Neami National

FINANCIAL REPORT 2020-21

Improving Mental Health
and Wellbeing

Financial Statements for the year ended 30 June 2021

www.neaminational.org.au

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Directors' Report

All the Directors of Neami Limited and Mental Health and Wellbeing Australia Limited hereby present their report to all members, partners, staff, funders and consumers for the financial year ended 30 June 2021.

In October 2020 the Board of Mental Health and Wellbeing Australia Limited was updated from including all Neami Directors to a membership of Anthony Nippard, Ruth Faulkner and Executive Director Tom Dalton (CEO of Neami).

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, FAICD

Tony was elected to the Neami Board in 2014 and appointed Chair of the Neami Board in October 2019. He is an experienced company director in the not for profit and public sectors and has previously occupied senior positions in the Victorian public service. Tony is a Principal at Thoughtpost Governance.

Sonia Law
BA, LLB(Hons), DipEd, PGradDipTESL

Sonia was elected to the Neami Board in 2012 and was Chair of the Neami 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.

James Meares
BEng(Chem), GAICD

James was a Director on the Neami Board from February 2019 to June 2021. 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.

Fiona Nicholls (Deputy Chair of Neami)
BA Welfare Studies, MHSS, GAICD

Fiona was elected to the Neami Board in 2016. In October 2019, she was appointed as Deputy Chair of the Neami 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.

Silvio Pontonio
BA(Hons), BSW, MASc, MAASW, AFCHSM.

Silvio was elected to the Neami Board in February 2019 and appointed Quality, Safety and Clinical Governance Chair in October 2020. He is Executive Director, Strategy at Spectrum MRC. Silvio has extensive experience as a health executive, including within public health, mental health and aged care services. He also brings experience as an advisor and strategist gained during his time as a consultant in the health and mental health sectors.

Ruth Faulkner
BSc (Hons), CA, GAICD

Ruth was elected to the Neami 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.

Brad Wynter
BAPsych, MBA, CertIV Mgt, GAICD

Brad was elected to the Neami Board in 2011 and was Me Well Chair from April 2019 to November 2020. 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.

Jacinta Carboon
BBus, GAICD

Jacinta was elected to the Neami Board in February 2019. She is also a Non-Executive Director of RSPCA Victoria and the Melbourne Market Authority. 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.

Lorraine Powell
CertIV MH (Peer Work), GAICD

Lorraine was elected to the Neami Board in 2014. She has 18 years' experience as a consumer representative and consultant at local, state and national levels. Lorraine is an experienced clinical governance reviewer. She is WA Coordinator of Lived experience Australia and a member of the National Register of Mental Health Consumer and Carer Representatives with Mental Health Australia.

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

Graeme was elected to the Neami Board in 2011 and was appointed as Chair of the Quality, Safety and Clinical Governance Committee in December 2016. Graeme retired from the Board in October 2020.

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. CEO & Executive Director of Me Well

Tom Dalton

BA, LLB, EMPA
Tom was appointed to the Me Well Board in October 2020. He commenced as CEO of Neami National in June 2019 after 10 years as CEO of Forensicare, Victoria's statutory provider of forensic mental health care. Originally a lawyer, he has worked in senior government roles in the (then) Victorian Department of Human Services from 1994-1999 before moving to Forensicare. He also sits on the Boards of Mental Health Victoria and the Australian Alliance to End Homelessness. His leadership is informed by the experience of being a carer for family members with mental health issues.

3. Company secretary

Melanie Sherrin, an Australian Legal Practitioner.

4. Our Vision

Full citizenship for all people living with mental health issues in Australian society.

5. Our Purpose

To enable people aged 16 to 65 living with mental health issues to achieve outcomes that they value.

6. Our Strategic Intent

To build on our strengths in evidence-based, consumer informed services. This means further enhancing consumer experiences of us and codesigning broader and deeper services.

To 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.

7. 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 community based mental health support, recovery-orientated clinical mental health services, specialist community supports, housing/homelessness, , suicide prevention and services under the NDIS.

8. Strategic Themes and Priority areas

The Group's strategic themes and priority areas are:

Great Consumer Experiences

Priority areas

New and enhanced services

Awareness and appeal

Impact assessment and evidence

Building Collective Knowledge and Partnerships

Priority areas

Purposeful Partnerships Outside Our Sector

Stronger and More Purposeful Partnerships Inside Our Sector

Expanded and Improved Funder Partnerships

Sustainable, Resilient and Financially Healthy

Priority areas

A Great Workforce, A Great Place to Work

Fit for Purpose, Flexible Organisation

Explore Earned Revenue

Influencing System Reform

Priority areas

Data Led Service and Policy Development

Proactive Government Engagement and Advocacy.

