Diabetes Australia Queensland

ABN: 18 009 790 327

Financial Statements

For the Year Ended 30 June 2020

Diabetes Australia Queensland

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For the Year Ended 30 June 2020

Directors' Report

For the Year Ended 30 June 2020

Your directors submit their report on Diabetic Association of Queensland Limited - Trading as Diabetes Queensland (referred to hereafter as the "Company") for the year ended 30 June 2020.

DIRECTORS

Mr C Beyers, Chairperson
Ms S Holzberger
Mr M Andrew
Mr M Taylor
Mr L Byrnes
Mr LE Tutt (resigned 15 April 2020)

Names, qualifications, experience and special responsibilities

Craig Beyers	**President (Chairperson)**
Qualifications	Bachelor of Engineering in Environmental Engineering, Graduate Certificate in Business (Not-for-profit and Philanthropy), Certified Air Quality Professional, Member of the Institute of Engineers Australia and Committee Member of the Australian Acoustical Society Committee (Queensland Branch).
Experience	Craig has been a Diabetes Queensland Board member since November 2011. Craig's experience of having type 1 diabetes for more than 30 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.
Matthew Andrew	**Vice President**
Qualifications	Master of Business Administration, Bachelor of Arts, Graduate Certificate in Science (Strategic Foresight,) Graduate - Australian Institute of Company Directors.
Experience	Diabetes Queensland Board member since September 2017. Previously on the Board from November 2004 to November 2014. Matthew first became interested in diabetes through his wife's involvement with Diabetes Queensland and it became clear that his skills could support the organisation at the Board level. A background in market research, management and public administration provides Matthew with a skill set that is directly relevant to many aspects of the Diabetes Queensland business, particularly marketing, government relations and program development for people with diabetes. Matthew is particularly interested in type 2 diabetes, because of both the significant long-term health problem it represents for the Australian community and the impact it has on the lives of people who develop it. He believes that a key role of Diabetes Queensland is to improve community awareness of diabetes and to adequately support people with diabetes by providing appropriate, timely advice and support to assist with the management of their condition.
Responsibilities	Vice President of the Board.
Matthew Taylor	**Director**
Qualifications	Bachelor of Business (Accounting), Member of Chartered Accountants Australia and New Zealand
Experience	Matthew is an Assurance partner at a global accounting firm, based in Brisbane. He has over 14 years' experience auditing across a whole range of companies and industries within the United Kingdom, Australia and New Zealand. Matthew has a strong interest in corporate governance and looks forward to helping Diabetes Queensland in navigating future challenging landscapes.
Responsibilities	Member of the Board and Chair of the Audit & Risk Management Committee
Susann Holzberger	**Director**
Qualifications	B.Pharm, 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 and Member of the Audit & Risk Management Committee.

Liam Byrnes	**Director**
Qualifications	Doctor of Philosophy (Economics), Bachelor of Laws (Honours), Bachelor of Commerce (Honours), Graduate Diploma of Legal Practice.
Experience	Liam has lived with type 1 diabetes for more than 20 years and has first-hand experience of the daily challenges this brings. With a background in economics and law and substantial commercial and strategy experience, Liam's personal and professional experience motivates him to become involved in the direction of Diabetes Queensland. Liam believes that diabetes should be important, but not defining, with Diabetes Queensland a key partner in the diabetes management journey.
Responsibilities	Member of the Board and Member of the Audit & Risk Management Committee.

