



Financial Statements

For the year ended 30 June 2014

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Directors' Report

All the directors of Neami Limited (the Company) hereby present their report to all members, partners, staff, funders and consumers for the financial year ended 30 June 2014.

1. Directors

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

Stephen Brand (President)

Bachelor Social Work (UNSW) Grad Cert, Health Service Admin, (UNSW)

As President of the Board of Directors, Stephen has been on the board since 28 September 2006. He is Chair of the Governance Review Sub-Committee and a member of the Finance, Assurance and Risk Management Sub-committee. Stephen is currently employed as the Senior Manager, Social Policy and Mental Health (Australian Association of Social Workers).

Julie Anderson

Certificate in Business

Julie has been a board member since 16 June 1999. She resigned as a director of the company 19 September 2013 to take up a management position with Neami National. The board of directors wish to thank Julie for her outstanding commitment to the organisation over many years.

Remberto Rivera (Treasurer)

MBA, BEcon, Post Grad – Dip of Aged Care Management, Post Grad – Bus. Accounting

Remberto has been a board member since 18 December 2008. He is the Treasurer of the Board of Directors and the Chair of the Finance, Assurance and Risk Management Sub-Committee. Remberto works as General Manager, Business Services at the Australian Community Support Organisation (ACSO).

Douglas Holmes

Diploma in Workplace Training and Assessment

Douglas has been a board member since 21 June 2007. Douglas resigned as a Director of the company 15 May 2014. The board of directors wish to thank Doug for his longstanding commitment and contribution to the organisation.

Robert Bland

PhD, M. Social Work, B. Social Work (Hons)

Robert has been a board member since 17 June 2010. He is a member of the Governance Review Sub-Committee. Robert was formerly Professor of Social Work at the University of Queensland.

Margaret Springgay

Master Health Care Management, Grad. Dip. Health Counselling

Margaret has been a board member since 22 July 2010. She is a member of the Governance Review Sub-Committee. Margaret was formerly Regional Director RDNS, and an Executive Director, Mental Illness Fellowship of Australia

Graeme Doidge (Vice President)

BA, RPN, Dip App Sci, Dip Bus

Graeme has been a board member since 18 August 2011. He is a member of the Governance Review Sub-Committee and currently the Manager, St Vincent's (Vic.) Community Mental Health Centre.

1. Directors (continued)

Bradley Wynter

BA Psychology, MBA, Cert. 4 Elec., Cert 4 Management.

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

Sonia Law

BA/Dip Ed Post Grad. TESL LLB (Hons)

Sonia has been a board member since 9 February 2012. She is a member of the Finance, Assurance and Risk Management Sub-Committee and currently works as Corporate Counsel, Forensicare.

Lorraine Ann Powell

Certificate IV Mental Health – Peer Work

Lorraine became a board member on 18 February 2014. She is a member of the Finance, Assurance and Risk Management Sub-Committee and currently an independent mental health consumer consultant based in Perth.

Anthony Joseph (Tony) Nippard

MA, B Com (Hons.), BA, FGIA, FCIS, FCHSM, GAICD

Tony became a board member on 18 February 2014. He is a member of the Governance Review Sub-Committee and also the Executive Director Knowledge Management & Governance at Victorian Public Sector Commission and a director of not for profit and public entities.

Directors were in office for this 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 'director' as under the Corporations Act 2011 they are the responsible persons.

2. Company secretary

Milo Kei is a member of Governance Institute of Australia with a certificate in corporate governance, Not-for-profits and risk management qualifications. He is currently undertaking a Graduate Diploma in Applied Corporate Governance, due to graduate in 2015. He provides executive functions for the National Leadership Team, CEO and Corporate Services. Milo was appointed company secretary in December 2012.

