Diabetic Association of Queensland Limited - Trading as Diabetes Queensland

ABN: 18 009 790 327

Financial Statements

For the Year Ended 30 June 2019

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ABN: 18 009 790 327

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For the Year Ended 30 June 2019

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Directors' Report

For the Year Ended 30 June 2019

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 2019.

DIRECTORS

Craig Beyers
Susann Holzberger
Matthew Andrew
Matthew Taylor
Liam Byrnes
Leo Tutt

Names, qualifications, experience and special responsibilities

Name	Qualifications	Date Appointed	Experience	Special Responsibilities
Craig Beyers	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).	November 2011	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	President of the Board, Member of the Audit & Risk Management Committee.
Matthew Andrew	Masters of Business Administration, Bachelor of Arts, Graduate Certificate in Science (Strategic Foresight,) Graduate Australian Institute of Company Directors.	September 2017	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.	Vice President of the Board.

Directors' Report

For the Year Ended 30 June 2019

Name	Qualifications	Date Appointed	Experience	Special Responsibilities
Matthew Taylor	Bachelor of Business (Accounting), Member of Chartered Accountants Australia and New Zealand	November 2017	Matthew is an Assurance partner at a global accounting firm, based in Brisbane. He has over 15 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.	Member of the Board and Chair of the Audit & Risk Management Committee
Susann Holzberger	B.Pharm, Member of the Board of the Australia College of Pharmacy, Member of the Australian Institute of Company of Directors.	November 2009	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.	Member of the Board and Member of the Audit & Risk Management Committee.
Liam Byrnes	Doctor of Philosophy (Economics), Bachelor of Laws (Honours), Bachelor of Commerce (Honours), Graduate Diploma of Legal Practice.	November 2017	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.	Member of the Board and Member of the Audit & Risk Management Committee.
Leo Tutt	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.	June 2018	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 is also Chair of Glycemic Index 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.	Member of the Board.

Directors' Report

For the Year Ended 30 June 2019

Dividends

No dividends have been paid or declared since the end of the previous financial year, the company's constitution does not allow payment of dividends.

Company Secretary

Francis Harris has been the company secretary along with Claire Beyers the alternate company secretary since October 2018. (Previous company secretary: Michele Clatworthy, resigned 25 October 2018).

Principal activities

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

During the year the company:

- Delivered diabetes education and awareness programs to more than 5,153 people living with diabetes through face to face programs such as Live Your Life Expos and forums, DESMOND, Topic specific programs and Diabetes Yarning.

- Delivered a Pregnancy Planning road show of 7 events in 6 weeks across Queensland, reaching women who have diabetes and are thinking about pregnancy. Fantastic feedback was received by the women and the guest presenters which has led to Diabetes Queensland incorporating it into the Live Your Life series in FY20.

- Introduced new programs for Queensland 'Beat It' an 8 week exercise and education program and Diabuddies a one day peer support program for children with type 1 diabetes, both have been well received by Queenslanders living with diabetes.

- Continued the national leadership for the Aboriginal and Torres Strait Island development program under the NDSS.

- Is part way through adaptation of the DESMOND program for the Arabic and Pasifika Island communities with a view to pilot in early FY20.

- Achieved greater reach for the Cultural and Linguistically Diverse program. Delivery continues to grow with promotion in language in the Indian and Chinese local newspapers for National Diabetes Week.

- Set up of a sub-contractor model which saw up to 14 Credentialled Diabetes Educators trained in DESMOND and Topic Specific programs to improve reach and access of these programs across Queensland.

- Inaugural Peer Support and Camp Provider workshops were held in FY19 with a view to understanding how Diabetes Queensland can support these important community groups.

- Continued to support Diabetes Queensland members and registrants through the outbound call service, calling more than 37,000 people.

- Continued to deliver on the Queensland Government's My Health for Life program, conducting a total of 165,442 risk assessments resulting in 11,717 program enrolments with 6422 participants completing the program to date.

