







# Financial Statements for the year ended 30 June 2022

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# Directors' Report

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All the Directors of Neami Limited and Mental Health and Wellbeing Australia Limited (Me Well) hereby present their report to all members, partners, staff, funders and consumers for the financial year ended 30 June 2022.

The Me Well Board of Directors is comprised of Anthony Nippard, Ruth Faulkner and Executive Director Tom Dalton (CEO of Neami).

## 1. Directors

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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.

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

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### **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. Tony chairs the Nominations and Remuneration Committee. 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.

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### **Ruth Faulkner (Deputy Chair of Neami)**

BSc (Hons), CA, GAICD

Ruth was elected to the Neami Board in 2017 and chairs the Audit and Risk Committee. Ruth is a Partner of Conus Business Consultancy Services located in Far North Queensland. She is a Chartered Accountant and a CA Risk Specialist, with more than 20 years' experience working in governance, finance, audit and risk in the not-for-profit, government and commercial sectors.

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### **Fiona Nicholls**

BA Welfare Studies, MHSS, GAICD

Fiona was elected to the Neami Board in 2016 and chairs the Finance and Performance 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.

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### **Sonia Law**

BA, LLB (Hons), DipEd, PGradDipTESL

Sonia was elected to the Board in 2012. She was Chair of the Board from 2016 to 2019 and now chairs the Strategy Oversight and Futures Committee. Sonia is a lawyer with extensive experience in mental health and disability law and service delivery. She is the Deputy Public Advocate of Victoria. Prior to this, Sonia was the manager of the Mental Health and Disability Advocacy Program at Victoria Legal Aid and Corporate Counsel at Forensicare.

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**Silvio Pontonio**

BA (Hons), BSW, MASC, MAASW, AFCHSM.

Silvio was elected to the Neami Board in 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.

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**Lorraine Powell**

CertIV MH (Peer Work), GAICD

Lorraine was elected to the Neami Board in 2014. She has 20 years' experience as a mental health consumer representative and consultant at local, state and national levels. She is also a director and the WA Coordinator of Lived Experience Australia and a member of the National Register of Mental Health Consumer and Carer Representatives with Mental Health Australia.

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**Dr Shaymaa Elkadi**

PhD(Psych), ExecMPub Admin

Dr Shaymaa was elected to the Neami Board in July 2022. She is Executive Manager, Strategy and Program Integration at Foundation House. Dr Shaymaa brings experience shaping innovative pathways of service excellence for the most complex and vulnerable in our community.

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**Dr Tim Smyth**

MBBS, LLB, MBA

Dr Tim was elected to the Neami Board in July 2022. Dr Tim has had a long career in the health sector extending from junior clinician through to CEO of health services, culminating in appointment as Deputy Secretary, NSW Ministry of Health. Dr Tim provides legal and consulting services to clients in the government and health and community services sectors.

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**Leesa Chesser**

Leesa was elected to the Neami Board in July 2022. Leesa is an accomplished senior leader and experienced non-executive director with expertise in highly regulated environments, sectors undergoing transformation and service reform. Leesa mentors start-up founders at Stone & Chalk Adelaide, women in business and leaders in Vietnam, Indonesia and Laos as a consultant to the Flinders University Gender Consortium.

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**Richard (Rick) Callaghan**

BMgmt, GradDipGov

Rick was elected to the Neami Board in July 2022. Rick is a Potaruwutj man whose extended Aboriginal family is originally from the Tatiara or Padthaway Region of South Australia. He spent nearly 20 years working for the South Australian Government and then commenced on a private sector business career at KPMG, following which he established his own boutique consulting firm. Rick's core competencies involve working predominantly with Aboriginal and Torres Strait Islander peoples and mainstream businesses across Australia and its islands by assisting with entrepreneurial approaches to business creation, sustainability and expansion.