9. 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
Anthony Nippard	8	9	2	2	4	4	6	6	4	4
Fiona Nicholls	9	9	2	2	4	4	-	-	4	4
Sonia Law	8	9	2	2	4	4	-	-	4	4
Bradley Wynter	9	9	2	2	-	-	5	6	4	4
Lorraine Powell	9	9	2	2	4	4	-	-	4	4
Ruth Faulkner	8	9	1	2	-	-	6	6	-	-
Jacinta Carboon	8	9	2	2	-	-	6	6	-	-
James Meares[2]	8	8	2	2	-	-	6	6	-	-
Silvio Pontonio	9	9	2	2	4	4	-	-	-	-
Graeme Doidge[3]	2	2	2	2	1	1		-	1	1
Tom Dalton[4]	-	-	-	-	-	-	-	-	-	-

[1]Me Well Board composition was updated in October 2020
[2]James Meares resigned in June 2021.
[3]Graeme Doidge retired in October 2020.
[4]Tom Dalton was elected to the Me Well Board in October 2020.

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.

10. 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 2021, the total amount that members of the company are liable to contribute if the company wound up is $200 (2020: $200).

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

The impact of the Coronavirus (COVID-19) pandemic continues. We acknowledge the toll that COVID-19 continues to have on our consumers, participants and staff. We appreciate the additional support made available by our funders to ensure continuity of support wherever possible.

While acknowledging the extraordinary circumstances across our Australian operations, Neami management have committed to maintaining the safety and wellbeing of our staff while providing the highest quality support for consumers and customers. A COVID-19 National Working Group was formed to continually review communications across Australia and monitor advice from Commonwealth and State Health departments, our peak bodies and funders. The team meet frequently to assess, implement, and where required, adapt our response plan. Management have been providing regular communications and support to staff to ensure they have access to resources they require to continue delivering services and meeting organisation objectives. Neami IT have implemented the support and logistics needed to enable enhanced connectivity across the organisation.

Management acknowledge that working in this disruptive environment has not been easy with many staff juggling both work and home life. Across Neami's services and programs management continue to see wide variation in how staff connect with consumers and where they work from. With the long-term impact of the pandemic still to play out in our communities, Neami management acknowledge the need for everyone to practice self-care and work together to be a healthy and resilient group. The majority of Neami staff now work from home and can continue to provide support to our most vulnerable community members. Earlier in the year, Neami commenced a workplace flexibility project to assess workplace flexibility requirements, consulted with staff and management and arrived at informed decisions to better support staff in delivering services and operations. Employees have also been regularly reminded to access the Employee Assistance Program (EAP) services to ensure those who are experiencing difficulties may to get the assistance they need.

The Neami workforce continues to adjust to the changes in the external environment and continues to support the needs of our consumers and organisation, though for many periods of the year, in different areas and programs, this has involved less "face to face" engagement with consumers and significant number of staff working from home. Lack of travel between states has had some impact on staff and management's ability to conduct the normal level of engagement with stakeholders however this has not hindered the organisation in providing services.

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.

12. Post reporting date events

Me Well Transition

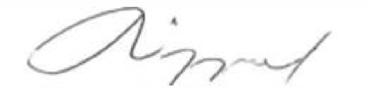
After six years of successfully delivering NDIS services through our subsidiary Me Well, the Neami Group made the strategic decision to transition out of NDIS service provision in June 2021. While Me Well's positive impact with individual participants was clear, there was a gap between the emerging direction of the NDIS and the reality for providers. Having invested significantly in Me Well since entering the NDIS market, the Board determined to focus on alternative approaches to investment in service delivery which are more strongly aligned with the Neami Strategic Directions. We are working to transition Me Well to another not-for-profit service provider. Continuity of support for Me Well participants and ongoing employment of our valued staff, is our first priority through this process.

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.