- Staged campaigns for National Diabetes Week (July 8-14) and World Diabetes Day (Nov 14). In NDW, social media and videos targeted men with an "It's About Time" theme, playing on the "Back to the Future" movies. Type 1 messaging was about the sudden onset of the condition and knowing the symptoms; type 2 focused on early diagnosis preventing complications. Page views totalling 2,184 were recorded for World Diabetes Day (Nov 14), social media and posters focused on "Diabetes Concerns Every Family" while the media campaign highlighted that gestational diabetes increases the risk of developing type 2 diabetes for mother and child later in life. Online, this achieved 2,314-page views.

OPERATING AND FINANCIAL REVIEW

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.

In doing so, the organisation recorded a financial result for the year with a net deficit of $348,027 (2018: Surplus $174,572).

Short-term and long-term 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 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 focused and sustainable workforce to drive the organization culture to be engaged, agile, capable to deliver quality performance

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Directors' Report

For the Year Ended 30 June 2019

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Strategic focus area

	Actual	Target
Diabetes management policies activated	1	1
Increase online engagement through unique web visits	**365,695**	300,000
Provide support and credible information through NDSS annual plan	**100%**	100%
MH4L program participant completions	**4436**	4100
Risk assessments completed by June 20 using AUSDRISK	**72,532**	70,000
Financial members	**34,375**	35,000
Donor retention	**12,690**	12,000
Membership revenue	**$1,589,529**	$1,532,000

Results

The net deficit for the year was $348,027 (2018: Surplus $174,572). The organisation has seen a significant amount of operational change that will result in cost reductions and positive income growth. Throughout the year however, the organisation conducted a review of certain indirect tax obligations with regards to its membership product. The assessment indicated that one of its products was no longer eligible for various exemptions.
There was an extraordinary item taken up in the FY19 accounts to repay this historical amount in full. We estimate there is no further liability impacting the business and current repayments are in line with legislation.

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

After balance date events

The Company and Diabetes New South Wales entered a business arrangement whereby they share resources, staff, IP and IT systems whilst remaining as separate legal entities, maintaining separate membership bases and separate Boards. The Better Together program is designed to improve the operating circumstances of both organisations and we note that whilst the Better Together MOU was formally signed on 2 July 2019 the collaboration has been effective from 1st of January 2019.

In addition there are the matters detailed in future developments below. There are no other matters or circumstances that 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.

Directors' Report

For the Year Ended 30 June 2019

OPERATING AND FINANCIAL REVIEW (CONTINUED)

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.

Indemnification and insurance of directors and officers

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 $16,006 (2018: $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.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board Meetings		Audit and Risk Management	
Name	A	B	A	B
Craig Beyers	6	6	5	5
Susann Holzberger	6	5	5	4
Matthew Andrew	6	3	0	0
Matthew Taylor	6	6	5	5
Liam Byrnes	6	6	5	5
Leo Tutt	6	2	0	0

A = number of meetings eligible to attend
B = number of meetings attended

Directors' Report

For the Year Ended 30 June 2019

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Members' Guarantee

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 2019, the number of company members who would be liable if the company was to be wound up is 34,375 (2018: 36,304).

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Nexia Brisbane Audit Pty Ltd as part of the terms of its audit engagement agreement against claims by third parties arising from their audit (for an unspecified amount) as a result of any misrepresentation or wilful or wrongful act or omission by the Company. No payment has been made to indemnify Nexia Brisbane Audit Pty Ltd during or since the financial year.

Proceedings on behalf of the 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.

Director ....

Craig Beyers

Date: 17 September 2019

Directors' Declaration

For the Year Ended 30 June 2019

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

1. The financial statements and notes, as set out on pages 9 to 31, satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and:

    (a) comply with Australian Accounting Standards applicable to the company; and

    (b) give a true and fair view of the financial position as at 30 June 2019 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 ....

