SANE AUSTRALIA

ABN 92 006 533 606

Directors' Report and Consolidated Financial Statements

For the year ended 30 June 2019

SANE AUSTRALIA
ABN 92 006 533 606

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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SANE AUSTRALIA
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DIRECTORS' REPORT

The Directors of SANE Australia present their report together with the consolidated Financial Statements for the financial year ended 30 June 2019. The consolidated entity consists of SANE Australia (the Company) and it's controlled entities. Throughout the report the consolidated entity is referred to as the Group.

Directors

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

Mr Ewan Barron
Assoc Prof Elizabeth Dax AM – resigned 4.10.2019
Mr Robert Gerrand
Dr Mark Cross
Dr Roderick Farmer
Ms Heather Gray
Ms Kylie Griffin – resigned 26.11.2018
Mr Osher Günsberg
Mr John Heath
Ms Lucy Myer
Ms Margaret O'Donnell AO
Mr Cameron Solnordal – appointed 26.11.2018
Ms Suchitra Chari – appointed 26.11.2018

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

Group Secretary

The following person held the position of group secretary at the end of the financial year:

Narelle McKenzie

Principal Activities

The Group's primary objects and activities are to:

- provide information, advice, support and other services to help people affected by mental health illness and their carers deal with the illness and its effects;
- conduct applied research to help those affected by complex mental health issues lead full lives in the community, and to encourage and promote appropriate research conducted by others;
- provide, develop and distribute education resources to, and for the use and benefit of, people affected by complex mental health issues and their carers;
- educate people affected by complex mental health issues, carers, professionals and the general community about mental illness, early warning signs, effective treatments and supports for those affected; and
- work for improved services for and attitudes towards, people affected by complex mental health issues and their carers.

Purpose

Vision

An Australia where people affected by complex mental health issues live long and fulfilling lives, free from stigma and discrimination.

Mission

We make a real difference in the lives of people affected by complex mental health issues through support, research and advocacy.

Strategies

SANE's three year goals are:

- *Better Support*
    - Help Centre has grown to help 40,000 people a year
    - SANE Digital Channels provide support to 2 million unique visitors per annum
- *Stronger Connections*
    - The Forums have grown to 30,000 members with 100 partner organisations
- *Less Discrimination*
    - The National Stigma Report Card is established
    - SANE's National Stigma Reduction campaign has launched and reduced stigma towards complex mental health issues
- *Longer Lives*
    - Comprehensive suicide prevention programs in place to secure a substantial specified reduction in the rate of suicide
    - A national commitment to reducing the life expectancy gap for people with complex mental illness by 5 years over a 10-year period

Key performance measures

The Group measures its own performance through the use of both qualitative and quantitative evaluation. These metrics are used by the Board to assess the financial sustainability of the Group, and whether the Group's short and long-term objectives are being met.

Operating Results

The consolidated net current year deficit the Group for the year ended 30 June 2019 amounted to $165,149 (2018 surplus: $5,013,354). The current year deficit includes non-cash items such as depreciation and the amortisation of the right to occupy building intangible from the acquisition of The Dax Centre. The prior year profit also includes a discount on acquisition of $5,206,111 arising from the acquisition of The Dax Centre. A reconciliation of the net (deficit)/surplus of the Group and the Company to the underlying operating results are provided in the table below.

	Group		**Company**	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Revenue	6,441,015	4,607,762	6,209,888	4,553,065
Expenditure	(6,606,164)	(4,800,519)	(6,295,316)	(4,657,475)
Discount on acquisition of The Dax Centre		5,206,111		
Surplus/(Deficit) after income tax	(165,149)	5,013,354	(85,428)	(104,410)
Non-cash items				
Discount on acquisition of The Dax Centre		(5,206,111)		
Amortisation of right to occupy building	142,220	35,580	-	-
Depreciation	58,124	22,885	36,091	17,356
Operating result	35,195	(134,292)	(49,337)	(87,054)

The current year deficit doesn't include the realised gain on the sale of investments providing proceeds of $200,745. The realised gain on investments has been recognised in the Statement of Changes in Equity as the investments are classified at Fair Value through Other Comprehensive Income in accordance with AASB 9 *Financial Instruments*. The proceeds from the sale of investments were used to fund the strategy of the Company.

