Living diabetesSA

information • support • education • products

Annual Report 2016/2017

Contents

About Diabetes SA

Diabetes SA has been delivering services to people with diabetes and their families since 1953.

We are a Member based Association largely self-funded through membership subscriptions, fundraising activities and our retail operation.

About Diabetes

Diabetes is considered to be the biggest challenge confronting Australia's health system. Understanding diabetes and its seriousness is important, not only for the person living with diabetes who needs to learn how to manage their diabetes, but also for the family, friends and wider community who need to know how to support them.

Type 1 Diabetes

Type 1 diabetes is an autoimmune disease. This means that the body's own immune system has attacked the insulin producing cells of the pancreas. The pancreas can no longer produce insulin when this occurs. Although often diagnosed in childhood or adolescence, it can occur at any age.

Currently type 1 diabetes cannot be prevented or cured.

Type 2 Diabetes

Type 2 diabetes occurs when the pancreas does not produce enough insulin or the insulin being produced does not work effectively (this is called insulin resistance). Although often diagnosed in adulthood, more and more children and teens are being diagnosed.

In many people, type 2 diabetes can be prevented or its onset delayed with regular exercise, healthy eating, not smoking and maintaining a healthy weight.

Gestational Diabetes Mellitus

Gestational Diabetes Mellitus (GDM) occurs during pregnancy when the pregnancy hormones block the action of insulin. This leads to insulin resistance and high blood glucose levels.

Many women cannot prevent GDM. However, women can reduce their risk by maintaining a healthy weight before getting pregnant and during pregnancy, healthy eating and doing regular physical activity.

The Association

Bankers Bank SA Torrensville Branch, 143 Henley Beach Rd, Mile End SA 5031
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 The Honourable Hieu Van Le AC, Governor of South Australia

Board of Management

President
Peter Crouch

Vice President
Monika Kruger

Vice President
Geoff Weeks

Treasurer
Colin Butterick

Committee Member
Allan Baird

Committee Member
Roslyn Hewlett

Committee Member
Paul Kerin

Management Team

Chief Executive Officer
Angelique Pasalidis

General Manager
Fiona Benton

Accountant
Peter Wigg

Business Support Manager
Matthew Casburn

Health Services Manager
Anne Fleming

Clothing Collection Manager
Scott Mates

Candidate Statements

Peter Crouch

Previous contributions to Diabetes SA

A member of the Board of Management since 29 September 2011. President since 30 November 2015.

Personal statement

I am a Police Inspector with the South Australian Police. I have a Diploma in Management (Human Resources), a Graduate Certificate in Applied Management and a Graduate Certificate in Business Administration. Having had type 2 diabetes for a number of years I have a keen interest in assisting people in diabetes management.

Monika Kruger

Previous contributions to Diabetes SA

A member of the Board of Management since 23 October 2012. Vice President since 30 November 2015. Member of the Ladies Auxiliary 1992–1997.

Personal statement

I have had type 1 diabetes and membership with Diabetes SA since 1978. My work experience includes various roles with three banks, self-employment as a truck then van carrier, various roles with four Commonwealth Government departments and now retired. We have yet to find a cure, so I am keen to support the work of Diabetes SA to increase awareness of diabetes in the community, and be at the forefront with education and self-management information and services.

Colin Butterick

Previous contributions to Diabetes SA

A member of the Board of Management since 28 June 2016. Treasurer since 28 February 2017.

Personal statement

I have over 24 years experience at an executive level in the financial services industry including nine years as the CEO of Powerstate Credit Union. I have held senior management positions in the Commonwealth Government and State Government Statutory Authorities embracing Defence, Pre-School and Child Care. I have extensive Board experience in organisations engaged in Financial Services, Information Technology, Aged Care, Community Services in both the profit and not-for-profit sectors. I am currently a Director of Credit Union SA and Board Chair of Trinity Place Aged Care.

Geoff Weeks

Previous contributions to Diabetes SA

Assisted as a Volunteer and Justice of the Peace for the Diabetes SA Lottery draw. A member of the Board of Management since 28 July 2015. Appointed Vice President on 22 November 2016.

Personal statement

After 42 years in Banking including various Senior Management roles, I have now retired allowing me to provide experience and knowledge to Diabetes SA. I am keen to assist the Association on the Board of Management to further research and education whilst ensuring a strong Association with ongoing support of services for its Members.