Leo Tutt	**Director (resigned 15 April 2020)**
Qualifications	Member of the Order of Australia, General Division, Bachelor of Economics, Bachelor of Laws, Fellow of Chartered Accountants Australia and New Zealand, Fellow of CPA Australia, Chartered Tax Adviser and Member of the Australian Institute of Company Directors.
Experience	Leo Tutt was appointed to the Board of Directors of Diabetes QLD in June 2018. Leo has been Chairperson of the Board of Directors of Diabetes NSW & ACT since November 2010, having served as a Director since 2001 and Vice President from 2004 until 2010. Leo is also a director of Diabetes Australia, and Glycemic Index Limited (GI Foundation). Leo is group leader of Audit & Assurance at William Buck, a leading firm of Chartered Accountants and Advisors. Passionate about helping people, Leo's drive is not just about creating success for his clients, but his community. A people person who is always striving to do better, and improve the lives of those around him, Leo is committed to creating success and making a positive difference. Leo has a personal commitment to improving the lifestyle opportunities of people with diabetes.
Responsibilities	Member of the Board.

Company Secretary

Ms Francis Harris

Principal activities

During the year, Diabetes Queensland continued 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. 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:

- Recorded an operating profit of $1,012,737, which was based on revenue of $19,060,172 (2019: $17,744,443). The result also includes "one-off" amount of $914,000 of federal government subsidies under their COVID-19 financial assistance programs.

- The total assets of the company at 30 June 2020 of $12,752,766 includes $4,690,376 of cash balances and $3,643,727 of investment portfolio.

- During the 12 months to 30 June, there were 367 media interactions and 271,123 unique web visitors (up 25% on last year). News articles attracted 37% of website page views, up 7% from the previous year. Digital and social marketing also contributed to this traffic. During the year we welcomed 5,319 new followers on social media across the four channels Facebook, Twitter, Instagram and LinkedIn. Our total followers increased to 19,418. While the total number of social media posts decreased from 5,660 to 1,512 total engagement increased from 88,100 to 151,112, indicating an improvement in the relevance and quality of information being shared through social channels.

- As at 30th June 2020 there were 30,312 financial members of Diabetes Queensland. Of these, 61.5% were Concession members. DVA supported memberships of Diabetes Queensland totalled 3,859, with this Federal Government subsidised membership category now accounting for almost 13% of all members. There were 1,743 new members over the year.

- Diabetes Queensland Contact Centre received 24,122 inbound calls over the year and made 47,146 outbound calls, the greater majority of which are aligned to NDSS contract obligations.

- Prior to COVID-19 drawing face-to-face programs to a halt, we delivered over 300 diabetes education and awareness programs to more than 3,500 people living with diabetes through face to face programs such as Exposing diabetes, DESMOND, Topic specific SMARTS session and Beat It. We also delivered 25 programs such as Diabetes Yarning to 1,900 members of our Aboriginal and Torres Strait Island communities.

- With thanks to a generous donor and FGX we ran 7 Diabuddies Days for children with type 1 diabetes and families reaching 460 people.

- Delivered education to 3,000 Health professionals and support workers through programs such as Understanding Diabetes, Diabetes Management for Health Professionals and engaged with over 2,500 General Practitioners and other primary care and allied health staff about the National Diabetes Support Scheme (NDSS).

- Corporate Partnerships reported its highest level of income to date, now contributing over 20% of all non-government income for the organization through sponsorship and advertising. Circle magazine advertising reached its highest level of annual income since the magazine was established in 2015. In Q3, a Strategic Health Partnerships function was created within the Business Development & Partnerships team to grow income at scale with a focus on the acquisition of government grants and collaborative commissioning projects via the PHNs.

- My health for life program achieved its goal of 10,000 people completing the program in the last 4 years, the program continues to demonstrate significant health improvements such as increased vegetable intake, increased activity levels, and weight loss. We are reaching Queenslanders with a highly skilled health workforce who deliver the program locally across Queensland and are supported by the My health for life team.

- Continued to build the capacity and capability of the company, improving internal processes and systems to maintain ISO 9001:2015 Quality Management Systems accreditation.

Strategic objectives

Diabetes Queensland focused its strategic goals on:

- Improving the health and wellness of people living with all types of diabetes; and

- Reducing the incidence of preventable diabetes in the community.