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**Bradley (Brad) Wynter**

BAPsych, MBA, CertIV Mgt, GAICD

Brad was elected to the Neami Board in 2011. Brad retired from the Neami Board at the 2021 Annual General Meeting, October 2021.

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**Jacinta Carboon**

BBus, GAICD

Jacinta was elected to the Neami Board in 2019. Jacinta resigned from the Board in August 2021.

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## 2. CEO

**Tom Dalton**

BA, LLB, EMPA

Tom 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.

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## 3. Company secretary

**Melanie Sherrin Company secretary to 5 August 2022**

an Australian Legal Practitioner.

**Lauren Peta King Acting Company secretary from 6 August 2022**

an Australian Legal Practitioner.

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## 4. Our Vision

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

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## 5. Our Purpose

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

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## 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

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Neami provides recovery-oriented services to adults and youth across the whole spectrum of mental health needs 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 and suicide prevention.

## 8. Changes in Operations

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### 8.1 Mental Health and Wellbeing Australia Limited (Me Well) Operational changes

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The Neami Board made the strategic decision to transition out of NDIS service provision in June 2021. Accordingly, Me Well ceased operations on 30 November 2021 with all NDIS participants exiting that month. Most positions were made redundant by 30 November 2021 with the remaining four roles made redundant by 31 December 2021. As of 30 June 2022, all properties had been vacated and bonds returned, the FBT return had been submitted and receipted by the ATO, Workcover registration had been cancelled and the Intercompany loan was written off in period 13 as part of the year end process. The Me Well entity remains part of the Neami Group.

### 8.2 Neami workforce transition to permanent employment contracts

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In order to remain an employer of choice and in response to staff feedback regarding job security, Neami transitioned the majority of its workforce from maximum term employment contracts (that had been linked to the duration of government program funding) to permanent employment contracts. This transition was completed in May 2022.

## 9. Strategic Themes and Priority areas

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The Neami Group's strategic themes and priority areas are:

### Great Consumer Experiences

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- New and Enhanced Services
- Awareness and Appeal
- Impact Assessment and Evidence

### Building Collective Knowledge and Partnerships

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- Purposeful Partnerships Outside Our Sector
- Stronger and More Purposeful Partnerships Inside Our Sector
- Expanded and Improved Funder Partnerships

### Sustainable, Resilient and Financially Healthy

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- A Great Workforce, A Great Place to Work
- Fit for Purpose, Flexible Organisation
- Explore Earned Revenue

### Influencing System Reform

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- Data Led Service and Policy Development
- Proactive Government Engagement and Advocacy



## 10. 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:

	Neami Board Meetings	QSCG Committee Meetings	FP Committee Meetings	AR Committee Meetings	SOaF Committee Meetings	NaR Committee Meetings	Me Well Board Meetings
<b>Number of Meetings scheduled to attend</b>	<b>8</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>1</b>
<b>Directors Attendance</b>							
Anthony Nippard	8		5		3	5	1
Ruth Faulkner	8			5	3	4	1
Fiona Nicholls	8	3	5			4	
Sonia Law	8			4	3	4	
Lorraine Powell	7	4		5			
Silvio Pontonio	8	4			2	5	
Tom Dalton							1
Bradley Wynter (a)	1		2	2			
Jacinta Carboon (b)							

QSCG = Quality, Safety and Clinical Governance Committee

FP = Finance and Performance Committee

AR = Audit and Risk Committee

SOaF = Strategy Oversight and Futures Committee

NaR = Nomination and Remuneration Committee

GRC = Governance Review Committee

(a) Bradley Wynter retired at the 2021 Neami Annual General Meeting - October 2021.

(b) Jacinta Carboon retired August 2021 and did not attend any meetings.

## 11. Contribution in winding up

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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 2022, the total amount that members of the company are liable to contribute if the company wound up is \$180 (2021: \$200).

## 12. The ongoing impact of the COVID-19 pandemic

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The impact of the Coronavirus (COVID-19) pandemic continues and has become the 'new normal'. Neami has responded by adapting services where required to support our consumers and also to ensure staff safety. 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 to consumers wherever possible.

