



Concise Financial Report

For the year ended
30 June 2020

ABN 71 005 239 510

The concise financial report is an extract from the full financial report of Diabetes Victoria. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report of Diabetes Victoria, and cannot be expected to provide a comprehensive understanding of the financial performance, financial position and financing and investing activities of the company compared to the full financial report.

Further financial information can be obtained from Diabetes Victoria's full financial report, a copy of which, including the independent audit report, is available to all members, and will be sent to members without charge on request.



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Directors Report

The Directors of Diabetes Victoria hereby submit the annual financial report of the Company for the year ended 30 June 2020. In order to comply with the provisions of the Australian Charities and Not-for-profits Commission Act 2012, the Directors report as follows:

The names of the Directors of the Company during or since the end of the financial year are:

Directors

Glen Noonan	Elected 2011; elected President 2019
<i>Qualifications</i>	Bachelor of Science (<i>Computer Science & Accounting</i>), Member of the Institute of Chartered Accountants.
<i>Experience</i>	Consulting Partner: PricewaterhouseCoopers, practising in the areas of finance, operations and transformation.
<i>Special responsibilities</i>	President; Chair of Executive Committee; <i>ex officio</i> on all other Committees; and Delegate on the Board of Diabetes Australia Limited.
Malcolm Gray AM	Elected 1994
<i>Qualifications</i>	B Comm, DDA, FREI, FAPI, FAICD.
<i>Experience</i>	Chairman: GrayJohnson property group; former President: International Cricket Council; and Chairman: BQ Design.
<i>Special responsibilities</i>	Director of Diabetes Australia Research Ltd; Audit & Risk Committee; and Commercial Committee.
Kathryn Arndt	Elected 2007
<i>Qualifications</i>	Bachelor of Business (<i>HRM</i>), Graduate Diploma (<i>Bus</i>), Member of the Australian Institute of Company Directors.
<i>Experience</i>	CEO and non-executive Board Director with experience across health services and community-based organisations, financial services and industry associations; CEO: Victorian Local Governance Association; Member of the Victorian Ministerial Council on Women's Equality; Deputy Chair: Access Health & Community; and Company Secretary: Royal Melbourne Tennis Club.
<i>Special responsibilities</i>	Audit & Risk Committee; Commercial Committee; Consumer Advisory Committee; and Executive Committee.
Professor Peter Colman AM	Elected 2014
<i>Qualifications</i>	MBBS, FRACP, MD.
<i>Experience</i>	Practising Endocrinologist/Diabetologist for over 30 years. Head of the Department of Diabetes and Endocrinology: Royal Melbourne Hospital from 1992 to 2018. Previous positions include: President of the Australian Diabetes Society and a Board Member of Diabetes Australia Limited.
<i>Special responsibilities</i>	Chair of Clinical Advisory Committee.
Professor Patricia Dunning AM	Elected 2011
<i>Qualifications</i>	RN, MEd, PhD, Grad Dip Health Education, Grad Dip Professional Writing.
<i>Experience</i>	Chair in Nursing and Director: Centre for Quality and Patient Safety Health Research at Deakin University and Barwon Health; Past Vice President: International Diabetes Federation; and Member: Course Advisory Committee Graduate Certificate of Diabetes Education at Deakin University.
<i>Special responsibilities</i>	Clinical Advisory Committee; and Programs & Services Committee.

