Neami National
Improving Mental Health and Wellbeing

Neami Group

Consolidated Financial Statements

For the year ended 30 June 2020

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Directors' Report

The directors of Neami Limited (the 'Company') and its consolidated entity (the 'Neami Group') hereby present their report to all members, partners, staff, funders, consumers and participants for the financial year ended 30 June 2020.

1. Directors

The names and details of the Directors who held office during or since the end of the financial year are:

Anthony (Tony) Nippard (Chair)

BCom(Hons), BA, MA, FGIA, FCIS, FCHSM, GAICD

Tony was elected to the Board in 2014 and appointed Chair of the Board in October 2019. He is an experienced company director and has previously occupied senior positions in the Victorian public service. Tony is a Principal at Thoughtpost Governance.

Fiona Nicholls (Deputy Chair of Neami and Me Well)

BA Welfare Studies, MHSS, GAICD

Fiona was elected to the Board in 2016. In October 2019, she was appointed as Deputy Chair of the Board and Chair of the Governance Review Committee. Fiona has 31 years' Commonwealth Government experience in health and social welfare policy, project management and administration, including nine years in the Senior Executive Service focussing on quality and accountability in aged care and system reform in mental health services.

Graeme Doidge

BA, DipAppSci, DipBus, Cert IV T&E, RPN, GAICD

Graeme was elected to the Board in 2011 and was appointed as Chair of the Quality, Safety and Clinical Governance Committee in December 2016. Graeme is a Clinical Community Service Manager for St Vincent's Hospital Melbourne where he has worked for the past 12 years. Graeme also has 27 years' experience in Clinical, Policy and Service Development roles in the Mental Health Sector.

Brad Wynter (Me Well Chair)

BAPsych, MBA, CertIV Mgt, GAICD

Brad was elected to the Board in 2011 and was appointed as Me Well Chair in April 2019. He is currently the CEO of Infestation Tracking Systems Pty Ltd. Prior to this, he was Organisation Improvement Manager and Smart City Innovator at the City of Whittlesea for 18 years, and Deputy Director Citizen Access and Transformation in the State Government for one year. Brad is also on the advisory board of the technology start-up called Human Centred Innovations.

Silvio Pontonio

BA(Hons), BSW, MASc, AFCHSM,

Silvio was elected to the Board in February 2019. He is a principal at Health Nexus Group, a health consulting company. Silvio is an experienced hospital executive, advisor and strategist in private and public health, mental health and aged care sectors.

Lorraine Powell

CertIV MH (Peer Work), GAICD

Lorraine was elected to the Board in 2014. She has 18 years of experience as a consumer representative and consultant at local, state and national levels. Lorraine is an experienced clinical governance reviewer and the Western Australia Consumer Representative on the National Mental Health Consumer and Carer Forum (NMHCCF). She is also a member of the National Register of Mental Health Consumer and Carer Representatives with Mental Health Australia.

Sonia Law

BA, LLB(Hons), PGradDipTESL, DipEd, GAICD
Sonia was elected to the Board in 2012 and was Chair of the Board from December 2016 to December 2019. Sonia has been a lawyer since 2000. She is currently the Manager of the Mental Health and Disability Advocacy Program at Victoria Legal Aid. Prior to this, she was Corporate Counsel at Forensicare for seven years.

Jacinta Carboon

BBus, GAICD

Jacinta was elected to the Board in February 2019. She is also a Non-Executive Director of RSPCA Victoria, the Melbourne Market Authority and Women's Information Referral Exchange. She has held an executive career with top ASX 200 companies for over three decades. Jacinta is an entrepreneurial thinker and innovator with professional expertise in strategy, sales, marketing and business development.

Ruth Faulkner

BSci (Hons), CA, GAICD, MIMC
Ruth was elected to the Board in March 2017 and appointed as Chair of the Finance, Audit and Risk Management Committee in October 2019. She is a Partner at Conus Business Consultancy Services in Far North Queensland. Ruth is a Chartered Accountant and has over 20 years' experience working in governance, finance, audit and risk in the not-for-profit, government and commercial sectors.