Significant Changes in State of Affairs

There were no significant changes to the state of affairs for the Group during the financial year.

After Balance Date Events

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

Future Developments

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Issues

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

Information on Directors

Chair:	Margaret O'Donnell AO, FAICD B Social Studies (B Soc Stud) Uni of QLD Director, Breast Cancer Trials Director, Board of Refugee and Immigration Legal Service
Honorary Treasurer:	Mr Ewan Barron BA (Hons), CA Partner, PwC Audit & Risk Committee Lead, PwC
Other Board Members:	
Dr Mark Cross MBChB, MRCPsych (UK), FRANZCP Consultant Psychiatrist, Northside Group, Sydney	Dr Roderick Farmer BA/BSc (Hons), PhD Engineering, Masters (Sociology) Digital Expert Associate Partner, McKinsey & Company
Ms Lucy Myer B.Comm Partner Success Manager, SEEK Member of Sidney Myer Fund, Education Committee Former member the Myer Foundation, Youth Mental Health Committee	Ms Heather Gray BA (Hons) LLB (Hons) Partner, Hall & Wilcox Director, Mother's Day Classic Foundation
Mr Osher Günsberg Presenter, Ten Network Holdings Host/Producer, The Osher Günsberg Podcast	Ms Kylie Griffin Dip Comm. Welfare Mental health worker Resigned: 26 November 2018
Mr John Heath BA (Hons) LLB Chief Executive Officer, SANE Australia Chair, Drogmi Health Institute	Associate Professor Elizabeth Dax, AM; MD, BS; PhD; GIACD Director, Women's Health Victoria Inc. Director, Accountability Round Table Ltd. Chair, Cunningham Dax Collection Pty Ltd Resigned: 4 October 2019
Mr Robert Gerrand, BA, FAMI, FAICD Director, Cunningham Dax Collection Pty Ltd Director, Melbourne Primary Care Network Ltd Chair, Director Nexus, Australian Institute of Company Directors	Suchitra Chari Accredited Mental Health Social Worker Member, Australian Association of Social Workers Coach and mentor at Enfold Health Trust, Bengaluru, India
Cameron Solnordal Peer Ambassador, SANE Australia Champion for the rebuilding of the Mental Health and Suicide Prevention Charter	

Meetings of Directors

	Directors' Meetings		Risk Management and Audit Committee Meetings		Governance and Nominations Committee Meetings	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Mr Mark Cross	5	4				
Dr Rod Farmer	5	3				
Mr Ewan Barron	5	5	4	4		
Ms Kylie Griffin (Resigned 26/11/18)	3	2				
Ms Heather Gray	5	5	4	4	3	3
Mr Osher Gunsberg	5	4				
Mr John Heath	5	4	4	3	3	3
Ms Lucy Myer	5	3	4	3		
Ms Margaret O'Donnell AO	5	5	4	4	3	2
Assoc Prof Elizabeth Dax AM (Resigned 4/10/19)	5	4				
Mr Rob Gerrand	5	5			3	3
Mr Cameron Solnordal (Appointed 26/11/18)	3	3				
Ms Suchitra Chari (Appointed 26/11/18)	3	3				

During the financial year, five (5) meetings of Directors were held, in addition to four (4) meetings of the Risk Management and Audit Committee, and three (3) meetings of the Governance and Nominations Committee.

Indemnifying Officers

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding obligations of the entity. At 30 June 2019 the number of members was 12 (2018: 11).

The Group's Constitution provides indemnity for each officer of the Group ('officer' being a Director, Secretary, Treasurer or employee and includes a former officer) out of the assets of the Group to the relevant extent against any liability incurred by the officer in or arising out of the conduct of the business of the Group or in or arising out of the discharge of the duties of the officer unless the liability was incurred by the officer through his or her own dishonesty, negligence, lack of good faith or breach of duty.