A/Professor Mark Kennedy	Elected 2018
<i>Qualifications</i>	MBBS, B Med Sci (<i>Hons</i>), Grad Dip Family Medicine, Grad Cert Internal Medicine, Grad Cert Man, GAICD.
<i>Experience</i>	Over 25 years' experience as a general practitioner with special interests in diabetes, medical education and research. Various senior management positions and Board representations. Chair of the Primary Care Diabetes Society of Australia; and Clinical Associate Professor: Department of General Practice at The University of Melbourne.
<i>Special responsibilities</i>	Clinical Advisory Committee; and Programs & Services Committee.
Richard Loveridge	Elected 2019
<i>Qualifications</i>	B Comm, LLB, Grad Dip Applied Finance, FINSIA.
<i>Experience</i>	Experienced corporate and commercial lawyer, who provided specialist advice on capital raisings, mergers and acquisitions while a partner at Herbert Smith Freehills for more than 21 years. Currently holds several non-executive directorships.
<i>Special responsibilities</i>	Chair of Audit & Risk Committee; and Chair of Commercial Committee.
Victoria Stevenson	Elected 2011
<i>Qualifications</i>	RN, Grad Dip Health Education, CDE, FACN.
<i>Experience</i>	Diabetes educator in private practice and previous Manager of the Diabetes Education Services at Austin Health. Current Advisory Board member at Deakin University for the Graduate Certificate of Diabetes Education.
<i>Special responsibilities</i>	Clinical Advisory Committee; and Programs & Services Committee.
Edward Stockdale	Elected 2012
<i>Qualifications</i>	B Bus, Fellow CPA, Fellow AICD, Fellow GIA and Fellow CIS.
<i>Experience</i>	Chairman: CXi Software; Director: Trinity Bond Pty Ltd and Computershare Registry Services – Australia, UK & South Africa. Various senior management and Board positions in Australia, the USA, the UK and South Africa.
<i>Special responsibilities</i>	Chair of Consumer Advisory Committee; Audit & Risk Committee; and Commercial Committee.
Dr Sarah Wenham	Elected 2018
<i>Qualifications</i>	MBBS (<i>Hons</i>), B Med Sci, MPH, MBA.
<i>Experience</i>	Associate Partner at McKinsey and Company, in the health and public sector practices. Previous experience in clinical medicine, as well as health systems and policy in Australia, the UK and the US.
<i>Special responsibilities</i>	Chair of Programs and Services Committee.

Mr. Lalith Abeyseena FCMA (*UK*), FMIS (*UK*) held the position of Company Secretary of Diabetes Victoria for the financial year.

Short and Long Term Objectives

Since 1953, Diabetes Victoria has been the leading charity and peak consumer body working to reduce the impact of diabetes in the Victorian community. Our mission is to support, empower and campaign for all Victorians affected by, or at risk of, diabetes.

Diabetes Victoria is fully certified under ISO 9001:2015 quality accreditation standards and has a strong culture of continuous improvement. Our ISO Quality Surveillance Audit was conducted successfully in November 2019.

We made significant progress in the last financial year against our seven strategic priorities:

	Access & Equity	<ul style="list-style-type: none"> • Provide accessible information and services that respond to community needs. • Celebrate diversity and work with our priority communities to ensure fairness and health equity.
	Consumer Support & Empowerment	<ul style="list-style-type: none"> • Support, empower and advocate for consumers, as we respect and value their lived experiences. • Collaborate with individuals and communities to continue to understand their needs. • Provide education and support programs, events and information to consumers to improve diabetes self-management.
	Leadership	<ul style="list-style-type: none"> • Influence and support state and national priorities around diabetes prevention and management. • Campaign and raise awareness of the impact of all types of diabetes. • Educate, support and strengthen the Victorian workforce through our training programs, events and information.
	Partnerships & Sustainability	<ul style="list-style-type: none"> • Build and strengthen relationships with business and the community. • Identify and develop a range of funding opportunities. • Embrace innovation and the best use of new workplace technology.
	Prevention	<ul style="list-style-type: none"> • Work across all areas of prevention with people of all ages to build healthier communities. • Raise awareness about diabetes risk factors to reduce the rate and impact.
	Quality & Evaluation	<ul style="list-style-type: none"> • Provide high quality and effective programs, services and products. • Maintain a culture of continuous improvement and use evidence to inform our decisions.
	Research	<ul style="list-style-type: none"> • Champion and fund research, focusing on prevention and management strategies and the search for a cure for all types of diabetes. • Invest in research to improve self-management and reduce the psychological impact of living with diabetes.

Principal Activities and Performance

Diabetes Victoria is a vibrant organisation with around 38,000 financial members. We provide support, advice, advocacy, education and training to more than 300,000 Victorians who live with type 1, type 2 or gestational diabetes, as well as to their carers. We fund research and work to reduce the rate of diagnosis of those Victorians at risk of type 2 diabetes. We forge partnerships with both public and corporate organisations and strive to raise awareness about diabetes as a serious and complex condition.

The National Diabetes Services Scheme (NDSS) has been funded by the Commonwealth Government since 1987 and is administered by Diabetes Australia. People with diabetes, who are registered with the NDSS, have access to a range of subsidised products as well as advice and support services. Diabetes Victoria is the Victorian agent for the NDSS. As at 30 June 2020, almost 349,000 Victorians were living with diabetes and registered with the NDSS. We supported 1,310 Access Points, delivered more than 350 programs, reached out to over 100,000 registrants and had over 1 million impressions on social media.

