DIABETES SA

ANNUAL REPORT 2010/2011

The Adelaide Entertainment Centre was lit up in blue for World Diabetes Day on November the 14th 2010.

Alexandra Conte

Bryan Fahy

George Valiotis

John Dyer

Steve Fimmano

James Blandford

Board of Management

Sandra Vallance

THE ASSOCIATION

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Hilton SA 5033

AUDITORS
Deloitte Touche Tohmatsu
11 Waymouth Street, Adelaide SA 5000

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 Conte

Vice President
Bryan Fahy

Vice President
George Valiotis

Treasurer
Steve Fimmano

Committee Member
James Blandford

Committee Member
Sandra Vallance

Chief Executive Officer
Jennifer Barber

Deputy Chief Executive Officer
Angelique Pasalidis

MANAGEMENT TEAM

Manager Business Services and Development Unit
Aaron Trott

Manager Clothing Collections
Scott Mates

Manager Business Support Services Unit
Michelle Le

Manager NDSS Services
Trudy Lucas

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

CONTENTS

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.
- Up to 60% of cases of type 2 diabetes can be prevented.

Alexandra Conte

PRESIDENT'S REPORT

Like many small business operations, we have been impacted by the flow on effect of the global financial crisis. Nowhere has this been felt more than in our retail operation with a decline in retail sales.

Whilst this does create a level of concern it does also provide us with an opportunity to re focus and re shape our business. As a result in the coming year we will be introducing many changes to our business some of which we have already commenced discussions and implementation with our staff.

In our retail environment we will consolidate the product range to ensure that we are catering to the specific needs of people with diabetes. The resulting floor space made available from this review will allow us to include a vastly improved library allowing improved ease of access to resources and services. A regular review of product range will ensure that we have the best price and range, whilst an increase of 29.4% in online sales will mean that growing our on line sales will be a priority. The improvements that we will make will include a new service that allows the customer to set up an automatic reordering of product as well as improved usability of the online shop with smart phones and other devices.

With 3,964 consumers participating in education sessions this financial year, overall attendance at education sessions has declined over the years. As a result a review of our health services in 2011/2012 will provide a more succinct range of education sessions that are run more frequently to suit our consumers. With the requirement of the National Diabetes Services Scheme to provide information and education to people with diabetes, we will also look to differentiate our Member based services from the Registrant Support Services available under the Scheme. With the success of our seminars and the overwhelming attendance levels experienced, will mean that we will look to conduct these seminars on a more regular basis in venues that enable a greater number of attendees. In line with this review we will also talk to our member base to better understand the services that they require in the management of their diabetes.

Our new business venture Clothing Collections has experienced an overwhelming level of support from not only our member base but also the wider community in both metropolitan and country areas of South Australia. With 597,704 kilos of product collected the income from this commercial agreement has supported the organisation this year. With plans for a second store in 2012 our focus will turn to growing the resources in this area that will enable us to service two stores in Adelaide.

The NDSS continues to be an important part of our business and whilst this financial year sees the conclusion of the five year contract, 2011/2012 will mark the beginning of the new five year contract with Diabetes Australia Ltd and the Department of Health and Ageing.

In closing, whilst it has been a year of many challenges it has also provided us with many achievements. My heartfelt thanks must be extended to the dedicated team of staff who work diligently to make a difference in the lives of people with diabetes. Their commitment, loyalty and passion for the cause are what make the difference. To our members it is your ongoing support through membership subscriptions, purchase of lottery books and donations to appeals that enables the organisation to continue providing the much needed services. To our volunteers we appreciate all that you do for the organisation.

To my fellow Board Members your support has been greatly appreciated and whilst I will not be nominating for re-election to the Board for the coming year, I would like to wish the organisation every success.

With the many opportunities presented to re focus and re shape our business I am confident 2011/2012 will be a rewarding year.

Alexandra Conte
President, Diabetes SA

Diabetes SA Hilton

Rob Palmer and Rachel Woods
at the Type 1 & Type 2 Seminar

World Diabetes Day

World Diabetes Day

Aaron Trott

BUSINESS SERVICES & DEVELOPMENT

The Business Services & Development 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 31,624 with 9.37% type 1, 80.82% type 2, 0.10% gestational, 0.41% pre diabetes and 9.30% other.

Overall membership subscriptions income decreased 4.37% from 2009/2010 to 2010/2011 which resulted in a drop of 1.09% against budget.

1 year membership income increased by 3.4%, while 2 year membership decreased by 5.4% on budget.

Plans to increase the number of members include a re-assessment of the Health Services we provide to members, ensuring our services are in line with their needs as well as increasing the usability of our website through improved education and connectivity.

We will be talking to our members shortly to find out what they see as providing the greatest benefit in terms of services delivered by Diabetes SA.

RETAIL

The retail shop located at Hilton provides people living with diabetes personalised service and product requirements to help them manage their diabetes. Our fully trained team provides friendly, professional service to help customers with their diabetes related product purchases.

In the financial year our retail operation serviced over 36,559 people with new membership, renewals, registration to the NDSS, meter demonstrations/ troubleshooting and retail purchases.

