



Neami National Financial Statements

For the year ended 30 June 2016

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Directors' Report

All the directors of Neami Limited (Neami) hereby present their report to all members, partners, staff, funders and consumers for the financial year ended 30 June 2016.

1. Directors

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

Stephen Brand (Chair)

BSW, GradCertHSA, MAICD

Stephen has been Chairman of the Board of Directors since 15 September 2011 and a Director since 28 September 2006. He is Chair of the Governance Review Committee and a member of the Finance, Assurance and Risk Management Committee of the Board, and the Quality, Safety and Clinical Governance Committee of the Board.

Remberto Rivera (Treasurer) (Resigned 16 June 2016)

BEC, MBA, PGradDipAgedCareMgt,
PGradDipBus(Acc), CPA

Remberto was a board member from 18 December 2008 to 16 June 2016. He was the Treasurer of the Board of Directors and the Chair of the Finance, Assurance and Risk Management Committee of the Board. Remberto works as the Chief Finance and Information Officer at the Australian Community Support Organisation (ACSO).

Douglas Holmes

CertIV WT(Cat 2), DipTAA

Douglas was a board member from 21 June 2007 to 15 May 2014. He re-joined the board on 20 March 2015 and is a member of the Finance Assurance and Risk Management Committee of the Board. Douglas is the winner of the MHS Exceptional Contribution to Mental Health Service Award 2014.

Robert Bland AM (Resigned 29 February 2016)

BSW(Hons), MSW, PhD

Robert was a board member from 17 June 2010 to 29 February 2016. Robert is a Professor of Social Work at the Australian Catholic University Queensland.

Graeme Doidge

BA, DipAppSc, DipBus, RPN

Graeme has been a board member since 18 August 2011 and is a member of the Governance Review and Quality, Safety and Clinical Governance Committees of the Board. Graeme is currently the Manager at Clarendon Clinic, St Vincent's Mental Health (Vic).

Bradley Wynter

BAPsych, MBA, CertIV Mgt, GAICD

Brad has been a board member since 17 November 2011 and is a member of the Finance, Assurance and Risk Management Committee of the Board. Brad is the Manager, Organisation Improvement, City of Whittlesea.

Sonia Law (Deputy Chair)

BA, LLB(Hons), PGradDipTESL, DipEd, GAICD

Sonia has been a board member since 9 February 2012. She is the Deputy Chair of the Board, Chair of the Quality, Safety and Clinical Governance Committee of the Board and a member of the Finance, Assurance and Risk Management Committee of the Board. Sonia currently works as Corporate Counsel, Forensicare.

1. Directors (Cont'd)

Lorraine Ann Powell

CertIV MH (Peer Work), GAICD

Lorraine became a board member on 27 February 2014. She is a member of the Finance, Assurance and Risk Management and Quality, Safety and Clinical Governance Committees of the Board. Lorraine is currently an independent mental health consumer consultant based in Perth.

Fiona Louise Nicholls (Appointed 21 April 2016)

BA Welfare Studies, MHSS

Fiona became a board member on 21 April 2016. She is a member of the Quality, Safety and Clinical Governance Committee of the Board. Fiona has previously occupied senior positions in the Commonwealth Public Service.

Anthony Joseph (Tony) Nippard

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

Tony became a board member on 27 February 2014. He is a member of the Governance Review Committee of the Board. Tony is a company director and has previously occupied senior positions in the Victorian public service.

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 to use the term 'director' as the directors of a responsible entity that is a company limited by guarantee are the responsible persons for that entity.

2. Company secretary

1 July 2015 – 12 October 2015: Indiana Bridges, an Australian Legal Practitioner with generalist legal expertise and corporate governance advisory experience.

12 October 2015 – 16 June 2016: Carolyn Doyle (replacing Indiana Bridges whose resignation was effective on the same date), an Australian Legal Practitioner with commercial law and governance expertise.

16 June 2016 – 30 June 2016: Vanessa Karamesinis (replacing Carolyn Doyle whose resignation was effective on the same date), is Neami's Chief Financial Officer responsible for the financial stewardship of the organisation since 2002. She holds a Bachelor of Economics and Commerce from the University of Melbourne and is an associate member of CPA Australia and a graduate of the Australian Institute of Company Directors.

3. Principal activities

The principal activities of Neami in the course of the financial year were to provide psychosocial rehabilitation, education, support and advocacy for people with a mental illness and/or people who are homeless or at risk of homelessness.

