

THE PYJAMA FOUNDATION LIMITED
A.B.N. 43 111 196 742

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014

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DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2014.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Shane O’Kane
Bronwyn Sheehan
Jim Morrison

Objectives

Our Vision – A world of unlimited opportunity for all children.

Our Mission – Creating positive relationships for children in care; empowering them with learning, life skills, and confidence.

Our Values – Empowerment/Trust/Fun/Teamwork/Transformation

Strategy for achieving the objectives

The Pyjama Foundation’s strategy is to provide reading and learning mentors to Australian children in foster care. With over 39000 Australian children in care, and rising, children on protection orders are less likely to meet national minimum literacy and numeracy standards.

We will enhance and expand our programs and services that increase the learning skills of children in care in Australia.

In the next four years, we aim to double the number of children in care who participate in the Love of Learning Program.

Principal Activities

The principal activities of the company during the financial year were implementing The Pyjama Foundation Love of Learning Program and other activities supporting foster children and the foster care community.

There were no significant changes in the nature of the company’s principal activities during the financial year.

Performance measures

The company measures its performance in a number of ways:

- Number of new volunteers trained - In the last 12 months the Pyjama Foundation has trained 500 new Reading mentors.
- Number of children participating in the program every week – We are currently reading to 1047 foster children every week.
- Number of books read per year – We are reading 67500 books each year to children in foster care.
- Satisfaction from Foster Carers – 90% of foster carers of children in the Love of Learning Program have seen an improvement in the child’s literacy skills.

DIRECTORS' REPORT (Continued)

Information on directors

Shane O'Kane Director, Queensland Children's Hospital Foundation
Director, Cherish the Children Foundation
Director, Cherish the Environment
Trustee, Lady Cilento Children's Hospital Trust

Shane has 25 years in the finance sector. He is an experience company director and has significant experience in the not for profit sector.

Appointed February 2009

Bronwyn Sheehan Founder and Executive Director, the Pyjama Foundation

Bronwyn Sheehan founded The Pyjama Foundation in 2004 to make a positive impact on the lives of our community's most vulnerable children. In less than five years, The Pyjama Foundation has won a number of awards, garnered corporate and government support, and inspired a large team of community volunteers.

A nurse, midwife and business owner, Bronwyn herself was inspired by the work of foster carers. Bronwyn was alarmed at statistics highlighting the poor literacy levels of children in care, and determine to find a way to address this issue. This was the beginning of The Pyjama Foundation Love of Learning Program. Bronwyn Sheehan is the 2009 Queensland Australian of the Year and 2008 National Finalist of the IBM Community and Government category of the Telstra Business Women's Awards.

Appointed 30 September 2004

Jim Morrision Jim has extensive accounting, finance and transaction experience in both domestic and international markets. He has worked in Australia, Hong Kong, Singapore and the USA.

Jim is currently retired with this most recent position as Chief Financial Officer of international technology company GroundProbe. Prior to this he was a Partner in international accounting firm Deloitte for over ten years.

Appointed 30 October 2006

DIRECTORS' REPORT (Continued)

Meetings of directors

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

	No. of Meetings Attended	No. of Meetings Eligible to Attend
Shane O'Kane	6	6
Bronwyn Sheehan	6	6
Jim Morrison	6	6

Contribution on winding up

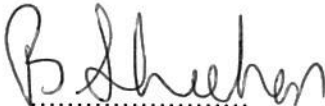
Every members of the Company undertakes to contribute to the assets of the Company in the event of the Company being wound up during the period of membership or within one year afterwards for payment of the debts and liabilities of the Company contracted before the time at which membership ceases and the costs charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves such amount as may be required, not exceeding the sum of \$100.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under S.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 4.

Signed in accordance with a resolution of directors.

On behalf of the directors



Mrs B Sheehan
Director



Mr Shane O'Kane
Director

Dated this 30 day of September 2014



Audit Services

**To the Directors of
THE PYJAMA FOUNDATION LIMITED
ABN 43 111 196 742**

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*.

I declare that, to the best of my knowledge and belief, during the year ended 30th June 2014 there have been:

- i. no contraventions of the auditor’s independence requirements of 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.

.....
Robert HJ Edwards B Com FCA
RCA#6246
Level 1, 180 Main Street
Kangaroo Point, QLD 4169