Diabetes Victoria also manages the national NDSS Helpline on behalf of Diabetes Australia. The NDSS Helpline made 280,000 contacts and continues to provide high quality services for NDSS registrants and others throughout Australia. With funding support from Diabetes Australia, we extended the operating hours of the NDSS Helpline since the COVID-19 outbreak. The NDSS Helpline staff also processed a large number of applications from people in need of access to continuous glucose & flash monitoring subsidies, following the changed arrangements that took effect in March.

Since 2007, Diabetes Victoria has been funded by the Victorian Department of Health and Human Services to deliver the Life! Program. The Life! Program is the largest high risk diabetes prevention program currently underway in Australia. More than 60,000 Victorians have been referred to the program and 9,550 participants have commenced the structured group courses or telephone health coaching designed to prevent diabetes, heart disease and stroke. The Life! Program has an impressive commitment to continuous improvement and ongoing innovation, examples of which are the recent introduction of an online platform and a 12-month follow-up session.

In 2010, Diabetes Victoria signed a collaboration agreement with Deakin University to establish the Australian Centre for Behavioural Research in Diabetes. The ACBRD is unique, with a dedicated focus on research into the psychosocial and behavioural aspects of diabetes and embracing issues as diverse as language, distress and depression, social stigma, preventing complications (eg hypoglycaemia, vision loss) and self-care activities. The ACBRD acts as a national research centre; as a national resource; as well as a national voice. The ACBRD will be celebrating its 10th anniversary and is recognised for their high quality, peer reviewed research publications.

Since 1997, we have operated a collection business in conjunction with Savers Australia Pty Ltd. We collect pre-loved clothing and small miscellaneous items from households around metropolitan Melbourne and then deliver them to Savers outlets, for which we receive a volume specified payment. We greatly appreciate our relationship with Savers and supplied 2.3 million kilograms of product to Savers in the last 12 months.

We held several important events and awareness-raising activities during National Diabetes Week and World Diabetes Day, hosted our annual Kellion Victory Medals Award Ceremony which we honoured Victorians who have lived more than 50 years with diabetes, launched a series of podcast and delivered the Living Well with Diabetes Victoria events throughout the year.

Following the State of Emergency declared by the Victorian Government in March, we cancelled, or converted our face-to-face events, programs, training courses and other sessions into webinars (where appropriate). Our investment in technology in recent years enabled us to implement a digital by default strategy at short notice, with the excellent support from our staff, presenters and sponsors. We have also been pro-active in supporting NDSS registrants in Victoria by providing them with clear advice on protecting themselves from COVID-19, given that people living with chronic conditions such as diabetes are more at risk of contracting a severe form of the infection. In addition, we developed alternate delivery options for our Life! Program facilitators and providers to continue providing much needed lifestyle intervention courses for Victorians at high risk of type 2 diabetes and cardiovascular disease.

We will continue to work through the implications of COVID-19 across all areas of our operations. We will use technology to conduct business more efficiently and effectively, which will influence how we operate when the pandemic is behind us.

Review of operations

The net operating surplus before research contributions and the impairment on financial assets held at fair value amounted to \$1,996,917 (2019: \$3,896,513). The Company's commitment to the Diabetes Australia Research Trust was \$1,000,000 (2019: \$1,371,436). In addition, the contribution to the Australian Centre for Behavioural Research in Diabetes was \$511,804 (2019: \$527,826), taking the total research contribution to \$1,511,804 (2019: \$1,899,262). Financial assets were impaired significantly following the steep fall in equity markets during the year, resulting in a loss of \$500,998 (2019: gain of \$455,087).

The net result was a surplus of \$2,573 (2019: \$1,990,787). This net surplus was after accounting for bequest income of \$1,088,538 (2019: \$2,684,463). National Diabetes Services Scheme (NDSS) transaction fee income was \$9,291,553 per income statement (2019: \$9,389,099), representing a decrease of 1% compared to the previous year. Life! Program funding was \$3,782,179 (2019: \$4,391,228).

Cash assets, which comprise the Company's Business Money Management Account and Business Investment Account, increased to \$8,384,082 (2019: \$7,460,420). Other financial assets in ASX20 listed equities and permitted investments increased to \$6,067,398 (2019: \$5,407,462).

