

Hello Sunday Morning

ABN 82 145 512 125

Annual Report

30 June 2017



Hello Sunday Morning

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Hello Sunday Morning

Directors' report

For the year ended 30 June 2017

The directors present their report together with the financial report of Hello Sunday Morning ("the Company") for the financial year ended 30 June 2017 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Director	Appointed	Resigned
C K Raine	30 July 2010	-
J Moore	27 October 2015	11 August 2017
D Kuchler	27 October 2015	-
A Graham	29 July 2016	-
T Duggan	19 September 2016	-
B Graetz	11 August 2017	-

2 Company secretary

J Moore was appointed to the position of company secretary on 27 October 2015 and resigned on 11 August 2017. Z Pocock was appointed to the position of company secretary on 28 September 2016.

3 Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings	
	A	B
C K Raine	5	5
J Moore	4	5
D Kuchler	5	5
A Graham	5	5
T Duggan	3	4
B Graetz	-	-

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

4 Principal activities

The principal activities of the Company during the course of the financial year was providing community development and support services.

There were no significant changes in the nature of the activities of the Company during the year.

5 Operating and financial review

The profit of the Company for the year ended 30 June 2017 was \$185,781 (2016: \$17,370 loss).

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Directors' report

For the year ended 30 June 2017

6 Environmental regulation

The Company is not subject to any significant environmental regulations under either Commonwealth or State legislation.

However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

7 Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

8 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for financial year ended 30 June 2017.

This report is made in accordance with a resolution of the directors:

Chris Raine

Chris K Raine

Director

Dated at Sydney this 13th day of October 2017.



Auditor's Independence Declaration under subdivision 60-C
section 60-40 of *Australian Charities and Not-for-profits
Commission Act 2012*

To: the directors of Hello Sunday Morning

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

M L Gray
Partner

Brisbane
13 October 2017

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

<i>In AUD</i>	Note	2017	2016
Government grants		351	320,000
Non-government grants		1,230,040	583,500
Donations and bequests		36,993	25,910
Other revenue	4	344,326	149,973
Total gross income		1,611,710	1,079,383
Fundraising expenses		(20,339)	(5,881)
Personnel expenses	6	(948,072)	(549,131)
Depreciation expense	8	(11,766)	(6,685)
Other expenses	5	(447,960)	(540,285)
Results from operating activities		183,573	(22,599)
Finance income		2,815	5,544
Finance expense		(607)	(315)
Net finance income	7	2,208	5,229
Profit for the year		185,781	(17,370)
Total comprehensive income/(loss) for the year		185,781	(17,370)

The notes on pages 9 to 19 are an integral part of these financial statements.

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Statement of financial position

As at 30 June 2017

In AUD

	Note	2017	2016
Assets			
Cash and cash equivalents	11	1,044,467	514,669
Trade and other receivables	10	30,077	61,783
Inventories	9	5,056	18,531
Total current assets		1,079,600	594,983
Property, plant and equipment	8	-	6,688
Total non-current assets		-	6,688
Total assets		1,079,600	601,671
Liabilities			
Trade and other payables	13	91,425	80,620
Employee benefits	12	44,377	17,298
Deferred income		351,098	110,000
Total current liabilities		486,900	207,918
Employee benefits	12	13,166	-
Total non-current liabilities		13,166	-
Total liabilities		500,066	207,918
Net assets		579,534	393,753
Equity			
Retained earnings		579,534	393,753
Total equity		579,534	393,753

The notes on pages 9 to 19 are an integral part of these financial statements.

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Statement of changes in equity
For the year ended 30 June 2017

<i>In AUD</i>	Retained earnings	Total
Balance at 1 July 2015	411,123	411,123
Total comprehensive loss for the year		
Loss for the year	(17,370)	(17,370)
Total comprehensive loss for the year	<u>(17,370)</u>	<u>(17,370)</u>
Balance at 30 June 2016	<u>393,753</u>	<u>393,753</u>
Balance at 1 July 2016	393,753	393,753
Total comprehensive income for the year		
Profit for the year	185,781	185,781
Total comprehensive income for the year	<u>185,781</u>	<u>185,781</u>
Balance at 30 June 2017	<u>579,534</u>	<u>579,534</u>

The notes on pages 9 to 19 are an integral part of these financial statements.

