Living diabetesSA
information • support • education • products

2011/2012
DIABETES SA ANNUAL REPORT

"The seminar on exercise and diet was very relevant for our situation. Thank you for coming to the Eyre Peninsula."

"Thank you again Diabetes SA, all your seminars are brilliant!"

"The best part of Teen Camp is being able to talk to people who actually understand what you go through as a teenager with diabetes."

Board of Management


President
Bryan Fahy


Vice President
George Valiotis


Treasurer
Steve Fimmano


Committee Member
John Dyer


Committee Member
Georgie McGorm

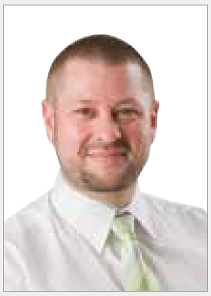

Committee Member
Sandra Vallance


Committee Member
Peter Crouch


Chief Executive Officer
Jennifer Barber


Deputy Chief Executive Officer
Angelique Pasalidis

Management Team


Manager Business Services and Development
Antony Sellentin


Manager Clothing Collection
Chad Goreham


Manager Business Support Services
Michelle Le


Manager Health Services
Fiona Benton

THE ASSOCIATION

Bankers *Bank SA - Hilton Plaza, Sir Donald Bradman Drive, Hilton SA 5033*
Auditors *Deloitte Touche Tohmatsu, 11 Waymouth Street, Adelaide SA 5000*
Consultants and 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*.

Contents

Diabetes SA Retail Shop and Office at Hilton

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. Our vision is to make a positive difference to the lives of people affected by diabetes with our primary focus being on our members.

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

Jennifer Barber

Diabetes: The Facts

Diabetes in Australia

- Diabetes represents one of the most challenging public health problems of the 21st century.
- Approximately 1 million Australians have been diagnosed with diabetes.
- For every person diagnosed with diabetes it is estimated that there is another who is not yet diagnosed.
- Australia is ranked 7th highest in the world for the prevalence of type 1 diabetes in children aged 0-14 years.
- There is a growing number of children and adolescents who are now affected by type 2 diabetes.
- 85-90% of all people with diabetes have type 2 diabetes.
- 10-15% of all people with diabetes have type 1 diabetes.
- The total annual cost for Australians with type 2 diabetes is estimated at $6 billion and $570 million for people with type 1.
- Within 20 years there may be over 3 million Australians with diabetes.

Source – Diabetes: the silent pandemic and its impact on Australia. Baker IDI Heart and Diabetes Institute.

President's Report

It is pleasing to see the organisation end the year with a surplus given the difficulties faced during the year with staff turnover, declining Retail and membership sales. Times have certainly changed from the days where people sought out and valued face to face service as opposed to the many options available today where people can obtain information and purchase product from the comfort of their own home.

Bryan Fahy

The key for Diabetes SA will be to ensure that we adapt in these changing times to stay relevant to the person with diabetes. This coming year we will be keen to find out from our members what services they require and how we can best meet their needs.

In our last annual report we spoke of the changes we intended to make in our Retail environment following a disappointing year in sales. If you have come into our Retail store recently you will have noticed the changes we have made that have now included the relocation of the library and reception to the Retail area. In addition, our library resources have been reviewed and refreshed and recently a computer has been installed for customers to search popular diabetes sites for the latest information. Our product range and pricing is also receiving a revamp to ensure that we remain competitive with a focus on bringing you the member, great member only specials online, in our Retail area and through our publications.

Our Health Services team in addition to their regular education sessions has been busy delivering a number of successful seminars in the metropolitan and country areas. These seminars always provide an opportunity for Diabetes SA to connect with the community and provide key note speakers on various topics. The many comments featured on the front cover of the annual report have been provided to us from people who have attended education sessions and seminars and clearly reinforces for us that we do make a difference to the lives of people with diabetes.

With the roll out of the new NDSS Agreement for 2011-2016, this year has certainly been a year of learning for our team, with new levels of accountability for financial reporting and a move toward the identification and delivery of nationally consistent Registrant Support Services. The number of people registered on the NDSS continues to grow with some 7,597 registered in 2011/2012 taking the total to 89,138 for the year. With an increasing number of people being diagnosed with diabetes comes an increased need for services and our aim will be to ensure that we can deliver these services.

Our Clothing Collection business has gone from strength to strength with the level of support we receive not only from our loyal members but also the general community who are willing to get behind us and donate their unwanted goods. Some of our key partnerships this year have been with child care centres, which have had a blue bin placed into their centres for parents and care givers to donate their goods. Through a targeted approach we now have 63 blue bins in metropolitan Adelaide and a plan to expand this service to the remaining child care centres and into other mediums such as schools.

It certainly has been a busy year with many obstacles overcome and achievements made. Many of which would not have been achieved without the dedication of our Board, Management team, Staff and Volunteers. Their commitment to the cause makes a difference each day to the lives of people with diabetes. As one of our member's most recently said "without you I would be lost, thank you."