Changes in state of affairs

During the financial year there were no significant changes to the state of affairs of the Company, other than that referred to in the financial statements or notes thereto.

Future developments

The Board of Directors are not aware of any developments in the operations of the Company in future financial years which are likely to result in a material effects to the Company.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Corporate Governance

The Board of Directors are responsible for the good governance of Diabetes Victoria. The Board's principal activities have been to:

- adopt and monitor the annual business plan, goals and objectives aligned to the strategic directions;
- ensure compliance and risk management programs are operating effectively;
- provide overall guidance and support to the senior management.

Board Composition

All Directors of Diabetes Victoria are non-executive Directors. The Board comprises Directors with a range of qualifications and skills including medical, government relations, finance, business, law, research and marketing. Directors act in a voluntary capacity. No Director has received or become entitled to receive a benefit because of a contract made by the Company or any related party of the Company with the Director or any related party of the Director.

Board Responsibilities

The Board acts on behalf of and is accountable to the members. The Board makes every endeavour to meet the expectations of members and monitors changes in the external environment including government policy and legislation and community expectations. The responsibility for leadership, management and operation is delegated by the Board to the Chief Executive Officer. The Chief Executive Officer and Management Team are held accountable for the achievement of business plans and operating budgets. The Board, Chief Executive Officer and Management Team jointly

develop the strategic directions and the annual business plan and operating budget. The Board meets ten times a year and monitors the achievements of programs & services and objective financial targets against budget.

Board Committees

To maximise its effectiveness and efficiency the Board has formed a number of sub-committees.

a) Audit and Risk Committee

The primary role of the Audit and Risk Committee is to review the annual financial statements. The Committee also ensures that all statutory obligations in financial management and reporting are properly addressed and a comprehensive risk management program is maintained. This Committee meets once in a year, in July or August.

b) Clinical Advisory Committee

The Clinical Advisory Committee promotes close links between Diabetes Victoria, key clinicians and health services that provide services to people with diabetes in Victoria, with the aim of improving outcomes for these people. This Committee meets twice a year.

c) Commercial Committee

The Commercial Committee oversees the financial performance of Diabetes Victoria, promotes good governance in the organisation and provides appropriate advice on these and related matters. This Committee meets monthly, except December and January.

d) Consumer Advisory Committee

The Consumer Advisory Committee provides advice and feedback from a consumer perspective about the challenges faced by Victorians affected by diabetes. This Committee meets twice a year.

e) Executive Committee

The Executive Committee is a forum in which the Chief Executive Officer and a sub-group of Board Directors can discuss issues of significance in a timely manner. Some of these issues will be resolved at Executive Committee meetings, while others will require further discussion at Board meetings. The Executive Committee did not meet during the financial year.

f) Programs and Services Committee

The Programs and Services Committee provides governance and strategic advice on the programs and services provided by Diabetes Victoria. This Committee meets five times a year.

Subsequent events

There has not been any matter or circumstances occurring subsequent to the end of the financial year that has 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 apart from normal operating contracts associated with the Company's objectives.

Indemnification of officers and auditors

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate: indemnified 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 with the exception of the following matter.

During the financial year, the Department of Health and Human Services has paid premiums to indemnify the Directors of the Company (as named below) and officers against third party legal proceedings arising out of their lawful conduct while acting in the capacity of Director or officer of the Company. The contract of insurance does not allow for the disclosure of the premium.

Proceedings on behalf of the Company

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

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

Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company. At 30 June 2020, the number of members was 38,369 (2019: 38,936).

Directors' meetings

The following sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director while they were a Director. During the financial year, ten board meetings were held.

<u>Directors</u>	<u>Held</u>	<u>Attended</u>
Glen Noonan	10	10
Kathryn Arndt	10	7
Professor Peter Colman AM	10	8
Professor Patricia Dunning AM	10	8
Malcolm Gray AM	10	9
A/Professor Mark Kennedy	10	9
Richard Loveridge	10	10
Victoria Stevenson	10	10
Edward Stockdale	10	10
Dr Sarah Wenham	10	8

Auditor's independence declaration

The auditor's independence declaration is included on page 9 of the annual report.

This Directors' report is signed in accordance with a resolution of Directors.

