

Annual Report 2022



Hello Sunday Morning

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Hello Sunday Morning

Directors' report

For the year ended 30 June 2022

The directors present their report together with the financial report of Hello Sunday Morning ("the Company") for the financial year ended 30 June 2022 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 Resigned 14/12/2021	Chris Raine is an Australian Social Entrepreneur focused on addiction and mental health. 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.
Anthony Graham Director Appointed 29/07/2016 Resigned 21/07/2022	<p>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.</p> <p>Prior to joining Macquarie Tony spent ten years as an experienced IT Consultant with Accenture specializing in large technology change programs for large retail financial institutions and government departments (taxation).</p> <p>Tony is a member of the Executive Committee for Macquarie's Banking and Financial Services Group.</p>
John Rogerson Director, Chairman Appointed 08/10/2018	<p>John Rogerson has over 25 years' experience in the alcohol and other drugs field. Most recently he was the Chief Executive of the Australian Drug Foundation for 10 years and integrally involved in the development and national implementation of programs including Good Sports and Local Drug Action Teams.</p> <p>He is a past member of 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).</p>

1 Directors (continued)

Name

Experience, special responsibilities, and other directorships

Ishtar Vij Director
Appointed 18/02/2019

Ishtar Vij is a public affairs practitioner who has held senior roles in public policy, government affairs and law in private firms and global digital technology 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. She works collaboratively with leadership to shape the strategic direction of the organization.

Ishtar is Director of Eloquium Group. Prior to this, she was the Director, Government Affairs and Public Policy for Google in Australia and New Zealand where she led public policy, government affairs and community investment across Australia and New Zealand.

Anna Cullinane Director
Appointed 28/10/2019

Her current role is Head of Finance at the Butterfly Foundation. She has over 20 years of 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.

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.

Dr Nicole Lee Director
Appointed 10/12/2019

Nicole is Founder and CEO of 360Edge, a specialist alcohol and other drug consultancy, and Adjunct Professor at the National Drug Research Institute Curtin University. She chairs the Clinical Governance Board Committee of Hello Sunday Morning. She is also a member of the Australian National Council on Alcohol and other Drugs, Australia's key expert advisory council to the Australian Government on drugs, and the board of the Australian drug checking service, The Loop Australia. Nicole is internationally known for her work over the past 30 years in research, design and implementation of alcohol and other drug policy and practice responses. She is a consultant psychologist and Fellow of the Australian Association for Cognitive and Behaviour Therapy.

1 Directors (continued)

Name

Fred Brian Hersch Director
Appointed 15/06/2021

Experience, special responsibilities, and other directorships

Fred Hersch is a Product Manager and Health Lead for Google in APAC. His work covers translational AI research, building open-source tools to accelerate mobile first health systems in LMICs and supporting digital transformation in healthcare through the use of FHIR to enable interoperability and data driven decision making.

A medical doctor with training in business and information technology, Fred has long been passionate about the role of technology in transforming access to healthcare, especially in resource poor settings. Fred was an early pioneer in the telemedicine space developing one of the first web-based telemedicine platforms globally (MedTech Outreach Australia, 2002-6). Prior to Google, Fred was the Chief Medical Office and Clinical Product Manager for Telenor Health (Norway, Bangladesh), James Martin Fellow in Healthcare Innovation at Oxford University (UK) and medical doctor (NSW Health, Australia). He has an MBBS (Hons) and MPH from Sydney Medical School where he was the recipient of the Robin May Memorial Prize (2009) and was a UNSW Co-Op Scholar in Business Information Technology (BSc, BIT).

2 Company secretary

Lauren Waddell resigned as Company Secretary on 06 Aug 2021. Kirsty Walker was appointed 24 Aug 2021 and held the position throughout this financial year.

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	3	3
Anthony Graham	5	5
Dr Nicole Lee	5	5
Ishtar Vij	1	5
John Rogerson	5	5
Anna Cullinane	4	5
Fred Hersch	5	5

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 behavior change-focused technology, and running awareness campaigns on digital platforms. COVID 19 continued to have an impact on our operations, with more people drinking at risky levels needing our services. Our focus on improving the quality and safety of our services was a priority as we moved towards ISO9001 accreditation and undertook a gap analysis for ISO27001, the information security standard.