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Statement of cash flows

For the year ended 30 June 2017

<i>In AUD</i>	Note	2017	2016
Cash flows from operating activities			
Cash receipts in the course of operations		1,972,024	1,208,059
Cash payments in the course of operations		(1,439,356)	(1,181,389)
Cash generated from operations		<u>532,668</u>	<u>26,670</u>
Interest received		2,815	5,544
Interest paid		(607)	(315)
Net cash flows from operating activities		<u>534,876</u>	<u>31,899</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(5,078)	(3,117)
Net cash flows used in investing activities		<u>(5,078)</u>	<u>(3,117)</u>
Net increase in cash and cash equivalents		529,798	28,782
Cash and cash equivalents at beginning of year		514,669	485,887
Cash and cash equivalents at end of year	11	<u>1,044,467</u>	<u>514,669</u>

The notes on pages 9 to 19 are an integral part of these financial statements.

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Notes to the financial statements

For the year ended 30 June 2017

1 Reporting entity

Hello Sunday Morning (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 16, 71 Eagle Street, Brisbane QLD 4000. The Company's principal place of business is Level 3, 487 Elizabeth Street, Surry Hills NSW 2010.

The Company is a not-for-profit entity, primarily involved in providing community development and support services.

2 Basis of preparation

(a) Statement of compliance

In the opinion of the directors the Company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. These financial statements comply with Australian Accounting Standards - Reduced Disclosure Requirements.

The financial statements were approved by the Board of Directors on 11 October 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied by the Company.

(a) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

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Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on the basis noted below over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The useful lives for the current and comparative periods are as follows:

	Useful life	Basis of depreciation
• Computer software and hardware	1 - 2.5 years	Diminishing
• Motor vehicles	8 years	Straight line

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows from continuing use that largely are independent of the cash flows of other assets and groups.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(e) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue is recognised where the contract outcome can be reliably measured, control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured.

(iii) Grant revenue

The recognition of grants is dependent on whether a reciprocal transfer has occurred. A reciprocal transfer occurs where approximately equal value is given to the other parties (or grant recipients nominated by those parties) of the transfer. If the transfer is reciprocal, revenue is recognised on a systematic basis to match the costs that it is intended to compensate or when all attaching conditions to the grant have been complied with. If it is a non-reciprocal transfer, revenue is recognised when control is obtained.

Grant monies received that have not been expended and which may be repayable prior to expenditure under the terms of the grant agreement are included in deferred income in the statement of financial position.

For the purposes of the *Charitable Fundraising (NSW) Act 1991*, a fundraising appeal is where revenue is raised by a person who represents that it is for a charitable purpose. This excludes appeals made to any Commonwealth, State or local government authority.

(g) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Finance income and finance expense

Finance expenses comprise of interest expense incurred. Finance income comprises of interest earned on cash and cash equivalents.

Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

(i) Income tax

The Company, as a charitable institution, has been granted an exemption from the payment of income tax under Section 50-145 of the *Income Tax Assessment Act 1997*.

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Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(j) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual period beginning after 1 July 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company currently plans to apply AASB 9 initially on 1 July 2018.

The actual impact of adopting AASB 9 on the Company's financial statements in 2018 is not known and cannot be reasonably estimated because it will be dependent on the financial instruments that the Company holds and economic conditions at that time, as well as accounting elections and judgements that it will make in the future. The new standard will require the Company to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete. However, the Company has performed a preliminary assessment of the potential impact of the adoption of AASB 9 based on its position at 30 June 2017.

(i) Classification – Financial assets

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale.

(ii) Impairment – Financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors effect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI.

Under AASB 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables without a significant financing component; an entity may choose to apply this policy also for trade receivables with a significant financing component.

The Company does not believe that impairment losses are likely to increase and become more volatile for assets in the scope of the AASB 9 impairment model. However, the Company has not yet finalised the impairment methodologies that it will apply under AASB 9.

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Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(j) New standards and interpretations not yet adopted (continued)

AASB 9 Financial Instruments (continued)

(iii) Classification – Financial liabilities

AASB 9 largely retains the existing requirements in AASB 139 for the classification of financial liabilities.

However, under AASB 139 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under AASB 9 these fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- The remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities as at FVTPL and the Company has no current intention to do so. The Company's preliminary assessment did not indicate any material impact if AASB 9's requirements on the classification of financial liabilities were applied at 30 June 2017.

(iv) Disclosures

AASB 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Company has not performed a preliminary assessment as the impact is not considered to be material.