Finally without our loyal members and supporters we would not have the organisation we have today. We thank you for your ongoing support through membership subscriptions, purchase of lottery books, donations to our appeals and donations to our Clothing Collection service.

Bryan Fahy
President,
Diabetes SA

Business Services & Development Report

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

Antony Sellentin

The world is a different place to where it was five years ago and the challenges that have resulted from the current global financial climate will test all of us in one way or another. Our goal is to get better at everything we do from serving customers in the Retail shop, to how we educate people living with diabetes and how we assist people over the telephone.

During 2012/2013 we will also aim to reduce costs without reducing income, while reaching a greater support base with the activities we carry out.

Membership

Diabetes SA ended the financial year with a membership base of 29,736 consisting of 9.42% type 1, 81.10% type 2, 0.10% gestational, 0.32% pre diabetes and 9.06% other. This represents a 6% reduction in member numbers from 2010/2011.

Overall membership subscription income decreased 5.08% from 2010/2011 with 1 year membership income declining 3.9% and 2 year membership declining by 5.9% against budget.

Plans to increase the number of members include a review of member benefits and improvement of member publications, greater promotion of member only benefits and increased utilisation of our web services to communicate directly with our member base.

We will also lift awareness of our brand through better marketing of our services and benefits to potential members in store, via e-news, our web site and through training of customer contact staff within the Retail and Call Centre areas.

Retail

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

The Retail operation services people with new memberships, renewals, NDSS registrations, meter demonstrations and troubleshooting, retail purchases and general enquiries. In 2011/2012 over 32,500 customers were serviced in the Retail area which is a reduction of 10.94% or approximately 4,000 less people coming into the shop than 2010/2011.

As a result Retail sales were $151,154 behind budgeted expectation for the financial year. Trends in general show online sales will continue to grow into the future and greater cross branding of this service will continue to capture market share here. We will be working hard on increasing foot traffic in the Retail shop by increasing interactive health services, working with our key suppliers to offer our members the best possible prices and our retail lines will also undergo a full review bi-annually to ensure we stock products relevant to people with diabetes at the right prices.

Call Centre

A very important part of our business is the Call Centre which answers inbound calls, transfers calls to other internal staff throughout the organisation, while providing trouble shooting for meters, general information on diabetes, as well as completing customer orders for NDSS and Diabetes SA.

The Call Centre also provides out bound membership and lottery calling to procure new members and income through lottery ticket sales for the organisation.

For financial year 2011/2012, 66,857 calls were taken in the Call Centre which is 246 down on the previous year.

Our on-line shop sales declined in 2011/2012 by $14,364 on the previous year and this is reflective of the options a person with diabetes has in sourcing their products, however, it is interesting to note that member sales represented 82.57% of online sales for the year.

Improvements in our shop online will see a simpler, easier way to buy online and our Retail strategies will be mirrored over the web.

Marketing and Fundraising

The Marketing and Fundraising area provided income in 2011/2012 through two lottery campaigns, two appeals as well as through general donations, memorial donations and bequests. Income from this area allows for the delivery of education and services to Diabetes SA members.

Income in 2011/2012, excluding bequests was $24,772 below budget expectation. The two lottery campaigns accounted for 47.7%, two appeals 18.31% and the remaining 33.99% was made up by general and memorial donations. The organisation was also fortunate to receive a number of bequests during the year.

Our donors include members, external organisations and the general public. We greatly appreciate the generous support from many corporate organisations, community donors, trusts and foundations and through these donations Diabetes SA can continue to be of great benefit to people living with diabetes in South Australia.

Antony Sellentin
Manager,
Business Services
and Development

“Our goal is to get better at everything we do from serving customers in the Retail shop, to how we educate people living with diabetes and how we assist people over the telephone.”

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

Michelle Le

Business Support Services Report

The organisation was affected by staff turnover during the financial year and consequently a considerable amount of time was dedicated to recruiting and inducting staff to fill the vacancies. This has now resulted in a stable workforce and included an increase of staff within the NDSS section above establishment levels to identify, develop and roll out contract deliverables under the new NDSS Agreement for the period of 2011-2016.

With the implementation of the new NDSS Agreement came changes in financial reporting requirements to Diabetes Australia Ltd and the Department of Health and Ageing. This has resulted in a greater level of accountability for funding and included a quarterly approach to reporting against a new financial framework.

Considerable focus was made on the Association website with a dedicated staff member allocated to maintaining, developing and evaluating the website on a full time basis. A number of enhancements were also made to the functionality of the website in particular the shop online component with future ordering being implemented and reporting capabilities enhanced. Future projects include an online ordering application that will enable ordering of products from mobile devices such as a tablet or phone.

