Diabetic Association of Queensland Limited – Trading as Diabetes Queensland

ABN: 18 009 790 327

Financial Statements

for the year ended

30 June 2016

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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 end 30 June 2016.

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

Craig Beyers
Dr Maarten Kamp
Monika Campbell
Susann Holzberger
Carol Mackey – resigned (16 November 2015)
Belinda Moore – resigned (16 November 2015)
Michael Reid
Jane Schmitt

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.

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 and World Diabetes Day. National Diabetes Week activities included social media posts, regional media releases and local radio and newspaper interviews across the State. Posters were circulated to workplaces supporting Diabetes Queensland as part of the Go Green and Give campaign. In November, World Diabetes Day was previewed at the company's Exposing Diabetes event in Brisbane. Participants joined in recording World Diabetes Day messages and Diabetes Queensland took these messages to Parliament House. Sixty postcards were send to Queensland Chief Executive Officers, to reflect the number of Australians diagnosed with diabetes every day. The Swim 10 Swimathon was staged for the first time;
- Distributed more than 340 media interactions throughout the year and achieved more than 210,000 unique web visits and 3,145 new followers on social media. Diabetes Queensland's policy submissions to government resulted in two appearances before the Parliamentary Committee on Health;
- Delivered diabetes education to more than 19,600 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 700,000 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;
- Continued the National leadership for the Aboriginal and Torres Strait Islander and Cultural and Linguistically Diverse National Development Program areas under the National Diabetes Services Scheme;
- Delivered prevention programs including initiatives such as Need for Feed to over 20 schools and over 100 Know The Score presentations to 2,500 people;
- Reached more than 70,000 people through its call 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 33,000 people;
- Conducted over 4,200 risk assessments, helping people learn more about their risk of developing type 2 diabetes;
- Continued support for women with gestational diabetes, distributing over 12,900 information packs and 38,843 reminder letters to ensure women get appropriate follow up and support;
- Delivered education to 2,374 Health professionals and support workers through programs such as Understanding Diabetes and Carbohydrate Counting, presented education sessions at 8 industry events, and engaged with over 6,200 Health professionals at 25 industry events;
- Continued to build the evidence base for diabetes management and prevention by delivering 10 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, establishing a robust reporting structure utilising balanced scorecard methodology, and investing in personnel with the continued delivery of the Our Behaviours' People and Culture strategic plan.

The company strengthened 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 $184,281 in bequests. The company recorded an operating deficit of $186,846 which is reflected in investment of strategic key focus areas, particularly fundraising.

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

	Actual	Target
Awareness and Advocacy		
Increase online engagement through unique web visits	158,572	120,000
Increase community awareness through targeted media interactions	293	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	1,600
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	6,001	5,500
Grow database of supporters	12,164	8,000
Capacity and Capability		
Membership revenue	$1,717,319	$1,744,674
Number of financial members	40,240	41,732
Donor base	12,164	8,000
Customer satisfaction	96%	95%

Significant changes in state of affairs

No significant changes in the entity'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 entity, the results of those operations, or the state of affairs of the entity in future financial years.

Future developments

From 1 July 2016 the company entered into a new four year NDSS agreement on different terms and conditions from the previous agreement. Under the agreement, Diabetes Queensland will no longer deliver product supply and delivery services. However, the company will deliver universal services and continuing support programs in a nationally consistent way, with the goal of maximising the capacity of registrants under the Scheme to manage their diabetes.

In addition, the company has been successful in partnering with the Queensland Government to deliver the ambitious Health for Life! (H4L!) program. This program has been developed to address the increasing incidence of chronic disease in Queensland. Chronic diseases such as diabetes continue to not only have a significant impact on both the individual and the community, but also creates a significant demand on the broader health system.

Future developments (continued)

The H4L! Program will be delivered over four years by a group of entities, referred to as the 'Better Health Alliance' (the 'Alliance'). The company will play the lead role in the Alliance and will be partnered with the Stroke Foundation, Heart Foundation, Queensland Aboriginal & Islander Health Council (QAIHC), Ethnic Communities Council of Queensland (ECCQ), Ernst & Young (EY) and Queensland University of Technology (QUT), as well as the Primary Health Networks (PHNs) from across the state.