Sincere thanks must be extended to the Board of Management who volunteer their time each month and give of their vast experience and knowledge to govern the Association.

Candidates featured on page 4 and 5 have re-nominated for 2017/2018. Candidate Statements detail contributions to the Association, professional experience and achievements.

Whilst the majority of our Board Members have diabetes, care for a person with diabetes (parent/guardian) or others have a particular area of expertise to offer, the Association is committed to ensuring that there is representation on the Board of Management.

Candidate Statements

Allan Baird

Previous contributions to Diabetes SA

A member of the Board of Management since 28 June 2016.

Personal statement

I hold tertiary qualifications in Business, Industrial Engineering and Information System and have over 30 years' experience as an IT professional in both public and private sectors in Australia and overseas. I have a wide ranging knowledge of the application of IT to business requirements, developing and managing relationships across very different communities and organisations, including developing new and innovative approaches to services and service delivery at Hewlett- Packard. I have recently completed five years working on the design and selection of the IT infrastructure and systems for the new Royal Adelaide Hospital. I am now an independent IT consultant working with clients locally and overseas, and also am a lecturer and tutor at the University SA. I am a Fellow of the Australian Computer Society in recognition of my distinguished contribution to the IT profession.

Roslyn Hewlett

Previous contributions to Diabetes SA

A member of the Board of Management since 28 June 2016.

Personal statement

With over 20 years of experience in the public health care system, I am passionate about the provision of quality health care based on best practice evidence. I have a Bachelor of Nursing, Graduate Diploma in Nursing Science, Bachelor of Laws, Masters in Healthcare Administration and am currently the Director of Nursing for Central Rehabilitation Service. As the mother of a teenager with type 1 diabetes, I know firsthand the challenges that are faced and the importance of quality education and support to overcome these challenges.

Paul Kerin

Previous contributions to Diabetes SA

A member of the Board of Management since 20 June 2016.

Personal statement

I have wide experience in the not-for-profit, public and private sectors. I am currently Adjunct Professor in the School of Economics at the University of Adelaide, a member of the Investment Process Committee at JCP Investment Partners and a member of the Board of Down Syndrome SA. I have previously served on the boards of the Adelaide Central Market, the Children's Protection Society, Prahran Market (Chairman) and Wheat Exports Australia. I have also served as Professor and Head of the School of Economics at the University of Adelaide and as CEO of both the Essential Services Commission of SA and A T Kearney (Australia and New Zealand).

President's Report

The Board of Management has the important responsibility of setting and reviewing the strategic direction of Diabetes SA and ensuring we are best positioned for a strong future.

The strategic planning process was undertaken collaboratively to define the priorities for the next few years (2017-2020). During this process we welcomed, received and utilised valuable input and feedback to gain an understanding of the environment in which we operate considering both internal and external factors to determine our future direction.

Our revised vision, mission and values were ultimately inspired by this process.

We acknowledge and thank Angelique Pasalidis, our CEO, who has worked tirelessly in this process and to operationalise the strategic direction for the organisation. The Board are excited about the Associations' future direction which will further promote our work and extend our reach.

In January, Steve Fimmano, our Treasurer, unexpectedly retired from the Board.

The Board would like to pay tribute to, and acknowledge the fine work undertaken by Steve during his near 7 years on the Board. With a background as a partner with BDO Australia in Adelaide, he soon filled the role of Treasurer. Steve brought excellent skills to the table and on behalf of the current Board Members I extend our sincere thanks and wish him well in his future endeavours.

The Board then welcomed Colin Butterick into the role of Treasurer and I would especially like to thank Colin for his seamless transition into this role.

This year the Board made the difficult decision to close the Clothing Collection operation on 30 June 2017, thus ending our relationship with Savers Australia. The Clothing Collection operation became an important part of our organisation with the aim of raising funds for the Association, however with increasing competition and rising costs the decision to cease operations became inevitable. The Board commends all the hard working Staff for their dedication and professional service.

The support and generosity of households in both metropolitan Adelaide and in the regional and country areas during this time cannot be underestimated. It allowed us to assist and deliver our services to meet the shifting needs of all people affected by or at risk of diabetes.