Providing the highest quality support for consumers, while also maintaining safe working environments and ensuring the wellbeing of our staff, remain the priority for Neami management. Our COVID-19 National Working Group continues to review communications across Australia and monitor advice from Commonwealth and state health departments, our peak bodies and funders.

During the year there were periods where many staff routinely worked from home, staff travel has reduced, and face-to-face consumer engagement has adapted to government advisory and changing conditions.

The community mental health sector continues to be classified as an essential service, as a result it is not expected that the pandemic will have a material adverse financial impact on the Neami Group's operations going forward.

## 13. Post reporting date events

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There are no post reporting date events to note.

## 14. Auditor's Independence Declaration

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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 11 of this financial report and forms part of the Directors' report.

Signed in accordance with a resolution of the directors.



Anthony (Tony) Nippard

Chair

8 September 2022



**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 2022, 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.

A stylized signature of the PKF firm, consisting of the letters 'PKF' in a cursive, handwritten style.

PKF

Melbourne, 8 September 2022

A handwritten signature of Kenneth Weldin, written in black ink.

Kenneth Weldin

Partner

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Revenue	4	126,792,115	106,655,523
Other income	4	1,036,409	2,511,023
Fair value gain (loss) on financial assets at fair value through profit or loss	4,7	(3,553,980)	714,461
Employee benefits expenses	13.1	(97,176,742)	(85,446,971)
Office and occupancy expenses		(8,418,640)	(7,395,591)
Consortium expenses	20	(6,774,181)	(5,423,851)
Interest payment	11.1	(150,861)	(116,157)
Other expenses		(7,062,373)	(6,664,004)
Depreciation and amortisation expenses	9,10	(5,478,008)	(4,062,152)
<b>(Deficit)/Surplus</b>		<b>(786,261)</b>	<b>772,281</b>
<b>Other comprehensive income</b>			
Other comprehensive income/(loss) for the period		-	-
<b>Total comprehensive (loss)/income for the period</b>		<b>(786,261)</b>	<b>772,281</b>

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

# Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$	2021 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalent	5	28,435,416	22,130,323
Investments	7	33,506,038	28,373,739
Trade and other receivables	6	9,884,993	6,838,853
<b>Total Current Assets</b>		<b>71,826,447</b>	<b>57,342,915</b>
<b>Non-Current Assets</b>			
Investments	7	-	9,919,906
Property, plant and equipment	9	3,662,257	2,150,889
Right of Use Assets	10	5,399,614	2,949,454
<b>Total Non-Current Assets</b>		<b>9,061,871</b>	<b>15,020,249</b>
<b>Total Assets</b>		<b>80,888,318</b>	<b>72,363,164</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	12	7,162,870	8,715,133
Deferred Income	15	31,034,981	23,185,256
Leasing Liabilities	11	3,308,752	1,852,173
Provisions	14	10,105,016	9,315,148
<b>Total Current Liabilities</b>		<b>51,611,619</b>	<b>43,067,710</b>
<b>Non-Current Liabilities</b>			
Leasing Liabilities	11	2,198,815	1,242,384
Provisions	14	1,883,104	2,072,029
<b>Total Non-Current Liabilities</b>		<b>4,081,919</b>	<b>3,314,413</b>
<b>Total Liabilities</b>		<b>55,693,538</b>	<b>46,382,123</b>
<b>Net Assets</b>		<b>25,194,780</b>	<b>25,981,041</b>
<b>Equity</b>			
Retained Earnings		24,334,000	25,120,261
Reserve		860,780	860,780
<b>Total Equity</b>		<b>25,194,780</b>	<b>25,981,041</b>

