Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Financial Statements

for the year ended

30 June 2017

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

Table of Contents

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Directors' Report

Your Directors present their report on the Diabetic Association of Queensland Limited – Trading as Diabetes Queensland (the 'company') for the financial year ended 30 June 2017.

The names of each person who has been a director during the year and to the date of this report are:

Craig Beyers
Monika Campbell
Susann Holzberger
Dr Maarten Kamp
Michael Reid
Jane Schmitt (Resigned 14 June 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Michele Clatworthy – (Bachelor of Business - Accountancy, with distinction, Grad Dip Corp Gov, FCPA, AGIA). Michele has over 25 years commercial financial and business experience in the banking, aviation and government sectors and is currently undertaking her Masters in Business Administration.

Review of operations and principal activities

During the current year, Diabetes Queensland continued in its role as the peak body for people with diabetes in Queensland, providing a powerful voice for people living with or at risk of diabetes.

Strategic objectives

This year Diabetes Queensland continued its strategic plan working towards two key goals to:

- Improve the health and wellness for people living with all types of diabetes; and
- Reduce the incidence of preventable diabetes in the community.

Under the plan, Diabetes Queensland continues to focus its work across six key areas:

- ***Awareness and Advocacy*** – raising awareness and increasing advocacy efforts to create a sense of urgency within government and the community about the seriousness of all types of diabetes, and generating improved funding and activity across the community to prevent type 2 diabetes.
- ***Connection and Support*** – connecting and supporting communities and individuals to ensure Diabetes Queensland can better understand, be responsive and have relevance for people with diabetes. Connecting with health professionals and organisations to cultivate strong, sustainable relationships to expand Diabetes Queensland's reach, impact and influence, and promote healthy living for all Queenslanders and the prevention of type 2 diabetes.
- ***Education and Information*** – providing trusted, up-to-date education and information to empower all Queenslanders living with diabetes to manage their condition, working with and empowering health professionals to better care for and support people with diabetes, and to inform and educate the community about their risk of type 2 diabetes and the steps they can take to prevent it.
- ***Evidence and Research*** – increasing Diabetes Queensland's commitment to support and grow research and building the evidence to inform educational programs, campaigns, policy and system reform.
- ***Fundraising*** – engaging Diabetes Queensland's supporter base through fundraising activities to provide much needed funds to deliver programs and services and support research.
- ***Capacity and Capability*** - building Diabetes Queensland's capacity for success by growing our workforce, infrastructure and financial base to ensure the organisation continues to meet the needs of the person with diabetes into the future.

Review of operations and principal activities (continued)

Principal activities

Diabetes Queensland expanded its activity in line with its strategic objectives, delivering a range of awareness and prevention initiatives targeting at risk communities, while continuing to provide much needed support and education for people living with all types of diabetes.

During the year the company:

- Staged major educational campaigns to support National Diabetes Week (NDW), World Diabetes Day (WDD) and subsidised access to Continuous Glucose Monitoring (CGM). In July, NDW activities included regional media releases, social media posts and local radio and newspaper interviews across the State. Posters were circulated to all Queensland MPs plus access points, health professionals, support groups and workplaces. Factsheets were sent to all Queensland MPs. In November, Diabetes Queensland held the annual Parliamentary event for World Diabetes Day.

- Distributed more than 690 media interactions throughout the year, including My Health for Life program and the Healthy Futures Commission. Achieved more than 223,066 users unique web visits and 2,033 new followers on social media. Diabetes Queensland's policy submissions to government resulted in two appearances before the Parliamentary Committee on Health, both providing support for a preventive health agenda.

- Developed the Queensland Government's My Health for Life prevention program planning, schedule and policy documentation. Subsequently, a concept proofing exercise was successfully completed in Caboolture which resulted in the development of the My Health for Life Participant Program in both the Group Based and Telephone Coaching iterations. The program has been commenced in 3 communities: Wide Bay, Cairns and Moreton North as planned with all contract payment milestones achieved during the year.

- Delivered diabetes education to more than 24,308 people through programs such as EXPOsing, Diabetes What Now, Information Days, Face to Face and Online Shopping Tours and Kids Camps and activities;
- Disseminated at least 119,353 fact sheets and resources (fact sheets, information resources, newsletters and publications), providing the most up-to-date information, education and support to help people learn how to manage their diabetes;
- Delivered prevention programs including initiatives such as Need for Feed to over 20 schools.
- Reached more than 58,000 people through its Helpline centre, providing over-the-phone support to Queenslanders living with diabetes;
- Continued to support Diabetes Queensland members and registrants through the outbound call service, calling more than 30,000 people;
- Continued support for women with gestational diabetes, distributing over 14,655 information packs and 40,328 reminder letters to ensure women get appropriate follow up and support;
- Delivered education to 3,189 Health professionals and support workers through programs such as Understanding Diabetes and Carbohydrate Counting, presented education sessions at 10 industry events, and engaged with over 6,200 Health professionals at 38 industry events;
- Continued to build the evidence base for diabetes management and prevention by delivering 6 academic papers and presentations; and
- Continued to build the capacity and capability of the company, improving internal processes and systems for the ongoing ISO 9001:2008 Quality Management Systems accreditation, successfully transitioning to ISO9001:2015 certification during the year.

