Black Dog Institute

ABN 12 115 954 197

General Purpose Financial Report
For the year ended 30 June 2016

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Corporate Information

Black Dog Institute (the Company) is a public company limited by guarantee, incorporated and domiciled in Australia. The registered office and principal place of business of the Company is:

Black Dog Institute

Hospital Road, Prince of Wales Hospital

Randwick NSW 2031

The financial statements were authorised for issue by the directors on 21 September 2016. The directors have the power to amend and reissue the financial statements.

Your directors are pleased to present their report on Black Dog Institute (the Company) for the year ended 30 June 2016.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Mr Peter Joseph*
Mr James Blomfield*
Mrs Melanie Kiely*
Mr Craig Knowles
Dr Timothy Smyth
Mrs Carol Berg
Professor Philip Mitchell*
Professor Helen Christensen*
Mr John Wells
Ms Jane Madden

Mr Ronald Ferster was appointed on 3 August 2015.

Mr Grant Lovett* was appointed on 30 January 2016. He was appointed the Chair of the Finance, Risk and Audit Committee in August 2016.

Mr Douglas Snedden* retired on 30 January 2016.

Ms Marian Spencer was Company Secretary until her resignation on 28 January 2016. Ms Nicole Cockayne was appointed Company Secretary on 7 December 2015.

* Denotes member of the Finance, Risk, and Audit Committee

Information on directors

Mr Peter Joseph, AM, BComm, MBA

Mr Joseph is Chairman of the Black Dog Institute, The Ethics Centre and The Health-Science Alliance. He is a Director of Tonic Health Media. He is former Chairman of the GPT Group, Dominion Mining Limited and St Vincents and Mater Health Sydney. He is a former director of numerous public and private companies.

Mr Douglas Snedden, BEc

Mr Snedden is a Director of OFX Limited, Chairman of Chris O'Brien Lifehouse, Chairman of Odyssey House (NSW), and a member of the Council of the National Library of Australia.

Mr James Blomfield, MA, MBA

Mr Blomfield is a strategy manager at National Australia Bank.

Mrs Melanie Kiely, BBus Sci (Hons) GAICD

Mrs Kiely is Executive General Manager Social Care at Silver Chain Group. Previous roles include Executive General Manager – GMF Health Fund and HBF Group Strategy with health fund hbf Ltd, Chief Operating and Technology Officer at nib health funds, Group Executive at MBF and Associate Partner with Accenture. In addition to the Black Dog Board, she is also a non-executive director of Australian Finance Group (AFG) and has served as a Non-Executive Director at Intework, Hunter United Credit Union, HBF Pharmacy, HBF Wellness and MBF in2life and a Council Member at Save the Children NSW.

Mr Craig Knowles, FAPI, CPV

The Hon Craig Knowles holds a number of advisory roles, statutory appointments, and commercial and not-for-profit directorships: He is the former Chair, Murray Darling Basin Authority; Chair of the Australian Centre for Photography, President of the Asthma Foundation NSW and Director of Mental Health Australia. He is also a Director of the Children's Medical Research Institute and a Trustee of the Hoc Mai Foundation (Sydney University Faculty of Medicine). He is a Fellow of the Australian Property Institute. Previously a senior Minister in the New South Wales Government for 10 years, his portfolios included Health, Infrastructure and Planning, Housing, Natural Resources, Forests, and Lands.

Dr Timothy Smyth, MB, BS, LLB, MBA

Dr Smyth is a management consultant, a part time Special Counsel with Holman Webb lawyers, Chair of the Western NSW Primary Health Network, a Director of the Central and Eastern Sydney Primary Health Network and a Director of the Australasian College of Heath Service Management. Dr. Smyth was formerly a Deputy Director-General with the NSW Ministry of Health and a Director of the Australian Commission on Safety and Quality in Health Care. He has over 30 years' experience across the NSW health system and in commercial and corporate law.

