

2021 marks the 100th anniversary of the medical use of insulin.
The cover image is an illustration of an insulin molecule.

Financial Report

For the year ended 30 June 2021

ABN 71 005 239 510



Diabetes Victoria
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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 2021. 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.








Erin Ferraris	Appointed 2020 (<i>to be confirmed at the 2021 AGM</i>)
<i>Qualifications</i>	B Comm, MPA.
<i>Experience</i>	Engagement manager at McKinsey & Company.
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 Abeysena	FCMA (<i>UK</i>), FMIS (<i>UK</i>) 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 committed to minimising 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.

Our work covers type 1, type 2 and gestational diabetes, as well as programs for people at risk. We also rely heavily on the generosity of our caring community of members and supporters to help fund our diabetes education, awareness activities and research.

Over the last 4 years, we made considerable progress against our *Strategic Priorities: 2018-2021*.

	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 350,000 Victorians living with diabetes, their families, carers and diabetes health professionals. We advocate on behalf of people living with diabetes who have concerns about workplace discrimination, access to community-based services and affordable diabetes medicines, and we provide a voice for Victorians with diabetes through our representations at a government and broader community level.

Every year, almost 29,000 Victorians are diagnosed with diabetes, about 80 each and every day. About 357,000 Victorians are currently registered with the National Diabetes Services Scheme (NDSS). The NDSS is an initiative of the Australian Government, administered by Diabetes Australia and Diabetes Victoria is the Victorian agent for the NDSS.

Victoria has had to endure one of the longest and strictest COVID-19 lockdowns. We did our best to support more than 22,000 NDSS registrants affected by the initial suburban lockdowns and worked in conjunction with various agencies providing food and essential services to the tower residents. We offered practical support, advice and reassurance during these stressful and difficult times. We had to cancel in-person programs, courses and events due to lockdown restrictions but used technology to connect with NDSS registrants.

We delivered a variety of webinars on specific topics relevant to people living with diabetes and healthcare professionals, including a Living Well with Type 2 diabetes (in Chinese and Mandarin). We developed the Building Blocks virtual learning series, which comprise a range of interactive educational sessions. We have also been proactive in contemplating how elements of our camp program can be delivered virtually, as well as how we can increase our day activities. We reached out to almost 200,000 registrants virtually and received positive feedback with high net promoter scores on our digital offerings.

On behalf of Diabetes Australia, we operate the NDSS Helpline and had 295,000 contacts with NDSS registrants throughout Australia. The operating hours of the NDSS Helpline were extended during the pandemic to provide greater support for people with diabetes. The NDSS Helpline staff also processed a large number of applications from people in need of access to continuous glucose & flash monitoring subsidies.

Since late 2007, Diabetes Victoria has delivered the *Life!* program on behalf of the Victorian government. *Life!* is a lifestyle intervention program for people at high risk of type 2 diabetes and cardiovascular disease, delivered either via a series of face-to-face group sessions or via telephone health coaching sessions. Thus far, almost 72,000 Victorians have completed at least the introductory session of the program, with successive evaluation reports showing positive outcomes for participants. The program has evolved considerably over time with the introduction of the Road to Good Health (for indigenous communities), a focus on culturally and linguistically diverse communities, introduction of a 12-month follow-up session, establishment of an online platform, and an increasing focus on digital delivery options. The Department of Health and Diabetes Victoria have taken the opportunity to review various aspects of the program such as the program offering and content, the business operating model and the contracted workforce model.

The Australian Centre for Behavioural Research in Diabetes was established as a partnership for better health between Diabetes Victoria and Deakin University in May 2010. Since then, the ACBRD has become a world leader on language in diabetes, on research into the extent of stigma and discrimination associated with diabetes, and on related emotional and mental health issues. The ACBRD has had a very positive impact on people living with diabetes, along with health professionals, the media, policy advisers and decision-makers in government. It has an impressive international reputation, producing high quality, peer reviewed research publications and features prominently in global forums. We were delighted to celebrate the ACBRD's 10th anniversary with a special commemorative 10 year report and a video showcasing their work over the past decade.