13. 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

9 September 2021

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 2021, 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	**Kenneth Weldin**
Melbourne, 9 September 2021	**Partner**

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue	4	106,655,523	96,437,252
Other income	4	2,511,023	2,096,923
Fair value gain (loss) on financial assets at fair value through profit or loss	4, 7	714,461	(265,093)
Employee benefit expenses	13.1	(85,446,971)	(77,924,530)
Office and occupancy expenses		(7,395,591)	(6,036,360)
Consortium expenses	20	(5,423,851)	(4,608,735)
Interest payment	11.1	(116,157)	(141,608)
Other expenses		(6,664,004)	(5,956,189)
Depreciation and amortisation expenses	9,10	(4,062,152)	(3,393,952)
Surplus		**772,281**	**207,708**
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**772,281**	**207,708**

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

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021	2020
		$	$
Assets			
Current assets			
Cash and cash equivalents	5	22,130,323	25,037,250
Investments	7	28,373,739	12,905,343
Trade and other receivables	6	6,838,853	5,469,284
Total current assets		57,342,915	43,411,877
Non-current assets			
Investments	7	9,919,906	8,077,463
Property, plant and equipment	9	2,150,889	3,216,134
Right of Use assets	10	2,949,454	2,136,059
Total non-current assets		15,020,249	13,429,656
Total Assets		72,363,164	56,841,533
Liabilities			
Current liabilities			
Trade and other payables	12	8,715,133	7,688,682
Deferred income	15	23,185,256	11,777,184
Leasing Liabilities	11	1,852,173	1,350,461
Provisions	14	9,315,148	8,035,679
Total current liabilities		43,067,710	28,852,006
Non-current liabilities			
Leasing Liabilities	11	1,242,384	831,999
Provisions	14	2,072,029	1,948,768
Total non-current liabilities		3,314,413	2,780,767
Total Liabilities		46,382,123	31,632,773
Net Assets		**25,981,041**	**25,208,760**
Equity			
Retained earnings		25,120,261	24,334,380
Reserves		860,780	874,380
Total Equity		**25,981,041**	**25,208,760**

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 2021

	Asset Revaluation Reserves	Retained Earnings	Total Equity
	$	$	$
At 1 July 2020	874,380	24,334,380	25,208,760
Surplus for the year	-	772,281	772,281
Transfer from Reserve to Retained Earnings	(13,600)	13,600	-
Other comprehensive income	-	-	-
As at 30 June 2021	**860,780**	**25,120,261**	**25,981,041**

	Asset Revaluation 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	**874,380**	**24,334,380**	**25,208,760**

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 2021

	Notes	2021	2020
		$	$
Operating activities			
Receipts from:			
Government grants		115,376,974	96,332,721
Other income		1,691,426	2,278,325
Interest income		1,357,587	1,236,786
Donations		17,429	3,442
Interest payment		(116,157)	(141,608)
Payments to suppliers and employees		(102,550,602)	(92,336,810)
Net cash provided by operating activities	5	**15,776,657**	**7,372,856**
Investing activities			
Purchase of property, plant and equipment		(857,275)	(592,437)
Purchase of investment	5, 7	(20,744,485)	(9,519,123)
Proceeds from sale of property, plant and equipment		581,749	229,974
Proceeds from sale of investment		4,876,419	8,602,001
Net cash used in investing activities	5	**(16,143,592)**	**(1,279,585)**
Financing activities			
Payment of Leasing Liabilities		(2,539,992)	(2,488,928)
Net cash used in Financing activities	5	**(2,539,992)**	**(2,488,928)**
Net increase in cash held		(2,906,927)	3,604,343
Add opening cash brought forward		25,037,250	21,432,907
Closing cash carried forward	5	**22,130,323**	**25,037,250**

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 –Simplified Disclosures 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 2021 were approved and authorised for issue by the Board of Directors on 9 September 2021.

2. New or amended Accounting Standards and Interpretations adopted

Neami Group have adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations are most relevant to Neami Group:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities. Neami Group have adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, and financial instruments, including leases.

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) (Me Well), as of 30 June 2021. 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 2021.

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 Group:

- 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 Federal, 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 asset's 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 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

Financial assets at amortised cost: 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.

Financial assets at fair value through other comprehensive income: 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).

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. 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.

3.10 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.

3.11 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).

3.12 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.

3.13 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.

3.14 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.

3.15 Comparative Figures

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

3.16 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 as 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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 funding will not continue.