On behalf of the Directors



Glen Noonan
President

Melbourne, 27 July 2020



Richard Loveridge
Director

Melbourne, 27 July 2020

Auditor's Independence Declaration

To the Board Members of Diabetes Victoria

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Diabetes Victoria for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



E W Passaris
Partner – Audit & Assurance

Melbourne, 27 July 2020

Independent Auditor's Report

To the Members of Diabetes Victoria

Report on the audit of the concise financial report

Opinion

We have audited the concise financial report of Diabetes Victoria (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and comprising notes to the financial statement derived from the full financial report of Diabetes Victoria for the year ended 30 June 2020, and the Directors' declaration.

In our opinion, the accompanying concise financial report of Diabetes Victoria, complies with Australia Accounting Standard AASB 1039 *Concise Financial Reports*.

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 Concise 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 concise 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 audit opinion.

Concise Financial report

The concise financial report does not contain all disclosures required by the Australian Accounting Standards in the preparation of the concise financial report. Reading the concise financial report and the auditor's report thereon, therefore is not a substitute for reading the full financial report and the auditor's report thereon.

The Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the full financial report of Diabetes Victoria for the year ended 30 June 2020, in our report dated 27 July 2020.

Information Other than the Financial Report and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Directors report for the year ended 30 June 2020, but does not include the concise financial report and our auditor's report thereon.

Our opinion on the concise 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 concise financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the concise 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.

Responsibility of Management and Those Charged with Governance for the Concise Financial Report

Management is responsible for the preparation and fair presentation of the concise financial report in accordance with Australian Accounting Standards AASB 1039 *Concise Financial Reports*. This responsibility also includes such internal control as management determines is necessary to enable the preparation of the concise financial report that is free from material misstatement, whether due to fraud or error.

In preparing the concise financial report, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the concise financial report

Our objectives are to obtain reasonable assurance about whether the concise 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 on whether the concise financial report, complies in all material respects, with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

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 concise 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 concise 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management'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 concise financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the concise financial report, including the disclosures, and whether the concise financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



E W Passaris
Partner – Audit & Assurance

Melbourne, 27 July 2020

Directors' Declaration

The Directors declare that:

- (a) 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; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a unanimous resolution of the Directors made pursuant to the Australian Charities and Not-for-profits Commission Act 2012.

On behalf of the Directors



Glen Noonan
President

Melbourne, 27 July 2020



Richard Loveridge
Director

Melbourne, 27 July 2020

Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
NDSS Revenue		9,291,553	9,389,099
Life! Program		3,782,179	4,391,228
Collection Business		4,118,114	5,550,466
Member Subscriptions		1,336,254	1,447,966
Bequests		1,088,538	2,684,463
Donations, appeals and corporate partnerships		1,060,515	1,450,119
Program and Other Income		3,919,864	2,296,694
Total Revenue	3	24,597,017	27,210,035
Expenses			
Employee benefits		(12,985,783)	(11,777,952)
Life! Program course delivery		(2,123,449)	(2,675,286)
Materials		(1,187,925)	(1,700,249)
Projects and programs		(487,666)	(494,041)
Consultancy and recruitment		(333,256)	(380,717)
Events		(486,126)	(719,070)
Occupancy costs		(760,439)	(889,090)
Motor vehicle expenses		(509,057)	(558,078)
Subscription to Diabetes Australia		(103,181)	(103,181)
Office and other expenditure		(2,339,504)	(3,465,117)
Depreciation and amortisation expense		(1,225,550)	(550,741)
Finance costs		(58,164)	-
Total Expenses		(22,600,100)	(23,313,522)
Operating surplus before gain on financial assets		1,996,917	3,896,513
Gain/(loss) on financial assets held at fair value through profit or loss		(500,998)	455,087
Gain/(loss) on sale of financial assets		18,458	(461,551)
Operating surplus before research contributions		1,514,377	3,890,049
Donations to diabetes research		(1,511,804)	(1,899,262)
Surplus for the year attributable to members		2,573	1,990,787
Total comprehensive income for the year		2,573	1,990,787

Discussion and analysis of statement of profit or loss and other comprehensive income

The net operating surplus before research contributions and the impairment on financial assets held at fair value amounted to \$1,996,917 (2019: \$3,896,513). The Company's commitment to the Diabetes Australia Research Trust was \$1,000,000 (2019: \$1,371,436). In addition, the contribution to the Australian Centre for Behavioural Research in Diabetes was \$511,804 (2019: \$527,826), taking the total research contribution to \$1,511,804 (2019: \$1,899,262). Financial assets were impaired significantly following the steep fall in equity markets during the year, resulting in a loss of \$500,998 (2019: gain of \$455,087).