We run a collection business, collecting donated second-hand clothes and small household items which we on-sell to Savers Australia to support our work for people living with diabetes. The pandemic had an adverse impact on the retail sector and our principal customer, Savers Australia had to close its operation during the lockdowns. Consequently, the collection business had to suspend activities as well during the enforced closure. We were pleased to extend our arrangements with Savers Australia for a further period of twelve months, and look forward to working with them as we recover from the impact of the pandemic lockdowns.

Our biennial Diabetes Expo is Australia's largest event for people living with diabetes. Diabetes Expo offers an opportunity to hear from experts in the field of diabetes as they discuss the topics that matter to our community. We were due to hold our fourth biennial Expo in 2021, but due to the pandemic, it was held online on Saturday 27 March 2021. We were delighted to secure high-profile presenters such as Victoria's Chief Health Officer: A/Clinical Professor Brett Sutton, GP: Dr Kerryn Phelps AM, celebrity chefs: Gabriel Gate and Tobie Puttock, and many others. The response from sponsors, exhibitors and participants was outstanding, with almost 2,000 registrations and 1,300 attending on the day.

We ran a series of media campaigns, raising awareness about diabetes as a serious and complex condition. In July 2020, we held a range of activities to celebrate National Diabetes Week with the theme: 80 reasons to celebrate. We presented a special World Diabetes Day webinar to highlight how nurses do make a difference to diabetes. Our Living Well with Diabetes podcast series, hosted by former AFL footballer Jack Fitzpatrick is highly engaging and provides audience with relatable and interesting stories about different experiences of living with or caring for people with diabetes.

Diabetes Victoria has benefitted greatly from very generous donors and bequestors. We were delighted with the success from our Christmas appeal and recent research fundraising campaign. During the year, we received an outstanding bequest from the estate of Charles Coghlan OAM, which will be used to support diabetes research. Diabetes Victoria has been a proud supporter of the Diabetes Australia Research Program. Over the last 20 years, we have contributed more than \$18 million to the total funding pool.

We play a key role in the diabetes federation within Australia and forge partnerships with both public and corporate organisations to raise awareness about diabetes. In early 2021, we consolidated our online shop with Diabetes NSW&ACT to streamline internal processes and to offer a more comprehensive range of retail products to our members. We collaborated with St Vincent's Hospital on the adults with Type 1 and technology project and was involved in the Safer Care Victoria project focusing on improving the care of people with diabetes in public hospitals.

We have established a separate business name: *For Purpose Commercial Solutions* to progress our shared services initiatives. Our technology platforms have delivered many benefits for our organisation and we continue to be a leader in digital transformation, across the not-for-profit sector.

Despite the disruptions, we continue to do our best to support all Victorians affected by, or at risk of, diabetes. The lockdowns have been daunting, but we have learned to be adaptable, resilient and we know that we are able to deliver a suite of programs, courses and events in a variety of ways that increases reach and effectiveness.

Review of operations

The net result was a surplus of \$3,766,739 (2020: \$2,573). The strong operating result has been boosted by the following once-off benefits:

- \$8,761,154 bequest received from the estate of Charles Coghlan OAM;
- \$3,782,300 JobKeeper payments; &
- \$1,129,253 increase in valuation (unrealised) of Diabetes Victoria's investment portfolio.

The National Diabetes Services Scheme (NDSS) transaction fee income was \$9,546,181 (2020: \$9,291,553) representing an increase of 3% compared to previous year. *Life!* Program funding was \$3,694,353 (2020: \$3,782,179). The total bequest income was \$9,114,500 (2020: \$1,088,538).

The equity markets have improved significantly during the year resulting in an unrealised gain of \$1,129,253 in our financial assets (2020: unrealised loss of \$500,998).

The generous bequest from the estate of Charles Coghlan OAM will provide significant funds towards diabetes research over the next few years. Based on advice received from Grant Thornton, the full amount of the bequest is recognised as a research grant expense in the financial year that was received. Therefore, our commitment to the Diabetes Australia Research Trust was \$8,761,154 (2020: \$1,000,000), which will be paid over three financial years. In addition, the contribution to the Australian Centre for Behavioural Research was \$381,623 (2020: \$511,804), taking the total contribution for research to \$9,142,777 (2020: \$1,511,804).