The strategic plan focuses Diabetes Queensland’s work across four key priority areas:

- Awareness and Advocacy – driving awareness and effective policy – to facilitate the connection with all of Queensland and leaders at all levels of government and in all our communities. As a charity, be defined by our capacity to unite and represent the diverse needs and interests of members and the diabetes community.

- Support and Information– Best practice principles and research will deliver integrated, evidence-based and cost-effective programs and initiatives to support and improve the lives of people living with diabetes. Continue to inform and educate the community about their risk of type 2 diabetes and the steps needs to prevent it.

- Sustainability – Membership – Develop diversified sources of income, fundraising opportunities and partnerships to sustain our delivery of services, support and representation. Through collaboration with other parties, sustain our mission in support of people living with or at the risk of diabetes.

- Capacity and Capability - building Diabetes Queensland's capacity for success by growing our financial base and ensuring a performance focussed and sustainable workforce to drive the organisation culture to be engaged, agile, capable to deliver quality performance.

After balance date events

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continued to spread throughout Australia and the World. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on Australian and international economies.

The directors are actively monitoring the company's financial condition, liquidity, operations, suppliers, industry, and workforce. Although the company cannot estimate the length or gravity of the impacts of these events at this time, if the pandemic continues beyond the short-term or the company experiences delays in its supply chain then this may have an adverse effect on the company's results of future operations, financial position, and liquidity in financial year 2021.

The company is economically dependent on the federal government NDSS contract and the state government My Health for Life contract. Both of these contracts terminated on 30 June 2020. The contracts have been extended to 30 June 2021 at which time the company will work with its contract partners as to the company's ongoing role in the delivery of these community services.

Excluding those matters raised above no other 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 continues to explore collaboration opportunities to increase its delivery of services to the person with diabetes, but otherwise 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 expected for the upcoming financial year.

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 2020, the number of company members who would be liable if the company was to be wound up is 30,312 (2019: 34,574). The company does not pay dividends.

Directors' meetings

During the financial year attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Board of Directors' Meetings		
Craig Beyers	11	11
Matthew Andrew	11	6
Liam Byrnes	11	11
Susann Holzberger	11	11
Matthew Taylor	11	7
Leo Tutt	8	7
Audit and Risk Management Committee		
Matthew Taylor	4	4
Craig Beyers	4	4
Liam Byrnes	4	4
Susann Holzberger	4	4

Indemnification and insurance of officers and 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 $6,674 (2019: $12,210) 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 company

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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 32 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

DocuSigned by:
Craig Beyers

Director: ....E8D8CD1296C146F...
Craig Beyers

Date: 29 September 2020

Directors' Declaration

For the Year Ended 30 June 2020

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

1. The financial statements and notes, as set out on pages 7-31, satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and:

   (a) comply with Australian Accounting Standards -Reduced Disclosure Requirements applicable to the company; and

   (b) give a true and fair view of the financial position as at 30 June 2020 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 subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013, and with a resolution of the Board of Directors.

DocuSigned by:

Director ....Craig Beyers
E8D8CD1296C146F...

Date: 29 September 2020

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Income			
Revenue	3	**19,060,172**	17,744,443
Other Income	3(a)	**975,370**	18,506
Investment Income	7	**(107,253)**	160,930
Total Revenue		**19,928,289**	17,923,879
Expenses			
Employee expenses	4	**8,497,343**	8,392,689
Supplies and services	5	**9,788,966**	9,012,360
Cost of sales		**-**	35,911
Depreciation & amortisation expense		**117,114**	146,057
Other expenses	6	**512,130**	684,889
Total Expenses		**(18,915,553)**	(18,271,906)
Operating result before income tax		**1,012,736**	(348,027)
Income tax expense	2(j)	**-**	-
Net operating result after income tax		**1,012,736**	(348,027)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**1,012,736**	(348,027)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**4,690,376**	5,222,474
Other financial assets	19(c)	**3,643,727**	1,435,315
Trade and other receivables	9	**1,073,972**	1,137,200
Inventory		**-**	724
Other assets	12	**348,125**	53,438
TOTAL CURRENT ASSETS		**9,756,200**	7,849,151
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,931,917**	2,949,790
Intangible assets	11	**64,649**	3,832
TOTAL NON-CURRENT ASSETS		**2,996,566**	2,953,622
TOTAL ASSETS		**12,752,766**	10,802,773
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**4,035,828**	2,292,478
Employee benefits	14	**680,368**	566,207
Other liabilities	15	**-**	878,297
TOTAL CURRENT LIABILITIES		**4,716,196**	3,736,982
NON-CURRENT LIABILITIES			
Long service leave provision	14	**89,260**	131,217
TOTAL NON-CURRENT LIABILITIES		**89,260**	131,217
TOTAL LIABILITIES		**4,805,456**	3,868,199
NET ASSETS		**7,947,310**	6,934,574
EQUITY			
Reserves		**145,575**	145,575
Retained earnings		**7,801,735**	6,788,999
TOTAL EQUITY		**7,947,310**	6,934,574