3.21 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. Factors considered may include the importance of the asset; existence of significant leasehold improvements; and funding arrangements for programs for which the lease was taken out for.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on Neami Group based on known information. This consideration extends to the nature of services offered, consumers, supply chain, staffing and geographic regions in which Neami Group 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 Neami Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

4. Revenue

	2021	2020
	$	$
Revenue		
Government grants (AASB 15)		
New South Wales	32,240,544	28,988,185
Northern Territory	142,908	-
Queensland	9,602,126	9,446,280
South Australia	18,498,760	14,770,754
Victoria	23,079,259	23,591,330
Western Australia	12,966,640	10,786,969
Revenue from Government Grants	96,530,237	87,603,518
NDIS Revenue	8,443,368	7,584,902
Revenue from Grants and NDIS	104,973,605	95,188,420
Donations	17,429	3,442
Investment income		
Interest from investments held at FVTPL*	345,042	345,964
Distributions from investments held at FVTPL*	1,319,447	899,426
Total Investment Income	1,664,489	1,245,390
Total Grant & NDIS Revenue, Donations and Investment Income	**106,655,523**	**96,437,252**
Other Income		
Gain on disposal of property, plant & equipment	91,286	219,350
Paid parental leave scheme	337,803	231,567
JobKeeper Payment (Me Well)	1,010,300	1,025,950
Realised Gain on sale of investments	728,312	-
Other revenue	343,323	620,056
Total Other Income	**2,511,023**	**2,096,923**
Financial assets at fair value through profit or loss		
Gain / (Loss) on Movement of Investment	**714,461**	**(265,093)**

* FVTPL means Fair Value Through Profit or Loss

5. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2021 $	2020 $
Cash on hand	30,119	23,800
Cash at bank	22,100,204	9,430,899
Cash on deposit	-	15,582,551
Cash and cash equivalents	**22,130,323**	**25,037,250**

There are no credit standby arrangements. The Neami Group has access to credit card facilities at 30 June 2021 of $210,000. (2020: $150,000).

Cash at bank has increased materially due to FY22 funding received in advance which is also reflected in Deferred income (see note 15).

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

	2021 $	2020 $
Surplus for the year	**772,281**	**207,709**
Depreciation	4,062,152	3,393,952
Fair value movement on investments (unrealised)	(714,461)	265,093
Net (Gain) / Loss on disposal of investments (realised)	(728,312)	400,752
Net gain on plant and equipment sold	(91,286)	(202,171)
Movements in Assets/Liabilities		
(Increase)/Decrease in Receivables	(1,369,577)	13,326
Increase/(Decrease) in Payables	1,040,052	1,718,337
Increase/(Decrease) in Provisions	1,397,736	526,261
Increase/(Decrease) in Deferred Income	11,408,072	1,049,597
Cash Flows from Operating Activities	**15,776,657**	**7,372,856**

6. Trade and other receivables

	2021 $	2020 $
Financial Assets		
Trade receivables	2,872,976	1,777,609
Expected credit loss	(47,871)	(57,369)
Accrued Income	3,043,071	2,836,333
Bond/lease deposits	503,381	380,711
	6,371,557	4,937,284
Non-Financial Assets		
Prepayments	467,296	532,000
Trade and other receivables	**6,838,853**	**5,469,284**

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 $153,411 (2020: $126,440) have been recorded accordingly within other expenses.

7. Investments

	2021 $	2020 $
Current:		
Financial assets at fair value through profit or loss		
Opening balance	12,905,343	12,471,046
Investment during the year	15,944,485	3,660,000
Disposal	(500,000)	(3,170,000)
Fair value movement	23,911	(55,703)
Closing balance	**28,373,739**	**12,905,343**
Non-Current:		
Financial assets at fair value through profit or loss		
Opening balance	8,077,463	8,260,483
Investment during the year	4,800,000	5,859,123
Disposal	(4,376,419)	(5,832,753)
Fair value movement	1,418,862	(209,390)
Closing balance	**9,919,906**	**8,077,463**

Due to change in the classification of monies held with U Ethical in 2020/21 financial year, from Cash Deposit to a Unit Fund, the portfolio held with U Ethical has been reclassified during 2020/21 and is now reported as an Investment within the financial statements. This change is reflected in the Consolidated Statement of Cashflows, Consolidated Statement of Financial Position and the Investment note above.

