

# **Diabetic Association of Queensland Limited - Trading as Diabetes Queensland**

**ABN: 18 009 790 327**

## **Financial Statements**

**For the Year Ended 30 June 2021**

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

ABN: 18 009 790 327

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For the Year Ended 30 June 2021

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# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

ABN: 18 009 790 327

## Directors' Report For the Year Ended 30 June 2021

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 2021.

### DIRECTORS

Mr C Beyers, Chairperson  
Ms S Holzberger  
Mr M Andrew (resigned 28/04/21)  
Mr M Taylor  
Mr L Byrnes  
Dr M Stanford AM (commenced 28/04/21)  
Prof G Johnson (commenced 28/04/21)

### Names, qualifications, experience and special responsibilities

#### Craig Beyers

##### Qualifications

#### President (Chairperson)

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

##### Qualifications

#### Vice President (resigned 28/04/2021)

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

##### Qualifications

#### Director (Vice President from 28/04/21)

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

Vice President of the Board and Chair of the Audit & Risk Management Committee

#### Susann Holzberger

##### Qualifications

#### Director

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.

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Directors' Report For the Year Ended 30 June 2021

<b>Liam Byrnes</b>	<b>Director</b>
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.
<b>Michael Stanford AM</b>	<b>Director (from 28/04/2021)</b>
Qualifications	Bachelor of Medicine, Bachelor of Surgery, Master of Business Administration, Fellow of the Australian Institute of Company Directors, Fellow of the Australasian Faculty Public Health Medicine, Fellow of the Australian Institute of Management
Experience	Michael commenced as Independent President and Board Chair of Diabetes Australia on 6 April 2020. He has had a distinguished career in healthcare leadership and management with 23 years' experience as a Chief Executive Officer and Managing Director of healthcare organisations, and Non-Executive Director experience across health services, aged care, higher education, the arts, and industry bodies. He has had long involvement with research, and nine years on the Council of Curtin University including overseeing its establishment of a Medical school. Michael is a non-executive director with Virtus Health, a leading Assisted Reproductive Services provider; and Nucleus Network – Australia's leading Phase One Clinical Trial Centre. He is a Member of the Order of Australia for significant service to the health care sector and tertiary education.
Responsibilities	Member of the Board.
<b>Greg Johnson</b>	<b>Director (from 28/04/2021)</b>
Qualifications	Bachelor of Pharmacy, Graduate Diploma in Hospital Pharmacy, Graduate Diploma in Health Service Management, Master of Business Administration and a Graduate of the Australian Institute of Company Directors.
Experience	Professor Greg Johnson served as CEO of Diabetes Victoria from January 2003. He became Acting Chief Executive of Diabetes Australia from July 2009 to February 2011 and was appointed permanently to the role in November 2012. He has over 30 years' experience in healthcare leadership in CEO and Board roles and has lived and worked in NSW, Victoria, SA and Tasmania. He is an Honorary Professor with Deakin University, holds qualifications in pharmacy, hospital pharmacy and health service management, a masters degree in business administration; and is a graduate of the AICD company directors course. Greg has led the development of Diabetes Australia as the national "voice" for people with diabetes, and the leader in national policy, advocacy, campaigns and innovative programs to support people with diabetes and health professionals. He has also successfully led the National Diabetes Services Scheme, the Diabetes Australia Research Program, and the been a strong advocate for prevention of diabetes and its complications.
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.

Key highlights FY2021:

- The Company recorded an operating profit of \$2,473,217, which was based on revenue of \$21,395,265 (2020: \$19,928,290). The result also includes "one-off" amount of \$2,376,959 (2020: \$914,000) of federal government subsidies under their COVID-19 financial assistance programs.