Cash assets which comprise the company's Business Money Management Account and Business Investment Account increased to \$12,163,225 (2020: \$8,384,082). During the year, Diabetes Victoria invested an additional \$5,000,000 in ASX20 listed equities and permitted investments in accordance with the Cash Management & Investment policy, which resulted in an increase of our financial assets to \$12,408,100 (2020: \$6,067,398).

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 effect 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 priorities;
- 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 priorities and the annual business plan and operating budget.

The Board meets ten times a year and monitors the achievements of programs & services and financial targets against budget.

Board Committees

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

a) Audit & 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 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 and will meet as needed, if a significant issue arises.

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 and may, from time to time, appoint small working groups to advise on particular matters. Such working groups will have clearly defined Terms of Reference, membership, deliverables and timeframes.

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.

f) Programs & Services Committee

The Programs and Services Committee provides governance and strategic advice on the programs and services provided by Diabetes Victoria. The Committee also ensures that Diabetes Victoria's programs and services have clearly specified objectives, functions, target reach and outcomes. This Committee meets bi-monthly from March to November.

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 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 2021, the number of members was 37,897 (2020: 38,369).

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, eleven board meetings were held, which includes one extraordinary board meeting in December.

<u>Directors</u>	<u>Held</u>	<u>Attended</u>
Glen Noonan	11	10
Kathryn Arndt	11	9
Professor Peter Colman AM	11	11
Professor Patricia Dunning AM	11	9
Erin Ferraris (<i>appointed 2020, to be confirmed at the 2021 AGM</i>)	6	3
Malcolm Gray AM	11	9
A/Professor Mark Kennedy	11	9
Richard Loveridge	11	11
Victoria Stevenson	11	11
Edward Stockdale	11	11
Dr Sarah Wenham	11	11

Auditor's independence declaration

The auditor's independence declaration is included on page 10 of the annual report.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to the Australian Charities and Not-for-profits Commission Act 2012.

On behalf of the Directors



Glen Noonan
President
Melbourne, 2 August 2021



Richard Loveridge
Director
Melbourne, 2 August 2021

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 2021, 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, 2 August 2021

Independent Auditor's Report

To the Members of Diabetes Victoria

Report on the audit of the financial report

Opinion

We have audited the financial report of Diabetes Victoria (the "Company"), which comprises the statement of financial position as at 30 June 2021, and 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 financial report of Diabetes Victoria has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the Financial Report and the Auditor's Report thereon

Management are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and 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.

Responsibilities of Management and those charged with governance for the financial report

Management of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012, and for such internal control as Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Company or to cease operations, or have 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 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 Management.
- Conclude on the appropriateness of 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 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 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 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, 2 August 2021

**Diabetes Victoria
Directors' declaration
For the year ended 30 June 2021**

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, 2 August 2021**



**Richard Loveridge
Director
Melbourne, 2 August 2021**

Diabetes Victoria
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Income			
NDSS Revenue		9,546,181	9,291,553
Life! Program		3,694,353	3,782,179
Collection Business		1,873,098	4,118,114
Member Subscriptions		1,354,480	1,336,254
Bequests		9,114,500	1,088,538
Donations, Appeals and Corporate Partnerships Program and Other Income		1,021,967	1,060,515
		<u>5,852,536</u>	<u>3,919,864</u>
Total Income	4	32,457,115	24,597,017
Expenses			
Employee benefits		(13,075,867)	(12,985,783)
Life! Program course delivery		(1,685,401)	(2,123,449)
Materials		(511,546)	(1,187,925)
Projects and programs		(552,431)	(487,666)
Consultancy and recruitment		(236,213)	(333,256)
Events		(166,739)	(486,126)
Occupancy costs		(326,939)	(760,439)
Motor vehicle expenses		(211,161)	(509,057)
Subscription to Diabetes Australia		(103,181)	(103,181)
Office and other expenditure		(2,645,277)	(2,339,504)
Depreciation and amortisation expense		(1,154,095)	(1,225,550)
Finance costs		(42,202)	(58,164)
Total Expenses		<u>(20,711,052)</u>	<u>(22,600,100)</u>
Operating surplus before gain/ (loss) on financial assets		11,746,063	1,996,917
Gain/(loss) on financial assets held at fair value through profit or loss		1,129,253	(500,998)
Gain/(loss) on sale of financial assets		34,200	18,458
		<u>12,909,516</u>	<u>1,514,377</u>
Operating surplus before research contributions		12,909,516	1,514,377
Donations to diabetes research		(9,142,777)	(1,511,804)
		<u>3,766,739</u>	<u>2,573</u>
Surplus for the year attributable to the members	20	3,766,739	2,573
Total comprehensive income for the year		<u>3,766,739</u>	<u>2,573</u>