The Board have commenced a review of our Governance framework, including policies and procedures to ensure that we operate effectively and efficiently. The time required for due consideration in this process has meant that our research agenda has not been realised. The Board have now made this a priority for the coming year.

I would like to express my sincere appreciation to all of our Members and Supporters for your contributions, support and participation during the year. You continue to be the reason Diabetes SA exists, and the focus of everything we do.

To the Board of Management, our CEO, Staff and Volunteers thank you for your dedication, commitment and support. The standard and extent of services provided are, in no small part, due to your efforts.

Peter Crouch
President

In the absence of the President, this report has been prepared by:

Monika Kruger
Vice President

CEO's Report

The 2016/2017 financial year has certainly been a year of significant change commencing with the redirection of NDSS product to community pharmacy removing the ability for the Association to offer NDSS products for sale within our retail operation and ending with the Board's decision to cease our partnership with Savers Australia resulting in the closure of the Clothing Collection operation on the 30 June 2017. Despite all of this we ended the year with a strong sense of our future direction and a Board, Management team and Staff committed to redefining our role in the community.

Early in the financial year we welcomed four new Board Members from diverse backgrounds and skills base and set about reviewing the Association's vision, mission and values.

After many rounds of review with the Board and our Staff we arrived at the following:

Vision

Empowering people to live well with diabetes and raising awareness of those at risk.

Mission

To educate, advocate, support and fund research that provides better outcomes for people at risk or living with diabetes.

Recognising that we are an organisation not only for people with diabetes but those at risk was important to define in our vision and mission. With 105,141 people diagnosed with diabetes and registered on the National Diabetes Services Scheme (NDSS) in South Australia and 27,126 of these people Members of the Association, we have an important role to play in educating, advocating and supporting people with diabetes. Conversely it was important to recognise that our role should also focus on people at risk of developing diabetes with the incidence of diabetes only increasing.

Through the annual strategic planning process in late 2016 the Board developed strategic objectives and high level strategic actions with these reflecting the commitment the Board has to achieving the mission and the vision. These are:

1. To deliver increased access to information, education and services to all South Australians.
2. To work collaboratively building relationships and advocating for people with diabetes across all sectors of the community.
3. To make diabetes prevention a whole of community focus.
4. To establish and implement a research agenda.
5. To establish and maintain professional governance systems and processes that assist the Board of Management and the Association to achieve its strategic objectives.
6. To maintain and develop property and infrastructure, systems and processes that support business demand and future growth.
7. To maximise Association funds to support strategic and operational objectives.
8. To develop organisational Staff to deliver high quality care and services.

From the high-level strategic objectives and actions our Management team and Staff have worked to develop the operational actions for the coming three years. To deliver on these operational actions a restructure of the organisation was undertaken.

With the loss of Clothing Collection our attention turned to our income generating areas in particular fundraising, given that income in this area has been declining for a number of years. In early 2017 a decision was taken to conduct an independent review of our fundraising activities with this review being conducted through Donor Republic. What resulted was a very comprehensive and detailed report that reviewed every aspect of our fundraising programs and activities and delivered a fundraising strategic plan that the Board have agreed to adopt for 2017–2020.

Despite our retail operation running at a loss (as a direct result of the redirection of NDSS product to

CEO's Report (continued)

community pharmacy), the Board strengthened their resolve for the retention of the retail operation recognising the important role it has played for not only our Members but people with diabetes and those at risk who access diabetes ancillary products, information and support in one convenient location.

Our commitment to operating within good governance systems and processes has resulted in a review of both Governance and Operational Policies and Procedures and whilst this has been a time-consuming process, it has resulted in each aspect of the business being reviewed with policies and procedures updated and where gaps existed new ones developed. It is anticipated this process will be completed in early 2018.

One of the highest priorities for the Board has been to define our research agenda. With over $1 million dollars in the Association's Research Corpus and a strong desire by the Board to fund research that provides better outcomes for people at risk of or living with diabetes, this will become a priority in early 2017/2018 as we seek to explore our role in funding research.

To the Board thank you for your stewardship it has been a pleasure to work with a team of individuals committed to ensuring that we can achieve better health outcomes for all people living with diabetes and those at risk. To the Management team and Staff whilst there has been significant change over the past 18 months I could not be more proud of the way in which we have all worked together. To our Volunteers who give of their time and our Members who continue to support us, thank you.

