Mental Illness Fellowship of Western Australia Incorporated

ABN 14 969 141 636

Annual Financial Report for the year ended 30 June 2021

Contents

Mental Illness Fellowship of WA Inc
Organisation information
For the year ended 30 June 2021

Business names

- Primary – Mental Illness Fellowship of Western Australia Incorporated
- MIFWA
- Lorikeet Centre

ABN: 14 969 141 636

Office Holders
The following persons were office bearers from 1 July 2020 to 2 December 2020 (Annual General Meeting)

- Kellie McCrum (Chairperson)
- Ann White (Deputy Chairperson)
- Annette Watkins (Deputy Chairperson)
- Nicholas Hopkin (Treasurer)

Kellie McCrum took leave of absence for three months from 24 September 2020. Annette Watkins was acting Chair during this time.

The above changed from 2 December 2020 and are current to date.

- Annette Watkins (Chairperson)
- Ann White (Deputy Chairperson)
- Erin Bourne (Deputy Chairperson)
- Nicholas Hopkin (Treasurer)

Board members
In addition to the office bearers, the following persons were members of the Board during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Kellie McCrum
- Hugh Cook – to 26 May 2021
- Carolyn Ngan – from 2 December 2020 (present as observer prior to this time)
- Preetie Boler – from 2 December 2020 (present as observer prior to this time)
- Gianni Ripani – from 2 December 2020
- Rebecca Fitzpatrick - co-opted from 28 July 2021 (present as observer prior to this time)

Chief executive officer
Monique Williamson

Finance manager
Bev Bolton

Principal place of business
Unit 16 (Level 3),
Midland Professional Centre
9 The Avenue
MIDLAND WA 6056

Auditor
BDO Audit (WA) Pty Ltd
Perth

Mental Illness Fellowship of WA Inc

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	2.1		
Grants and service agreements		9,797,500	7,779,635
Other service revenue		121,021	71,245
Donations		26,471	31,314
Interest income		7,354	11,156
Other income		11,890	33,269
Total revenue and other income		**9,964,236**	**7,926,619**
Expenditure	2.2		
Personnel and related costs	3.1	8,484,091	6,035,894
Service delivery		168,869	489,056
Administration		202,023	191,605
Premises		133,956	219,706
IT and communications		299,531	212,098
Motor vehicle and travel		640,787	381,253
Depreciation and interest		90,196	80,611
Total expenditure		**10,019,453**	**7,610,223**
Net Surplus/(Deficit) for the year		**(55,217)**	**316,396**
Other comprehensive income/(loss) for the year	5.1	(75,000)	(95,000)
Total comprehensive income/(loss) for the year		**(130,217)**	**221,396**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mental Illness Fellowship of WA Inc
Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	4.1	2,761,302	2,741,715
Receivables	4.2	424,020	232,016
Contract assets	2.3	449,111	421,653
Total current assets		**3,634,433**	**3,395,384**
Non-current assets			
Property, plant, and equipment	5.1	2,686,235	2,735,347
Right of use assets	6.2	145,662	34,643
Total non-current assets		**2,831,897**	**2,769,990**
Total assets		**6,466,330**	**6,165,374**
Liabilities			
Current liabilities			
Contract liabilities and other revenue received in advance	2.3	1,307,404	769,540
Trade and other payables	4.3	958,097	701,767
Employee benefits	3.2	563,818	412,506
Borrowings	4.4	127,287	435,936
Lease liabilities	6.3	56,929	30,981
Total current liabilities		**3,013,535**	**2,350,730**
Non-current liabilities			
Employee benefits	3.2	71,077	77,415
Borrowings	4.4	43,648	52,750
Contract liabilities	2.3	200,000	500,000
Lease liabilities	6.3	90,596	6,788
Total non-current liabilities		**405,321**	**636,953**
Total liabilities		**3,418,856**	**2,987,683**
Net assets		**3,047,474**	**3,177,691**
Equity			
Retained earnings		2,460,611	2,515,828
Reserves		586,863	661,863
Total equity		**3,047,474**	**3,177,691**

The above statement of financial position should be read in conjunction with the accompanying notes

Mental Illness Fellowship of WA Inc
Statement of changes in equity
For the year ended 30 June 2021