The company continued its focus on revenue growth with the continued development of a dedicated fundraising unit. Diabetes Queensland's bequest program continued to nurture community support for research, education and support programs. During the year Diabetes Queensland received $96,383 in bequests. The company recorded an operating profit of $87,196 which is reflected in investment of strategic key focus areas, particularly fundraising and website development.

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Directors' Report (continued)

Key performance measures

The company measures its own 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 short-term and long-term objectives are being achieved.

Strategic focus area

Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

	Actual	Target
Awareness and Advocacy		
Increase online engagement through unique web visits	223,066	120,000
Increase community awareness through targeted media interactions	690	200
Connection and Support		
Target industry events to raise awareness of diabetes and the benefits of Diabetes Queensland	26	11
Education and Information		
Provide diabetes information sheets to provide help and support in managing the condition	92,998	92,000
Improve the lives of people living with diabetes through Health Professionals responding to specific diabetes focused enquiries through our Helpline	2,421	3,500
Evidence and Research		
Contribute to better health outcomes by submitting research papers to health professional conferences	10	6
Fundraising		
Implement donor communications to retain donors	8,327	7,000
Grow database of supporters	11,476	14,000
Capacity and Capability		
Membership revenue	$1,702,905	$1,721,997
Number of financial members	38,361	40,661
Donor base	11,476	14,000
Customer satisfaction	96%	85%

Significant changes in state of affairs

Other than for entering into new contracts for the NDSS and My Health for Life government programs, no significant changes in the company's state of affairs occurred during the financial year

After balance date events

Other than the matters detailed in future developments below, there are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

The company expects to maintain the present status and level of operations and hence there are no significant developments in the operations of the company and the expected results at least for the next three financial years.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Capital

As a company limited by guarantee, the company does not have shares or options. If the company is wound up, the constitution states that each member is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the company. As at 30 June 2017, the number of company members who would be liable if the company was to be wound up is 38,361 (2016: 40,240).

Information on directors

Craig Beyers **President (Chairperson)**

Qualifications

Bachelor of Engineering in Environmental Engineering, Member of the Australia Acoustical Society, Board member of Diabetes Australia Ltd.

Experience

Craig has been a Diabetes Queensland Board member since November 2011.

Craig's experience of having type 1 diabetes for more than 25 years provides him with a first-hand understanding of the complexities and challenges facing people with type 1 diabetes. The knowledge and experience gained by Craig in both his personal and professional life (management role within a successful engineering consultancy) has motivated Craig to become involved in the direction of Diabetes Queensland as a way to help others with this condition.

Responsibilities

President of the Board, Member of the Audit & Risk Management Committee.

Monika Campbell **Vice President**

Qualifications

Masters Human Resource Management (M HRM) Bachelor of Behavioural Sciences – (Industrial Relations & OH&S) – BBehSci (IR & OHS), Certified Professional AHRI (CAHRI), Member of National Safety Council Australia.

Experience

Monika has been a Diabetes Queensland Board member since November 2014.

Monika has 7 years' experience as a Senior Safety and Human Resources Professional, people leader and coach in energy, manufacturing, gaming, agriculture sectors, in private and ASX listed companies. Monika has provided professional services to Diabetes Queensland to develop key people strategies.

Monika has a proven record of driving business performance through safety and people strategies utilising a leadership style that is engaging and forward focused.

Monika's personal experience with Gestational Diabetes (GDM) gives her real insight for what it means to live with Diabetes. She is passionate and motivated about applying her personal experience and professional expertise to contribute to Diabetes Queensland's achievement of its stated strategic goals.

Responsibilities

Vice President of the Board, Member of the Audit & Risk Management Committee

Information on directors (continued)

Dr Maarten Kamp

Qualifications

MBBS, FRACP, MHA, GAICD.

Experience

Maarten has been a Diabetes Queensland Board member since September 2008.

Maarten trained as an endocrinologist, and practices privately in diabetes and general endocrinology. Maarten is a past President of Diabetes Queensland and of the Australian Diabetes Society and past Executive Board member of Diabetes Australia Ltd. He was a member of the Steering Group for the NHMRC type 2 diabetes guidelines and the Expert Advisory Group for the type 2 diabetes primary prevention guidelines and the Expert Advisory Group for NHMRC guidelines on the management of type 1 diabetes in children and young adults.

In 2010, Maarten completed formal training as a director through the Australian Institute of Company Directors.

With his extensive knowledge and commitment to diabetes in the community, Maarten brings invaluable expertise to the Diabetes Queensland board.

Responsibilities

Member of the Board.

Susann Holzberger **Director**

Qualifications

B.Pharm, Member of the Board of the Australia College of Pharmacy, Member of the Australian Institute of Company of Directors.

Experience

Susann has been a Diabetes Queensland Board member since November 2009. As a pharmacist with 30 years' experience, Susann has owned a number of pharmacies. Susann has been involved with teaching in Pharmacy schools at UQ and QUT. She is currently a director on the Australian College of Pharmacy Board. Susann has a continuing interest in diabetes prevention, management and disease awareness.

Responsibilities

Member of the Board.

