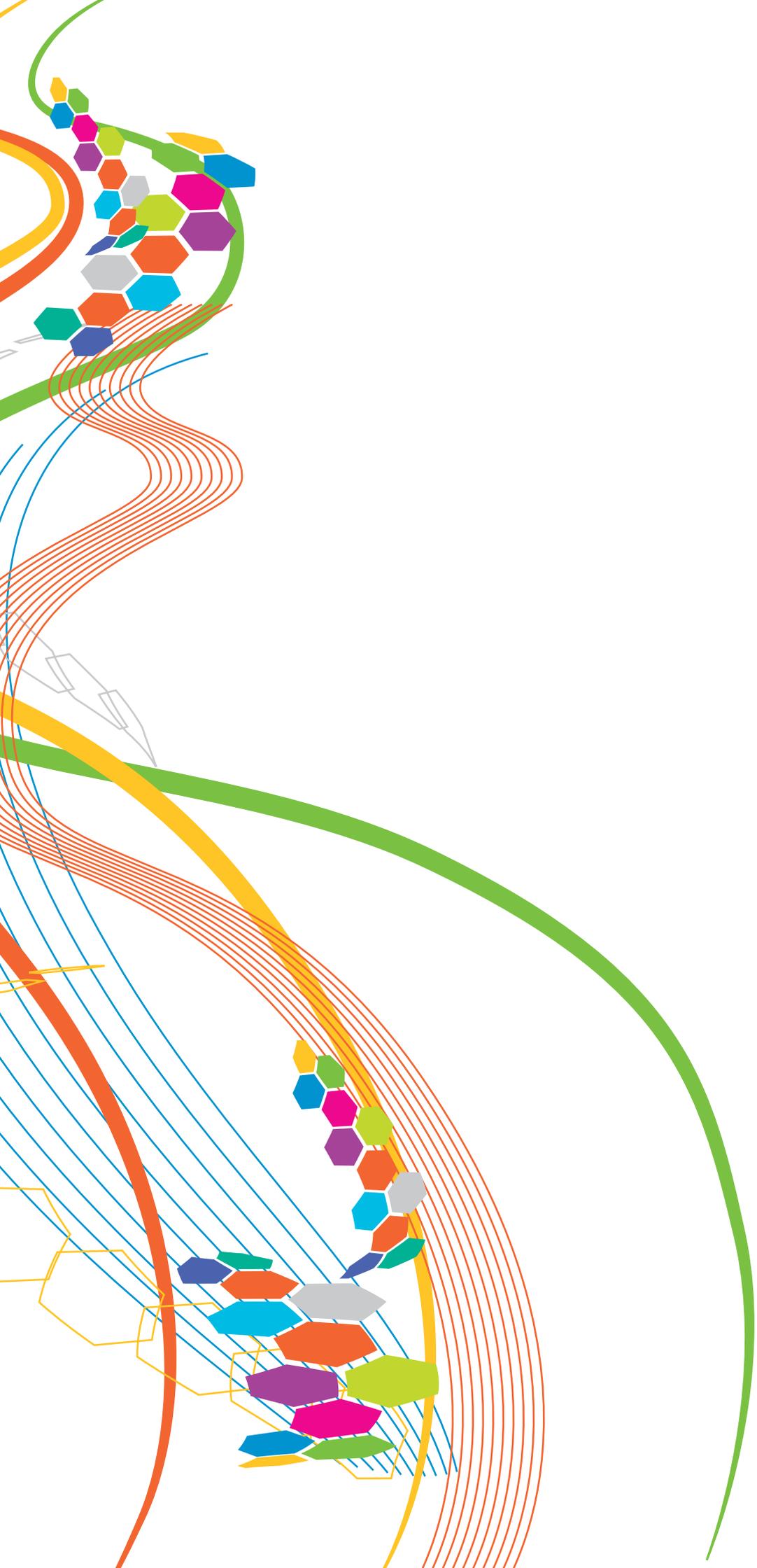
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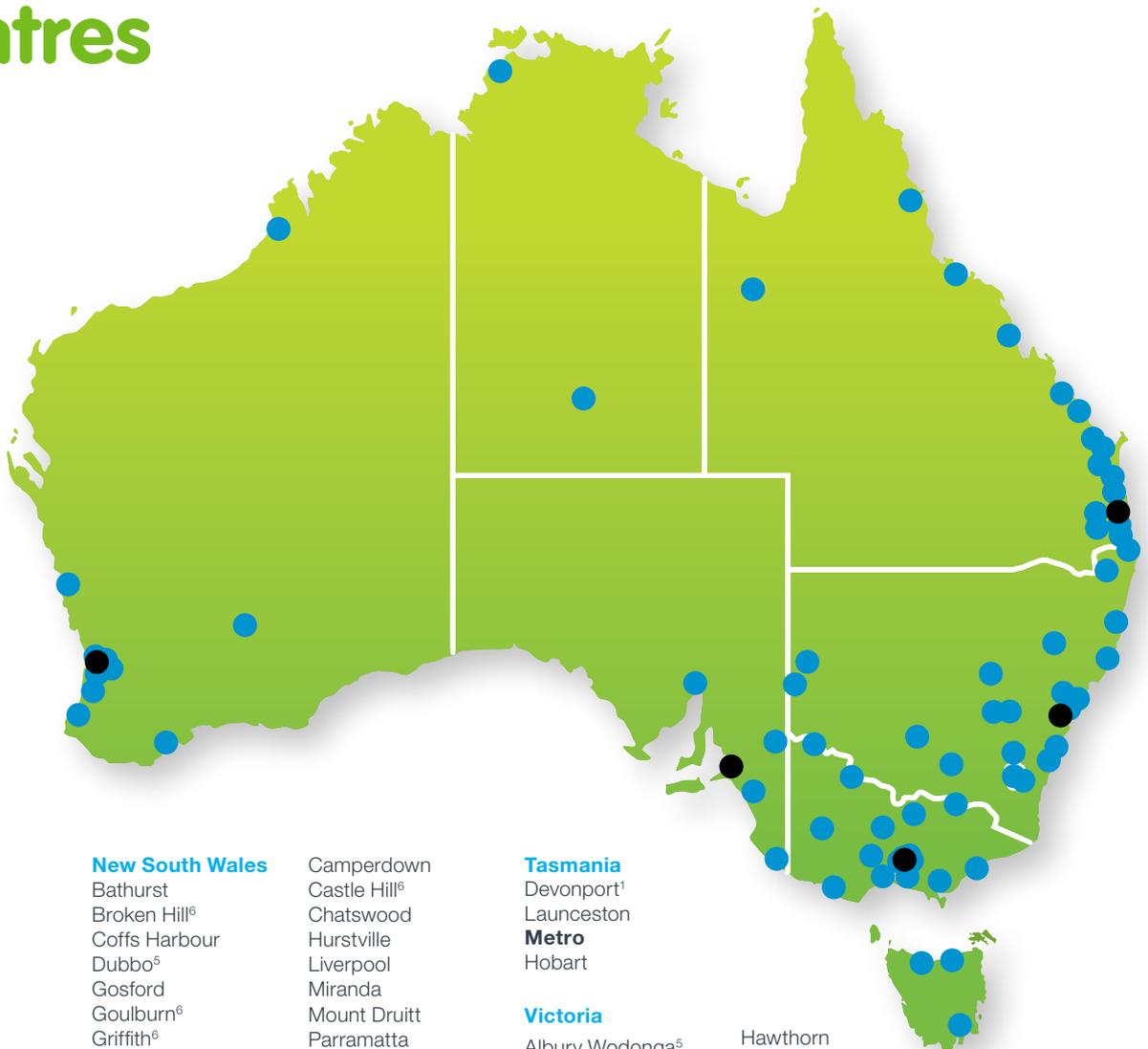
P A Ransom