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

4. Short-term objectives

Neami's short term objectives are to:

- Continue expanding services in Western Australia, Queensland and New South Wales;
- Assist consumers with the transition to the National Disability Insurance Scheme (NDIS);
- Identify key elements of organisational readiness for individualised funding, including product identification, pricing strategy, financial models, and marketing and workforce strategies;
- Develop and implement systems to support individualised funding approaches;
- Clearly articulate our products and prices in readiness for client-directed services;
- Explore opportunities to improve consumer access to technology;
- Consolidate the Quality, Safety and Clinical Governance Committee; and
- Work with consumers to ensure opportunities for participation at all levels of the organisation and within the community.

5. Long-term objectives

Neami's medium to long term objectives are to:

- Improve and expand service delivery in current locations and expand services in rural and remote communities;
- Actively involve senior management in key networks and peak bodies;
- Continue to build on a skilled and vibrant workforce;
- Embed specific strategies that improve responses to people with complex needs including employment, physical health and clinical services;
- Expand services to people with a range of needs;
- Evaluate experience and respond to the broader rollout of the NDIS and other individualised funding approaches;
- Ensure provision of a safe, high quality NDIS service operating in a financially viable and sustainable manner;
- Review the Learning and Development Framework and continue to improve staff learning and development to support professional practice and a strong internal culture;
- Implement strategies to encourage innovation drawing on staff and consumer knowledge;
- Implement a measure of citizenship, social and economic participation; and
- Continue an inclusive and transparent research agenda, supported by partnership and collaboration;

5. Long-term objectives (Cont'd)

- Increase housing and employment options and availability for people with a serious mental illness;
- Build collaborative working arrangements with partners in public advocacy; and
- Achieve a reduction in Neami's carbon footprint.

6. Strategy for achieving short and long-term objectives

To achieve its stated objectives, Neami has adopted the following strategies:

- Implementation of an operational project group to roll out new services and manage the consumer transition process;
- Implement technologies to improve access to users and assist a more agile response to changing geographic locations and delivering services in a more cost effective manner;
- Development of a communications strategy marketing Neami's services to stakeholders;
- Resource and pilot NDIS models and services for evaluation;
- Further refine the process for adoption of research activities, partnerships and research committee projects;
- Continue to assess all research applications to fulfil Neami's mission and vision and provide specific aid for consumers, carers and partner agencies;
- Develop partnerships with relevant agencies to create employment opportunities for consumers;
- Maintain partnerships with housing associations and other housing providers to improve access to affordable housing for people with a mental illness;
- Development of a staff attraction and retention strategy to recruit and retain quality staff who are committed to working with people in need and contributing to our success in both the short and long term;
- Bid for tenders in regional and rural communities that align to our strategic objectives;
- Evaluate the Youth Residential Services and how they can be used to ensure a therapeutic environment for young people; and
- Develop relationships with Public Health Networks (PHNs) to participate in emerging opportunities for new program development and delivery.

7. Directors' meetings

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

Directors	Board Meetings		FARM Committee Meetings		Governance Review Committee Meetings		QSCG Committee Meetings	
	A	B	A	B	A	B	A	B
Stephen Brand	10	11	5	6	5	5	4	4
Remberto Rivera (resigned 16 June 2016)	9	11	5	6	-	-	-	-
Bradley Wynter	10	11	6	6	-	-	-	-
Graeme Doidge	10	11	-	-	4	5	3	4
Robert Bland (resigned 29 February 2016)	6	7	-	-	3	3	-	-
Sonia Law	10	11	6	6	-	-	4	4
Douglas Holmes	9	11	3	6	-	-	-	-
Anthony Joseph (Tony) Nippard	9	11	-	-	4	5	-	-
Lorraine Ann Powell	11	11	6	6	-	-	4	4
Fiona Louise Nicholls (appointed 21 April 2016)	3	3	-	-	-	-	1	1

FARM = Finance, Assurance and Risk Management Committee.

QSCG = Quality, Safety and Clinical Governance Committee.

Column A is the number of meetings the director attended.

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

8. Contribution in winding up

Neami is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2016, the total amount that members of the company are liable to contribute if the company wound up is \$180 (2015: \$220).

9. 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 10 of this financial report and forms part of the Directors' report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'S. Brand', with a long, sweeping underline that extends to the right.