Mrs Carol Berg, BMus, MM

Mrs Berg is Chairman of the Board of The Marmalade Foundation Inc., which fund and operates Lou's Place. She was past President of The National Choral Association (NSW/ACT Branch) and past Director of the Board of the Bundanon Trust.

Professor Philip Mitchell AM, FASSA, MB BS (Hons I), MD, FRANZCP, FRCPsych

Philip Mitchell is Scientia Professor and Head of the School of Psychiatry at the University of New South Wales; Professorial Fellow and Director, Bipolar Disorders Clinic, Black Dog Institute; Board Member of the Anika Foundation for Adolescent Depression and Suicide; Chair, Bipolar Australia; Vice-President (Governance), International Society for Bipolar Disorders; Member, Australian Code for the Responsible Conduct of Research Code Review Committee; Guest Professor, Shanghai Jiaotong University; Visiting Professor, Harbin Medical University, China; and Consultant Psychiatrist, Prince of Wales Hospital.

Scientia Professor Helen Christensen MPsychol, PhD, FASSA, MAPS

Scientia Professor Christensen is Director and Chief Scientist, The Black Dog Institute, Professor of Mental Health, UNSW, Emeritus Professor, The Australian National University, NHMRC John Cade Fellow; Director of the NHMRC Centre for Research Excellence in Suicide Prevention. She is also Fellow of the Academies of Social Science and Health and Medical Science.

Mr John Wells

Mr Wells is a communications consultant and Chair of Wells Haslem, a strategic public affairs company, and is a Director of the Whitlam Institute.

Ms Jane Madden, BEc, GradDiplL, GAICD

Ms Madden is Executive Director, Tourism, Investment, International Education and Programs Group at the Australian Trade and Investment Commission. She is Chair of the Senior Official Trade and Investment Group, Trustee for the Committee for Economic Development of Australia and a Mentor at the Senior Executive Careers Development Centre.

Mr Ronald Ferster, BComm, MBA

Mr Ferster is Executive Chairman of Sanwa Pty Limited. He is Treasurer of the Sydney Chapter of the World Presidents Organisation and founding Chairman of Portland Group.

Mr Grant Lovett, B.Comm (Accounting), MAppFin, CA

Mr Lovett is Managing Director and Head of Global Market Solutions at Credit Suisse Australia. He has more than 20 years financial markets experience in New York, London and Sydney, culminating as the Head of Fixed Income at UBS Australia. From 2012 to 2015 he was Chief of Staff to Hon. Joe Hockey (Shadow Treasurer and Commonwealth Treasurer). He is also Director and Treasurer of the Sydney Story Factory.

Meetings of directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Board Meetings

	Number of meetings attended	Number of meetings eligible to attend
Mr Peter Joseph *	6	6
Mr Douglas Snedden *	2	3
Mr James Blomfield *	5	6
Ms Melanie Kiely *	5	6
Mr Craig Knowles	5	6
Dr Timothy Smyth	4	6
Mrs Carol Berg	6	6
Professor Philip Mitchell *	5	6
Professor Helen Christensen *	6	6
Mr John Wells	5	6
Ms Jane Madden	5	6
Mr Ronald Ferster	5	6
Mr Grant Lovett *	3	3

* Denotes member of the Finance, Risk, and Audit Committee

Members' Guarantee

The Company is a public company limited by guarantee that is incorporated and domiciled in Australia. If the Company is wound up, its Constitution states that if upon winding-up or dissolution of the Company:

(i) there remains, after satisfaction of all its debts and liabilities, any property whatsoever, that property will not be paid to or distributed among the members but shall be given or transferred to some other institution or institutions, having objects similar to the objects of the Company, whose memorandum of association or constitution prohibits the distribution of its or their income and property among its or their members to an extent at least as great as imposed on the Company under its constitution, and being an institution or institutions accepted as a deductible gift recipient under sub-division 30-B, section 30-100 of the Income Tax Assessment Act 1997 by the Commissioner of Taxation or otherwise approved for these purposes by the Commissioner of Taxation or institutions by the Members at or before the time of dissolution.