Michael Reid **Director**

Qualifications

B.Commerce (Hons), University of Manitoba, Canada; Fellow of the Chartered Accountants Australia and New Zealand (CAANZ); FAICD.

Experience

Mike has been a Diabetes Queensland Board member since June 2002. Mike has a professional background as a Chartered Accountant, having worked in a number of countries including Canada and Australia. Mike is a senior partner at Ernst & Young, Brisbane, and specialises in corporate accounting and audit. Mike's experience combined with a high level of business acumen and professionalism enables him to bring a high degree of financial stewardship to the Diabetes Queensland Board.

Mike's knowledge of corporate finance, accounting, risk management and strategic planning has enhanced the Board's level of corporate governance. Mike advises key corporate entities on financial matters and draws on this knowledge to ensure Diabetes Queensland's financial procedures and practices remain strong.

Responsibilities

Member of the Board and Chair of the Audit & Risk Management Committee.

Directors' Report (continued)

Information on directors (continued)

Jane Schmitt Director (Resigned 14 June 2017)

Qualifications

LL.B; LL.M; GAICD, CEO and Company Secretary for AMA Queensland, Executive Director AMA Queensland Foundation, Director Independent Schools Queensland Board and Chair Emergency Medicine Foundation Strategic Grants Committee.

Experience

Jane has been a Diabetes Queensland Board member since November 2014.

Jane is a lawyer by profession, having worked in private and corporate arenas and whose move into executive management has seen her in roles at Australia's largest medical indemnity insurer and Master Builders Australia, before taking on the role of CEO at the Australian Medical Association Queensland.

Her expertise lies in initiation innovative operational and strategic changes to enhance the influence and profile of communities and businesses. Jane is a strategic thinker, a straight talker and contributes vision and enthusiasm, strong leadership skills and business acumen.

Responsibilities

Member of the Board and a Member of the Audit & Risk Management Committee.

Directors' Report (continued)

Meeting of directors

During the financial year, 7 Board meetings and 4 Audit and Risk Management Committee meetings were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Board of Directors' meetings		
Craig Beyers	7	7
Monika Campbell	7	7
Susann Holzberger	7	7
Dr Maarten Kamp	7	5
Michael Reid	7	5
Jane Schmitt (Resigned 14 June 2017)	6	6
Audit & Risk Management Committee		
Michael Reid	4	4
Craig Beyers	4	4
Monika Campbell	2	2
Dr Maarten Kamp	2	1
Jane Schmitt (Resigned 14 June 2017)	4	1

Indemnifying officers or auditors

During the financial period, the company has paid a premium to insure all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacities as directors and officers of the company, other than conduct involving a wilful breach of duty in relation to the company. The total premium was $11,110 * (2016: $12,100) including GST.

** This amount is all inclusive of Professional Indemnity, Directors and Officers and Employment Practices Liability.*

The company has not otherwise, during or since the end of the financial period, in respect of any person who is or has been an officer or auditor for the company:

- indemnified or made any relevant agreement for indemnifying any such person against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not party to any such proceedings during the year.

Directors' Report (continued)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 11 of the financial report.

Signed in accordance with a resolution of the board of directors.

Craig Beyers
Chairperson (Director)

Date: 4 September 2017

Nexia Australia

Lead Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Diabetic Association of Queensland Limited

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2017, there have been no contraventions:

(i) to the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) of any applicable code of professional conduct in relation to the audit.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 28 August 2017

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ABN: 18 009 790 327

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Note	2017 $	2016 $
Income			
Revenue	4	14,872,895	12,221,932
Other revenue		10,723	21,238
Investment Income	8	197,108	96,072
Total Revenue		**15,080,726**	**12,339,242**
Expenses			
Employee expenses	5	6,838,393	7,278,569
Supplies and services	6	7,620,694	4,419,293
Cost of sales		49,517	195,926
Depreciation & amortisation expense	11,12	261,985	381,566
Other expenses	7	222,941	250,734
Total expenses		**14,993,530**	**12,526,088**
Operating result before income tax		**87,196**	**(186,846)**
Income tax expense	2(k)	-	-
Net operating result after income tax		**87,196**	**(186,846)**
Other comprehensive income			
Net changes in fair value of financial assets	20(a)	(127,482)	(29,471)
Other comprehensive income		**(127,482)**	**(29,471)**
Total comprehensive loss for the period		**(40,286)**	**(216,317)**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

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Statement of Financial Position
As at 30 June 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	9	5,766,651	5,290,128
Trade and other receivables	10	763,373	1,080,576
Inventory		6,303	2,116
Other current assets		48,720	38,530
Total current assets		**6,585,047**	**6,411,350**
Non-current assets			
Financial assets	19	1,272,036	1,202,668
Property, plant & equipment	11	3,116,848	3,291,776
Intangible assets	12	104,874	185,149
Total non-current assets		**4,493,758**	**4,679,593**
Total assets		**11,078,805**	**11,090,943**
Current liabilities			
Trade and other payables	13	2,173,441	1,455,200
Employee benefits	14	664,125	615,438
Unearned income	15	943,273	1,632,760
Total current liabilities		**3,780,839**	**3,703,398**
Non-current liabilities			
Employee benefits	14	189,937	239,230
Total non-current liabilities		**189,937**	**239,230**
Total liabilities		**3,970,776**	**3,942,628**
Net assets		**7,108,029**	**7,148,315**
Equity			
Retained earnings		6,929,769	6,842,573
Financial assets reserve	20(a)	32,685	160,167
Development fund reserve	20(b)	145,575	145,575
Total equity		**7,108,029**	**7,148,315**