As defined within the Queensland Health agreement, the company and its alliance partners will deliver the following program goals to the state of Queensland:

- To effectively identify people at high risk of developing chronic disease, and provide them with appropriate lifestyle modification interventions;
- To increase health literacy levels and the capacity of program participants to adopt and maintain positive lifestyle changes to manage their risk factors;
- To improve community awareness, knowledge and attitudes about chronic disease risk factors and how to make positive lifestyle changes.

Environmental issues

The entity'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 2016, the number of company members who would be liable if the company was to be wound up is 40,240 (2015: 39,831).

Information on directors

Craig Beyers **Chairperson**

Qualifications

GAICD, Bachelor of Engineering in Environmental Engineering, Member of the Australia Acoustical Society, Committee Member of the Clean Air Society of Australia and New Zealand (Queensland Branch), Director 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.

Directors' Report (continued)

Information on directors (continued)

Dr Maarten Kamp **Deputy Chairperson**

Qualifications

MBBS, FRACP, MHA, FAICD.

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 is currently on the Expert Advisory Group for NHMRC guidelines on the management of type 1 diabetes in children and young adults. Maarten is Co-Chair of the Australian Diabetes Society 'Diabetes and Driving' project steering committee and a past or present member of numerous groups and committees advising on, conducting projects or developing guidelines for diabetes policy or care delivery.

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

Vice President of the Board, Chair of the Health Advisory Committee, Member of the Audit & Risk Management Committee and Member of the Indigenous Health Committee.

Monika Campbell **Director**

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 15 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

Member of the Board.

Information on directors (continued)

Susann Holzberger **Director**

Qualifications

B.Pharm, Member of the Board of the Australia College of Pharmacy, Member of the Australian 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 Asthma Foundation of Queensland board. Susann has a continuing interest in diabetes prevention, management and disease awareness.

Responsibilities

Member of the Board.

Carol Mackey **Director** **Resigned on 16 November 2015**

Qualifications

Bachelor of Economics, Certificate in Teaching, Representative on the Diabetes Australia Board, Representative on the Diabetes Australia Financial and Risk Management Committee and Diabetes Australia Delegate to the International Diabetes Federation.

Experience

Carol has been a Diabetes Queensland Board member since February 2008. Carol's working background has been varied but has mainly had a service focus. Her skills in education (secondary teaching) and marketing and events (Education Department and James Cook University) have been valuable to the organisation.

Carol would like to see Diabetes Queensland continue as the peak body for diabetes information, education and advocacy across the whole of Queensland. She would also like the organisation to continue and gain further recognition as a significant contributor to research so that in the future diabetes will become redundant. Carol would also like the community to become aware of the differences between type 1 and type 2 diabetes which will only come about through widespread education.

Responsibilities

Member of the Board.

Belinda Moore **Director** **Resigned on 16 November 2015**

Qualifications

BBus (Int), Dip. ExMgt.

Experience

Belinda is Australasia's foremost membership specialist and has assisted thousands of not-for-profit organisations with their membership challenges. She specialises in training, motivating and up-skilling boards, staff and volunteers to improve membership performance. In addition to her work on the board, Belinda is also the Managing Director of Strategic Membership Solutions. Belinda's extensive experience in the not-for-profit sector, coupled with her membership expertise, provides a valuable addition to the range of skills on the board at Diabetes Queensland.

Responsibilities

Member of the Board.

Directors' Report (continued)

Information on directors (continued)

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.

Jane Schmitt **Director**

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.

Meeting of directors

During the financial year, 4 Board meetings and 3 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	4	3
Dr Maarten Kamp	4	3
Monika Campbell	4	3
Susann Holzberger	4	3
Carol Mackey	1	-
Belinda Moore	1	-
Michael Reid	4	3
Jane Schmitt	4	4
Audit & Risk Management Committee		
Michael Reid	3	3
Dr Maarten Kamp	3	1
Craig Beyers	3	3
Jane Schmitt	3	1

Health Advisory Committee

There were no meetings held during the year.