Craig Beyers

Date: 17 September 2019

Diabetes Australia Queensland

ABN: 18 009 790 327

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Income			
Revenue	3	**17,744,443**	16,925,968
Other Revenue		**18,506**	64,286
Investment Income	7	**160,930**	152,724
Total Revenue		**17,923,879**	17,142,978
Expenses			
Employee expenses	4	**8,392,689**	7,952,851
Supplies and services	5	**9,012,360**	8,424,788
Cost of sales		**35,911**	41,717
Depreciation & amortisation expense		**146,057**	170,505
Other expenses	6	**684,889**	378,545
Total Expenses		**(18,271,906)**	(16,968,406)
Operating result before income tax		**(348,027)**	174,572
Income tax expense	(2.j)	**-**	-
Net operating result after income tax		**(348,027)**	174,572
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**(348,027)**	174,572

Diabetes Australia Queensland

ABN: 18 009 790 327

Statement of Financial Position

As At 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**5,222,474**	6,846,706
Other financial assets	18	**1,435,315**	1,353,998
Trade and other receivables	9	**1,137,200**	877,288
Inventory		**724**	9,537
Other assets		**53,438**	50,478
TOTAL CURRENT ASSETS		**7,849,151**	9,138,007
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,949,790**	3,000,962
Intangible assets	11	**3,832**	50,255
TOTAL NON-CURRENT ASSETS		**2,953,622**	3,051,217
TOTAL ASSETS		**10,802,773**	12,189,224
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**1,853,371**	2,839,106
Employee benefits	13	**715,034**	962,283
Other liabilities	14	**1,168,577**	906,669
TOTAL CURRENT LIABILITIES		**3,736,982**	4,708,058
NON-CURRENT LIABILITIES			
Employee benefits	13	**131,217**	198,565
TOTAL NON-CURRENT LIABILITIES		**131,217**	198,565
TOTAL LIABILITIES		**3,868,199**	4,906,623
NET ASSETS		**6,934,574**	7,282,601
EQUITY			
Reserves		**145,575**	145,575
Retained earnings		**6,788,999**	7,137,026
TOTAL EQUITY		**6,934,574**	7,282,601

Diabetes Australia Queensland

ABN: 18 009 790 327

Statement of Changes in Equity

For the Year Ended 30 June 2019

	Note	Retained Earnings $	Development Fund Reserve $	Total $
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**
Balance at 1 July 2017		6,962,454	145,575	7,108,029
Total other comprehensive income for the period		174,572	-	174,572
Balance at 30 June 2018		7,137,026	145,575	7,282,601

Diabetes Australia Queensland

ABN: 18 009 790 327

Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**19,862,085**	16,839,735
Payments to suppliers and employees		**(21,517,468)**	(15,830,442)
Interest and investment income		**153,392**	85,507
Net cash provided by/(used in) operating activities	8	**(1,501,991)**	1,094,800
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(48,462)**	-
Net payment for purchase of financial assets		**(73,779)**	(14,745)
Net cash provided by/(used in) investing activities		**(122,241)**	(14,745)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase/(decrease) in cash and cash equivalents held		**(1,624,232)**	1,080,055
Cash and cash equivalents at beginning of year		**6,846,706**	5,766,651
Cash and cash equivalents at end of financial year	8	**5,222,474**	6,846,706

Notes to the Financial Statements
For the Year Ended 30 June 2019

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 2019, the number of financial members was 34,574 (2018: 36,604).

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 17 September 2019.

2 Significant Accounting Policies

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

(a) Statement of compliance

The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards and is a charity registered with the Australian Charities and Not-for-profits Commission. These general purpose financial statements have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB). 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.

(b) Revenue

A significant amount of the company's revenue is derived from government grant programs (see note 20). Grant revenue is recognised in profit or loss when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to retain the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

2 Significant Accounting Policies

(b) Revenue

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 taking into account the interest rates applicable to the financial assets.

(c) 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 (ie 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.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability).

The fair value of liabilities 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.

(d) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

2 Significant Accounting Policies

(d) Financial instruments

Classification and subsequent measurement

All other 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 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 and loss.

On the basis of the two primary criteria, being:

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

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

- 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 the financial instruments to measure at fair value through profit and 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 (ie 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.

2 Significant Accounting Policies

(d) Financial instruments

Derecognition

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 of the following criteria need to be satisfied for 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 and 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 simplified approach to impairment, as applicable under AASB 9.