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. Financial assets and liabilities

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

	Notes	2021	2020
Financial assets		$	$
Current:			
Financial assets measured at amortised cost			
Trade and other receivables	6	6,371,557	4,937,284
Cash and cash equivalents	5	22,130,323	25,037,250
Financial assets at fair value through profit or loss			

Current Investments	7	28,373,739	12,905,343
		56,875,619	**42,879,877**
Non-Current:			
Non-Current Investments	7	9,919,906	8,077,463
		9,919,906	**8,077,463**
Financial liabilities			
Financial liabilities measured at amortised cost			
Current:			
Trade and other payables	12	8,715,133	7,688,682
Lease Liabilities	11	1,852,173	1,350,461
		10,567,306	**9,039,143**
Non-Current:			
Lease Liabilities	11	1,242,384	831,999
		1,242,384	**831,999**

9. Property, plant and equipment

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

	2021	**2020**
Plant and equipment	$	$
Balance at 1 July 2020	830,289	632,981
Additions	89,709	522,047
Disposals	-	(1,012)
Depreciation expense	(868,561)	(323,727)
Balance at 30 June 2021	51,437	830,289
Motor vehicles		
Balance at 1 July 2020	84,892	144,964
Disposals	(15,769)	(26,791)
Depreciation expense	(42,409)	(33,281)
Balance at 30 June 2021	26,714	84,892
Leasehold Improvement		
Balance at 1 July 2020	363,217	771,158
Additions	767,565	70,390

Transfers	14,021	3,176
Depreciation expense	(485,237)	(481,507)
Balance at 30 June 2021	659,566	363,217
Land and buildings		
Balance at 1 July 2020	1,879,893	1,900,000
Disposal	(490,908)	-
Depreciation expense	(19,635)	(20,107)
Balance at 30 June 2021	1,369,350	1,879,893
Capital work in progress/ IT Stock		
Balance at 1 July 2020	57,843	61,019
Transfers	(14,021)	(3,176)
Balance at 30 June 2021	43,822	57,843
Carrying Amount 30 June 2021	**2,150,889**	**3,216,134**

All depreciation expenses are included within depreciation and amortisation.

10. Right of Use Assets

	2021	**2020**
Right of Use of Assets	**$**	**$**
Balance at 1 July 2020	2,136,059	-
Initial Recognition	-	3,686,241
Additions/Variations	3,475,905	985,148
Depreciation expense	(2,662,510)	(2,535,330)
Balance at 30 June 2021	2,949,454	2,136,059

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

	2021	**2020**
	$	**$**
Properties	2,515,777	1,782,871
Motor Vehicles	433,673	353,188
Total right of use assets	2,949,454	2,136,059

11. Leasing Liabilities

	2021	2020
	$	$
Lease liabilities (current)	1,852,173	1,350,461
Lease liabilities (non-current)	1,242,384	831,999
	3,094,557	2,182,460

The Neami Group had total cash outflows, inclusive of interest, for leases of $2,656,149 in 2021 ($2,964,769 in 2020)

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

	< 1 year	1 -5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in the Statement of Financial Position
	$	$	$	$	$
2021 Lease Liabilities	1,928,269	1,282,009	-	3,210,278	3,094,557
2020 Lease Liabilities	1,413,706	857,037	-	2,270,743	2,182,460

Extension options: A number of the building leases contain extension options which allow the company to extend the lease term by up to twice the original non-cancellable period of the lease.

The company includes options in the leases to provide flexibility and certainty to the company's operations and reduce costs of moving premises and the extension options are at the company'.

11.1 Short Term Leases / Low Value Assets

Expenses relating to leases consist of the following:

	2021	2020
	$	$
Interest expense on lease liabilities	116,157	141,608
Short term lease payments	887,849	425,878
Low-value assets lease payments	47,235	49,964
	1,051,241	**617,450**

12. Trade and other payables

Trade and other payables recognised consist of the following:

	2021	2020
	$	$
Trade payables	3,987,111	2,415,652
Other creditors and accruals	4,728,022	5,273,030
Total trade and other payables	**8,715,133**	**7,688,682**

13. Employee remuneration

13.1 Employee benefit expenses

Expenses recognised for employee benefits are analysed below:

	2021	2020
	$	$
Wages, salaries	72,546,674	66,294,739
Workers compensation insurance	1,636,014	1,978,846
Superannuation	6,590,638	5,905,629
Employee benefit provisions	1,602,347	901,311
Other employee expenses	3,071,298	2,844,005
Employee benefits expense	**85,446,971**	**77,924,530**

13.2 Employee benefit liabilities

Liabilities recognised for employee benefits consist of the following amounts:

	2021	2020
	$	$
Current:		
Further study scholarship	30,000	30,000
Annual leave	5,253,661	4,408,915
Long service leave	2,725,346	2,315,171
Other employee leave provisions	1,023,654	959,741
	9,032,661	**7,713,827**
Non-Current:		
Long service leave	1,809,317	1,744,848
	10,841,978	**9,458,675**