 The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Statement of Changes in Equity
For the year ended 30 June 2017

	Note	Retained earnings $	Development Fund reserve $	Financial assets reserve $	Total $
Opening balance as at 1 July 2015		7,029,419	145,575	189,638	7,364,632
Net operating result after income tax		(186,846)	-	-	(186,846)
Other comprehensive income					
Changes in fair value of financial assets		-	-	(29,471)	(29,471)
Total other comprehensive income		**-**	**-**	**(29,471)**	(29,471)
Assets transferred (to)/from other equity accounts		-	-	-	-
Total comprehensive income for the year		**(186,846)**	**-**	**(29,471)**	**(216,317)**
Closing balance as at 30 June 2016		**6,842,573**	**145,575**	**160,167**	**7,148,315**
Net operating result after income tax		87,196	-	-	87,196
Other comprehensive income					
Changes in fair value of financial assets			-	(127,482)	(127,482)
Total other comprehensive income		**-**	**-**	**(127,482)**	(127,482)
Assets transferred (to)/from other equity accounts		-	-	-	-
Total comprehensive income for the year		**87,196**	**-**	**(127,482)**	**(40,286)**
Closing balance as at 30 June 2017		**6,929,769**	**145,575**	**32,685**	**7,108,029**

For a description of each reserve refer to note 20

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flow from operating activities			
Receipts from customers		16,327,985	13,543,262
Payments to suppliers and employees		(14,924,882)	(12,189,349)
GST (paid)/received		(1,128,565)	(575,002)
Receipts from investments		112,438	117,238
Net cash flow from operating activities	9(b)	**386,976**	**896,149**
Cash flow from investing activities			
Acquisition of property, plant and equipment		(6,782)	(14,192)
Acquisition of Software		-	(156,688)
Net (purchase)/sale of investments		96,329	(27,601)
Net cash flow from investing activities		**89,547**	**(198,481)**
Net increase/(decrease) in cash and cash equivalents		**476,523**	**697,668**
Cash and cash equivalents as at 1 July		5,290,128	4,592,460
Cash and cash equivalents as at 30 June 2017	9(a)	**5,766,651**	**5,290,128**

 The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the year ended 30 June 2017

1. Company information

Diabetic Association of Queensland Limited – trading as Diabetes Queensland (the 'company') is a public company limited by guarantee, incorporated and domiciled in Australia under the *Corporations Act 2001*. The company's registered office and its principal place of business are as follows:

29 Finchley Street
Milton Qld 4064

Company guarantee

The liability of members is limited and the constitution states that in the event of the company being wound up, each member is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the company. At 30 June 2017, the number of financial members was 38,361 (2016: 40,240).

The company's constitution also prohibits the payment of dividends. Consequently, the company's capital comprises of its retained earnings and reserves, supported by financial assets. The company's policy is to balance these sources of capital to meet its operating requirements and to ensure that the company can continue as a going concern.

There are no externally imposed capital requirements. There have been no changes in strategy adopted by management to control the capital of the company since last year.

The financial statements were authorised for issue by the directors on 4 September 2017.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. Certain comparative amounts have been reclassified to conform to the current year's presentation.

(a) Statement of compliance

The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards and is a charity registered with the Australian Charities and Not-for-profits Commission. These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) where applicable to not-for-profit entities. Unless otherwise stated, these financial statements have been prepared on an accrual basis and in accordance with the historical cost convention.

(b) Revenue

A significant amount of the company's revenue is derived from government grant programs (see note 21). Grant revenue is recognised in profit or loss when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company 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 retain the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Revenue is measured at the fair value of the consideration received or receivable.

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

2. Significant accounting policies (continued)

Revenue (continued)

Annual membership subscriptions are recognised on a proportional basis from the date the membership is accepted and/or renewed, to the year end.

Donations, appeals and sponsorships are recognised as revenue when received, other than where the amount relates to a specific activity to be conducted in a subsequent financial period. In these cases, the amount is carried forward in the statement of financial position as unearned income.

Bequests received with specific conditions are carried forward in the statement of financial position as unearned income. When the specific conditions are satisfied, the bequest is recognised as other income to match the expenditure incurred. All other bequests are recognised as income when received.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(c) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price). Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the company for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- **Level 1** – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- **Level 2** – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- **Level 3** – represents fair value measurements that are substantially derived from unobservable inputs.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the company include, but are not limited to, published sales data for land and general office buildings. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued.

Significant unobservable inputs used by the company include subjective adjustments made to observable data to take account of the characteristics of the company's assets/liabilities and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Details of the company's fair value measurements are contained in note 19(e).

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are recognised initially at cost which includes transaction costs, when the related contractual rights or obligations exist, except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to the profit or loss immediately.

2. Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

The company's financial instruments are classified and measured as follows:

Cash and cash equivalents – held at amortised cost
Receivables – held at amortised cost
Financial assets – Available-for-sale, held at fair value
Payables – held at amortised cost

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of six months or less.