Like many retail operations, the last financial year has seen sales decline by $105,899 against budget. Our need to refocus and reshape our retail operations will include:

- Growing our online sales by improving the online shopping experience. This will include allowing customers to set up automatic reordering of product they require and improved usability for people using Iphones and other smart devices.
- We will consolidate the range and reduce space for our retail shop to ensure we are catering to the specific needs of people with diabetes. The resulting floor space will allow us to include a vastly improved library and reception in this area, allowing improved ease of access to resources and services.
- Price competitiveness will be achieved through a regular program of review to ensure we have the best price and range.

CALL CENTRE

As well as answering and transferring our inbound calls, the Call Centre also provides diabetes information, troubleshooting for meters and processes orders for both NDSS and Diabetes SA products. It also conducts outbound calling campaigns both to gain new members and to increase lottery book sales.

Over 67,103 calls were taken in the Call Centre this year, which was 15.67% up on last year, whilst having reduced staffing levels.

Online shop sales increased from 2009/2010 to 2010/2011 by 29.4%, while Call Centre over the phone sales decreased by 3.2%. Of the total sales member sales represented 85.5% whilst non members represented 14.5%.

The Call Centre will continue to be a key area, underpinning the improvements that will be made to the website by supporting the increased order processing, as well as facilitating improvements in fundraising results by increasing outbound calling for key fundraising strategies such as lottery.

MARKETING & FUNDRAISING

The Marketing and Fundraising area provided income in 2010/2011 through two appeals and two lottery campaigns as well as general donations, memorial donations and bequests. The income from this area allows for the delivery of education and services to members.

Our donors include members, external organisations and the general public. This year fundraising income was 60.7% above budget with the two lottery campaigns accounting for 33.98% of this result and 65.69% coming from donations.

We would like to sincerely thank the

corporate organisations, community donors, trusts and foundations who generously support Diabetes SA each year. With your support we are able to continue to be of great benefit to people with diabetes in South Australia.

In 2011/2012 our focus will be on the ensuring that our Lottery and Appeal campaigns deliver improved results. Consideration will be given to reducing the frequency of these campaigns as well as including outbound calling as part of the strategies for each campaign.

HEALTH SERVICES

In 2010/2011 over 3,964 people participated in consumer education sessions. The highest attendance was in the 60-70 and 70-80 age groups and attendees with type 2 accounted for 69% and type 1, 14%.

During the year our Health Services team provided:

- 168 education sessions to members and NDSS Registrants.
- Facilitated 483 one to one appointments and provided service to 285 people in our retail shop.
- Answered 3,275 phone calls.
- Responded to 646 emails.
- Presented at 32 guest speaking engagements and 6 professional speaking engagements.
- Provided 3 children's activities for 33 children with type 1 diabetes.
- Organised a Kid's Camp for 10-12 year olds with type 1 diabetes with 39 children in attendance, sponsored by the Fay Fuller Foundation.
- Provided 13 fee for service Health Professional Forums for Practice Nurses, Exercise and Diabetes Forum, Insulin Initiation and Titration, Aged Care, School Management and Carbohydrate Counting for Health Professionals.
- Organised 5 major seminars including a Health Professional, Food, type 1 and type 2 and a separate type 1 seminar with 1,106 people in attendance.

OUR VOLUNTEERS

In 2010/2011 our Volunteers provided 2,201 hours or 58 weeks of time to the Association.

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


Volunteers at Clipsal


Kid's Camp 2010


Kid's Activity - Plaster Fun House


Teenage Camp 2010

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.

What a ride it has been so far and it is hard to believe it has been twelve months. There certainly has been a lot of change and many lessons learnt along the way.

Savers opened their first store in South Australia on July 8th, 2010 at David Witton Drive, Noarlunga and have enjoyed great success to date. It has even been rated in the top ten performing stores for all of Savers stores in the US, Canada and Australia.

The 2010/2011 financial year saw Savers and Diabetes SA execute a Purchase and Sale Agreement in April 2011 following the finalisation of the Start Up Agreement. The commercial contract now requires Diabetes SA to deliver quotas which comprise of a soft component as well as an additional portion of hard product or household goods. It also means that all operational costs will be carried by the organisation and therefore the operation now requires a more prudent expense management approach to maximise income from product collection and delivery.

Over the financial year a total of 74,713 bags were collected equating to around 597,704kg of product.

The year brought some major milestones with the opening of our first Attended Donation Centre (ADC) at Hilton. This process was lengthy due to the negotiations with the local council who would provide a temporary 12 month approval based on a number of stringent conditions for operation. Several operational plans were presented to council which included scale diagrams and traffic flow analysis and this finally resulted in approval in January 2011 and then a subsequent approval in May due to the need for 7 day trade, including public holidays. The organisation with advice from Savers identified the need to provide convenience to donors, especially at times outside normal business hours.

With the commencement of the ADC operation in winter 2010 the initial flow of donations was slow but as the facility became more recognised and the attendants were able to develop rapport with donors, the overall performance has improved and resulted in an average of around 1,500kg per week. The key component to future success of the Attended Donation Centre will be to increase foot traffic to the organisation by not only repeat donors but new donors.