An internal review of our Fixed Asset Register resulted in a complete audit being undertaken to determine the age of our assets, enabling a replacement plan to be developed with a particular focus on our IT equipment. This plan will now become the basis of future capital expenditure investment.

Moving forward our focus in the coming year will be to:

- review the contracts we have in place with our external providers to ensure competitiveness in price and service,
- identify business improvements, efficiencies in the systems and applications currently in use including the planned upgrade of our accounting package and document management system, and
- implement BPay and Post Bill Pay along with the transition to a computerised program for asset management.

A significant investment in IT replacement will be undertaken in 2012/2013 to ensure that our equipment meets the needs of our business sections.

Michelle Le
Manager,
Business Support Services

At Diabetes SA, our aim is to make a positive difference to the lives of people affected by diabetes, through the provision of education, information, and support. In 2011/2012 the Health Services team delivered education of a very high standard in order to make a positive impact on the lives of our members and registrants.

Fiona Benton

Health Services Report

The past year has been a challenging one with several, difficult to fill, vacant positions. Additionally, a decline in membership and retail traffic has driven a need to review what additional services our members require. As a result, feedback from members attending education sessions was used to develop a comprehensive, achievable and improved program.

The program for the year focused on diabetes complications, prevention of complications and self management. This was in addition to the regular well attended sessions providing newly diagnosed people with an understanding of diabetes and how to live well with the condition.

Expert guest speakers focused on the theme of diabetes complications and this was also conveyed through the Living Magazine, e-newsletters and country seminars.

Summary of key achievements

- Improving available resources for our members. The library was revitalised – outdated books were archived and new books purchased. Information sheets are now more visible and accessible and current magazines are available. This has resulted in an increase in members accessing these resources.
- Bi monthly e-newsletters, containing up to date articles, research and advice regarding forthcoming education session opportunities were sent to our email subscribers.
- Living magazine provided informative and educational articles.
- Kid's Camp provided the opportunity for forty children to learn and have fun in a supported environment.
- World Diabetes Day activities included an informative evening provided for members, with expert guest speakers presenting.
- Several seminars were conducted including a Food and Health Seminar (320 attendees) and a Health Professional Seminar (150 participants).
- Fee for service health professional forums were provided for practice nurses, aged care workers, school staff and dietitians.
- Fee for service consultations were conducted, in addition to a 'drop in' service.
- Overall 2,231 people attended consumer education sessions, the highest attendance demographic was the 60–70 and 70–80 age groups.

Looking forward, the Health Services team aim to build on the foundation established in the 2011/2012 year and increase the number of sessions provided. Marketing strategies will be a key focus in increasing participation in sessions and we will continue to address members needs and deliver evidence based education in a professional and caring manner.

Fiona Benton
Manager,
Health Services

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government administered by Diabetes Australia Ltd and delivered to people with diabetes through State and Territory organisations.

National Diabetes Services Scheme Report

On 1 July 2011, a new five year Agreement (2011-2016) was signed between the Department of Health and Ageing and Diabetes Australia Ltd. The new Agreement brought with it a higher level of reporting requirements for State and Territory Agents along with a separation of funding into two distinct streams: Registrant Support Services and Product Supply and Delivery.

In addition, new guidelines were developed for Registrant Support Services, which will see State and Territory organisations move toward a more consistent approach to service delivery across the country.

A review of the product supply and delivery arrangements and products listed on the NDSS commenced with the view to identifying improvements and efficiencies in the supply of products and the type of product range on the NDSS.

The network of pharmacies delivering the NDSS now known as Access Points were taken through the resigning of contracts along with new guidelines including the expansion of the types of organisations that can become Access Points.

Finally, new financial, key performance indicators and other reporting requirements were introduced to provide a higher level of accountability and reporting to the Department of Health and Ageing.

Product Supply and Delivery

The NDSS delivers diabetes-related products at subsidised prices to Registrants. This is measured by units of product, and includes blood glucose test strips, urine testing strips, sharps (pen needles and syringes) and insulin pump consumables.

Annually, about 4,500,000 units of product are provided nationally and on average 60% of Registrants access products to assist in the self-management of their diabetes. In SA, 383,209 PBS units of product were sold with the cost of goods for the 12 months to June being $13,313,616.

The number of people with diabetes continues to grow. In SA there were 89,138 people registered on the Scheme. A total of 7,597 people were registered in 2011/2012 and of this 5,834 people were diagnosed with type 2 diabetes, 634 people with type 1 diabetes and 1,127 women with gestational diabetes.

In 2011/2012 Agreements were distributed to 251 existing Access Points with 250 of these renewing their Agreements. A further 40 applications were received and will be rolled out in 2012/2013, along with a new training plan for the induction.

Fiona Benton

Registrant Support Services

Registrant Support Services provides people registered on the Scheme access to information, advice and education.

