HELLO SUNDAY MORNING

ABN: 82 145 512 125

Annual Report

30 June 2020

Contents

Directors' report

For the year ended 30 June 2020

The directors present their report together with the financial report of Hello Sunday Morning ("the Company") for the financial year ended 30 June 2020 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:

Name	Experience, special responsibilities and other directorships
Chris K Raine Director Appointed 30/07/2010	Chris Raine is an Australian Social Entrepreneur with a mission to change the way the world uses drugs. He is the Founder of Hello Sunday Morning, holds an MBA from Oxford University and sits on several boards focused on technology and mental health. He has extensive experience in building and managing world-class teams to deliver technology projects that have significantly impacted the lives of hundreds of thousands of people, globally.
Dr Deborah Kuchler Director Appointed 27/10/2015	For over 25 years Dr Deborah Kuchler has been a leader in convincing HSO's that ideas are a lot bigger deal than they might imagine. She has led them to crank up their efforts and through mechanics suited to their complexity and mission, get enormous value from carefully selected and developed ideas focussed on the right opportunity and results. Her expertise and skills have been honed in complex health services, hospitals, government, corporations and universities and in getting them to collaborate to achieve more. She has extensive experience as Managing Director, Chairman, non-executive Director and Advisory Board Member on policy development for 43 Local, State and Commonwealth Governments and for State and Commonwealth Ministerial Advisory Boards and international organisations.
Anthony Graham Director Appointed 29/07/2016	Tony joined Macquarie Group in 1998, and is currently Head of Product & Technology in the Banking & Financial Services Group which is responsible for retail banking, business banking, wealth management and motor vehicle leasing. Prior to joining Macquarie Tony spent ten years as an experienced IT Consultant with Accenture specialising in large technology change programs for large retail financial institutions and government departments (taxation). Tony currently serves as Chairman of the Board for Macquarie Equities Limited. Tony is a member of the Executive Committee for Macquarie's Banking and Financial Services Group. He is a member of the Macquarie Group Foundation Board the philanthropic arm of the Macquarie Group.

1 Directors (continued)

Name	Experience, special responsibilities and other directorships
Timothy Duggan Director Appointed 19/09/2016	Tim is the Publisher and Co-Founder of Junkee Media, Australia’s leading publisher for young Australians and one of Australia's most innovative new media companies. Tim was named #1 on Startup Daily's Young & Influential list and has been working in the digital space for over a decade, specialising in digital and content strategy, and the growing intersection between brands and consumers. Tim also sits on the Boards of Hello Sunday Morning, the largest online movement for alcohol change in the world, and the Griffin Theatre Company, Australia's new writing theatre.
John Rogerson Director, Chairman Appointed 08/10/2018	John Rogerson was the Chief Executive of the Australian Drug Foundation (ADF) since 2008 and has over 20 years’ experience in the alcohol and other drugs field. John joined the ADF in 1994 as General Manager of Operations and has had a number of positions in the ADF including Director of Good Sports. He is a member of a number of key advisory groups, including the Australian National Advisory Council on Alcohol and Drugs, National Alliance for Action on Alcohol, International Drug Policy Consortium and the Liquor Control Advisory Council (Victoria). He is a Board member of ReGen and Board Chairman at Hello Sunday Morning.
Ishtar Vij Director Appointed 18/02/2019	Ishtar Vij is a public policy and government affairs practitioner who has held senior roles in public policy, government relations and law in private firms and global ICT player. She advises on strategy and advocates across a broad range of policy areas including media, communications, privacy, security, copyright and technology policy. She has a practical understanding of brand and reputation in competitive markets. Ishtar is currently Director of Public Policy and Government Affairs for Google in Australia and New Zealand. She is also on the board of Next Wave Festival and a member of the Australian Institute of Company Directors.
Anna Cullinane Director Appointed 28/10/2019	Anna is an experienced finance professional with a passion for the whole of self mental and physical health as a means of taking on life’s challenges. Her current role is Head of Finance at the Butterfly Foundation. She has over 20 years experience across a breadth of company sectors holding senior financial and operational roles in established multinational firms and start-up enterprises in Europe, the Middle East / North Africa and Australia and more recently as Head of Finance at a health technology start-up in Sydney. As a Fellow of the Institute of Chartered Accountants of England and Wales and a Graduate of Australian Institute of Company Directors Anna has extensive experience around governance and fit for purpose systems and processes and providing strategic advice to senior leadership teams and Boards.