Receivables and payables

Receivables and payables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is generally required between 14 to 30 days from the invoice date.

Unsecured trade payables are initially recognised at fair value, net of transaction costs and are usually paid within 30 days of recognition.

Other debtors generally arise from transactions outside the usual operating activities of the company and are recognised at their assessed values. Settlement terms depend on the nature of the receivable. No interest is charged and no security is obtained.

Available-for-sale financial assets

Available for sale financial assets are non-derivative investments where there is neither a fixed maturity nor fixed or determinable payments.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the financial assets reserve, with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the financial asset reserve is reclassified to profit or loss.

The fair values of AFS financial assets that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the end of the reporting period, adjusted for transaction costs expected to be incurred. Further details of the company's AFS investments are contained in note 19.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative impact on the estimated future cash flows of that financial asset.

Individually significant financial assets are tested for impairment on an individual basis. Certain categories of financial asset that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

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

2. Significant accounting policies (continued)

Financial instruments (continued)

discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

Derecognition of financial instruments

Financial assets are derecognised when the asset is disposed of to another party whereby the company no longer has any continuing involvement in the risks and benefits associated with the financial asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

(e) Property, plant & equipment

Recognition and measurement

Actual cost is used for the initial recording of all acquisitions of assets controlled by the company. Cost is determined as the value given as consideration plus costs incidental to the acquisition and costs incurred in getting the assets ready for use.

Land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition or incurred to bring the asset into operation. All items of property, plant and equipment which are purchased with a cost in excess of $5,000 (inclusive of GST) are capitalised in the year of acquisition. If the purchase cost is less than $5,000 (inclusive of GST) then the item is expensed in profit or loss.

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

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value commencing from the time the asset is held ready for use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land is not depreciated as it is deemed to have an unlimited useful life.

Depreciation rates for each class of depreciable assets are outlined below:

Class	**Depreciation Rate**
Buildings and improvements	3% to 25%
Plant and equipment	10% to 33%
Motor vehicles	18.75%

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. Significant accounting policies (continued)

(f) Intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and any accumulated impairment losses. Items of intangibles with a cost, or other value, equal to or in excess of $5,000 (inclusive of GST) are recognised in the statement of financial position in the year of acquisition. Any items less than $5,000 (inclusive of GST) are immediately expensed in profit or loss.

Amortisation is charged on a straight-line basis over the intangible asset's estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis. Intangible assets are amortised from the date they are available for use. The residual value is zero for all the company's intangible assets.

The amortisation rate and the related asset class are outlined below:

Class	Amortisation Rate
Externally acquired computer software	20% to 100%

(g) Impairment of non-financial assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the company determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

An asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried as at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(h) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Superannuation contributions made by the company to an employee superannuation fund are charged as an expense when incurred.

Short term benefits

Short term employee benefits expected to be settled within 12 months are classified as current liabilities and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Long term benefits

Long term employee benefits not expected to be settled within 12 months are classified as non-current liabilities and are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to

2. Significant accounting policies (continued)

Employee benefits (continued)

reporting date. The probability of employees taking long service leave is based on historical data. The discount rate is the yield at the reporting date on Corporate Bonds that have maturity dates approximating the terms of the company's obligations.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases (note 16). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(j) Taxation

The company is a not-for-profit organisation and as such is exempt from paying income tax to the Australian Taxation Office (the 'ATO') as per Section 50 of the *Income Tax Assessment Act 1997*.

Revenue, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

(k) Accounting estimates and judgements

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recognition of grant income and expenditure

The recognition of grant revenue requires estimates of the level of services delivered and expenditure incurred, including allocation of direct and indirect costs attributable to each grant.

3. Adoption of new and revised accounting standards

(a) Standards and Interpretations affecting the reported results or financial position

There are no new or revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position, presentation or disclosure.

(b) Standards and Interpretations not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective and may have a material impact on the company's financial statements in future reporting periods.

3. Adoption of new and revised accounting standards (continued)

Standards and Interpretations not yet adopted (continued)

AASB 15 *'Revenue from Contracts with Customers'*

This Standard will become effective from reporting periods beginning on or after 1 January 2019 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue, such that some revenue may need to be deferred to a later reporting period to the extent that the company has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned income) in the meantime). The company is currently analysing the impact of the new standard on its present accounting practices.

AASB 9 *'Financial Instruments'*

This Standard will become effective from reporting periods beginning on or after 1 January 2018. The main impact of this standard on the company is to change the requirements for the classification, measurement, impairment and disclosures associated with the company's financial assets.

The company has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the company's conclusions will not be confirmed until closer to that time.