	Retained earnings $	Bequest reserve $	Revaluation reserve $	Total equity $
Balance at 1 July 2019	**2,199,432**	**256,141**	**500,722**	**2,956,295**
Surplus for the year	316,396	-	-	316,396
Other comprehensive income for the year	-	-	(95,000)	(95,000)
Balance at 1 July 2020	**2,515,828**	**256,141**	**405,722**	**3,177,691**
Surplus/ (loss) for the year	(55,217)	-	-	(55,217)
Other comprehensive income for the year	-	-	(75,000)	(75,000)
Balance at 30 June 2021	**2,460,611**	**256,141**	**330,722**	**3,047,474**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mental Illness Fellowship of WA Inc
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Grants received		10,023,666	8,340,965
Grants repaid		(13,016)	(75,219)
Donations received		26,471	31,314
Receipts from customers		129,949	116,478
Interest received		7,354	11,156
Payments to suppliers and employees		(9,724,150)	(7,292,721)
Variable lease payments not included in the lease liability		(10,859)	(18,733)
Net cash from operating activities	4.1	**439,415**	**1,113,240**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(34,401)	(6,118)
Net cash used in investing activities		**(34,401)**	**(6,118)**
Cash flows from financing activities			
Lease payments (principal & interest)		(47,235)	(25,239)
Proceeds from borrowings		-	316,690
Repayments of borrowings		(331,482)	(4,817)
Interest paid		(6,710)	(7,824)
Net cash from (used in) financing activities		**(385,427)**	**278,810**
Net increase in cash and cash equivalents		19,587	1,385,932
Cash and cash equivalents at the beginning of the financial year		2,741,715	1,355,783
Cash and cash equivalents at the end of the financial year		**2,761,302**	**2,741,715**

The above statement of cash flows should be read in conjunction with the accompanying notes

Section 1. About MIFWA

1.1 General information

Mental Illness Fellowship of Western Australia (MIFWA) is a not-for-profit incorporated association principally engaged in mental health support services.

The principal activities of MIFWA include:

- providing personalised support for individuals with mental illness
- support for families and carers
- providing information and training to promote better understanding and acceptance.

MIFWA is a registered charity with the Australian Charities and Not-for-Profit Commission and holds deductible gift recipient status and is exempt from income tax.

The financial statements of MIFWA for the year ended 30 June 2021 were approved and authorised for issue by the Board of MIFWA on 29 October 2021.

Economic dependency

MIFWA is dependent upon the ongoing receipt of funding from the Commonwealth and state governments to ensure the continuance of its services.

1.2 Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with:

- Australian Accounting Standards – Reduced Disclosure Requirements,
- *Australian Charities and Not-for-profits Commission Act 2012*,
- *Associations Incorporation Act 2015 (Western Australia),* and
- *Charitable Collections Act 1946 (Western Australia).*

Where an accounting policy is specific to one note, the policy is included in the note to which it relates.

Historical cost convention

The financial report has been prepared on the basis of historical cost (which is based on the fair value of the consideration given in exchange for assets) except for land and buildings which are measured at fair value less accumulated depreciation on buildings and any impairment losses.

Currency and rounding of amounts

The financial report is presented in Australian dollars, which is MIFWA's functional and presentation currency. All values are rounded to the nearest dollar.

Details of reserves included in Statement of Changes in Funds

Revaluation reserve

The reserve comprises gains and losses from the revaluation of land and buildings (see note 5.1).

Bequest reserve

The reserve represents the amount of money bequeathed by Tecwyn Jones to MIFWA in 2004. The interest is applied to the benefit of the members of the Lorikeet Centre and MIFWA in accordance with the terms of the bequest.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. These judgements, estimates and assumptions are based on historical experience and on other various factors, including expectations of future events, which management believe to be reasonable under the circumstances. Actual results may differ from these estimates.

The judgements, 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 in the relevant notes below.

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

Receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included in other receivables or other payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

Impact of COVID-19
There were three COVID lockdowns in Western Australia in the 12 months to 30 June 2021 and we estimate the combined loss to be approximately $60,000 for that period.

Given the uncertainty surrounding the pandemic, there is increased risk across multiple financial statement areas including:
- Asset valuations
- Accounting for government stimulus measures
- Going concern assessment
- Financial statement disclosures

however it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Relevant accounting standards:
- AASB 110 Events After the Reporting Date
- AASB 101 Presentation of Financial Statements
- AASB 136 Impairment of Assets

Events after the reporting period
No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

1.3 Changes in accounting policies

No new or changes to accounting policies have been adopted this financial year.