As the operation has grown the need for a storage facility has become paramount. In January 2011, the organisation partnered with Central Warehousing for the supply of 675m2 of warehouse space at Kidman Park. This area was provided for a reduced cost per m2/week and included racking on one side and fencing on the other to maximise the stacking of collected product.

Amanda Blair - FIVEaa Radio Presenter and Donna McMaster, General Manager - Savers, at the Grand Opening of the Noarlunga Savers Store in July 2010.

In May, Scott Mates, Manager Clothing Collections had the opportunity to attend the Savers Partner Conference which was held in New Orleans, Louisiana. This conference saw not-for-profit partners and senior Savers staff discuss collection methods, reporting, as well as future plans for the Savers business including growth markets and possible acquisitions. Many new ideas gathered at this conference have been implemented in our business.

LOOKING FORWARD

Future projects for Clothing Collections will include the development of partnerships with schools, childcare centres, hospitals, op shops and real estate agents. A focus on technology will be maintained with development of a 'smart' phone application and the implementation of a new system to capture data and increase internal efficiencies.

The future looks bright for Clothing Collections and no doubt will involve growth of resources required to manage the operation, particularly with the likelihood of a second Savers store in 2012.

Our thanks must be extended to our members, supporters, organisations and the general public who have supported the operation through donations of clothes, household items, furniture and bric a brac. Your donations have provided income to the organisation allowing Diabetes SA to deliver services to people with diabetes.

Savers Grand Opening Night


Savers - Inside


1 Year Anniversary Sale at Savers

Savers 1 Year Anniversary - FIVEaa Broadcast with Amanda Blair and Aaron Trott, BSD Manager


Fashion Parade at Savers

Michelle Le

BUSINESS SUPPORT SERVICES

The Business Support Services Unit ensures the effective and efficient delivery of the Association's daily operations through the provision of Finance/Accounting, Information and Communication Technology (ICT), Human Resources, Facilities Management and Administration Services.

Staffing levels within the Association remained steady with minor shortfall during the financial year from 47 to 46. There were 9 resignations by staff whose roles were backfilled and supported by 4 agency staff whilst the ongoing positions were successfully filled throughout the year. Casual staff were also engaged to cover other staff planned leave.

During the financial year, substantial efforts were dedicated to the many campaigns inducting new staff into the organisation. Their smooth transition into the roles and our Association is a testament to the cohesive planning and delivery from both management and staff across a number of business sections.

In 2010/2011, the main focus of ICT services included stablising the ICT Infrastructure and Business Applications, strengthening the information security standard and protecting our data integrity/ information confidentiality.

A number of projects were undertaken to achieve the ICT objectives for the year that included:

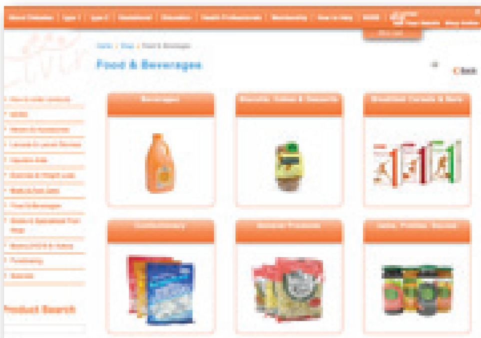
- The re-development of the Association's website to the new webhost – Proof Creative.
- Configured and installed GFI_ EndPoint_Security and GFI MailSecurity software to prevent further virus and intrusion to our servers, all PC's and laptops.
- Configured and installed extra disk space and memory including Remote Monitoring Agent on our MS/Exchange Server.
- Implemented the Access Privileges Network Groups for each business sections and respective functions in the Association.
- Established ICT Access Profiles across all members of staff.
- Continued with the replacement of PC's and printers in line with Diabetes SA's capital expenditure program.

LOOKING FORWARD

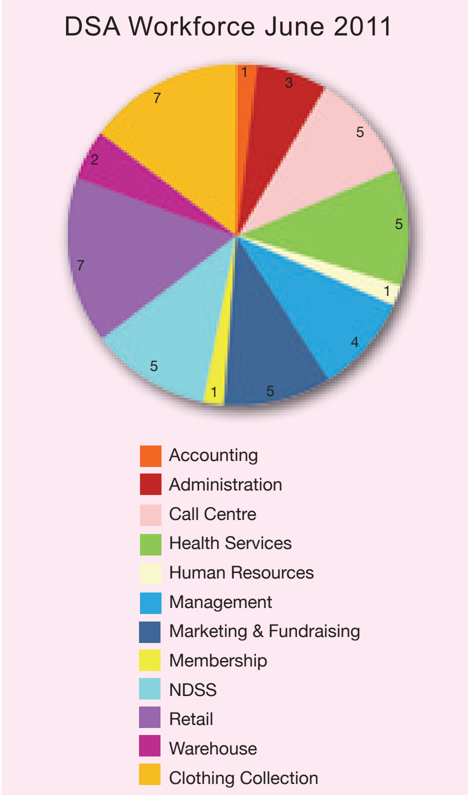
In 2011/2012, a number of key strategic projects will be formed using a practical project management methodology:

- Replacing the ageing ICT Infrastructures that are due to be decommissioned.
- Researching and implementing a total telecommunication package that will meet our contractual reporting obligations to the NDSS and support the Association's daily operations as well as refine our processes and improve the quality of external communications to and within the Association.
- Analysing the impact and implementing the Microsoft Dynamics Fixed Asset Register (FAR) module in our Finance Business Application database. The aim is to automate the calculation and reporting of depreciation on all Assets.
- Undertaking the feasibility study to determine the impact prior to implementing the Microsoft Dynamics Forecasting module in our Finance Business Application database to ensure the automation of the annual budgeting process and provide the Association with expedient and greater reporting functionality.