During the period under review, the Group has paid a premium for an insurance policy for the benefit of those officers. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's declaration in relation to the audit for the financial year is provided with this report.

Signed in accordance with the resolution of the Board of Directors

Director: ______________________________
Ewan Barron, Honorary Treasurer

Director: ______________________________
John Heath, Chief Executive Officer

Dated this 4th day of November 2019

SANE AUSTRALIA
ABN 92 006 533 606
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

		Group		Company	
	Note	**2019 $**	**2018 $**	**2019 $**	**2018 $**
Revenue	2	6,441,015	4,607,762	6,209,888	4,553,065
Personnel costs		(3,675,024)	(2,671,938)	(3,324,561)	(2,622,230)
Community awareness and program expenses		(1,761,899)	(1,290,836)	(2,197,568)	(1,290,836)
Fundraising		(93,435)	(111,574)	(93,435)	(111,574)
Auditor's remuneration	12	(29,000)	(28,000)	(29,000)	(22,000)
Depreciation		(58,124)	(22,885)	(36,091)	(17,356)
Office operational		(846,462)	(639,706)	(614,661)	(593,479)
Discount on acquisition of The Dax Centre	15	-	5,206,111	-	-
Amortisation of right to occupy building intangible	8	(142,220)	(35,580)	-	-
(Deficit)/Surplus Before Income Tax		**(165,149)**	**5,013,354**	**(85,428)**	**(104,410)**
Income tax expense		-	-	-	-
Net (Deficit)/Surplus after income tax		**(165,149)**	**5,013,354**	**(85,428)**	**(104,410)**
Other Comprehensive Income					
Items that will not be reclassified subsequently to profit and loss					
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		(2,224)	79,526	(2,224)	79,526
Other Comprehensive Income/(Loss) for the Year		(2,224)	79,526	(2,224)	79,526
Total Comprehensive Income/ (Loss) for the Year		**(167,373)**	**5,092,880**	**(87,652)**	**(24,884)**

The accompanying notes form part of these financial statements.

SANE AUSTRALIA
ABN 92 006 533 606
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Group		Company	
		2019 $	2018 $	2019 $	2018 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	3	2,881,894	1,638,051	2,796,600	1,592,327
Trade and other receivables	4	159,584	202,886	124,862	200,866
Other assets	5	32,094	23,640	32,094	23,640
TOTAL CURRENT ASSETS		**3,073,572**	**1,864,577**	**2,953,556**	**1,816,833**
NON - CURRENT ASSETS					
Financial assets	6	1,742,765	1,873,538	1,742,765	1,873,538
Property, plant & equipment	7	164,366	170,940	129,793	114,335
Other assets	5	32,565	27,907	32,565	32,565
Intangible assets	8	4,963,735	5,027,563	78,392	-
TOTAL NON-CURRENT ASSETS		**6,903,431**	**7,099,948**	**1,983,515**	**2,020,438**
TOTAL ASSETS		**9,977,003**	**8,964,525**	**4,937,071**	**3,837,271**
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	9	214,141	391,317	295,155	385,486
Provisions	10	155,253	241,634	130,642	238,673
Funds received in advance	11	2,475,559	1,051,592	2,417,269	1,051,592
TOTAL CURRENT LIABILITIES		**2,844,953**	**1,684,543**	**2,843,066**	**1,675,751**
NON-CURRENT LIABILITIES					
Provisions	10	43,244	23,803	43,244	23,107
TOTAL NON-CURRENT LIABILITIES		**43,244**	**23,803**	**43,244**	**23,107**
TOTAL LIABILITIES		**2,888,197**	**1,708,346**	**2,886,310**	**1,698,858**
NET ASSETS		**7,088,806**	**7,256,179**	**2,050,761**	**2,138,413**
EQUITY					
Retained earnings		5,303,096	5,267,500	265,051	149,734
Investment fluctuation reserve		35,710	238,679	35,710	238,679
Endowment fund		1,750,000	1,750,000	1,750,000	1,750,000
TOTAL EQUITY		**7,088,806**	**7,256,179**	**2,050,761**	**2,138,413**

The accompanying notes form part of these financial statements.