Section 2. Programs, Goods and Services

2.1 Revenue

	2021 $	2020 $
Grants and service agreements		
Government		
National Disability Insurance Scheme	7,283,135	4,490,165
Department of Social Services	92,414	394,206
Mental Health Commission	1,684,865	1,541,259
Disability Services Commission	505,446	894,293
WA Primary Health Alliance	150,000	300,000
Black Swan Health (PIR)	-	49,998
NDIA ILC	-	41,856
Other	38,500	65,358
Non-government sources	43,140	2,500
	9,797,500	7,779,635
Other service revenue		
Training courses	105,398	35,273
Retreats & Functions	235	19,468
Meals and catering	14,981	11,192
Other Fees & Charges	407	5,312
	121,021	71,245
Donations	26,471	31,314
Interest	7,354	11,156
Other income		
Recovery of client personal expenses	4,822	11,981
Membership	1,009	1,009
Net gain on disposal of fixed assets	-	-
ATO SGC administration fee remitted	-	19,158
Sundry	6,059	1,121
	11,890	33,269
Total revenue	**9,964,236**	**7,926,619**

Revenue recognition policy for revenue from contracts with customers (AASB 15)
Revenue comprises revenue from the sale of goods, government grants, fundraising activities and client contributions. AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Grants and service agreements
The customer for these contracts is the fund provider.

Sales revenue
Fees charged for events, training and other services provided to clients are recognised when the service is provided.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)
Donations
In accordance with AASB 1058, donations that have no performance obligation, liability or contribution by owners are recognised as revenue when MIFWA gains control, economic benefits are probable, and the amount of the donation can be measured reliably.

Significant estimates and judgements relating to revenue
For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at MIFWA, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by MIFWA have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made. If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

2.2 Expenses

	2021 $	2020 $
Interest expense on lease liability:	2,742	1,858
Depreciation	68,306	59,039
Auditor's remuneration		
Amounts paid to BDO for:		
The audit of the financial report	23,250	17,696
Grant acquittal audits	550	500

Expenses accounting policy
All expenditure is accounted for on an accruals basis and has been classified under headings reflecting the relevant nature of the cost.

2.3 Contract balances

MIFWA has recognised the following contract assets and liabilities from contracts with customers:

Contract assets:		
NDIS claims	449,111	421,653
Contract liabilities:		
Grant monies received in advance		
Current	1,299,854	750,558
Non-current	200,000	500,000
	1,499,854	1,250,558

Contract asset and liabilities accounting policy
Contract assets
Contract assets arise when work has been performed on a particular program and goods or services have been transferred to the customer, but the invoicing milestone has not been reached and the rights to the consideration are not unconditional. If the rights to the consideration are unconditional then a receivable is recognised.

No impairment losses were recognised in relation to these assets during the year.

Contract liabilities
Contract liabilities generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant / fees.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

Section 3. Governing Body, Employees and Other Related Parties

3.1 Employee benefits expense

	2021 $	2020 $
Wages and salaries	7,262,726	5,011,252
Workers' compensation insurance	177,754	122,308
Defined contribution superannuation plan expense	680,820	464,389
Movements in employee benefits provisions	121,972	139,560
Total employee benefit expenses	8,243,272	5,737,509
External contract & consultants	142,069	200,721
Training & Development	50,251	44,361
Other personnel & related	48,499	53,303
	8,484,091	6,035,894

3.2 Employee provisions

	2021 $	2020 $
Current:		
Time in Lieu	4,650	3,209
Annual leave	359,392	276,700
Long Service Leave	199,776	119,358
Redundancy	-	13,239
	563,818	412,506
Non-current:		
Long Service Leave	71,077	77,415
	634,895	489,921

A portion of long service leave and the entire annual leave balance have been classified as a current liability since MIFWA does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of the reporting period.

Employee benefits accounting policy
Employee benefits comprise wages and salaries, annual leave, non-accumulating sick leave, long-service leave and contributions to superannuation plans.

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date in respect of employees' services up to the reporting date are recognised at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

MIFWA's liabilities for long-term benefits are included in other long-term benefits where they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at the 10-year Treasury Bond rate. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

MIFWA pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of profit or loss and other comprehensive income when they are due. MIFWA has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

3.3 Related party transactions

Board member compensation

Board members act in an honorary capacity and receive no compensation for their services other than minor amounts for travel expenses.

Key management personnel

The aggregate compensation made to executive officers of MIFWA is set out below:

	2021 $	2020 $
Aggregate compensation	217,628	215,348

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

No amounts are payable to or receivable from related parties or their related entities at the reporting date.