Dated: 30 September 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Revenue from continuing activities			
Corporate Donation and Partnership		547,195	490,549
Philanthropic Trust Donations		153,460	110,000
Government Income		182,014	161,887
Grants Income		281,524	148,411
Promotion & Events Income		157,114	175,095
Local Government Donations		3,768	2,500
Interest received		8,963	12,207
Miscellaneous income		1,012	2,775
		<u>1,335,050</u>	<u>1,103,424</u>
Expenses			
Audit Fees		(3,200)	(3,200)
Administration & Accounting Fees		(9)	(3,000)
Advertising		-	(13,739)
Bank charges		(8,573)	(2,524)
Books, Puzzles & Games		(11,405)	(9,072)
Computer Expenses		(11,182)	(1,803)
Consultancy Fees		(19,783)	(53,992)
Depreciation		(10,503)	(17,634)
Donations		(5,369)	(3,069)
Furniture		(2,096)	-
Grant Expenses		(593)	(814)
Insurance		(6,396)	(6,676)
Legal Costs		-	-
Meeting Expenses		(5,288)	(2,717)
Parking and Taxi Fares		(5,184)	(2,897)
Postage		(9,416)	(9,462)
Printing & Stationery		(30,188)	(22,760)
Promotion & Events		(127,254)	(103,199)
Rent		(57,679)	(69,069)
Repairs and maintenance		(1,853)	(214)
Staff Training & Welfare		(5,268)	(727)
Staff Entitlements		(9,169)	(10,615)
Subscriptions		(2,055)	(12,817)
Sundry Expenses		(8,171)	(1,631)
Superannuation		(66,638)	(62,408)
Telephone		(11,440)	(9,870)
Travelling Expenses		(12,658)	(8,672)

The accompanying notes form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Volunteer Expenses		(28,290)	(19,648)
Wages		(777,513)	(726,690)
Workers' Compensation		(5,672)	(6,146)
		<u>(1,242,845)</u>	<u>(1,185,065)</u>
Loss/Surplus before Income Tax		<u>92,205</u>	<u>(81,641)</u>
Other Comprehensive Income		-	-
		<u>-</u>	<u>-</u>
Total Comprehensive Loss/Income for the year		<u>92,205</u>	<u>(81,641)</u>

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	521,864	421,172
Trade and other receivables	4	15,288	14,010
Other current assets	5	280	280
TOTAL CURRENT ASSETS		537,432	435,462
NON-CURRENT ASSETS			
Plant and equipment	6	33,237	27,799
Intangible assets	7	5,750	5,750
TOTAL NON-CURRENT ASSETS		38,987	33,549
TOTAL ASSETS		576,419	469,011
CURRENT LIABILITIES			
Trade and other payables	8	42,152	36,118
Provisions	9	67,384	97,618
TOTAL CURRENT LIABILITIES		109,536	133,736
NON-CURRENT LIABILITIES			
Provision	9	39,403	-
TOTAL NON-CURRENT LIABILITIES		39,403	-
TOTAL LIABILITIES		148,939	133,736
NET ASSETS		427,480	335,275
EQUITY			
Retained Surpluses		427,480	335,275
TOTAL EQUITY		427,480	335,275

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Retained Surpluses \$	Total \$
Balance at 1 July 2012		416,916	416,916
Total comprehensive loss for the year		(81,641)	(81,641)
Balance at 30 June 2013		335,275	335,275
Total comprehensive income for the year		92,205	92,205
Balance at 30 June 2014		<u>427,480</u>	<u>427,480</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Cash Flows From Operating Activities			
Receipts		1,354,340	1,106,336
Payments to suppliers and employees		(1,246,670)	(1,193,672)
Interest received		8,963	12,207
Net cash inflows / (outflows) from operating activities	10	116,633	(75,129)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(15,941)	(20,326)
Net cash inflows / (outflows) from investing activities		(15,941)	(20,326)
Cash Flows From Financing Activities			
Repayments from borrowings		-	-
Net cash inflows / (outflows) from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		100,692	(95,455)
Cash and cash equivalents at beginning of year		421,172	516,627
Cash and cash equivalents at end of year	3	521,864	421,172

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users depended on general purpose financial statements. These financial statements are therefore special purpose financial statements have been prepared in order to meet the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-Profits Commission Act 2012* and the significant accounting policies below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue and Other Income

Grant Revenue is recognized in the Statement of Profit or Loss and Other Comprehensive Income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognized in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognized as income on receipt.

The Pyjama Foundation Limited received non-reciprocal contribution of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(c) Plant and equipment

Each class of plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the costs basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that has been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset as the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on either a straight-line / diminishing basis over the assets useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	10% - 66.67%
Motor vehicle	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Trade and other receivables

Trade and other receivables include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payable in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(g) Intangibles

Patents and trademarks are recorded at cost.

(h) Provisions for employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events which management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results.

In the director's opinion, there are no particular estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as of the balance sheet date.

2. New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. None of these is expected to have significant effect on the company financial statements except as follows:

- (i) *AASB 119: Employee Benefits* (September 2011) and *AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so it is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
 - (i) for an offer that may be withdrawn – when employee accepts;
 - (ii) for an offer that cannot be withdrawn – when the offer is communicate to affected employees; and
 - (iii) where the termination is associated with a restructuring of activities under *AASB 137: Provisions, Contingent Liabilities and Contingent Assets* and if earlier than the first two conditions when the related restructuring costs are recognised.