Homepage of new website



Shop-Online Web Page



Trudy Lucas

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. Diabetes SA is the sole Agent in South Australia.

In the 2010/2011 financial year, our key achievements included:

- 8,127 people registering with the NDSS, an increase of 18.3% compared to last financial year.
- Of the 8,127 people, 874 (10.7%) were type 1, 6,368 (78.4%) type 2, 843 (10.4%) gestational diabetes (GDM) and 42 (0.5%) other.
- The total number of people registered on Scheme at the end of June was 88,381.
- NDSS Product Sales increased 12.2% from $2,345,262 in 2009/2010 to $2,631,537 in 2010/2011.
- A total of 153,157 NDSS orders were processed, an increase of 12.8% on last year.
- The number of Sub-Agents increased by 81, providing greater access to products. The total number of Sub-Agents at the end of the financial year was 253.
- Over 320,000 NDSS newsletters were distributed to all Registrant in SA.
- Over 92 staff from Sub-Agents attended NDSS Induction sessions, 11 at Pharmacy Assistant Refresher Training sessions, 42 at Professional Development – Pharmacist Forum and 13 Sub-Agents at country training sessions.
- 580 Registrants attended ‘free’ education sessions with 90 Registrants attending Podiatry Assessment Clinics at Diabetes SA.
- Community Forums were held in the Riverland, Gawler/Barossa, Clair/Burra with 255 people in attendance.

LOOKING FORWARD

- Our future plans will continue to see our Association improve the community access to products and services by expanding and developing our network of Sub-Agents and engaging a wider range of Registrant Support Services.
- To raise awareness of the Scheme across all target audiences in various demographic areas in SA including Registrants who do not currently access products.
- To improve the evaluation of individual Registrant Support Services programs.
- We will closely monitor the compliance obligation from existing Sub-Agents and the newly established Sub-Agents to ensure the required diabetes products are readily available to Registrants at these locations.
- Diabetes SA will work with the Department of Health and Ageing to deliver nationally consistent Registrant Support Services for people with diabetes.

World Diabetes Day at the
Adelaide Entertainnment Centre

Emily Noll at the Food Seminar

Making a Move on Diabetes Seminar

Rob Palmer at Type 1 & Type 2 Seminar

Steve Fimmano

TREASURER'S REPORT

For the financial year ended 30 June 2011, Diabetes SA has reported a surplus of $302,768. This is a pleasing result given the complexity of the National Diabetes Services Scheme (NDSS) Acquittal process for the final year of the 5-year term contract. A reduction of $30,986 in surplus compared to the previous year (2010: $333,754) is due to greater expenditure in the final year of the NDSS Agreement and greater storage cost required by Clothing Collections.

Income increased by 10.86% in 2010/2011 compared to the previous year primarily due to higher sales from the NDSS, the introduction of our new business venture Clothing Collection and the interest from our Investment portfolios. However, the Association did experience a decline in our Product Sales (11.04%), Health Services income (16.22%) and Fundraising income (2.6%) in comparison to 2009/2010. The decline in our Health Services income is primarily due to the major focus the Association has had on delivering the NDSS Registrant Services, whilst the decline in our Fundraising income reflects the on-going financial and economic challenges the Association has faced over the past few years in attracting the fundraising dollar.

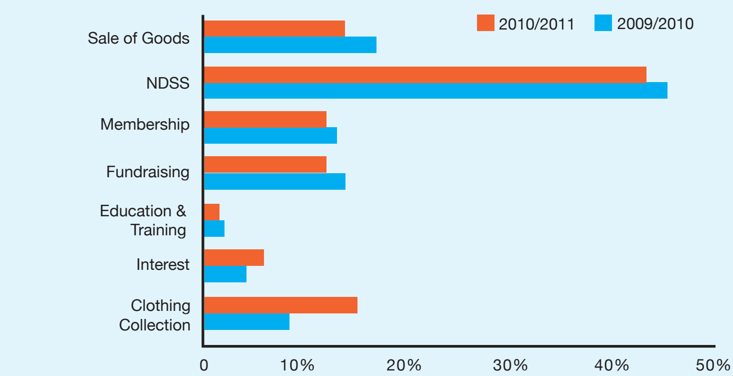
When compared to the previous financial year, our expenditure increased by 12.15% in 2010/2011. The main areas expenditure increased were: (1) Salary and On-costs, (2) Storage, (3) Postage, (4) Motor Vehicle Lease, (5) Bags & Packaging, (6) Venue Hire, and (7) Catering.

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 81 Sub-Agents to bring a total of 253 Sub-Agents in SA, thereby giving more people better access to diabetes products.