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 2022

	Asset Revaluation Reserves \$	Retained Earnings \$	Total Equity \$
<b>As at 1 July 2021</b>	860,780	25,120,261	25,981,041
Deficit for the year	-	(786,261)	(786,261)
Transfer from Reserve to Retained Earnings	-	-	-
Other comprehensive income	-	-	-
<b>As at 30 June 2022</b>	<b>860,780</b>	<b>24,334,000</b>	<b>25,194,780</b>

  

	Asset Revaluation Reserves \$	Retained Earnings \$	Total Equity \$
<b>As at 1 July 2020</b>	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	-	-	-
<b>As at 30 June 2021</b>	<b>860,780</b>	<b>25,120,261</b>	<b>25,981,041</b>

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 2022

	Notes	2022 \$	2021 \$
<b>Operating Activities</b>			
Receipts from:			
Government grants		129,911,319	115,376,974
Other Income		850,773	1,691,426
Interest Income		1,466,787	1,357,587
Donations		91,191	17,429
Interest Payment		(150,861)	(116,157)
Payments to suppliers and employees		(120,360,356)	(102,550,602)
<b>Net cash provided by operating activities</b>	<b>5</b>	<b>11,808,853</b>	<b>15,776,657</b>
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(2,879,458)	(857,275)
Purchase of investments	5, 7	(14,279,749)	(20,744,485)
Proceeds from sale of property, plant and equipment		87,057	581,749
Proceeds from Sale of Investments		15,611,956	4,876,419
<b>Net cash used in investing activities</b>	<b>5</b>	<b>(1,460,194)</b>	<b>(16,143,592)</b>
<b>Financing Activities</b>			
Payment of Leasing Liabilities		(4,043,566)	(2,539,992)
<b>Net cash used in financing activities</b>	<b>5</b>	<b>(4,043,566)</b>	<b>(2,539,992)</b>
<b>Net increase/(decrease) in cash held</b>		<b>6,305,093</b>	<b>(2,906,927)</b>
Add opening cash brought forward		22,130,323	25,037,250
<b>Closing cash carried forward</b>	<b>5</b>	<b>28,435,416</b>	<b>22,130,323</b>

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

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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 2022 were approved and authorised for issue by the Board of Directors on 8 September 2022.

## 2. New or amended Accounting Standards and Interpretations adopted

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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

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### 3.1. Overall considerations

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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

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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 2022. 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 2022.

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.

Me Well ceased operations on 30 November 2021 with all NDIS participants exiting that month. The Me Well entity remains part of the Neami Group.

### 3.3. Revenue

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#### **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.

Revenue in the scope of AASB 1058 is recognised at fair value when the asset is received, unless it relates to a capital grant which satisfies certain criteria, in this case the grant is recognised as the asset is acquired or constructed.

#### **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**

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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**

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### **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.

Neami has elected to apply the exemptions available under the lease standard and 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. However, there are some exceptions to this relating to property leases 12 months or less that have a possibility of an extension. In these instances a right of use asset and corresponding lease liability is recognised.

## **3.6. Impairment testing of intangible assets and property, plant and equipment**

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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**

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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 3.9 for discussion on the determination of impairment losses.

## **3.8. Trade and other payables**

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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**

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### **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 fair value through profit and loss (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

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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

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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.

### 3.12. Income tax

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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

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Neami Group is classified as a Public Benevolent Institution for tax purposes and as such is exempt from Fringe Benefits Tax (FBT exemption capped at \$30,000, salary packaged meal entertainment and entertainment facility leasing expense benefits capped at \$5,000 per employee) and Payroll Tax.

### 3.14. Cash and cash equivalents

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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

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

### 3.16. Employee Benefits

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#### **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**

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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**

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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)**

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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**

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Neami Group is dependent upon the ongoing receipt of Federal, State and local government and primary health network (PHN) 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**

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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**

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.