3. Principal activities

The principal activities of the Company 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

The Company's short term objectives are to:

- Implement and assess a consumer experience of service tool;
- Consolidate service offerings into regional/rural areas;
- Assess the fidelity of the Collaborative Recovery Model;
- Promote and market Neami's new services to external and internal stakeholders;
- Implement the quality and safety management structure, incorporating the clinical governance framework;
- Implement the Optimal Health program across Neami;
- Establish twelve new Victorian service sites in line with Mental Health Community Support Services (MHCSS) recommissioning outcomes;
- Establish three Crisis Respite services in South Australia;
- Establish a new homelessness service in Campbelltown, Sydney;
- Review Neami's organisational infrastructure needs; and
- Develop a comprehensive IT and knowledge management strategy.

5. Long-term objectives

The Company's medium to long term objectives are to:

- Implement a comprehensive consumer participation strategy;
- Introduce a system that encourages innovation in practice;
- Develop organisational readiness for a market based environment;
- Bolster Neami's marketing and communication / PR capability and capacity;
- Increase the capacity for Neami to support the recovery of people with mental illness by contributing to current research on strategies that work toward the reduction of consumer needs;
- Work with consumers to improve the physical and mental health of those attending the Company's services;
- Increase housing options and availability for people with a serious mental illness;
- Increase employment options available for people with a serious mental illness;
- Increase access to Neami's services for people with complex care needs;
- Expand Neami's research and evaluation activities;
- Build the skill base of the organisation to work confidently and competently with people with complex care needs;
- Introduce a measure of citizenship and social inclusion;
- Provide training to relevant sectors through the Centre for Recovery Oriented Practice (CROP);
- Implement a comprehensive diversity plan to improve accessibility and responsiveness to consumers;
- Inform debate about best practice in mental health service delivery;
- Implement strategies to maintain and support a "healthy" organisational culture; and
- Reduce Neami's energy consumption and assist consumers participate in the sustainable living program.

6. Strategy for achieving short and long-term objectives

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

- Establish an operational project group to implement new service roll out in Victoria, NSW and South Australia and manage the consumer transition process;
- Appoint a project manager to oversee the organisational infrastructure review and implement findings after benchmarking and needs identification;
- Develop a communications strategy to market Neami's new services to stakeholders and further develop and invest in the Centre for Recovery Oriented Practice to assist sector capacity building;
- Attend clinical governance seminars and briefings in readiness for the implementation of the new quality and safety management structure as well as developing a culture of safety and continuous improvement across the whole organisation;
- Oversee Neami's market based readiness committee in anticipation for the change in the mental health services and disability landscapes
- Bolster the consumer participation strategy roll out and implementation;
- Further refine the process for adoption of research activities, partnerships and research committee projects;
- Continue promoting the benefits of the Neami health prompt and evaluate the efficacy of the tool on staff and consumers lives;
- Develop partnerships with forensic mental health, justice health and area mental health services in order to work with people whose needs are determined to be very high and/or complex;
- Develop partnerships with relevant agencies to create employment opportunities for consumers;
- Forge partnerships with housing associations and other housing providers to improve access to affordable housing for people with a mental illness;
- Strive to attract and retain quality staff who are committed to working with people in need. Neami National believes that attracting and retaining quality staff will assist with our success in both the short and long term;
- Ensure staff are committed to creating new and maintaining existing programs in support of underprivileged people; and
- Strategically bid for tenders in regional and rural communities after assessing long term viability of support services and community contribution.

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		FARMS Meetings		Governance Meetings	
	A	B	A	B	A	B
Stephen Brand	10	10	5	5	5	5
Remberto Rivera	7	10	4	5	-	-
Bradley Wynter	9	10		5	-	-
Graeme Doidge	8	10	-	-	5	5
Margaret Springgay	9	10	-	-	4	5
Robert Bland	7	10	-	-	5	5
Sonia Law	10	10	5	5	-	-
Julie Anderson (resigned 19/09/13)	3	4	1	1	1	2
Douglas Holmes (resigned 15/05/14)	8	9	4	5	-	-
Anthony Joseph (Tony) Nippard (appointed 18/2/14)	3	5	-	-	2	2
Lorraine Ann Powell (appointed 18/2/14)	4	5	2	2	-	-

FARMS = Finance, Assurance and Risk Management Sub Committee.

Column A is the number of meetings the director attended.

