information • support • education • products

DIABETES SA

ANNUAL REPORT 2009/2010

Alexandra Reynolds

Bryan Fahy

George Valiotis

John Dyer

Steve Fimmano

James Blandford

Board of Management

Sandra Vallance

THE ASSOCIATION

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CONSULTANTS & ADVISORS
(HONORARY)
Consultant Endocrinologist
Dr Anthony Roberts, MBSS, FRACP

CONSULTANT PODIATRIST
Sara Jones, PhD, MSC, BA, Dip APP SC (POD)

OFFICE BEARERS

PATRON
His Excellency Rear Admiral Kevin Scarce AO, CSC, RANR, Governor of South Australia.

BOARD OF MANAGEMENT

President
Alexandra Reynolds

Vice President
Bryan Fahy

Vice President
George Valiotis

Treasurer
John Dyer
(From 1/7/09 - 24/6/09)

Steve Fimmano
(From 24/6/09 - Current)

Committee Member
James Blandford

Committee Member
Sandra Vallance

Chief Executive Officer
Jennifer Barber

MANAGEMENT TEAM

Manager Member Services
Angelique Pasalidis

Manager Corporate Services
Joanne Mitchell

Manager NDSS Services
Trudy Lucas

Manager Clothing Collections
Scott Mates

ABOUT DIABETES SA

Diabetes SA has been delivering services to people with diabetes and their families since 1953. We are a member based organisation largely self funded through membership subscriptions, fundraising activities and our retail operation.

Through the key focus areas of Prevention, Detection, Management and Cure we provide information, support, education and products to all people living with diabetes.

Our vision is to make a positive difference to the lives of people affected by diabetes.

Jennifer Barber

DIABETES DATA

- Diabetes is the fastest growing chronic disease in Australia
- An estimated 275 Australians develop diabetes every day
- Nearly 1 million Australians are currently diagnosed with diabetes. For every person diagnosed, it is estimated that there is another who is not yet diagnosed; a total of about 1.7 million people
- The total number of Australians with diabetes and pre-diabetes is estimated at 3.2 million
- 85-90% of all people with diabetes have type 2 diabetes
- 10-15% of all people with diabetes have type 1 diabetes.
- Diabetes is the sixth leading cause of death in Australia.

CONTENTS

Alexandra Reynolds

PRESIDENT'S REPORT

Despite the flow on effect of the Global Financial Crisis, the overall results for the financial year have been pleasing.

With the increasing number of people registering with the NDSS our focus this year turned to building our Sub-Agent network and resulted in 127 Sub-Agents being established in metropolitan and country areas. All of which provide greater access to products listed on the NDSS for people with diabetes. An increase in the number of people registering on the Scheme coupled with the increase in the number of Sub-Agents has seen NDSS income increase by 11.1% for the year.

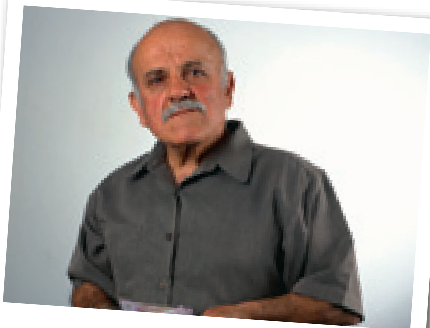
Our venture into 'Clothing Collections' added another dimension to our business. After many months of preparation and planning our entrée into the collection business commenced with local bag drops and the response that followed surpassed our expectations. The generosity of our member base and the community resulted in 218,110 kilos of product being collected in the six month period from January to June.

With the organisation's growing need to find alternative and sustainable income streams to support the provision of services to people with diabetes, the opportunity to partner with Savers Australia Pty Ltd provides the organisation with a long term plan for income generation.

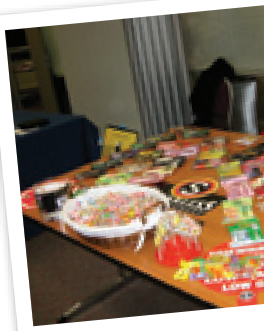
Membership to the organisation remained steady buoyed by the income generated from members renewing their membership. Whilst Retail Sales declined during the financial year our Retail and Call Centre sections still provided face to face and over the phone service to 99,186 people.

Our focus on the provision of education and information to our members continued with our Health Services team focusing on delivering group education sessions, seminars and one to

Diabetes SA Auxiliary Members



NDSS TV Campaign
'Are you paying too much for your diabetes products?'



Moving Towards Wellness Seminar

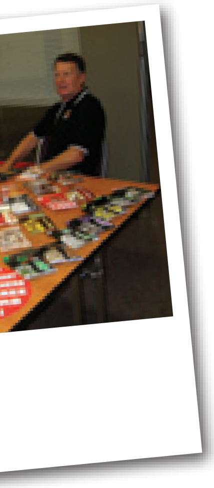
one appointments. Access to Educators resulted in an increase in the number of calls and emails to our Health Services team with the number of calls increasing 35.5% and the number of emails 159% from last financial year. As the incidence of diabetes increases this has translated into an increased number of people accessing our services, a trend we expect will continue into the coming financial year.

Whilst the organisation has seen a number of resignations and staff movements during the year, we have also welcomed new members to our team that have provided a refreshed look and feel to the organisation. Our HR team whilst focused on recruitment also dedicated a considerable amount of time to the review of the new 'Modernised Awards' brought about by the changes to the Industrial Relations System and this has resulted in a streamlining of our industrial instruments for all staff.

As we move forward into the coming year I would like to take the opportunity to thank the dedicated team of staff who work for Diabetes SA past and present. To our members, donors and supporters your ongoing support through the purchase of lottery books, membership subscriptions, purchase of product in our retail store and donations to appeals has enabled us to continue to provide information, support and education to all people living with diabetes in South Australia.

To our Volunteers we sincerely appreciate your dedication and commitment to the organisation. To my fellow Board Members I thank you also for your support throughout the year.

Lastly on behalf of the Board of Management and Staff I would like to acknowledge the services of the Diabetes SA Auxiliary. Many would not know that in our early years if it was not for the dedication of this group and their commitment to raising funds for the organisation, we may not have been the organisation we are so proud of today. Our heartfelt thanks are extended to you for all that you have achieved over the last 49 years.



Kid's Camp

New Shop Signage


Angelique Pasalidis

MEMBER SERVICES

The Member Services Unit provides significant income to the organisation from key sections of business including Membership, Retail Sales, Call Centre, Marketing and Fundraising and Health Services.