SANE AUSTRALIA
ABN 92 006 533 606
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED	**Retained Earnings $**	**Investment Fluctuation Reserve $**	**Endowment Fund $**	**Total $**
Balance at 30 June 2017	**254,146**	**159,153**	**1,750,000**	**2,163,299**
Surplus	5,013,354	-	-	5,013,354
Items that can't be reclassified to profit and loss				
Gain on revaluation of investments	-	79,526	-	79,526
Total comprehensive income	5,013,354	79,526	-	5,092,880
Balance at 30 June 2018	**5,267,500**	**238,679**	**1,750,000**	**7,256,179**
Deficit	(165,149)	-	-	(165,149)
Items that can't be reclassified to profit and loss				
Loss on revaluation of investments	-	(2,224)	-	(2,224)
Total comprehensive income	(165,149)	(2,224)	-	(167,373)
Realised gain on sale of investments	200,745	(200,745)	-	-
Balance at 30 June 2019	**5,303,096**	**35,710**	**1,750,000**	**7,088,806**

COMPANY	**Retained Earnings $**	**Investment Fluctuation Reserve $**	**Endowment Fund $**	**Total $**
Balance at 30 June 2017	**254,144**	**159,153**	**1,750,000**	**2,163,297**
Deficit	(104,410)	-	-	(104,410)
Items that can't be reclassified to profit and loss				
Gain on revaluation of investments	-	79,526	-	79,526
Total comprehensive income	(104,410)	79,526	-	(24,884)
Balance at 30 June 2018	**149,734**	**238,679**	**1,750,000**	**2,138,413**
Deficit	(85,428)	-	-	(85,428)
Items that can't be reclassified to profit and loss				
Loss on revaluation of investments	-	(2,224)	-	(2,224)
Total comprehensive income	(85,428)	(2,224)	-	(87,652)
Realised gain on sale of investments	200,745	(200,745)	-	-
Balance at 30 June 2019	**265,051**	**35,710**	**1,750,000**	**2,050,761**

(i) The investment fluctuation reserve comprises the cumulative net change in the fair value of the financial assets classified as Fair Value through Other Comprehensive Income until the assets are derecognised or impaired.

(ii) The amount relating to the acquisition of The Dax Centre represents the difference between the cost paid of $nil by SANE Australia and the fair value of the net assets acquired in The Dax Centre.

The accompanying notes form part of these financial statements.

SANE AUSTRALIA

ABN 92 006 533 606
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group		Company	
		2019 **$**	**2018** **$**	**2019** **$**	**2018** **$**
CASH FLOWS FROM OPERATING ACTIVITIES					
Government grants		4,570,069	3,527,123	4,550,558	3,362,000
Donations, Bequests and Grants		2,411,263	1,833,515	2,380,081	1,833,515
Interest and dividends		47,171	51,921	47,149	51,612
Other Income		278,363	103,933	150,724	103,933
		7,306,866	**5,516,492**	**7,128,512**	**5,351,060**
Payments to employees and suppliers		(6,061,630)	(4,503,045)	(5,922,846)	(4,204,028)
Net cash provided by operating activities		**1,245,236**	**1,013,447**	**1,205,666**	**1,147,032**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of financial assets		1,720,607	-	1,720,607	-
Purchase of financials assets		(1,592,058)	-	(1,592,058)	-
Purchases of plant and equipment		(51,550)	(11,885)	(51,550)	(11,885)
Purchase of intangibles		(78,392)	-	(78,392)	-
Net cash provided by/(used) in investing activities		**(1,393)**	**(11,885)**	**(1,393)**	**(11,885)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash provided by financing activities		**-**	**-**	**-**	**-**
Net Increase in cash held		**1,243,843**	**1,001,562**	**1,204,273**	**1,135,147**
Cash at beginning of the year		1,638,051	636,489	1,592,327	457,180
Cash at end of the year	3	2,881,894	1,638,051	2,796,600	1,592,327

The accompanying notes form part of these financial statements.