Simplified approach

The simplified approach does not require tracking of changes in credit risk in 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 has been used, taking into consideration various data to get to an expected credit loss (ie 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.

2 Significant Accounting Policies

(d) Financial instruments

Cash and cash equivalents

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

Accounts Receivable 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.

Accounts payable and other payables

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

(e) Property, plant and equipment

Property, plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. 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 1(g) for details of impairment).

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

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

The asset's residual value 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 periods with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Significant Accounting Policies

(e) Property, plant and equipment

Depreciation

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

Class of Fixed Asset	Depreciation rate
Building	3%
Plant and Equipment	10% to 33%
Motor Vehicles	18.75%

(f) Intangible assets

Software

Intangible assets acquired separately are recorded at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a straight-line basis over the intangible asset's estimated useful life.

(g) 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.

(h) Employee benefits

Short-term employee provisions

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 before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, sick leave and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Significant Accounting Policies

(h) Employee benefits

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements 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. Other long-term employee benefits 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. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

The Company's obligations for long-term employee benefits are presented as non-current employee provisions 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 employee provisions.

(i) Leases

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

(j) Taxation

The Company is a not-for-profit organisation and as such is exempt from paying income tax under division 50 of the *Income Tax Assessment Act 1997*.

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

2 Significant Accounting Policies

(k) 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.

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. Key estimates/judgments used in the preparation of the financial report are:

Recognition of grant income and expenditure

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

(l) New accounting standards for application in future periods

The AASB has issued new and revised accounting standards - impact of the standards that are relevant to the Company are set out below.

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019) and AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019):

The Company has chosen not to early-adopt AASB 1058 and AASB 15. The directors have not assessed the impact of these standards.

2 Significant Accounting Policies

(l) New accounting standards for application in future periods

A core change under AASB 1058 and AASB 15 is that focus shifts from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. AASB 1058 is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the Company to further its objectives.

AASB 15 applies where there is an "enforceable" contract with a customer with "sufficiently specific" performance obligations which results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduces a five-step approach to revenue recognition which is far more prescriptive than AASB 118: *Revenue*.

AASB 15 and AASB 1058 will be applied by the Company from its mandatory adoption date of 1 July 2019. The modified transition approach will be the chosen approach, and thus the comparative amounts for the year prior to first adoption will not be restated and the entity will recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application (1 July 2019).

3 Revenue

	Note	2019 $	2018 $
Grant funding for the delivery of NDSS Services		**4,861,642**	5,003,841
Grant funding for the delivery of health services		**9,494,590**	8,797,671
Sales of goods and services		**53,802**	62,538
Membership subscriptions		**1,589,529**	1,600,533
Donations, bequests, appeals and sponsorship		**714,167**	861,365
Fees and events		**431,446**	179,481
Grant Revenue		**188,921**	375,539
Provision of services		**410,346**	45,000
Total revenue		**17,744,443**	16,925,968

4 Employee Expenses

	2019 $	2018 $
Employee benefits	**7,801,151**	7,421,515
Employee related expenses	**591,538**	531,336
Total	**8,392,689**	7,952,851

Notes to the Financial Statements
For the Year Ended 30 June 2019

5 Supplies and Services

	Note	2019 $	2018 $
Advertising, media and marketing expenses		**886,230**	1,065,908
Consultancies and contractors		**5,353,687**	3,475,330
Diabetes Australia National Levy		**76,541**	83,499
Donation to Diabetes Australia Research Trust		**6,500**	-
Fundraising activities		**4,526**	6,293
IT infrastructure, maintenance and support expense		**680,133**	1,595,196
Legal fees		**11,968**	26,673
Postage and telephone expense		**650,259**	739,928
Premises expense		**150,990**	127,005
Program delivery expense		**489,114**	681,678
Publication, printing and stationery expense		**297,232**	329,735
Security and records expense		**38,630**	33,098
Event costs		**357,607**	246,849
Warehouse and freight expense		**8,943**	13,596
Total		**9,012,360**	8,424,788