Section 4. Financial assets and liabilities (excluding lease liabilities)

4.1 Cash and cash equivalents

	2021 $	2020 $
Unrestricted		
Cash at bank and on hand	2,505,161	2,485,574
Cash on deposit	128,071	128,071
	2,633,232	2,613,645
Restricted		
Cash on deposit	128,070	128,070
	2,761,302	2,741,715

The restricted cash represents the amount of money bequeathed by Tecwyn Jones to MIFWA in 2004 applicable to the Lorikeet Centre.

Reconciliation of net surplus for the year to net cash flows from operations

	2021 $	2020 $
Net surplus/(deficit) for the year	(55,217)	316,396
Net loss on disposal of property, plant and equipment	7,866	7,715
Depreciation	68,306	59,039
Interest & amortisation charges	14,024	13,856
(Increase)/decrease in assets		
Receivables	(192,003)	(164,779)
Contract assets	(27,458)	(287,639)
Increase/(decrease) in liabilities		
Contract liabilities	249,296	774,925
Income in advance	(11,432)	18,557
Trade and other payables	241,059	222,234
Employee benefit	144,974	152,934
Net cash flow from operations	439,415	1,113,238

Cash accounting policy
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.2 Trade and other receivables

	2021 $	2020 $
Trade receivables	20,786	14,800
Prepayments and other accrued income	403,234	217,216
	424,020	232,016

Trade and other receivables accounting policy
Trade receivables, which comprise amounts due from sales of merchandise and from services provided are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from 14 to 30 days.

No collateral is held in respect of these receivables. There were no impairment losses relating to receivables.

Impairment of receivables accounting policy
There has been no change in the estimation techniques or significant assumptions made during the current reporting period. MIFWA writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

4.3 Trade creditors and other payables

	2021 $	2020 $
Trade creditors	386,556	213,931
Employee benefits payable	204,621	136,019
BAS payable	176,164	231,053
Accrued wages and other expenses	190,756	120,764
	958,097	701,767

Trade creditors and other payables accounting policy
Trade creditors and other payables represent liabilities for goods and services provided to MIFWA prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually settled within 30 days.

4.4 Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

	2021 $	2020 $
Current:		
Non-interest bearing (NDIA advance)	-	316,690
Interest bearing (motor vehicle finance)	127,287	119,246
	127,287	435,936
Non-current:		
Non-interest bearing	43,129	40,084
Interest bearing	519	12,666
	43,648	52,750

Valuation of non-current non-interest-bearing loan
The loan is secured by a mortgage by the State of Western Australia on the Lorikeet premises. The face value of the loan is $410,000 but is not repayable until 2052, unless there is a default event. It has been valued at present value by discounting at the current market interest rate that is available for similar financial liabilities.

The mortgage restricts the use of the premises to furthering the use of the objectives of MIFWA and requires MIFWA to maintain the property in its current state. Should MIFWA default in these conditions or become insolvent, the full value of the mortgage would become payable at that time.

Section 5. Long-term non-financial assets (excluding leases)

5.1 Property, plant, and equipment

	Land and buildings $	Motor vehicles $	Office equipment $	Total $
Cost or fair value				
Balance at 1 July 2019	2,705,000	180,045	134,047	3,019,092
Additions	-	141,845	-	141,845
Disposals	-	(158,460)	(6,651)	(165,111)
Revaluations	(95,000)	-	-	(95,000)
Balance at 1 July 2020	**2,610,000**	**163,430**	**127,396**	**2,900,826**
Additions	-	186,336	25,203	211,539
Disposals	-	(177,620)	-	(177,620)
Revaluations	(75,000)	-	-	(75,000)
Balance at 30 June 2021	**2,535,000**	**172,146**	**152,600**	**2,859,746**
Accumulated depreciation				
Balance at 1 July 2019	-	39,031	114,402	153,433
Disposals	-	(14,402)	(6,085)	(20,487)
Depreciation expense	-	21,489	11,044	32,533
Balance at 1 July 2020	**-**	**46,118**	**119,361**	**165,479**
Disposals	-	(17,044)	-	(17,044)
Depreciation expense	-	16,202	8,873	25,075
Balance at 30 June 2021	**-**	**45,277**	**128,234**	**173,511**
Net carrying amount				
At 30 June 2020	**2,610,000**	**117,312**	**8,035**	**2,735,347**
At 30 June 2021	**2,535,000**	**126,869**	**24,366**	**2,686,235**

Property, plant and equipment accounting policies
Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Fair value of land and buildings are confirmed by independent valuations that are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of profit or loss and comprehensive income, in which case it is credited to that statement.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Depreciation
Items of property, plant and equipment (other than freehold land) are depreciated over their useful lives to MIFWA, commencing from the time the asset is held ready for use. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

- Motor vehicles 8 years
- Office equipment 3-5 years

Impairment
Impairment indicators over property, plant and equipment and right of use assets are considered at each reporting date. If indicators exist, then the recoverable amount of the relevant asset / cash-generating unit is determined.