(ii) there is a deficit, each member and any members who ceased to be a member within 12 months of the winding up will contribute a maximum of $100.

At 30 June 2016 the number of members was 3 (2015: 3 members).

Objectives

The Black Dog Institute's 2016-2018 strategic plan is based on five strategic priorities:

1 Innovate, lead and provide expertise

2 Use our integrated translational model to take knowledge and put it into practice

3 Build collaborative relationships to maximise our impact

4 Harness technology

5 Be a sustainable organisation and a workplace of choice

Strategy for achieving objectives

The Company has continued to advance its mission in 2016 as a leader in mental health research and suicide prevention: developing and delivering evidence-based treatments, education and e-mental health programs to communities.

During the year the principal activities of the Company were to:

(a) advance research into common mental illnesses

(b) improve clinical standards

(c) educate and train health professionals and the community

There have been no significant changes in the nature of those activities during the year.

Measuring performance

The surplus (deficit) after tax of the Company for the year ended 30 June 2016 was $786,819 (2015: $703,907). The Company also measures its performance using a number of quantitative factors including the following for the current year:

- an increase in the overall number of incoming research grants
- an increase in health professional and community education
- an increase in stakeholder contact via social media (including Facebook, twitter, LinkedIn, YouTube and Instagram) and a significant increase in visits to the company website

Auditor independence

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 5 of the report.

Mr Peter Joseph, AM
Director

Sydney
21 September 2016

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Building a better working world

Auditor's Independence Declaration to the Directors of the Black Dog Institute

In relation to our audit of the financial report of the Black Dog Institute for the financial year ended 30 June 2016, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Rob Lewis
Partner
21 September 2016

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	Notes	2016 $	2015 $
Revenue from continuing operations			
Grant funding	1(a)	**7,452,611**	6,201,744
Fundraising income	1(b)	**2,492,955**	2,345,681
Education revenue		**964,026**	1,187,592
Clinic fees		**541,573**	501,649
Interest revenue		**80,711**	63,990
Other revenue		**246,505**	58,139
		11,778,381	10,358,795
Expenses			
Employee benefits expense		**6,451,202**	5,586,284
Professional fees		**2,396,300**	2,468,201
Travel expenses		**345,752**	320,122
Depreciation and amortisation expense		**238,263**	253,458
Advertising and promotion expenses		**353,951**	259,041
Research operations expenses		**181,483**	163,405
Printing and stationery expenses		**174,251**	152,659
Information technology expenses		**133,055**	114,905
Other expenses		**717,305**	336,813
		10,991,562	9,654,888
Surplus before tax		**786,819**	703,907
Income tax expense		**-**	-
Surplus for the year		**786,819**	703,907
Other comprehensive income		**-**	-
Total comprehensive income for the year		**786,819**	703,907

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	2(a)	**6,513,244**	2,945,384
Trade and other receivables	2(b)	**5,551,633**	3,557,901
Total current assets		**12,064,877**	6,503,285
Non-current assets			
Property, plant and equipment	3(a)	**2,731,226**	2,939,666
Intangible assets	3(b)	**79,256**	104,323
Total non-current assets		**2,810,482**	3,043,989
Total assets		**14,875,359**	9,547,274
LIABILITIES			
Current liabilities			
Trade and other payables	2(c)	**7,834,584**	3,300,161
Total current liabilities		**7,834,584**	3,300,161
Non-current liabilities			
Provisions	3(c)	**26,777**	19,934
Total non-current liabilities		**26,777**	19,934
Total liabilities		**7,861,361**	3,320,095
Net assets		**7,013,998**	6,227,179
EQUITY			
Other reserves	4(b)	**904,045**	904,045
Retained earnings	4(c)	**6,109,953**	5,323,134
Total equity		**7,013,998**	6,227,179

