Hello Sunday Morning

ABN 82 145 512 125

Annual Report

30 June 2014

Hello Sunday Morning

Contents

Directors' report

For the year ended 30 June 2014

The directors present their report together with the financial report of Hello Sunday Morning ("the Company") for the financial year ended 30 June 2014 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**
C K Raine	30 July 2010
S J Kalinowski	30 July 2010
A J Penbethy	30 July 2010
P Emery	1 August 2014

2 Company secretary

A M Glen was appointed to the position of company secretary on 30 July 2010.

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	7	7
S J Kalinowski	7	7
A J Penbethy	7	7

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 2014 was $33,592 (2013: $96,932 loss).

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.

Directors' report

For the year ended 30 June 2014

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 2014.

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

Chris K Raine
Director

Dated at 101 William St this 12 day of December 2014.

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 2014, 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
12 December 2014

Hello Sunday Morning

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2014

In AUD	***Note***	**2014**	**2013**
Government grants		494,596	117,434
Donations and bequests		17,864	15,231
Other revenue	*5*	181,056	179,213
Total gross income		693,516	311,878
Fundraising expenses		(11,347)	(11,517)
Personnel expenses	*7*	(247,584)	(195,565)
Depreciation expense	*9*	(2,809)	(3,210)
Other expenses	*6*	(400,278)	(197,042)
Results from operating activities		31,498	(95,456)
Finance income		2,678	-
Finance expense		(584)	(1,476)
Net finance income/(expense)	*8*	2,094	(1,476)
Profit/(loss) for the period		33,592	(96,932)
Total comprehensive income/(loss) for the period		33,592	(96,932)

The notes on pages 9 to 21 are an integral part of these financial statements.

Hello Sunday Morning

Statement of financial position

As at 30 June 2014

In AUD	***Note***	**2014**	**2013**
Assets			
Cash and cash equivalents	*12*	182,978	204,419
Trade and other receivables	*11*	20,331	3,222
Inventories	*10*	6,763	-
Total current assets		210,072	207,641
Property, plant and equipment	*9*	4,955	7,764
Total non-current assets		4,955	7,764
Total assets		215,027	215,405
Liabilities			
Trade and other payables	*15*	37,383	15,486
Employee benefits	*13*	3,477	2,564
Deferred income	*14*	105,351	162,131
Total current liabilities		146,211	180,181
Total liabilities		146,211	180,181
Net assets		68,816	35,224
Equity			
Retained earnings		68,816	35,224
Total equity		68,816	35,224

The notes on pages 9 to 21 are an integral part of these financial statements.

Hello Sunday Morning

Statement of changes in equity

For the year ended 30 June 2014

In AUD	Retained earnings	Total
Balance at 1 July 2012	132,156	132,156
Total comprehensive income for the year		
Loss for the year	(96,932)	(96,932)
Total comprehensive loss for the year	(96,932)	(96,932)
Balance at 30 June 2013	35,224	35,224
Balance at 1 July 2013	35,224	35,224
Total comprehensive income for the year		
Profit for the year	33,592	33,592
Total comprehensive income for the year	33,592	33,592
Balance at 30 June 2014	68,816	68,816

The notes on pages 9 to 21 are an integral part of these financial statements.

Hello Sunday Morning

Statement of cash flows

For the year ended 30 June 2014

In AUD	***Note***	**2014**	**2013**
Cash flows from operating activities			
Cash receipts in the course of operations		647,278	354,251
Cash payments in the course of operations		(690,166)	(437,938)
Cash generated from operations		(42,888)	(83,687)
Interest received		2,678	-
Interest paid		(337)	-
Net cash flows used in operating activities	*18*	(40,547)	(83,687)
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(3,309)
Net cash flows used in investing activities		-	(3,309)
Net decrease in cash and cash equivalents		(40,547)	(86,996)
Cash and cash equivalents at beginning of year		204,419	291,415
Cash and cash equivalents at end of year	*12*	163,872	204,419

The notes on pages 9 to 21 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2014

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 37 Merivale Street, South Brisbane, QLD 4101.

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

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Regulation 2013.

The financial statements were approved by the Board of Directors on 12th December 2014.

(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.

2 Basis of preparation (continued)

(e) Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- AASB 13 Fair Value Measurement
- AASB 119 Employees Benefits (2011)

The nature and effects of the changes are explained below.

(i) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with the transitional provisions of AASB 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

(ii) Employee benefits

In the current year, the Company adopted AASB 119 Employee Benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

As a result of the change, the annual leave liability for certain of the Company's employees is now considered to be an other long-term employee benefit, when previously it was a short-term benefit. The Company's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

The Company has applied the new policy retrospectively in accordance with the transitional provision of the standard. No adjustment to the comparative figures was required as a result of the adoption of the standard.