## 4. Revenue

	2022 \$	2021 \$
<b>Revenue</b>		
Government grants (AASB 15)		
New South Wales	39,534,523	32,240,544
Northern Territory	3,552,047	142,908
Queensland	14,221,035	9,602,126
South Australia	24,943,106	18,498,760
Victoria	25,483,499	23,079,259
Western Australia	15,534,759	12,966,640
Revenue from Government Grants	123,268,969	96,530,237
NDIS Revenue	2,223,085	8,443,368
Revenue from Grants and NDIS	125,492,054	104,973,605
Donations	91,191	17,429
Investment income		
Interest from investments held at FVTPL*	113,494	345,042
Distributions from investments held at FVTPL*	1,095,376	1,319,447
Total Investment Income	1,208,870	1,664,489
<b>Total Grant &amp; NDIS Revenue, Donations and Investment Income</b>	<b>126,792,115</b>	<b>106,655,523</b>
<b>Other Income</b>		
Net gain on disposal of property, plant & equipment	87,056	91,286
Paid parental leave scheme	357,478	337,803
JobKeeper Payment (Me Well)	-	1,010,300
Realised Gain on sale of investments	98,580	728,312
Other revenue	493,295	343,322
<b>Total Other Income</b>	<b>1,036,409</b>	<b>2,511,023</b>
Financial assets at fair value through profit or loss		
<b>(Loss)/Gain on Movement of Investment</b>	<b>(3,553,980)</b>	<b>714,461</b>

\* FVTPL means Fair Value Through Profit or Loss

The \$26.7m increase of Revenue from Government Grants is driven by the new Head to Health services. The \$6.2m decrease in NDIS Revenue relates to the cessation of Me Well operations in November 2021. The \$3.6m Loss on Movement of Investments is reflective of market volatility.

## 5. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2022	2021
	\$	\$
Cash on hand	21,678	30,119
Cash at bank	28,413,738	22,100,204
<b>Cash and cash equivalents</b>	<b>28,435,416</b>	<b>22,130,323</b>

There are no credit standby arrangements. The Neami Group has access to credit card facilities at 30 June 2022 of \$270,000. (2021 \$210,000).

Cash at bank has increased materially due to FY23 funding received in advance for new services and programs which are both reflected in Deferred income (see note 15).

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

	2022	2021
	\$	\$
<b>(Deficit)/Surplus for the year</b>	<b>(786,261)</b>	<b>772,281</b>
Depreciation	5,478,008	4,062,152
Fair value movement on investments (unrealised)	3,553,980	(714,461)
Gain on disposal of investments (realised)	(98,580)	(728,312)
Net gain on plant and equipment sold	(87,056)	(91,286)
<b>Movements in Assets/Liabilities</b>		
(Increase)/Decrease in Receivables	(3,046,134)	(1,369,577)
Increase/(Decrease) in Payables	(1,552,272)	1,040,052
Increase/(Decrease) in Provisions	497,444	1,397,736
Increase/(Decrease) in Deferred Income	7,849,724	11,408,072
<b>Cash Flows from Operating Activities</b>	<b>11,808,853</b>	<b>15,776,657</b>

## 6. Trade and other receivables

	2022 \$	2021 \$
<b>Financial Assets</b>		
Trade receivables	7,057,254	2,872,976
Expected credit loss	-	(47,871)
Other receivables	1,983,465	3,043,071
Bond/Lease Deposit	499,936	503,381
	<b>9,540,655</b>	<b>6,371,557</b>
<b>Non-Financial Assets</b>		
Prepayments	344,338	467,296
<b>Trade and other receivables</b>	<b>9,884,993</b>	<b>6,838,853</b>

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 \$70,997 have been recorded accordingly within other expenses in 2022 (2021: \$153,411).

Trade receivables is the debtors balance and has increased throughout 2022 proportionate to revenue growth.