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

	Notes	Retained earnings $	Other reserves $	Total equity $
Balance as at 1 July 2014		**5,523,272**	**-**	**5,523,272**
Profit (loss) for the period		703,907	-	703,907
Transfer in equity		(904,045)	904,045	-
Other comprehensive income		-	-	-
Total comprehensive income (loss) for the period		**(200,138)**	**904,045**	**703,907**
Balance as at 30 June 2015		**5,323,134**	**904,045**	**6,227,179**
Surplus for the period		786,819	-	786,819
Other comprehensive income		-	-	-
Total comprehensive income for the period		**786,819**	**-**	**786,819**
Balance as at 30 June 2016	4(b)(c)	**6,109,953**	**904,045**	**7,013,998**

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

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipt of fundraising income		**2,447,477**	2,345,681
Receipt of education fees		**1,060,429**	1,306,351
Receipt of grants		**9,940,646**	6,356,764
Receipt of facility and other income		**886,488**	432,597
Payments to suppliers and employees		**(10,843,135)**	(9,544,182)
		3,491,905	897,211
Interest received		**80,711**	63,990
Net cash flows from operating activities	5(a)	**3,572,616**	961,201
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,756)**	(2,856)
Payments for intangibles		**-**	(47,398)
Net cash flows used in investing activities		**(4,756)**	(50,254)
Net increase in cash and cash equivalents		**3,567,860**	910,947
Cash and cash equivalents at the beginning of the year		**2,945,384**	2,034,437
Cash and cash equivalents at the end of the year	2(a)	**6,513,244**	2,945,384

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

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1 Revenue

	2016 $	2015 $
(a) Grants		
Government grants	**5,149,229**	4,731,074
Non-government grants	**2,303,382**	1,470,670
	7,452,611	6,201,744

	2016 $	2016 $
(b) Fundraising		
Community fundraising income	**1,399,472**	1,332,395
Donations	**1,093,483**	1,013,286
	2,492,955	2,345,681

2 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	**4,898,390**	1,868,347
Short-term deposits	**1,614,854**	1,077,037
	6,513,244	2,945,384

(i) Reconciliation to statement of cash flows

The above figures reconcile to the amount shown in the statement of cash flows at the end of the financial year as follows:

	2016 $	2015 $
Balance as above	**6,513,244**	2,945,384
Bank overdrafts	**-**	-
Balance per statement of cash flows	**6,513,244**	2,945,384

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

2 Financial assets and financial liabilities (continued)

(b) Trade and other receivables

	2016 $	2015 $
Trade debtors	**1,736,368**	357,527
Prepayments	**10,149**	43,716
Accrued income	**47,132**	8,000
Interest receivable	**-**	4,792
Funds held with University of New South Wales	**3,647,237**	3,028,152
Grants receivable	**-**	50,445
Donations receivable	**110,747**	65,269
	5,551,633	3,557,901

Fair value
Due to the short-term nature of these receivables, their carrying value approximates their fair value.

(c) Trade and other payables

	2016 $	2015 $
Trade creditors	**342,933**	186,430
Accrued expenses	**104,728**	75,869
Accrued payroll	**134,407**	147,616
Deferred income	**-**	58,734
GST payable	**123,848**	98,028
Other payables	**9,699**	116,957
Accrued annual leave	**133,460**	65,534
Grants received in advance	**6,985,509**	2,550,993
	7,834,584	3,300,161

Fair value
Due to the short-term nature of these payables, their carrying value approximates their fair value.