Stephen Brand

Director

18 August 2016



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Auditor's Independence Declaration

To the Members of Neami Limited

- 1 In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Neami Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:
 - a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
 - b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to be "Sandra Lawson".

Sandra Lawson
Partner - Audit & Assurance

Melbourne, 18 August 2016

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue	4	79,678,673	68,821,336
Other income	4	693,459	595,046
Employee benefits expenses	11.1	(61,370,339)	(52,476,829)
Office and occupancy expenses		(5,483,975)	(5,640,251)
Consortium expenses	19	(3,001,556)	-
Other expenses		(6,125,735)	(4,928,936)
Depreciation and amortisation expenses	8, 9	(1,733,163)	(1,951,704)
Surplus		2,657,364	4,418,662
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of land and building		43,750	339,030
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale financial assets	7	(100,260)	364,376
Other comprehensive income/(loss) for the period		(56,510)	703,406
Total comprehensive income for the period		2,600,854	5,122,068

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

Statement of Financial Position

As at 30 June 2016

	Notes	2016	2015
		₤	₤
Assets			
Current assets			
Cash and cash equivalents	5	20,378,544	19,177,494
Trade and other receivables	6	1,811,797	2,920,062
Total current assets		22,190,341	22,097,556
Non-current assets			
Investments	7	6,293,630	6,077,569
Property, plant and equipment	8	6,497,823	5,935,709
Intangible assets	9	105,594	160,073
Total non-current assets		12,897,047	12,173,351
Total Assets		35,087,388	34,270,907
Liabilities			
Current liabilities			
Trade and other payables	10	3,079,313	3,216,060
Deferred income		4,402,714	6,901,234
Provisions	12	5,990,406	5,180,888
Total current liabilities		13,472,433	15,298,182
Non-current liabilities			
Provisions	12	1,223,048	1,181,672
Total non-current liabilities		1,223,048	1,181,672
Total Liabilities		14,695,481	16,479,854
Net Assets		20,391,907	17,791,053
Equity			
Retained earnings		19,360,995	16,703,631
Reserves	13	1,030,912	1,087,422
Total Equity		20,391,907	17,791,053

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

Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Reserves	Retained Earnings	Total Equity
		₤	₤	₤
At 1 July 2014		384,016	12,284,969	12,668,985
Surplus for the year		-	4,418,662	4,418,662
Other comprehensive income		703,406	-	703,406
As at 30 June 2015	13	1,087,422	16,703,631	17,791,053

	Notes	Reserves	Retained Earnings	Total Equity
		₤	₤	₤
At 1 July 2015		1,087,422	16,703,631	17,791,053
Surplus for the year		-	2,657,364	2,657,364
Other comprehensive income/(loss)		(56,510)	-	(56,510)
As at 30 June 2016	13	1,030,912	19,360,995	20,391,907

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

Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Operating activities			
Receipts from:			
Donations	4	27,587	5,232
Business undertaking	4	46,129	94,234
Government grants		77,573,890	69,679,934
Interest income		553,725	527,681
Other income	4	603,546	471,921
Payments to suppliers and employees		(75,450,563)	(61,053,544)
Net cash provided by operating activities		3,354,314	9,725,458
Investing activities			
Purchase of property, plant and equipment		(2,273,538)	(2,132,924)
Purchase of intangible assets (software)	9	(5,000)	(136,737)
Proceeds from sale of property, plant and equipment		125,274	62,504
Net cash used in investing activities		(2,153,264)	(2,207,157)
Net increase/(decrease) in cash held		1,201,050	7,518,301
Add opening cash brought forward	5	19,177,494	11,659,193
Closing cash carried forward	5	20,378,544	19,177,494

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

Notes to the Financial Statements

1. General information and statement of compliance

The financial statements include the financial statements and notes of Neami Limited (Neami).

Neami has adopted the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Act 2012. Neami is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 18 August 2016.

2. Changes in accounting policies

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

Neami has not adopted any new or revised Accounting Standards which are effective for accounting periods beginning on or after 1 July 2015.

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 bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.2. Revenue

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

3.2. Revenue (Cont'd)

Revenue is measured by reference to the fair value of consideration received or receivable by Neami for services provided. Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of Neami's different activities have been met. Details of the activity-specific recognition criteria are described below.

Government grants

Neami's programs are supported by grants received from the federal, state and local governments.