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Directors' Report For the Year Ended 30 June 2021

- On 28 April 2021 Diabetes QLD members voted overwhelmingly in favour of merging with Diabetes Australia and the Company ceased to be a member organisation and became a controlled subsidiary of Diabetes Australia.
- The members of Diabetes QLD are transferring to become General Members of Diabetes Australia in their annual renewal process, and this should be completed in 2021-2022.
- The My Health for Life program has been focussed on, and successful in securing another 3 year funding agreement with Health and Wellbeing Queensland. The new contract will continue to focus on vulnerable populations commencing the program and program effectiveness targets. The last 12 months have seen the program pivot from face to face to online activities and an increased demand for the telephone health coaching program. Whilst total completers of the program have decreased, the effectiveness of the program has shown improvements in areas such as increased vegetable intake, activity levels, and weight loss. We continue to reach Queenslanders with a highly skilled health workforce who deliver the program locally across Queensland and are supported by the My health for Life team.
- In June 2021, we were very pleased that Diabetes Australia signed a new three-year funding agreement with the Australian Government Department of Health, subsequently Diabetes QLD entered into a new three-year Agent Agreement with Diabetes Australia. This provides the continued provision of services and support to people in Queensland with diabetes through the National Diabetes Services Scheme. This ensures that over 269,000 people in Queensland living with diabetes and registered with the NDSS will continue to be able to access essential information and self-management support and services through the NDSS.
- Whilst the Company was impacted by COVID-19, group education programs continued to be delivered face to face or digitally. Over 500 diabetes education and awareness programs were delivered to more than 13,000 people living with diabetes as part of our NDSS program delivery. Webinars (live and recorded) proved to be very popular and the Company will continue providing people with diabetes options to access services. Additionally, the Company continued to provide telephone support to 2,500 Queenslanders throughout the year.
- Education was delivered to 2,500 health professionals and support workers through programs such as Understanding Diabetes and Diabetes Management for Health Professionals. Additionally, we engaged with over 3,700 general practitioners and other primary care and allied health staff about the National Diabetes Support Scheme (NDSS). Further, the Company increased training and support to First Nations health workers to enable them to provide diabetes support to the communities they service.
- The visiting CDE program in Western Queensland continued to provide face to face clinical services in locations where health professional staff are in short supply. Services were continued to be delivered via telehealth when COVID-19 restrictions were in place. This program was extended in FY21 to cover greater areas of the region and we look forward to increasing our impact through a range of pilot projects that address the unique needs of the region.
- With the generous support of the Future Generation Fund (FGX) we were able to run the Diabuddies program online. Diabuddies supports children living with type 1 diabetes and their parents and carers.
- During the 12 months to 30 June, there were 275,000 unique web visitors with over 378,000 sessions, with increased digital and social marketing contributing to this traffic. During the year we welcomed 3,795 new followers on social media across the four channels Facebook, Twitter, Instagram and LinkedIn. Our total followers increased to 23,213, an increase of almost 20%. Our members e-newsletter continued with above average open rates of 48% (average is 15-20%), and we printed and sent 106,000 Circle magazines over the year.
- It is also pleasing to note that as a result of careful financial management, Diabetes Queensland was able to direct \$200,000 to the Diabetes Australia Research Program at the end of the financial year.

### 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.

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Directors' Report For the Year Ended 30 June 2021

- 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 needed 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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as lockdowns, vaccination programs, social distancing requirements, quarantine, travel restrictions, and any economic stimulus that may be provided.

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 2022.

The Company is economically dependent on the federal government NDSS contract and the state government My Health for Life contract, both of which have been renewed for a further 3 years to 30 June 2024.

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

With the unification between Diabetes Queensland and Diabetes Australia on 28<sup>th</sup> April 2021, the Company will work towards building a more influential national organisation supporting all people living with or at risk of diabetes. Currently, 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

Diabetes Queensland is a Company limited by guarantee. In the event that the Company is wound up, each member is required to contribute a maximum of \$2 toward meeting any outstanding obligations of the Company. Post-unification, members of Diabetes Queensland were offered memberships with the unified entity, Diabetes Australia. As at 30 June 2021, Diabetes Queensland had 15,965 residual members, with 10,973 transferring their memberships to Diabetes Australia. (2020: 30,312).