3 Non-financial assets and financial liabilities

(a) Property, plant and equipment

	Leasehold Improvements $	Plant and equipment $	Furniture $	Motor Vehicles $	Total $
Year ended 30 June 2015					
Opening net book amount	3,090,387	15,575	53,638	1,312	3,160,912
Additions	-	2,856	-	-	2,856
Disposals	-	-	-	-	-
Depreciation charge	(200,638)	(13,080)	(9,072)	(1,312)	(224,102)
Closing net book amount	2,889,749	5,351	44,566	-	2,939,666
At 30 June 2015					
Cost	4,967,898	82,552	104,373	31,364	5,186,187
Accumulated depreciation	(2,078,149)	(77,201)	(59,807)	(31,364)	(2,246,521)
Net book amount	2,889,749	5,351	44,566	-	2,939,666

3 Non-financial assets and financial liabilities (continued)

(a) Property, plant and equipment (continued)

	Leasehold Improvements $	Plant and equipment $	Furniture $	Motor Vehicles $	Total $
Year ended 30 June 2016					
Opening net book amount	2,889,749	5,351	44,566	-	2,939,666
Additions	-	4,756	-	-	4,756
Disposals	-	-	-	-	-
Depreciation charge	(200,639)	(5,139)	(7,418)	-	(213,196)
Closing net book amount	2,689,110	4,968	37,148	-	2,731,226
At 30 June 2016					
Cost	4,967,898	87,308	104,373	31,364	5,190,943
Accumulated depreciation	(2,278,788)	(82,340)	(67,225)	(31,364)	(2,459,717)
Net book amount	2,689,110	4,968	37,148	-	2,731,226

(b) Intangible assets

	Computer Software $	Patents and licences $	Total $
Year ended 30 June 2015			
Opening net book amount	23,244	63,037	86,281
Additions	18,220	29,178	47,398
Disposals	-		-
Amortisation charge	(20,619)	(8,737)	(29,356)
Closing net book amount	20,845	83,478	104,323
At 30 June 2015			
Cost	52,060	96,333	148,393
Accumulated depreciation	(31,215)	(12,855)	(44,070)
Net book amount	20,845	83,478	104,323
Year ended 30 June 2016			
Opening net book amount	20,845	83,478	104,323
Additions	-	-	-
Disposals	-	-	-
Amortisation charge	(15,434)	(9,633)	(25,067)
Closing net book amount	5,411	73,845	79,256
At 30 June 2016			
Cost	52,060	96,333	148,393
Accumulated depreciation	(46,649)	(22,488)	(69,137)
Net book amount	5,411	73,845	79,256

3 Non-financial assets and financial liabilities (continued)

(c) Provisions

	2016 $	2015 $
Provision for long service leave	**26,777**	19,934
	26,777	19,934

(i) Movement in provisions

	2016 $	2015 $
Carrying amount at the start of the year	**19,934**	6,460
Charged to profit or loss	**6,843**	13,474
Carrying amount at the end of the year	**26,777**	19,934

4 Equity

(a) Members' Guarantee

The Company is a public company limited by guarantee that is incorporated and domiciled in Australia. If the Company is wound up, its Constitution states that if upon winding-up or dissolution of the Company:

(i) there remains, after satisfaction of all its debts and liabilities, any property whatsoever, that property will not be paid to or distributed among the members but shall be given or transferred to some other institution or institutions, having objects similar to the objects of the Company, whose memorandum of association of constitution prohibits the distribution of its or their income and property among its or their members to an extent at least as great as imposed on the Company under its constitution, and being an institution or institutions accepted as a deductible gift recipient under sub-division 30-B, section 30-100 of the Income Tax Assessment Act 1997 by the Commissioner of Taxation or otherwise approved for these purposes by the Commissioner of Taxation or institutions by the Members at or before the time of dissolution.

(ii) there is a deficit, each member and any members who ceased to be a member within 12 months of the winding up will contribute a maximum of $100.

At 30 June 2016 the number of members was 3 (2015: 3 members).

(b) Other reserves

Movements in other reserves were as follows:

	Endowment & Research $	Infrastructure & Development $	Total other reserves $
Year ended 30 June 2015			
Net surplus for the period	375,582	528,463	904,045
At 30 June 2015	**375,582**	**528,463**	**904,045**
Year ended 30 June 2016			
Net surplus for the period	-	-	-
At 30 June 2016	**375,582**	**528,463**	**904,045**

4 Equity (continued)

(b) Other reserves (continued)

(i) Nature and purpose of other reserves

Endowment & Research

These funds are earmarked for innovative research activities including the ongoing development of digital tools, which will support the Company to maintain its position as world leaders in its field.