The financial statements cover SANE Australia, the parent Company, and its acquired entity The Dax Centre (together referred to as the 'Group'). Both entities are incorporated and domiciled in Australia. SANE Australia and its acquired entity are both companies limited by guarantee.

The financial statements were authorised for issue on 24 October 2019 by the directors of the Group.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

This reduced disclosure financial report that has been prepared for the sole purpose of complying with the *Australian Charities and Not-For-Profits Commission ('ACNC') Act 2012* requirements to prepare and distribute an audited financial report to the members and must not be used for any other purpose.

The Group is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the ACNC and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. These financial statements are presented in Australian dollars, which is the Group's functional currency. The amounts presented have been rounded to the nearest dollar.

b. New or amended Accounting Standards

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

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

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

AASB 9 Financial Instruments
The company has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

There was no financial impact on adoption of AASB 9.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Policies

a. Revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

The Group receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

b. Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (e) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10-25%

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Policies (Cont'd)

b. Plant and Equipment (Cont'd)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

c. Leases

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

d. Investments and Other Financial Assets

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

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

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Policies (Cont'd)

d. Investments and Other Financial Assets (Cont'd)

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

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

e. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

f. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Policies (Cont'd)

d. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

e. Trade and Other Receivables

Accounts receivable and other debtors include amounts due from customers and any outstanding grant receipts. 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. The simplified approach to measuring expected credit losses has been applied which was a lifetime expected credit loss allowance. To measure trade expected credit losses, receivables have been grouped based on days overdue.

f. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (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 statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

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. Provisions

Provisions are recognised when the entity 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

i. Comparative Figures

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

j. Accounts Payable and Other Payables

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Policies (Cont'd)

k. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based the current trends and economic data, obtained both externally and within the Group.

Key estimates

i. Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers.

ii. Useful lives of depreciable assets

The Group reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

l. Economic Dependence

The Group is dependent upon the ongoing receipt of Federal and State government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report the Group has no reason to believe that this financial support will not continue.

m. Intangibles

The group has recognised the right for The Dax Centre to occupy the Melbourne Brain Centre building. Grants and donations to The Dax Centre and Mental Health Research Institute contributed to the construction of the building. The asset recognised is valued based on the floor space allocated to The Dax Centre as a proportion of the total building construction and fit-out cost. The land and building is owned by the University of Melbourne and leased to the occupants, including The Dax Centre at a peppercorn rental. The asset is being amortised over a 42 year period, being the lease period offered to the tenants of the building.

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised in respect of assets for the year ending 30 June 2019.

NOTE 2: REVENUE

The group derives the following types of revenue:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Corporate donations	115,714	396,071	115,714	396,071
Trusts and foundations	1,408,889	375,282	1,367,707	375,282
Education	71,141	25,491	-	-
Bequests	10,000	248,189	10,000	248,189
Individual donations	869,425	789,604	835,660	782,895
Government grants	3,720,715	2,597,926	3,701,204	2,575,601
Sales of publications	1,863	9,165	1,863	9,085
Professional advice	9,249	83,133	9,249	83,133
Interest and dividends	37,149	71,186	37,149	71,094
Sundry income	196,870	11,715	131,342	11,715
	6,441,015	**4,607,762**	**6,209,888**	**4,553,065**

NOTE 3: CASH AND CASH EQUIVALENTS

Cash at bank	2,880,392	1,637,654	2,795,891	1,592,130
Cash on hand	1,502	397	709	197
	2,881,894	**1,638,051**	**2,796,600**	**1,592,327**

There are no restricted cash balances as at 30 June 2019.