MEMBERSHIP

Diabetes SA ended the financial year with a membership base of 32,756 with 9.5% type 1, 80.3% type 2, 0.20% gestational, 0.40% pre diabetes and 9.6% Other.

Overall membership subscriptions income increased 11.4% from 2008/2009 to 2009/2010 with renewal membership forming a large part of the increased income.

1 year membership income increased 3.2%, while 2 year membership decreased 1.2% on budget.

Our future plans will include the implemention of new payment options that provides members with quick and easy options to pay their membership subscriptions.

RETAIL

Our five and a half day operation centrally located at Hilton provides face to face service to all people living with diabetes. In the financial year our retail operation serviced over 42,600 people with new membership, renewals, registration to the NDSS, meter demonstrations/troubleshooting and retail purchases.

Whilst we have experienced a number of staff movements and resignations in the 2009/2010 year our aim moving forward will be to re focus on providing members with the service they have come to expect at Diabetes SA, as well as increasing the range of products that support this retail operation.

CALL CENTRE

An integral part of our business is our Call Centre which not only answers all inbound calls to the organisation but also provides troubleshooting for meters, general information about diabetes, transfers calls to other internal staff while also transacting customer orders for NDSS and Diabetes SA products each day.

Our Call Centre team continued to provide excellent service whilst being understaffed due to resignations and staff movements. Over 56,586 calls were taken in the Call Centre this year some 14.3% up on the same time last year.

Shop on line orders grew by 46% with the total sales increasing 60% on last year's sales. Of the total sales Member sales represented 82% whilst Non Members represented 18%.

MARKETING & FUNDRAISING

Our Fundraising team contributes to the total income required to fund programs and services for our members. This income is generated from twice yearly appeals and lotteries, general donations, donations in memory of a person, bequests and income from fundraisers such as Lighten Up SA and Great Australian Bite.

Our donors include members, external organisations and the general public. This year fundraising income declined 18.9% largely due to the decline in donation income received from our appeals and memorial donations. However, this year alone our general donations increased 31.4% against budget and this has come from a number of initiatives such as the 'loose change program' roundup donations from members when paying their annual membership subscription and a round up donation from product sales.

Many corporate organisations, community donors, trusts and foundations have also generously supported Diabetes SA and our heartfelt thanks is extended to all for your continued support.

Our challenge for 2010/2011 will be to improve the results of our key fundraising campaigns.

HEALTH SERVICES

In 2009/2010 over 4,100 people participated in consumer education. An evaluation of participant levels indicates that the age group attending education sessions is highest in the 60-70 and 70-80 and that type 2 accounts for 58% and type 1, 7.3%.

During the year our Health Services team provided:

- 176 education sessions to Members and NDSS Registrants
- Facilitated 501 one to one appointments and provided service to 311 people in our retail shop
- Answered 3,319 phone calls
- Responded to 679 emails
- Presented at 48 Guest Speaking Engagements and 6 Professional Speaking Engagements
- Provided three children's activities for 52 children with type 1 diabetes
- Organised a Kid's Camp for 10-12 year olds with type 1 diabetes with 40 children in attendance, sponsored by the Fay Fuller Foundation
- Provided 9 Fee for Service Health Professional Forums for Practice Nurses, Aged Care, School Management and Carbohydrate Counting
- Organised 4 major Seminars including a Food, type 1 and type 2 and an Insulin Pumping Seminar with 574 people in attendance
- Provided three Community Forums in Mount Gambier, Victor Harbor and Port Lincoln
- Provided diabetes training for 19 Sub-Agents both country and metropolitan locations.

OUR VOLUNTEERS

During the year 659 tasks were completed by our Volunteers providing 2,945 hours or 78 weeks of time to the Association.

Our heartfelt thanks are extended to our Volunteers for their time, dedication and commitment.

Kid's Camp

Disco Bowling

Retail Shop

Seminar

Joanne Mitchell

CORPORATE SERVICES

The Corporate Services Unit ensures the efficient running of our day to day operations by delivering human resources, financial information, communication technology, facilities management and administration services.

Staffing levels within the organisation increased during the financial year from 40 to 47 and with this came a number of resignations and the use of contract staff to cover increased work loads, planned leave and resignations.

During the financial year a significant amount of time was dedicated to the evaluation and implementation of the new ‘Modernised Awards’ brought about by changes to the Industrial Relations System which included the abolishment of Australian Workplace Agreements. The review undertaken by the Association resulted in the majority of staff transitioning to one of six Awards.

Over the last three years there has been a concerted effort to improve the quality of service and reliability of our IT infrastructure and has resulted in the development of a three year hardware replacement plan that will ensure that our equipment continues to provide the appropriate service to support our growing business needs.

In addition, a number of projects were undertaken to upgrade and improve our Information Communication Technology that included:

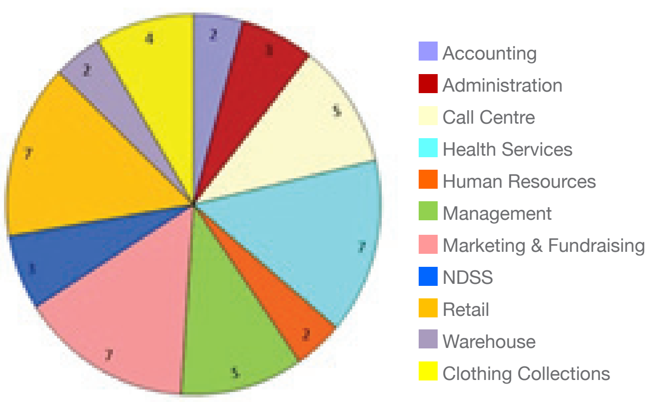
- the replacement of PC’s and printers in line with Diabetes SA’s capital expenditure program
- the upgrade of the membership database iMIS from V10.4 to V15.1
- installation of VMWare ESXi server
- the commencement of a project to upgrade and improve the functionality of the Diabetes SA website.

LOOKING FORWARD

In 2010/2011 a project team will be established to research, develop and implement a total telecommunications package that will meet our needs and refine our processes and improve the quality of communication.

We will also focus on implementing the Microsoft Forecasting module to our accounting database to automate the budgeting process and provide the Association with greater reporting functionality.

DSA Workforce June 2010



Retail Staff

Trudy Lucas

NDSS NATIONAL DIABETES SERVICES SCHEME

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government, administered by Diabetes Australia. The NDSS delivers diabetes related products at subsidised prices and provides information and support services to people with diabetes. Registration is free and open to all Australians with diabetes.