Statement of Changes in Equity
For the Year Ended 30 June 2020

	Note	Retained Earnings $	Development Fund Reserve $	Total $
Balance at 1 July 2019		**6,788,999**	**145,575**	**6,934,574**
Total other comprehensive income for the period		**1,012,736**	**-**	**1,012,736**
Balance at 30 June 2020		**7,801,735**	**145,575**	**7,947,310**
Balance at 1 July 2018		7,137,026	145,575	7,282,601
Total other comprehensive income for the period		(348,027)	-	(348,027)
Balance at 30 June 2019		6,788,999	145,575	6,934,574

Diabetes Australia Queensland

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Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and government		**22,766,613**	19,862,085
Payments to suppliers and employees		**(20,822,988)**	(21,517,468)
Interest received		**30,447**	74,482
Other investment income received		**78,784**	78,910
Net cash provided by/(used in) operating activities	8	**2,052,856**	(1,501,991)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant, equipment and intangibles		**(160,058)**	(48,462)
Net payment for purchase of financial assets		**(2,424,896)**	(73,779)
Net cash provided by/(used in) investing activities		**(2,584,954)**	(122,241)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash provided by financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents held		**(532,098)**	(1,624,232)
Cash and cash equivalents at beginnging of yeat		**5,222,474**	6,846,706
Cash and cash equivalents at end of financial year	8	**4,690,376**	5,222,474

The accompanying notes form part of these financial statements.

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 2020, the number of financial members was 30,312 (2019: 34,574).

The company's constitution also prohibits the payment of dividends. Consequently, the company's capital comprises its retained earnings and reserves. 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 September 2020.

Basis of Preparation

The company is a not for profit company and applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Revenue

Revenue recognition

The company earns revenue from a range of sources, primarily government (federal/state) grant funding, membership subscriptions, bequests and other fundraising activities, and provision of services (refer note 3 for details).

The company has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058:

2 Summary of Significant Accounting Policies

(a) Revenue

Revenue recognition
Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed below.

In the current year

When the company receives revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the company:

- identifies each performance obligation relating to the revenue;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards;
- recognises related amounts of revenue or contract liability arising from a contract with a customer; and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

The company recognises dividends and distributions in profit or loss only when the company's right to receive payment is established.

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(a) Revenue

In the comparative period

A significant amount of the company's revenue is derived from government grant programs. 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.

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 income to match the expenditure incurred. All other bequests are recognised as income when received.

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

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

In the event the carrying amount is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2(e) for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets, including buildings, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	3-25%
Plant and Equipment	10-33%

2 Summary of Significant Accounting Policies

(b) Property, plant and equipment

Fixed asset class	**Depreciation rate**
Motor Vehicles	18.75%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(c) Leases

The company as lessee

The company has adopted Australian Accounting Standards AASB 16: Leases. Under the standard (which replaces AASB 117), at inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and corresponding lease liability is recognised by the company. However, all contacts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

The company does not have any leases to which AASB 16 applies.

