

OPEN MINDS AUSTRALIA
A.C.N 009 687 030
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2011.

Directors

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

	<u>Date Commenced</u>	<u>Date Ceased</u>
Mike Gilmour	17 th May 2005	
Edward Stewart	5 th November 1986	
Claude Huddy	8 th September 1994	
Elissa Morriss	16 th September 2003	23 rd November 2010
Louise Cox	15 th February 2005	19 th April 2011
Jacqueline Hardman	31 st January 2009	4 th February 2011
Paul Mazerolle	10 th June 2009	
Kim Meyer	18 th May 2010	
Madonna Tucker	18 th May 2010	
Melanie Nicholson	8 th December 2010	
Lynn Smart	16 th August 2011	

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

Company Secretary

Janifer Willis CPA

Ms Willis commenced with Open Minds September 2008 as both the Company Secretary and Chief Financial Officer.

Principal activities

Open Minds provides psychosocial support services to people with mental illness, disability and acquired brain injury. No significant change in the nature of this activity occurred during the year.

Open Minds operates to a 5 year Strategic Plan with the key priorities in the following areas:

- Client focus - ensuring services are relevant and effective;
- Growth through flexibility responsiveness and innovation – Open Minds into the Future;
- Organisational capacity development and leadership – The right people in the right place at the right time;
- Community engagement and awareness – Spreading the word and gaining support; and
- Relationships and partnerships – Capacity through collaboration.

Operating results and review of operations for the year

The surplus of the company for the financial year amounted to \$310,500 (2010: Surplus of \$290,208). A review of operations of the company during the financial year indicated that Open Minds has continued with modest growth in income primarily in State Government funded lifestyle services. A corresponding growth in expenditure has resulted in a surplus of 2.70% (2010: 3%) of total revenue.

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DIRECTORS' REPORT (continued)

Directors' meetings

During the financial year, 25 meetings of directors and sub committees were held. Attendances by each director were as follows:

	Directors' Meeting	
	Number eligible to attend	Number attended
Mike Gilmour (Chair)	10	10
Claude Huddy	10	9
Elissa Morriss	4	1
Louise Cox	7	7
Edward Stewart	10	9
Jacqueline Hardman	6	4
Paul Mazerolle	10	8
Kim Meyer	10	8
Madonna Tucker	10	9
Melanie Nicholson	5	5

	Finance, Risk & Compliance Meeting	
	Number eligible to attend	Number attended
Jacqueline Hardman	5	2
Claude Huddy	11	9
Edward Stewart	5	1
Louise Cox	9	7
Kim Meyer	6	6
Mike Gilmour (Ex-officio)	11	9

	Governance Meeting	
	Number eligible to attend	Number attended
Louise Cox	2	2
Paul Mazerolle	4	4
Edward Stewart	4	3
Mike Gilmour (Ex-officio)	4	2

Information on Directors

Mike Gilmour – Chair

Dip Acctg, MBA, FCPA, FAICD

Mike Gilmour is the Chair of Open Minds. He is an experienced director with a strong commitment to corporate governance and the not-for-profit sector. He is a director of the Centre for Rural and Remote Mental Health Queensland, a director of the South East Alliance of General Practitioners, Chair of the Metropolitan South Institute of TAFE and a former President of the Queensland Division of CPA Australia.

Mike has a close involvement with the indigenous community through his role of Company Secretary of the Palm Island Community Company. Mike is a professional accountant and experienced chief financial officer and has particular experience in the health and manufacturing sectors. Previous appointments as a director, company secretary and senior financial and commercial management positions have included the Uniting HealthCare Group, Royal Flying Doctor Service, Boystown Family Care and James Hardie Industries Ltd.

Mike has been a director of Open Minds since May 2005.

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DIRECTORS' REPORT (continued)

Information on Directors - continued

Louise Cox – Deputy Chair

BBus(Mgt), BBus(Accy), LLB(Hons), LLM, GradDipLegalPrac, FCPA, FTIA, FAIM, MAICD

Louise Cox is both an accountant and solicitor, and is currently one of the Directors of the Chesterfield Group, a multidisciplinary law and accounting practice. She holds degrees in law, accounting and marketing and is a fellow certified practising accountant (FCPA).

Louise has worked principally in the role of chief finance officer for both not-for-profit and for-profit organisations over a period of 16 years. She sits on a number of not-for profit boards and is on the executive of the Caxton Legal Centre Inc's management committee.