IN 2009/2010

- 4,851 people registered with the NDSS, an increase of 5.9% compared to last financial year with the total number of people registered on Scheme being 86,979
- NDSS Product Sales increased 4.9% from $2,236,193 in 2008/2009 to $2,345,262 in 2009/2010
- A total of 11,626 NDSS orders were processed an increase of 4.9% on last year
- The number of Sub-Agents increased with 127 Sub-Agents established during the year, providing greater access to product taking the total number of Sub-Agents to 170 for the financial year
- 672 Registrants attended 'free' education sessions
- Community Forums were held in Port Lincoln, Mount Gambier and Victor Harbor with 166 people in attendance.

LOOKING FORWARD

Our future plans will see Diabetes SA maximise access to products by expanding and developing our network of Sub-Agents and engaging in a campaign to increase access levels for people who currently do not purchase their products through the NDSS.

Our investment in TV and Radio through the promotion of the campaign "Are you paying too much for your diabetes products" will continue to raise the awareness of the cost differential between the NDSS and the PBS and look to highlight the cost saving to Registrants.

Diabetes SA will also become a leading provider of Information, Education and Support to women with gestational diabetes and women with type 1 and type 2 diabetes planning a pregnancy.

Scott Mates

CLOTHING COLLECTIONS

With the organisation's growing need to find alternative and sustainable income streams to support the provision of services to people with diabetes into the future, the opportunity to partner with Savers Australia Pty Ltd (The Recycle Superstore) provides the organisation with a long term plan for income generation.

Savers is no ordinary recycle store. As a leader and pioneer in the retail thrift industry for over 50 years it is a place where people from all backgrounds love to shop for great selection, deals and treasures.

Savers was founded in 1954 with the first store in San Francisco, California and was built on principles of giving back and providing opportunities, which are the core values they still embrace today. With 120 Not for Profit Alliances and over 230 stores in the United States, Canada and Australia it is apparent that their approach is successful and exciting for Diabetes SA to be a part of.

Our unique partnership will see Savers purchase all merchandise donated to Diabetes SA which in turn will be invested into programs and services for people with diabetes.

With great excitement both parties signed the Partnership Agreement on the 20th September 2009. Given that this was a new business venture for Diabetes SA our Board diligently approved the commencement of a Manager dedicated to the planning and preparation required for the commencement of collections. Whilst significant assistance was provided by Savers both Scott Mates (Manager, Clothing Collections) and Angelique Pasalidis (Manager, Member Services) worked to develop the concept, branding and collection models in preparation for the commencement of collections.

On the 4th January 2010 our two newly appointed and trained drivers undertook their first bag collection and to our great surprise we were buoyed by the support we received from not only our member base but also the general public. A total of 350,350 bags were dropped by Salmat into metropolitan Adelaide and as a result 43,622 bags were collected equating to 218,110 kilos of product.

One of the Diabetes SA Collection Trucks

Savers Store at Noarlunga

savers

As word of our service spread so too did the volume of calls into the organisation. Our need to expand our staffing levels within the Call Centre took precedent and as a result two dedicated staff members joined our team to service both inbound and outbound calls. Both staff soon became a vital link between our customer base and our drivers ensuring that we collected all bags from bag drops and coordinated pick ups for new customers.

With the success of Bag Drops came the need to develop other collection models to facilitate collections in the community. A concept of an Attended Donation Site was developed and whilst we actively engaged councils, major retailers and shopping centres to negotiate the placement of a fully outfitted shipping container on site to collect donations 7 days a week, our efforts were not rewarded.

With this we turned to the establishment of an Attended Donation Site at Diabetes SA. Our fully outfitted shipping container has now been placed at the back entrance of our retail shop and to date a steady stream of donations have been received.

To raise the profile of our new business venture we engaged Amanda Blair to be the Ambassador for Clothing Collections. Amanda currently presents the afternoon program on Five AA and to our great fortune she is an avid Op Shopper and advocate for recycling.

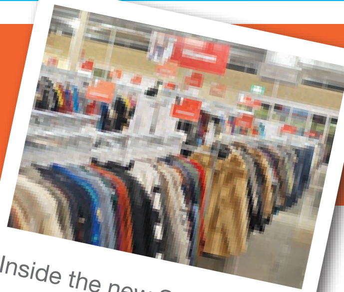
Amanda also starred in our Clothing Collections TV commercial along with the Broikos family and voiced our radio commercials that air on Five AA.

As the Savers store opening grew close our collections picked up considerably and our need to be ready to deliver product for the grand opening became a major focus for Diabetes SA. Some of the items we had collected and stored over the past 6 months were now making their way to the Savers store for the grand opening.

LOOKING FORWARD

As we move forward our aim will be to refine our collection methods, improve efficiencies in collection and look to develop other collection opportunities.

Our sincere thanks must be extended to all who have supported Diabetes SA in this exciting new venture. To our members and the general public, who have given generously to our cause. To our suppliers for their support and to Savers for a wonderful opportunity.



Inside the new Savers Store at Noarlunga

Photo shoot with Amanda Blair

Our Attended Donation Centre

Filming of our new television commercial

Steve Fimmano

TREASURER'S REPORT

In April 2010 I was appointed to the Board of Management and took over the Treasurer's role in June 2010. I would like to acknowledge the work of our former Treasurer, Mr John Dyer and thank him for handing over the Office of Treasurer in such a fine order.

For the financial year ended 30 June 2010, Diabetes SA has reported a surplus of $333,754 compared to a surplus of $64,589 for the same period in the previous financial year.

Income increased by 9.4% in 2009/2010 compared to the previous year primarily due to higher sales from the National Diabetes Service Scheme (NDSS) and the introduction of our new business venture Clothing Collection. However, the Association did experience a decline in our product sales (5.7%) and fundraising income (18.9%). The decline in our fundraising income reflects the on-going financial and economic challenges the Association faces in attracting the fundraising dollar.