## 7. Investments

	2022 \$	2021 \$
<b>Current</b>		
<i>Financial assets at fair value through profit or loss</i>		
Opening Balance	28,373,739	12,905,343
Investment during the year	14,279,749	15,944,485
Disposal	(15,513,376)	(500,000)
Fair value movement	(2,388,292)	23,911
Reclassification	8,754,218	-
<b>Closing Balance</b>	<b>33,506,038</b>	<b>28,373,739</b>
<b>Non-Current</b>		
<i>Financial assets at fair value through profit or loss</i>		
Opening Balance	9,919,906	8,077,463
Investment during the year	-	4,800,000
Disposal	-	(4,376,419)
Fair value movement	(1,165,688)	1,418,862
Reclassification	(8,754,218)	-
<b>Closing Balance</b>	<b>-</b>	<b>9,919,906</b>

All Investments held in U Ethical and PPIS transitioned to JBWere during financial year 2022.

The Non-Current Investment portion of the portfolio has been reclassified as Current Assets. This is due to the investment portfolio being highly liquid, can be traded, and more than likely will be traded, to optimise

returns. The Investment portfolio will continue to be monitored to ensure the classification of all investments is reflected in either current or non-current assets.

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 Note 19.

## 8. Financial assets and liabilities

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

		2022 \$	2021 \$
<b>Financial assets</b>			
<b>Current</b>			
<i>Financial assets measured at amortised cost</i>			
Cash and cash equivalent	5	28,435,416	22,130,323
Trade and other receivables	6	9,540,655	6,371,557
<i>Financial assets at fair value through profit or loss</i>			
Current Investment	7	33,506,038	28,373,739
		<b>71,482,109</b>	<b>56,875,619</b>
<b>Non-Current</b>			
Non-Current Investment	7	-	9,919,906
		-	<b>9,919,906</b>
<b>Financial Liabilities</b>			
<i>Financial liabilities measured at amortised cost</i>			
<b>Current</b>			
Trade and other payables	12	7,162,870	8,715,133
Lease Liabilities	11	3,308,752	1,852,173
		<b>10,471,622</b>	<b>10,567,306</b>
<b>Non-Current</b>			
Lease Liabilities	11	2,198,815	1,242,384
		<b>2,198,815</b>	<b>1,242,384</b>

Details of movements are included in each relevant note.

## 9. Property, plant and equipment

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

	2022 \$	2021 \$
<b>Plant and equipment</b>		
Balance 1 July 2021	51,437	830,289
Additions	63,753	89,709
Disposals	-	-
Depreciation expense	(26,653)	(868,561)
Balance 30 June 2022	<b>88,537</b>	<b>51,437</b>
<b>Motor vehicles</b>		
Balance 1 July 2021	26,714	84,892
Additions	-	-
Disposals	-	(15,769)
Depreciation expense	(9,242)	(42,409)
Balance 30 June 2022	<b>17,472</b>	<b>26,714</b>
<b>Leasehold Improvement</b>		
Balance 1 July 2021	659,566	363,217
Additions	2,445,736	767,565
Transfers	-	14,021
Depreciation expense	(1,314,853)	(485,237)
Balance 30 June 2022	<b>1,790,449</b>	<b>659,566</b>
<b>Land and buildings</b>		
Balance 1 July 2021	1,369,350	1,879,893
Additions	-	-
Disposals	-	(490,908)
Depreciation expense	(17,343)	(19,635)
Balance 30 June 2022	<b>1,352,007</b>	<b>1,369,350</b>
<b>Capital work in progress/IT Stock</b>		
Balance 1 July 2021	43,822	57,843
Additions	369,970	-
Transfers	-	(14,021)
Balance 30 June 2022	<b>413,792</b>	<b>43,822</b>
<b>Carrying Amount 30 June 2022</b>	<b>3,662,257</b>	<b>2,150,889</b>

All depreciation expenses are included within depreciation and amortisation.

The Carrying Amount 30 June 2022 increased by \$1.5m due to Leasehold Improvements related to the establishment of new Head to Health centres.