6 Other expenses

All other operating expenses*	**467,389**	378,545
GST refunded to ATO on change of eligibility of product exemption	**217,500**	-
Total	**684,889**	378,545
*Includes auditors' remuneration		
Audit of financial statements	**28,000**	27,000
Other assurance services (NDSS and MH4L)	**3,500**	2,600
Taxation services provided by related practice	**-**	2,075
Assistance with financial reporting	**2,500**	-
Total Auditors remuneration	**34,000**	31,675

7 Investment Income

Interest Revenue	**74,482**	73,596
Distributions from held for trading financial assets	**78,910**	21,104
Net fair value gains on hold for trading financial assets	**7,538**	58,024
Total finance income	**160,930**	152,724

8 Cash and Cash Equivalents

Cash at bank and in hand	**1,563,803**	3,258,190
Short-term deposits	**3,658,671**	3,588,516
Total	**5,222,474**	6,846,706

Diabetes Australia Queensland

ABN: 18 009 790 327

Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Cash and Cash Equivalents

Reconciliation of operating result to net cash flow from operating activities

	2019	2018
	$	$
Operating result	**(348,027)**	174,572
Adjustments for:		
Depreciation & amortisation expense	**146,057**	170,505
Fair value investment gains and losses	**(7,538)**	(67,217)
(Increase)/Decrease in assets		
Trade and other receivables	**(259,912)**	(113,915)
Inventory	**8,813**	(3,234)
Other current assets	**(2,960)**	(1,761)
Increase/(Decrease) in Liabilities		
Trade and other payables	**(985,735)**	665,670
Employee benefits	**(314,597)**	306,785
Unearned income	**261,908**	(36,605)
Net cash from operating activities	**(1,501,991)**	1,094,800

9 Trade and Other Receivables

	2019	2018
Trade Debtors	**258,482**	414,806
Amounts receivable from government	**878,718**	462,482
Total trade and other receivables	**1,137,200**	877,288

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 2019

10 Property, plant and equipment

	Note	Land $	Buildings $	Plant and Equipment $	Total $
Gross Value - at cost		1,650,000	2,489,504	935,468	5,074,972
Accumulated Depreciation		-	(1,046,758)	(911,366)	(1,958,124)
Carrying amount as at 1 July 2017		1,650,000	1,442,746	24,102	3,116,848
Depreciation		-	(104,641)	(11,245)	(115,886)
Carrying amount as at 30 June 2018		1,650,000	1,338,105	12,857	3,000,962
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 30 June 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		-	(1,241,959)	(931,685)	(2,173,644)
Carrying amount as at 30 June 2019		1,650,000	1,247,545	52,245	2,949,790

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, which compared to book value of $2,988,105. There are no indicators that the fair market value has materially changed.

11 Intangible Assets

	Note	2019 $	2018 $
Software - at cost		361,461	361,461
Accumulated amortisation and impairment		(311,206)	(256,587)
Carrying amount as the beginning of the year		50,255	104,874
Amortisation		(46,423)	(54,619)
Carrying amount as the end of the year		3,832	50,255
Software - at cost		361,461	361,461
Accumulated amortisation		(357,629)	(311,206)
Carrying amount as the end of the year		3,832	50,255

Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Trade and Other Payables

	Note	2019 $	2018 $
Trade payables		**536,003**	1,484,768
GST payable		**378,466**	111,397
PAYG Payable		**-**	98,732
Sundry payables and accrued expenses		**938,902**	1,144,209
Total		**1,853,371**	2,839,106

13 Employee Benefits

	2019	2018
Current Employee Benefits		
Salary & related costs payable	**148,827**	181,024
Annual leave payable	**344,111**	492,657
Long service leave payable	**222,096**	288,602
Total current employee benefits	**715,034**	962,283
Non-Current Employee Benefits		
Long service leave payable	**131,217**	198,565
Total non-current employee benefits	**131,217**	198,565
Total employee benefits	**846,251**	1,160,848

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.

14 Unearned Income

	2019	2018
Membership subscriptions in advance	**761,440**	881,786
Unearned grant income	**407,137**	24,883
Total	**1,168,577**	906,669

15 Capital and Leasing Commitments

(a) Operating Lease Commitments

There are no operating lease commitments outstanding as at 30 June 2019 (2018: nil).