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;

2 Summary of Significant Accounting Policies

(d) Financial instruments

Derecognition of financial assets

- all risk and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost

Loss allowance is not recognised for financial assets measured at fair value through profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the following approaches to impairment, as applicable under AASB 9.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(e) Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs of disposal and value in use, is compared to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to

2 Summary of Significant Accounting Policies

(e) Impairment of Assets

be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

(f) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(g) Cash and cash equivalents

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

(h) Trade and Other Debtors

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 2(e) for further discussion on the

2 Summary of Significant Accounting Policies

(h) Trade and Other Debtors

determination of impairment losses.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) Income Tax

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

(k) Intangible Assets

Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

(l) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Recognition of revenue

The recognition of revenue requires estimates of the level of performance obligations/ services delivered. For grant revenue this also requires an assessment of expenditure incurred, including allocation of direct and indirect costs attributable to each grant.

2 Summary of Significant Accounting Policies

(n) Critical Accounting Estimates and Judgements

Recognition of revenue

When assessing revenue, management exercises judgement to determine whether the performance obligation is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

(o) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the company at the end of the reporting period.

The fair value of liabilities and the company’s own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(p) New and Amended Accounting Standards Adopted by the Company

Initial application of AASB 15 and AASB 1058

The company has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

The company has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application. The adjustment to opening retained surplus on 1 July 2019 was $nil. A classification change occurred which resulted in the deferred income now being classified as contract liability in line with wording used in AASB 15.

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Revenue

	2020	2019
	$	$
Grant funding for the delivery of NDSS Services	**5,254,187**	4,861,642
Grant funding for the delivery of My Health for Life Services	**9,481,570**	9,494,590
Sales of goods and services	**-**	53,802
Membership subscriptions	**1,076,760**	1,589,529
Donations, bequests, appeals and sponsorship	**1,615,267**	714,167
Fees and events	**73,934**	431,446
Provision of services	**903,460**	410,346
Grant Revenue - Queensland Government Projects	**654,994**	188,921
Total revenue	**19,060,172**	17,744,443

(a) Other Income

	2020	2019
	$	$
Other Income		
- Sundry income	**61,370**	18,506
- ATO Job-keeper funding	**864,000**	-
- ATO Cashboost funding	**50,000**	-
	975,370	18,506

4 Employee Expenses

	2020	2019
Employee benefits	**8,045,352**	7,801,151
Employee related expenses	**451,991**	591,538
Total	**8,497,343**	8,392,689

Notes to the Financial Statements

For the Year Ended 30 June 2020

5 Supplies and Services

	Note	2020 $	2019 $
Advertising, media and marketing expenses		**915,289**	886,230
Consultancies and contractors		**5,732,803**	5,353,687
Diabetes Australia National Levy		**90,457**	76,541
Donation to Diabetes Australia Research Trust		**120,000**	6,500
Fundraising activities		**13,040**	4,526
IT infrastructure, maintenance and support expense		**733,432**	680,133
Legal fees		**61,093**	11,968
Postage		**419,555**	650,259
Premises expense		**83,647**	150,990
Program delivery expense		**534,192**	489,114
Publication, printing and stationery expense		**490,543**	297,232
Security and records expense		**39,818**	38,630
Event costs		**550,168**	357,607
Warehouse and freight expense		**4,929**	8,943
Total		**9,788,966**	9,012,360

6 Other expenses

		2020 $	2019 $
All other operating expenses*		**512,130**	467,389
GST refunded to ATO on change of eligibility of product exemption		**-**	217,500
Total		**512,130**	684,889
*includes auditors' remuneration			
Audit of financial statements		**30,000**	28,000
Other assurance services (NDSS and MH4L)		**3,500**	3,500
Assistance with financial reporting		**3,500**	2,500
Total Auditors remuneration		**37,000**	34,000