Diabetes Australia Ltd and the Department of Health and Ageing have identified key priority areas that will become the focus areas for the contract period, these include:

- Aboriginal and Torres Strait Islander peoples,
- young people with diabetes,
- people with diabetes from culturally and linguistically diverse communities,
- older people with diabetes with a particular focus on improved access for aged care facilities,
- psycho-social and mental health impacts of living with and managing diabetes for all Registrants,
- diabetes in pregnancy, and
- e-health and coordinated care.

Our role as an Agent will be to develop programs and services to enable people to better manage their diabetes within these key priority areas over the life of the Agreement.

Summary of key achievements

- 738 Registrants attended group education sessions (a 27% increase from the previous year).
- 80 Registrants attended Podiatry Clinics.
- A Teen Camp at Mylor Baptist Camp attended by 30 teenage children.
- A seminar ‘Heart of the Country’ conducted on Kangaroo Island, with approximately 50 people attending. The post event evaluation was very positive; “Thank you for coming and enriching me with knowledge to further my life expectancy and quality of life and the Kangaroo Island people’s lives”.
- The new National Gestational Diabetes Register (NGDR) was implemented in 2011. In SA an average of 120 women are registered monthly. As a result women will now receive reminder letters to have a screening test for diabetes on an annual basis as well as relevant information.
- Over 240,000 newsletters were distributed to Registrants in SA.
- Seminars included the Food and Health, and the Health Professional seminar.
- The development of a training and distribution plan for SA for the rollout of a teaching resource ‘Feltman’ for Aboriginal and Torres Strait Islander people.
- The provision of an education session for Aboriginal Health Workers.
- Exhibits at several conferences and Expos (for culturally and linguistically diverse groups, health professionals and the general public in ‘at risk’ groups).

Looking forward, our aim will be to increase the reach and effectiveness of programs provided. A more detailed evaluation of programs will ensure that education delivered is achieving the aims of increasing the knowledge and health literacy of the Registrant and improving the individual’s overall self management of diabetes.

Fiona Benton
Manager,
Health Services

> “A comment on a camper’s feedback summed up the event “Don’t let it (diabetes) stop you from doing anything”.”

Following an initial start up Agreement with Savers Australia Pty Ltd (the Recycle Superstore) in 2010/2011, the organisation entered into a three year purchase and sale Agreement in 2011/2012. The opportunity to partner with Savers Australia Pty Ltd provides the organisation with a long term plan for income generation.

Chad Goreham

Clothing Collection Report

Over the financial year Diabetes SA delivered 657,370 kilos of soft product to Savers resulting in over $700,000 in revenue being raised.

In addition, 153,882 kilos were donated directly to the Savers store at Noarlunga with many people opting to take their donations directly to the store.

Our own 'Attended Donation Centre' located at our Hilton premises received a significant amount of product from not only local residents but surrounding areas with many of our donors coming back two of three times to donate.

With the need to ensure the correct volume of goods were delivered to Savers during the winter period, bag drops increased. With three drivers on the road we were able to collect and store in the lead up to the period where demand from Savers is greater. Increasing our bag drops resulted in an increase in expenditure that was not budgeted for in the financial year. Whilst this added expense to the business it also allowed the organisation to stock pile product to meet future delivery quotas in the coming financial year.

Having spent a year building and promoting the Clothing Collection service, the number of calls to collect product has grown steadily with a number of new donors supporting the cause. Some of who are Diamond House, Mosh and the Church of the Holy Cross.

Our strategy to roll out collection bins to child care centres, has resulted in 63 blue bins now being placed into child care centres throughout metropolitan Adelaide, with the first bin being placed at the Marleston ABC, now Goodstart Early Learning in 2011. Our heartfelt thanks go out to each of the centres for supporting our cause and to the parents and care givers whom donate so generously.

Maree McCulloch Operations & Business Development Manager at Bubble n' Squeak said "it heartens us to know that we are able to contribute to the community in a small way". Chad Goreham, Manager Clothing Collection said in response, "without our collection partners supporting the organisation we would not be able to raise the much needed funds to continue providing services to people with diabetes."

Our aim in the coming year will be to expand our reach into other centres, and to develop a schools reward program. We will also refine our operation improving our efficiency in the collection and delivery of product and focus on reducing the overall costs associated with collection.

Finally, our thanks must be extended to our members, supporters, organisations and the general public who have embraced the concept of donating their unwanted clothing and household goods to Diabetes SA.

Your donation has enabled the organisation to continue delivering services to people with diabetes in South Australia.

Chad Goreham
Manager,
Clothing Collection

Chad Goreham and Maree McCulloch from Bubble 'n' Squeak

> "Without our collection partners supporting the organisation we would not be able to raise the much needed funds to continue providing services to people with diabetes."

For the financial year ended 30 June 2012, Diabetes SA has recorded a profit of $653,456. This is a strong result in challenging times for the not for profit sector which is generally facing declining revenue streams and ever increasing costs. Significantly it was our Bequest income which has defied the general trend, ever growing in recent years and contributing $456,320 to the 2012 result.