NOTE 4: TRADE RECEIVABLE AND OTHER DEBTORS

Trade receivable	154,582	120,907	119,861	118,887
Sundry receivables	5,002	81,979	5,001	81,979
	159,584	**202,886**	**124,862**	**200,866**

Receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for accounts receivable are outlined in notes 1e. and 1h. respectively.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
NOTE 5: OTHER ASSETS				
Current				
Prepayments	**32,094**	**23,640**	**32,094**	**23,640**
Non-current				
Security deposits - rental	**32,565**	**27,907**	**32,565**	**32,565**

NOTE 6: FINANCIAL ASSETS

Investments at Fair value through other comprehensive income:				
Listed investments, at fair value:				
- shares in listed corporations at market value	1,070,113	742,313	1,070,113	742,313
Unlisted investments, at fair value				
- units in managed funds at market value	672,652	1,131,225	672,652	1,131,225
Total financial assets	**1,742,765**	**1,873,538**	**1,742,765**	**1,873,538**

NOTE 7: PROPERTY, PLANT & EQUIPMENT

Furniture and equipment				
At cost	508,281	456,731	161,798	110,248
Less accumulated depreciation	(406,944)	(359,324)	(95,034)	(69,446)
	101,337	97,407	66,764	40,802
Leasehold improvements				
At cost	297,578	297,578	297,578	297,578
Less accumulated depreciation	(234,549)	(224,045)	(234,549)	(224,045)
	63,029	73,533	63,029	73,533
Total property, plant and equipment	164,366	170,940	129,793	114,335

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the year are reconciled as follows:

	Furniture and equipment at cost $	**Leasehold improvements at cost $**	**Total (Group) $**	**Furniture and equipment at cost $**	**Leasehold improvements at cost $**	**Total (Company) $**
For the year ended 2019						
Opening net book amount	97,407	73,533	170,940	40,802	73,533	114,335
Additions	51,550	-	51,550	51,550	-	51,550
Disposals						
Depreciation charge	(47,620)	(10,504)	(58,124)	(25,588)	(10,504)	(36,092)
Closing net book amount	101,337	63,029	164,366	66,764	63,029	129,793

Depreciation methods and useful lives
Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTE 8: INTANGIBLE ASSETS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Software – at cost	78,392	-	78,392	-
The Dax Centre – at cost	5,063,143	5,063,143	-	-
Accumulated amortisation	(177,800)	(35,580)	-	-
	4,885,343	5,027,563	-	-
Total intangible assets	4,963,735	5,027,563	78,392	-

Movements in the carrying amounts for each class of intangibles between the beginning and end of the year are reconciled as follows:

Software				
Opening net book amount	-	-	-	-
Additions	78,392	-	78,392	-
Closing net book amount	78,392	-	78,392	-
The Dax Centre				
Opening net book amount	5,027,563	-	-	-
Acquisition of The Dax Centre	-	5,063,143	-	-
Amortisation charge	(142,220)	(35,580)	-	-
Closing net book amount	4,885,343	5,027,563	-	-

The Group has recognised an intangible asset which represents The Dax Centre's right to occupy a portion of the Melbourne Brain Centre Building. The value of this asset was originally determined through the value of the floor space allocated to The Dax Centre as a proportion of the total building construction and fit out cost. Grants and donations to The Dax Centre contributed to the construction of the building. The intangible asset is amortised on a straight line basis over a period of 42 years, being the term of the lease (21 years) and the right to extend the lease for a further period of 21 years, which is expected to be exercised. The land and building is owned by the University of Melbourne and leased to the occupants, including The Dax Centre at a peppercorn rental in recognition of its contribution to initial construction costs. Refer also Note 15.

NOTE 9: TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Trade payables	-	174,287	-	168,456
Other accruals and payable	214,141	217,030	194,969	217,030
Intercompany payable	-	-	100,186	-
	214,141	391,317	295,155	385,486

Trade payables are unsecured and are usually paid within 30 days of recognition.