## 10. Right of Use Assets

	2022 \$	2021 \$
Right of use Assets		
Balance 1 July 2021	2,949,454	2,136,059
Additions/Variations	6,560,077	3,475,905
Depreciation expense	(4,109,917)	(2,662,510)
Balance 30 June 2022	<b>5,399,614</b>	<b>2,949,454</b>

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

	2022 \$	2021 \$
Properties	5,065,442	2,515,777
Motor Vehicles	334,172	433,677
<b>Total Right of Use Assets</b>	<b>5,399,614</b>	<b>2,949,454</b>

The Right of Use Assets increased by \$2.4m due to the new property leases for Head to Health centres.

## 11. Leasing Liabilities

	2022 \$	2021 \$
Lease liabilities (current)	3,308,752	1,852,173
Lease liabilities (non-current)	2,198,815	1,242,384
	<b>5,507,567</b>	<b>3,094,557</b>

Neami Group total cash outflows for leases, inclusive of interest is \$4,194,427 in 2022 (\$2,656,149 in 2021).

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
2022					
Lease Liabilities	3,415,549	2,241,923	-	5,657,472	5,507,567
2021					
Lease Liabilities	1,928,269	1,282,009	-	3,210,278	3,094,557

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's discretion. Options are only taken up in the lease calculations when the Group is reasonably certain the option will be exercised.

### 11.1. Short Term Leases / Low Value Assets

Expenses relating to leases consist of the following:

	2022	2021
	\$	\$
Interest expense on lease liabilities	150,861	116,157
Short term lease payments	241,406	887,849
Low value assets lease payments	33,719	47,235
	<b>425,986</b>	<b>1,051,241</b>

## 12. Trade and other payables

Trade and other payables recognised consist of the following:

	2022	2021
	\$	\$
Trade payables	3,082,315	3,987,111
Other creditors and accruals	4,080,555	4,728,022
<b>Total trade and other payables</b>	<b>7,162,870</b>	<b>8,715,133</b>

## 13. Employee remuneration

### 13.1. Employee benefit expenses

Expenses recognised for employee benefits are analysed below:

	2022	2021
	\$	\$
Wages, salaries	80,271,339	72,546,674
Workers compensation insurance	2,673,552	1,636,014
Superannuation	7,505,393	6,590,638
Employee benefits provisions	803,285	1,602,347
Other Employee expenses	5,923,173	3,071,298
<b>Employee benefits expense</b>	<b>97,176,742</b>	<b>85,446,971</b>

Employee expenses have increased by \$11.7m proportionate to revenue growth.

## 13.2. Employee benefit liabilities

Liabilities recognised for employee benefits consist of the following amounts:

	2022 \$	2021 \$
<b>Current</b>		
Further Study Scholarship	-	30,000
Annual	5,513,871	5,253,661
Long service leave	3,051,953	2,725,346
Other Employee leave provisions	1,153,575	1,023,654
	<b>9,719,399</b>	<b>9,032,661</b>
<b>Non-current</b>		
Long service leave	1,640,233	1,809,317
	<b>11,359,632</b>	<b>10,841,978</b>

## 14. Provisions

Provisions recognised consist of the following:

		2022 \$	2021 \$
<b>Current</b>			
Employee benefit liabilities	13.2	9,719,399	9,032,661
Rent incentive provision		-	7,940
Make good provision		385,617	274,547
		<b>10,105,016</b>	<b>9,315,148</b>
<b>Non-current</b>			
Employee benefit liabilities	13.2	1,640,233	1,809,317
Make good provision		242,871	262,712
		<b>1,883,104</b>	<b>2,072,029</b>

## 15. Deferred Income

Deferred Income is summarised as follows:

	2022 \$	2021 \$
New South Wales	16,990,236	14,373,169
Northern Territories	927,274	901,092
Queensland	3,162,390	831,627
South Australia	3,146,064	1,871,979
Victoria	5,560,520	3,532,044
Western Australia	1,248,497	1,675,347
	<b>31,034,981</b>	<b>23,185,257</b>

Deferred Income has increased materially due to FY23 funding received in advance for new services and programs which are reflected in the Cash and Cash Equivalents note (see note 5).