1 Directors (continued)

Name	Experience, special responsibilities and other directorships
Dr Nicole Lee Director Appointed 10/12/2019	Nicole Lee is Director at leading alcohol and other drug specialist consultancy, 360Edge, and Adjunct Professor at the National Drug Research Institute, Curtin University. She is a member of the Australian National Advisory Council on Alcohol and other Drugs (ANACAD); chair of the clinical governance committee and board member at Hello Sunday Morning; and a member of the Australian drug checking service, The Loop Australia, providing governance and clinical advice. She is also Deputy Editor of the journal Drug and Alcohol Review and Fellow of the Australian Association for Cognitive and Behaviour Therapy (AACBT), serving on state and national committees for nearly 20 years, twice as National President. Nicole is a psychologist with 30 years clinical and research experience in the alcohol and other drug sector, and has provided key policy advice to state, Australian and international governments, and major health organisations, such as the World Health Organization and the United Nations Office on Drugs and Crime. She has published more than 100 journal articles, guidelines, chapters and books on alcohol and other drug treatment, and is a regular contributor to The Conversation.
Brian Graetz Director Appointed 11/08/2017 Resigned 31/12/2019	Brian is a health executive with senior leadership experience across the not-for-profit, philanthropic and university sectors. An effective leader who enjoys working with others, Brian is recognised for his content knowledge, strategic thinking and analytical skills. Brian has held senior leadership positions across the philanthropic, not-for-profit, government and university sectors. As Deputy CEO at beyondblue, Brian oversaw large and nationally significant programs supporting the mental health of children, young people and families. He also led beyond blues research, evaluation and policy areas.

2 Company secretary

Lauren Waddell was appointed to the position of company secretary on 27 June 2019.

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**
Chris K Raine	5	6
Dr Deborah Kuchler	6	6
Anthony Graham	6	6
Timothy Duggan	5	6
Brian Graetz	3	3
Ishtar Vij	6	6
John Rogerson	6	6
Anna Cullinane	4	4
Dr Nicole Lee	4	4

A – Number of meetings attended

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

4 Objectives and Strategies

Hello Sunday Morning provides practical support and inspiration to people who want to reduce their own drinking. Its vision is to change the world's relationship with alcohol by building technology that supports people to change the way they drink, in the moment they need help.

The Company measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the Company and whether the Company's objectives are being achieved.

Quantitative KPI's include:
- number of people who register to the Daybreak app
- number of people who reduce their AUDIT-C, alcohol risk score
- number of people who reduce their K-10, psychological distress score
- number of visits to the Hello Sunday Morning website, and engagement with Hello Sunday Morning social media channels.

5 Principal activities

The principal activities of the Company during the course of the financial year was providing continuous and moderated Daybreak community access and support services, developing improved alcohol behaviour change-focused technology, and running awareness campaigns on digital platforms.

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

6 Operating and financial review

The surplus of the Company for the year ended 30 June 2020 was $28,395 (2019: $502,737).

7 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.

8 Events subsequent to reporting date

The social, health and economic consequences of the COVID-19 pandemic continue to evolve rapidly and have major impacts across the globe. Since its declaration as a pandemic in March 2020, COVID-19 and the associated government, business and consumer response has had a significant impact on the operations and financial performance of the Company.

Since 30 June 2020, no events have arisen that have a significant impact on the Company.

9 Likely developments

The Company will continue to operate as a provider of community support services.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

10 Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify any person who is or has been an officer or auditor of the Company against liability.

Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability and Professional Indemnity Insurance for the year ended 30 June 2020 and since the end of the financial year, the Company has paid, or will pay, premiums in respect of such insurance contracts for the year ending 1 July 2021. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

11 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for financial year ended 30 June 2020.

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

John Rogerson
Director

Dated at Sydney this 8th day of September 2020.