NOTE 10: PROVISIONS

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Current				
Employee benefits	155,253	200,721	130,642	197,760
Provision - Barbara Hocking Fellowship	-	40,913		40,913
	155,253	**241,634**	**130,642**	**238,673**
Non-Current				
Employee benefits	43,244	23,803	43,244	23,107

Non-current provision relate to long service leave which is calculated in accordance with the accounting policy outlined in Note 1 f. above. Leave is accrued once it becomes probable the employee will become entitled to take the leave and those expected cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions. The cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

NOTE 11: FUNDS RECEIVED IN ADVANCE

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Government funded	1,105,330	877,754	1,086,130	877,754
Non-government funded	1,370,229	173,838	1,331,139	173,838
	2,475,559	**1,051,592**	**2,417,269**	**1,051,592**

NOTE 12: AUDITOR'S REMUNERATION

Amounts paid or payable to the auditors for:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Audit of financial statements and acquittal audit	29,000	28,000	23,000	22,000

NOTE 13: OPERATING LEASE COMMITMENTS

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Payable:				
< 1 year	147,487	57,490	147,487	57,490
> 1year but <5 years	22,281	13,206	22,281	13,206
> 5 years	-	-	-	-
	169,768	**70,696**	**169,768**	**70,696**

Leases recognised primarily relate to leases for the premises in which the Group and Company reside in.

NOTE 14: MEMBERS' GUARANTEE

The parent Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Group is wound up, the constitution states that each member is required to contribute a maximum of $100 towards meeting any outstanding obligations of the entity. As at 30 June 2019, the number of members was 12 (2018: 11).

The subsidiary entity is a company incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the entity. As at 30 June 2019, the number of members was 12 (2018: 11).

NOTE 15: BUSINESS ACQUISITION

On 18 April 2018 SANE Australia, the parent Company, acquired 100% of The Dax Centre, a non-profit which offers learning programs and educational resources to increase understanding and promotion of mental health through the use of art. The Dax Centre is licenced to use the Cunningham Dax Collection of art, which consists of over 16,000 works of art created by people with lived experience of mental ill health or psychological trauma. The acquisition serves to further promote the wellbeing of people affected by complex mental illness.

The consideration paid for the acquisition was $nil, with the assets and liabilities acquired detailed below:

	Fair value **$**
Cash	68,200
Trade receivables	39,717
Property, plant and equipment	62,133
Intangible assets	5,063,143
Trade and other payables	(20,272)
Employee provisions	(6,810)
Net identifiable assets acquired:	**5,206,111**
Discount on acquisition	**5,206,111**

NOTE 16: RELATED PARTY TRANSACTIONS

Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

Other than the Chief Executive Officer no director has received compensation during the years ended 30 June 2019 and 30 June 2018, other than for guest speaking appearances.

	2019 **$**	**2018** **$**
Aggregate compensation	251,227	244,187
	251,227	244,187

SANE AUSTRALIA
ABN 92 006 533 606
DIRECTORS' DECLARATION

In the opinion of the directors of SANE Australia:

(a) the Group is not publicly accountable nor a reporting entity;

(b) the financial statements and notes, set out on pages 7 to 23, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

  (i) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 1; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1, and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the 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:

Dated at Sydney on the 4th November 2019

Director: ______________________
Ewan Barron, Honorary Treasurer

Director: ______________________
John Heath, Chief Executive Officer

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DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF SANE AUSTRALIA LIMITED

As lead auditor of SANE Australia Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Tim Fairclough
Partner

BDO East Coast Partnership

Melbourne, 4 November 2019

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of SANE Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SANE Australia (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of SANE Australia, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of responsible entities for the Financial Report

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

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

Those charged with governance are responsible for overseeing the registered 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

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

This description forms part of our auditor's report.

BDO East Coast Partnership

BDO

Tim Fairclough

Tim Fairclough
Partner

Melbourne, 4 November 2019