Deferred income consists of funder grants received in advance for services to be rendered by the Neami Group. Deferred income is transferred to the profit and loss account 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 for 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.

	2022 \$	2021 \$
<b>Total key management personnel remuneration</b>	<b>1,816,146</b>	<b>1,548,798</b>

Neami Limited implemented the agreed restructure of its head office operations in the financial year 2021/22 and appointed the new Executive directors. The 2022 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 2022 of \$404,233 (2021: \$388,376) to various landlords.

## 18. Leasehold Improvements and Property Lease commitments

	2022 \$	2021 \$
Leasehold Improvement commitments	1,185,736	170,000
Property Lease commitments	156,239	-
	<b>1,341,975</b>	<b>170,000</b>

The above relate to costs that have been committed but not yet expensed.

The Leasehold Improvement commitments have increased by \$1m due to Health to Health fit outs in Geelong and Townsville.

## 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 2022 and 30 June 2021.

	Notes	\$
<b>30 June 2022</b>		
<b>Assets</b>		
Financial assets at fair value through profit or loss	7	33,506,038
<b>Net fair value</b>		<b>33,506,038</b>
<b>30 June 2021</b>		
<b>Assets</b>		
Financial assets at fair value through profit or loss		38,293,645
<b>Net fair value</b>		<b>38,293,645</b>

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 2022 and 30 June 2021.

	Notes	\$
<b>30 June 2022</b>		
Property, plant and equipment		
Land and buildings	9	1,352,007
<b>Net fair value</b>		<b>1,352,007</b>
<b>30 June 2021</b>		
Property, plant and equipment		
Land and buildings	9	1,369,350
<b>Net fair value</b>		<b>1,369,350</b>

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

The land and building in Fairfield, VIC were last valued as at 9 April 2019. As per our Policy, revaluation occurs every 5 years.

## 20. Consortium expenses

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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, North Western Melbourne Primary Health Network, Western Victoria Primary Health Network, Department of Health (DH) and the Department of Families, Fairness and Housing (DFFH) in Victoria, Central and Eastern Sydney Primary Health Network and Department of Communities and Justice in New South Wales.

## 21. Auditor Remuneration

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	2022 \$	2021 \$
Remuneration of the auditor of the Company, PKF Melbourne, Auditing the financial statements and acquittals	100,000	99,000

## 22. Financial Impacts of COVID-19

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There has been no specific government staffing support for the impacts of COVID-19 in the current year. In 2021 Me Well received JobKeeper funding but this was not applicable for Neami Group in FY22.

The impact of the Coronavirus (COVID-19) pandemic continues and has become the 'new normal'. Neami has responded by adapting services where required to support our consumers and also to ensure staff safety. 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 to consumers wherever possible.

Providing the highest quality support for consumers, while also maintaining safe working environments and ensuring the wellbeing of our staff remain the priority for Neami management. Our COVID-19 National Working Group continues to review communications across Australia and monitor advice from Commonwealth and state health departments, our peak bodies and funders.

During the year there were periods where many staff routinely worked from home, staff travel has reduced, and face-to-face consumer engagement has adapted to government advisory and changing conditions.

The community mental health sector continues to be classified as an essential service, as a result it is not expected that the pandemic will have a material adverse financial impact on the Neami Group's operations going forward.

## 23. Post reporting date events

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No Post reporting date events to be noted.

## Directors' Declaration

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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 2022 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:



**Anthony (Tony) Nippard**

Chair



**Ruth Faulkner**

Director

Dated: 8 September 2022





## 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 2022, 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 2022 and of its financial performance for the year 2022 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.

A stylized, handwritten signature of the PKF firm, consisting of the letters 'PKF' in a cursive-like font.

PKF  
Melbourne, 8 September 2022

A handwritten signature of Kenneth Weldin, appearing to read 'K. Weldin' in a cursive script.

Kenneth Weldin  
Partner