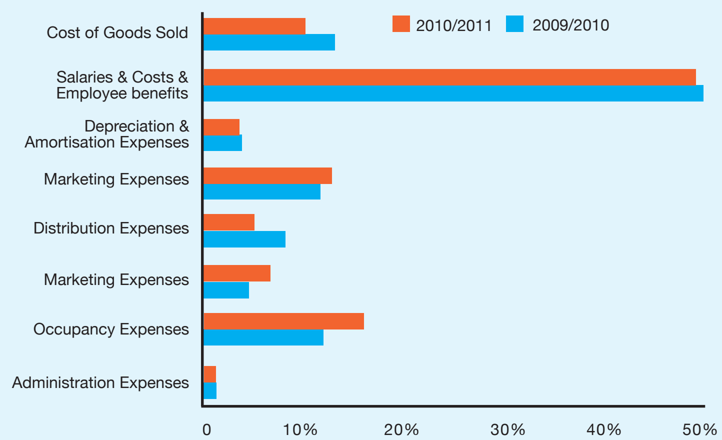
Overall in 2010/2011, our net worth grew to $6,756,611 from $6,458,403 an increase of 4.62%.

In the coming year the Association will continue to monitor and align spending requirements and look to build our income streams that 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 SA

STATEMENT BY BOARD OF MANAGEMENT

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

(a) The 2010/2011 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 2011.

(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 2010/2011 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 2010/2011 financial year.

Dated at Adelaide this ......29th......day of ...September... 2011.

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

....
ACTING PRESIDENT

....
TREASURER

STATEMENT OF COMPREHENSIVE INCOME & FINANCIAL POSITION

The Diabetic Association of SA Inc trading as DIABETES SA

Statement of Comprehensive Income for the financial year ended 30 June 2011

	Notes	2011 $	2010 $
Revenue - Sale of goods	4	802,925	902,547
Cost of sales		(564,888)	(656,963)
Gross Profit		238,037	245,584
Revenue - Rendering of services & other income	4	5,344,362	4,642,389
Distribution expenses		(715,741)	(585,194)
Marketing expenses		(266,020)	(394,075)
Occupancy expenses		(351,722)	(202,064)
Administration expenses		(3,919,164)	(3,332,870)
Other expenses		(26,983)	(40,016)
Profit for the year		**302,769**	**333,754**
Other comprehensive income:			
Gain/(Loss) on available-for-sale investments taken to equity	13(ii)	(4,559)	5,196
Total comprehensive income for the year		298,210	338,950

Statement of Financial Position as at 30 June 2011

	Notes	2011 $	2010 $
Current Assets			
Cash and cash equivalents	17	2,223,088	2,488,019
Trade and other receivables	5	164,789	247,652
Inventories	6	142,827	120,956
Other financial assets	18	3,525,574	2,943,348
Other	7	42,237	34,352
Total Current Assets		6,098,515	5,834,327
Non - Current Assets			
Property, plant and equipment	8	1,624,139	1,727,015
Other financial assets	18	342,452	314,437
Total Non - Current Assets		1,966,591	2,041,452
Total Assets		**8,065,106**	**7,875,779**
Current Liabilities			
Trade and other payables	9	295,395	502,065
Provisions	12	280,293	235,550
Other	10	572,693	525,647
Total Current Liabilities		1,148,381	1,263,262
Non - Current Liabilities			
Provisions	12	74,186	63,818
Other	11	85,928	90,298
Total Non - Current Liabilities		160,114	154,116
Total Liabilities		**1,308,495**	**1,417,378**
Net Assets		**6,756,611**	**6,458,401**
Equity			
Reserves	13	398,605	403,164
Retained Earnings	14	6,358,006	6,055,237
Total Equity		**6,756,611**	**6,458,401**

The notes to the Financial Statements are continued

STATEMENT OF CHANGES IN EQUITY & CASH FLOWS

The Diabetic Association of SA Inc trading as DIABETES SA

Statement of Changes in Equity for the financial year ended 30 June 2011

	Reserves $	Retained Earnings $	Total $
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
Balance as at 1 July 2010	403,164	6,055,237	6,458,401
Profit & Loss for Year	-	302,769	302,769
Other Comprehensive Income for Year	(4,559)	-	(4,559)
Total Comprehensive Income	(4,559)	302,769	298,210
Balance at 30 June 2011	398,605	6,358,006	6,756,611

Statement of Cash Flows for the financial year ended 30 June 2011

	Notes	2011 $	2010 $
Cash Flows From Operating Activities			
Receipts from customers		6,295,782	5,593,094
Payments to suppliers and employees		(6,193,474)	(5,174,323)
Net cash used in operating activities		102,308	418,771
Cash Flows From Investing Activities			
Proceeds/(Payments) for investment securities		(614,800)	194,871
Payment for property, plant and equipment		(105,540)	(145,845)
Proceeds from sale of property, plant and equipment		31,403	-
Interest received		321,698	211,271
Net cash (used in) / provided by investing activities		(367,239)	260,297
Net (decrease) / in cash and cash equivalents		(264,931)	679,068
Cash and cash equivalents at the beginning of the financial year		2,488,019	1,808,951
Cash and cash equivalents at the end of financial year	17	2,223,088	2,488,019

The notes to the Financial Statements are continued

NOTES TO THE FINANCIAL STATEMENTS for the Financial Year Ended 30 June 2011

The Diabetic Association of SA Inc trading as DIABETES SA

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 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 SA 5033.