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

6 Operating and financial review

The financial result for the Company for the year ended 30 June 2022 was a loss of \$631,625 (2021: surplus of \$2,400,607). The significant profit in 2021 was largely due to the recognition of revenue for a significant trust and foundation contract. In line with AASB 15 and AASB 1058, revenue on that grant was recognized upfront in 2021 when the cash was received. The expenditure to acquit that grant was incurred in this financial year resulting in both a loss and negative cashflows in this 12 month period. Expenditure relating to that upfront grant is expected to continue into the 2023 financial year and beyond, contributing to potential future year losses.

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

Since 30 June 2022, there have been no subsequent events requiring disclosure.

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

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 2022 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 30 June 2023. 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 8 and forms part of the directors' report for financial year ended 30 June 2022.

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

A handwritten signature in black ink, appearing to read 'John Rogerson', with a large circular flourish at the end.

John Rogerson
Director

Dated at Sydney this the day of 14 December 2022.

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF HELLO SUNDAY MORNING

As lead auditor of Hello Sunday Morning for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Clayton Eveleigh
Director

BDO Audit Pty Ltd

Sydney, 14 December 2022

Hello Sunday Morning

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

In AUD

	Note	2022	2021
Revenue			
Government grants		1,495,101	2,000,060
Non-government grants		953,303	3,915,628
Service revenue		31,668	301,564
Donations and bequests		169,744	55,987
Other revenue	4	242,890	314,000
		<u>2,892,706</u>	<u>6,587,239</u>
Expenses			
IT & design expenses		(159,322)	(130,834)
Property expenses		(4,856)	(6,190)
Advertising expenses		(40,799)	(209,744)
Fundraising expenses		(621,569)	(31,058)
Personnel expenses	6	(2,249,731)	(3,284,584)
Depreciation expense	8, 13	(143,758)	(140,823)
Other expenses	5	(336,920)	(361,085)
		<u>(3,556,955)</u>	<u>(4,164,318)</u>
Result from operating activities		<u>(664,249)</u>	<u>2,422,921</u>
Finance income		32,624	12,633
Finance expense		-	(34,947)
Net finance expense	7	<u>32,624</u>	<u>(22,314)</u>
Surplus for the year		<u>(631,625)</u>	<u>2,400,607</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(631,625)</u>	<u>2,400,607</u>

The notes on pages 13 to 27 are an integral part of these financial statements.

Hello Sunday Morning

Statement of financial position

As at 30 June 2022

In AUD

	Note	2022	2021
Assets			
Cash and cash equivalents	10	3,090,815	3,841,835
Trade and other receivables	9	10,515	23,694
Prepayments		79,292	49,139
Right of Use Asset	13	113,514	-
Total current assets		3,294,136	3,914,668
Property, plant and equipment	8	25,776	23,795
Right of Use asset	13	-	600,022
Total non-current assets		25,776	623,818
Total assets		3,319,912	4,538,486
Liabilities			
Trade and other payables	12	273,692	238,204
Lease liabilities	13	129,997	109,883
Employee benefits	11	137,789	132,554
Deferred income		156,890	267,685
Total current liabilities		698,368	748,326
Lease liabilities	13	-	547,344
Employee benefits	11	27,227	16,874
Total non-current liabilities		27,227	564,218
Total liabilities		725,595	1,312,544
Net assets		2,594,317	3,225,942
Equity			
Accumulated surplus		2,594,317	3,225,942
Total equity		2,594,317	3,225,942

The notes on pages 13 to 27 are an integral part of these financial statements.

Hello Sunday Morning

Statement of changes in equity

For the year ended 30 June 2022

In AUD

	Accumulated surplus	Total
Balance at 1 July 2020	825,335	825,335
Total comprehensive income for the year		
Surplus for the year	2,400,607	2,400,607
Total comprehensive income for the year	<u>2,400,607</u>	<u>2,400,607</u>
Balance at 30 June 2021	<u>3,225,942</u>	<u>3,225,942</u>
Balance at 1 July 2021	3,225,942	3,225,942
Total comprehensive income for the year		
Loss for the year	(631,625)	(631,625)
Total comprehensive income for the year	<u>(631,625)</u>	<u>(631,625)</u>
Balance at 30 June 2022	<u>2,594,317</u>	<u>2,594,317</u>

The notes on pages 13 to 27 are an integral part of these financial statements.