Steve Fimmano

Treasurer's Report

Diabetes SA has strengthened its financial position by signing a further 5 year NDSS contract out to 30 June 2016. NDSS income represented 43% of Total Revenue in the 2011/2012 financial year so this contract secures a significant revenue stream in an uncertain economic period.

Total Income for the financial year 2011/2012 declined by 2.9% even with the significant increase in Bequest income. The income declines compared to the previous year were in Product Sales 15.2%, Clothing Collection 13.1%, Membership 5% due to the economic circumstances being experienced and the NDSS 2.9%.

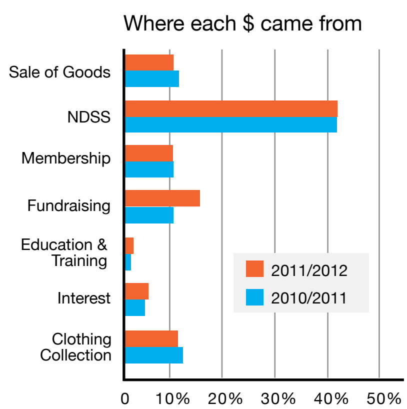
The decline in NDSS income was as a result of refunding the NDSS Surplus of $71,104 for the previous 5 year contract and to under spending in the 2011/2012 financial year. This surplus had been recorded as a contingent liability in the 2011/2012 Annual Report and its refund resulted in a decrease in revenue from NDSS of the same amount. In 2011/2012 there was a NDSS surplus of $293,464 which was not included in Income for the year but has been carried over in the Balance Sheet. We anticipate that this surplus will be applied over the remainder of the new five year contract to provide the services required to registrants in SA numbering 89,155 as at 30 June 2012.

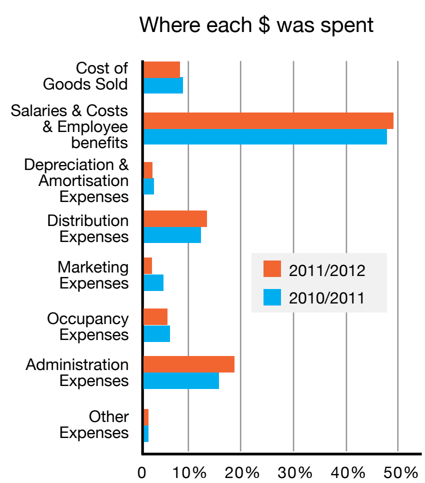
Expenditure declined by 9% in 2011/2012 compared to the previous year. Cost of Goods Sold declined in line with Product Sales. Salary costs decreased by 9% due mostly to unfilled positions in NDSS which significantly contributed to the year end surplus. Marketing expenses declined due to decreased advertising for new Access Points during the year however the number of Access Points will be increased in future years to provide better access for diabetes products. Occupancy costs were reduced by 40% due to better management of Clothing Collection inventory. Administration expenses increased by 13% due to costs associated with the new NDSS contract startup.

Overall in 2011/2012, the net worth of Diabetes SA grew by 9.8% from $6,756,611 to $7,422,089.

Diabetes SA will continue to grow its asset base and manage resources so as to achieve the organisation's strategic objectives.

Steve Fimmano
Treasurer





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 2011/2012 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 2012.

(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 2011/2012 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 2011/2012 financial year.

Dated at Adelaide this ……27th……day of ……September…… 2012.

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

……………………………………………
PRESIDENT

……………………………………………
TREASURER

Statement of Comprehensive Income and Financial Position

The Diabetic Association of SA Inc trading as Diabetes SA

Statement of Comprehensive Income for the financial year ended 30 June 2012

	Notes	2012	2011
		$	$
Revenue - Sale of goods	*4*	680,806	802,925
Cost of sales		(474,081)	(564,888)
Gross Profit		206,725	238,037
Revenue - Rendering of services & other income	*4*	5,288,829	5,344,362
Distribution expenses		(706,334)	(715,741)
Marketing expenses		(87,688)	(266,020)
Occupancy expenses		(250,069)	(351,722)
Administration expenses		(3,779,657)	(3,919,164)
Other expenses		(18,350)	(26,983)
Profit for the year		653,456	302,769
Other comprehensive income:			
Gain/(Loss) on available-for-sale investments taken to equity	*13(ii)*	12,021	(4,559)
Total comprehensive income for the year		665,477	298,210