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Directors' Report For the Year Ended 30 June 2021

### Directors' meetings

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

	Number eligible to attend	Number attended
<b>Board of Directors' Meetings</b>		
Craig Beyers	15	14
Matthew Andrew	13	5
Liam Byrnes	15	14
Susann Holzberger	15	15
Matthew Taylor	15	13
Michael Stanford AM	2	2
Greg Johnson	2	2
<b>Audit and Risk Management Committee</b>		
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 \$4,993 (2020: \$6,674) 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 2021 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:

Director: .....  
Craig Beyers

Date: 13 October 2021

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Directors' Declaration

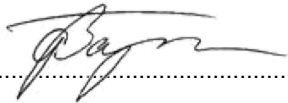
### For the Year Ended 30 June 2021

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 Division 60 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 2021 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.

Director .....



Date: 13 October 2021

## Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Income</b>			
Revenue	3	18,458,689	19,060,172
Other Income	3(a)	2,376,959	975,371
Investment Income	7	559,617	(107,253)
<b>Total Revenue</b>		<b>21,395,265</b>	19,928,290
<b>Expenses</b>			
Employee expenses	4	9,146,044	8,488,069
Supplies and services	5	9,188,190	9,788,966
Depreciation & amortisation expense		147,162	117,114
Other expenses	6	440,652	512,130
<b>Total Expenses</b>		<b>(18,922,048)</b>	(18,906,279)
<b>Operating result before income tax</b>		<b>2,473,217</b>	1,022,011
Income tax expense	2(j)	-	-
<b>Net operating result after income tax</b>		<b>2,473,217</b>	1,022,011
<b>Other comprehensive income, net of income tax</b>			
Revaluation of property	10	1,712,493	-
<b>Other comprehensive income for the year, net of tax</b>		<b>1,712,493</b>	-
<b>Total comprehensive income for the year</b>		<b>4,185,710</b>	1,022,011

The accompanying notes form part of these financial statements.

## Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

ABN: 18 009 790 327

### Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	5,843,658	4,690,376
Other financial assets	18(c)	5,196,367	3,643,727
Trade and other receivables	9	205,756	1,073,972
Other assets	12	204,979	348,125
<b>TOTAL CURRENT ASSETS</b>		<b>11,450,760</b>	<b>9,756,200</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	4,714,862	2,931,917
Intangible assets	11	96,248	64,649
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,811,110</b>	<b>2,996,566</b>
<b>TOTAL ASSETS</b>		<b>16,261,870</b>	<b>12,752,766</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	3,186,528	4,035,828
Employee benefits	14	764,307	680,368
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,950,835</b>	<b>4,716,196</b>
<b>NON-CURRENT LIABILITIES</b>			
Long service leave provision	14	178,015	89,260
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>178,015</b>	<b>89,260</b>
<b>TOTAL LIABILITIES</b>		<b>4,128,850</b>	<b>4,805,456</b>
<b>NET ASSETS</b>		<b>12,133,020</b>	<b>7,947,310</b>
<b>EQUITY</b>			
Reserves		1,858,068	145,575
Retained earnings	19	10,274,952	7,801,735
<b>TOTAL EQUITY</b>		<b>12,133,020</b>	<b>7,947,310</b>

The accompanying notes form part of these financial statements.

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Statement of Changes in Equity For the Year Ended 30 June 2021

	Retained Earnings	Asset Revaluation Reserve	Development Fund Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>7,801,735</b>	-	<b>145,575</b>	<b>7,947,310</b>
Surplus attributable to members	<b>2,473,217</b>	-	-	<b>2,473,217</b>
Total other comprehensive income for the period	-	<b>1,712,493</b>	-	<b>1,712,493</b>
<b>Balance at 30 June 2021</b>	<b>10,274,952</b>	<b>1,712,493</b>	<b>145,575</b>	<b>12,133,020</b>
	\$			
<b>Balance at 1 July 2019</b>	6,788,999	-	145,575	6,934,574
Surplus attributable to members	1,012,736	-	-	1,012,736
<b>Balance at 30 June 2020</b>	<b>7,801,735</b>	-	<b>145,575</b>	<b>7,947,310</b>

The accompanying notes form part of these financial statements.

## Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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### Statement of Cash Flows For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and government		23,985,155	22,766,613
		(21,644,348)	(20,822,988)
Interest received		6,942	30,447
Other investment income received		79,916	78,784
Net cash provided by/(used in) operating activities	8	2,427,665	2,052,856
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of plant, equipment and intangibles		(194,503)	-
Net payment for purchase of financial assets		(1,079,880)	(2,424,896)
Net cash provided by/(used in) investing activities		(1,274,383)	(2,424,896)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents held		1,153,282	(372,040)
Cash and cash equivalents at beginning of year		4,690,376	5,222,474
Cash and cash equivalents at end of financial year	8	5,843,658	4,850,434

The accompanying notes form part of these financial statements.

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 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 2021, the number of residual members was 15,965 (2020: 30,312).

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 13 October 2021.

#### Diabetes Australia Ltd - Unification of Operations and Economic Dependency

On 28 April 2021 Diabetes Australia undertook a national unification of the operations undertaken by the various state based bodies, thereby taking effective control of the operations of Diabetic Association of Queensland Limited. This includes transfer of members from the company to Diabetes Australia.

Throughout the financial year the company has been 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, to which the company is a sub-contractor) terminated June 2021 and the My Health for Life contract terminated June 2021. As set out in note 20, 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.

Since unification the company remains economically dependent on Diabetes Australia and has a letter undertaking from that entity to provide financial support, including a sharing of membership subscriptions.

#### 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **Basis of Preparation**

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: 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.

#### **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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(a) Revenue**

###### *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.

##### **Grant Revenue, Donations and Bequests**

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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(b) Property, plant and equipment**

###### **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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	30 to 50 years
Furniture and fittings	3 to 10 years
Office equipment	2 to 5 years
Computer equipment	3 to 5 years
Motor Vehicles	5 to 8 years

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 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 contracts 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.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (d) Financial instruments

###### Initial recognition and measurement

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 its life 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.

###### *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.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (d) Financial instruments

###### *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;
- 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).

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(d) Financial instruments**

###### **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 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(f) Employee benefits**

###### **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 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(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.

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

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

ABN: 18 009 790 327

## Notes to the Financial Statements For the Year Ended 30 June 2021

### 2 Summary of Significant Accounting Policies

#### (o) Fair Value of Assets and Liabilities

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.

### 3 Revenue

	2021	2020
	\$	\$
Grant funding for the delivery of NDSS Services	5,274,002	5,254,187
Grant funding for the delivery of My Health for Life Services	9,247,771	9,481,570
Membership subscriptions	1,050,823	1,076,760
Donations, bequests, appeals and sponsorship	1,200,054	1,615,267
Fees and events	301,484	73,934
Provision of services - labour reimbursements	568,111	903,460
Grant Revenue - Queensland Government Projects	816,444	654,994
<b>Total revenue</b>	<b>18,458,689</b>	<b>19,060,172</b>

#### (a) Other Income

	2021	2020
	\$	\$
Other Income		
- Sundry income	-	61,371
- ATO Job-keeper Government subsidy	2,326,959	864,000
- ATO Cashboost Government subsidy	50,000	50,000
	<b>2,376,959</b>	<b>975,371</b>

### 4 Employee Expenses

Employee benefits	8,687,201	8,045,352
Employee related expenses	458,843	442,717
<b>Total</b>	<b>9,146,044</b>	<b>8,488,069</b>

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Notes to the Financial Statements For the Year Ended 30 June 2021

### 5 Supplies and Services

	2021	2020
	\$	\$
Advertising, media and marketing expenses	900,681	915,289
Consultancies and contractors	5,259,422	5,732,803
Diabetes Australia Membership fee	83,499	90,457
Donation to Diabetes Australia Research Trust	200,000	120,000
Fundraising activities	-	13,040
IT infrastructure, maintenance and support expense	776,171	733,432
Legal fees	94,830	61,093
Postage	378,090	419,555
Premises expense	62,754	83,647
Program delivery expense	552,359	534,192
Publication, printing and stationery expense	366,608	490,543
Security and records expense	40,106	39,818
Event costs	469,137	550,168
Warehouse and freight expense	4,533	4,929
<b>Total</b>	<b>9,188,190</b>	<b>9,788,966</b>