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

Diabetes Victoria
Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	12,163,225	8,384,082
Trade and other receivables	9	517,670	862,347
Inventories	10	443,232	596,607
Other current assets	11	513,896	553,306
Total current assets		<u>13,638,023</u>	<u>10,396,342</u>
Non-current assets			
Financial assets	12	12,408,100	6,067,398
Property, plant and equipment	13	13,306,266	13,553,935
Right-of-use assets	14	743,567	1,090,221
Intangible assets	15	190,008	306,475
Total non-current assets		<u>26,647,941</u>	<u>21,018,029</u>
Total assets		<u>40,285,964</u>	<u>31,414,371</u>
Liabilities			
Current liabilities			
Trade and other payables	16	10,428,269	3,580,195
Lease liabilities	18	349,238	498,317
Provisions	17	1,870,970	1,873,670
Contract liabilities	19	294,591	1,627,107
Total current liabilities		<u>12,943,068</u>	<u>7,579,289</u>
Non-current liabilities			
Lease liabilities	18	419,009	648,273
Provisions	17	175,542	205,203
Total non-current liabilities		<u>594,551</u>	<u>853,476</u>
Total liabilities		<u>13,537,619</u>	<u>8,432,765</u>
Net assets		<u>26,748,345</u>	<u>22,981,606</u>
Equity			
Development Reserve		6,700,000	6,700,000
Research Contingency Fund		900,000	900,000
Asset Revaluation Reserve	21	10,492,764	10,492,764
Accumulated Funds	20	8,655,581	4,888,842
Total equity		<u>26,748,345</u>	<u>22,981,606</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Diabetes Victoria
Statement of changes in equity
For the year ended 30 June 2021

	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	4,786,269	22,979,033
Surplus after income tax expense for the year	-	-	-	2,573	2,573
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,573	2,573
Transfer from reserve	-	-	(100,000)	100,000	-
Balance at 30 June 2020	<u>10,492,764</u>	<u>6,700,000</u>	<u>900,000</u>	<u>4,888,842</u>	<u>22,981,606</u>

	Asset Revaluation Reserve \$	Development Reserve \$	Research Contingency Fund \$	Accumulated Funds \$	Total equity \$
Balance at 1 July 2020	10,492,764	6,700,000	900,000	4,888,842	22,981,606
Surplus after income tax expense for the year	-	-	-	3,766,739	3,766,739
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,766,739	3,766,739
Balance at 30 June 2021	<u>10,492,764</u>	<u>6,700,000</u>	<u>900,000</u>	<u>8,655,581</u>	<u>26,748,345</u>

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

Diabetes Victoria
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers and funders		33,127,579	25,671,233
Payments to suppliers and employees		(23,465,758)	(22,600,936)
Interest received		44,568	82,750
Finance costs paid (leases)		<u>(42,202)</u>	<u>(58,164)</u>
Net cash from operating activities	26	<u>9,664,187</u>	<u>3,094,883</u>
Cash flows from investing activities			
Payments for property, plant, equipment & intangible assets	13,15	(84,839)	(402,016)
Proceeds from disposal of property, plant and equipment		35,222	24,535
Payment for financial assets at fair value through profit or loss		<u>(5,052,170)</u>	<u>(986,466)</u>
Net cash used in investing activities		<u>(5,101,787)</u>	<u>(1,363,947)</u>
Cash flows from financing activities			
Repayment of lease liabilities		<u>(783,257)</u>	<u>(807,274)</u>
Net cash used in financing activities		<u>(783,257)</u>	<u>(807,274)</u>
Net increase in cash and cash equivalents		3,779,143	923,662
Cash and cash equivalents at the beginning of the financial year		<u>8,384,082</u>	<u>7,460,420</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>12,163,225</u></u>	<u><u>8,384,082</u></u>