James Meares

BEng(Chem), GAICD

James was elected to the Board in February 2019. He has an executive background leading major multinational industrial and service corporations, operating throughout Asia Pacific. He has also held Board positions in health, superannuation, the FMCG industry, and child & family service organisations; as well as corporate entities throughout Asia. He is currently Chair of TRY Australia.

Directors were in office for the entire year unless otherwise stated.

Directors have no material interests in contracts or proposed contracts with the company.

The *Australian Charities and Not-for-profits Commission Act 2012* uses the terms 'responsible person' and 'responsible entity'. Neami has determined that the directors of an entity that is limited by guarantee are the responsible persons for that responsible entity.

2. Company secretary

Melanie Sherrin, an Australian Legal Practitioner.

3. Principal activities

Neami provides recovery-oriented services to adults and youth across the whole spectrum of mental health need and is particularly focused upon supporting people who exhibit the most complex needs.

The principal activities of the Neami Group over the last financial year have been to provide home based support, residential and sub-acute services, homelessness support, suicide prevention, crisis respite, intake, assessment and referral and NDIS services.

4. Short-term objectives

The Group’s short-term objectives are to:

- Provide quality consumer-focused services to support consumers to make positive changes to their mental health and wellbeing
- Expand NDIS service provision
- Engage in purposeful partnerships to expand beyond traditional psychosocial services
- Support staff to thrive in complex environments
- Achieve safe, inclusive and culturally responsive services and workplaces

5. Long-term objectives

The Group's long-term objectives are to:

- Build on our strengths in evidence based, consumer informed services. Enhancing consumer experiences and co-designing broader and deeper services; and
- Take a more active outward looking view. This means working more with others, being a leading voice in changing the system and becoming a more sustainable and resilient national organisation.

6. Strategy for achieving short and long-term objectives

To achieve stated objectives, the Group has adopted the following strategies:

- Implementation of the Great Consumer Experience project
- Developing new partnerships and strengthening existing ones to enhance our knowledge, expertise and collective impact, specifically with key parties including Primary Health Networks, Governments, the NDIA and the mental health sector.
- Investing in staff capability and implementation of the Reconciliation Action Plan and Diversity and Inclusion Framework.
- Utilising data and technology to underpin efficiencies and enhanced consumer outcomes.

7. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) attended by each of the directors of the company during the year were:

Directors	Neami Board Meetings		Me Well Board Meetings		QSCG Committee Meetings		FARM Committee Meetings		GR Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Tony Nippard	6	6	6	6	1	1	6	6	4	4
Fiona Nicholls	6	6	6	6	3	3	-	-	4	4
Sonia Law	6	6	6	6	3	3	-	-	4	4
Bradley Wynter	6	6	6	6	-	-	6	6	2	2
Graeme Doidge	6	6	6	6	2	3	-	-	3	4
Lorraine Powell	6	6	6	6	3	3	-	-	4	4
Ruth Faulkner	6	6	6	6	-	-	6	6	-	-
Jacinta Carboon	6	6	6	6	-	-	5	6	-	-
James Meares	6	6	6	6	-	-	6	6	-	-
Silvio Pontonio	6	6	6	6	3	3	-	-	-	-

FARM = Finance, Audit and Risk Management Committee.

QSCG = Quality, Safety and Clinical Governance Committee.

GRC = Governance Review Committee

Column A is the number of meetings the director attended.

Column B is the number of meetings the director was scheduled to attend.

8. Contribution in winding up

Neami 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 $20 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the total amount that members of the company are liable to contribute if the company wound up is $200 (2019: $200).

9. Impact of Health Crisis linked to COVID-19 outbreak

The impact of the Coronavirus (COVID-19) pandemic is still ongoing. We acknowledge the toll that COVID-19 continues to have on our staff, consumers and participants, particularly in Victoria as stage 4 restrictions continue. We appreciate the additional supports made available by our funders to ensure continuity of support wherever possible. The majority of our staff are able to work from home and can continue to provide supports to our most vulnerable community members.

While it has been financially positive for the entity up to 30 June 2020, it is not practicable to estimate the potential financial impact after the reporting date. Neami has received some additional COVID-19 related funding including JobKeeper Payments. At this point in time, and on the basis that the community Mental Health sector will continue to be classified as an essential service, it is not expected that the pandemic will have a material adverse financial impact on the Group's operations going forward.

10. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 60 – 40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 9 of this financial report and forms part of the Directors' report.

Signed in accordance with a resolution of the directors.

Tony Nippard

Chair

3 September 2020

Auditor's Independence Declaration to the Directors of Neami Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as auditor for the audit of Neami Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

Melbourne, 3 September 2020

Kenneth Weldin

Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue	4	96,437,252	103,913,896
Other income	4	2,096,923	915,752
Employee benefit expenses	13.1	(77,924,530)	(80,978,027)
Office and occupancy expenses		(6,036,360)	(8,374,762)
Consortium expenses	21	(4,608,735)	(3,944,567)
Fair value gain (loss) on financial assets at fair value through profit or loss	7	(265,093)	424,036
Interest payment	10	(141,608)	-
Other expenses		(5,956,189)	(8,109,078)
Depreciation and amortisation expenses	8, 9, 11	(3,393,952)	(1,266,209)
Surplus		**207,708**	**2,581,041**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of land and building	16	-	340,792
Other comprehensive income for the period		-	340,792
Total comprehensive income for the period		**207,708**	**2,921,833**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020	2019
		$	$
Assets			
Current assets			
Cash and cash equivalents	5	25,037,250	21,432,907
Investments	7	12,905,343	12,471,046
Trade and other receivables	6	5,469,284	5,482,610
Total current assets		43,411,877	39,386,563
Non-current assets			
Investments	7	8,077,463	8,260,483
Property, plant and equipment	8	3,216,134	3,510,122
Right of Use Assets	9	2,136,059	-
Intangible assets	11	-	-
Total non-current assets		13,429,656	11,770,605
Total Assets		56,841,533	51,157,168
Liabilities			
Current liabilities			
Trade and other payables	12	7,688,682	5,970,345
Deferred income	15	11,777,184	10,727,586
Leasing Liabilities	10	1,350,461	-
Provisions	14	8,035,679	7,332,407
Total current liabilities		28,852,006	24,030,338
Non-current liabilities			
Leasing Liabilities	10	831,999	-
Provisions	14	1,948,768	2,125,778
Total non-current liabilities		2,780,767	2,125,778
Total Liabilities		31,632,773	26,156,116
Net Assets		**25,208,760**	**25,001,052**
Equity			
Retained earnings		24,334,380	24,126,672
Reserves	16	874,380	874,380
Total Equity		**25,208,760**	**25,001,052**

This statement should be read in conjunction with the notes to the financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Notes	Reserves	Retained Earnings	Total Equity
		$	$	$
At 1 July 2019		874,380	24,126,672	25,001,052
Surplus for the year		-	207,708	207,708
Other comprehensive income		-	-	-
As at 30 June 2020	16	**874,380**	**24,334,380**	**25,208,760**

	Notes	Reserves	Retained Earnings	Total Equity
		$	$	$
At 1 July 2018		533,588	21,545,631	22,079,217
Surplus for the year		-	2,581,041	2,581,043
Other comprehensive income		340,792	-	340,792
As at 30 June 2019	16	**874,380**	**24,126,672**	**25,001,052**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020	2019
		$	$
Operating activities			
Receipts from:			
Government grants		96,332,721	100,854,438
Other income		2,278,325	872,076
Interest income		1,236,786	1,486,327
Donations		3,442	4,520
Property maintenance services		-	68,986
Interest Payment		(141,608)	0
Payments to suppliers and employees		(92,478,418)	(99,511,927)
Net cash provided by operating activities	5	**7,231,248**	**3,774,420**
Investing activities			
Purchase of property, plant and equipment		(592,437)	(1,093,213)
Purchase of investment		(9,519,123)	(870,000)
Proceeds from sale of property, plant and equipment		229,974	79,258
Proceeds from sale of investment		8,602,001	-
Net cash used in investing activities		**(1,279,585)**	**(1,883,955)**
Financing activities			
Payment of Leasing Liabilities		(2,347,320)	-
Net cash used in Financing activities	5	**(2,347,320)**	-
Net increase in cash held		3,604,343	1,890,465
Add opening cash brought forward		21,432,907	19,542,442
Closing cash carried forward	5	**25,037,250**	**21,432,907**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1. General information and statement of compliance

The financial report includes the consolidated financial statements and notes of Neami Limited and Mental Health and Wellbeing Australia Limited (Neami Group).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 Application of Tiers of Australian Accounting Standards) and the *Australian Charities and Not-for-profits Commission Act 2012*.