### 6 Other expenses

All other operating expenses*	440,652	512,130
*includes auditors' remuneration		
Audit of financial statements	31,000	30,000
Other assurance services (NDSS acquittal, group consolidation)	9,500	3,500
Assistance with financial reporting	2,500	3,500
<b>Total Auditors remuneration</b>	<b>43,000</b>	<b>37,000</b>

### 7 Investment Income

Interest income	6,942	30,447
Distributions from held for trading financial assets	79,916	78,784
Net fair value (loss)/gain on held for trading financial assets	472,759	(216,484)
<b>Total finance (loss)/income</b>	<b>559,617</b>	<b>(107,253)</b>

### 8 Cash and Cash Equivalents

Cash at bank and in hand	4,345,657	3,193,293
Short-term deposits	1,498,001	1,497,083
<b>Total</b>	<b>5,843,658</b>	<b>4,690,376</b>

## Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 8 Cash and Cash Equivalents

##### Reconciliation of operating result to net cash flow from operating activities

	2021	2020
	\$	\$
<b>Operating result</b>	<b>2,473,217</b>	<b>1,012,737</b>
<b>Adjustments for:</b>		
Depreciation & amortisation expense	124,050	117,114
Fair value investment gains and losses	(472,759)	216,484
<b>(Increase)/Decrease in assets</b>		
Trade and other receivables	868,216	63,228
Inventory	-	724
Other current assets	111,547	(294,687)
<b>Increase/(Decrease) in Liabilities</b>		
Trade and other payables, and unearned income	(849,300)	865,053
Employee benefits	172,694	72,204
<b>Net cash from operating activities</b>	<b>2,427,665</b>	<b>2,052,857</b>

#### 9 Trade and Other Receivables

Trade debtors	204,020	293,142
Amounts receivable from government	1,736	780,830
<b>Total trade and other receivables</b>	<b>205,756</b>	<b>1,073,972</b>

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.

## Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 10 Property, plant and equipment

	Land \$	Buildings \$	Plant & Equipment \$	Total \$
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)
<b>Carrying amount as at 1 July 2019</b>	<b>1,650,000</b>	<b>1,247,546</b>	<b>52,244</b>	<b>2,949,790</b>
Additions	-	26,974	64,631	91,605
Depreciation	-	(82,824)	(26,654)	(109,478)
<b>Carrying amount as at 30 June 2020</b>	<b>1,650,000</b>	<b>1,191,696</b>	<b>90,221</b>	<b>2,931,917</b>
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)
<b>Carrying amount as at 30 June 2020</b>	<b>1,650,000</b>	<b>1,191,696</b>	<b>90,221</b>	<b>2,931,917</b>
Additions	-	5,341	189,162	194,503
Revaluation increment	-	2,062,493	-	2,062,493
Revaluation decrement	(350,000)	-	-	(350,000)
Depreciation	-	(59,530)	(64,521)	(124,051)
<b>Carrying amount as at 30 June 2021</b>	<b>1,300,000</b>	<b>3,200,000</b>	<b>214,862</b>	<b>4,714,862</b>
Gross value - at cost	1,300,000	3,200,000	1,194,343	5,694,343
Accumulated Depreciation	-	-	(979,481)	(979,481)
<b>Carrying amount as at 30 June 2021</b>	<b>1,300,000</b>	<b>3,200,000</b>	<b>214,862</b>	<b>4,714,862</b>

In the 2021 year, the company undertook an independent valuation of its land and buildings, by Gold Valuations. Fair market value was assessed at \$4,500,000 resulting in a net increment of \$1,712,493 recognised in reserves (note 19).