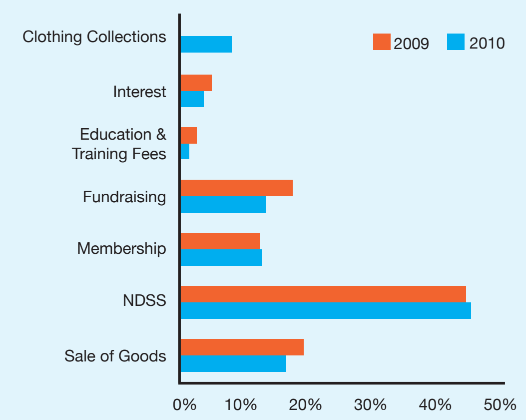
When compared to the previous financial year, our expenditure increased by 4.8% in 2009/2010. The main areas expenditure increased in were: (1) salary and on-costs, (2) advertising, (3) bags & packaging, (4) equipment hire, and (5) venue hire. The increase in costs was directly attributable to the start up of our Clothing Collection business.

The NDSS Agreement requires that all income generated by the Scheme is spent on providing products and services to people who are registered with the Scheme. During the year we established a further 127 Sub-Agents, thereby giving more people better access to diabetes products.

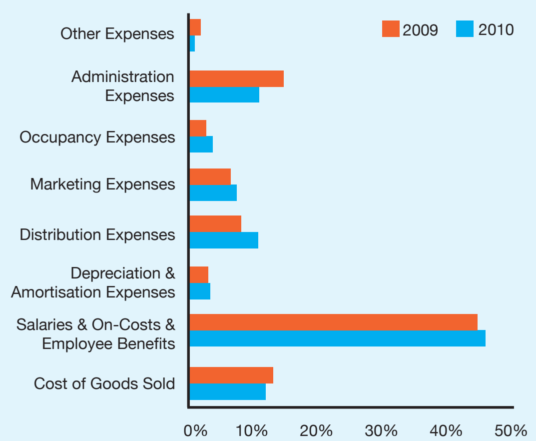
Overall in 2009/2010, our net worth grew to $6,458,403 from $6,119,451 an increase of 5.5%.

In the coming year the Association will continue to monitor and align spending requirements and look to build our income streams to achieve our strategic objectives.

Where each $ came from



Where each $ was spent



STATEMENT BY BOARD OF MANAGEMENT

The Diabetic Association of SA Inc
Trading as: DIABETES SOUTH AUSTRALIA

STATEMENT BY BOARD OF MANAGEMENT

In the opinion of the Board of Management of the Diabetic Association of South Australia Incorporated:

(a) The 2009/2010 Financial Report is drawn up to present fairly the results of the operations of the Association and the state of affairs of the Association for the financial year ended 30 June 2010.

(b) At the date of this statement there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

(c) That during the 2009/2010 financial year, no officer of the Association, or any firm of which an officer is a member, or any corporate entity in which an officer has a substantial financial interest, has received or become entitled to receive benefit as a result of a contract between the officer, firm or corporate entity and the Association.

(d) That no officer has received directly or indirectly from the Association any payment or other benefit of a pecuniary value during the 2009/2010 financial year.

Dated at Adelaide this ......23rd.........day of ....Semptember.... 2010.

Signed in accordance with a resolution of the Board of Management.

....
PRESIDENT

....
TREASURER

STATEMENT OF COMPREHENSIVE INCOME & FINANCIAL POSITION

The Diabetic Association of SA Inc trading as: DIABETES SOUTH AUSTRALIA

Statement of Comprehensive Income for the financial year ended 30 June 2010

	Notes	2010 $	2009 $
Revenue - Sale of goods	4	902,547	954,099
Cost of sales		(656,963)	(695,057)
Gross Profit		245,584	259,042
Revenue - Rendering of services & other income	4	4,642,389	4,112,563
Distribution expenses		(585,194)	(423,337)
Marketing expenses		(394,075)	(339,466)
Occupancy expenses		(202,064)	(134,468)
Administration expenses		(3,332,870)	(3,324,838)
Other expenses		(40,016)	(84,907)
Profit for the year		333,754	64,589
Other comprehensive income:			
Gain/(Loss) on available-for-sale investments taken to equity	13(ii)	5,196	(14,266)
Total comprehensive income for the year		338,950	50,323

Statement of Financial Position as at 30 June 2010

	Notes	2010 $	2009 $
Current Assets			
Cash and cash equivalents	18(a)	2,488,019	1,808,951
Trade and other receivables	5	247,652	148,864
Inventories	6	120,956	155,536
Other financial assets	19	2,943,348	3,140,566
Other	7	34,352	62,439
Total Current Assets		5,834,327	5,316,356
Non - Current Assets			
Property, plant and equipment	8	1,727,015	1,742,441
Other financial assets	19	314,437	306,892
Total Non - Current Assets		2,041,452	2,049,333
Total Assets		7,875,779	7,365,689
Current Liabilities			
Trade and other payables	9	502,065	468,921
Provisions	12	235,550	200,583
Other	10	525,647	434,257
Total Current Liabilities		1,263,262	1,103,761
Non - Current Liabilities			
Provisions	12	63,818	49,704
Other	11	90,298	92,773
Total Non - Current Liabilities		154,116	142,477
Total Liabilities		1,417,378	1,246,238
Net Assets		6,458,401	6,119,451
Equity			
Reserves	13	403,164	397,968
Retained Earnings	14	6,055,237	5,721,483
Total Equity		6,458,401	6,119,451

Accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY & CASH FLOWS

The Diabetic Association of SA Inc trading as: DIABETES SOUTH AUSTRALIA

Statement of Changes in Equity for the financial year ended 30 June 2010

	Reserves $	Retained Earnings $	Total $
Balance as at 1 July 2008	412,234	5,656,894	6,069,128
Profit & Loss for Year	-	64,589	64,589
Other Comprehensive Income for Year	(14,266)	-	(14,266)
Total Comprehensive Income	(14,266)	64,589	50,323
Balance at 30 June 2009	397,968	5,721,483	6,119,451
Balance as at 1 July 2009	397,968	5,721,483	6,119,451
Profit & Loss for Year	-	333,754	333,754
Other Comprehensive Income for Year	5,196	-	5,196
Total Comprehensive Income	5,196	333,754	338,950
Balance at 30 June 2010	403,164	6,055,237	6,458,401

Statement of Cash Flows for the financial year ended 30 June 2010

	Notes	2010 $	2009 $
Cash Flows From Operating Activities			
Receipts from customers		5,593,094	5,179,090
Payments to suppliers and employees		(5,174,323)	(4,948,327)
Net cash used in operating activities	18(b)	418,771	230,763
Cash Flows From Investing Activities			
Proceeds/(Payments) for investment securities		194,871	(229,839)
Payment for property, plant and equipment		(145,845)	(82,746)
Proceeds from sale of property, plant and equipment		-	227
Interest received	18(b)	211,271	247,088
Dividends received		-	-
Net cash provided by investing activities		260,297	(65,270)
Net increase in cash and cash equivalents		679,068	165,493
Cash and cash equivalents at the beginning of the financial year		1,808,951	1,643,458
Cash and cash equivalents at the end of financial year	18(a)	2,488,019	1,808,951

Accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the Financial Year Ended 30 June 2010

NOTE CONTENTS

1. GENERAL INFORMATION

The Diabetic Association of SA Inc. is a member based Association, largely self funded through membership subscriptions and fundraising activities. We are the only charity in South Australia helping all people living with diabetes through the provision of information, support, education and products. The Association also undertakes activities which improve understanding and the awareness of diabetes and participates in the search for a cure.