Neami Limited is a not-for-profit entity for the purpose of preparing the financial statements. Both Neami Limited and Mental Health and Wellbeing Australia Limited are endorsed as Deductible Gift Recipients.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 3 September 2020.

2. Changes in accounting policies

2.1 New and revised standards that are effective for these financial statements

AASB 15 Revenue from Contracts with Customers

Neami Group has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not-for-Profit Entities

Neami Group has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

Impact of adoption

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

AASB 16 Leases

Neami Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1-Jul-19
	$
Operating lease commitments as at 1 July 2019 (AASB 117)	5,310,610
General exclusions (non-lease components)	(549,120)
Short term leases not recognised as a right-of-use asset	(744,160)
Low value assets leases not recognised as a right-of-use asset	(23,000)
Operating lease commitments discounted based on the incremental borrowing rate	(308,089)
Right-of-use assets (AASB 16)	3,686,241
Lease liability – current (AASB 16)	2,195,738
Lease liability – non-current (AASB 16)	1,490,503
Lease Liability (AASB 16)	3,686,241

When adopting AASB 16 from 1 July 2019, the Neami Group has applied the following practical expedients:

- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments;
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets; and
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease.

3. Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of the financial statements are summarised below.

The financial statements have been prepared using the measurement basis specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement basis is more fully described in the accounting policies below.

3.2 Basis of Consolidation

The financial statements consolidate those of Neami Limited (ABN 52 105 082 460) and its subsidiary, Mental Health and Wellbeing Australia Limited (ABN 72 614 001 937), as of 30 June 2020. Neami Limited controls its subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary has a reporting date of 30 June 2020.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.3 Revenue

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, Neami:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price, which considers estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue comprises revenue from government grants, client contributions, donations and investment income. Revenue from government grants is shown in Note 4.

Government grants and Deferred Income

The Group's programs are supported by grants received from commonwealth, state and local governments.

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when each performance obligation is satisfied. The performance obligations are varied based on the agreement.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Deferred income consists of government grants received in advance for services to be rendered by the Neami Group. Deferred income is transferred to profit and loss when the performance obligations are satisfied.

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Consumer contributions

Fees charged for services provided to consumers are recognised when the service is provided.

Donations and Other Income

Other Income and amounts arising from cash donations in the scope of AASB 1058 are recognised at fair value when received.

Interest and distribution income

Interest recognised on an accrual basis using the effective interest method. Distribution income is recognised at the time the right to receive payment is established.

3.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.5 Intangible assets

Recognition of other intangible assets

Acquired intangible assets
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.8.

The following useful lives are applied:

- Software: 4-5 years

Amortisation has been included within depreciation and amortisation. Subsequent expenditures on the maintenance of computer software are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

3.6 Property, plant and equipment

Land and buildings

Land and buildings held for use in administration are stated at re-valued amounts. Re-valued amounts are fair market values based on appraisals prepared by external professional valuers once every five years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. A downward revaluation of land and buildings is recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Depreciation is recognised on a straight-line basis to write down the cost of buildings. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The following useful lives are applied:

- Buildings: 40 years

Plant and other equipment

Plant and other equipment (comprising furniture and fittings), motor vehicles and leasehold improvements are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by Neami Group's management.

Plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

The following average useful lives are applied on a straight-line basis:

- Plant and equipment: 3-10 years
- Leasehold improvements: 2-5 years
- Motor vehicles: 4 -7 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Capital work in progress is measured at cost and will not be depreciated until it is transferred to the relevant asset category and the asset is ready for use.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Neami Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

3.7 Impairment testing of intangible assets and property, plant and equipment

Assets are tested individually for impairment at least annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

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

3.8 Trade and other receivables

Trade and other debtors include amounts due from contracts in the ordinary course of business. Receivables that are expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-recurrent assets. Refer to Note 3.11 for discussion on the determination of impairment losses.