The net result was a surplus of \$2,573 (2019: \$1,990,787). This net surplus was after accounting for bequest income of \$1,088,538 (2019: \$2,684,463). National Diabetes Services Scheme (NDSS) transaction fee income was \$9,291,553 per income statement (2019: \$9,389,099), representing a decrease of 1% compared to the previous year. Life! Program funding was \$3,782,179 (2019: \$4,391,228).

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents		8,384,082	7,460,420
Trade and other receivables		862,347	1,034,233
Inventories		596,607	482,208
Other assets		553,306	684,458
Total current assets		10,396,342	9,661,319
Non-current assets			
Financial assets		6,067,398	5,407,462
Property, plant and equipment		13,553,935	13,574,262
Right-of-use assets		1,090,221	-
Intangible assets		306,475	376,940
Total non-current assets		21,018,029	19,358,664
Total assets		31,414,371	29,019,983
Liabilities			
Current liabilities			
Trade and other payables		3,580,195	3,626,148
Lease liabilities		498,317	-
Provisions		1,873,670	1,686,964
Other liabilities		1,627,107	379,133
Total current liabilities		7,579,289	5,692,245
Non-current liabilities			
Lease liabilities		648,273	-
Provisions		205,203	245,088
Total non-current liabilities		853,476	245,088
Total liabilities		8,432,765	5,937,333
Net assets		22,981,606	23,082,650
Equity			
Development Reserve		6,700,000	6,700,000
Research Contingency Fund		900,000	1,000,000
Asset Revaluation Reserve		10,492,764	10,492,764
Accumulated Funds		4,888,842	4,889,886
Total equity		22,981,606	23,082,650

Discussion and analysis of statement of financial position

Cash assets which comprise the Company's Business Money Management Account and Business Investment Account, increased to \$8,384,082 (2019: \$7,460,420). Other financial assets in ASX20 listed equities and permitted investments increased to \$6,067,398 (2019: \$5,407,462).

Statement of Changes in Equity for the year ended 30 June 2020

	Asset Revaluation Reserve \$	Development Reserve \$	Research Contingency Fund \$	Accumulated Funds \$	Total equity \$
Balance at 1 July 2018	10,492,764	5,538,645	250,000	4,810,454	21,091,863
Surplus for the year	-	-	-	1,990,787	1,990,787
Total comprehensive income for the year	-	-	-	1,990,787	1,990,787
Transfer to reserve	-	1,161,355	750,000	(1,911,355)	-
Balance at 30 June 2019	10,492,764	6,700,000	1,000,000	4,889,886	23,082,650

	Asset Revaluation Reserve \$	Development Reserve \$	Research Contingency Fund \$	Accumulated Funds \$	Total equity \$
Balance at 1 July 2019	10,492,764	6,700,000	1,000,000	4,889,886	23,082,650
AASB 16 Adoption	-	-	-	(103,617)	(103,617)
Balance at 1 July 2019 - restated	10,492,764	6,700,000	1,000,000	4,786,269	22,979,033
Surplus for the year	-	-	-	2,573	2,573
Total comprehensive income for the year	-	-	-	2,573	2,573
Transfer from reserve	-	-	(100,000)	100,000	-
Balance at 30 June 2020	10,492,764	6,700,000	900,000	4,888,842	22,981,606

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows for the year ended 30 June 2020

Note	2020	2019
	\$	\$
Cash flows from operating activities		
Receipts from customers and funders (inclusive of GST)	25,671,233	26,781,141
Payments to suppliers and employees (inclusive of GST)	(22,600,936)	(25,696,966)
Interest received	82,750	139,923
Finance costs paid	(58,164)	-
Net cash from operating activities	<u>3,094,883</u>	<u>1,224,098</u>
Cash flows from investing activities		
Payments for property, plant, equipment & intangible assets	(402,016)	(266,898)
Proceeds from disposal of property, plant and equipment	24,535	22,124
Payments for financial assets at fair value through profit or loss	(986,466)	510,822
Net cash from/(used in) investing activities	<u>(1,363,947)</u>	<u>266,048</u>
Cash flows from financing activities		
Repayment of lease liabilities	(807,274)	-
Net cash used in financing activities	<u>(807,274)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	923,662	1,490,146
Cash and cash equivalents at the beginning of the financial year	<u>7,460,420</u>	<u>5,970,274</u>
Cash and cash equivalents at the end of the financial year	<u>8,384,082</u>	<u>7,460,420</u>

Discussion and analysis of cash flow statement

Cash assets which comprise the Company's Business Money Management Account and Business Investment Account, increased to \$8,384,082 (2019: \$7,460,420). Other financial assets in ASX20 listed equities and permitted investments increased to \$6,067,398 (2019: \$5,407,462).