Infrastructure & Development

These funds are earmarked for future costs relating to the technical infrastructure development required for ongoing service delivery.

(c) Retained earnings

Movements in retained earnings were as follows:

	2016 $	2015 $
Balance 1 July	**5,323,134**	5,523,272
Net surplus for the period	**786,819**	(200,138)
Balance 30 June	**6,109,953**	5,323,134

5 Cash flow information

(a) Reconciliation of surplus (deficit) after tax to net cash inflow from operating activities

	2016 $	2015 $
Surplus for the year	**786,819**	703,907
Depreciation and amortisation	**238,263**	253,458
Changes in operating assets and liabilities		
Increase in trade and other receivables	**(1,993,732)**	(1,690,755)
Increase in trade and other payables	**4,534,423**	1,681,117
Increase in provisions	**6,843**	13,474
Net cash flows from operating activities	**3,572,616**	961,201

6 Critical estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the current financial period there were no areas that involved a higher degree of judgement or complexity, or which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

7 Financial risk management

The Company's principal financial instruments are cash and cash equivalents and funds owing to/held with UNSW. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risk arising from the Company's financial instruments are interest rate risk and liquidity risk.

(a) Interest rate risk

Cash and cash equivalents and funds owing to/held with UNSW are the only financial instruments of the company subject to changes in interest rates. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

	2016 $	2015 $
Total cash and cash equivalents	**6,513,244**	2,945,384
Non-interest bearing cash deposits	**(123,898)**	(426,217)
Fixed interest term deposits	**(1,614,854)**	(1,077,037)
Interest bearing cash and cash equivalents	**4,774,492**	1,442,130
Net funds due from UNSW	**3,647,237**	3,028,152
Net financial assets subject to interest rate risk	**8,421,729**	4,470,282

Net interest earned in 2016 amounted to $80,711 (2015: $63,990). The term deposit earns interest at a fixed rate of 2.05% (2015: 2.90%). The weighted average floating interest rate was 0.95% (2015: 1.50%).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's statement of comprehensive income through the impact on floating rate financial assets and financial liabilities. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities held at 30 June 2016. The sensitivity analyses do not take account of actions by the company that might be taken to mitigate the effect of such changes.

(i) Sensitivity of net interest income

	2016 $	2015 $
Change in basis points		
- 0.25% (25 basis points)	**(20,168)**	(11,790)
+0.50% (50 basis points)	**40,335**	23,580

(b) Liquidity risk and funding management

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind and monitors future cash flows and liquidity on a regular basis. Management's objective is to maintain a balance between operational continuity and continuity of funding through appropriate acquittal of grants received by the Company.

The carrying value of the Company's financial assets and liabilities as at 30 June 2016 which include cash and cash equivalents of $6,513,244 (2015: $2,945,384) , trade and other receivable of $5,551,633 (2015: $3,557,901) and trade and other payable of $7,834,584 (2015: $3,300,161), represents the contractual maturities due within one year.

(c) Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

8 Contingent liabilities and contingent assets

The Company is not aware of any potential assets or obligations that may arise as a result of the outcome of an uncertain event after the balance date.

9 Commitments

(a) Non-cancellable operating leases

The Company has entered into commercial leases on certain items of plant and equipment and premises where it is not in the best interest of the Company to purchase these assets. These leases have an average life of 5 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2016 are as follows:

	2016 **$**	**2015** **$**
Within one year	**7,347**	6,062
Later than one year but not later than five years	**36,737**	4,140
Later than five years	**-**	-
	44,084	10,202

10 Events occurring after the reporting period

There have been no significant events occurring after the balance date that may affect either the Company's operations or results of those operations or the Company's state of affairs.

11 Related party transactions

(a) Key management personnel compensation

	2016 **$**	**2015** **$**
Short-term employee benefits	**911,042**	501,987

The Directors do not receive remuneration for services performed in their role as directors of the Company.

