

Society for Mental Health Research Inc

ABN 637 754 160 41

Financial Report

For the Year Ended 30 September 2017

Society for Mental Health Research Inc

ABN 637 754 160 41

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For the Year Ended 30 September 2017

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Society for Mental Health Research Inc

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Committee's Report 30 September 2017

The committee members submit the financial report of Society for Mental Health Research Inc for the financial year ended 30 September 2017.

Committee Members

The names of committee members throughout the year and at the date of this report are:

Prof Patrick McGorry
A/Prof Frances Kay-Lambkin
Prof Sue Cotton
Dr Alison Calear
Prof Bernhard Baune
Prof Johanna Badcock
Dr Christopher Gale
A/Prof Cathy Mihalopoulos
Dr Kylie Dingwall
Prof Ian Hickie (Appointed on 1 September 2017)
A/Prof Anthony Harris (Resigned on 23 November 2016)
A/Prof Thomas Burne (Resigned on 23 November 2016)

Principal Activities

The principal activities of the association during the financial year were to prevent mental illness by supporting mental health research, and researchers; facilitating collaboration between different disciplines of mental health research; raising awareness of mental health issues and supporting the inclusion of mental health issues in the development of health policies, funding and services.

Significant Changes

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

Operating Result

The surplus for the 2017 financial year amounted to \$ 24,903 (2016: \$ 32,533).

Signed in accordance with a resolution of the Members of the Committee:



.....
Prof Patrick McGorry



.....
Prof Sue Cotton

Dated this 5th day of December 2017

Society for Mental Health Research Inc

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Statement of Comprehensive Income

For the Year Ended 30 September 2017

| | Note | 2017 \$ | 2016 \$ |
|--------------------------------|------|------------------|------------------|
| Revenue | | | |
| Conference income | | 248,314 | 203,577 |
| Membership income | | 29,726 | 16,392 |
| Interest income | | 2,556 | 15,702 |
| Donations / Fundraising income | | 41,764 | 432,185 |
| Other income | 2 | 39,448 | - |
| | | 361,808 | 667,856 |
| Expenditure | | | |
| Administration expenses | | (79,814) | (40,780) |
| Conference expenses | | (220,795) | (220,256) |
| 'Mental As' campaign expenses | | - | (60,254) |
| Conference awards | | (10,590) | (8,500) |
| Research expenses | | (20,000) | (300,000) |
| Other expenses | | (5,706) | (5,533) |
| | | (336,905) | (635,323) |
| Current year surplus | | 24,903 | 32,533 |

The accompanying notes form part of these financial statements.

Society for Mental Health Research Inc

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Statement of Financial Position

As At 30 September 2017

| | | Re-stated |
|---|----------------|----------------|
| | 2017 | 2016 |
| Note | \$ | \$ |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 3 180,457 | 534,638 |
| Accounts receivable and other debtors | 4 157,775 | 85,161 |
| TOTAL CURRENT ASSETS | 338,232 | 619,799 |
| TOTAL ASSETS | 338,232 | 619,799 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 11,000 | 6,810 |
| Accrued expenses | 15,500 | 17,480 |
| Deferred membership income | 9,236 | 17,916 |
| Deferred grant income | 30,000 | 30,000 |
| Provision for funding research institutions | 5 - | 300,000 |
| TOTAL CURRENT LIABILITIES | 65,736 | 372,206 |
| TOTAL LIABILITIES | 65,736 | 372,206 |
| NET ASSETS | 272,496 | 247,593 |
| MEMBERS' FUNDS | | |
| Retained earnings | 272,496 | 247,593 |
| TOTAL MEMBERS' FUND | 272,496 | 247,593 |

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 September 2017

| | Note | Retained Earnings |
|---|------|----------------------|
| | | \$ |
| Balance at 1 October 2015 - as previously reported | | 224,980 |
| Impact of restatement | 1(i) | <u>(9,920)</u> |
| Balance at 1 October 2015 - restated | | <u>215,060</u> |
| Comprehensive income | | |
| Surplus for the year | | <u>32,533</u> |
| Balance at 30 September 2016- restated | | <u>247,593</u> |
| Comprehensive income | | |
| Surplus for the year | | <u>24,903</u> |
| Balance at 30 September 2017 | | <u>272,496</u> |

The accompanying notes form part of these financial statements.

Society for Mental Health Research Inc

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Statement of Cash Flows

For the Year Ended 30 September 2017

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from operations | 307,734 | 602,202 |
| Payments to suppliers | (344,471) | (329,259) |
| Payments to research institutions | (320,000) | (1,300,000) |
| Interest received | 2,556 | 15,702 |
| Net cash used in operating activities | 6 <u>(354,181)</u> | <u>(1,011,355)</u> |
| Net decrease in cash and cash equivalents held | (354,181) | (1,011,355) |
| Cash and cash equivalents at the beginning of the financial year | 534,638 | 1,545,993 |
| Cash and cash equivalents at the end of the financial year | 3 <u>180,457</u> | <u>534,638</u> |

The accompanying notes form part of these financial statements.