Louise was a Director of Open Minds from February 2005 and ceased as a Director on 19th April 2011.

Jacqueline Hardman – Director

Jacqui Hardman is the Managing Director of Hardman Recruitment, a Brisbane based Recruitment Company specialising in legal, accounting and HR recruitment with connections in Sydney, Melbourne, Perth, Adelaide and the UK.

Jacqui holds a Master of Business Administration from the University of Queensland and prior to her current position held a number of senior management positions in Brisbane, including that of Chief Executive Officer of a commercial law firm and Director of the Legal and Human Resources division of a well regarded recruitment agency. As a seasoned professional in the legal and human resources arena, Jacqui has vast experience in understanding recruitment and business management practices.

Jacqui was a Director of Open Minds from January 2009 and ceased as a Director on 4th February 2011.

Edward Stewart (Ted) – Director

Ted Stewart has served as a Director since November 1986 and was Chair of Open Minds from 1989 – 2009.

For more than 10 years from 1986 to 1996, he was a partner in the law firm Flower and Hart Lawyers. He is currently the managing director of Moonstruck Group, a retail and investment business which operates Stewarts Wine Co in South East Queensland. He acts as a hospitality business and business consultant and as a director of a number of businesses in the equity investment, real property investment, health, medical and leisure industries.

Claude Huddy - Director

Claude Huddy was the national programs and contract manager for Sarina Russo Job Access. For the previous 26 years he was employed by the then Department of Education, Employment and Workplace Relations (DEEWR) as senior contract manager for the Job Network, Commonwealth Employment Service regional manager and the South Brisbane area programs manager. He was a director and chairman of BABI Youth & Family Support from 1982–2002, a Wynnum-based organisation supporting homeless youth through the provision of accommodation and other specialised support services.

Claude has been a Director of Open Minds since September 1994.

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DIRECTORS' REPORT (continued)

Information on Directors - continued

Elissa Morriss – Director

Elissa Morriss is a neuropsychologist employed part-time with the Acquired Brain Injury Outreach Service of Queensland Health. Elissa has worked as a psychologist in the area of community rehabilitation with individuals with acquired brain injury for 20 years and is also a part-time tribunal member with the Queensland Civil and Administrative Tribunal.

Elissa is a Churchill Fellow (2005) with interests including the management of challenging behaviour and brain injury education.

Elissa was a Director of Open Minds from September 2003 and ceased as a Director on 23rd November 2010.

Professor Paul Mazerolle – Director

Professor Paul Mazerolle is Pro Vice Chancellor (Arts, Education and Law) and Director of the Violence Research and Prevention Program at Griffith University. Professor Mazerolle's research examines the processes that shape criminal offending across the life course, the consequences of violent victimisation for criminal offending, youth violence, and intimate partner violence. He is engaged in a series of funded research projects examining juvenile offending behaviour, violent victimisation, and intimate partner homicide. Paul holds a PhD in Criminology, a Masters in Criminal Justice and a Bachelor in Sociology.

Paul has been a Director of Open Minds since June 2009.

Associate Professor Kim Meyer - Director

PhD, MA Psychology, BS Psychology

Associate Professor Dr Kim Meyer is the Director of Research in Behaviour Support at the Centre of Excellence for Behaviour Support at the University of Queensland. In this role, Dr Meyer develops and conducts research in positive behaviour support (PBS), provides training and supervision in PBS, disseminates findings through conference presentations and manuscript publications and has developed national and international collaborations with the University and support organisations. Kim has made over 50 professional presentations at conferences centring on disability and positive behaviour since 1988. His current focus is a longitudinal study examining the effectiveness of positive behaviour interventions in which clients of the Open Minds Residential Support Program are participating. Kim holds a PhD in Clinical Psychology with Behavioural Dual Specialty, a Masters in Psychology and a Bachelor of Science in Psychology.

Kim was appointed as a Director of the Open Minds Board in May 2010.

Dr Madonna Tucker - Director

PhD, MPsychEd, BA Psychology

Dr Madonna Tucker is a Lecturer, Behavioural Consultant and Project Manager at the Queensland Centre for Intellectual and Development Disability (QCIDD) at the University of Queensland, specialising in the area of challenging behaviour in people with intellectual disability.