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 $12,100 * (2015: $11,110) 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 entity

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

The entity 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 2016 has been received and can be found on page 12 of the financial report.

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

Craig Beyers
Chairperson (Director)

Date: 29 August 2016

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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 2016, 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: 22 August 2016

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ABN: 18 009 790 327

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	2016 $	2015 $
Income			
Revenue	4	12,221,932	12,097,288
Interest income from cash and cash equivalents		74,516	112,403
Other revenue		21,238	20,996
Total revenue		**12,317,686**	**12,230,687**
Cost of sales		(195,926)	(186,145)
Gross income		**12,121,760**	**12,044,542**
Expenses			
Employee expenses	5	7,012,670	6,940,232
Supplies and services	6	4,685,192	4,739,825
Depreciation & amortisation expense	11,12	381,566	477,516
Other expenses	7	250,734	256,481
Total expenses		**12,330,162**	**12,414,054**
Operating result		**(208,402)**	**(369,512)**
Investment income	8	47,839	26,260
Investment expense	8	(26,283)	(14,364)
Result from investing activities		**21,556**	**11,896**
Operating result before income tax		**(186,846)**	**(357,616)**
Income tax expense	2(k)	-	-
Net operating result after income tax		**(186,846)**	**(357,616)**
Other comprehensive income			
Net changes in fair value of financial assets	20(a)	(29,471)	49,899
Other comprehensive income		**(29,471)**	**49,899**
Total comprehensive loss for the period		**(216,317)**	**(307,717)**

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

ABN: 18 009 790 327

Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents	9	5,290,128	4,592,460
Trade and other receivables	10	1,080,576	1,145,843
Inventory		2,116	15,840
Other current assets		38,530	60,014
Total current assets		**6,411,350**	**5,814,157**
Non-current assets			
Financial assets	19	1,202,668	1,204,537
Property, plant & equipment	11	3,291,776	3,625,311
Intangible assets	12	185,149	62,300
Total non-current assets		**4,679,593**	**4,892,148**
Total assets		**11,090,943**	**10,706,305**
Current liabilities			
Trade and other payables	13	1,455,200	1,236,307
Employee benefits	14	615,438	532,344
Unearned income	15	1,632,760	1,485,066
Total current liabilities		**3,703,398**	**3,253,717**
Non-current liabilities			
Employee benefits	14	239,230	87,956
Total non-current liabilities		**239,230**	**87,956**
Total liabilities		**3,942,628**	**3,341,673**
Net assets		**7,148,315**	**7,364,632**
Equity			
Retained earnings		6,842,573	7,029,419
Financial assets reserve	20(a)	160,167	189,638
Development Fund reserve	20(b)	145,575	145,575
Total equity		**7,148,315**	**7,364,632**

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

ABN: 18 009 790 327

Statement of Changes in Equity
For the year ended 30 June 2016

	Note	Retained earnings $	Development Fund reserve $	Financial assets reserve $	Total $
Opening balance as at 1 July 2014		7,257,035	275,575	139,739	7,672,349
Net operating result after income tax		(357,616)	-	-	(357,616)
Other comprehensive income					
Changes in fair value of financial assets		-	-	49,899	49,899
Total other comprehensive income		-	-	**49,899**	49,899
Assets transferred (to)/from other equity accounts		130,000	(130,000)	-	-
Total comprehensive income for the year		**(227,616)**	**(130,000)**	**49,899**	**(307,717)**
Closing balance as at 30 June 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**

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 2016

	Note	2016 $	2015 $
Cash flow from operating activities			
Receipts from customers		13,543,262	13,042,027
Payments to suppliers and employees		(12,189,349)	(13,427,167)
GST (paid)/received		(575,002)	(511,664)
Receipts from investments		117,238	164,933
Net cash flow from operating activities	9(b)	**896,149**	**(731,871)**
Cash flow from investing activities			
Acquisition of property, plant and equipment		(14,192)	(53,788)
Acquisition of Software		(156,688)	(60,825)
Net (purchase)/sale of investments		(27,601)	3,325
Net cash flow from investing activities		**(198,481)**	**(111,288)**
Net increase/(decrease) in cash and cash equivalents		**697,668**	**(843,159)**
Cash and cash equivalents as at 1 July		4,592,460	5,435,619
Cash and cash equivalents as at 30 June	9(a)	**5,290,128**	**4,592,460**

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

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 2016, the number of financial members was 40,240 (2015: 39,831).