#### 11 Intangible Assets

	2021 \$	2020 \$
Software - at cost	89,352	361,461
Accumulated amortisation and impairment	(24,703)	(357,629)
<b>Carrying amount as the beginning of the year</b>	<b>64,649</b>	<b>3,832</b>
Additions	54,710	68,452
Amortisation	(23,111)	(7,635)
<b>Carrying amount as the end of the year</b>	<b>96,248</b>	<b>64,649</b>
Software - at cost	144,062	89,352
Accumulated amortisation and impairment	(47,814)	(24,703)
<b>Carrying amount as the end of the year</b>	<b>96,248</b>	<b>64,649</b>

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

Notes to the Financial Statements  
For the Year Ended 30 June 2021

12 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	204,979	348,125

## Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 13 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade and other payables	638,788	1,759,374
Sundry payables and accrued expenses	888,049	615,866
Contract liabilities (a)	660,183	974,541
GST payable	224,423	181,623
Unexpended government funds	775,085	504,424
	<b>3,186,528</b>	<b>4,035,828</b>

#### (a) Contract liabilities

	2021	2020
	\$	\$
Balance at beginning of the year	974,541	-
Net movements in year:		
Government funding	(50,852)	93,803
Membership subscriptions	(758,930)	758,930
Sponsorship funding	60,542	121,808
Amounts owing to parent (member subscriptions)	434,882	-
<b>Closing balance at the end of the year</b>	<b>660,183</b>	<b>974,541</b>

As set out in note 2(a) contract liabilities represents revenue received in advance of services to be rendered (generally, these services will be performed in the 2022 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.

In the 2021 year, following unification (refer note 1), memberships in the company transferred to Diabetes Australia. Prior to balance date the company received \$434,882 of membership subscriptions on behalf of Diabetes Australia. The 2020 year's balance of \$758,930 in membership subscriptions received in advance has been recognised by the company as revenue in 2021.

## Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

ABN: 18 009 790 327

### Notes to the Financial Statements

For the Year Ended 30 June 2021

#### 14 Employee Benefits

	2021	2020
	\$	\$
<b>Current Employee Benefits</b>		
Annual leave provision	586,554	497,424
Long service leave provision	177,753	182,944
<b>Total current employee benefits</b>	<b>764,307</b>	<b>680,368</b>
<b>Non-Current Employee Benefits</b>		
Long service leave provision	178,015	89,260
<b>Total non-current employee benefits</b>	<b>178,015</b>	<b>89,260</b>
<b>Total employee benefits</b>	<b>942,322</b>	<b>769,628</b>

#### Analysis of total provisions

	2021
	\$
Opening balance 1 July 2020	769,628
Additional provisions raised during the year	843,194
Amounts used	(670,500)
<b>Balance 30 June 2021</b>	<b>942,322</b>

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 Capital and Leasing Commitments

##### (a) Operating Lease Commitments

There are no operating lease commitments outstanding as at 30 June 2021 (2020: nil).

##### (b) Capital expenditure commitments

There are no capital expenditure commitments outstanding as at 30 June 2021 (2020: nil).

# Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

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## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 15 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.

### 16 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:

	2021	2020
	\$	\$
Short-term employee benefits	615,001	560,298
Post-employment benefits	49,095	56,166
<b>Total</b>	<b>664,096</b>	<b>616,464</b>

#### Directors Remuneration

No member of the board received any fees or any other remuneration during the year (2020: 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.

In respect of the above key management personnel total of \$664,096 (2020: \$616,464), an amount of \$163,043 (2020: \$153,373) has been recharged to related entity Diabetes New South Wales (DNSW) for services rendered by the company to DNSW.

In addition DNSW has provided key management personnel services to the company totalling \$564,941 (2020: \$504,642).

### 17 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.

#### 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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **17 Related Party transactions**

##### **Directors and key management personnel amounts.**

The amounts involved in the above transactions are nominal.

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 \$85,802 (2020: \$56,666).

Mr Craig Beyers, director of the company is also a director of Diabetes New South Wales (DNSW) for the period 1 July 2020 to 29 April 2021. DNSW provides services that include management, administration and operational activities. During the year, the value of these services was \$1,669,939 (2020 \$1,945,578). Amounts payable by the company to DNSW at balance date total \$nil (2020: \$164,744). In addition, as set out in note 16, the above amounts include key management personnel services.