11 Related party transactions (continued)

(b) Transactions with other related parties

University of New South Wales

The University of New South Wales supports the activities of the Company through the provision of human resources, office support services and infrastructure support.

Prince of Wales Hospital

Prince of Wales Hospital provides maintenance and security services on the Company's Randwick premises.

The Company entered into a 25 year lease on 1 December 2004 with South Eastern Sydney and Illawarra Area Health Service relating to Villa 3, Prince of Wales Hospital, Hospital Road, Randwick for consideration of $1. At this time, the Black Dog Institute renovated the building where their operations currently reside. The building agreement has the option to renew for another 25 years once the term of the current lease has ended, on 30 November 2029. Once terminated, the building will then revert to the Prince of Wales Hospital. The leasehold improvements related to this building are being amortized on a straight line basis over 25 years.

12 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the company, its related practices and non-related audit firms:

(a) Ernst & Young	**2016 $**	**2015 $**
Audit of the financial report of the company	**30,000**	26,500
Other taxation services	**3,000**	-
Total remuneration	**33,000**	26,500

13 Grant acquittal reports

Acquittal report of NSW Ministry of Health funding grants

	NGO funding		MRSP infrastructure		Teleweb	
	2016	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$
Recurring grant	**1,433,200**	1,398,200	**961,849**	961,849	**638,775**	599,981
Non-recurring grant	**-**	-	**-**	40,590	**-**	-
Total revenues from operating activities	**1,433,200**	1,398,200	**961,849**	1,002,439	**638,775**	599,981
Revenues from non-operating activities						
Interest income	**14,329**	9,915	**-**	10,576	**2,791**	3,100
Total revenue from ordinary activities	**1,447,529**	1,408,115	**961,849**	1,013,015	**641,566**	603,081
Expenses from Ordinary Activities						
Salaries and wages	**1,148,039**	1,238,331	**1,058,069**	742,919	**346,924**	424,072
Independent contractors	**143,819**	22,382	**2,032**	40,536	**176,699**	93,999
Printing, advertising and stationery	**60,929**	50,568	**42,068**	11,094	**60,415**	24,241
Telephone, postal and courier	**5,722**	655	**1,032**	1,577	**392**	5,487
Travel, conference and parking	**18,257**	17,654	**1,818**	23,657	**6,047**	2,987
Utilities, network and security	**27,336**	33,319	**45**	50,017	**37,083**	51,275
Depreciation	**29,670**	30,888	**-**	-	**-**	-
Sundry and administrative	**13,757**	14,318	**-**	-	**523**	2,692
Total expenses from ordinary activities	**1,447,529**	1,408,115	**1,105,064**	869,800	**628,083**	604,753
Operating surplus (deficit)	-	-	**(143,215)**	143,215	**13,483**	(1,672)

14 Information and declaration to be furnished under the Charitable Fundraising Act 1991

The company is registered under the Charitable Fundraising Act to conduct fundraising activities.

(a) Details of aggregated gross income and total expenses of donations and fundraising events

	2016 $	2015 $
Proceeds		
Gross proceeds from donations	**1,399,472**	1,013,286
Gross proceeds from fundraising events	**1,093,483**	1,332,395
Gross proceeds	**2,492,955**	2,345,681
Direct costs		
Total direct costs of donations	**(283,413)**	(284,564)
Total direct costs of fundraising events	**(221,445)**	(231,161)
Total direct cost	**(504,858)**	(515,725)
Net surplus from donations and fundraising events	**1,988,097**	1,829,956

(b) Statement showing how funds received were applied to charitable purposes

The net surplus from donations and fundraising events is applied to support the running cost of the Institute and contributes to the accumulated surplus that will be used for future operations of the Institute.

(c) Fundraising appeals conducted during the financial period

During the period, the Institute sponsored the Blackmores Running Festival, City2Surf, Christmas and Tax Appeals and other fundraising activities.