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 29 August 2016.

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 entity 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 *Corporations Act 2001*, *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

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

Revenue from the sale of goods including commissions earned under the Federal Government's National Diabetes Services Scheme ('NDSS'), is recognised upon the dispatch of goods to customers.

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

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.

2. Significant accounting policies (continued)

(b) Revenue (continued)

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.

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.

(c) Investment income and investment expenses

Investment income comprises interest income on funds invested and dividend income from available-for-sale ('AFS') financial assets. Interest revenue is recognised in profit or loss as it accrues, taking into account the effective yield on the financial asset.

Dividend income is recognised in profit or loss on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Investment expenses comprise impairment losses recognised on financial assets, realised losses on sale of financial assets, fund management expenses and bank or other financial institution charges.

(d) 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).

2. Significant accounting policies (continued)

(e) 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.

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

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition, less any reduction for impairment.

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.

Further details of the company's trade and other receivables are contained in note 10. Further details of the company's trade creditors and other payables are contained in note 13.

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.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

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 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 entity 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.

(f) 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

2. Significant accounting policies (continued)

(f) Property, plant & equipment (continued)

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.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the company.

A review has been conducted on all assets to determine the current economic life to the entity. Any change to an asset's economic life was applied as at 30 June 2016.

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. Further details of the company's disposal of property, plant and equipment are contained in note 11.

(g) 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%

Further details of the company's intangible assets are contained in note 12.

2. Significant accounting policies (continued)

(h) 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.

(i) 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. Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately in trade other payables.

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 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.

Further details of the company's employee benefits are contained in note 14.

(j) 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.

2. Significant accounting policies (continued)

(k) 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* with the exception of Fringe Benefits Tax ('FBT') and Goods and Services Tax ('GST').

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.

(l) 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.

Valuation of Land and buildings

Freehold land and buildings were independently valued during the 2015 financial year by Gold Valuations. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included in the location of the land and building, the current demand for land and buildings in the area and recent sales data for similar properties.

In the prior year, the directors reviewed the key assumptions made by the valuers and concluded that the carrying value of the land and building correctly reflected the fair value less cost to sell as at 30 June 2015. In the current year, the directors reviewed Queensland Treasury's 'Asset revaluation index: Non-residential construction, Queensland, March quarter 1998 to March quarter 2016' and concluded that the annual change indices of 2.6% for March 2016 was insignificant to warrant a revaluation adjustment to land and buildings in the current financial year.

For more information in relation to land and buildings is contained in Note 11.

Recognition of grant income and expenditure

The calculation of grant expenditure requires key estimates and judgements to be made in order to allocate direct and indirect costs attributable to each grant to determine the amount each grant's unearned income at balance date and also the amount of grant revenue and expenditure to be brought to account through profit or loss.

At 30 June 2016 the directors reviewed the key grant judgements made and are satisfied that grant income and expenditure has been correctly brought to account in the period and the balance of unearned grant income at 30 June 2016 is correctly stated.

(n) Other presentation matters

Comparative amounts may differ from previously published financial statements as a result of changes to account classifications in the current year's financial statements or due to rounding.

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.

(b) Standards and Interpretations affecting presentation and disclosure

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

(c) 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 an impact on the company's financial statements in future reporting periods.

AASB 2015-2 *'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB101'*

From reporting periods beginning on or after 1 July 2017, this Standard may reduce the size of the company's financial statements because materiality must also be applied to lists of minimum disclosure items. This will also affect the order of notes as material items will appear earlier in the notes than immaterial items, including accounting policies which will be included in the relevant notes or relegated to the end of the notes.

The standard also applies to specific minimum disclosure requirements and therefore only items considered material will need to be disclosed. The company will also need to consider whether additional disclosures, in addition to the minimum specified requirements in the standard, will be required for particular significant items so that users' needs are met.