Statement of Financial Position as at 30 June 2012

	Notes	2012	2011
		$	$
Current Assets			
Cash and cash equivalents	*17*	2,869,242	2,223,088
Trade and other receivables	*5*	186,040	164,789
Inventories	*6*	109,403	142,827
Other financial assets	*18*	3,725,940	3,525,574
Other	*7*	54,545	42,237
Total Current Assets		6,945,170	6,098,515
Non - Current Assets			
Property plant and equipment	*8*	1,555,356	1,624,139
Other financial assets	*18*	355,874	342,452
Total Non - Current Assets		1,911,230	1,966,591
Total Assets		8,856,400	8,065,106
Current Liabilities			
Trade and other payables	*9*	289,784	295,395
Provisions	*12*	272,494	280,293
Other	*10*	757,862	572,693
Total Current Liabilities		1,320,140	1,148,381
Non - Current Liabilities			
Provisions	*12*	35,386	74,186
Other	*11*	78,786	85,928
Total Non - Current Liabilities		114,172	160,114
Total Liabilities		1,434,312	1,308,495
Net Assets		7,422,088	6,756,611
Equity			
Reserves	*13*	410,626	398,605
Retained Earnings	*14*	7,011,462	6,358,006
Total Equity		7,422,088	6,756,611

Accompanying notes form part of the financial statements

Statement of Changes in Equity and Cash Flows

The Diabetic Association of SA Inc trading as Diabetes SA

Statement of Changes in Equity for the financial year ended 30 June 2012

	Reserves	Retained Earnings	Total
	$	$	$
Balance at 1 July 2010	403,164	6,055,237	6,458,401
Profit for Year	-	302,769	302,769
Other Comprehensive (Loss)/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
Balance at 1 July 2011	398,605	6,358,006	6,756,611
Profit for Year	-	653,456	653,456
Other Comprehensive Income for Year	12,021	-	12,021
Total Comprehensive Income	12,021	653,456	665,477
Balance at 30 June 2012	410,626	7,011,462	7,422,088

Statement of Cash Flows for the financial year ended 30 June 2012

	Notes	2012	2011
		$	$
Cash Flows From Operating Activities			
Receipts from customers		5,895,137	6,295,782
Payments to suppliers and employees		(5,284,896)	(6,193,474)
Net cash provided by operating activities		610,241	102,308
Cash Flows From Investing Activities			
(Payments) for investment securities		(196,087)	(614,800)
(Payments) for property plant and equipment		(78,914)	(105,540)
Proceeds from sale of property plant and equipment		391	31,403
Proceeds from sale of investment securities		2,356	-
Interest received		308,167	321,698
Net cash provided by/(used in) investing activities		35,913	(367,239)
Net increase / (decrease) in cash and cash equivalents		646,154	(264,931)
Cash and cash equivalents at the beginning of the financial year		2,223,088	2,488,019
Cash and cash equivalents at the end of the financial year	*17*	2,869,242	2,223,088

Accompanying notes form part of the financial statements

Notes to the Financial Statements for the Financial Year Ended 30 June 2012

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. The Association is 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 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 27 September 2012.

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 time frame 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.

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.

The notes to the Financial Statements are continued

(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. Clothing Collection maintains an inventory of goods on hand in order to meet contractual commitments to Savers Ltd, which is not recorded until delivered and invoiced to Savers Ltd.

(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 notes to the Financial Statements are continued

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 2-20 years
- Motor Vehicles 8 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 established

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 and the purchase and sale 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 $3,725,940 (2011: $3,525,574). Details of these assets are set out in notes 18 & 19.

The notes to the Financial Statements are continued

4. Profit from Operations

		2012	2011
(a) Revenue			
Revenue from continuing operations consisted of:		$	$
Revenue from sale of goods		680,806	802,925
Revenue from the rendering of services:			
Commissions earned on sale of NDSS goods & services		2,555,106	2,631,537
Membership revenue		680,773	717,175
Fundraising (Note 22)		901,850	715,585
Education & Training Fees		63,428	69,475
		4,201,157	4,133,772
Interest revenue:	Bank deposits	115,154	108,161
	Available for sale Investments	200,366	213,537
		315,520	321,698
Savers:	Subsidy	771,823	221,125
	Cost Recovered	329	667,767
		772,152	888,892
Total		5,288,829	5,344,362
(a) Profit for the year			
Profit for the year has been arrived at after charging/(crediting) the following gains and losses:			
(i) Gains and losses			
Gain/(Loss) on disposal of property plant and equipment		1,074	(6,530)
(ii) Other expenses			
Profit for the year includes the following expenses:			
Cost of sales		(474,081)	(564,888)
Impairment of trade receivables		113	(113)
Depreciation:	Buildings	(28,368)	(28,368)
	Furniture and equipment	(112,782)	(135,610)
	Motor vehicles	(6,547)	(6,504)
		(147,697)	(170,482)
Employee benefits expense:	Salaries & On-Costs	(2,656,368)	(2,598,912)
	Employee Benefits	46,600	(246,602)
		(2,609,768)	(2,845,514)

5. Current Trade and Other Receivables

	$	$
Trade receivables	184,415	162,953
Other receivables	1,625	1,949
Allowance for doubtful debts	-	(113)
	186,040	164,789

The average credit period on sale of goods is 60 days. No interest is charged on trade receivables from the date of the invoice. All trade receivables are current and considered recoverable in full.