Hello Sunday Morning

Statement of cash flows

For the year ended 30 June 2022

In AUD

	Note	2022	2021
Cash flows from operating activities			
Cash receipts in the course of operations		2,814,757	4,558,735
Cash payments in the course of operations		(3,647,494)	(4,601,077)
Cash generated from operations		(832,737)	(42,342)
Interest received		4,204	12,633
Government stimulus – COVID		242,890	314,000
Payment of interest on lease liabilities		(8,798)	(34,947)
Net cash flows (used in)/from operating activities		(594,441)	249,344
Cash flows from investing activities			
Acquisition of property, plant and equipment		(17,061)	(10,594)
Net cash flows used in investing activities		(17,061)	(10,594)
Cash flows from financing activities			
Payments for lease liabilities		(139,518)	(120,842)
Net cash flows used in financing activities		(139,518)	(120,842)
Net (decrease)/increase in cash and cash equivalents		(751,020)	118,268
Cash and cash equivalents at beginning of year		3,841,835	3,723,568
Cash and cash equivalents at end of year	10	3,090,815	3,841,835

The notes on pages 13 to 27 are an integral part of these financial statements.

Hello Sunday Morning

Notes to the financial statements

For the year ended 30 June 2022

1 Reporting entity

Hello Sunday Morning (the 'Company') is an Australian Public Company Limited by Guarantee domiciled and incorporated in Australia. The address of the Company's registered office and 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 behavior 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 – Simplified Disclosures adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements were approved by the Board of Directors on 14th December 2022.

(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.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Hello Sunday Morning

Notes to the financial statements

For the year ended 30 June 2022

2 Basis of preparation (continued)

Determining whether a grant contains enforceable and sufficiently specific obligations

The interaction between AASB 15 and AASB 1058 requires management to assess whether the government grants and other funding received need to be accounted for under AASB 15 or AASB 1058. Key to this assessment is whether the government grants and other funding agreements contain:

- a contract with a customer that creates 'enforceable' rights and obligations, and
- the contract includes 'sufficiently specific' performance obligations.

Critical judgement was applied by management in assessing whether a promise is 'sufficiently specific', taking into account all facts and circumstances and any conditions specified in the arrangement (whether explicit or implicit) regarding the promised goods or services, including conditions regarding:

- the nature or type of the goods or services
- the cost or value of the goods or services
- the quantity of the goods or services
- the period over which the goods or services must be transferred.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(e) Going Concern

The directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements.

Hello Sunday Morning

Notes to the financial statements

For the year ended 30 June 2022

3 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 term deposits with original maturities of twelve 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.

(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.

Hello Sunday Morning

Notes to the financial statements

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(iv) Derecognition Financial assets

The Company derecognizes 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.

(v) Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes 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 recognized 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 recognized in profit or loss.

(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

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Notes to the financial statements

For the year ended 30 June 2022

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.

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.

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Notes to the financial statements

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(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) Service Revenue

Revenue from service agreements 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.

(ii) Government and non-government grant revenue

Revenue from government grants received under enforceable agreements, where there are sufficiently specific performance obligations imposed, is deferred until the obligations are satisfied. Performance obligations are measured based on the entity's efforts to satisfy the performance obligations.

If the performance obligations are not sufficiently specific, revenue is recognised upon receipt.

(iii) Donations

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. Hello Sunday Morning, in common with most organisations receiving fundraising contributions, is unable to establish absolute control over all voluntary donations, due to their nature, prior to their initial entry into the accounting records. Therefore, revenue from fundraising, including donations and bequests, is recognised when received or receivable.

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Notes to the financial statements

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(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.

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.

(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*.

(i) Contract liabilities

Contract liabilities represent the entity's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the entity has transferred the services to the customer.

Hello Sunday Morning

Notes to the financial statements (continued)

For the year ended 30 June 2022

4 Other revenue

In AUD

	2022	2021
Recovered expenses	29,330	-
Government stimulus - COVID	213,560	314,000
	<u>242,890</u>	<u>314,000</u>

5 Other expenses

In AUD

	2022	2021
Travel and accommodation	10,299	7,281
Research	45,988	218
Strategy and development	28,481	46,806
Office supplies	3,697	6,752
Workers compensation	28,652	5,485
IT & design	13,719	4,495
Other expenses	206,084	290,048
	<u>336,920</u>	<u>361,085</u>

6 Personnel expenses

In AUD

	2022	2021
Wages and salaries	2,023,682	2,981,646
Superannuation	206,842	303,466
Movements in liability for annual leave	4,909	(7,901)
Movements in liability for long-service leave	14,298	7,373
	<u>2,249,731</u>	<u>3,284,584</u>

7 Finance income and finance expense Recognized in profit or loss

In AUD

	2022	2021
Interest income	5,387	12,361
Net foreign exchange income / (loss)	(1,183)	272
Finance income	<u>4,204</u>	<u>12,633</u>
Interest expense	28,420	(34,947)
Finance expense	<u>28,420</u>	<u>(34,947)</u>
Net finance income recognized in profit or loss	<u>32,624</u>	<u>(22,314)</u>