(v) Transition

The Company plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 will generally be recognised in retained earnings and reserves as at 1 July 2018.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

AASB 15 for Not-for-Profit entities is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Company currently plans to apply AASB 15 initially on 1 July 2019. The Company has not completed an initial assessment of the potential impact of the adoption of AASB 15 on its financial statements.

(i) Grants and contributions

AASB 15 is generally applies to for-profit entities, however revenues of Not-for-Profit entities will be recognised in accordance with the requirements of this standard where an arrangement:

- is with a customer;
- is an enforceable agreement;
- has identifiable performance obligation(s); and
- is sufficiently specific to identify when the performance obligation(s) are satisfied.

If the grants and other revenue streams meet the criteria noted above, revenue will be recognised upon completion of the performance obligations in accordance with AASB 15.

Where transactions do not meet the requirements noted above, the Company will need to assess if these transactions should be accounted for under AASB 1058 *Income for Not-for-Profit entities*. AASB 1058 establishes principles for Not-for-Profit entities which will more closely reflect the economic reality of transactions that are not contracts with customers. AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

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Notes to the financial statements (continued)

For the year ended 30 June 2017

3 Significant accounting policies (continued)

(j) New standards and interpretations not yet adopted (continued)

AASB 15 Revenue from Contracts with Customers (continued)

The Company has not performed a detailed analysis of contracts with government agencies and other providers to determine the effect on revenue recognition for these transactions.

(ii) Transition

The Company plans to adopt AASB 15 in its financial statements for the year ending 30 June 2019 however, once further analysis has been performed the transition approach will be determined.

The Company will perform an assessment of the impact of the application of AASB 15 and expects to disclose additional quantitative information before it adopts AASB 15.

AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard — i.e. lessors continue to classify leases as finance or operating leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 at or before the date of initial application of AASB 16.

The Company has not started an assessment of the potential impact on its financial statements. However, the most significant impact identified is that the Company will recognise new assets and liabilities for its operating leases of office facilities. In addition, the nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Company has not yet decided whether it will use the optional exemptions. No significant impact is expected for the Company's finance leases.

(i) Transition

As a lessee, the Company can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. The Company currently plans to apply AASB 16 initially on 1 July 2019. The Company has not yet determined which transition approach to apply.

The Company has not yet quantified the impact on its reported assets and liabilities of the adoption of AASB 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Company uses the practical expedients and recognition exemptions, and any additional leases that the Company enters into. The Company expects to disclose its transition approach and quantitative information before adoption.

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Notes to the financial statements (continued)

For the year ended 30 June 2017

4 Other revenue

<i>In AUD</i>	2017	2016
Project services	297,746	114,600
Recovered expenses	1,954	1,124
Daybreak income	22,737	-
Presentations	5,761	5,132
Sponsorship, affiliations and memberships	9,196	16,855
Merchandise sales	6,932	12,262
	<u>344,326</u>	<u>149,973</u>

5 Other expenses

<i>In AUD</i>	2017	2016
Travel and accommodation	36,554	34,530
Advertising	57,242	31,942
Research	7,686	40,255
Rent	45,591	26,614
IT & Design	170,387	320,327
Strategy and development	11,469	11,708
Workers compensation	3,998	5,536
Other expenses	115,033	69,373
	<u>447,960</u>	<u>540,285</u>

6 Personnel expenses

<i>In AUD</i>	2017	2016
Wages and salaries	830,046	483,808
Superannuation	76,732	45,441
Contract employment	-	5,513
Annual leave expense	28,128	14,369
Increase in liability for long-service leave	13,166	-
	<u>948,072</u>	<u>549,131</u>

**7 Finance income and finance expense
Recognised in profit or loss**

<i>In AUD</i>	2017	2016
Interest income	2,881	5,525
Net foreign exchange loss	(66)	19
Finance income	<u>2,815</u>	<u>5,544</u>
Interest expense	(607)	(315)
Finance expense	<u>(607)</u>	<u>(315)</u>
Net finance income recognised in profit or loss	<u>2,208</u>	<u>5,229</u>

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Notes to the financial statements (continued)