3.9 Trade and other payables

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

3.10 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when Neami Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are initially measured at fair value. With transaction costs expensed to profit and loss immediately. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Financial assets are classified and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, (except for financial assets that are irrevocably designated to be measured at fair value through profit or loss on initial recognition), on the basis of both:

i) the entity's business model for managing the financial assets; and
ii) the contractual cash flow characteristics of the financial asset.

<u>Financial assets at amortised cost:</u> A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised immediately on an effective interest basis for debt instruments measured subsequently at amortised cost.

<u>Financial assets at fair value through other comprehensive income</u>: A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of

the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss: A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income in accordance with the AASB 9 Financial Instruments.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses. Interest is calculated using the effective interest method and distributions are recognised in profit or loss within 'revenue' (see Note 3.3).

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Trade and other receivables

The Neami Group makes use of a simplified model of recognising lifetime expected credit losses for all trade and other receivables. Expected credit losses are the expected shortfalls in cashflows, considering the potential for defaults at any time during the life of the financial instrument. In calculating, the Neami Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Neami Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. They have been grouped as days past due.

Classification and subsequent measurement of financial liabilities

Neami Group's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.11 Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Neami Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

3.12 Equity and Reserves

Retained earnings include all current and prior period accumulated surpluses. Other components of equity include the revaluation reserve. The revaluation reserve comprises gains and losses from the revaluation of land and buildings (see Note 15).

3.13 Income tax

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

3.14 Fringe Benefits Tax and Payroll Tax

Neami Group is classified as a Public Benevolent Institution for tax purposes and as such is exempt from Fringe Benefits Tax (up to the annual threshold per employee of $30,000) and Payroll Tax.

3.15 Cash and cash equivalents

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

3.16 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required by Accounting Standards.

3.17 Employee benefits

Short-term employee benefits
Short-term employee benefits are benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Short term employee benefits are measured at the undiscounted amount that Neami Group expects to pay as a result of the unused entitlement. If this entitlement is not expected to be settled within 12 months, it is measured as a long-term benefit.

The entity’s obligations for short-term employee benefits such as wages, salaries and sick leave are recognised a part of current trade and other payables in the statement of financial position.

Long-term employee benefits
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee future wage increases and the probability that the employee may not satisfy the vesting requirements. Those cash outflows are discounted

using the market yields on high quality corporate bonds with terms to maturity that approximate the timing of estimated future cash flows. Long term employee benefits include a provision for the restatement of benefits for employees that return within two years of termination.

Where annual leave is expected to be settled beyond 12 months it is a long-term benefit and is measured as the present value of expected future payments, however it is still classified as a current liability due to the entitlement already having vested.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

3.18 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that Neami Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

3.19 Deferred income

The liability for deferred income 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 usually fulfilled within 12 months of receipt of the grant.

3.20 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

3.21 Economic dependence

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

3.22 Significant management judgement and estimates in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

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

Long service leave and Annual leave

The liability for long service leave and liability for the estimated restatement of entitlements for employees who may return within two years of termination is recognised and measured at the present value of the estimated cash flows to be made at the reporting date. In determining the present value of the liability, estimates of attrition rates and when the leave will be settled, and pay increases through promotion and inflation have been taken into account.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of services offered, consumers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

4. Revenue

Neami Group's revenue may be analysed by source as follows:

	2020	2019
	$	$
Revenue		
Government grants (AASB 15)		
Australian Government	8,226,588	9,845,009
New South Wales	28,988,185	28,116,806
Queensland	9,466,280	10,655,076
South Australia	14,770,754	16,474,498
Victoria	22,949,644	28,215,412
Western Australia	10,786,969	9,173,661
Revenue from Government Grants	95,188,420	102,480,462
Property maintenance services income	-	68,986
Donations	3,442	4,520
Investment income		
Interest from investments held at FVTPL	345,964	499,218
Distributions from investments held at FVTPL	899,426	860,710
	96,437,252	103,913,896
Gain on Movement of Investment	-	424,036
Other Income		
Gain on disposal of property, plant & equipment	219,350	43,676
Paid parental leave scheme	231,567	383,117
Job Keeper Payment	1,025,950	-
Other revenue	620,056	488,959
Total Other Income	2,096,923	915,752
Total Revenue	**98,534,175**	**105,253,684**

5. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2020 $	2019 $
Cash on hand	23,800	25,250
Cash at bank	9,430,899	11,028,918
Short term deposits	15,582,551	10,378,739
Cash and cash equivalents	**25,037,250**	**21,432,907**

There are no credit standby arrangements. The Neami Group has access to unused cash facilities at 30 June 2020 of $150,000. (2019: $150,000)

The Net income to cash provided by operating activities can be reconciled as follows:

	2020 $	2019 $
Surplus for the year	**207,709**	**2,581,043**
Depreciation	3,393,952	1,266,209
Interest attributable to leases	(141,608)	-
Fair value movement on investments (unrealised)	265,093	(424,036)
Loss on disposal of investments (realised)	400,752	-
Net gain on plant and equipment sold	(202,171)	(36,700)
Movements in Assets/Liabilities		
(Increase)/Decrease in Receivables	13,326	707,155
Increase/(Decrease) in Payables	1,718,337	1,452,255
Increase/(Decrease) in Provisions	526,261	119,624
Increase/(Decrease) in Deferred Income	1,049,597	(1,891,130)
Cash Flows from Operating Activities	**7,231,248**	**3,774,420**

The Net income to cash provided by financing activities can be reconciled as follows:

	2020 $
Non-Cash Flows	
Interest attributable to leases	141,608
New leases (additions)	(985,147)
Movements in Assets/Liabilities	
Increase/(Decrease) in Lease Liability	(1,503,781)
Cash Flows from Financing Activities	**2,347,320**

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

6. Trade and other receivables

	2020 $	2019 $
Financial Assets		
Trade receivables	1,777,609	2,824,535
Expected credit loss	(57,369)	(70,226)
Other receivables	2,836,333	1,888,363
Bond/lease deposits	380,711	441,635
	4,937,284	5,084,307
Non-Financial Assets		
Prepayments	532,000	398,303
Trade and other receivables	**5,469,284**	**5,482,610**

The Neami Group applies a simplified model of recognising lifetime expected credit losses for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Credit losses of $126,440 (2019: $61,380) have been recorded accordingly within other expenses.

7. Financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Notes	2020	2019
		$	$
Financial assets			
Current			
Trade and other receivables	6	4,937,284	5,084,307
Cash and cash equivalents	5	25,037,250	21,432,907
		29,974,534	**26,517,214**
Financial assets at fair value through profit or loss			
Opening balance		12,471,046	8,117,924
Investment during the year		3,660,000	870,000
Reclassification between Current and Non-Current		-	3,141,266
Disposal		(3,170,000)	-
Fair value movement		(55,703)	341,856
Closing balance		**12,905,343**	**12,471,046**
Non-current			
Financial assets at fair value through profit or loss			
Opening balance		8,260,483	11,319,569
Investment during the year		5,859,123	-
Reclassification between Current and Non-Current		-	(3,141,266)
Disposal		(5,832,753)	-
Fair value movement		(209,390)	82,180
Closing balance		**8,077,463**	**8,260,483**
Financial liabilities			
Financial liabilities measured at amortised cost			
Current:			
Trade and other payables	12	7,688,682	5,970,345
		7,688,682	**5,970,345**

Refer to Note 3.10 for a description of the accounting policies for each category of financial instruments. Information relating to fair values is presented in the Note 20.