Angelique Pasalidis
Chief Executive Officer

2017 Kids Camp

Year in Review

In late 2015/2016 a four-year contract was signed between Diabetes Australia and the Australian Government for the delivery of the National Diabetes Services Scheme (NDSS) and in turn with Diabetes SA. This new contract would herald several significant changes from 1 July 2016 to existing NDSS product supply and distribution. This change resulted in the redundancy of seven Staff from the Association on 30 June 2016.

Retail

In turn the re direction of NDSS products to pharmacy had a direct impact on the Association's retail operation. As a result, the number of customers declined from 2,151 in 2015/2016 to 767 per month in 2016/2017 and the number of customers per day declined from 97 to 35 per day. Product sales for both NDSS and other diabetes ancillary products to Department of Veteran's Affairs (DVA Gold) customers were impacted by this change some 25-35%. Membership was also impacted by the Department of Veteran's Affairs decision not to fund membership for new DVA Gold clients diagnosed with diabetes and the ceasing of member funding for existing DVA Gold clients.

A significantly reduced budget was set for the retail operation and despite the decline in customer numbers, sales ended the year above budget. The range of products were reviewed with a focus placed on diabetes specific products and the physical layout and a drive to provide excellence in customer service was instilled in Staff. The Board's commitment to retaining the retail operation saw the retention of two Staff and a focus to bring together three areas (Retail, Call Centre and NDSS Administration) into one Customer Service area.

Membership

It is not surprising that the reduction in foot traffic in our retail operation has had an impact on the number of Members choosing to join the Association. In 2016/2017 new memberships declined 11% in comparison to 2015/2016, there was a 17% increase in lapsed membership and overall a 4% reduction in the total membership base.

Whilst the loss of NDSS products from our retail operation has had an effect on membership, there are many other factors that have influenced this reduction including:

1. Perceived value of membership particularly when the NDSS provides a range of services, programs and resources for free.
2. Access to services and programs at times and locations convenient to the Member.
3. Range of services and programs available for Members for the different types and stages of diabetes.
4. Competition in the marketplace from other providers such as health funds.
5. Not clearly understanding our Members needs and how these needs change and how we respond to this.

As membership is integral to everything that we do as an Association over the coming year it will be vitally important for us to engage with our Member and to ensure that we continuously improve what we offer and respond to what Members really want from their membership.

Fundraising

Fundraising income consists of bequest, dividends received from shares, traditional fundraising activities of appeals and lotteries, and donations comprising in memorial, general, lottery and Everyday Hero and research donations. Overall fundraising income including bequests declined 3.67% in 2016/2017 with the main contributor being the two lotteries which overall declined 13.04% or $49,876. As bequest and dividend income is difficult to predict when this income is removed from total actual income the income from traditional fundraising programs accounts for $346,353 for 2016/2017 against the 2015/2016 actual of $356,504 a 2.8% decline or 7.9% against budget ($376,100).

As there is significant reliance on two main income streams of lottery and appeals (with both accounting for over 70% of the total fundraising income excluding bequests), the need to refocus on core income generating streams became paramount. In line with the strategic objectives set for 2017-2020, Donor Republic was engaged to undertake a review of all fundraising programs and activities with the aim of developing a strategic plan for the next three years; with the key objective being the development of sustainable income generating streams to support the work of the Association. The review was comprehensive, providing recommendations across all current fundraising programs and providing avenues of new fundraising programs for future development including Trusts, Grants and

Foundations, Corporate and Major Donors and developing a Regular Giving Program. Data integrity and the ability to analyse data was also an important aspect of the review along with the importance of developing a fundraising skill set within the team. The need to engage with our Donors in this case our Members is paramount. The ability to communicate what we are looking to raise, how we will make use of the donation along with what we raised and what we utilised the money for is vitally important to maintaining our connection with the Donor/Member.

Recommendations from the review have now been incorporated into the operational plan.

The Association was fortunate to receive some very generous donations from individuals and organisations including BAPS who organised a community walkathon in total raising $10,603 for the purchase of a Point of Care testing device to be utilised in our future detection/screening program. In addition, the Association received $549,265 in bequests from individuals either personally affected by diabetes or touched by the work we do. Our Bequestors, Major and Community Donors are listed on page 15.