7 Investment Income

		2020 $	2019 $
Interest income		**30,447**	74,482
Distributions from held for trading financial assets		**78,784**	78,910
Net fair value (loss)/gain on held for trading financial assets		**(216,484)**	7,538
Total finance (loss)/income		**(107,253)**	160,930

8 Cash and Cash Equivalents

		2020 $	2019 $
Cash at bank and in hand		**3,193,293**	1,563,803
Short-term deposits		**1,497,083**	3,658,671
Total		**4,690,376**	5,222,474

Notes to the Financial Statements
For the Year Ended 30 June 2020

8 Cash and Cash Equivalents

Reconciliation of operating result to net cash flow from operating activites

	2020	2019
	$	$
Operating result	**1,012,736**	(348,027)
Adjustments for:		
Depreciation & amortisation expense	**117,114**	146,057
Fair value investment gains and losses	**216,484**	(7,538)
(Increase)/Decrease in assets		
Trade and other receivables	**63,228**	(259,912)
Inventory	**724**	8,813
Other current assets	**(294,687)**	(2,960)
Increase/(Decrease) in Liabilities		
Trade and other payables, and unearned income	**865,053**	(723,827)
Employee benefits	**72,204**	(314,597)
Net cash from operating activities	**2,052,856**	(1,501,991)

9 Trade and Other Receivables

Trade debtors	**293,142**	258,482
Amounts receivable from government	**780,830**	878,718
Total trade and other receivables	**1,073,972**	1,137,200

The company uses simplified approach for providing for expected credit losses. For all periods presented the expected loss rate is 0.5%. Accordingly, the exposure to credit risk on trade debtors is not significant.

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Property, plant and equipment

	Land	Buildings	Plant & Equipment	Total
	$	$	$	$
Gross Value - at cost	1,650,000	2,489,504	935,468	5,074,972
Accumulated Depreciation	-	(1,151,399)	(922,611)	(2,074,010)
Carrying amount as at 1 July 2018	1,650,000	1,338,105	12,857	3,000,962
Additions	-	-	48,462	48,462
Depreciation	-	(90,560)	(9,074)	(99,634)
Carrying amount as at 30 June 2019	1,650,000	1,247,545	52,245	2,949,790
Gross value - at cost	1,650,000	2,489,504	983,930	5,123,434
Accumulated Depreciation	-	(1,241,958)	(931,686)	(2,173,644)
Carrying amount as at 30 June 2019	1,650,000	1,247,546	52,244	2,949,790
Additions	-	26,974	64,631	91,605
Depreciation	-	(82,824)	(26,654)	(109,478)
Carrying amount as at 30 June 2020	1,650,000	1,191,696	90,221	2,931,917
Gross value - at cost	1,650,000	2,516,478	1,005,181	5,171,659
Accumulated Depreciation	-	(1,324,782)	(914,960)	(2,239,742)
Carrying amount as at 30 June 2020	1,650,000	1,191,696	90,221	2,931,917

During the year plant & equipment of $43,380 cost (fully written down) were disposed.

In the 2018 financial year, the company undertook an independent valuation of its land and buildings, by Gold Valuations. Fair market value was assessed at $3,550,000.

11 Intangible Assets

	2020	2019
	$	$
Software - at cost	361,461	361,461
Accumulated amortisation and impairment	(357,629)	(311,206)
Carrying amount as the beginning of the year	3,832	50,255
Additions	68,452	-
Amortisation	(7,635)	(46,423)
Carrying amount as the end of the year	64,649	3,832
Software - at cost	89,352	361,461
Accumulated amortisation and impairment	(24,703)	(357,629)
Carrying amount as the end of the year	64,649	3,832

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Intangible Assets

During the year intangibles of $340,561 cost (fully written down) were disposed.

12 Other Assets

	2020	2019
	$	$
CURRENT		
Prepayments	**348,125**	53,438

The prepayments balance at 30 June 2020 includes significant amounts for IT, events and advertising.