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

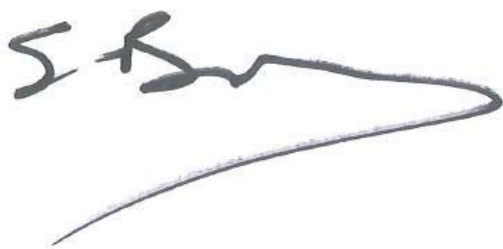
8. Contribution in winding up

The Company 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 2014, the total amount that members of the company are liable to contribute if the company wound up is \$220 (2013:\$200).

9. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s60 – 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

21 August 2014

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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 lead auditor for the audit of Neami Limited for the year ended 30 June 2014, 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sandra Lawson
Partner - Audit & Assurance

Melbourne, 21 August 2014

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue	4	47,761,149	35,313,124
Other income	4	565,685	359,422
Employee benefits expenses	11(a)	(37,435,862)	(27,712,633)
Office and occupancy expenses		(3,748,759)	(2,990,119)
Other expenses		(3,160,803)	(2,819,682)
Depreciation and amortisation expense	5 & 6	(1,943,180)	(1,681,699)
Surplus		2,038,230	468,413
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of land and building		-	214,503
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale financial assets	10	351,518	310,984
Other comprehensive income for the period		351,518	525,487
Total comprehensive income for the period		2,389,748	993,900

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

Statement of Financial Position

As at 30 June 2014

	Notes	2014 £	2013 £
Assets			
Current assets			
Trade and other receivables	8.3	1,997,594	340,046
Cash and cash equivalent	9	11,659,193	7,691,152
Total current assets		13,656,787	8,031,198
Non-current assets			
Property, plant and equipment	6	5,429,121	6,414,798
Intangible assets	5	43,284	53,332
Investments	8.1	5,422,378	4,707,583
Total non-current assets		10,894,783	11,175,713
Total Assets		24,551,570	19,206,911
Liabilities			
Current liabilities			
Provisions	11(b)	3,783,165	2,857,490
Trade and other payables	12	2,937,186	2,025,029
Deferred income	13	4,441,086	3,446,946
Total current liabilities		11,161,437	8,329,465
Non-current Liabilities			
Provisions	11(b)	721,148	598,209
Total non-current liabilities		721,148	598,209
Total Liabilities		11,882,585	8,927,674
Net Assets		12,668,985	10,279,237
Equity			
Retained earnings		12,284,969	10,246,739
Reserves	10	384,016	32,498
Total Equity		12,668,985	10,279,237

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 2014

	Notes	Reserves \$	Retained Earnings \$	Total Equity \$
At 1 July 2012		(492,989)	9,778,326	9,285,337
Surplus for the year		-	468,413	468,413
Other comprehensive income		525,487	-	525,487
As at 30 June 2013	10	32,498	10,246,739	10,279,237
	Notes	Reserves \$	Retained Earnings \$	Total Equity \$
At 1 July 2013		32,498	10,246,739	10,279,237
Surplus for the year		-	2,038,230	2,038,230
Other comprehensive income		351,518	-	351,518
As at 30 June 2014	10	384,016	12,284,969	12,668,985

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

Statement of Cash Flows

For the year ended 30 June 2014

	Notes	2014	2013
		\$	\$
Operating activities			
Receipts from:			
Donations		3,423	5,544
Business undertaking		117,941	16,549
Government grants		46,453,927	38,353,102
Interest income		388,359	308,015
Other income		402,205	459,402
Payments to suppliers and employees		(42,490,273)	(35,010,765)
Net cash provided by operating activities		<u>4,875,582</u>	<u>4,131,847</u>
Investing activities			
Purchase of property, plant and equipment		(990,098)	(2,273,743)
Purchase of intangible assets (software)		(24,770)	(51,300)
Proceeds from sale of property, plant and equipment		107,327	313,499
Net cash used in investing activities		<u>(907,541)</u>	<u>(2,011,544)</u>
Net increase/(decrease) in cash held		3,968,041	2,120,303
Add opening cash brought forward		7,691,152	5,570,849
Closing cash carried forward	9	<u><u>11,659,193</u></u>	<u><u>7,691,152</u></u>

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 elected to adopt 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-Profit Commission Regulations 2013. Neami is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2014 were approved and authorised for issue by the board of responsible entities on 21 August 2014.