A heartfelt thanks is extended to all of our generous Members, Supporters and Donors.

Health Services

Our Health Services team provided valuable phone and email support to more than 1,500 South Australians affected by diabetes and provided more than 370 face to face consultations through brief interventions in our retail operation and through one on one booked consultations. A total of 104 education sessions were provided with over 1,000 people attending.

Eight seminars were conducted with 965 people attending. These sessions were professionally filmed and edited and made available to the general public via the online learning platform. The reach of this platform has seen more than 7,700 hits across the five topics of healthy eating, travelling with diabetes, how diabetes affects your body, hypoglycaemia and gestational diabetes.

Meeting the needs of health professionals resulted in four – two day sessions being conducted with 41 health professionals attending and four school sessions conducted with 44 people attending. Fee for service guest speaking sessions also grew with the Association delivering 34 sessions with 27 delivered in the second half of the financial year. The Association hosted on three separate occasions the Mental Health Professionals Network (MHPN) meetings with 90 health professionals in attendance.

During 2016/2017 Diabetes SA conducted two camps, both of which were conducted over a weekend for children diagnosed with type 1 diabetes.

33 children between the ages of 10–12 attended Children's camp in March 2017; and there were 23 teenagers between the ages of 13–16 years who attended Teen Camp in April. Both camps had excellent outcomes, with the campers gaining experience, knowledge, challenging themselves and making great friendships with others.

Some of the activities children and teens participated in included; High Ropes, Canoeing, Giant Swing, Flying Fox, Archery, Bouldering Wall, Football, Tennis, Juke Box, Air Hockey Table and a Games Night with lots of laughter while we enjoyed Yahtzee, Giant Connect 4, Parcel Game and Quoits.

NDSS

The scope of the NDSS Agreement changed significantly in 2016/2017 with the removal of product supply and the investment in support services to people with diabetes registered on the NDSS.

With a national focus on providing consistency in support services offered under the Scheme all programs provided were evaluated with the view to introducing a suite of nationally consistent programs. As a result of this evaluation, a number of new programs were introduced these being DESMOND – a comprehensive type 2 program for newly diagnosed and ongoing; SMART programs (Carbsmart, Shopsmart, Medsmart, Metersmart and Footsmart) suitable for people living with both type 1 and type 2 diabetes with programs due for roll out on 1 July 2017. Training was facilitated for Diabetes SA health professional Staff to ensure the programs met national standards and pilot programs were conducted in June 2017, with all being well received.

Focus on priority areas continued in the areas of:

- Aged Care – 11 sessions (99 attendees)
- Aboriginal Torres Strait Islander (ATSI) – 10 sessions including 7 Feltman sessions (53 attendees), 8 ATSI health professional sessions (59 attendees) and attendance at NAIDOC week (500 attendees)
- Culturally and Linguistically Diverse (CALD) – 11 sessions (293 attendees)
- Mental Health – 3 sessions (47 attendees).

A new initiative commenced in 2016/2017 – the Health Professional

Awareness program that involved the visiting of GP practices to update and educate doctors and nurses about the services available under the NDSS with the aim of increasing registration to the NDSS and referrals to NDSS programs. In the financial year our Engagement Officers visited 439 general practitioners and 395 nurses and health professionals.

In April 2017, access to fully subsidised continuous glucose monitoring (CGM) products under the NDSS was finally implemented. This has meant that subsidised access to these products will be open to children and young people aged 21 and under living with type 1 diabetes who face significant challenges in managing their blood glucose levels.

Clothing Collection

In late 2016, the Board took the decision to end our partnership with Savers Australia due to increasing competition and increasing costs, unfortunately this resulted in the redundancy of ten Staff and the remaining three Staff were offered employment in other areas of the Association. The hard work and dedication shown by this team was outstanding.

The Board of Management and Staff are very grateful for the support the Association received over the seven years of operation. Over 4,000,000 kilos were collected as we traveled the many thousands of kilometres of this wonderful state. As one of our regular Donors commented:

"The customer service was impeccable, friendly, helpful and courteous. Nothing was too much trouble. I will always remember this as a reliable and punctual service and that the items donated have assisted the Association in some way".
Members Rob and Jane Smitheram – pictured on back cover.