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

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when Neami obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where Neami receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Deferred income consists of government grants received in advance for services to be rendered by Neami. Deferred income is transferred to profit and loss to cover expenses as they are incurred as costs are a measure of services provided.

Client contributions

Fees charged for care or services provided to clients are recognised when the service is provided.

Donations

All cash donations collected are recognised as revenue when Neami gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest and distribution income

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

3.3. Operating expenses

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

3.4. Intangible assets

Recognition of other intangible assets

Acquired intangible assets

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

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.7.

The following useful lives are applied:

- Software: 4-5 years

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

3.5. 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 two 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 decrease 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) 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's management.

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

3.5. Property, plant and equipment (Cont'd)

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

- Plant and equipment: 3-10 years
- Leasehold improvements: Term of lease
- 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.

3.6. Leases

Operating leases

Where Neami is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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

Assets are tested individually for impairment at least annually.

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

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

3.8. Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when Neami 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. Subsequent measurement of financial assets and financial liabilities are described below.

3.8. Financial instruments (Cont'd)

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

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair Value Through Profit Or Loss (FVTPL)
- Held-To-Maturity (HTM) investments
- Available-For-Sale (AFS) financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Neami's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Neami's available for sale financial assets include managed funds.

All available for sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the Available for Sale reserve within equity, except for impairment losses, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

3.8. Financial instruments (Cont'd)

Interest is calculated using the effective interest method and distributions are recognised in profit or loss within 'revenue' (see Note 3.2).

Reversals of impairment losses for available for sale financial assets are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

Neami'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 and loss are included within finance costs or finance income.

3.9. Income tax

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

3.10. Fringe Benefits Tax and Payroll Tax

Neami 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 \$31,177 from 1 April 2016) and Payroll Tax.

3.11. 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.

3.12. Equity and Reserves

Retained earnings include all current and prior period accumulated surpluses.

Other components of equity include the following:

- Revaluation reserve - comprises gains and losses from the revaluation of land and buildings (see Note 13)
- Available for Sale financial assets reserve - comprises unrealised gains and losses relating to these types of financial instruments (see Note 13)

3.13. Employee benefits

Short-term employee benefits

Short-term employee benefits, including annual leave entitlements, 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 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.

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 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 match the timing of estimated future cash flows.

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.

3.14. 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 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.

3.15. 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.

3.16. 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.

3.17. Economic dependence

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

3.18. 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 is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees 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.

4. Revenue

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

	2016	2015
	\$	\$
Revenue		
Government grants		
Victoria	28,879,314	26,811,058
New South Wales	21,741,985	18,851,689
South Australia	14,050,570	10,799,212
Queensland	3,851,423	1,492,114
Western Australia	4,665,557	4,710,240
Commonwealth of Australia	5,592,191	5,333,295
Donations	27,587	5,232
Investment income		
Interest	553,725	527,681
Distributions	316,321	290,815
	<u>79,678,673</u>	<u>68,821,336</u>
Other Income		
Net gain on disposal of property, plant & equipment	43,784	28,891
Business undertaking	46,129	94,234
Paid parental leave scheme	322,150	119,408
Salary packaging fees	76,800	157,531
Other revenue recoveries	204,596	194,982
Total Other Income	<u>693,459</u>	<u>595,046</u>
Total Revenue	<u>80,372,132</u>	<u>69,416,382</u>

5. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2016	2015
	₤	₤
Cash on hand	31,015	31,403
Cash at bank	1,812,769	5,033,722
Short term deposits	18,534,760	14,112,369
Cash and cash equivalents	20,378,544	19,177,494

There are no credit standby arrangements or unused cash facilities at 30 June 2016 (2015: nil)

6. Trade and other receivables

All of Neami's trade and other receivables have been reviewed for indicators of impairment. There were no trade receivables found to be impaired.

	2016	2015
	₤	₤
Current		
Trade receivable, gross	899,767	1,874,426
Other receivables	157,430	474,141
Prepayments	423,620	257,790
Bond/lease deposit	330,980	313,705
Trade and other receivables	1,811,797	2,920,062

7. Financial assets and liabilities

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

	Notes	2016 \$	2015 \$
Financial assets			
Current			
Trade and other receivables	6	1,388,177	2,662,272
Cash and cash equivalents	5	20,378,544	19,177,494
		<u>21,766,721</u>	<u>21,839,766</u>
Non-current			
<i>Managed funds</i>			
Opening balance		6,077,569	5,422,378
Distributions reinvested		316,321	290,815
Fair value movement		(100,260)	364,376
Closing balance		<u>6,293,630</u>	<u>6,077,569</u>
	Notes	2016 \$	2015 \$
Financial liabilities			
<i>Financial liabilities measured at amortised cost</i>			
Current:			
Trade and other payables	10	3,079,313	3,216,060
		<u>3,079,313</u>	<u>3,216,060</u>

See Note 3.8 for a description of the accounting policies for each category of financial instruments. Information relating to fair values is presented in the related notes.