Notes to the financial statements (continued)

For the year ended 30 June 2014

3 Significant accounting policies

Except as described in note 2(e), the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

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

(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. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(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 a 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	2.5 years	Diminishing
• Motor vehicles	8 years	Straight line

Notes to the financial statements (continued)

For the year ended 30 June 2014

3 Significant accounting policies (continued)

(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.

(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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

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 the 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 first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Notes to the financial statements (continued)

For the year ended 30 June 2014

3 Significant accounting policies (continued)

(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.

(f) Grants

Grant income received from the Government and other sources is brought to account when received except where unspent amounts are refundable, in which case the funding is recognised over the period of expenditure.

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Where the grant has been received, but the costs have not yet been incurred or specific criteria has not been met, the difference is recognised as 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 expense

Finance expenses comprise of interest expense incurred.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost 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.

(j) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority (Australian Taxation Office - 'ATO'). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the financial statements (continued)

For the year ended 30 June 2014

3 Significant accounting policies (continued)

(k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, 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.

(i) AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets.

AASB 9 (2013) introduces new requirements for hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The extent of the impact has not been determined.

4 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company’s exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables.

Trade and other receivables

The Company limits its credit risk exposure by applying for grants through the Government and universities. Management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

Project budgets set during the establishment of Grant conditions enable the Company to accurately forecast expenditure requirements and the Company monitors cash flow requirements to ensure it has sufficient cash on hand to meet expected operational expenses.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company's exposure to interest rate risk is limited to a cash account held with the Commonwealth Bank which is monitored by the Chief Executive Officer to ensure a competitive rate is provided. No derivative contracts are used to manage market risk.

Capital management

The Board’s policy is to maintain a strong capital base where possible so as to sustain future development of the Company.

The Company is not subject to externally imposed capital requirements.

5 Revenue

In AUD	**2014**	**2013**
Other non-governmental grants (fundraising appeals - refer to note 23)	144,143	165,248
Recovered expenses	9,052	3,835
Presentations	2,527	2,124
Sponsorship, affiliations and memberships	6,228	240
Merchandise sales	19,106	7,766
	181,056	179,213

6 Other expenses

In AUD	**2014**	**2013**
Travel and accommodation	24,645	31,078
Advertising	124,980	44,051
Rent	26,703	545
IT & Design	136,514	100,522
Strategy and development	43,142	-
Other expenses	44,294	20,846
	400,278	197,042

7 Personnel expenses

In AUD	**2014**	**2013**
Wages and salaries	127,677	68,340
Superannuation	12,681	6,583
Contract employment	89,391	119,032
Training and development	-	244
Annual leave expense	9,380	1,366
Employee bonus	8,455	-
	247,584	195,565

8 Finance expense

Recognised in profit or loss

In AUD	**2014**	**2013**
Interest income	2,678	-
Finance income	2,678	-
Interest expense	(337)	-
Net foreign exchange loss	(247)	(1,476)
Finance expense	(584)	(1,476)
Net finance expense recognised in profit or loss	2,094	(1,476)

Notes to the financial statements (continued)

For the year ended 30 June 2014

9 Property, plant and equipment

In AUD	Computer software and hardware	Motor vehicles	Total
Cost			
Balance at 1 July 2012	4,931	7,000	11,931
Additions	3,309	-	3,309
Balance at 30 June 2013	8,240	7,000	15,240
Balance at 1 July 2013	8,240	7,000	15,240
Additions	-	-	-
Balance at 30 June 2014	8,240	7,000	15,240
Depreciation and impairment losses			
Balance at 1 July 2012	2,348	1,918	4,266
Depreciation for the year	2,337	873	3,210
Balance at 30 June 2013	4,685	2,791	7,476
Balance at 1 July 2013	4,685	2,791	7,476
Depreciation for the year	1,936	873	2,809
Balance at 30 June 2014	6,621	3,664	10,285
Carrying amounts			
At 1 July 2013	2,583	5,082	7,665
At 30 June 2013	3,555	4,209	7,764
At 1 July 2013	3,555	4,209	7,764
At 30 June 2014	1,619	3,336	4,955

10 Inventories

In AUD	2014	2013
Stock on hand	6,763	-
	6,763	-

11 Trade and other receivables

In AUD	2014	2013
Trade debtors	20,000	2,742
Other receivables	331	480
	20,331	3,222

12 Cash and cash equivalents

In AUD	2014	2013
Cash at bank	182,978	204,419
Cash and cash equivalents in the statement of cash flows	182,978	204,419

13 Employee benefits

In AUD	2014	2013
Current		
Salaries and wages accrued	1,828	2,101
Liability for annual leave	1,649	463
	3,477	2,564

14 Deferred income

The grants received by the Company during the year ended 30 June 2014 are conditional upon the completion of milestones set by the donors. The portion of the income from the grants that does not relate to the year ended 30 June 2014, that is, the related expenditure that has not been incurred in the year ended 30 June 2014, has been recognised as deferred income. There is deferred income of $105,351 as at 30 June 2014 (2013: $162,131).