Madonna holds a Doctorate of Philosophy, Master of Educational Psychology and a Bachelor of Arts with a Double Major in Psychology. In her role at the University of Queensland, Dr Tucker runs forums, undertakes research and teaches health and disability professionals, carers and family members of people with intellectual disability.

To compliment her knowledge and teachings, Madonna has been the writer and reviewer of journal publications with disability specific journals, and holds a range of professional memberships, both disability and psychology related.

Madonna was appointed as a Director of the Open Minds Board in May 2010.

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DIRECTORS' REPORT (continued)

Information on Directors – Continued

Melanie Nicholson – Director

Melanie Nicholson is the principle of “Consensus Enterprises” an Alternative Dispute Resolution practice specialising in Mediation, Conflict Coaching and Dispute Resolution training.

Melanie holds a Master of Dispute Resolution and has extensive experience in community engagement, project management and leadership positions within the Federal Government.

Melanie has also been employed in customer service and management within the Defence Forces and private enterprise accordingly. Melanie has also travelled extensively in the last ten years particularly through schools and orphanages in developing countries.

Melanie has experienced the challenges of an Acquired Brain Injury (ABI) and brings this personal perspective to the board. Melanie is currently a lead volunteer with the Saint Vincent De Paul's Society.

Information on Directors – Continued

Lynn Smart - Director

B Com, CPA, FAICD, MBA.

Lynn is a CPA with more than 20 years experience in the areas of accounting, financial analysis, business improvement, compliance, governance and risk. As either employee or consultant Lynn has worked with SME's, multinationals, private and public companies across broad industry segments such as construction, mining services, web hosting, energy, heavy industry and food manufacturing, assembly, FMCG, franchise, and transport.

Previous roles have included senior commercial and accounting positions as well as a business improvement focus which means Lynn has a results oriented and outcome based approach linking strategic goals to real operational performance while understanding the implications for compliance, governance and risk.

Lynn is a director of The Smarter Bottom Line Pty Ltd providing consulting services to the commercial sector since 1998 and is also a director of the Anywhere Theatre Festival.

Members' guarantee

Open Minds Australia is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity is wound up, the constitute states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2011, the total amount that members of the company are liable to contribute if the company is wound up is \$10 (2010: \$10).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the Board of Directors:



Director

Dated this 28th day of October 2011



Director

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF OPEN MINDS AUSTRALIA**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- a) No contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Lawler Hacketts Audit



Liam Murphy
Partner

Dated this 28th day of October 2011

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 10 to 28 are in accordance with the *Corporations Act 2001* and:
 - a) comply with Australian Accounting Standards; and
 - b) give a true and fair view of the company's financial position as at 30 June 2011 and its performance for the year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director



Director

Dated this 28th day of October 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPEN MINDS AUSTRALIA**

Report on the Financial Report

We have audited the accompanying financial report of Open Minds Australia (the company), which comprises the statement of financial position as at 30 June 2011, 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 company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPEN MINDS AUSTRALIA**

Auditor's Opinion

In our opinion the financial report of Open Minds Australia is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirement (including Australian Accounting Interpretations) as described in Note 1 and the *Corporations Regulations 2001*.

Lawler Hacketts Audit



Liam Murphy
Partner

Dated this 28th day of October 2011

OPEN MINDS AUSTRALIA
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Revenue	2	11,528,982	9,411,201
Employee benefits expense		(9,149,742)	(7,415,435)
Depreciation and amortisation expenses		(263,074)	(277,472)
Bad and doubtful debts expense		(536)	(17,395)
Finance costs		(1,154)	(10,357)
Other expenses		<u>(1,803,976)</u>	<u>(1,400,334)</u>
Surplus before income tax expense	3	310,500	290,208
Income tax expense		<u>-</u>	<u>-</u>
Surplus for the year		<u>310,500</u>	<u>290,208</u>
Other comprehensive income:			
Net gain on revaluation of non-current financial assets		<u>9,352</u>	<u>28,636</u>
Other comprehensive income for the year		<u>9,352</u>	<u>28,636</u>
Total comprehensive income for the year		<u><u>319,852</u></u>	<u><u>318,844</u></u>
Surplus attributable to: Members of the entity		<u><u>310,500</u></u>	<u><u>290,208</u></u>
Total comprehensive income attributable to: Members of the entity		<u><u><u>319,852</u></u></u>	<u><u><u>318,844</u></u></u>

The accompanying notes form part of these financial statements.