8. Property, plant and equipment

Details of Neami Group's property, plant and equipment and their carrying amounts are as follows:

	2020	2019
	$	$
Plant and equipment		
Balance at 1 July 2019	632,981	384,135
Additions	522,047	647,004
Disposals	(1,012)	(23,595)
Depreciation expense	(323,727)	(374,563)
Balance at 30 June 2020	830,289	632,981
Motor vehicles		
Balance at 1 July 2019	144,964	272,047
Additions	-	-
Disposals	(26,791)	(18,963)
Depreciation expense	(33,281)	(108,120)
Balance at 30 June 2020	84,892	144,964
Leasehold Improvement		
Balance at 1 July 2019	771,158	986,656
Additions	73,566	497,982
Disposals	-	-
Depreciation expense	(481,507)	(713,480)
Balance at 30 June 2020	363,217	771,158
Land and buildings		
Balance at 1 July 2019	1,900,000	1,578,508
Additions	-	-
Revaluation	-	340,792
Depreciation expense	(20,107)	(19,300)
Balance at 30 June 2020	1,879,893	1,900,000
Capital work in progress/ IT Stock		
Balance at 1 July 2019	61,019	112,792
Additions	44,856	514,476
Transfers	(48,032)	(566,249)
Balance at 30 June 2020	57,843	61,019
Carrying Amount 30 June 2020	**3,216,134**	**3,510,122**

All depreciation expenses are included within depreciation and amortisation.

9. Right of Use Assets

	2020 $
Right of Use of Assets	
Balance at 1 July 2019	-
Initial Recognition	3,686,241
Additions/Variations	985,148
Disposals	-
Depreciation expense	(2,535,330)
Balance at 30 June 2020	2,136,059

The carrying amount of right-of-use assets includes the following underlying asset categories:

	2020 $
Buildings	1,782,871
Motor Vehicles	353,188
Total right-of-use assets	2,136,059

10. Leasing Liabilities

Lease liabilities are presented in the statement of financial positions within borrowing

	2020 $
Lease liabilities (current)	1,350,461
Lease liabilities (non-current)	831,999
	2,182,460

The Neami Group had total cash outflows, inclusive of interest, for leases of $2,964,769 in 2020 ($3,846,553 in 2019).

Expenses relating to leases consists of the following:

	2020 $
Interest expense on lease liabilities	141,608
Short term lease payments	425,878
Low-value assets lease payments	49,964
	617,450

11. Intangible assets

Details of Neami Group's intangible assets and their carrying amounts are as follows:

	2020	2019
	$	$
Acquired software licences		
Balance at 1 July 2019	470,459	510,459
Additions	-	-
Disposal	-	(40,000)
Balance at 30 June 2020	470,459	470,459
Amortisation and impairment		
Balance at 1 July 2019	470,459	459,715
Amortisation expense	-	50,744
Disposal	-	(40,000)
Balance at 30 June 2020	470,459	470,459
Carrying amount at 30 June 2020	**-**	**-**

All amortisation expenses are included within depreciation and amortisation.

12. Trade and other payables

Trade and other payables recognised consist of the following:

	2020	2019
	$	$
Trade payables	2,415,652	2,205,928
Other creditors and accruals	5,273,030	3,764,417
Total trade and other payables	**7,688,682**	**5,970,345**

13. Employee remuneration

13.1 Employee benefit expenses

Expenses recognised for employee benefits are analysed below:

	2020	2019
	$	$
Wages, salaries	66,294,739	67,263,073
Workers compensation insurance	1,978,846	1,699,429
Superannuation	5,905,629	5,865,867
Employee benefit provisions	901,311	(43,323)
Other employee expenses	2,844,005	6,192,981
Employee benefits expense	**77,924,530**	**80,978,027**

13.2 Employee benefit liabilities

Liabilities recognised for employee benefits consist of the following amounts:

	Note	2020	2019
		$	$
-Current			
Further study scholarship		30,000	30,000
Redundancy provision		-	149,265
Annual leave		4,408,915	3,657,999
Long service leave		2,315,171	2,129,591
Other employee benefits		959,741	938,022
	14	**7,713,827**	**6,904,877**
Non-current			
Long service leave	14	1,744,848	1,905,813
		9,458,675	**8,810,690**

14. Provisions

Other liabilities can be summarised as follows:

	Note	2020	2019
		$	$
Current			
Employee benefit liabilities	13.2	7,713,827	6,904,877
Rent Incentive provision		15,374	81,552
Make good provision		306,478	345,978
		8,035,679	**7,332,407**
Non-current			
Employee benefit liabilities	13.2	1,744,848	1,905,813
Make good provision		203,920	219,958
		1,948,768	**2,125,771**

15. Deferred Income

Deferred Income can be summarised as follows:

	2020	2019
	$	$
Australian Government	289,010	1,085,755
New South Wales	4,358,829	3,717,315
Queensland	800,334	1,029,340
South Australia	463,723	597,193
Victoria	4,670,200	3,383,210
Western Australia	1,195,088	914,773
	11,777,184	**10,727,586**

Deferred income consists of government grants received in advance for services to be rendered by the Neami Group. Deferred income is transferred to profit and loss when the performance obligations are satisfied. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant.