Movement in the allowance for doubtful debts

Balance at the beginning of the year	113	825
Impairment losses recognised on receivables	-	113
Impairment losses reversed and booked against receivables	(113)	(825)
Balance at the end of the year	-	113

The notes to the Financial Statements are continued

6. Inventories

Finished Goods at cost	109,403	142,827

7. Other Current Assets

Prepayments	54,545	42,237

8. Property, Plant and Equipment

	Freehold Land	Buildings	Furniture and Equipment	Motor Vehicles	Total
Gross Carrying Amount	$	$	$	$	$
Balance at 30 June 2010	258,000	1,418,413	1,224,348	62,466	2,963,227
Additions	0	0	53,165	52,375	105,540
Disposals	0	0	0	(62,466)	(62,466)
Balance at 30 June 2011	258,000	1,418,413	1,277,513	52,375	3,006,301
Additions	0	0	78,914	0	78,914
Disposals	0	0	(13,943)	0	(13,943)
Balance at 30 June 2012	258,000	1,418,413	1,342,484	52,375	3,071,272
Accumulated Depreciation	$	$	$	$	$
Balance at 30 June 2010	0	(412,520)	(800,512)	(23,180)	(1,236,212)
Adjustment					
Depreciation Expense	0	(28,368)	(135,558)	(6,505)	(170,431)
Disposals	0	0	0	24,481	24,481
Balance at 30 June 2011	0	(440,888)	(936,070)	(5,204)	(1,382,162)
Depreciation Expense	0	(28,368)	(112,782)	(6,547)	(147,697)
Disposals	0	0	13,943	0	13,943
Balance at 30 June 2012	0	(469,256)	(1,034,909)	(11,751)	(1,515,916)
Net Book Value					
As at the 30 June 2011	258,000	977,525	341,443	47,171	1,624,139
As at the 30 June 2012	258,000	949,157	307,575	40,624	1,555,356

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

	2012	2011
	$	$
Trade Payables	289,784	293,207
Other Payables	-	2,188
	289,784	295,395

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

The notes to the Financial Statements are continued

10. Other Current Liabilities

	2012	2011
	$	$
Accrued Liabilities	68,340	153,659
Unexpired Membership Fees	396,058	419,034
NDSS Surplus	293,464	-
	757,862	572,693

11. Other Non - Current Liabilities

Unexpired Membership Fees	78,786	85,928

12. Provisions

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

		2012	2011
		$	$
Current	Provision for annual leave	134,731	128,069
	Provision for long service leave	137,763	152,224
		272,494	280,293
Non - Current	Provision for long service leave	35,386	74,186

13. Reserves

		2012	2011
		$	$
Capital Development Reserve	(i)	400,000	400,000
Available for Sale Reserve	(ii)	10,626	(1,395)
Closing Balance		410,626	398,605

(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	(1,395)	3,164
Movement in Reserve	12,021	(4,559)
Closing balance	10,626	(1,395)

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

14. Retained Earnings

	2012	2011
	$	$
Balance at beginning of financial year	6,358,006	6,055,237
Profit for year	653,456	302,769
Balance at end of financial year	7,011,462	6,358,006

The notes to the Financial Statements are continued

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 under a contract with the Federal Government until 30th June 2016.

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:

	2012	2011
	$	$
Compensation to Board Members and other members of key management personnel of the Association	635,707	471,030
	635,707	471,030

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

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 are reconciled to the related items in the statement of financial position as follows:

	2012	2011
	$	$
Cash and cash equivalents	2,869,242	2,223,088
	2,869,242	2,223,088

18. Other Current Financial Assets

Available-for-sale investments carried at fair value			
Shares	Non-Current	355,874	342,542
Shares designated as available for sale from 1 July 2005			
Held-to-maturity investments carried at amortised cost			
Other deposits	Current	3,725,940	3,525,574

The Association holds various short term deposits with various financial institutions. The weighted average interest rate on these securities is 5.0% p.a. (2011: 5.57% p.a.). The fixed deposits have maturity dates ranging between 1 to 6 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.

(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.

The notes to the Financial Statements are continued

20. Leasing

Non-cancellable operating lease commitments	2012	2011
	$	$
Not later than 1 year	76,070	119,523
Later than 1 year and not later than 5 years	-	43,466
Later than 5 years	-	-
	76,070	162,989

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

2012	Income	Expenditure	Total
	$	$	$
Memorials	34,079	3,251	30,828
Appeals	84,580	34,599	49,981
Bequests	456,320	1,127	455,193
Lotteries	229,133	85,680	143,453
Total Projects	804,112	124,657	679,455
Non - Project Income	97,738		
	901,850		

2011	Income	Expenditure	Total
	$	$	$
Memorials	47,636	984	46,652
Appeals	77,991	44,956	33035
Bequests	249,865	1,090	248,775
Signature Day	-	-	-
Lotteries	240,608	84,214	156,394
National Diabetes Week	-	-	-
Total Projects	616,100	131,244	484,856
Non - Project Income	99,485		
	715,585		

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.