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 2020 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

KPMG

D G Howie
Partner

Brisbane
8 September 2020

Hello Sunday Morning

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

In AUD	***Note***	**2020**	**2019**
Government grants		1,470,337	1,009,998
Non-government grants		1,784,324	2,566,200
Service revenue		131,697	226,764
Donations and bequests		78,798	11,875
Other revenue	*4*	189,892	14,237
		3,655,048	3,829,074
IT & design expenses		(191,653)	(195,495)
Property expenses		(94)	(131,352)
Advertising expenses		(118,427)	(236,653)
Fundraising expenses		-	(325)
Personnel expenses	*6*	(2,663,437)	(2,332,502)
Depreciation expense	*8*	(135,257)	(5,142)
Other expenses	*5*	(481,318)	(432,103)
Results from operating activities		64,862	495,502
Finance income		3,270	7,235
Finance expense		(39,737)	-
Net finance income	*7*	(36,467)	7,235
Surplus for the year		28,395	502,737
Other comprehensive income for the year		-	-
Total comprehensive income for the year		28,395	502,737

The notes on pages 12 to 26 are an integral part of these financial statements.

Hello Sunday Morning

Statement of financial position

As at 30 June 2020

In AUD	***Note***	**2020**	**2019**
Assets			
Cash and cash equivalents	*10*	3,723,568	2,432,808
Trade and other receivables	*9*	204,050	7,391
Prepayments		11,155	-
Total current assets		3,938,773	2,440,199
Property, plant and equipment	*8*	751,598	24,361
Term deposit		36,812	34,115
Total non-current assets		788,410	58,476
Total assets		4,727,183	2,498,675
Liabilities			
Trade and other payables	*12*	371,513	276,661
Lease liabilities		99,284	-
Employee benefits	*11*	118,097	68,202
Deferred income		2,627,487	1,315,681
Total current liabilities		3,216,381	1,660,544
Lease liabilities		657,227	-
Employee benefits	*11*	28,240	41,191
Total non-current liabilities		685,467	41,191
Total liabilities		3,901,848	1,701,735
Net assets		825,335	796,940
Equity			
Accumulated surplus		825,335	796,940
Total equity		825,335	796,940

The notes on pages 12 to 26 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2020

In AUD	**Accumulated surplus**	**Total**
Balance at 1 July 2018	294,203	294,203
Total comprehensive income for the year		
Surplus for the year	502,737	502,737
Total comprehensive income for the year	502,737	502,737
Balance at 30 June 2019	796,940	796,940
Balance at 1 July 2019	796,940	796,940
Total comprehensive income for the year		
Surplus for the year	28,395	28,395
Total comprehensive income for the year	28,395	28,395
Balance at 30 June 2020	825,335	825,335

The notes on pages 12 to 26 are an integral part of these financial statements.

Hello Sunday Morning

Statement of cash flows

For the year ended 30 June 2020

In AUD	***Note***	**2020**	**2019**
Cash flows from operating activities			
Cash receipts in the course of operations		4,965,745	4,157,936
Cash payments in the course of operations		(3,531,049)	(3,511,490)
Cash generated from operations		1,434,696	646,446
Interest received		3,270	7,235
Net cash flows from operating activities		1,437,966	653,681
Cash flows from investing activities			
Acquisition of property, plant and equipment		(15,370)	(29,503)
Reinvestment of term deposit funds		(2,697)	(913)
Net cash flows used in investing activities		(18,067)	(30,416)
Cash flows from financing activities			
Payments for lease liabilities		(129,139)	-
Net cash flows used in financing activities		(129,139)	-
Net increase in cash and cash equivalents		1,290,760	623,265
Cash and cash equivalents at beginning of year		2,432,808	1,809,543
Cash and cash equivalents at end of year	*10*	3,723,568	2,432,808

The notes on pages 12 to 26 are an integral part of these financial statements.

Notes to the financial statements
For the year ended 30 June 2020

1 Reporting entity

Hello Sunday Morning (the 'Company') is an Australian Public Company Limited by Guarantee 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 continuous and moderated Daybreak community access and support services, developing improved alcohol behaviour change-focused technology, and running awareness campaigns on digital platforms.

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.

This is the first set of the Company's financial statements in which AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* have been applied. Changes to significant accounting policies are described in Note 2(e).

The financial statements were approved by the Board of Directors on 8th September 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(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

The Company has initially applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Company's financial statements.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2019). Accordingly, the information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under AASB 118, AASB 111 and related interpretations. Additionally, the disclosure requirements in AASB 15 have not generally been applied to comparative information.

AASB 15 did not have a significant impact on the Company’s accounting policies.