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, Australian Accounting Standards - Reduced Disclosure Requirements, and complies with other requirements of the law.

The financial statements were authorised for issue by the Board of Management on 29 September 2011.

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

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 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 Board of Management has elected to apply AASB 1053 "Application of Tiers of Australian Accounting Standards" and AASB 2010-2 "Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements". AASB 1053 and AASB 2010-2 are not required to be applied until annual reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for statements, general purpose financial comprising Tier 1: Australian Accounting Standards and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements (RDR). AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by 'Tier 2' entities or inserting 'RDR' paragraphs requiring simplified disclosures for 'Tier 2' entities. The adoption of these standards has resulted in significantly reduced disclosures, largely in respect of impairment, related parties, cashflows and financial instruments.

The notes to the Financial Statements are continued

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
Listed shares held by the Association that are traded in an active market are classified as being ‘available-for-sale’ (“AFS”) and are stated at fair value. The Association also has investments in unlisted shares that are not traded on an active market but that are also classified as AFS financial assets and stated at fair value (because the Board of Management consider that fair value can be reliably measured). Fair value is measured in the manner described in note 19(b). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the AFS investments revaluation reserve, with the exception of impairment losses and interest calculated using the effective interest method which are recognised directly in profit or loss. Where the investment is disposed of or is determined be impaired, the cumulative gain or loss previously accumulated in the AFS investments revaluation reserve is reclassified to profit or loss.

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 any impairment.

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.

The notes to the Financial Statements are continued

When an available-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 statement of cash flows 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 tangible 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 relevant 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.

The notes to the Financial Statements are continued

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.

<u>Sale of goods</u>
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.

<u>Commissions earned on sale of NDSS goods & services</u>
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.

<u>Membership Fees</u>
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)

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

<u>Clothing Collection</u>
Revenue from the sale of goods earned under the start up agreement and the purchase and sale agreement is recognised upon the delivery of goods to the Savers store.

3. KEY ACCOUNTING JUDGEMENTS AND ESTIMATIONS

<u>Held-to-maturity financial assets</u>
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 $3,525,574 (2010: $2,943,348). Details of these assets are set out in notes 18 & 19.

The notes to the Financial Statements are continued

4. PROFIT FROM OPERATIONS

		2011	2010
(a) Revenue		**$**	**$**
Revenue from continuing operations consisted of:			
Revenue from sale of goods		802,925	902,547
Revenue from Rendering of Services:			
Commissions earned on sale of NDSS goods & services		2,631,537	2,484,092
Membership revenue		717,175	692,435
Fundraising (Note 22)		715,585	735,792
Education & Training Fees		69,475	82,923
		4,133,772	3,995,242
Interest revenue:	Bank deposits	108,161	82,009
	Available for sale Investments	213,537	129,262
		321,698	211,271
Savers	Subsidy	221,125	14,643
Available for sale Investments	Cost Recovered	667,767	421,233
		888,892	435,876
Total		5,344,362	4,642,389

(b) Profit for the year

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

		2011	2010
(a) Gains and losses			
(Loss) on disposal of property, plant and equipment		(6,530)	(348)
(b) Other expenses			
Profit for the year includes the following expenses:			
Cost of sales		(564,888)	(656,963)
Impairment of trade receivables		(113)	(825)
Depreciation:	Buildings	(28,368)	(28,368)
	Furniture and equipment	(135,610)	(124,745)
	Motor vehicles	(6,504)	(7,808)
		(170,482)	(160,921)
Employee benefits expense:	Salaries & On-Costs	2,598,912	2,350,874
	Employee Benefits	246,602	224,352
		2,845,514	2,575,226

5. TRADE AND OTHER RECEIVABLES

	2011	2010
	$	**$**
Trade receivables	162,953	248,477
Other receivables	1,949	-
Allowance for doubtful debts	(113)	(825)
	164,789	247,652

The notes to the Financial Statements are continued

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	2011 $	2010 $
Balance at the beginning of the year	825	44,560
Impairment losses recognised on receivables	113	825
Impairment losses reversed and book against receivables	(825)	(44,560)
Balance at the end of the year	113	825