4. Revenue

	Note	2017 $	2016 $
Grant funding for the delivery of NDSS services		4,426,247	2,658,575
Commissions earned on sale of NDSS goods		-	5,315,180
Grant funding for the delivery of My Health for Life services		6,885,927	-
Sale of Diabetic Association of Queensland Ltd goods and services		94,304	279,315
Membership subscriptions		1,702,905	1,717,319
Donations, bequests, appeals and sponsorship		921,192	1,141,622
Fees and events		128,601	116,748
Grant revenue		302,241	817,312
Provision of services (Diabetes Australia Ltd)	18	411,478	175,861
Total		**14,872,895**	**12,221,932**

5. Employee Expenses

	Note	2017 $	2016 $
Employee benefits		6,321,259	6,869,555
Employee related expenses		517,134	409,014
Total		**6,838,393**	**7,278,569**

Temporary staff costs have been reclassified as Employee expenses. In the prior year temporary staff costs of $265,899 were classified as supplies and services. The comparative amount has been amended to reflect this.

6. Supplies and services

	Note	2017 $	2016 $
Advertising, media and marketing expense		270,248	46,873
Consultancies and contractors	(a)	2,380,860	631,581
Diabetes Australia National Levy		83,499	83,499
Donations to research		70,000	-
Fundraising activities		292,019	238,220
IT infrastructure, maintenance and support expense	(a)	2,017,950	534,840
Legal fees		76,850	10,019
Postage and telephone expense		740,580	1,103,358
Premises expense		130,626	116,793
Program delivery expense	(a)	821,649	276,486
Publication, printing and stationery expense		469,966	406,629
Security and records expense		79,547	78,460
Event costs		171,320	325,269
Warehouse and freight expense		15,580	567,266
Total		**7,620,694**	**4,419,293**

(a) Included in the current year supplies and services expenditure are amounts relating to the My Health for Life grant activity.

7. Other expenses

	Note	2017 $	2016 $
Other expenses	(a)	222,941	250,734

(a) Included in Other expenses are the following items:

	2017	2016
Auditor's remuneration		
Audit of financial statements	27,000	27,000
Other assurance services (NDSS and Art Unions)	14,660	7,700
Taxation services provided by related practice	258	1,950
Total Auditor's remuneration	**41,918**	**36,650**

8. Investment income

	2017 $	2016 $
Interest received	29,107	74,516
Dividends and distributions received	78,129	27,738
Realised gains(/losses)	89,872	(6,182)
Net investment income	**197,108**	**96,072**

Investment income derives from the company's financial assets (note 19(f)) and cash balances (note 9).

9. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

	Note	2017 $	2016 $
Cash on hand and cash at bank	(a)	2,241,178	1,481,415
Short term deposits	(a)	3,525,473	3,808,713
Total		**5,766,651**	**5,290,128**

(a) The effective interest rate on short-term bank deposits which are available at call was between 0.60% and 2.80% (2016: between 0.95% and 3.09%).

(b) Reconciliation of operating result to net cash flow from operations

	Note	2017 $	2016 $
Operating result		**87,196**	**(186,846)**
Adjustments for:			
Depreciation & amortisation expense		261,985	381,566
(Increase)/Decrease in Assets			
Trade and other receivables		317,204	65,266
Inventory		(4,187)	13,724
Other current assets		(10,191)	21,484
Increase/(Decrease) in Liabilities			
Trade and other payables		718,245	99,976
Employee benefits		606	234,368
GST payable		(294,396)	118,917
Unearned income		(689,486)	147,694
Cash generated from operating activities		**386,976**	**896,149**
Net cash from operating activities		**386,976**	**896,149**

10. Trade and other receivables

	Note	2017 $	2016 $
Trade debtors		75,980	621,323
GST receivable		221,569	-
Other receivables		465,824	459,253
Total		**763,373**	**1,080,576**

Notes to the Financial Statements
For the year ended 30 June 2017

11. Property, plant & equipment

Movement reconciliation

	Note	Land $	Buildings $	Plant & Equipment	Total $
Gross value - at cost		1,650,000	2,783,341	1,245,782	5,679,123
Accumulated depreciation		-	(1,038,420)	(1,015,392)	(2,053,812)
Carrying amount as at 1 July 2015		**1,650,000**	**1,744,921**	**230,390**	**3,625,311**
Additions		-	-	14,192	14,192
Depreciation		-	(168,494)	(179,233)	(347,727)
Carrying amount as at 30 June 2016		**1,650,000**	**1,576,427**	**65,349**	**3,291,776**
Gross value - at cost		1,650,000	2,753,879	953,284	5,357,163
Accumulated depreciation		-	(1,177,452)	(887,935)	(2,065,387)
Carrying amount as at 30 June 2016		**1,650,000**	**1,576,427**	**65,349**	**3,291,776**
Additions		-	-	6,782	6,782
Depreciation		-	(133,681)	(48,029)	(181,710)
Carrying amount as at 30 June 2017		**1,650,000**	**1,442,746**	**24,102**	**3,116,848**
Gross value - at cost		1,650,000	2,489,504	935,468	5,074,972
Accumulated depreciation		-	(1,046,758)	(911,366)	(1,958,124)
Carrying amount as at 30 June 2017		**1,650,000**	**1,442,746**	**24,102**	**3,116,848**

12. Intangibles

	Note	2017 $	2016 $
Software - at cost		859,521	797,822
Accumulated amortisation		(674,372)	(735,522)
Carrying amount as the beginning of the year		**185,149**	**62,300**
Additions		-	156,688
Amortisation		(80,275)	(33,839)
Carrying amount as the end of the year		**104,874**	**185,149**
Software - at cost		361,461	859,521
Accumulated amortisation		(256,587)	(674,372)
Carrying amount as the end of the year		**104,874**	**185,149**