The company has not yet estimated the impact of these pronouncements in its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
3. Cash and cash equivalents		
Cash at bank	521,864	421,172
	<u>521,864</u>	<u>421,172</u>
4. Trade and other receivables		
GST receivables	15,031	4,684
Deposits	-	8,300
Other receivables	30,319	1,026
	<u>15,288</u>	<u>14,010</u>
5. Other current assets		
Prepayment	<u>280</u>	<u>280</u>
6. Property, Plant and Equipment		
Office furniture & equipment - at cost	45,974	32,337
Less: accumulated depreciation	<u>(25,790)</u>	<u>(23,838)</u>
	<u>20,184</u>	<u>8,499</u>
Office computer equipment – at cost	46,675	44,371
Less: accumulated depreciation	<u>(41,883)</u>	<u>(36,085)</u>
	<u>4,792</u>	<u>8,286</u>
Motor vehicle – at cost	14,686	14,685
Less: accumulated depreciation	<u>(6,425)</u>	<u>(3,671)</u>
	<u>8,261</u>	<u>11,014</u>
Total Property, Plant and Equipment	<u>33,237</u>	<u>27,799</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
7. Intangibles		
Patents and trademarks	<u>5,750</u>	<u>5,750</u>
8. Trade and other payables		
CURRENT		
Trade creditors	4,137	2,085
Other creditors and accruals	<u>38,015</u>	<u>34,033</u>
	<u>42,152</u>	<u>36,118</u>
9. Provisions		
CURRENT		
Employee benefits – Annual leave	67,384	97,618
NON-CURRENT		
Employee benefits – Long service leave	<u>39,403</u>	<u>-</u>
	<u>106,787</u>	<u>97,618</u>
10. Reconciliation of net cash provided by operating activities to net profit from ordinary activities after income tax		
Loss/surplus for the year	92,205	(81,641)
Depreciation and amortisation	10,503	17,634
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	(1,278)	(2,910)
Decrease/(Increase) in other current assets	-	(280)
Increase/(Decrease) in trade and other payables	6,034	(18,548)
Increase/(Decrease) in provision	<u>9,169</u>	<u>10,616</u>
Cash inflow from operating activities	<u>116,633</u>	<u>(75,129)</u>
11. Bank guarantees		

The Pyjama Foundation Limited has provided a bank guarantee of \$30,319 as at 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

12. Member's guarantee

The Pyjama Foundation Limited is a company limited by guarantee. Every member of the Company undertakes to contribute to the assets of the Company in the event of the Company being wound up during the period of membership or within one year afterwards for payment the debts and liabilities of the Company contracted before the time at which membership ceases and the costs charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves such amount as may be required, not exceeding the sum of \$100.

13. Contingencies

There were no material contingent liabilities as at 30 June 2014.

14. Operating lease commitments

Non-cancellable operating lease contracted for but not recognised in the financial statements:

	2014	2013
	\$	\$
Payable – minimum lease payments		
- not later than 12 months	58,988	53,625
- between 12 months and five years	176,963	231,077
	<u>235,951</u>	<u>284,702</u>

15. Subsequent Events

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect substantially:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

16. General information

The registered office of the company is:
LG Solomon 16 Cox Road Windor Qld 4030

The principal place of business is:
Unit 7/10 Depot Street Banyo Qld 4014

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 October 2014. The directors have the power to amend and reissue the financial report.

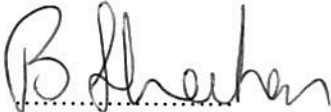
DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, as set out in the financial statements, present fairly the company's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and complying with the Australian Charities and Not-for-profits Commission Regulation 2013, and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
Mrs B Sheehan
Director



.....
Mr Shane O'Kane
Director

Dated this 30 day of September 2014



**Independent Auditor's Report
to the members of
The Pyjama Foundation Limited
ABN 43 111 196 742**

Report on the Financial Report

I have audited the accompanying financial statements, being a special purpose financial report of The Pyjama Foundation Limited comprises the Statement of Financial Position as at 30th June 2014, and the Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity for the year then ended, a summary of significant accounting policies and other explanatory information, and the Director's Declaration.

The Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and are appropriate to meet the need of the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. No opinion is expressed as to whether the accounting policies used as described in Note 1 are appropriate to meet the needs of the members. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under *Australian Charities and Not-for-profits Commission Act 2012*. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit op

Independence

In conducting my audit, I have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's Opinion

In my opinion the financial statements presently fairly, in all material respects, the financial position of The Pyjama Foundation Limited as at 30th June 2014 and of its financial performance and its cash flows for the year then ended are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the Australian Accounting Standards to the extent that described in Note 1 to the financial statements.

Emphasis of Matter

I draw your attention to Note 1 to the financial statements, which described the basis of accounting. The auditor alerts users of the auditor's report that the financial report is prepared in accordance with a special purpose framework and therefore, may not be suitable for another purpose.



Dated: 30 September 2014

.....
Robert Edwards B Com FCA
RCA# 6246
Level One 180 Main Street
Kangaroo Point Qld 4169