The company also provides management, administration and operational services to DNSW. During the year the value of these services was \$1,459,639, made up of \$568,111 in labour reimbursements and \$891,528 in other reimbursements (2020: \$1,893,904). Amounts receivable by the company from DNSW at balance date total \$63,185 (2020: \$277,395). 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, Mr Michael Stanford, and Mr Greg Johnson, are also directors of Diabetes Australia is the national body representing the interests of people with or at risk of diabetes. The company acts as an agent of Diabetes Australia under the NDSS contract and derives revenue from that service (see note 3). Diabetes Australia owes the company \$nil (2020: \$nil) at balance date, and the company owes Diabetes Australia \$214 (2020: \$625,192). In addition, the company paid \$200,000 (2020: \$120,000) as a donation to Diabetes Australia under its Diabetes Australia Research Trust (DART) program (the Trust undertakes a range of diabetes research programs funded by member organisations, corporate and individual donors).

During the year the company was part of a unification re-structure with Diabetes Australia - refer note 1. Following changes to the Constitutions of both Diabetes QLD and Diabetes Australia on 28/04/21, Diabetes Australia appointed Diabetes QLD as its Service Agent to act as a non-exclusive agent for administering the issue and collection of Diabetes Australia's membership fees and provision of related member services. The service fee payable equals the membership fees and any associated donations collected by Diabetes QLD on behalf of Diabetes Australia. In FY21, the Service Agent Fee recognised was \$85,078 with \$434,882 of membership fees and associated donations deferred to FY22.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 18 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:

	2021 \$	2020 \$
<b>Financial Assets</b>		
Cash and cash equivalents	5,843,658	4,690,376
Trade and other receivables	205,756	1,073,972
Other financial assets	5,196,367	3,643,727
<b>Total financial assets</b>	<b>11,245,781</b>	<b>9,408,075</b>
<b>Financial liabilities</b>		
Trade payables, accruals and government funds	2,301,854	2,879,664
<b>Total financial liabilities</b>	<b>2,301,854</b>	<b>2,879,664</b>

\* Excludes GST payable and contract liabilities.

#### (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 \$5,843,658 at 30 June 2021 (2020: \$4,690,376). The cash and cash equivalent are held with banks and financial institutions, which are rated AA- or greater.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 18 Financial instruments and risk management

##### (b) Credit risk

###### 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 1).

At balance date, the amounts receivable from these entities totalled \$nil (2020:\$782,605). In addition, Diabetes New South Wales owes the company \$63,185 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

	2021	2020
	\$	\$
Financial assets at fair value through profit and loss - investment in managed portfolio of securities	5,196,367	3,643,727
<b>Total</b>	<b>5,196,367</b>	<b>3,643,727</b>

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).

##### (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.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 18 Financial instruments and risk management

##### (d) Market Risk

	2021	2020
	\$	\$
<b>Change in profit and equity</b>		
Interest rate changes by +/-1%	<b>58,437</b>	46,904

##### *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.

	2021	2020
	\$	\$
<b>Change in equity</b>		
Market prices change by +/-1%	<b>51,964</b>	36,437

##### (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 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **18 Financial instruments and risk management**

##### **(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.

#### **19 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.

##### **Asset Revaluation Reserve**

The Asset Revaluation Reserve records revaluations of non-current assets.

#### **20 Events after the end of the Reporting Period**

As set out in note 1 the company is economically dependent on the federal government NDSS contract and the state government My Health for Life contract. In May 2021 the Queensland State Government advised that Health and Wellbeing Queensland undertakes to enter into a 3-year term service agreement with Diabetes Queensland to continue to deliver the My Health for Life program from 1 July 2021 to 30 June 2024. The NDSS contract was renewed for a further 3 years on 16 July 2021.

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.

## **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 2021 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**

*Migel Bamford*

**ND Bamford**  
Director

Date: 13 October 2021

**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 2021, 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 2021 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 2021, 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.

**Nexia Brisbane Audit Pty Ltd**

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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*

**Nexia Brisbane Audit Pty Ltd**

*Nigel Bamford*

**N D Bamford**  
Director

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

Date: 13 October 2021