13 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade and other payables	**1,759,374**	536,002
Sundry payables and accrued expenses	**615,866**	1,087,729
Contract liabilities (a)	**974,541**	-
GST payable	**181,623**	378,467
Unexpended government funds	**504,424**	290,280
	4,035,828	2,292,478

(a) Contract liabilities

	2020	2019
	$	$
Balance at beginning of the year	**-**	-
Additions:		
Government funding	**93,803**	-
Membership subscriptions	**758,930**	-
Sponsorship funding	**121,808**	-
Closing balance at the end of the year	**974,541**	-

As set out in note 2(a) contact liabilities represents revenue received in advance of services to be rendered (generally, these services will be performed in the 2021 financial year), in accordance with AASB 15 the amount received at that point in time, is recognised as a contract liability until the performance obligations have been satisfied.

14 Employee Benefits

	2020	2019
	$	$
Current Employee Benefits		
Annual leave provision	**497,424**	344,111
Long service leave provision	**182,944**	222,096
Total current employee benefits	**680,368**	566,207

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Employee Benefits

	2020	2019
	$	$
Non-Current Employee Benefits		
Long service leave provision	**89,260**	131,217
Total non-current employee benefits	**89,260**	131,217
Total employee benefits	**769,628**	697,424

Analysis of total provisions

	2020
	$
Opening balance 1 July 2019	**697,424**
Additional provisions raised during the year	**742,704**
Amounts used	**(670,500)**
Balance 30 June 2020	**769,628**

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. 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.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

15 Unearned Income

	2020	2019
Membership subscriptions in advance	-	761,440
Unearned grant income	-	116,857
Total	-	878,297

16 Capital and Leasing Commitments

(a) Operating Lease Commitments

There are no operating lease commitments outstanding as at 30 June 2020 (2019: nil).

(b) Capital expenditure commitments

There are no capital expenditure commitments outstanding as at 30 June 2020 (2019: nil).

16 Capital and Leasing Commitments

(c) Other commitments

Under the My Health for Life grant program the company has a series of sub-contractor arrangements in place to facilitate delivery of the program. Payments to sub-contractors to cover such operational expenditure are made when services are rendered.

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:

	2020	2019
	$	$
Short-term employee benefits	**560,298**	758,085
Post-employment benefits	**56,166**	83,373
Long-term benefits	**-**	123,827
Total	**616,464**	965,285

Directors Remuneration

No member of the board received any fees or any other remuneration during the year (2019: nil).

Executive remuneration

The Board of Directors monitor executive remuneration, which 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 availble to other persons unless otherwise stated.

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:

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Related Party transactions

Directors and key management personnel

Mr Matthew Taylor is a Partner of Ernst & Young, and Mr Liam Byrnes is a director of Ernst & Young. Ernst & Young has provided consultancy services to the company in relation to the My Health for Life program and tax matters. The value of the services is $56,666 (2019: $57,639).

Mr Craig Beyers and Mr Leo Tutt, directors of the company are also directors of Diabetes New South Wales (DNSW). DNSW provides services that include management, administration and operational activities. During the year, the value of these services was $1,945,578 (2019: $726,263). Amounts payable by the company to DNSW at balance date total $164,744 (2019: $17,682).

The company also provides management, administration and operational services to DNSW. During the year the value of these services was $1,893,904 (2019: $410,346). Amounts receivable by the company from DNSW at balance date total $277,395 (2019: $249,166). Cross charges of these services between the company and DNSW reflect the integration of the two entities which generates operational efficiencies for the benefit of members.

Mr Craig Beyers and Mr Leo Tutt, are also directors 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 4). DAL owes the company $nil (2019: $410,346) at balance date, and the company owes DAL $625,192 (2019: $290,280). In addition, the company paid $120,000 (2019: $6,500) as a donation to DAL under its Diabetes Australia Reasearch Trust (DART) program (the Trust undertakes a range of diabetes reserach programs funded by member organisations, corporates and individual donors).