AASB 1058 *Income of Not-for-Profit Entities*

AASB 1058 *Income of Not-for-Profit Entities* introduces major changes to the income recognition by public and private sector not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 *Contributions*, NFPs will now need to determine whether a transaction is a genuine donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

Where transactions do not meet the requirements of AASB 15 as noted above, the Company will need to assess if these transactions should be accounted for under AASB 1058. 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 did not have a significant impact on the Company’s accounting policies with respect to the Company's income that do not meet the criteria of AASB 15.

AASB 16 *Leases*

The Company applied AASB 16 *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not been applied to comparative information.

2 Basis of preparation (continued)

(e) Changes in accounting policies (continued)

(a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3(g).

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

(b) As a lessee

As a lessee, the Company leases one asset of property. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to ownership of the underlying assets to the Company. Under AASB 16, the Company recognises right-of-use assets and lease liabilities for these leases – i.e. these lease are on-balance sheet, except where a practical expedient has been applied.

For leases of property, the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

(i) Leases classified as operating leases under AASB 117

Previously, the Company classified all of its leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at their carrying amount as if AASB 16 had been applied since commencement date discounted using the Company's incremental borrowing rate at the date of initial application.The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company used a number of practical expedients when applying AASB 16 to leases previously classified under AASB 117. In particular, the Company:
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. assets below $5,000);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(c) Impact on financial statements

On transition to AASB 16, the Company recognised an additional $845,913 of right-of-use assets and $845,913 of lease liabilities.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 5%.

	1-Jul-19
	$
Operating lease commitment at 30 June 2019 as disclosed in the financial statements	120,247
Discounted using the incremental borrowing rate at 1 July 2019	157,000
Increase due to expected lease term	568,666
Lease liabilities recognised at 1 July 2019	845,913

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 rate method less any impairment losses.

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

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company's financial assets are classified as trade and other receivables.

(iv) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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	3 years	Straight line
• Office equipment	3 years	Straight line

3 Significant accounting policies (continued)

(c) Impairment

(i) Financial assets

Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

3 Significant accounting policies (continued)

(c) Impairment (continued)

(i) Financial assets (continued)

Credit-impaired financial assets (continued)

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets . For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(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 Company that generates cash inflows from continuing use that largely are independent of the cash flows of other assets and Companys.

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 (Company of units) on a pro rata basis.

(d) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

(iii) Short-term benefits

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

(e) Revenue

(i) Rendering of services

Revenue is recognised in the accounting period in which services are performed. In a fixed price contract revenue from the rendering of services is recognised in proportion to the stage completion of the work performed at the reporting date.

3 Significant accounting policies (continued)

(e) Revenue (continued)

(ii) Grant revenue

An unconditional government grant is recognised in the income statement when the grant becomes receivable and the Company has satisfied all conditions precedent which enables it to retain title of the grant funds. Any other grant is recognised in the balance sheet initially as deferred income until when the Company has satisfied all conditions precedent which enables it to retain title of the grant funds. Grants that compensate the Company for expenses incurred are recognised as revenue in the income statement.

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.

(f) Lease payments

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Significant accounting policies (continued)

(f) Lease payments (continued)

Significant accounting policy - Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases, When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(g) 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.

(h) 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.*

Notes to the financial statements (continued)

For the year ended 30 June 2020

4 Other revenue

In AUD

	2020	2019
Presentations	4,500	2,273
Sponsorship, affiliations and memberships	-	23
Merchandise sales	-	150
Other income	185,392	11,791
	189,892	14,237

5 Other expenses

In AUD

	2020	2019
Travel and accommodation	48,054	98,885
Research	41,518	31,877
Strategy and development	122,976	85,012
Office supplies	13,997	18,006
Workers compensation	49,504	4,827
IT & design	85,367	106,044
Other expenses	119,902	87,452
	481,318	432,103

6 Personnel expenses

In AUD

	2020	2019
Wages and salaries	2,366,656	2,059,404
Superannuation	259,838	219,958
Movements in liability for annual leave	49,895	26,467
Movements in liability for long-service leave	(12,952)	26,673
	2,663,437	2,332,502

7 Finance income and finance expense Recognised in profit or loss

In AUD

	2020	2019
Interest income	5,610	7,375
Net foreign exchange loss	(2,340)	(140)
Finance income	3,270	7,235
Interest expense	(39,737)	-
Finance expense	(39,737)	-
Net finance income recognised in profit or loss	(36,467)	7,235