	2012	2011
	$	$
Cost of Goods Sold	474,081	564,888
Salaries & On-Costs	2,656,368	2,598,912
Employee Benefits	(46,600)	246,602
Depreciation and Amortisation Expenses	147,696	170,482
Finance Expenses	18,349	26,983
Consulting Expenses	5,985	12,519
Subscription Levy	-	35,252
Other Expenses	2,060,300	2,188,880
Total Expenses	5,316,179	5,844,518

24. Contingent Liability

There are no contingent liabilities as at 30 June 2012 but there was a contingent liability as at 30 June 2011 of $71,104 which was paid during the 2012 financial year as a result of a legal agreement between Diabetes Australia Limited and the Department of Health & Ageing which included 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.

The notes to the Financial Statements are continued

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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, which comprises the statement of financial position as at 30 June 2012, 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 15 to 27.

Directors' Responsibility for the Financial Report

The Board of Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act 1985* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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 of the financial report that gives a true and fair view, 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 directors, 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.

The notes to the Financial Statements are continued

Deloitte.

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 2012 and its financial performance for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act 1985*.

We have obtained all of the information and explanations that we require from the Association.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Teale

Philip Teale
Partner
Chartered Accountants
Adelaide, 27 September 2012

Key Financial Statistics

	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
	$	$	$	$	$	$
MEMBERS						
Numbers	29,736	31,624	32,746	32,484	30,920	28,857
Growth rate	-5.97%	-3.43%	0.81%	5.06%	7.15%	13.02%
Subscriptions	680,773	717,175	692,435	621,689	560,533	500,548
SALES	680,806	802,925	902547	954,099	1,000,381	1,017,251
Growth rate	-15.20%	-11.04%	-5.40%	-4.63%	-1.66%	2.94%
Cost of Goods Sold	474,081	564,888	656963	695,057	727,765	761,926
Gross Profit	206,725	238,037	245585	259,042	272,616	255,325
Gross Profit as a Percentage of Sales	30.36%	29.65%	27.21%	27.15%	27.25%	25.10%
NDSS - Sales	2,555,106	2,631,537	2484092	2,236,193	2,040,818	1,831,916
Growth rate	-1.64%	5.94%	11.09%	9.57%	11.40%	7.12%
Interest Received	315,520	321,698	211271	247,088	265,342	233,940
Depreciation	147,697	170,483	160922	146,669	127,798	114,510
Net Cash used in investing activities	(35,913)	367,239	(260,297)	65,270	255,980	279,578
	-109.78%	-241.08%	-498.80%	-74.50%	-8.44%	59.65%
Total Income	5,969,635	6,147,287	5544936	5,066,663	4,742,730	4,123,060
Total Expenditure	5,316,179	5,844,517	5211182	5,002,074	4,315,079	3,816,482
Surplus	653,456	302,769	333754	64,589	427,651	306,578
Cash	2,869,242	2,223,088	2488019	1,808,951	1,643,458	1,590,216
Inventory	109,403	142,827	120956	155,536	135,041	119,256
Trade Creditors	289,784	293,207	491539	333,154	166,786	199,671
Current Assets	6,945,170	6,098,515	5834327	5,316,356	4,928,404	4,950,977
Current Liabilities	1,320,140	1,148,381	1263262	1,103,760	824,340	824,340
Current Asset Ratio	5.95:1	5.95:1	4.62:1	4.82:1	5.98:1	6.01:1
Total Assets	8,856,400	8,065,106	78757778	7,365,688	7,008,135	6,582,179
Total Liabilities	1,434,312	1,308,495	1417376	1,246,237	939,007	941,360
Accumulated Surplus	7,422,088	6,756,611	6458403	6,119,451	6,069,128	5,640,819
Growth rate	9.85%	4.62%	5.54%	8.49%	7.59%	5.78%

Bequest, Major Donors and Supporters

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.

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- David Alwin Davies
- Patricia Robin Giesecke
- Heather Ann May Tralaggan
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- Bank SA & Staff Charitable Fund
- The Benevolent Fund of the Irish Constitution of Freemasons

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- Women's and Children's Hospital
- Woolridges
- Woolworths Hilton

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

Living
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"It is all really common sense, one just needs reminding of some points. A fabulous convention – thank you!"

"When I was diagnosed with type 1 diabetes I was overwhelmed with the changes I had to make to my lifestyle. I began to attend the information sessions at Diabetes SA, which contributed to me becoming less stressed. All the staff are so patient and helpful.