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

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 1. General information

Diabetes Victoria is a public company limited by guarantee, incorporated and operating in Australia.

Diabetes Victoria's registered office and its principal place of business are as follows:

570 Elizabeth Street
Melbourne VIC 3000

Note 2. Change in accounting policies

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ending 30 June 2021. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain for-Profit Private Sector Entities are applicable for annual reporting periods beginning on or after 1 July 2021.

AASB 1060 provides a new tier 2 reporting framework with simplified disclosure that are based on the requirements of IFRS for SMEs. Given the company currently prepares General Purpose - Reduced Disclosures Requirement financial statements, the change to Simplified Disclosures reduces the level of disclosures required in certain areas.

Note 3. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards — Reduced Disclosure Requirements, and complies with other requirements of the law.

The financial report of Diabetes Victoria complies with all Australian Accounting Standards (AAS) as applicable to not-for-profit entities. Due to the application of Australian Specific provisions contained only within AAS, this financial report is not necessarily compliant with International Accounting Standards

The financial statements were authorised for issue by the Directors on 2 August 2021.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 3. Significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Coronavirus (COVID-19) pandemic

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australia and International markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australia and international economies. The longer term impacts of COVID-19 on the operations of the company remain uncertain and cannot be quantified at this time.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Significant accounting policies (continued)

Employee benefits provision

As discussed in note 3, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised when or as the performance obligation is satisfied.

Government grants

Government grants are assistance by the government in the form of transfers of resources to the company in return for past or future compliance with certain conditions relating to the operating activities of the company.

Government grants with sufficiently specific and enforceable performance obligations - If the government grant terms contain sufficiently specific performance obligations and contain enforceable criteria, the grant revenue is recognised upon satisfying those performance obligations.

Government grants without sufficiently specific and enforceable performance obligations - If the government grant terms are not sufficiently specific, or the terms do not contain enforceable criteria, the grant *income* is recognised at the time the grant becomes receivable.

Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and will be brought to account in future years as the funds are expended.

Member subscription income

Total membership income is recognised when subscription funds are received.

Donations and bequests

Donations and bequests that contain sufficiently specific performance obligations and enforceable conditions are recognised upon satisfying those performance obligations.

Donations and bequests that are not sufficiently specific and do not contain enforceable conditions are recognised when the funds are received.

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 3. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Collection business

Revenue from the collection business is recognised once control of the products pass to the customer, upon delivery to the customer.

Investment income

Income from investments is recognised when funds are received.

Income tax

As the company is a tax exempt institution in terms of subsection 50-10 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss.

Note 3. Significant accounting policies (continued)

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Land and buildings are stated at fair value. Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line methods. The estimated useful life, residual values and depreciation method is reviewed at the end of each annual reporting period.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	50 years
Leasehold improvements	10 years
Plant and equipment	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 3. Significant accounting policies (continued)

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment of non-financial assets

At each reporting date, the company reviews the carrying values of its tangible 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 to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss.