Registered Office and Principal place of business: 159 Sir Donald Bradman Drive, Hilton.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Associations' Incorporation Act 1985, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by the Board of Management on 23rd September 2010.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Adoption of new and revised Accounting Standards

In the current year, the Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Various other Standards and Interpretations were in issue but not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations will not affect the Association's present policies and operations. The adoption of AASB 101 Presentation of Financial Statements has introduced a number of terminology changes and has resulted in a number of chages in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Association. The directors anticipate that the adoptions of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the Financial Statements of the Association but may change the disclosure presently made in the Financial Statements of the Association.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report;

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

(b) Employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

Contributions to defined contribution pension plans are expended when employees have rendered service entitling them to the contributions.

(c) Financial assets
Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following categories: 'available-for sale' financial assets, 'held-to-maturity' investments, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets
Certain shares held by the Association are classified as being 'available-for-sale' and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, with the exception of impairment losses which are recognised directly in profit/loss when the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Held-to-maturity investments
Deposits that have fixed maturity dates where the Association has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables
Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Impairment of financial assets
The financial assets held by the Association are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Association's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.
For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an avaliable-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(d) Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Impairment of long lived assets
At each reporting date, the Association reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Association estimates the recoverable amount of cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevent asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Income Tax
The Diabetic Association of South Australia Inc. is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997 and therefore no provision is necessary for income tax.

(g) Inventories
Inventories are stated 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 all categories 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.

(h) Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Payables
Trade payables and other accounts payable are recognised when the Association becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of 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 or other revalued amount 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 method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised as profit or loss.

The following estimated useful lives are used in the calculation of depreciation:
- Buildings 50 years
- Furniture and Equipment 2-10 years
- Motor Vehicles 6-7 years

(k) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Revenue from the sale of goods is recognised when the Association has transferred to the buyer the significant risks and rewards of ownership of the goods.

Commissions earned on sale of NDSS goods & services
Revenue from the sale of goods and services earned under the National Diabetes Service Agreement (NDSS) is recognised upon the delivery of goods and services to the customers.

Membership Fees
Revenue from membership fees is recognised by reference to the period of the underlying membership. Current unexpired Membership Fees are that portion of membership fees that have been paid in advance and not yet earned, but will be earned in the next 12 months. (see note 10)

Non-current unexpired Membership Fees are that portion of membership fees that have been paid in advance and not yet earned, but will be earned in greater than 12 months time. (see note 11)

Dividend and Interest revenue
Dividend revenue from investments is recognised when the Association's right to receive payment has been establised. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Clothing Collection
Revenue from the sale of goods earned under the start up agreement is recognised upon the delivery of goods to the Savers store.

3. KEY ACCOUNTING JUDGEMENTS AND ESTIMATIONS

Held-to-maturity financial assets
The Board of Management have reviewed the Associations held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Association's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity financial assets is $2,943,348 (2009: $3,140,566). Details of these assets are set out in notes 19 & 20.

4. PROFIT FROM OPERATIONS

		2010	2009
(a) Revenue		$	$
Revenue from continuing operations consisted of:			
Revenue from sale of goods		902,547	954,099
Revenue from Rendering of Services:			
Commissions earned on sale of NDSS goods & services		2,484,092	2,236,193
Membership revenue		692,435	621,690
Fundraising (Note 23)		735,792	874,759
Education & Training Fees		82,923	132,835
		3,995,242	3,865,477
Interest revenue:	Bank deposits	82,009	79,306
	Available for sale Investments	129,262	167,782
		211,271	247,088
Savers	Subsidy	14,643	-
	Cost Recovered	421,233	-
		435,876	-
Total		4,642,389	4,112,564

(b) Profit for the year

Profit or loss for the year has been arrived at after crediting/charging the following gains and losses:

		2010	2009
(a) Gains and losses			
Profit or (loss) on disposal of property, plant and equipment		(348)	227
(b) Other expenses			
Profit for the year includes the following expenses:			
Cost of sales		(656,963)	(695,057)
Impairment of trade receivables		(825)	(44,560)
Depreciation:	Buildings	(28,368)	(28,368)
	Furniture and equipment	(124,745)	(110,493)
	Motor vehicles	(7,808)	(7,808)
		(160,921)	(146,669)
Employee benefits expense:	Salaries & On-Costs	2,350,874	2,203,934
	Employee Benefits	224,352	198,380
		2,575,226	2,402,314

5. TRADE AND OTHER RECEIVABLES

	2010	2009
	$	$
Trade receivables	248,477	189,696
Other receivables	-	3,728
Allowance for doubtful debts	(825)	(44,560)
	247,652	148,864

The average credit period on sale of goods is 60 days. No interest is charged on trade receivables from the date of the invoice. One trade receivable is past due. An allowance has been made for estimated irrecoverable trade receivable amount arising from the past sale of goods.