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. For plant and equipment and right of use assets, impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when the item is no longer used in the operations of MIFWA. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the result for the year when the asset is derecognised.

Fair value disclosures – freehold land and buildings
Valuation techniques
Revalued amounts are fair market values based on appraisals prepared by external professional valuers once every three (3) years or more frequently if market factors indicate a material change in fair value. The latest revaluation date was as at 30 June 2021. Any improvements and or accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Fair values of freehold land and buildings are determined by an independent valuer every 3 years with a market indication review by the independent valuer in the intervening years.

MIFWA engaged Valuations WA, independent accredited valuers, to determine the fair value of its land and buildings. Fair value is the amount of “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The highest and best use of the land and buildings are considered in determining the valuation. The effective date of the revaluation was 30 June 2021.

Section 6. Leases

MIFWA has leases over buildings and office equipment. MIFWA has chosen not to apply AASB 16 Leases to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

6.1 Terms and conditions of leases

Buildings - Commercial lease

MIFWA leases offices:

- in Rockingham for the NDIS south operations. The current lease expiry date is 31 August 2021 and included a renewal option to allow MIFWA to review for a further one year. This option has now been exercised and recognised as a lease liability as at 30 June 2021.
- in Kingsley for the NDIS north and Parent Peer program operations. The current lease expiry date is 30 November 2023 and includes a renewal option to allow MIFWA to review for a further two years.

At commencement date and each subsequent reporting date, MIFWA assesses where it is reasonably certain that the extension options will be exercised. There are $45,000 in potential future lease payments which are not included in lease liabilities as MIFWA has assessed that the exercise of the option is not reasonably certain.

Office equipment

MIFWA leases photocopiers with a lease term of between 4 years and the lease payments have a fixed component and a variable component based on the number of photocopies made during the year.

The variable payments made during the year were $17,179 which resulted in total payments on the photocopier leases of $31,628.

6.2 Right of use assets

	Buildings $	Office equipment $	Total $
Balance at 1 July 2020	16,514	18,129	34,643
Additions	75,916	88,113	164,029
Disposals	-	(9,779)	(9,779)
Depreciation expense	(25,703)	(17,528)	(43,231)
Balance at 30 June 2021	**66,727**	**78,935**	**145,662**

6.3 Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year $	1-5 years $	Total undiscounted lease liabilities $	Lease Liabilities included in the Statement of financial position $
30 June 2021	61,014	93,966	154,981	147,525

6.4 Lease impact in the statement of profit and loss and other comprehensive income

The amounts recognised in the statement of profit and loss and other comprehensive income relating to leases where MIFWA is a lessee are shown below

	2021 **$**	**2020** **$**
Interest on lease liabilities	2,742	1,858
Variable lease payments not included in the measurement of lease liabilities	10,859	18,733
	13,601	20,591

Leases accounting policies
At inception of a contract, MIFWA assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- MIFWA has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use
- MIFWA has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, MIFWA recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where MIFWA believes it is reasonably certain that the option will be exercised. There were no such extensions this period.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then MIFWA's incremental borrowing rate is used. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in MIFWA's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

MIFWA has no leases for low-value assets.

Significant estimates and judgements
Lease term – due to the market rent reviews and the remaining term of the non-cancellable lease term, it is not reasonably certain that MIFWA will choose to exercise the option and therefore the lease payments that would arise during the optional extension periods have not been included in the lease liability.

Mental Illness Fellowship of WA Inc

Declaration by the Board

For the year ended 30 June 2021

In the opinion of the Board of Mental Illness Fellowship of Western Australia Incorporated:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements;
- the attached financial statements and notes give a true and fair view of MIFWA's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that MIFWA will be able to pay its debts as and when they become due and payable.

On behalf of the board:

Nicholas Hopkin
Treasurer
29 October 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Mental Illness Fellowship of WA Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mental Illness Fellowship of WA Inc. (the registered entity), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by the board of management.

In our opinion the accompanying financial report of Mental Illness Fellowship of WA Inc., 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 registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards 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 registered entity 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 (including Independence Standards) (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 Mental Illness Fellowship of WA'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.

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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 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 registered 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 the responsible entities either intends to liquidate the registered entity or to cease operations, or has 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/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO
AWoodley

Ashleigh Woodley

Director

Perth, 29 October 2021