In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciable replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 3. Significant accounting policies (continued)

Portable long service leave scheme

From 1 July 2019 the company commenced making contributions for certain eligible employees to Victoria's new portable long service leave scheme, pursuant to the Long Service Benefits Portability Act 2018. A levy of 1.65% of eligible salaries is paid to the Portable Long Service Leave Authority. Any amounts payable to eligible employees in relation to long service leave post 1 July 2019 will be funded by the Authority as and when they arise. However, the existence of the scheme does not discharge the company's obligation to pay long service leave to employees in the event that the Authority cannot meet its obligations. At balance date the Directors have no reason to believe that the Authority will not meet its obligations under the agreements with the company as employer. As information on the long service leave provisions as they pertain to the company's eligible employees is not readily available, the gross receivable from the Authority and provision for long service leave payable to eligible employees (which are equal and offsetting) have not been recognised in these financial statements.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability

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

Comparative amounts

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

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 4. Income

	2021	2020
	\$	\$
Revenue from the sale of goods	1,920,482	4,247,480
Revenue from services rendered	9,546,181	9,291,553
State government grants received	3,694,353	3,782,179
Member subscription income	1,354,480	1,336,254
Donations, corporate partnerships & bequests	10,136,467	2,149,053
Interest	44,568	82,750
Investment income	295,220	476,511
Program and other income	5,465,364	3,231,237
	<u>32,457,115</u>	<u>24,597,017</u>

Included in program and other income is \$3,782,300 (2020: \$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 5. Surplus for the year

	2021	2020
	\$	\$
Surplus for the year has been arrived at after charging the following items of income and expense:		
Loss on disposal of property, plant and equipment	11,226	2,748
Operating lease expense	98,135	132,412
Superannuation	1,215,568	1,176,291
	<u>1,324,929</u>	<u>1,311,451</u>

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, \$9,315 (2020: 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 6. Key management personnel remuneration

	2021	2020
	\$	\$
The aggregate compensation of the key management personnel is set out below:		
Short-term employee benefits	757,411	766,952
Post-employment benefits	132,249	113,728
	<u>889,660</u>	<u>880,680</u>

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 7. Remuneration of auditors

	2021	2020
	\$	\$
Audit of the financial report	43,000	39,000
Audit of programs and other services	13,000	19,200
	<u>56,000</u>	<u>58,200</u>

The auditor of Diabetes Victoria is Grant Thornton Audit Pty Ltd.

Note 8. Cash and cash equivalents

	2021	2020
	\$	\$
<i>Current assets</i>		
Cash at Bank	12,163,225	8,384,082
	<u>12,163,225</u>	<u>8,384,082</u>

Note 9. Trade and other receivables

	2021	2020
	\$	\$
<i>Current assets</i>		
Trade receivables	356,959	264,887
Other receivables	160,711	597,460
	<u>517,670</u>	<u>862,347</u>

The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables as the majority of income consists of grant income. Included in the company's trade receivables balance are debtors with a carrying amount of \$8,303 which are past due at reporting date for which the company has not provided for. Apart from this there has not been a significant change in credit quality of the debtors and the amounts are still considered recoverable. The company does not hold any collateral over these balances.

	2021	2020
	\$	\$
60 - 90 days	6,748	-
90+ days	1,555	513
	<u>8,303</u>	<u>513</u>

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no provision for expected credit losses from trade receivables.

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 10. Inventories

	2021 \$	2020 \$
<i>Current assets</i>		
Finished goods - at cost	<u>443,232</u>	<u>596,607</u>

Note 11. Other current assets

	2021 \$	2020 \$
<i>Current assets</i>		
Prepayments	<u>513,896</u>	<u>553,306</u>

Note 12. Financial assets

Financial assets at fair value through profit or loss

	2021 \$	2020 \$
<i>Non-current assets</i>		
Equity investments	<u>12,408,100</u>	<u>6,067,398</u>

Note 13. Property, plant and equipment

	Freehold Land at fair value \$	Buildings at fair value \$	Furniture, Equipment & Vehicles at cost \$	Total \$
Gross Carrying Amount				
Balance at 1 July 2019	11,892,764	2,823,659	1,353,821	16,070,244
Additions	-	109,916	201,072	310,988
Disposals	-	-	(126,544)	(126,544)
Balance at 30 June 2020	<u>11,892,764</u>	<u>2,933,575</u>	<u>1,428,349</u>	<u>16,254,688</u>
Additions	-	-	62,099	62,099
Disposals	-	-	(81,996)	(81,996)
Write-offs	-	(52,491)	(245,939)	(298,430)
Balance at 30 June 2021	<u>11,892,764</u>	<u>2,881,084</u>	<u>1,162,513</u>	<u>15,936,361</u>