8 Property, plant and equipment

In AUD	Computer software and hardware	ROU Lease Asset	Office equipment	Total
Cost				
Balance at 1 July 2018	42,639	-	19,883	62,522
Additions	10,662	-	18,841	29,503
Balance at 30 June 2019	53,301	-	38,724	92,025
Balance at 1 July 2019	53,301	-	38,724	92,025
Additions	15,370	-	-	15,370
AASB 16 adjustment	-	845,913	-	845,913
Balance at 30 June 2020	68,671	845,913	38,724	953,308
Depreciation and impairment losses				
Balance at 1 July 2018	42,639	-	19,883	62,522
Depreciation for the year	1,085	-	4,057	5,142
Balance at 30 June 2019	43,724	-	23,940	67,664
Balance at 1 July 2019	43,724	-	23,940	67,664
Depreciation for the year	5,836	123,947	5,474	135,257
Adjustments	(1,211)	-	-	(1,211)
Balance at 30 June 2020	48,349	123,947	29,414	201,710
Carrying amounts				
At 1 July 2019	9,577	-	14,784	24,361
At 30 June 2020	20,322	721,966	9,310	751,598

Notes to the financial statements (continued)

For the year ended 30 June 2020

9 Trade and other receivables

In AUD

	2020	2019
Trade debtors	203,550	5,529
Other receivables	500	1,862
	204,050	7,391

10 Cash and cash equivalents

In AUD

	2020	2019
Cash at bank	3,723,425	2,432,571
Cash on hand	143	237
Cash and cash equivalents in the statement of cash flows	3,723,568	2,432,808

11 Employee benefits

In AUD

	2020	2019
Current		
Liability for annual leave	118,097	68,202
	118,097	68,202
Non-current		
Liability for long-service leave	28,240	41,191
	28,240	41,191

12 Trade and other payables

In AUD

	2020	2019
Trade payables	108,257	127,524
GST payable	187,754	95,365
Accrued Expenses	75,502	53,772
	371,513	276,661

13 Leases

Leases as lessee

The Company leases one asset of property. Information about the lease for which the Company is a lessee is presented below.

Right of use assets	**Buildings**
In AUD	
Balance at 1 July 2019	-
Additions to right of use assets	845,913
Depreciation charge for the year	(123,947)
Balance at 30 June 2020	**721,966**

Lease liabilities	
In AUD	
Maturity analysis - contractual undiscounted	**2020**
Less than one year	117,976
One to five years	555,837
More than five years	331,984
Total undiscounted lease liabilities at 30 June	**1,007,817**
Lease liabilities included in the statement of financial position at 30 June	**756,511**
Current	99,284
Non-current	657,227

Amounts recognised in profit or loss	
In AUD	**2020**
Interest on lease liabilities	39,397

Amounts recognised in the statement of cash flows	
In AUD	**2020**
Total cash outflow for leases	117,976

14 Related parties

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 6) for the year ended 30 June 2020 is $333,935 (2019: $391,159).

15 Subsequent events

The social, health and economic consequences of the COVID-19 pandemic continue to evolve rapidly and have major impacts across the globe. Since its declaration as a pandemic in March 2020, COVID-19 and the associated government, business and consumer response has had a significant impact on the operations and financial performance of the Company.

Since 30 June 2020, no events have arisen that have a significant impact on the Company.

16 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 2020 the number of members was 8 (2019: 7).

17 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 $119,449 (2019: $133,519).

During the year, the Company achieved a net profit of $1,793,879 (2019: $2,476,921) 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 8 to 26, 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 2020 and of its performance for the financial year ended on that date; and

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

(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.

John Rogerson
Director

Dated at Sydney this 8th day of September 2020.

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 2020, and of its financial performance and its cash flows for the year ended on that date; and

i. 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 2020.

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 of the Company

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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express 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 and whether the use of the going concern basis of accounting is appropriate. 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.

Auditor’s responsibilities for the audit of the Financial Report (Continued)

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company’s internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude 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 registered 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 registered Company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 2020;

ii. The Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2019 to 30 June 2020, 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 2019 to 30 June 2020 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

KPMG

D G Howie

Partner

Brisbane

08 September 2020