8. Property, plant and equipment

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

	Notes	2016 \$	2015 \$
<i>Plant and equipment</i>			
Balance at 1 July 2015		282,635	128,937
Additions		691,313	1,197,679
Disposals		(7,568)	-
Accumulated depreciation		(760,589)	(1,043,981)
Balance at 30 June 2016		205,791	282,635
<i>Motor vehicles</i>			
Balance at 1 July 2015		921,116	1,346,906
Disposals		(74,483)	(24,294)
Accumulated depreciation		(262,998)	(401,496)
Balance at 30 June 2016		583,635	921,116
<i>Leasehold Improvements</i>			
Balance at 1 July 2015		831,958	345,818
Additions		781,469	935,245
Disposals		(7,638)	(9,316)
Accumulated depreciation		(606,347)	(439,789)
Balance at 30 June 2016		999,442	831,958
<i>Land and buildings</i>			
Balance at 1 July 2015		3,900,000	3,607,460
Revaluation		43,750	339,030
Accumulated depreciation		(43,750)	(46,490)
Balance at 30 June 2016	18.2	3,900,000	3,900,000
<i>Capital work in progress</i>			
Balance at 1 July 2015		-	-
Additions		808,955	-
Balance at 30 June 2016		808,955	-
Carrying Amount 30 June 2016		6,497,823	5,935,709

All depreciation is included within depreciation and amortisation.

9. Intangible assets

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

	2016	2015
	\$	\$
Acquired software licences		
Gross carrying amount		
Balance at 1 July 2015	465,459	328,722
Additions	5,000	136,737
Balance at 30 June 2016	<u>470,459</u>	<u>465,459</u>
Amortisation and impairment		
Balance at 1 July 2015	305,386	285,438
Accumulated amortisation	59,479	19,948
Balance at 30 June 2016	<u>364,865</u>	<u>305,386</u>
Carrying amount at 30 June 2016	<u>105,594</u>	<u>160,073</u>

All amortisation expenses are included within depreciation and amortisation.

10. Trade and other payables

Trade and other payables recognised consist of the following:

	2016	2015
	\$	\$
Current		
Trade payables	1,777,607	1,269,458
Other creditors and accruals	1,301,706	1,946,602
Total trade and other payables	<u>3,079,313</u>	<u>3,216,060</u>

11. Employee remuneration

11.1. Employee benefit expense

Expenses recognised for employee benefits are analysed below:

	2016	2015
	₹	₹
Wages, salaries	50,206,138	42,239,585
Workers compensation insurance	816,369	810,322
Superannuation	4,505,823	3,791,343
Employee benefit provisions	912,371	1,327,844
Other employee expenses	4,929,638	4,307,735
Employee benefits expense	61,370,339	52,476,829

11.2. Employee benefit liabilities

The liabilities recognised for employee benefits consist of the following amounts:

	Note	2016	2015
		₹	₹
Current			
Further study scholarship		30,000	30,803
Redundancy provision		17,794	78,839
Annual leave		3,817,696	3,529,310
Long service leave		1,801,260	1,438,982
	12	5,666,750	5,077,934
Non-current			
Long service leave	12	1,073,453	811,745
		6,740,203	5,889,679

12. Provisions

Other liabilities can be summarised as follows:

	Note	2016 \$	2015 \$
Current			
Employee benefit liabilities	11.2	5,666,750	5,077,934
Rent Incentive		89,670	46,153
Make good provision		233,986	56,801
Other liabilities - current		5,990,406	5,180,888
Non-current			
Employee benefit liabilities	11.2	1,073,453	811,745
Rent Incentive provision		17,463	137,170
Make good provision		132,132	232,757
Other liabilities – non-current		1,223,048	1,181,672

13. Reserves

The details of reserves are as follows:

	Asset Revaluation Reserve \$	Available for Sale Financial Asset Reserve \$	Total \$
Balance at 1 July 2014	214,503	169,513	384,016
Available for sale financial assets current year gain	-	364,376	364,376
Revaluation of land and buildings	339,030	-	339,030
Balance at 30 June 2015	553,533	533,889	1,087,422
Balance at 1 July 2015	553,533	533,889	1,087,422
Available for sale financial assets current year gain/(loss)	-	(100,260)	(100,260)
Revaluation of land and buildings	43,750	-	43,750
Balance at 30 June 2016	597,283	433,629	1,030,912

14. Transactions with key management personnel

Key management personnel of Neami are the members of the company's Board of Directors and members of the National Leadership Team (2016: 27, 2015: 23). Key management personnel remuneration includes the following expenses:

	2016	2015
	\$	\$
Total key management personnel remuneration	<u>2,903,761</u>	<u>2,351,545</u>

15. Contingent assets and contingent liabilities

No contingent liabilities exist in relation to the 2015 or 2016 financial year.

16. Capital commitments

	2016	2015
	\$	\$
Property, Plant and Equipment	<u>1,284,386</u>	<u>-</u>

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

17. Leases

17.1. Operating leases as lessee

Neami's future minimum operating lease payments are as follows:

	2016	2015
	\$	\$
<i>Minimum operating lease payments due:</i>		
1 year or less	2,896,085	2,509,779
Between 1 and 5 years	2,242,680	2,548,258
Over 5 years	-	-
Total	<u>5,138,765</u>	<u>5,058,037</u>

Lease expense during the period amounts to \$2,971,834 (2015: \$2,330,925) representing the minimum lease payments.

17.1. Operating leases as lessee (Cont'd)

The property lease commitments are non-cancellable operating leases with lease terms of between one and five years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements. Motor Vehicle operating lease terms are generally four years or 80,000 kilometres, whichever occurs first.

18. Fair value measurement

18.1. Fair value measurement of financial instruments

The following table shows the financial assets measured at fair value on a recurring basis at 30 June 2016 and 30 June 2015.

	\$
30 June 2016	
Assets	
Managed funds	6,293,630
Net fair value	6,293,630
30 June 2015	
Assets	
Managed funds	6,077,569
Net fair value	6,077,569

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

18.2. 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 2016 and 30 June 2015.

	Notes	\$
30 June 2016		
Property, plant and equipment		
Land and buildings	8	3,900,000
Net fair value		3,900,000
30 June 2015		
Property, plant and equipment		
Land and buildings	8	3,900,000
Net fair value		3,900,000

18.2. Fair value measurement of non-financial assets (Cont'd)

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

The land and buildings were last revalued as at 1 and 2 June 2015. The directors have confirmed that this value remains current as at 30 June 2016. The previous valuations occurred in June 2013.

19. Consortium expenses

Neami was contracted by the Department of Health to procure and oversee the provision of Partners in Recovery services in Central Adelaide and Hills from 1 July 2015. Consortium expenses represent the consolidated outflows associated with providing funding to members and partners of the Consortium to achieve the objectives of the Partners in Recovery program.

20. Post-reporting date events

Neami has established a wholly owned subsidiary company Mental Health and Wellbeing Australia Limited for the purpose of providing NDIS and other disability support services. The company was registered on 2 August 2016.

Subsequent to year end, Neami has been in discussions with the administrator of a Not-for-Profit mental health and NDIS service provider in the Barwon region to take on the provision of service for approximately 300 consumers across a number of programs. This will entail the transfer of some operational resources from the service provider as well as offering employment to their existing service delivery staff. Arrangements are anticipated to be concluded by September 2016.

21. Member's guarantee

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 \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$180 (2015: \$220).

Directors' Declaration

In the opinion of the Directors of Neami Limited:

- a. The financial statements and notes of Neami Limited are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including
 - i. Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- b. There are reasonable grounds to believe Neami Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'S. Brand', with a long horizontal flourish extending to the right.

Stephen Brand

Director

Dated 18 August 2016



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Independent Auditor's Report To the Members of Neami Limited

We have audited the accompanying financial report of Neami Limited (the "Company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to 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.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's Opinion

In our opinion,

- a the financial report of Neami Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - i presents fairly, in all material respects, the Company's financial position as at 30 June 2016 and of its performance and cash flows for the year then ended; and
 - ii complies with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to be "Sandra Lawson".

Sandra Lawson
Partner - Audit & Assurance

Melbourne, 18 August 2016