Winners are Grinners Lottery Winner

Our Volunteers

Annette Buttle
Brenton Gill
Bronwyn Schoen
Don Lukes
Frank Cole
Gary Sholdis
Gloria Green
Joy Paul
Rae Cole
Trudie Cossey

Camp Volunteers

Nicola Hamood
Michelle Kuerschner
Maree Thus
Kerryn Boogaard
Dawn Gould
Nicole Loft
Kylie Baily
Alison Aston
Louise Wilson
Shamilla Wilshire
Kayla Tipping
Emily Taylor
Ryan Bailey
Alice Bradley
Phoebe Giles
Jacqui Langly

Diabetes SA commenced camping activities in 1956. Diabetes SA is committed to providing diabetes support services and undertaking activities which improve health outcomes; camp is one of our major activities for children.

It is well recognised that diabetes camps provide numerous benefits for children and their parents, including improved psycho-social functioning of children with diabetes, normalising the experience of diabetes and broadening knowledge in diabetes self-management.

According to the Australian Paediatric Endocrine Group (2005), 'Diabetes camps are an integral component of overall care and support for diabetic children. The impact on those attending camps cannot be under estimated and for some children it is a life changing experience'.

Thank you to all of the Volunteers who helped Diabetes SA
by contributing many hours of their time over the financial year.
Without you we could not achieve what we do.

Thank You

We would like to say thank you to everyone who supported us through donations, bequests and participation in fundraising activities and campaigns.

In particular we would like to mention:

BAPS

Thank you to BAPS and all participants who raised in total $10,603, with a cheque presented on the day for $10,001 through a walkathon in the city.

IKEA

Thank you to IKEA who raised over $1,000 in donations after one of their Staff members who has diabetes kindly nominated us to be the charity recipient.

Major Donors

- A. Breakwell
- M. Burchell
- R. Edwards
- Dr L. Irving
- G. Koop
- M. Liebelt
- A. Lukin
- W. MacDonald
- L. Martin
- D. Murrie
- M. Nudl
- Pawlowski Family
- J. Rotas
- B. Saint
- T. Slater
- E. Symington
- C. Wilson
- J. Worthley

Major Memorial Donors

- L. Copus in memory of A Deanovic
- J. Swan in memory of E. and B. Davis

Bequestors

- D. Buller
- Y. Coker
- G. Dunstall
- A. McLean
- A. Sentef
- K. Stanford
- R. and T. Thompson
- B. Weinert
- A. White

Community & Corporate Donors

- Coles – Logistics & Transport SA
- Lions Club Of Paralowie
- Revenue SA
- Tadmar Electrical

BAPS Walkathon

The Year Ahead

With the leadership of the Board, the Management team and Staff, the Association is well placed to achieve the strategic objectives that have been developed into the operational plan for 2017-2020.

Member engagement

In the year ahead we will be focused on increasing engagement with our Member base to clearly understand what services and programs our Members would like to see implemented. Our entrée into this area will be by a Member market research program where we will seek applications from University based market research teams to investigate:

1. What are the services that our Member's value and wish to see continued into the future? Are these different for people who have diabetes and are not Members of the Association?
2. What form should those services take and what are the most appropriate delivery channels?
3. What services that are not currently offered would be valued by Members? What form should these services take? What are the most appropriate delivery channels for these services?

Services and programs review

Alongside of this approach we will commence an internal process to review and evaluate all health services and programs offered by Diabetes SA. This will provide information about our reach into the community, the level of access to services and programs and the range on offer. Comparison will also be made to support services offered under the NDSS and in the external environment. As part of this process we will engage with external stakeholders to ascertain and assess opportunities for collaboration and or service provision. Supporting this process has been the work we have commenced in mapping our current stakeholders and developing a stakeholder engagement strategy. The result of these individual projects will be the development of key health services and programs that will increase our reach into the community and provide greater access and range of services/ programs. The flow on effect will be increased engagement with our Member base and the identification of opportunities to work collaboratively with external stakeholders building the profile of the Association.

Information technology

Our IT systems will be of major focus as we embrace technology to improve our systems and processes. Updating our Customer Relationship Management (CRM) system iMIS to the latest version is now complete and work will commence on data clean up and migration of data from the Associations' accounting package. When completed we expect vast improvements in the way that the Association manages our Member and Donor relationship with improved communication through use of new functions within iMIS and real-time reporting that will enable improved decision making.