Movement in the allowance for doubtful debts	2010	2009
Balance at the beginning of the year	44,560	-
Impairment losses recognised on receivables	825	44,560
Impairment losses reversed and book against receivables	(44,560)	-
Balance at the end of the year	825	44,560

The impairment loss consists of one receivable that is aged in the 90 day section

6. INVENTORIES

	2010	2009
Finished Goods at cost	120,956	155,536

7. OTHER CURRENT ASSETS

	2010	2009
Prepayments	34,352	62,439

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Furniture and Equipment	Motor Vehicles	Total
Gross Carrying Amount	$	$	$	$	$
Balance at 30 June 2008	258,000	1,418,412	1,115,344	62,466	2,854,222
Additions	-	-	82,746	-	82,746
Disposals	-	-	(85,527)	-	(85,527)
Balance at 30 June 2009	258,000	1,418,412	1,112,563	62,466	2,851,441
Additions	-	-	145,845	-	145,845
Disposals	-	-	(34,060)	-	(34,060)
Balance at 30 June 2010	258,000	1,418,412	1,224,348	62,466	2,963,226
Accumulated Depreciation	$	$	$	$	$
Balance at 30 June 2008	-	(355,784)	(684,510)	(7,564)	(1,047,858)
Depreciation Expense	-	(28,368)	(110,493)	(7,808)	(146,669)
Disposals	-	-	85,527	-	85,527
Balance at 30 June 2009	-	(384,152)	(709,476)	(15,372)	(1,109,000)
Depreciation Expense	-	(28,368)	(124,745)	(7,808)	(160,921)
Disposals	-	-	33,710	-	33,710
Balance at 30 June 2010	-	(412,520)	(800,511)	(23,180)	(1,236,211)
Net Book Value					
As at 30 June 2009	258,000	1,034,260	403,087	47,094	1,742,441
As at 30 June 2010	258,000	1,005,892	423,837	39,286	1,727,015

The aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 4 to the financial statements. There was no depreciation during the year that was capitalised as part of the cost of other Assets.

9. CURRENT TRADE AND OTHER PAYABLES

	2010	2009
	$	$
Trade Payables	491,360	333,154
Trade Accruals	10,705	135,767
	502,065	468,921

The average credit period on purchases of goods is 60 days.
No interest is charged on payables from the date of the invoice.

10. OTHER CURRENT LIABILITIES

	2010	2009
	$	$
Income Received in Advance	81,096	27,437
Unexpired Membership Fees	444,551	406,820
	525,647	434,257

11. OTHER NON - CURRENT LIABILITIES

Unexpired Membership Fees	90,298	92,773

12. EMPLOYEE BENEFITS

The aggregate employee benefits liability recognised and included in the financial statements is as follows

		2010	2009
		$	$
Current			
	Liability for annual leave	127,970	122,846
	Liability for long service leave	107,580	77,736
		235,550	200,582
Non-Current	Liability for long service leave	63,818	49,704

13. RESERVES

		2010	2009
Capital Development Reserve		$	$
Available for Sale Reserve	(i)	400,000	400,000
Closing Balance	(ii)	3,164	(2,032)
		403,164	397,968

(i) Capital Development Reserve			
	Opening balance	400,000	400,000
	Addition to Reserve	-	-
	Closing balance	400,000	400,000

The capital development reserve is a reserve to be used to fund future capital projects

(ii) Available for Sale Reserve	Opening balance	(2,032)	12,234
	Addition to Reserve	5,196	(14,266)
	Closing balance	3,164	(2,032)

The ‘available for sale reserve’ reflects the accumulated fair value adjustments to ‘available for sale’ financial assets.

14. RETAINED EARNINGS

	2010 $	2009 $
Balance at beginning of financial year	5,721,483	5,656,893
Profit for year	333,753	64,589
Balance at end of financial year	6,055,237	5,721,483

15. REMUNERATION OF AUDITORS

		2010 $	2009 $
Auditing the financial report	current year	48,000	38,186
	prior year	3,220	13,167
		51,220	51,353

The auditor of the Association is Deloitte Touche Tohmatsu.

16. ECONOMIC DEPENDENCY

The Diabetic Association of South Australia Inc. is the distributor of National Diabetes Services Scheme products in South Australia. The contact that Diabetes Australia Ltd has with the Government was renewed for 5 years and is due to expire on the 30th June 2011. It is considered that sufficient cash reserves are presently being held to enable strategic restructure to take place if the current contract is not renewed in 2011.

17. KEY MANAGEMENT PERSONNEL REMUNERATION

Name Title

The names of persons who were members of the Board of Management of the Diabetic Association of South Australia Inc. during the year were:

Alexandra Reynolds	President
Bryan Fahy	Vice President
George Valiotis	Vice President
John Dyer	Treasurer (From 1/7/09 - 24/6/10)
Steve Fimmano	Treasurer (From 24/6/10 - Current) Appointed 23rd April 2010
James Blandford	Committee Member
Sandra Vallance	Committee Member

Key Management Personnel

Jennifer Barber	Chief Executive Officer
Angelique Pasalidis	Manager, Member Services
Joanne Mitchell	Manager, Corporate Services
Trudy Lucas	Manager, NDSS Services
Scott Mates	Manager, Clothing Collections

	2010 $	2009 $
Short term employee benefits	461,381	420,167
Post employment benefits	52,210	80,534
Termination benefits	-	-
	513,591	500,701

During the year key management and personnel have purchased goods which were domestic or trivial in nature from the Association on the same terms and conditions available to customers.

18. NOTES TO THE STATEMENT OF CASH FLOWS

	2010 $	2009 $
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	2,488,019	1,808,951
	2,488,019	1,808,951
(b) Reconciliation of profit for period to 30 June 2010 net cash flows from operating activities		
Profit for the year	333,754	64,589
Gain or (loss) on the sale of non - current assets	348	(227)
Depreciation of non - current assets	160,921	146,669
Interest Received	(211,271)	(247,088)
(Increase) / decrease in assets:		
Current receivables	(98,788)	7,367
Current inventories	34,580	(20,495)
Other current assets	28,087	(27,283)
Increase / (decrease) in liabilities:		
Current payables	86,802	226,380
Provisions	49,082	28,283
Other liabilities	35,256	52,568
Net Cash from operating activities	418,771	230,763

19. OTHER FINANCIAL ASSETS

		2010 $	2009 $
Shares (at Fair Value) - (i)	Non-Current	314,437	306,892
Other deposits (at Amortised Cost) - (ii)	Current	2,943,348	3,140,566
		3,257,785	3,447,458

(i) Shares designated as available for sale from 1 July 2005

(ii) The Association holds various short term deposits with various financial institutions, refer Note 20. The weighted average interest rate on these securities is 3.66%p.a. (2009: 6.12%p.a.). The fixed deposits have maturity dates ranging between 3 to 12 months from reporting date.

20. FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(b) Interest Rate Risk Management

The following table details the Association's exposure to interest rate risk at:
30 June 2010

	Weighted average effective interest	Variable interest rate	Fixed Maturity Dates			Non interest bearing	Total
			Less than 1 month	1-3 months	3 months to 1 year		
	%	$	$	$	$	$	$
Financial Assets:							
Cash and cash equivalents	3.79	-	2,488,019	-	-	-	2,488,019
Macquarie	5.45	-	-		174,688	-	174,688
Macquarie-Bank West	4.31	-	-	2,031,826	-	-	2,031,826
Macquarie-Adelaide	4.87	-	-	736,834	-	-	736,834
Shares-Public Trustee	-	-	-	-	-	261,899	261,899
Other Shares	-	-	-	-	-	52,538	52,538
Trade Receivables	-	-	-	-	-	247,652	247,652
	-	-	2,488,019	2,768,660	174,688	562,089	5,993,456
Financial Liabilities:							
Trade Payables	-	-	-	-	-	502,064	502,064
	-	-	-	-	-	502,064	502,064

30 June 2009

	Weighted average effective interest	Variable interest rate	Fixed Maturity Dates			Non interest bearing	Total
			Less than 1 month	1-3 months	3 months to 1 year		
	%	$	$	$	$	$	$
Financial Assets:							
Cash and cash equivalents	3.29	-	1,808,951	-	-	-	1,808,951
Macquarie	6.46	-	-	-	165,653	-	165,653
Police Credit Union	5.58	-	-	324,464	-	-	324,464
Macquarie-Bank West	6.19	-	-	-	1,947,833	-	1,947,833
Macquarie-Adelaide	6.25	-	-	702,616	-	-	702,616
Shares-Public Trustee	-	-	-	-	-	244,835	244,835
Other Shares	-	-	-	-	-	62,057	62,057
Trade Receivables	-	-	-	-	-	148,864	148,864
	-	-	1,808,951	1,027,080	2,113,486	455,756	5,405,273
Financial Liabilities:							
Trade Payables	-	-	-	-	-	468,921	468,921
	-	-	-	-	-	468,921	468,921

(c) Capital risk management

The Association manages its capital to ensure that it is able to continue as a going concern to support its strategic objectives. The capital structure of the Association consists of cash and cash equivalents and equity which comprises reserves and retained earnings as disclosed in Notes 13 and 14 respectively. The Association does not hold any debt (defined as short and long-term borrowings) as at 30 June 2010.

(d) Categories of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2010	Level 1	Level 2	Level 3	Total
Financial Assets:	**$**	**$**	**$**	**$**
Available-for-sale equivalents	52,538	261,899	-	314,437
	52,538	261,899	-	314,437

2009	Level 1	Level 2	Level 3	Total
Financial Assets:	$	$	$	$
Available-for-sale equivalents	62,057	244,835	-	306,892
	62,057	244,835	-	306,892

The financial assets categorised under Level 2 are based on a statement provided from Public Trustee.

There were no transfers between Level 1 and Level 2 in the financial period.

(e) Financial risk management objectives

The Board of Management monitors and manages the financial risks relating to the operations of the Association through internal risk reports.

The Association Constitution outlines the guidelines on the types of financial investments the Association may participate in. The Board of Management seeks to minimise the effects of financial risks on the Association by investing the majority of funds in term deposit accounts.

(f) Market risk

The Association's activities expose it primarily to the financial risks of changes in interest rates (refer note 20(b)). The exposure to changes in interest rates is minimal due to the low risk investments held by the Association.

Market risk - sensitivity analysis

The Association has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June 2010, the effect on profit and equity as a result of a 1% increase/decrease change in the interest rate on financial instruments with a variable rate, with all other variables remaining constant, would be $54,314 increase/decrease (2009: $49,495 increase/decrease).

(g) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association. The carrying amount of financial assets recorded in the Statement of Financial Position represents the Association's maximum exposure to credit risk.

The Association manages this risk by only selling goods to creditworthy customers.

(h) Liquidity risk management

The Association manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Net Fair Value

The Board of Management consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

21. LEASING

Non-cancellable operating lease commitments	2010	2009
	$	$
Not later than 1 year	14,883	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	14,883	-

Operating leases relate to leases of trucks and storage space with lease terms of 12 months.

The Association does not have an option to purchase the leased assets at the expiry of the lease periods.

22. SUBSEQUENT EVENTS

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Board of Management to affect significantly the operations of the Association, the results of these operations or the state of affairs of the Association in subsequent financial years.

23. FUNDRAISING

2010	Income	Expenditure	Total
	$	$	$
Projects			
Memorials	45,503	677	44,826
Appeals	91,221	42,623	48,598
Bequests	214,965	2,435	212,530
Signature Day	43,291	14,785	28,506
Lotteries	237,523	80,847	156,676
National Diabetes Week	-	-	-
Total Projects	632,503	141,367	491,136
Non - Project Income	103,289		
	735,792		

2009	Income	Expenditure	Total
	$	$	$
Projects			
Memorials	61,816	3,216	58,600
Appeals	103,084	56,681	46,403
Bequests	299,796	2,244	297,552
Signature Day	42,000	6,733	35,267
Lotteries	249,587	85,835	163,752
National Diabetes Week	-	7,285	(7,285)
Total Projects	756,283	161,994	594,289
Non - Project Income	118,476		
	874,759		

24. ADDITIONAL ASSOCIATION INFORMATION

The nature of expenses listed in the Statement of Comprehensive Income comprise cost of goods, employee benefits, depreciation and amorsation expenses, finance costs, consulting expenses subscription levy and other expenses.

	2010	2009
	$	$
Cost of Goods Sold	656,963	695,057
Salaries & On-Costs	2,350,874	2,203,934
Employee Bnefits	224,352	198,380
Depreciation and Amorisation Expenses	160,921	146,669
Finance Expenses	40,016	84,907
Consulting Expenses	14,953	22,003
Subscription Levy	(92,668)	94,031
Other Expenses	1,855,771	1,557,093
Total Expenses	5,211,182	5,002,074

25. CONTINGENT LIABILITY

There is a legal agreement between Diabetes Australia and the Department of Health & Ageing which includes the following clause:

Head Agreement Note 19 Repayment of Funds

“19.1 If:

(a) on the expiry of the Scheme Period or on any earlier termination of this Agreement, any Funds:

(i) remain unspent or not Committed; or
(ii) cannot, by reconciliation between the accounts and records maintained by Diabetes Australia (as reported to the Commonwealth by Diabetes Australia in the financial statements referred to in clause 9), be shown to have spent or committed in accordance with this Agreement; or

(b) at any time the Department forms the reasonable opinion that any Funds have been used, spent or Committed by Diabetes Australia other than in accordance with this Agreement; the Department may by written notice to Diabetes Australia require Diabetes Australia to repay that part of the Funds and Diabetes Australia must repay to the Department the amount set out in the notice, within 20 Business Days of receipt of notice”.