OPEN MINDS AUSTRALIA
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,927,058	3,469,989
Trade and other receivables	5	209,639	164,365
Other assets	6	<u>33,867</u>	<u>31,131</u>
TOTAL CURRENT ASSETS		<u>5,170,564</u>	<u>3,665,485</u>
NON-CURRENT ASSETS			
Financial assets	7	173,022	156,970
Property plant and equipment	8	2,199,910	2,191,241
Investment properties	9	690,440	714,187
Intangible assets	10	<u>11,048</u>	<u>36,870</u>
TOTAL NON-CURRENT ASSETS		<u>3,074,420</u>	<u>3,099,268</u>
TOTAL ASSETS		<u>8,244,984</u>	<u>6,764,753</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	3,277,045	2,210,440
Interest bearing borrowings	12	-	55,810
Provisions	13	<u>352,179</u>	<u>252,572</u>
TOTAL CURRENT LIABILITIES		<u>3,629,224</u>	<u>2,518,822</u>
NON-CURRENT LIABILITIES			
Provisions	13	<u>114,694</u>	<u>64,717</u>
TOTAL NON-CURRENT LIABILITIES		<u>114,694</u>	<u>64,717</u>
TOTAL LIABILITIES		<u>3,743,918</u>	<u>2,583,539</u>
NET ASSETS		<u>4,501,066</u>	<u>4,181,214</u>
EQUITY			
Financial assets reserve	15	82,332	72,980
Retained earnings		<u>4,418,734</u>	<u>4,108,234</u>
TOTAL EQUITY		<u>4,501,066</u>	<u>4,181,214</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 July 2009	<u>3,818,026</u>	<u>44,344</u>	<u>3,862,370</u>
Comprehensive income			
Surplus for the year	290,208	-	290,208
Other comprehensive income for the year	<u>-</u>	<u>28,636</u>	<u>28,636</u>
Total comprehensive income	<u>290,208</u>	<u>28,636</u>	<u>318,844</u>
Balance at 30 June 2010	<u>4,108,234</u>	<u>72,980</u>	<u>4,181,214</u>
Comprehensive income			
Surplus for the year	310,500	-	310,500
Other comprehensive income for the year	<u>-</u>	<u>9,352</u>	<u>9,352</u>
Total comprehensive income	<u>310,500</u>	<u>9,352</u>	<u>319,852</u>
Balance at 30 June 2011	<u>4,418,733</u>	<u>82,332</u>	<u>4,501,066</u>

The accompanying notes form part of these financial statements.

OPEN MINDS AUSTRALIA
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants and from customers		12,522,403	9,942,878
Payments to suppliers and employees		(10,979,266)	(8,964,176)
Dividends received		5,818	5,035
Interest received		176,271	116,455
Finance costs		(1,154)	(10,357)
Net cash provided by operating activities	14	<u>1,724,072</u>	<u>1,089,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property plant and equipment		89,487	230,289
Payment for property plant and equipment		(300,680)	(514,753)
Payment for intangible assets		-	(2,183)
Payment for building improvement		-	(10,035)
Net cash used in investing activities		<u>(211,193)</u>	<u>(296,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(55,810)	(246,108)
Net cash used in financing activities		<u>(55,810)</u>	<u>(246,108)</u>
Net increase in cash held		1,457,069	547,045
Cash and cash equivalents at beginning of financial year		3,469,989	2,922,944
Cash and cash equivalents at end of financial year	4	<u><u>4,927,058</u></u>	<u><u>3,469,989</u></u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information

The financial statements cover Open Minds Australia as an individual entity. Open Minds Australia is a company limited by guarantee, incorporated and domiciled in Australia.

(b) Basis of Preparation

Open Minds Australia has elected to early adopt the pronouncements of AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are a general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

(c) Comparative Figures

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

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment loss.

Property

Buildings are measured on the cost basis less depreciation and impairment losses.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation reserve. All other decreases are charges to the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS
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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment (continued)

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original costs, is transferred from the revaluation reserve to retained earnings.

Plant and equipment

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.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued 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, is depreciated on the 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 Assets	Depreciation Rate
Buildings	2.5%
Furniture, fittings and equipment	10% to 25%
Motor vehicles	20%
Leased plant and equipment	20%

The assets' residual values and useful lives are reviewed on a regular basis for all assets, with annual reassessments for major items.