A new website will be launched in 2018 providing improved functionality and integration into our CRM, a more contemporary look and feel and a better user experience. Integration will allow more streamlined transacting and automation of processes. For the Member, this will mean integrated payment gateways, ability to change and update Member details, as well as paying on line. A review of our high-end accounting package and Records Management System will also be undertaken.

Brand review

In line with the development of the website The Reflective has been engaged to work with the Association to review our brand identity and brand strategy. Supporting this in early 2017 the Association commenced a process to review all Diabetes SA marketing collateral with the objective of creating a more contemporary look and feel. It is anticipated that information gathered in these processes will be incorporated into the website and will provide a blue print for the development of future marketing collateral. The overall aim will be the development of a marketing plan that progressively targets our internal/external activities improving awareness of our services and the role of the Association in the community.

Prevention detection program

To address the growing numbers of people being diagnosed with type 2 diabetes, the Board have committed to making diabetes prevention a whole of community focus with the aim of:

1. identifying opportunities to raise awareness of early detection.
2. implementing a suitable diabetes prevention program across the South Australian community.

With the generous support of BAPS, the Association has been able to purchase a Point of Care testing device with the view to developing a screening program in the community over the coming 12 months.

Project work has already commenced on the prevention program with the examination of the current evidence for type 2 prevention programs, current recognised strategies at a state, national and international level and a review of diabetes prevention programs currently being conducted or conducted in the past to analyse the objectives and outcomes of the programs. This body of work will seek to inform the recommendation of a suitable diabetes prevention program for implementation in South Australia toward the end of the 2017/2018 financial year.

Research

The Board's commitment to funding research will be realised in 2017/2018 with the first research grant funding round being offered in late 2017. Funding will be up to $100,000 per year for two years with funding available from April 2018, with applications accepted from appropriately qualified health professionals and researchers aligned to an institution.

The key Diabetes SA priority research areas will be:

- the development of intervention or prevention strategies that reduce the risk of diabetes in the South Australian community or a defined group.
- the development of tests, tools and/or methodologies for the early detection/diagnosis or assessing risk in an individual of diabetes.
- the investigation of new and innovative ways of treatment and management of diabetes.
- the examination of the psychosocial consequences of diabetes at the individual or community level.
- the examination of the organisation, effectiveness and/or optimisation of delivery of multi-disciplinary diabetes services to the community.

One of the key outcomes of this research will be to provide better outcomes for people at risk or living with diabetes in South Australia.

We are certainly looking forward to an exciting and busy year ahead of us and we hope you will continue to support the work that we do.

2016 Kellion Medal Recipient

Kellion Victory Medals

The Kellion Victory Medal was named after Claude Kellion when diabetes claimed the life of his son John Claude. A successful business man, Claude established the Kellion Diabetes Foundation in John's memory. Funds raised through the Foundation contribute to Diabetes Australia Research Trust projects.

In view of his outstanding contribution towards diabetes in Australia, Mr Claude Kellion AM was invited to have his name associated with the Kellion Victory Medal Scheme. Silver-plated 50 year and gold-plated 60 year victory medals have been produced and provided, together with certificates. There is also a platinum medal for 70 years and a certificate and plaque for 75 and 80 years. Thus the Kellion Victory Medal Scheme was established.

60 Year Kellion Victory Medal Awards

60 years

Keith Matthews

From age five through to uni and beyond, I tried to keep my diabetes a secret from my peers, not wanting to appear, or be treated differently to them. I confess that was a mistake — but 60 years ago diabetes was something of mystery, a 'new' medical challenge, and there were very few sugarless foods and drinks available, compared with today.

I have been able to pursue a life which I believe I would have led without diabetes. I have not been a model 'patient'... my kidneys are now in decline. If you and diabetes have just met, my advice would be,"Live the life that you choose, while keeping that BSL under control as much as possible."

60 years

Graham Juett

I was diagnosed with type 1 diabetes 60 years ago. It has been a challenge at times, but with the support my wife and family, I have been able to live a reasonable life.

Since being diagnosed, a lot has changed in the treatment of diabetes. From first using a glass syringe and big thick needles to the Kwikpen and micro fine needles.