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 13. Property, plant and equipment (continued)

Accumulated Depreciation

Balance at 1 July 2019	-	(1,506,298)	(989,684)	(2,495,982)
Disposals	-	-	72,896	72,896
Depreciation expense	-	(111,224)	(166,443)	(277,667)
Balance at 30 June 2020	-	(1,617,522)	(1,083,231)	(2,700,753)
Disposals	-	-	20,092	20,092
Write-offs	-	52,495	245,939	298,434
Depreciation expense	-	(112,224)	(135,644)	(247,868)
Balance at 30 June 2021	-	(1,677,250)	(952,845)	(2,630,095)

Net Book Value

As at 30 June 2020	11,892,764	1,316,053	345,118	13,553,935
As at 30 June 2021	11,882,764	1,203,829	209,669	13,306,266

Note 14. Right-of-use assets

	2021	2020
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	682,806	858,052
Less: Accumulated depreciation	<u>(452,184)</u>	<u>(577,321)</u>
	230,622	280,731
Motor vehicles - right-of-use	799,039	992,195
Less: Accumulated depreciation	<u>(286,094)</u>	<u>(182,705)</u>
	512,945	809,490
	<u>743,567</u>	<u>1,090,221</u>

Additions to the right-of-use assets during the year were \$519,621 (2020: \$nil).

The company leases land and buildings for its offices and warehouses, under agreements of between 1 to 2 years. On renewal, the terms of the leases are renegotiated. The company also leases motor vehicles under agreements of between 2 to 6 years.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Property	Vehicles	Total
	\$	\$	\$
Balance at 1 July 2020	280,731	809,490	1,090,221
Additions	519,621	-	519,621
Terminations	-	(114,710)	(114,710)
Depreciation expense	<u>(569,729)</u>	<u>(181,836)</u>	<u>(751,565)</u>
Balance at 30 June 2021	<u>230,623</u>	<u>512,944</u>	<u>743,567</u>

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 15. Intangible assets

	2021	2020
	\$	\$
Cost		
Balance at beginning of financial year	1,731,824	1,614,431
Additions	38,195	117,393
Balance at end of financial year	<u>1,770,019</u>	<u>1,731,824</u>
Accumulated amortisation and impairment		
Balance at beginning of financial year	(1,425,349)	(1,237,491)
Amortisation expense	(154,662)	(187,858)
Balance at end of financial year	<u>(1,580,011)</u>	<u>(1,425,349)</u>
Capitalised development	<u>190,008</u>	<u>306,475</u>

The intangible assets primarily relate to software and software development costs.

Note 16. Trade and other payables

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	593,245	501,708
Trade payables - Diabetes Australia Limited	5,840,769	1,004,113
Other payables	3,994,255	2,074,374
	<u>10,428,269</u>	<u>3,580,195</u>

Note 17. Provisions

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Employee benefits	<u>1,870,970</u>	<u>1,873,670</u>
<i>Non-current liabilities</i>		
Employee benefits	<u>175,542</u>	<u>205,203</u>
	<u>2,046,512</u>	<u>2,078,873</u>

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 18. Lease liabilities

	2021 \$	2020 \$
<i>Current liabilities</i>		
Lease liability - Buildings	221,139	302,207
Lease liability - Vehicles	<u>128,099</u>	<u>196,110</u>
	<u>349,238</u>	<u>498,317</u>
<i>Non-current liabilities</i>		
Lease liability - Buildings	15,986	21,560
Lease liability - Vehicles	<u>403,023</u>	<u>626,713</u>
	<u>419,009</u>	<u>648,273</u>
Total lease liabilities	<u><u>768,247</u></u>	<u><u>1,146,590</u></u>

Future minimum lease payments at 30 June 2021 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 June 2021							
Lease payments	371,202	163,158	147,012	107,580	26,895	-	815,847
Finance charges	<u>(21,964)</u>	<u>(13,854)</u>	<u>(8,263)</u>	<u>(3,341)</u>	<u>(178)</u>	-	<u>(47,600)</u>
Net present values	<u><u>349,238</u></u>	<u><u>149,304</u></u>	<u><u>138,749</u></u>	<u><u>104,239</u></u>	<u><u>26,717</u></u>	-	<u><u>768,247</u></u>

Lease payments not recognised as a liability

The company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expenses relating to payments not included in the measurement of a lease liability is \$98,135 (2020:128,523) for low value leases.