13. Trade and other payables

	Note	2017 $	2016 $
Trade payables	19	1,028,982	485,398
GST payable		-	294,397
PAYG payable		85,776	78,408
Other payables	19	1,058,683	596,997
Total		**2,173,441**	**1,455,200**

14. Employee benefits

	Note	2017 $	2016 $
Current employee benefits			
Salary & related costs payable		143,905	170,464
Annual leave payable		342,319	340,472
Long service leave payable		177,901	104,502
Total current employee benefits		**664,125**	**615,438**
Non-current employee benefits			
Long service leave payable		189,937	239,230
Total non-current employee benefits		**189,937**	**239,230**
Total employee benefits		**854,062**	**854,668**

15. Unearned income

	Note	2017 $	2016 $
Membership subscriptions in advance		871,181	960,079
Unearned grant income		72,092	672,681
Total		**943,273**	**1,632,760**

16. Commitments for expenditure

(a) Operating lease commitments

Non-cancellable operating leases (inclusive of GST) contracted for but not capitalised in the financial statements are:

	Note	2017 $	2016 $
Payable – minimum lease payments			
- not later than 12 months		-	62,934
		-	**62,934**

17. Key management personnel compensation

Key management personnel of the company are directors and those members of senior management who have overall authority and responsibility for planning, directing and controlling the activities of the company. Details of aggregate compensation for key management personnel are set out below:

	Note	Short term employee benefits $	Post-employment benefits $	Long-term employee benefits $	Total $
2017					
Total compensation	(a)	1,036,560	123,717	21,894	**1,182,171**
2016					
Total compensation	(b)	970,848	106,636	21,118	**1,098,602**

(a) The current year's figures reflect the portion of a new executive position created to deliver on grant contractual obligations.

(b) The previous year's figure reflects the portion of compensation of 1 officer role that became eligible to be recognised in executive remuneration commencing during the 2016 financial year.

Director's remuneration

No member of the board received any fees or any other benefits during the financial year.

Executive remuneration

The Board of Directors monitor executive remuneration, and is set at levels necessary to attract experienced and suitable candidates in the current employment market.

Key management personnel compensation (continued)

Contracts for service

Executives are employed under contracts of employment with the company.

18. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

a) Directors and key management personnel

The directors and key management personnel, or their related entities, may transact with the company within a normal member, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the company would have adopted if dealing with a company at arm's length. These transactions include the following:

As customers

Payment of membership subscriptions, purchase of goods and services, and/or payment of donations and fundraising amounts.

The amounts involved in the above transactions are nominal.

As suppliers

Mike Reid is a Partner of Ernst & Young. Ernst & Young has provided consultancy services to the company in relation to the My Health for Life program. The value of the services is $512,192 (2016: Nil).

b) Other related parties

Mr Craig Beyers, a director of the company, is also a director of Diabetes Australia Ltd (DAL). DAL is the national body representing the interests of people with or at risk of diabetes.

The company acts as an agent of DAL under the NDSS contract and derives revenue from that service (see note 2(b)). The company also provided other services to DAL in the year to the value of $411,478 (2016: $175,861). DAL owes the company $22,275 (2016: $250,277) at balance date, and the company owes DAL $ 432,267(2016: Nil).

19. Financial instruments and risk management

The company has exposure to the following risks from their financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the company's exposure to each of the above risks, their objectives, and policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

19. Financial instruments and risk management (continued)

The totals for each category of financial instruments are as follows:

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	9,19(c)	5,766,651	5,290,128
Trade and other receivables	10,19(b)	763,373	1,080,576
Available for sale financial assets	19(c),(a)	1,272,036	1,202,668
Total financial assets		**7,802,060**	**7,573,372**
Financial liabilities			
Trade and other payables	13,(b)	(2,087,665)	(1,082,395)
Salary & related costs payable	14	(143,905)	(170,464)
Total financial liabilities		**(2,231,570)**	**(1,252,859)**

(a) Available-for-sale financial assets comprise investments in equities and fixed interest securities held through a major Australian fund manager. There are no fixed returns or fixed maturity dates attached to these investments.

(b) Financial liabilities exclude GST payable and PAYG payable (note 13) as these are statutory obligations and as such don't meet the recognition requirements of a financial instrument.

(a) Overview of financial risk management policies

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

The company's overall risk management strategy seeks to assist the company in meeting its short term and long term financial targets, whilst minimising potential adverse effects on financial performance. The audit and risk management committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. This includes credit risk policies and future cash flow requirements.

(b) Credit risk

Credit risk is a risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables and term deposits at banks. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets as disclosed in profit or loss and notes to the financial statements.

Cash and cash equivalents

The company held cash and cash equivalents of $5,766,651at 30 June 2017 (2016: $5,290,128). The cash and cash equivalent are held with banks and financial institutions, which are rated AA- or greater.

19. Financial instruments and risk management (continued)

Credit risk (continued)

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also consider other factors that may influence the credit risk of its customer base, including the default risk of the industry and general economic indicators.

A significant amount of the company's revenue is derived from services rendered to Diabetes Australia Ltd and government (see Note 21).