Under the Agency Agreement between Diabetes Australia and Diabetes SA, the Association may be required to pay back surplus funds which as at the 30th June 2010 was $180,383 (2009: $248,456).

Deloitte.

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Independent Auditor's Report
to the Members of The Diabetic Association of South Australia Incorporated

We have audited the accompanying financial report of The Diabetic Association of South Australia Incorporated, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Board of Management as set out on pages 13 to 29.

The Responsibility of the Board of Management for the Financial Report

The Board of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act 1985 (the "Act"). This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial report.

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

Deloitte

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of The Diabetic Association of South Australia Incorporated presents fairly, in all material respects, the Association's financial position as at 30 June 2010, and of its financial performance, its cash flows and its changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act 1985.

We have obtained all the necessary information required in connection with our audit in respect of the financial year ended 30 June 2010.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jody Burton
Partner
Chartered Accountants
Adelaide, 23 September 2010

KEY FINANCIAL STATISTICS

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
	$	$	$	$	$
MEMBERS					
Numbers	**32,746**	32,484	30,920	28,857	25,532
Growth rate	**0.84%**	5.06%	7.15%	13.02%	6.73%
Subscriptions	**$692,435**	$621,689	$560,533	$500,548	$570,119
SALES	**902,547**	954,009	1,000,381	1,017,251	988,154
Growth rate	**-5.40%**	-4.63%	-1.66%	2.94%	9.94%
Cost of Goods Sold	**656,963**	695,057	727,765	761,926	760,813
Gross Profit	**245,585**	259,042	272,616	255,325	227,341
Gross Profit as a Percentage of Sales	**27.21%**	27.15%	27.25%	25.10%	23.01%
NDSS - Sales	**2,484,092**	2,236,193	2,040,818	1,831,916	1,710,166
Growth rate	**11.09%**	9.57%	11.40%	7.12%	11.70%
Interest Receievd	**211,271**	247,088	265,342	233,940	154,960
Depreciation	**160,922**	146,669	127,798	114,510	137,535
Net Cash used in investing activities	**(260,297)**	65,270	255,980	279,578	175,117
	-498.80%	-74.50%	-8.44%	59.65%	-27.12%
Total Income	**5,544,936**	5,066,663	4,742,730	4,123,060	3,895,293
Total Expenditure	**5,211,182**	5,002,074	4,315,079	3,816,482	3,475,822
Surplus	**333,754**	64,589	427,651	306,578	419,471
Cash	**2,488,019**	1,808,951	1,643,458	1,590,216	1,328,363
Inventory	**120,956**	155,536	135,041	119,256	152,263
Trade Creditors	**491,359**	333,154	166,786	199,671	240,417
Current Assets	**5,834,327**	5,316,356	4,928,404	4,950,977	4,490,287
Current Liabilities	**1,263,262**	1,103,760	824,340	824,340	808,493
Current Asset Ratio	**4.62:1**	4.82:1	5.98:1	6.01:1	5.55:1
Total Assets	**7,875,778**	7,365,688	7,008,135	6,582,179	6,140,844
Total Liabilities	**1,417,376**	1,246,237	939,007	941,360	808,493
Accumulated Surplus	**6,458,403**	6,119,451	6,069,128	5,640,819	5,332,351
Growth rate	**5.54%**	8.49%	7.59%	5.78%	8.75%

BEQUEST & MAJOR DONORS

Our sincere thanks to our generous Members, Donors and Bequestors who have donated to Diabetes SA during the financial year. Your support has enabled us to provide information, support, education and products to the many South Australians living with diabetes.

BEQUESTORS

- Harald Gerhus
- Noel Gregory
- Francis Holland
- Diane Hynes
- Raymond Johnson
- Colin Lindquist
- Tecla Shaw
- Lena Skewes

MAJOR DONORS

- Mr D Cotton
- Mrs J W Dean
- Mrs A Lukin
- Mrs J Mitchell
- Mr G Rohrsheim
- Mr D Ryan
- Mr B Saint
- Mrs H Taylor
- Mr J Vella
- Mrs J White
- Mrs D Withers

COMMUNITY DONORS

- Francesco & Maria Crisci
- Pasquale Meoli
- Rex & Helen Kakoschke & Family
- Jan Trethewey & Family
- Calvary Wakefield Hospital
- Diabetes SA Auxiliary
- Diabetes Southern Fleurieu Support Group
- Freemasons Foundation
- Henley Community Opp Shop
- Ingle Farm Over 50's Club
- Lioness Club of Elizabeth Inc
- Lions Club of Charles Sturt
- Lions Club of Gilles Plains
- Lions Club of Murray Bridge
- Maltese Senior Citizens Assoc of SA
- Murray Bridge City Lions
- SA Weight Watchers –Ascot Park
- SA Weight Watchers – Ingle Farm
- Salisbury Senior Citizens Club
- Tea Tree Gully Golf Club

CORPORATE DONATIONS

- Ahrens Engineering
- ARGO Investing in Australia
- Bluescope Distribution Pty Ltd
- Cavill Power Products
- City of Holdfast Bay
- City of Unley
- Dept of Health ICT Services
- Homestart Finance
- International School of Business
- Knight Frank Pty Ltd
- Lotteries Commission of SA
- Macquarie Private Wealth
- SA Tourism Commission
- Statewide Super Trust
- Yatala Labour Prison Staff

TRUSTS & FOUNDATIONS

- Bank SA & Staff Charitable Fund
- Fay Fuller Foundation

DIABETES SA SUPPORTERS

To the many organisations that have supported Diabetes SA during the year, we say thank you.

DIABETES SA SUPPORTERS

- Heather Ashmede, Department of Education and Children's Services
- Nathan Bassett
- Sara Jones, Consultant Podiatrist
- Dr Anthony Roberts
- Abbot Diabetes Care
- Aussie Party Hire & Marquees Galore
- Australian Medical & Scientific Ltd
- Bakers Delight
- Cruiseabout Burnside
- EFM Health Clubs
- Eli Lilly Australia
- Flinders Medical Centre
- Joggersworld
- Juvenile Diabetes Research Fund
- Lyell McEwin Health Service
- Medtronic
- Nestle Nutrition (Optifast)
- Novo Nordisk Pharmaceuticals
- Roche Diagnostics
- Sanofi Aventis
- The Sugarless Company
- University of South Australia – School of Podiatry
- Women's and Children's Hospital
- Hertz
- Sign A Rama
- Hyde Park Press
- Woolridges
- SCF Group
- U Store It
- Salmat

NOTES

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