(b) Capital expenditure commitments

There are no capital expenditure commitments outstanding as at 30 June 2019 (2018: nil).

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:

	Note	2019 $	2018 $
Short-term employee benefits		**758,085**	1,041,306
Post-employment benefits		**83,373**	121,913
Long-term benefits		**123,827**	211,256
Total		**965,285**	1,374,475

Directors Remuneration

No member of the board received any fees or any other remuneration during the year (2018: 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.

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 amounts.

The amounts involved in the above transactions are nominal.

Notes to the Financial Statements

For the Year Ended 30 June 2019

17 Related Party transactions

Directors and key management personnel

Mr Matthew Taylor is a Partner 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 $57,639 (2018: $43,465).

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 $726,263 (2018: $82,382). Amounts payable by the company to DNSW at balance date total $17,682.

The company also provides management, administration and operational services to DNSW. During the year the value of these services was $410,346 (2018: nil). Amounts receivable by the company from DNSW at balance date total $249,166.

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). The company also provided other services to DAL in the year to the value of nil (2018: $45,000). DAL owes the company $485 (2018: nil) at balance date, and the company owes DAL $290,280 (2018: $607,273).

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:

	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	**5,222,474**	6,846,706
Trade and other receivables	**1,137,200**	877,288
Other financial assets	**1,435,315**	1,353,998
Total financial assets	**7,794,989**	9,077,992
Financial liabilities		
Trade and other payables	**1,853,371**	2,839,106
Salary & related costs payable	**148,827**	181,024
Total financial liabilities	**2,002,198**	3,020,130

18 Financial instruments and risk management

1. Held for trading financial assets comprise investments in equities and fixed interest securities held through a major Australian fund manager. There are no fixed returns or fixed maturity dates attached to these investments.

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

(a) Overview of financial risk management policies

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

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

(b) Credit risk

Credit risk is a risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables and 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 $5,222,474 at 30 June 2019 (2018: $6,846,706). 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 20).

At balance date, the amounts receivable from these entities totalled $879,203 (2018: $805,596). 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.

18 Financial instruments and risk management

(b) Credit risk

At 30 June 2019, the ageing of trade and other receivables not impaired was as follows:

	Note	2019 $	2018 $
Neither past due or impaired		**1,110,010**	563,813
Past due 1-30 days		**-**	158,523
Past due 31-90 days		**27,190**	154,952
Total		**1,137,200**	877,288

(c) Financial Assets - Current Assets

	Note	2019 $	2018 $
Financial assets at fair value through profit and loss - interest in managed portfolio of securities		**1,435,315**	1,353,998
Total		**1,435,315**	1,353,998

The company holds an interest 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 18(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 managed fund investments and listed trusts 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.

	Note	2019 $	2018 $
Change in profit and equity			
Interest rate changes by +/-1%		**52,225**	68,467

18 Financial instruments and risk management

(d) Market Risk

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.

		2019	2018
	Note	$	$
Change in equity			
Market prices change by +/-1%		**14,353**	13,540

(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.

18 Financial instruments and risk management

(f) Fair value

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

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

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

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.

20 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 organisation is a sub-contractor) runs until June 2020 and the My Health for Life contract has been extended until June 2020. The company is actively engaged in contract negotiations that are progressing positively. Both programs continue to meet their objectives and there are indications that these programs will be extended beyond June 2020.

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

21 Events after the reporting period

The Company and Diabetes New South Wales entered a business arrangement whereby they share resources, staff, IP and IT systems whilst remaining as separate legal entities, maintaining separate membership bases and separate Boards. The Better Together program is designed to improve the operating circumstances of both organisations and we note that whilst the Better Together MOU was formally signed on 2 July 2019 the collaboration has been effective from 1st of January 2019.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs 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 2019 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: 17 September 2019

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Nexia Australia

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 2019, 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 2019 and of its financial performance for the year ended; and

ii) complying with Australian Accounting Standards 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 auditor independence requirements of the ACNC Act1 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The directors of the company are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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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: 17 September 2019

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