Hello Sunday Morning

Notes to the financial statements (continued)

For the year ended 30 June 2022

8 Property, plant and equipment

In AUD

Cost

	Computer software and hardware	Office equipment	Total
Balance at 1 July 2020	68,671	38,724	107,395
Additions	10,594	-	10,594
Balance at 30 June 2021	79,265	38,724	117,989
Balance at 1 July 2021	79,265	38,724	117,989
Additions	18,441	-	18,441
Balance at 30 June 2022	97,706	38,724	136,430

Depreciation and impairment losses

Balance at 1 July 2020	48,349	29,414	77,763
Depreciation charge for the year	9,275	7,156	16,431
Balance at 30 June 2021	57,624	36,570	94,194
Balance at 1 July 2021	57,624	36,570	94,194
Depreciation charge for the year	14,306	2,154	16,460
Balance at 30 June 2022	71,930	38,724	110,654

Carrying amounts

At 1 July 2021	21,641	2,154	23,795
At 30 June 2022	25,776	-	25,776

Hello Sunday Morning

Notes to the financial statements (continued)

For the year ended 30 June 2022

9 Trade and other receivables

In AUD

	2022	2021
Trade debtors	5,265	4,760
GST receivable	1,654	15,445
Other receivable	3,595	3,489
	<u>10,515</u>	<u>23,694</u>

10 Cash and cash equivalents

In AUD

	2022	2021
Cash at bank	1,050,925	1,802,959
Cash on hand	138	137
Term Deposits	2,039,752	2,038,739
	<u>3,090,815</u>	<u>3,841,835</u>

11 Employee benefits

In AUD

Current

Liability for annual leave	115,105	110,196
Parental leave payable	-	3,619
Liability for long-service leave	22,684	18,738
	<u>137,789</u>	<u>132,554</u>

Non-current

Liability for long-service leave	27,227	16,874
	<u>27,227</u>	<u>16,874</u>

12 Trade and other payables

In AUD

	2022	2021
Trade payables	152,105	104,862
GST payable	-	-
Accrued Expenses	121,587	133,342
	<u>273,692</u>	<u>238,204</u>

Hello Sunday Morning

Notes to the financial statements (continued)

For the year ended 30 June 2022

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. During the year the Company revised the expected remaining term on the lease and the impact of that adjustment is reflected below.

	2022	2021
<i>Right of use assets (Building)</i>		
<i>In AUD</i>		
Balance at 1 July	600,022	721,966
Reduction in right of use assets	(359,210)	-
Depreciation charge for the year	(127,298)	(121,944)
Balance at 30 June	<u>113,514</u>	<u>600,022</u>
Lease liabilities		
Current	129,997	109,883
Non-current	-	547,344
	<u>129,997</u>	<u>657,227</u>
<i>In AUD</i>		
Balance at 1 July	657,227	756,551
Reduction in lease liability	(130,196)	(99,324)
Adjustments due to revised lease term	(397,034)	
Balance at 30 June	<u>129,997</u>	<u>657,227</u>

Hello Sunday Morning

Notes to the financial statements (continued)

For the year ended 30 June 2022

14 Related parties

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 6) for the year Agreed to TB.0ended 30 June 2022 is \$394,923 (2021: \$318,661).

15 Subsequent events

Since 30 June 2022, 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 2022 the number of members was 6 (2021: 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.

Due to the nature of the fundraising appeals performed being through proposals, the direct costs of fundraising are mainly related to employee time. Fundraising employee costs was estimated to be \$396,371 (2021: \$181,049).

During the year, the Company achieved a net profit of \$501,478 (2021: 3,727,292) from fundraising activities defined under the Charitable Fundraising Act. This surplus will be used to provide community development and support services.

18 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Pty Ltd, the auditor of the company:

	2022	2021
Audit services – BDO Audit Pty Ltd		
<i>Audit of the financial statements</i>	10,000	11,500

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 23, 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 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosures 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 pursuant to section 295(5)(a) of the Corporations Act 2001.



John Rogerson
Director

Dated at Sydney this day of 14 December 2022.

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 registered entity), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Hello Sunday Morning, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Hello Sunday Morning's annual report, but does not include the financial report and our auditor's report thereon.

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 and, in doing so, 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Clayton Eveleigh', is written over a faint, larger 'BDO' watermark.

Clayton Eveleigh
Director

Sydney, 14 December 2022