The company's notes to the financial statements will no longer be required to follow the order of the line items in the primary financial statements and can be placed in order of importance and related items can be grouped together, e.g. all financial instruments.

It is expected that the adoption of this standard will significantly change the presentation of the company's financial statements but will not have a material impact on the company's reporting results or financial position.

AASB 15 *'Revenue from Contracts with Customers'*

This Standard will become effective from reporting periods beginning on or after 1 January 2018 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 from sales of the company's goods and services, 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 its current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

AASB 9 *'Financial Instruments'* and AASB 2014-7 *'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)'*

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the company are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the company's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

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

(c) Standards and Interpretations not yet adopted (continued)

AASB 9 *'Financial Instruments'* and AASB 2014-7 *'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)' (continued)*

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. At this stage, and assuming no change in the types of transactions the company enters into, all of the company's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in Note 19). In the case of the company's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the company's operating result.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the company's activities, or have no material impact on the company.

4. Revenue

	Note	2016 $	2015 $
Commissions earned on sale of NDSS goods and services		7,973,755	7,802,941
Sale of Diabetic Associations of Queensland Ltd goods and services		279,315	269,319
Membership subscriptions		1,717,319	1,683,654
Donations, bequests, appeals and sponsorship		1,141,622	1,035,509
Fees and events		116,748	169,343
Grant revenue		817,312	975,922
Provision of services (Diabetes Australia Ltd)	18	175,861	160,600
Total		**12,221,932**	**12,097,288**

5. Employee Expenses

	Note	2016 $	2015 $
Employee benefits			
Wages and salaries		5,454,656	5,451,161
Employer superannuation contributions		565,066	564,751
Long service leave		194,014	34,160
Annual leave		485,527	502,186
Sick leave		170,292	179,198
Employee related expenses			
Workers' compensation premium		38,300	32,801
Fringe benefits tax expense		4,619	14,252
Training expenses		39,001	99,282
Allowances		19,059	23,508
Other employee related expenses		42,136	38,933
Total		**7,012,670**	**6,940,232**

6. Supplies and services

	Note	2016 $	2015 $
Advertising, media and marketing expense		46,873	57,749
Consultancies and contractors		897,480	967,439
Diabetes Australia National Levy		83,499	83,499
Donations to research		-	330,000
Fundraising activities		238,220	54,582
IT infrastructure, maintenance and support expense		534,840	391,615
Legal fees		10,019	28,965
Postage and telephone expense		1,103,358	996,533
Premises expense		116,793	133,116
Program delivery expense		276,486	392,902
Publication, printing and stationery expense		406,629	372,086
Security and records expense		78,460	63,901
Event costs		325,269	364,707
Warehouse and freight expense		567,266	502,731
Total		**4,685,192**	**4,739,825**

7. Other expenses

	Note	2016 $	2015 $
Other expenses	(a)	250,734	256,481

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

Auditor's remuneration			
Audit of financial statements		27,000	23,970
Other assurance services (NDSS and Art Unions)		7,700	3,950
Taxation services provided by related practice		1,950	1,750
Total Auditor's remuneration		**36,650**	**29,670**

8. Investment income and expense

	2016 $	2015 $
Interest and distribution income on available-for-sale financial assets	26,360	23,751
Dividend income on available-for-sale financial assets	21,479	2,509
Investment income	**47,839**	**26,260**
Impairment loss on available-for-sale financial assets	(6,182)	-
Fund management fees and bank charges	(20,101)	(14,364)
Investment expense	**(26,283)**	**(14,364)**
Total	**21,556**	**11,896**

9. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

	Note	2016 $	2015 $
Cash on hand and cash at bank	(a)	1,481,415	343,203
Short term deposits	(a)	3,808,713	4,249,257
Total		**5,290,128**	**4,592,460**

(a) The effective interest rate on short-term bank deposits which are available at call was between 0.95% and 3.09% (2015: between 1.35% and 3.66%).