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

6. INVENTORIES

	2011	2010
Finished Goods at cost	142,827	120,956

7. OTHER CURRENT ASSETS

	2011	2010
Prepayments	42,237	34,352

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Furniture and Equipment	Motor Vehicles	Total
Gross Carrying Amount	$	$	$	$	$
Balance at 30 June 2009	258,000	1,418,413	1,112,563	62,466	2,851,442
Additions	-	-	145,845	-	145,845
Disposals	-	-	(34,060)	-	(34,060)
Balance at 30 June 2010	258,000	1,418,413	1,224,348	62,466	2,963,227
Additions	-	-	53,165	52,375	105,540
Disposals	-	-	-	(62,466)	(62,466)
Balance at 30 June 2011	258,000	1,418,413	1,277,513	52,375	3,006,301
Accumulated Depreciation	$	$	$	$	$
Balance at 30 June 2009	-	(384,152)	(709,476)	(15,372)	(1,109,000)
Depreciation Expense	-	(28,368)	(124,746)	(7,808)	(160,922)
Disposals	-	-	33,710	-	33,710
Balance at 30 June 2010	-	(412,520)	(800,512)	(23,180)	(1,236,212)
Depreciation Expense	-	(28,368)	(135,610)	(6,505)	(170,483)
Disposals	-	-	-	24,481	24,481
Balance at 30 June 2011	-	(440,888)	(936,070)	(5,204)	(1,382,162)
Net Book Value					
As at 30 June 2010	258,000	1,005,892	423,837	39,286	1,727,015
As at 30 June 2011	258,000	977,525	341,443	47,171	1,624,139

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.

The notes to the Financial Statements are continued

9. CURRENT TRADE AND OTHER PAYABLES

	2011	2010
	$	$
Trade Payables	293,207	491,360
Other Payables	2,188	10,705
	295,395	502,065

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

	2011	2010
	$	$
Accrued Liabilities	153,659	81,096
Unexpired Membership Fees	419,034	444,551
	572,693	434,257

11. OTHER NON - CURRENT LIABILITIES

	2011	2010
Unexpired Membership Fees	85,927	90,298

12. PROVISIONS

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

		2011	2010
		$	$
Current			
	Provision for annual leave	128,069	127,970
	Provision for long service leave	152,224	107,580
		280,293	235,550
Non-Current	Provision for long service leave	74,186	63,818

13. RESERVES

		2011	2010
		$	$
Capital Development Reserve			
Available for Sale Reserve	(i)	400,000	400,000
Closing Balance	(ii)	(1,395)	3,164
		398,605	403,164

(i) Capital Development Reserve

		2011	2010
	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

		2011	2010
(ii) Available for Sale Reserve	Opening balance	3,164	(2,032)
	Addition to Reserve	(4,559)	5,196
	Closing balance	(1,395)	3,164

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

The notes to the Financial Statements are continued

14. RETAINED EARNINGS

	2011 $	2010 $
Balance at beginning of financial year	6,055,237	5,721,483
Profit for year	302,769	333,753
Balance at end of financial year	6,358,006	6,055,237

15. ECONOMIC DEPENDENCY

The Diabetic Association of South Australia Inc. is the sole Agent to provide registrant support services and distribution of the National Diabetes Services Scheme (NDSS) products in South Australia. The contract that Diabetes Australia Ltd has with the Government was due to expire on the 30th June 2011, but was extended until 30 September 2011 to enable the terms and conditions of the renewed contract to be negotiated. The renewed contract will cover the period of 1 July 2011 to 30 June 2016 and is expected to be signed on or before 30 September 2011. It is considered that sufficient cash reserves are presently being held to enable strategic restructure to take place in the unlikely event of the existing contract not being renewed.

16. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Board Members and other members of key management personnel of the Association is set out below:

	2011 $	2010 $
Compensation to Board Members and other members of key management personnel of the Association		
	471,030	513,591
	471,030	513,591

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.

17. NOTES TO THE STATEMENT OF CASH FLOWS

	2011 $	2010 $
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	2,223,088	2,488,019
	2,223,088	2,488,019

18. OTHER FINANCIAL ASSETS

		2011	2010
Available-for-sale investments carried at fair value			
Shares	Non-Current	342,452	314,437
Shares designated as available for sale from 1 July 2005			
Held-to-maturity investments carried at amortised cost			
Other deposits	Current	2,943,348	2,943,348
		3,525,574	3,447,458

The Association holds various short term deposits with various financial institutions. The weighted average interest rate on these securities is 5.57% p.a. (2010: 3.66% p.a.). The fixed deposits have maturity dates ranging between 3 to 12 months from reporting date.

19. 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 financial assets and financial liabilities are disclosed in note 2 to the financial statements.

The notes to the Financial Statements are continued

(b) Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of available-for-sale assets are determined as follows:

- The fair values of available-for-sale assets with standard terms and conditions and traded on an active liquid market are determined with reference to quoted market prices.
- The fair values of available-for-sale assets with standard terms and conditions but not traded on an active liquid market are based on a statement provided from Public Trustee.

20. LEASING

	2011	2010
Non-cancellable operating lease commitments	$	$
Not later than 1 year	119,523	14,883
Later than 1 year and not later than 5 years	43,466	-
Later than 5 years	-	-
	162,990	$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.

21. 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.

22. FUNDRAISING

2011	Income	Expenditure	Total
Projects	$	$	$
Memorials	47,636	984	46,652
Appeals	77,991	44,956	33,035
Bequests	249,865	1,090	212,530
Signature Day	-	-	-
Lotteries	240,608	84,214	156,394
Total Projects	616,100	131,244	484,856
Non - Project Income	99,485		
	715,585		

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		

The notes to the Financial Statements are continued

23. ADDITIONAL ASSOCIATION INFORMATION

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

	2011	2010
	$	$
Cost of Goods Sold	564,888	656,963
Salaries & On-Costs	2,598,912	2,350,874
Employee Benefits	246,602	224,352
Depreciation and Amortisation Expenses	170,482	160,921
Finance Expenses	26,983	40,016
Consulting Expenses	12,519	14,953
Subscription Levy	35,252	(92,668)
Other Expenses	2,188,880	1,855,771
Total Expenses	5,844,518	5,211,182

24. CONTINGENT LIABILITY

There is a legal agreement between Diabetes Australia Limited 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), be shown to have been 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 Limited and The Diabetic Association of South Australia Incorporated, the Association may be required to pay back surplus funds which as at the 30th June 2011 was $71,104 (2010: $180,383).