15 Trade and other payables

In AUD	2014	2013
Trade payables	29,883	15,486
Sundry payables and accruals	7,500	-
	37,383	15,486

16 Financial instruments

Interest rate and liquidity risk

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature.

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

30 June 2014	**Note**	**Fixed / variable rate**	**Effective interest rate**	**Carrying amount**	**Contractual cash flows**	**Six months or less**
Financial assets						
Cash and cash equivalents	*12*	Fixed	1.81%	182,978		
Trade and other receivables	*11*		-	20,331	20,331	20,331
Financial liabilities						
Trade and other payables	*15*		-	(37,383)	(37,383)	(37,383)
30 June 2013						
Financial assets						
Cash and cash equivalents	*12*	Fixed	0.05%	204,419		
Trade and other receivables	*11*		-	3,222	3,222	3,222
Financial liabilities						
Trade and other payables	*15*		-	(15,486)	(15,486)	(15,486)

Credit risk exposure

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. The Company's maximum exposure to credit risk on financial assets is represented by the carrying amounts of the financial assets in the statement of financial position.

As at 30 June 2014, all of the Company's trade and other receivables were neither past due nor impaired. No impairment losses have been recognised and management has no reason to believe that an allowance is necessary in respect of trade receivables (2013: nil).

The Company's cash and cash equivalents are held with an AA-rated Australian bank.

Net fair values of financial assets and liabilities

The directors consider the carrying amount of financial assets and liabilities which have been recognised in the statement of financial position to approximate their net fair values.

Fair value sensitivity analysis

A change of 100 basis points in interest rates at reporting date would have no significant impact on the fair value of the fixed rate financial instruments noted above.

As all of the above financial instruments are denominated in Australian dollars, movements in the exchange rate would have no impact on their fair value.

16 Financial instruments (continued)

Fair value sensitivity analysis (continued)

The fair value of the company's financial instruments are measured based on three levels as follows:

Level 1 financial instruments

The fair values of financial instruments traded in active markets are based on quoted prices at balance date.

Level 2 financial instruments

The fair values of financial instruments that are not traded in an active market and are determined by using valuation techniques. Any assumptions used in a valuation technique are based on market conditions existing at balance date.

Level 3 financial instruments

The fair values of financial instruments that are not traded in an active market and cannot be valued using observable market data.

As at 30 June 2014 the entity carries only financial instruments for which the carrying amount is a reasonable approximation of fair value, such as trade payables and financial instruments that are cash or cash equivalent assets.

17 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In AUD	**2014**	**2013**
Less than one year	9,900	-
	9,900	-

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

18 Reconciliation of cash flows from operating activities

In AUD	**2014**	**2013**
Cash flows from operating activities		
Profit/(loss) for the period	33,592	(96,932)
Adjustments for:		
Depreciation	2,809	3,210
Operating loss before changes in working capital and provisions	36,401	(93,722)
Change in trade and other receivables	(17,109)	640
Change in inventories	(6,763)	-
Change in trade and other payables	21,897	(1,674)
Change in employee benefits	913	(3,435)
Change in deferred income	(56,780)	14,504
	(21,441)	(83,687)
Income taxes paid	-	-
Net cash used in operating activitied	(21,441)	(83,687)

19 Related parties

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 7) are as follows:

In AUD	**2014**	**2013**
Christopher Raine (Chief Executive Officer)	22,279	59,210
Jamie Moore (General Manager)	36,535	-
	58,814	59,210

20 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 2014.

21 Auditors' remuneration

In AUD	**2014**	**2013**
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit of the financial report *	5,000	-
Corporate secretarial services	-	800
	5,000	800
	5,000	800

* KPMG provides the audit to Hello Sunday Morning without charge. The auditors' remuneration for the year ended 30 June 2014 was related to additional audit work during the year ended 30 June 2013.

22 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 2014 the number of members was 3 (2013: 3).

23 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 $15,000 (2013: $20,000).

During the year the Company achieved a net surplus of $129,143 (2013: $145,248) 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

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

(a) the financial statements and notes that are set out on pages 5 to 21, 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 2014 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(b) 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 directors.

Chris K Raine
Director

Dated at 101 William St this 12 day of December 2014.

KPMG

Independent auditor's report to the members of Hello Sunday Morning

We have audited the accompanying financial report of Hello Sunday Morning (the Company), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

This audit report has also been prepared for the members of the Company pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations (collectively the Act and Regulations).

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, the ACNC, the Act and Regulations. 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards, and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Company to meet the requirements of the Act and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, 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 Regulations.

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.*

KPMG

Independent audit report to the members of Hello Sunday Morning (continued)

Auditor's opinion

In our opinion the financial report of Hello Sunday Morning 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

(ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

(a) 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 2014;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2013 to 30 June 2014, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

(c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2013 to 30 June 2014 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

(d) 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
12 December 2014