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

	Note	2016 $	2015 $
Operating result		**(186,846)**	**(357,616)**
Adjustments for:			
Depreciation & amortisation expense		381,566	477,516
(Increase)/Decrease in Assets			
Trade and other receivables		65,266	(474,114)
Inventory		13,724	(9,163)
Other current assets		21,484	(512)
Increase/(Decrease) in Liabilities			
Trade and other payables		99,976	(664,604)
Employee benefits		234,368	(100,157)
GST payable		118,917	64,171
Unearned income		147,694	332,608
Cash generated from operating activities		**896,149**	**(731,871)**
Net cash from operating activities		**896,149**	**(731,871)**

10. Trade and other receivables

	Note	2016 $	2015 $
Trade debtors		621,323	312,642
Other receivables		459,253	833,201
Total		**1,080,576**	**1,145,843**

Notes to the Financial Statements
For the year ended 30 June 2015

11. Property, plant & equipment

Movement reconciliation

	Note	Land $	Buildings $	Plant & Equipment	Total $
Gross value - at cost		1,650,000	2,783,340	1,201,707	5,635,047
Accumulated depreciation		-	(830,562)	(843,801)	(1,674,363)
Carrying amount as at 1 July 2014		**1,650,000**	**1,952,778**	**357,906**	**3,960,684**
Additions		-	-	53,788	53,788
Depreciation		-	(207,857)	(181,304)	(389,161)
Carrying amount as at 30 June 2015		**1,650,000**	**1,744,921**	**230,390**	**3,625,311**
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 30 June 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**

Notes to the Financial Statements
For the year ended 30 June 2015

12. Intangibles

	Note	2016 $	2015 $
Software - at cost		797,822	736,997
Accumulated amortisation		(735,522)	(647,167)
Carrying amount as at 1 July		**62,300**	**89,830**
Additions		156,688	60,825
Amortisation		(33,839)	(88,355)
Carrying amount as at 30 June		**185,149**	**62,300**
Software - at cost		859,521	797,822
Accumulated amortisation		(674,372)	(735,522)
Carrying amount as at 30 June		**185,149**	**62,300**

13. Trade and other payables

	Note	2016 $	2015 $
Trade payables	19	485,398	485,974
GST payable		294,397	175,480
PAYG payable		78,408	67,775
Other payables	19	596,997	507,078
Total		**1,455,200**	**1,236,307**

14. Employee benefits

	Note	2016 $	2015 $
Current employee benefits			
Salary & related costs payable		170,464	115,364
Annual leave payable		340,472	340,316
Long service leave payable		104,502	76,664
Total current employee benefits		**615,438**	**532,344**
Non-current employee benefits			
Long service leave payable		239,230	87,956
Total non-current employee benefits		**239,230**	**87,956**
Total employee benefits		**854,668**	**620,300**

15. Unearned income

	Note	2016 $	2015 $
Membership subscriptions in advance		960,079	1,152,715
Unearned grant income		672,681	332,351
Total		**1,632,760**	**1,485,066**

16. Commitments for expenditure

(a) Operating lease commitments

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

	Note	2016 $	2015 $
Payable – minimum lease payments			
- not later than 12 months		62,394	133,668
- between 12 months and five years		-	62,394
		62,394	**196,062**

(b) Capital expenditure commitments

	Note	2016 $	2015 $
Payable			
- not later than 12 months		-	216,249
		-	**216,249**

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 $
2016					
Total compensation		970,848	106,636	21,118	**1,098,602**
2015					
Total compensation	(a)	704,966	64,834	-	**769,800**

(a) The previous year's figure reflects the portion of compensation of 4 officer roles that became eligible to be recognised in executive remuneration commencing during the second half of the 2015 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.

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 an entity 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

The company holds membership to the Australasian Society of Association Executives (AuSAE) and on occasion attends functions held by AuSAE. Belinda Moore was a director during the year and she is a board member for AuSAE. Michelle Trute is the Chief Executive Officer of the company and is also a director of AuSAE. The value of the services provided by AuSAE amounted to $1,931 (2015: $3,461).

Mrs Monika Campbell, a director of the company, provides consulting services to Diabetes Queensland on an ongoing basis. Services provided in the current year were nil (2015: $7,465).

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 $175,861 (2015: $160,600). DAL owes the company $250,277 (2015: $207,381) at balance date.