2. Changes in accounting policies

2.1. New and amended standards adopted by Neami Limited

It is the first time Neami has adopted the following new Accounting Standards in the financial statements for the year ended 30 June 2014.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies to both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

The Company has applied AASB 13 for the first time in the current year, see Note 16.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to accounting for employee benefits. Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within twelve (12) months after the end of the reporting period are short-term benefits and are therefore not discounted when calculating leave liabilities. As Neami does not expect all annual leave for all employees to be used wholly within twelve (12) months of the end of the reporting period, annual leave is included in 'other long-term' benefits and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 *Presentation of Financial Statements*.

These amendments have had no significant impact on Neami.

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.

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

A number of 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.

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.

3.2. Revenue (continued)

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 method over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.8.

The following useful lives are applied:

- Software: 4-5 years

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

3.5. 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.

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

- Plant and equipment: 3-25 years
- Leasehold improvements: Term of lease
- Motor vehicles: 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.

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

Classification and subsequent measurement of financial assets

Financial assets of Neami are classified as available for sale 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 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.

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.

3.8. Financial instruments (continued)

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. Interest calculated using the effective interest method and distributions are recognised in profit or loss within 'revenue' (see Note 3.3).

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.

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 of Fringe Benefits Tax (up to the \$30,000 threshold per employee) 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 3.6)
- Available for Sale financial assets reserve - comprises gains and losses relating to these types of financial instruments (see Note 10)

3.13. Post-employment benefits and short-term employee benefits

Short-term employee benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, 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 national government bonds with terms to maturity that match the expected timing of cash flows.

Where annual leave is settled beyond 12 months it is a Long-term benefit and 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.

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 the Company 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 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 grants 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. 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.

3.18. Significant management judgement and estimates in applying accounting policies (continued)

Long service leave and Annual leave

The liability for annual leave and long service leave is recognised as long-term employee benefits 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

	2014	2013
	\$	\$
Revenue		
Government grants		
Victoria	10,922,456	7,854,428
New South Wales	18,480,629	13,673,570
South Australia	6,721,877	5,225,574
Queensland	945,801	197,625
Western Australia	4,887,526	2,330,097
Commonwealth of Australia	5,047,801	5,287,696
Donations	3,423	5,544
Investment income		
Interest	388,359	306,394
Distributions	363,277	432,196
	<u>47,761,149</u>	<u>35,313,124</u>
Other Income		
Net gain on disposal of property, plant & equipment	45,539	84,154
Business undertaking	117,941	16,549
Paid parental leave scheme	184,966	112,915
Salary packaging fees	114,597	94,245
Refunds and other income	102,642	51,559
Total Other Income	<u>565,685</u>	<u>359,422</u>
Total Revenue	<u>48,326,834</u>	<u>35,672,546</u>

5. Intangible assets

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

	2014	2013
	₹	₹
Acquired software licences		
Gross carrying amount		
Balance at 1 July 2013	300,052	250,636
Additions	24,770	51,300
Disposals	-	(1,884)
Balance at 30 June 2014	<u>324,822</u>	<u>300,052</u>
Amortisation and impairment		
Balance at 1 July 2013	246,720	200,856
Amortisation	34,818	47,748
Disposals	-	(1,884)
Balance at 30 June 2014	<u>281,538</u>	<u>246,720</u>
Carrying amount at 30 June 2014	<u>43,284</u>	<u>53,332</u>