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

1. Summary of accounting policies

Basis of preparation

The concise financial report has been prepared in accordance with the Company's constitution and Accounting Standards AASB 1039 "Concise Financial Reports". The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Diabetes Victoria.

The financial statements have been prepared in Australian dollars which is the functional and presentation currency of the Company.

Note 2. Change in accounting policies

2.1 New and revised standards in issue but not yet effective

At the date of authorisation of the financial statements, there were no Standards and Interpretations that were in issue but not yet effective that would materially affect the Company.

2.2 New and revised standards that are effective for these financial statements

New standards adopted as at 1 July 2019:

AASB 15 'Revenue from Contracts with Customers'

AASB 15 became effective for the Company's period beginning 1 July 2019. AASB 15 replaces AASB 118 'Revenue', and several revenue-related interpretations.

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company adopted AASB 15 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. In accordance with transition guidance, AASB 15 has only been applied to contracts that are incomplete at 1 July 2019.

The adoption of AASB 15 has had no material financial impact on the timing and amount of revenue recognised. The revenue recognition principles and delivery terms applied by the Company remains generally unaltered. No adjustment to the opening balance of accumulated funds had been made as there are no changes to the timing of revenue recognition.

AASB 1058 'Income of Not-for-Profit Entities'

The Company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities.

The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives.

For transfers of financial assets to the Company which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The adoption of this standard has had no material financial impact on the timing and amount of income recognised.

AASB 16 'Leases'

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

At the date of initial recognition, the Company transitioned into AASB 16 using the modified retrospective approach. This approach includes two options: option 1 calculates the carrying value of the right-of-use asset as if the standard had applied from the lease's commencement date; option 2 equates the right-of-use asset value to the lease liability at the date of initial recognition. The Company elected to apply option 1 for its property leases and option 2 for its motor vehicle and equipment leases. Option 1 results in an adjustment to opening retained earnings at 1 July 2019.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4%.

Extension and termination options are included in a number of property and equipment leases across the Company. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review (there were no onerous contracts as at 1 July 2019);
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

	2020	2019
	\$	\$
Note 3. Revenue		
Revenue from the sale of goods	4,247,480	5,686,146
Revenue from services rendered	9,291,553	9,389,099
State government grants received	3,782,179	4,391,228
Member subscription income	1,336,254	1,447,965
Donations, corporate partnerships & bequests	2,149,053	4,134,581
Interest	82,750	139,923
Investment income	476,511	711,322
Program and other income	3,231,237	1,309,771
	<u>24,597,017</u>	<u>27,210,035</u>

Included in program and other income is \$1,441,500 of grants received from the Commonwealth Government under the JobKeeper scheme. There are no unfulfilled conditions or other contingencies attached to this income.

Note 4. Surplus for the year

Surplus for the year has been arrived at after charging the following items of income and expense:

Profit/(loss) on disposal of property, plant and equipment	(2,748)	2,418
Write-offs	-	193
Lease expense (exempt under AASB 16)	132,412	983,393
Superannuation	1,176,291	1,066,097

COVID-19-related rent concessions

During the year, the Company received rent concessions in relation to the COVID-19 economic downturn. The Company has applied the practical expedient prescribed by AASB 2020-4 'Amendments to Australian Accounting Standards—COVID-19-Related Rent Concessions' to all rent concessions that met the conditions under this standard. As a result, a \$48,765 gain has been recognised in profit or loss in the current year to reflect changes in lease payments from these rent concessions.

Note 5. Economic dependency

A significant volume of the Company's operations are performed for the Commonwealth Government via the National Diabetes Services Scheme (NDSS), with the State Department of Health & Human Services, and with Savers Limited regarding the collection business.

Approximately 71% of the Company's revenue is derived from these sources.

Note 6. Subsequent events

There has not been any matter or circumstances occurring subsequent to the end of the financial year that has 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 apart from normal operating contracts associated with the Company's objectives.

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'Journey, Commitment & Respect'
Artist: Emma Bamblett - Wemba Wemba