The asset class'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 or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Investment property

Investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured using the cost model and in accordance with the company's policy on other land and building assets, as distributed in Note 1(d) above.

(f) Intangibles – Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and five years. It is assessed annually for impairment.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits 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 benefits 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.

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

(i) Provisions

Provisions are recognised when the company 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.

(j) Income Tax

Open Minds Australia is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(k) 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 in the statement of financial position are shown inclusive of GST.

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

(l) Unexpended Grants

Open Minds Australia receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grants monies as unexpended grants in the statement of financial position where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue and Other Income

Grant revenue is recognised in the statement of 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.

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

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

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

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

Dividend revenue is recognised when the dividend has been received.

Revenue from the rendering of services 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).

(n) Contributions

Open Minds Australia receives non-reciprocal contributions from the government and other parties for no or a nominal value. These contributions are recognised at the fair value on the date of acquisition upon which time an asset is taken up in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

(o) Leases

Leases of plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the company. Payables are normally unsecured, interest free and settled within 30 days.

(q) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets

Available-for-sale financial assets include any non-derivative financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments.

Impairment

At the end of each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(r) Critical accounting estimates and judgements

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

There have been no significant judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in this financial report.

(s) Impairment of Assets

At each reporting date, the company 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 costs 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 expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2. REVENUE AND OTHER INCOME

	2011	2010
	\$	\$
Operating activities:		
Grant income - State Government	6,652,318	5,158,844
Grant and contract income - Federal Government	3,848,000	3,339,213
Grant income - Other	23,167	8,367
Other service income	673,149	624,889
Interest income	178,510	113,681
Dividend income	12,518	10,266
Rental income	80,111	90,833
Other income	50,227	20,444
	<u>11,518,800</u>	<u>9,366,537</u>
Non-operating activities:		
Gain on disposal of plant and equipment	10,982	44,664
Total revenue	<u>11,528,982</u>	<u>9,411,201</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 3: EXPENSES		
Surplus before income tax expense includes the following specific expenses:		
Bad and doubtful debts expenses	536	17,395
<i>Depreciation and amortisation:</i>		
Buildings	28,635	28,216
Leasehold improvement	2,057	8,493
Plant and equipment	182,800	137,972
Leased plant and equipment	-	47,603
Investment properties	23,747	23,747
Computer software	25,835	31,441
	263,074	277,472
<i>Other expenses:</i>		
Direct cost of services – Client expenses	198,611	189,109
Occupancy costs	237,877	176,413
Consultancy costs	111,919	163,967
Other expenses	1,255,569	870,845
Total other expenses	1,803,976	1,400,334
<i>Finance costs:</i>		
Finance lease charges	1,154	10,357
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	2,800	2,600
Cash at bank	644,617	514,023
Short-term bank deposits	4,279,641	2,953,366
	4,927,058	3,469,989
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to items in the Statement of financial position as follows:		
Cash and cash equivalents	4,927,058	3,469,989
	4,927,058	3,469,989

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 5: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	77,922	68,223
Provision for impairment of receivables	(42,271)	(42,271)
	<u>35,651</u>	<u>25,952</u>
Other receivables	173,988	138,413
Total current trade and other receivables	<u>209,639</u>	<u>164,365</u>

Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in bad and doubtful debts expenses.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 30 June 2009	25,340
- Increase in provision for the year	16,931
Provision for impairment as at 30 June 2010	<u>42,271</u>
- Increase in provision for the year	-
Provision for impairment as at 30 June 2011	<u>42,271</u>

NOTE 6: OTHER ASSETS

Prepayments	<u>33,867</u>	<u>31,131</u>
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NOTE 7: FINANCIAL ASSETS

NON-CURRENT

Available-for-sale financial assets

Shares in listed corporations – at fair value:

Shares CBA – DUUS Estate

127,560

112,067

Shares Suncorp Metway

45,462

44,903

173,022

156,970

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
Freehold land at:		
66 Annerley Road, South Brisbane - at cost	<u>480,000</u>	<u>480,000</u>
Buildings at:		
66 Annerley Road, South Brisbane - at cost	1,183,025	1,173,004
Less accumulated depreciation	<u>(224,761)</u>	<u>(196,114)</u>
Total buildings	<u>958,264</u>	<u>976,890</u>
Total land and buildings	<u>1,438,264</u>	<u>1,456,890</u>
LEASEHOLD IMPROVEMENT		
Leasehold improvements		
At cost	57,136	19,750
Less accumulated depreciation	<u>(19,750)</u>	<u>(17,693)</u>
Total leasehold improvement	<u>37,386</u>	<u>2,057</u>
PLANT AND EQUIPMENT		
Office equipment, furniture, fixtures and fittings		
At cost	606,143	575,698
Less accumulated depreciation	<u>(433,018)</u>	<u>(351,078)</u>
	<u>173,125</u>	<u>224,620</u>
Motor vehicles		
At cost	709,886	587,279
Less accumulated depreciation	<u>(158,751)</u>	<u>(126,623)</u>
	<u>551,135</u>	<u>460,656</u>
Total plant and equipment	<u>724,260</u>	<u>685,276</u>
LEASED PLANT AND EQUIPMENT		
Leased motor vehicles		
At cost	-	93,889
Less accumulated depreciation	<u>-</u>	<u>(46,871)</u>
Total leased plant and equipment	<u>-</u>	<u>47,018</u>
Total property, plant and equipment	<u>2,199,910</u>	<u>2,191,241</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

Movements in carrying amounts

	Freehold land and buildings \$	Leasehold improvements \$	Plant and equipment \$	Leased plant and equipment \$	Total \$
Balance at beginning of the year	1,456,890	2,057	685,276	47,018	2,191,241
Additions	10,021	37,386	253,273	-	300,680
Transfers	-	-	47,018	(47,018)	-
Disposals	-	-	78,507	-	78,507
Depreciation expense	28,647	2,057	182,800	-	213,504
Carrying amount at end of the year	1,438,264	37,386	724,260	-	2,199,910

NOTE 9: INVESTMENT PROPERTIES

	2011 \$	2010 \$
<i>At written down value:</i>		
1/ 61 Real St Annerley	81,426	84,125
1/146 Sexton St Tarragindi	54,740	56,788
4/146 Sexton St Tarragindi	53,377	55,294
6/370 Montague Rd West End	55,585	57,578
7/100 School Rd Yeronga	61,226	63,500
100 Chester Road Annerley	384,086	396,902
Total investment properties	690,440	714,187

The Queensland Housing Commission and Open Minds Australia have agreed to a secured mortgage over the investment properties.

This mortgage entitles the Queensland Housing Commission to a percentage of the greater of the market value or the sale price of the land, and improvements as applicable, for each property as at the date when Open Minds Australia disposes of the above properties. Open Minds Australia can claim an adjustment to its liability at the time of disposal, being 2% times the number of full years that the property has been used or been available for use under the capital funding program times the then market value of the Queensland Housing Commission's proportion in the land and improvements.

The Queensland Housing Commission's proportion of land and improvements as applicable, for the properties are as follows:

100 Chester Road, Annerley	100%	Land only
6/370 Montague Road, West End	68%	Land and improvements
1/61 Real Street, Annerley	72%	Land and improvements
7/100 School Road, Yeronga	68%	Land and improvements
1/146 Sexton Street, Tarragindi	72%	Land and improvements
4/146 Sexton Street, Tarragindi	72%	Land and improvements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 9: INVESTMENT PROPERTIES (continued)

Movements in carrying amounts

	1/61 St Annerley	1/146 Sexton St Tarragindi	4/146 Sexton St Tarragindi	6/370 Montague Rd West End	7/100 School Rd Yeronga	100 Chester Road Annerley	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of the year	84,125	56,788	55,294	57,578	63,500	396,902	714,187
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation expense	2,699	2,048	1,917	1,993	2,274	12,816	23,747
Carrying amount at end of the year	81,426	54,740	53,377	55,585	61,226	384,086	690,440

NOTE 10: INTANGIBLE ASSETS

	2011 \$	2010 \$
Computer software		
At cost	150,775	150,775
Less accumulated amortisation	<u>(139,727)</u>	<u>(113,905)</u>
Net carrying value	<u>11,048</u>	<u>36,870</u>