All amortisation expenses are included within depreciation and amortisation

6. Property, plant and equipment

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

	2014	2013
	₹	₹
<i>Plant and equipment</i>		
Balance at 1 July 2013	402,960	283,394
Additions	811,729	699,994
Disposals	(5,276)	(2,028)
Depreciation expense	(1,080,476)	(578,400)
Balance at 30 June 2014	<u>128,937</u>	<u>402,960</u>
<i>Motor vehicles</i>		
Balance at 1 July 2013	1,991,162	2,336,882
Additions	-	620,777
Disposals	(52,650)	(175,484)
Depreciation expense	(591,606)	(791,013)
Balance at 30 June 2014	<u>1,346,906</u>	<u>1,991,162</u>
<i>Building and leasehold Improvements</i>		
Balance at 1 July 2013	372,202	234,011
Additions	172,745	274,402
Disposals	(3,863)	(533)
Depreciation expense	(195,266)	(135,678)
Balance at 30 June 2014	<u>345,818</u>	<u>372,202</u>
<i>Land and buildings</i>		
Balance at 1 July 2013	3,648,474	2,938,096
Additions	-	624,735
Revaluation	-	214,503
Depreciation expense	(41,014)	(128,860)
Balance at 30 June 2014	<u>3,607,460</u>	<u>3,648,474</u>
Carrying Amount 30 June 2014	<u>5,429,121</u>	<u>6,414,798</u>

7. Leases

7.1. Operating leases as lessee

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

	2014	2013
	₹	₹
<i>Minimum operating lease payments due:</i>		
1 year or less	1,895,859	1,378,838
Between 1 and 5 years	2,746,634	1,646,914
Over 5 years	-	-
Total	4,642,493	3,025,752

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 4 years or 80,000 kilometres, whichever occurs first.

8. Financial assets and liabilities

8.1. Categories of financial assets and liabilities

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

	Notes	2014	2013
		₹	₹
Financial assets			
<i>Managed funds</i>			
Opening balance		4,707,583	3,964,403
Distributions reinvested		363,277	432,196
Fair value movement		351,518	310,984
Closing balance		5,422,378	4,707,583
Trade and other receivables	8.3	1,997,594	340,046
Cash and cash equivalent	9	11,659,193	7,691,152
		13,656,787	8,301,198

8.1. Categories of financial assets and liabilities (continued)

	Notes	2014 \$	2013 \$
Financial liabilities			
<i>Financial liabilities measured at amortised cost</i>			
Current:			
Trade and other payables	12	2,937,186	2,025,029
		2,937,186	2,025,029

See Note 3.9 for a description of the accounting policies for each category of financial instruments. Information relating to fair values is presented in the related notes.

The methods used to measure fair value are described in Note 8.2.

8.2. Financial instruments measured at fair value

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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

8.3. Trade and other receivables

Trade and other receivables consist the following:

	2014 \$	2013 \$
Current		
Trade receivables, gross	1,361,857	17,476
Other receivables	208,886	6,964
Prepayments	244,014	154,380
Bond/lease deposit	182,837	161,226
	1,997,594	340,046

8.3. Trade and other receivables (continued)

The ageing of receivable amounts at 30 June is as follows:

	2014	2013
	\$	\$
Not more than 30 days	730,585	2,275
More than 30 days but not more than 60 days	17,476	6,525
More than 60 days but not more than 90 days	18,178	1,785
More than 90 days	595,618	6,891
Total	1,361,857	17,476

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

9. Cash and cash equivalents

Cash and cash equivalents consist the following:

	2014	2013
	\$	\$
Cash on hand	25,094	20,698
Cash at bank	1,672,663	3,008,878
Short term deposits	9,961,436	4,661,576
Cash and cash equivalents	11,659,193	7,691,152

There are no credit standby arrangements or unused cash facilities at 30 June 2014.

10. Reserves

The details of reserves are as follows:

	Asset Revaluation Reserve	Available for Sale Financial Asset Reserve	Total
	\$	\$	\$
Balance at 1 July 2012	-	(492,989)	(492,989)
Available for sale financial assets current year gain	-	310,984	310,984
Revaluation of land and buildings	214,503	-	214,503
Balance at 30 June 2013	214,503	(182,005)	32,498

10. Reserves (continued)

	Asset Revaluation Reserve	Available for Sale Financial Asset Reserve	Total
	\$	\$	\$
Balance at 1 July 2013	214,503	(182,005)	32,498
Available for sale financial assets current year gain	-	351,518	351,518
Revaluation of land and buildings	-	-	-
Balance at 30 June 2014	214,503	169,513	384,016