16. Reserves

The details of reserves are as follows:

	Asset Revaluation Reserve
	$
Balance at 1 July 2019	874,380
Revaluation of land and buildings	-
Balance at 30 June 2020	**874,380**
Balance at 1 July 2018	533,588
Revaluation of land and buildings	340,792
Balance at 30 June 2019	**874,380**

17. Transactions with key management personnel

Key management personnel of Neami Group are the members of the companies' Board of Directors and members of the Executive Leadership Team. Key management personnel remuneration includes short-term employee benefits, other long-term benefits and termination benefits.

	2020	**2019**
	$	**$**
Total key management personnel remuneration	**1,324,907**	**1,099,654**

18. Contingent assets and contingent liabilities

No contingent liabilities exist in relation to the 2020 financial year (2019: NIL).

19. Capital commitments

	2020	**2019**
	$	**$**
Property, Plant and Equipment	**54,032**	**89,678**

Capital commitments relate to items of property, plant and equipment where funds have been committed but the assets not yet received.

20. Fair value measurement

20.1 Fair value measurement of financial assets

The following table shows the financial assets measured at fair value on a recurring basis at 30 June 2020 and 30 June 2019.

	$
30 June 2020	
Assets	
Financial assets at fair value through profit or loss	20,982,806
Net fair value	**20,982,806**
30 June 2019	
Assets	
Financial assets at fair value through profit or loss	20,731,529
Net fair value	**20,731,529**

Fair value of the managed funds has been determined by reference to its quoted bid price at reporting date.

20.2 Fair value measurement of non-financial assets

The following table shows the non-financial assets measured at fair value on a recurring basis at 30 June 2020 and 30 June 2019.

	Notes	$
30 June 2020		
Property, plant and equipment		
Land and buildings	8	1,879,893
Net fair value		**1,879,893**
30 June 2019		
Property, plant and equipment		
Land and buildings	8	1,900,000
Net fair value		**1,900,000**

Fair value of the land and buildings is estimated based on appraisals performed by independent, professionally qualified property valuers.

The land and building of Rockingham, WA and Fairfield, Vic were last valued as at 21 March 2019 and 9 April 2019 respectively.

21. Consortium expenses

Consortium expenses represent the consolidated outflows associated with providing funding to members and partners of the Consortium to achieve the objectives of the Partners in Recovery program and Primary Mental Healthcare Services in South Australia.

22. Post-reporting date events

On the 21st of July 2020, the Government announced that the JobKeeper Payment would be extended until 28 March 2021. A further announcement on the 7th of August 2020 expanded the eligibility requirements for JobKeeper in the wake of tougher COVID-19 restrictions imposed on Victoria. Based on the amendments, Neami is not expected to meet the criteria for eligibility post 24 September 2020. This will continue to be monitored.

In the interval between the end of the financial year and the date of this report, there has not arisen any additional item, transaction or event of a material and unusual nature likely to significantly affect the operations of the group.

Directors' Declaration

In the opinion of the Directors:

a. The consolidated financial statements and notes of Neami Limited are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

   i. Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

   ii. Complying with Australian Accounting Standards Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

b. There are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Tony Nippard

Chair

Ruth Faulkner

Director

Dated: 3 September 2020

Independent Auditor's Report to the Members of Neami Limited

Report on the Audit of the Financial Report

We have audited the accompanying financial report for Neami Limited ('the Company') and its controlled entity ('the Group'), which comprises the statement of financial position as at 30 June 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in changes in equity, and cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

a) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year 2020 ended; and
b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Opinion

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

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

The Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* 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.

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

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 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 judgement, 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 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 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.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

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

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

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

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

PKF
Melbourne, 3 September 2020

Kenneth Weldin
Partner