At balance date, the amounts receivable from these entities totalled $463,696 (2016: $1,022,631). Other than under these arrangements the company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

At 30 June 2017, the aging of trade and other receivables that were not impaired was as follows:

	Note	2017 $	2016 $
Neither past due or impaired		463,990	1,033,499
Past due 1-30 days		172,541	40,315
Past due 31-90 days		126,842	6,762
Total		**763,373**	**1,080,576**

(c) Market risk

Market risk is the risk that changes in interest rates and equity prices will affect the company's future cash flows or the fair value of its holdings of financial instruments. These changes are largely due to demand and supply factors in each relative market that a particular financial instrument trades in. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The company is exposed to market risk on its cash and available-for-sale financial assets. The primary objective of the company's investment strategy is to maximise returns in order to finance its operations. In accordance to the company's investment strategy, it holds managed fund investments and listed trusts which are designated available-for-sale financial assets.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the reporting date whereby a change in the interest rates will affect future cash flows or the fair value of the fixed rate financial instruments.

Interest rate risk is managed with a mixture of fixed and floating rate deposits. The financial instruments which primarily expose the company to interest rate risk are cash and cash equivalents and AFS financial assets.

The following table illustrates sensitivities to the company's exposures to changes in interest rates on its cash and cash equivalents. The table indicates the impact on how profit reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

19. Financial instruments and risk management (continued)

Market risk (continued)

	Note	2017 $	2016 $
Change in profit and equity			
Interest rate changes by +/- 1%		57,667	52,901

Equity price risk

Exposure to equity price risk arises on financial assets recognised at the end of the reporting date whereby a change in the financial market prices will affect future cash flows and the fair value of the financial assets.

The company is exposed to securities price risk on investments held for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

The following table illustrates sensitivities to the company's exposure to changes in market prices on its available-for-sale financial assets. The table indicates the impact on how equity values reported at the end of reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Note	2017 $	2016 $
Change in equity			
AFS financial assets changes by +/- 1%		12,720	12,027

(d) Liquidity risk

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

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenditure. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The company manages its liquidity risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The company's financial assets are realisable within 1 year, although available-for-sale financial assets are likely to be held beyond that period. All financial liabilities are due within 1 year.

19. Financial instruments and risk management (continued)

(e) Fair value

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Cash and cash equivalents, trade and other receivables and trade and other payables are short-term financial instruments whose carrying value is equivalent to fair value.

None of the company's valuations of assets or liabilities are eligible for categorisation into level 1. The company's available-for-sale financial assets are eligible for categorisation into level 2. There were no transfers of assets between fair value hierarchy levels during the current or prior period.

In relation available-for-sale financial assets which are measured at fair value on a recurring basis, the company uses the income approach to measure level 2 fair values. This approach reflects current market expectations about future cash flows or income and expenses into a single discounted present value. The input used to measure level 2 fair values of the company's available-for-sale financial assets are the various reports provided by the company's fund manager.

(f) Financial Assets

	Note	2017 $	2016 $
Available-for-sale financial assets		1,272,036	1,204,537
Total		**1,272,036**	**1,204,537**

This comprises investments in equities and fixed interest securities held in the name of the company's Diabetes iQ Fund, managed by a major Australian fund manager.

20. Reserves

(a) Financial asset reserve

The financial asset reserve records revaluation increments and decrements, excluding impairment write-downs that relate to financial assets that are classified available-for-sale. There is no tax applicable to these amounts. These amounts will be reclassified to profit or loss when specific conditions are met.

(b) Development fund

This fund consists principally of unconditional bequests made to the company during the financial years 1994 to present. The fund has been established by the directors for the ongoing evolutionary needs of the organisation, consistent with the objectives of the company.

21. Economic dependency

A significant amount of the company's revenue is derived through performance of prescribed activities within two major grant programs – the Commonwealth Government's NDSS Agency Agreement and the State Government's My Health for Life Program. The NDSS Agency Agreement held by Diabetes Australia Ltd, to which the company is a subcontractor, runs to 30 June 2020. The My Health for Life Program runs to 30 April 2020.

The level of income from donations, bequest, appeals and sponsorship are not directly under the control of the company and may vary substantially from year to year. The company is also reliant on members' subscriptions and government grants as sources of revenue.

Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Director's declaration
For the year ended 30 June 2017

The Directors of Diabetic Association of Queensland Limited – Trading as Diabetes Queensland declare that:

1. The financial statements and accompanying notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   a) comply with Australian Accounting Standards; and

   b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company.

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 become due and payable.

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

Craig Beyers
Chairperson

Date: 4 September 2017

Nexia Australia

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED

Opinion

We have audited the financial report of Diabetic Association of Queensland Limited (the company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration on the annual statements giving a true and fair view of the financial position and performance of the company.

In our opinion the accompanying financial report of Diabetic Association of Queensland Limited 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 company's financial position as at 30 June 2017 and of its financial performance for the year ended; and

ii) complying with 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 company in accordance with the auditor independence requirements of the Corporations Act 2001 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 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED (continued)

Information other than the financial report and auditor's report thereon

The directors of the company are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2017, 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, 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 the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED (continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Level 28, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 4 September 2017