11. Employee remuneration

a) Expenses recognised for employee benefits are analysed below:

	2014	2013
	\$	\$
Wages, salaries	29,564,479	22,527,411
Workers compensation insurance	462,748	408,035
Superannuation	2,573,204	1,949,446
Employee benefits provisions	1,026,490	902,672
Other Employee expenses	3,808,941	1,925,069
Employee benefits expense	37,435,862	27,712,633

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

	2014	2013
	\$	\$
Non-current		
Long service leave	721,148	598,209
Current		
Further study scholarship	52,125	30,000
Annual leave	2,577,255	1,949,744
Long service leave	1,153,785	877,746
	3,783,165	2,857,490

12. Trade and other payables

Trade and other payables recognised consist of the following:

	2014	2013
	₹	₹
Current		
Trade payables	1,093,401	814,746
Other creditors and accruals	1,843,785	1,210,283
Total trade and other payables	2,937,186	2,025,029

13. Other liabilities

Other liabilities can be summarised as follows:

	2014	2013
	₹	₹
Deferred income	4,441,086	3,446,946
Other liabilities - current	4,441,086	3,446,946

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 to be provided.

14. Transactions with key management personnel

Key management personnel of Neami are the executive members of Neami's Board of Responsible entities and members of the National Leadership Team (2014: 23, 2013: 18). Key management personnel remuneration includes the following expenses:

	2014	2013
	₹	₹
Total key management personnel remuneration	2,073,140	1,762,222

15. Contingent assets and contingent liabilities

No contingent liabilities exist in relation to the 2013 or 2014 financial year.

16. Fair value measurement

16.1. Fair value measurement of financial instruments

The following table shows the financial assets measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013

	\$
30 June 2014	
Assets	
Managed funds	5,422,378
Net fair value	<u>5,422,378</u>
30 June 2013	
Assets	
Managed funds	4,707,583
Net fair value	<u>4,707,583</u>

16.2. Fair value measurement of non-financial instruments

The following table shows the non-financial assets measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013

	\$
30 June 2014	
Property, plant and equipment	
Land and buildings	3,607,460
Net fair value	<u>3,607,460</u>

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

The land and buildings were revalued during the period 17 to 18 June 2013.

17. Post-reporting date events

Neami has recently been successful in a number of tenders which will significantly increase funding income for 2014/15 and beyond.

In the Victorian Non-Government mental health services recommissioning process Neami has been selected to deliver a broad range of services across Melbourne. Funding for 2014/15 is approximately \$19 million. Services include individualised client support packages, catchment based intake and assessment, youth residential rehabilitation programs and catchment based planning functions. These services commence operation from 1 August 2014.

Under reforms in New South Wales, Neami has been selected as the support provider for new Going Home Staying Home (GSHS) and Specialist Homeless Services from 1 August 2014 for a period of 3 years, with annual funding in the vicinity of \$2 million. These reforms include the delivery of services to rough sleepers in Sydney and providing support and accommodation through new services in the Campbelltown and Camden area.

No adjusting or other significant non-adjusting events have occurred between the reporting date and the date of authorisation.

18. Member's guarantee

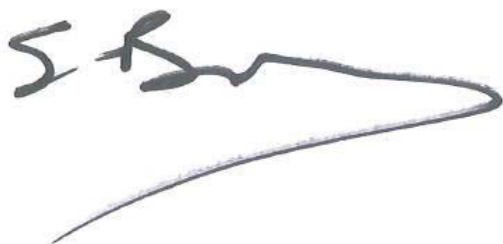
The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2014, the total amount that members of the company are liable to contribute if the company is wound up is \$220 (2013: \$200).

Directors' declaration

In the opinion of the responsible entities 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 2014 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 Regulations 2013*; 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, sweeping underline that extends to the right.

Stephen Brand

Director

Dated the 21st August 2014

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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 2014, 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.

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 Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. The Directors’ responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards 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 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 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 independence requirements of 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 giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sandra Lawson
Partner - Audit & Assurance

Melbourne, 21 August 2014