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.

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

	Note	2016 $	2015 $
Financial assets			
Cash and cash equivalents	9,19(c)	5,290,128	4,592,460
Trade and other receivables	10,19(b)	1,080,576	1,145,843
Available for sale financial assets	19(c),(a)	1,202,668	1,204,537
Total financial assets		**7,573,372**	**6,942,840**
Financial liabilities			
Trade and other payables	13,(b)	(1,082,395)	(993,052)
Salary & related costs payable	14	(170,464)	(115,364)
Total financial liabilities		**(1,252,859)**	**(1,108,416)**

(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.

19. Financial instruments and risk management (continued)

(b) Credit risk (continued)

Cash and cash equivalents

The company held cash and cash equivalents of $5,290,128 at 30 June 2016 (2015: $4,592,460). The cash and cash equivalent are held with banks and financial institutions, which are rated AA- or greater.

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 the sale of diabetic goods and services provided by the Federal Government and Diabetes Australia Ltd (the national diabetes peak body) under the National Diabetes Services Scheme, in conjunction with the Queensland Government.

At balance date, the amounts receivable from the government agencies totalled $772,354 (2015: $850,274) and the amount receivable from Diabetes Australia Limited was $250,277 (2015: $207,381). 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 2016, the aging of trade and other receivables that were not impaired was as follows:

	Note	2016 $	2015 $
Neither past due or impaired		1,033,499	1,040,580
Past due 1-30 days		40,315	24,465
Past due 31-90 days		6,762	54,398
Past due 91-120 days		-	26,400
Total		**1,080,576**	**1,145,843**

(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.

19. Financial instruments and risk management (continued)

(c) Market risk (continued)

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.

	Note	2016 $	2015 $
Change in profit and equity			
Interest rate changes by +/- 1%		52,901	45,925

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	2016 $	2015 $
Change in equity			
AFS financial assets changes by +/- 1%		12,027	12,045

19. Financial instruments and risk management (continued)

(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.

(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, BT Financial Group.

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. In the 2015 year $130,000 of the reserve has been transferred to retained surplus for the purpose of partially funding the company's annual donation to the Diabetes Australia Research Trust (DART). There were no transfers from the fund during the 2016 year.

21. Subsequent events

From 1 July 2016 the company entered into a new four year NDSS agreement. Under the new scheme, Diabetes Queensland will no longer delivers products supply and delivery services. However, the company will deliver on a national basis, universal services and continuing support programs to registrants under the scheme to manage their diabetes.

Due to on-going changes to the terms of the 4 year NDSS agreement, the impact on the company's financial statements is yet to be determined but it's likely to result in a reduction of revenue and costs.

In addition, company will partner with the Queensland Government to deliver the $27M Health for Life! (H4L!) prevention program. The H4L! Program will be delivered over four years and will have an impact on the cost structure of the company. The program will be delivered by a group of entities, referred to as the 'Better Health Alliance' (the 'Alliance'). The company will play the lead role in the Alliance and will be partnered with the Stroke Foundation, Heart Foundation, Queensland Aboriginal & Islander Health Council (QAIHC), Ethnic Communities Council of Queensland (ECCQ), Ernst & Young (EY) and Queensland University of Technology (QUT), as well as the Primary Health Networks (PHNs) from across the state.

22. Economic dependency

From 1 July 2016 the company will have an economic dependency on the new NDSS agreement and H4L Program as outlined in Note 21 above.

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.

Director's declaration
For the year ended 30 June 2015

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 *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* and:

   a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   b) give a true and fair view of the financial position as at 30 June 2016 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: 29 August 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED

Report on the financial report

We have audited the accompanying financial report of Diabetic Association of Queensland Limited (the company) which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Corporations Act 2001 and Division 60 of 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

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INDEPENDENT AUDITOR'S REPORT

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 and Not-for-profits Commission Act 2012, provided to the directors of Diabetic Association of Queensland Limited as attached to the directors' report, has not changed as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of Diabetic Association of Queensland Limited is in accordance with the Corporations Act 2001 and 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 2016 and of its financial performance and cash flows for the year ended on that date; and

ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 29 August 2016