(d) Comparison by monetary figures and percentages

	2016 $	2015 $
Total cost of donations and fundraising	**504,858**	515,725
Gross income from donations and fundraising	**2,492,955**	2,345,681
Ratio	**20%**	22%
Net surplus from donations and fundraising	**1,988,097**	1,829,956
Gross income from donations and fundraising	**2,492,955**	2,345,681
Ratio	**80%**	78%

15 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, the Australian Charities and Not-for-Profits Commission Act 2012, the Charitable Fundraising Act 1991, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

Where applicable, comparative information has been adjusted to enhance comparability.

(i) Statement of Compliance

The financial report complies with Australian Accounting Standards. The accounting policies adopted are consistent with those of the previous financial year.

The Company's principal objective is not for the generation of profit. Consequently, where appropriate, the Company has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities. As a result this financial report does not comply with International Financial Reporting Standards (IFRS).

(ii) New Accounting Standards and Interpretations

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time during the year ended 30 June 2016 do not impact the financial statements of the Company.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts if any.

(c) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less a provision for any uncollectable debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

(d) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 3 to 5 years
Furniture – over 10 years
Leasehold improvements – over 25 years
Motor vehicles – over 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Items with an initial cost of less than $2,000 are expenses as incurred.

15 Summary of significant accounting policies (continued)

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the rates attaching to national government securities at the balance sheet date, which most closely match the expected remaining useful life of the related asset. Impairment losses, if any, are recognised in the statement of comprehensive income.

(e) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee
Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised as an expense in profit or loss.

(f) Trade and other payables
Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs.

(h) Employee leave benefits
Wages, salaries and annual leave
Accruals for employee entitlements to wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on the remuneration rates the company expects to pay including related on-costs.

15 Summary of significant accounting policies (continued)

(i) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Grants

Government and other grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The liability for grants/funding in advance is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions are usually fulfilled within 12 months of receipt of grant.

(ii) Donations

Revenue from donations is not brought to account until monies are actually received. Donations in kind are recorded at the fair value of the goods or services received at the time they are received.

(iii) Facility fee revenue

Black Dog Institute collects billings on behalf of clinicians for both bulk billed Medicare patients and full fee paying patients. Where a clinician is paid per patient (and not per day), Black Dog Institute will charge a percentage based facility fee. This facility fee revenue is recognised on a monthly basis. Clinicians are paid the balance (total billings less facility fees).

(iv) Interest income

Revenue is recognised on an accrual basis (using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the investment).

(j) Income tax

As the Company is a Public Benevolent Institution, it is tax exempt under Subdivision 50B of the Income Tax Assessment Act 1997 for income taxation purposes.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

15 Summary of significant accounting policies (continued)

(l) Fundraising activities

The Company is registered under the Charitable Fundraising Act 1991 (the Act) to conduct fundraising activities. Note 14 summarises information and declaration to be furnished under the Act, which prescribes the manner in which fundraising appeals are to be conducted, controlled and reported. Direct costs of donations and fundraising events include the salary cost of the fundraising director, fees paid to online service providers and other expenses directly attributable to the fundraising event.

(m) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

The Company amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Computer software – 2 years

Patents and licences – 10 years

In accordance with a resolution of the Directors of the Black Dog Institute, I state that in the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the Statement of Comprehensive Income gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;

(d) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;

(e) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Company; and

(f) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

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

Peter Joseph, AM
Director

Sydney
21 September 2016

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Independent auditor's report to the members of the Black Dog Institute

Report on the financial report

We have audited the accompanying financial report of the Black Dog Institute (the 'registered entity'), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a. the financial report of the Black Dog Institute is in accordance with 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 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2008

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a) the financial report of the Black Dog Institute has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2016, in all material respects, in accordance with:

   iii sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;

   iv sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*.

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2016 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Ernst & Young

Rob Lewis

Rob Lewis
Partner
Sydney
21 September 2016

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