P A RANSOM
Partner

Melbourne, VIC
Dated: 21 October 2015



headspace centres



ACT

Canberra

Queensland

Bundaberg⁶
Caboolture⁶
Cairns
Capalaba⁶
Gladstone⁶
Hervey Bay
Ipswich
Mackay
Maroochydore
Meadowbrook⁵
Mount Isa⁵
Redcliffe
Rockhampton
Southport
Toowoomba⁵
Townsville
Warwick
Metro
Inala
Nundah
Taringa⁵
Woolloongabba

New South Wales

Bathurst
Broken Hill⁶
Coffs Harbour
Dubbo⁵
Gosford
Goulburn⁶
Griffith⁶
Lake Haven^{2,5}
Lismore
Maitland
Newcastle
Nowra
Orange⁶
Port Macquarie
Queanbeyan⁵
Tamworth
Tweed Heads⁵
Wagga Wagga
Wollongong
Metro
Ashfield⁵
Bankstown⁵
Bondi Junction⁶
Brookvale⁵
Campbelltown

Camperdown
Castle Hill⁶
Chatswood
Hurstville
Liverpool
Miranda
Mount Druitt
Parramatta
Penrith

Northern Territory

Darwin
Alice Springs

South Australia

Berri
Mount Gambier⁶
Murray Bridge
Port Augusta
Metro
Adelaide³
Edinburgh North
Noarlunga
Woodville

Tasmania

Devonport¹
Launceston
Metro
Hobart

Victoria

Albury Wodonga⁵
Bairnsdale⁶
Ballarat
Bendigo
Frankston
Geelong
Horsham⁶
Mildura⁵
Morwell
Shepparton
Swan Hill⁶
Warrnambool
Metro
Collingwood
Craigieburn
Dandenong
Elsternwick^{4,5}
Glenroy
Greensborough⁶

Hawthorn
Knox
Narre Warren⁵
Sunshine
Werribee

Western Australia

Albany
Armadale⁵
Broome
Bunbury
Geraldton⁶
Kalgoorlie⁵
Rockingham
Metro
Fremantle
Joondalup⁵
Midland
Osborne Park



headspace.

National Youth Mental Health Foundation

Level 2, South Tower
485 La Trobe Street, Melbourne VIC 3000
Tel +61 3 9027 0100 Fax +61 3 9027 0199
headspace.org.au

¹ Funded outpost from **headspace** Launceston

² Funded outpost from **headspace** Gosford

³ Centre opened in August 2015

⁴ Centre operates across two sites: Elsternwick and Bentleigh (Bentleigh was opened in 2014-15)

⁵ Centres opened 2014-15

⁶ Centres opening by 2017-18. Centre names subject to change