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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 2011, 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 the Board of Management as set out on pages 13 to 25.

The Board of Management's Responsibility for the Financial Report

The Board of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act 1985*, and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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.

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 2011 and its financial performance for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act 1985*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jody Burton
Partner
Chartered Accountants
Adelaide, 29 September 2011

KEY FINANCIAL STATISTICS

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
	$	$	$	$	$
MEMBERS					
Numbers	**31,624**	32,746	32,484	30,920	28,857
Growth rate	**-3.46%**	0.84%	5.06%	7.15%	13.02%
Subscriptions	**$717,175**	$692,435	$621,689	$560,533	$500,548
SALES	**802,925**	902,547	954,009	1,000,381	1,017,251
Growth rate	**-11.04%**	-5.40%	-4.63%	-1.66%	2.94%
Cost of Goods Sold	**564,888**	656,963	695,057	727,765	761,926
Gross Profit	**238,037**	245,585	259,042	272,616	255,325
Gross Profit as a Percentage of Sales	**29.65%**	27.21%	27.15%	27.25%	25.10%
NDSS - Sales	**2,631,537**	2,484,092	2,236,193	2,040,818	1,831,916
Growth rate	**5.94%**	11.09%	9.57%	11.40%	7.12%
Interest Receievd	**321,698**	211,271	247,088	265,342	233,940
Depreciation	**170,483**	160,922	146,669	127,798	114,510
Net Cash used in investing activities	**367,239**	(260,297)	65,270	255,980	279,578
	241.08%	-498.80%	-74.50%	-8.44%	59.65%
Total Income	**6,147,286**	5,544,936	5,066,663	4,742,730	4,123,060
Total Expenditure	**5,844,517**	5,211,182	5,002,074	4,315,079	3,816,482
Surplus	**302,768**	333,754	64,589	427,651	306,578
Cash	**2,223,088**	2,488,019	1,808,951	1,643,458	1,590,216
Inventory	**142,827**	120,956	155,536	135,041	119,256
Trade Creditors	**293,207**	491,359	333,154	166,786	199,671
Current Assets	**6,098,515**	5,834,327	5,316,356	4,928,404	4,950,977
Current Liabilities	**1,148,381**	1,263,262	1,103,760	824,340	824,340
Current Asset Ratio	**5.95:1**	4.62:1	4.82:1	5.98:1	6.01:1
Total Assets	**8,065,106**	7,875,778	7,365,688	7,008,135	6,582,179
Total Liabilities	**1,308,495**	1,417,376	1,246,237	939,007	941,360
Accumulated Surplus	**6,756,611**	6,458,403	6,119,451	6,069,128	5,640,819
Growth rate	**4.62%**	5.54%	8.49%	7.59%	5.78%

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

- Helen Adams
- Enid Florence Clearie
- David Alwyn Davies
- William Dobbie
- Harald Gerhus
- Patricia Robon Giesecke
- Mary Elizabeth Jacobs
- Raymond Robert Johnson
- Owen Keith-Ladhams
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- Diabetes Southern Fleurieu Support Group
- Henley Community Opp Shop
- Ingle Farm Over 50's Club
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- Salisbury Senior Citizens Club
- Alexandrina Council Staff
- Hectorville Social Dance
- Yatala Labour Prison Staff Club
- City of Holdfast Bay Staff
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- Ahrens Engineering
- ARGO Investing in Australia
- Macquarie Private Wealth
- Adelaide Desalination Plant Staff
- Nocelle Foods
- The Allerlei Shop
- BHP Matched Giving
- Brock Harcourts AMPM
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TRUSTS & FOUNDATIONS

- Fay Fuller Foundation
- Bank SA & Staff Charitable Fund
- The Freemasons Foundation

DIABETES SA SUPPORTERS

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

DIABETES SA SUPPORTERS

- ABC Childcare Centres
- Abbot Diabetes Care
- Australian Medical & Scientific Ltd
- Bank SA & Staff Charitable Fund
- Eli Lilly Australia
- Fay Fuller Foundation
- Flinders Medical Centre
- Heather Ashmede, Department of Education and Children's Services
- Hertz
- Hyde Park Press
- Johnson and Johnson
- Juvenile Diabetes Research Fund
- Lyell McEwin Health Service
- Medtronic
- Nestle Nutrition (Optifast)
- Novo Nordisk Pharmaceuticals
- Roche Diagnostics
- Salmat
- Sanofi Aventis
- SCF Group
- Sign A Rama
- University of South Australia – School of Podiatry
- U Store It
- Women's and Children's Hospital
- Woolridges
- Woolworths, Hilton

NOTES

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