Movements in carrying amounts

	Computer Software \$
2011	
Balance at beginning of the year	36,870
Additions	-
Disposals	-
Amortisation	<u>(25,822)</u>
Net carrying value	<u>11,048</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 11: TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	60,453	2,170
Sundry payables and accrued expenses	685,783	646,856
Income received in advance	2,530,809	1,561,414
	<u>3,277,045</u>	<u>2,210,440</u>
NOTE 12: INTEREST BEARING BORROWINGS		
CURRENT		
Motor vehicle lease liability	-	<u>55,180</u>
NOTE 13: PROVISIONS – EMPLOYEE BENEFITS		
CURRENT		
Provision annual leave		
Provision for long service leave	288,126	208,739
	64,053	43,833
	<u>352,179</u>	<u>252,572</u>
NON-CURRENT		
Provision for long service leave	<u>114,694</u>	<u>64,717</u>
Movements in provisions		
Opening balance at 1 July 2010		317,289
Additional provisions raised during the year		497,948
Amounts used		(348,364)
Balance at 30 June 2011		<u>466,873</u>

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 14: CASH FLOW INFORMATION		
Reconciliation of net cash provided by operating activities to surplus from ordinary activities after income tax		
Surplus for the year	310,500	290,208
Non-cash flows:		
Depreciation and amortisation	263,074	277,496
Gain on disposal of plant and equipment	(10,982)	(44,664)
Dividend received by way of Dividends		
Reinvestment plan	(6,700)	(5,231)
Changes in assets and liabilities:		
(Increase) in trade and other receivables	(45,272)	(43,688)
Increase in provision for impairment of receivables	-	16,931
Increase in trade and other payables	1,063,869	485,506
Increase in provisions	149,583	113,277
Net cash provided by operating activities	<u>1,724,072</u>	<u>1,089,835</u>

NOTE 15: RESERVES

Asset Revaluation Reserve

The Asset Revaluation Reserve records the revaluation of available-for-sale financial assets. The movement of revaluation of for available for sale financial assets can be seen in the Statement of Changes in Equity on page 12.

NOTE 16: MEMBERS' GUARANTEE

Open Minds Australia 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 \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2011 the number of members was \$10 (2010: \$10).

NOTE 17: CONTINGENT LIABILITIES

As disclosed in Note 9, investment properties are secured by a mortgage to the Queensland Housing Commission. There is uncertainty relating as to when Open Minds Australia will dispose of these properties. As any future liability would be dependant on the market value of the property at the time of disposal, it is not practical to make an assessment of the potential financial effect of this contingent liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
NOTE 18: FINANCIAL RISK MANAGEMENT			
The company's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, and leases.			
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:			
Financial assets			
Cash and cash equivalents	4	4,927,058	3,469,989
Trade and other receivables	5	209,639	164,365
Other assets	6	33,867	31,131
Available-for-sale financial assets	7	173,022	156,970
Total financial assets		<u>5,343,586</u>	<u>3,822,455</u>
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	11	3,277,045	2,210,440
— Interest bearing liabilities	12	-	55,810
Total financial liabilities		<u>3,277,045</u>	<u>2,266,250</u>

Net Fair Values

- (i) For listed available-for-sale financial assets the fair values have been based on closing quoted bid prices at the end of the reporting period.
- (ii) The fair values of finance leases are determined using a discounted cash flow model incorporating current commercial borrowing rates.

NOTE 19: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

NOTE 20: ECONOMIC DEPENDENCE

Open Minds Australia is dependent on both the Federal Government and Queensland State Government for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Queensland Government nor Federal will not continue to support Open Minds Australia.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21: RELATED PARTY TRANSACTIONS

There are no material related party transactions.

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits \$	Post- employment benefit \$	Other long- term benefits \$	Total \$
2011				
Total compensation	632,052	57,120	42,562	731,734
2010				
Total compensation	500,623	46,592	29,177	576,392

NOTE 23: CAPITAL AND LEASING COMMITMENTS

	2011 \$	2010 \$
a) Finance Lease Commitments		
Payable – minimum lease payments		
- not later than 12 months	-	59,580
- between 2 – 5 year	-	-
- greater than 5 years	-	-
Minimum lease payments	-	59,580
Less future finance charges	-	(3,770)
	-	55,810
b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
- not later than 12 months	397,723	65,284
- between 2 – 5 years	432,561	-
- greater than 5 years	-	-
	830,284	65,284

NOTE 24: COMPANY DETAILS

The registered office and principal place of business is:
66 Annerley Road, Woolloongabba, South Brisbane
QLD 4102