Society for Mental Health Research Inc

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Notes to the Financial Statements For the Year Ended 30 September 2017

1 Summary of Significant Accounting Policies

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012*, the *Australian Charities and Not-for-Profits Commission Act 2012* and the needs of the members. The committee has determined that the association is not a reporting entity. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historic costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The following significant accounting policies have been adopted in the preparation of these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(b) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(c) Revenue and Other Income

Revenue from the rendering of a service is recognised upon the delivery of the service to members.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

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

Membership fees are recognised when members pay for their membership or on a basis that reflects the timing, nature and value of the benefits provided.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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

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Notes to the Financial Statements For the Year Ended 30 September 2017

1 Summary of Significant Accounting Policies

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

(e) Accounts Payable and Other Payables

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

(f) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(g) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(h) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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Notes to the Financial Statements For the Year Ended 30 September 2017

1 Summary of Significant Accounting Policies

(i) Prior period error

During the current financial year an error was identified in the deferred revenue balance associated with membership and grant income. The error has been corrected by restating each of the affected financial statement line items for prior periods. The following table summarises the impact on the association's financial statements.

| | Previously reported | Adjustment | Restated |
|--|------------------------|------------|-----------|
| | \$ | \$ | \$ |
| Statement of financial position | | | |
| 30 September 2016 | | | |
| Deferred membership income | - | 17,916 | 17,916 |
| Deferred grant income | 37,996 | (7,996) | 30,000 |
| Total current liabilities | 362,286 | 9,920 | 372,206 |
| Total liabilities | 362,286 | 9,920 | 372,206 |
| Net Assets | 257,513 | (9,920) | 247,593 |
| Retained earnings | 257,513 | (9,920) | 247,593 |
| Total members' fund | 257,513 | (9,920) | 247,593 |
| 1 October 2015 | | | |
| Deferred membership income | - | 9,920 | 9,920 |
| Total current liabilities | 1,361,417 | 9,920 | 1,371,337 |
| Total liabilities | 1,361,417 | 9,920 | 1,371,337 |
| Net Assets | 224,980 | (9,920) | 215,060 |
| Retained earnings | 224,980 | (9,920) | 215,060 |
| Total members' fund | 224,980 | (9,920) | 215,060 |

2 Other Income

In 2015, Society of Mental Health Research provided a research award of \$100,000 to Deakin University. The award was recorded as research expense in 2015 and paid to Deakin University in full in 2016. In 2017, Deakin University decided to relinquish the remainder of the award (\$39,118) and return the funds back to the Society. Income of \$39,118 has been recognised in the current financial year.

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Notes to the Financial Statements For the Year Ended 30 September 2017

3 Cash and Cash Equivalents

| | 2017 | 2016 |
|--|---------|---------|
| | \$ | \$ |
| Cash at bank | 180,457 | 534,638 |
| Total cash and cash equivalents as stated in the statement of financial position and statement of cash flows | 180,457 | 534,638 |

4 Accounts Receivable and Other Debtors

| | | |
|----------------------|---------|--------|
| Trade receivables | 45,729 | - |
| GST receivable | 32,049 | - |
| Other receivable | 19,997 | 25,161 |
| Donations receivable | 60,000 | 60,000 |
| | 157,775 | 85,161 |

5 Provision for Funding Research Institutions

| | | |
|---|---|---------|
| Provision for funding research institutions | - | 300,000 |
|---|---|---------|

In 2016, the management selected 15 research institutions to be awarded with research fund of \$20,000 plus GST each. Three of these will be sponsored by Australian Foundation For Mental Health Research.

In 2017, all the awards have been paid out to research institutes.

6 Cash Flow Information

Reconciliation of Cash Flow from Operating Activities with Current Year Surplus

| | | |
|--|-----------|-------------|
| Current year surplus | 24,903 | 32,533 |
| - increase in accounts receivable and other debtors | (40,565) | (64,757) |
| - decrease in prepayments | - | 20,000 |
| - decrease in accrued expenses | (1,980) | (13,937) |
| - increase in accounts payable | 11,000 | - |
| - (decrease)/increase in deferred membership income | (8,680) | 7,996 |
| - (decrease)/increase in GST collected/paid | (38,859) | 6,810 |
| - decrease in provisions for funding research institutions | (300,000) | (1,000,000) |
| | (354,181) | (1,011,355) |

7 Entity Details

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

Society for Mental Health Research Inc
35 Poplar Road
Parkville VIC 3052

Society for Mental Health Research Inc

ABN 637 754 160 41

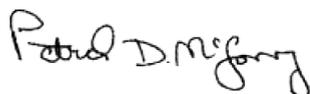
Committee Members' Declaration

The committee members declare that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The committee members declare that:

1. The financial statements and notes, as set out on pages 2 to 9, are in accordance with the *Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-Profits Commission Act 2012* and:
 - (a) comply with the accounting policies as described in Note 1 to the financial statements; and
 - (b) give a true and fair view of the financial position as at 30 September 2017 and the performance for the year ended on that date of the association.
2. In the committee members' opinion, there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

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



Signed.....
Patrick McGorry, Chairman

Dated

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH RESEARCH INC

Opinion

We have audited the financial report of Society for Mental Health Research Inc. ("the Entity"), which comprises the statement of financial position as at 30 September 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the committee's declaration of the association.

In our opinion, the accompanying financial report of the Entity is in accordance with the *Associations Incorporation Reform Act 2012 (Vic)* and the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Entity's financial position as at 30 September 2017 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

Committee members are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 September 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Committee Members' for the Financial Report

The Committee is responsible for the preparation of the special purpose financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012 (Vic)* and the *Australian Charities and Not-for Profits Commission Regulations 2013* and the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. Committee's responsibility also includes such internal control as Committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Committee Members are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Committee.

We conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ShineWing Australia

ShineWing Australia
Chartered Accountants



Hayley Underwood
Partner

Melbourne, 5 December 2017