For the year ended 30 June 2017

8 Property, plant and equipment

In AUD

	Computer software and hardware	Motor vehicles	Total
Cost			
Balance at 1 July 2015	17,916	7,000	24,916
Additions	3,117	-	3,117
Disposals	-	(7,000)	(7,000)
Balance at 30 June 2016	<u>21,033</u>	<u>-</u>	<u>21,033</u>
Balance at 1 July 2016	21,033	-	21,033
Additions	5,078	-	5,078
Balance at 30 June 2017	<u>26,111</u>	<u>-</u>	<u>26,111</u>
Depreciation and impairment losses			
Balance at 1 July 2015	10,124	4,536	14,660
Depreciation for the year	4,221	2,464	6,685
Disposals	-	(7,000)	(7,000)
Balance at 30 June 2016	<u>14,345</u>	<u>-</u>	<u>14,345</u>
Balance at 1 July 2016	14,345	-	14,345
Depreciation for the year	11,766	-	11,766
Balance at 30 June 2017	<u>26,111</u>	<u>-</u>	<u>26,111</u>
Carrying amounts			
At 1 July 2015	<u>7,792</u>	<u>2,464</u>	<u>10,256</u>
At 30 June 2016	<u>6,688</u>	<u>-</u>	<u>6,688</u>
At 1 July 2016	<u>6,688</u>	<u>-</u>	<u>6,688</u>
At 30 June 2017	<u>-</u>	<u>-</u>	<u>-</u>

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Notes to the financial statements (continued)

For the year ended 30 June 2017

9 Inventories

In AUD

	2017	2016
Stock on hand	5,056	18,531
	<u>5,056</u>	<u>18,531</u>

10 Trade and other receivables

In AUD

	2017	2016
Trade debtors	5,789	57,533
Other receivables	24,288	4,250
	<u>30,077</u>	<u>61,783</u>

11 Cash and cash equivalents

In AUD

	2017	2016
Cash at bank	1,044,467	514,669
Cash and cash equivalents in the statement of cash flows	<u>1,044,467</u>	<u>514,669</u>

12 Employee benefits

In AUD

	2017	2016
Current		
Salaries and wages accrued	-	1,050
Liability for annual leave	44,377	16,248
	<u>44,377</u>	<u>17,298</u>
Non-current	13,166	-
Liability for long-service leave	<u>13,166</u>	<u>-</u>

13 Trade and other payables

In AUD

	2017	2016
Trade payables	64,347	46,965
Accrued Expenses	27,078	33,655
	<u>91,425</u>	<u>80,620</u>

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Notes to the financial statements (continued)

For the year ended 30 June 2017

14 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	2017	2016
Less than one year	120,877	18,071
Between one and five years	244,333	1,564
	<u>365,210</u>	<u>19,635</u>

Operating leases are able to be terminated at any time by giving 3 months notice.

15 Related parties

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 6) for the year ended 30 June 2017 is \$237,323 (2016: \$224,461).

16 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2017.

17 Member's Liability

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Company. As at 30 June 2017 the number of members was 5 (2016: 3).

18 Fundraising appeals

Hello Sunday Morning has conducted fundraising appeals during the past year. Fundraising appeals do not include an appeal to (or the receipt of money or a benefit from) any Commonwealth, State or local government authority. Refer to note 5.

Due to the nature of the fundraising appeals performed being through proposals, the direct costs of fundraising are solely related to employee time. An allocation of employee benefits is estimated to be \$59,331 (2016: \$56,365).

During the year, the Company achieved a net profit of \$1,070,445 (2016: \$531,735) from fundraising activities defined under the Charitable Fundraising Act. This surplus was used to provide community development and support services.

Hello Sunday Morning

Directors' declaration

In the opinion of the directors of Hello Sunday Morning (the "Company"):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 5 to 19, are 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 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Chris Raine

Chris K Raine
Director

Dated at Sydney this 13th day of October 2017.



Independent Auditor's Report

To the members of Hello Sunday Morning

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of Hello Sunday Morning (the Company).

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

- i. giving a true and fair view of the Company's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2017.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Other information

Other Information is financial and non-financial information in Hello Sunday Morning's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations.
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.



Our responsibilities include:

- i. Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- ii. Designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- iii. Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- iv. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- v. Concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- vi. Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.



Report on Other Legal and Regulatory Requirements

Opinion pursuant to the *Charitable Fundraising Act (NSW) 1991*

In our opinion:

- i. the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 30 June 2017;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2016 to 30 June 2017, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2016 to 30 June 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

M L Gray
Partner

Brisbane
13 October 2017