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:

	2020	2019
	$	$
Financial Assets		
Cash and cash equivalents	**4,690,376**	5,222,474
Trade and other receivables	**1,073,972**	1,137,200
Other financial assets	**3,643,727**	1,435,315
Total financial assets	**9,408,075**	7,794,989
Financial liabilities		
Trade payables, accruals and government funds	**2,879,664**	1,914,011
Total financial liabilities	**2,879,664**	1,914,011

* Excludes GST payable and contract liabilities.

19 Financial instruments and risk management

(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 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 the financial statements.

Cash and cash equivalents

The company held cash and cash equivalents of $4,690,376 at 30 June 2020 (2019: $5,222,474). 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 services rendered to Diabetes Australia Ltd and government (see note 21).

At balance date, the amounts receivable from these entities totalled $782,605 (2019:$879,203). In addition, Diabetes New South Wales owes the company $277,395 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.

(c) Financial Assets - Current Assets

	Note	2020 $	2019 $
Financial assets at fair value through profit and loss - investment in managed portfolio of securities		**3,643,727**	1,435,315
Total		**3,643,727**	1,435,315

The company holds an investment in a portfolio of ASX listed securities and managed funds.

Investment income on the portfolio is shown in note 7. Valuation of the portfolio is shown in note 19(f).

19 Financial instruments and risk management

(d) 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. 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 held for trading 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 a portfolio of investments which are designated held for trading 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 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.

	2020	2019
	$	$
Change in profit and equity		
Interest rate changes by +/-1%	**46,904**	52,225

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. 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 held for trading 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.

		2020	2019
	Note	$	$
Change in equity			
Market prices change by +/-1%		**36,437**	14,353

(e) 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

19 Financial instruments and risk management

(e) Liquidity risk

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 held for trading financial assets are likely to be held beyond that period. All financial liabilities are due within 1 year.

(f) Fair value

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.

In relation to held for trading financial assets, the company uses the income approach to measure 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 fair values of the company's held for trading financial assets are the various reports provided by the company's fund manager, which generally reflects values on actively traded markets.

20 Reserves

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

The company is dependent upon the ongoing receipt of funds from two major grant programs, the Federal Department of Health NDSS contract and the State Government's My Health for Life Program. The Current NDSS contract (held by Diabetes Australia Limited, to which the company is a sub-contractor) terminated June 2020 and the My Health for Life contract terminated June 2020. As set out in note 22, both these contacts have been extended.

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 these funding sources, members' subscriptions and other government grants as sources of revenue.

Notes to the Financial Statements

For the Year Ended 30 June 2020

22 Events after the end of the Reporting Period

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continued to spread throughout Australia and the World. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on Australian and international economies.

The directors are actively monitoring the company’s financial condition, liquidity, operations, suppliers, industry, and workforce. Although the company cannot estimate the length or gravity of the impacts of these events at this time, if the pandemic continues beyond the short-term or the company experiences delays in its supply chain then this may have an adverse effect on the company’s results of future operations, financial position, and liquidity in financial year 2021.

As set out in note 21 the company is economically dependent on the federal government NDSS contract and the state government My Health for Life contract. Both of these contracts terminated on 30 June 2020. The contracts have been extended to 30 June 2021 at which time the company will work with its contract partners as to the company’s ongoing role in the delivery of these community services.

Excluding those matters raised above no other 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.

Nexia Australia

AUDITOR'S INDEPENDENCE DECLARATION

Under Subdivision 60-40 of the Australian Charities and Not-For-Profits Commission Act 2012

To the Directors of Diabetic Association of Queensland Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

ND Bamford
Director

Date: 29 September 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED

Report on the Audit of the Financial Report

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 2020, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with 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.

Other information

The directors 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 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED (continued)

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibility 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.

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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIABETIC ASSOCIATION OF QUEENSLAND LIMITED (continued)

- 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.

Nexia Brisbane Audit Pty Ltd

N D Bamford
Director

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

Date: 29 September 2020