Note 19. Contract liabilities

	2021 \$	2020 \$
<i>Current liabilities</i>		
Contract liabilities	<u>294,591</u>	<u>1,627,107</u>

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 20. Accumulated Funds

	2021	2020
	\$	\$
Retained surpluses at the beginning of the financial year	4,888,842	4,886,269
Surplus after income tax expense for the year	3,766,739	2,573
	<u>8,655,581</u>	<u>4,888,842</u>
Retained surpluses at the end of the financial year	<u>8,655,581</u>	<u>4,888,842</u>

Note 21. Asset Revaluation Reserve

	2021	2020
	\$	\$
Revaluation surplus reserve	10,492,764	10,492,764
	<u>10,492,764</u>	<u>10,492,764</u>

Note 22. 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 2021, the number of members was 37,897 (2020: 38,369).

Note 23. 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 (previously known as the Department of Health & Human Services), and with Savers Limited regarding the collection business.

Approximately 47% of the company's revenue is derived from these sources.

Note 24. Related party disclosures

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated. Transactions with Diabetes Australia Limited and other related Diabetes companies include all NDSS income, Diabetes Australia Limited annual subscription and contributions to the Diabetes Australia Research Trust. All related parties are directly related entities.

	2021	2020
	\$	\$
Aggregate amounts received or receivable from other related parties	9,546,181	9,291,553
Aggregate amounts paid or payable to other related parties	(11,230,099)	(3,330,396)

Note 25. 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.

There were no other materially significant post balance day events for the year ended 30 June 2021.

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 26. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	<u>12,163,225</u>	<u>8,384,082</u>
 (b) Reconciliation surplus for the year to net cash flows		
Surplus for the period	3,766,739	2,573
(Profit)/Loss on sale or disposal of property, plant and equipment	11,228	(18,458)
(Profit)/Loss on sale of investments	(34,200)	2,748
Depreciation and amortisation of non-current assets	1,154,095	1,225,500
Dividends reinvested	(125,079)	(156,012)
Unrealised (Gain)/Loss on financial assets	<u>(1,129,253)</u>	<u>500,998</u>
	3,643,530	1,557,351
 (Increase)/decrease in assets:		
Trade and other receivables	344,677	171,886
Current inventories	153,375	(114,400)
Other current assets	39,410	131,152
	<u>537,462</u>	<u>188,638</u>
 Increase/(decrease) in liabilities:		
Trade and other payables	6,848,074	(45,950)
Other liabilities	(1,332,518)	1,247,973
Provisions	(32,361)	146,823
	<u>5,483,195</u>	<u>1,348,846</u>
	<u>9,664,187</u>	<u>3,094,833</u>

Note 27. Financial instruments

	2021	2020
	\$	\$
Financial assets		
Cash and bank balances (amortised cost)	12,163,225	8,384,082
Trade and other receivables (amortised cost)	517,671	862,347
Fair value through profit & loss investments	<u>12,408,100</u>	<u>6,067,398</u>
	<u>25,088,996</u>	<u>15,313,827</u>
 Financial liabilities		
Trade and other payables (amortised cost)	10,428,269	3,580,195
Lease Liabilities	768,247	1,146,590
	<u>11,196,516</u>	<u>4,726,785</u>

Diabetes Victoria
Notes to the financial statements
For the year ended 30 June 2021

Note 27. Financial instruments (continued)

Fair value of financial instruments

The Board of Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

For the purposes of AASB 13, investments in listed shares represent level 1 investments in relation to the fair value hierarchy. Level 1 inputs are quoted prices in markets for identical assets or liabilities that the entity can access at measurement date.

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