14. Provisions

	Note	2021	2020
		$	**$**
Current:			
Employee benefit liabilities	13.2	9,032,661	7,713,827
Rent Incentive provision		7,940	15,374
Make good provision		274,547	306,478
		9,315,148	**8,035,679**
Non-Current:			
Employee benefit liabilities	13.2	1,809,317	1,744,848
Make good provision		262,712	203,920
		2,072,029	**1,948,768**

15. Deferred Income

Deferred Income is summarised as follows:

	2021	2020
	$	**$**
New South Wales	14,373,169	4,358,829
Northern Territory	901,092	-
Queensland	831,627	800,334
South Australia	1,871,979	463,723
Victoria	3,532,044	4,670,200
Western Australia	1,675,347	1,484,098
	23,185,257	**11,777,184**

Deferred Income has increased materially due to FY22 funding received in advance which is also reflected in the Cash and Cash Equivalents note (see note 5).

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. 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.

	2021	2020
	$	**$**
Total key management personnel remuneration	**1,548,798**	**1,324,907**

Neami Limited carried out a restructure of its head office operations in the financial year 2020/21 to better support its management. The 2021 reported figure includes the Board of Directors and the revised Executive Leadership team.

Other than remuneration indicated above, there are no other related party transactions which are bound by general commercial terms and no more favorable than available to other parties.

17. Contingent assets and contingent liabilities

Neami Group has given bank guarantees as at 30 June 2021 of $ 388,376 (2020: $ 122,627) to various landlords.

18. Capital commitments

	2021	2020
	$	$
Property Leases	**170,000**	**54,032**

Capital commitments relate to Leases of property, where funds have been committed but the assets not yet received.

19. Fair value measurement

19.1 Fair value measurement of financial assets

The following table shows the financial assets measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020.

	$
30 June 2021	
Assets	
Financial assets at fair value through profit or loss	38,293,645
Net fair value	**38,293,645**
30 June 2020	
Assets	
Financial assets at fair value through profit or loss	20,982,806
Net fair value	**20,982,806**

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

19.2 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 2021 and 30 June 2020.

	Notes	$
30 June 2021		
Property, plant and equipment		
Land and buildings	9	1,369,350
Net fair value		**1,369,350**
30 June 2020		
Property, plant and equipment		
Land and buildings	9	1,879,893
Net fair value		**1,879,893**

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.

20. Consortium expenses

Consortium expenses represent the consolidated outflows associated with providing funding to members and partners of the respective Consortia the Group is engaged in to achieve the objectives of contracts with the Primary Mental Healthcare Services in South Australia, East Melbourne Primary Healthcare Network and Department of Health and Human Services in Victoria and Department of Communities and Justice and Central and Eastern Sydney Primary Health Network in New South Wales.

21. Auditor Remuneration

	2021 $	2020 $
Remuneration of the auditor of the Company, PKF Melbourne, Auditing the financial statements and acquittals	**99,000**	**85,500**

22. Financial Impacts of COVID-19

On the 21st of July 2020, the Commonwealth Government announced that JobKeeper Payments 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. Only Me Well, a subsidiary of the Neami Group, was eligible for JobKeeper payments for its staff. Based on the amendments, Me Well did not meet eligibility post 24 September 2020. In 2020/21 financial year Me Well received $1.0m of COVID 19 payments as JobKeeper support, this support ceased at the end of September 2020. These payments supported ongoing operations for Me Well service delivery. The $1.0m Job Keeper payment has been reported within the Other Income section of Note 4 within these Financial Statements.

23. Post reporting date events

Me Well Transition

After six years of successfully delivering NDIS services through our subsidiary Me Well, the Neami Group made the strategic decision to transition out of NDIS service provision. While Me Well's positive impact with individual participants was clear, there was a gap between the emerging direction of the NDIS and the reality for providers. Having invested significantly in Me Well since entering the NDIS market, the Board determined to focus on alternative approaches to investment in service delivery which are more strongly aligned with the Neami Strategic Directions. We are working to transition Me Well to another not-for-profit service provider. Continuity of support for Me Well participants and ongoing employment of our valued staff, is our first priority through this process.

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 the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

   ii. Complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*; 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: 9 September 2021

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 2021, 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 2021 and of its financial performance for the year 2021 ended; and
b) complying with Australian Accounting Standards – Simplified Disclosures, 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, 9 September 2021

Kenneth Weldin
Partner

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