I was also having only one injection a day which was not keeping the blood sugar levels under good control. I now take Lantus morning & night plus Humalog before each meal which keeps the reading very good.

Regular check-ups on my eyes, feet, etc keeps to a minimum the burden that diabetes can have.

60 years

Tony Bennett

I was diagnosed with diabetes in June 1949 at the age of 11. There were no diabetic support systems at that time, you did it with family.

I played a lot of sport, Hockey, Cricket and Squash. At Hockey I played for the state at Under 16, Under 21 and Senior.

I worked as a sheet metal worker for 43 years at SAGASCo.

I have been fortunate to have a very caring wife of 53 years in Wendy, she really looks after me.

I have been on an insulin pump for 3½ years, best thing ever.

Read the full stories of the lives of our Kellion victory medal recipients by visiting our website:
www.diabetessa.com.au

50 Year Kellion Victory Medal Awards

50 years

Leon Dorsett

In January 1967 my best friend and I decided to drive to Queensland on a three week holiday. On arriving back in Adelaide my mother noticed that I had lost a lot of weight and did not look well at all.

A glucose tolerance test confirmed I was suffering from type 1 diabetes and I was immediately admitted to the Memorial Hospital in Adelaide. There I spent a further three weeks being stabilised and learning how to administer insulin to myself.

I have now been retired for around 12 months after working as an IT Systems Analyst at a Chemical Company for the last 13 years and I am looking forward to a long and happy retirement with hopefully very few health problems.

50 years

Anne Wright

After many weeks of generally feeling unwell and tired I was diagnosed with diabetes in October 1967, just after turning 15. I was in 3rd year at high school.

I sometimes think back about the changes in managing diabetes over 50 years, and I would say that blood glucose monitors have had the greatest impact, followed by Flexi pens.

Testing one's urine and boiling the glass syringe are very much a thing of the past, thank goodness.

I would like to think that diabetes has guided my life rather than ruled it, just something I have lived with. There are many worse diseases that do impact others lives. Thank you for the opportunity to receive the Kellion Victory Medal.

2017 Teen Camp

Treasurer's Report

In my first term as Treasurer I would like to thank Steve Fimmano for a commendable nearly seven years of service as Treasurer. His stewardship and knowledge has provided me with a smooth transition into the role.

For the financial year ended 30 June 2017, Diabetes SA recorded a profit of $839,544. The result included $549,265 from bequests, $191,261 from interest and dividend income and $170,228 in other gains and losses. The $71,210 deficit from business operations was mainly due to continuing to operate the Retail operation to provide important face to face contact with our Members and people with diabetes.

The Total Revenue for the 2016/2017 financial year of $5,639,039 was a decrease of $1,599,765 (22.1%). The first year's income from the 2016–2020 NDSS contract was $2,115,853 which represented 37.5% of the Association's total revenue for the year. Clothing Collection income of $1,241,046 in its final year was 22.0% of total revenue.

The surplus from NDSS contract activities was $258,049 for the 2016/2017 financial year. Expenditure was below expectations largely due to unfilled positions during the transition to the new contract. This surplus has not been included in the profit for the year but has been recorded as a Current Liability in the Statement of Financial Position and, in accordance with the Agency Agreement, the surplus will be returned to Diabetes Australia Limited.

Total Expenditure for 2016/2017 of $4,799,495 was $1,397,355 (22.5%) lower than 2015/2016 with most of the decrease due to lower expenditure on NDSS after cessation of NDSS product supply activities.

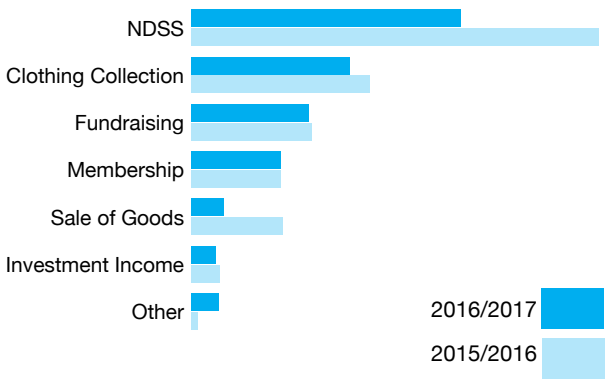
The Balance Sheet continues to strengthen with net assets increasing by $671,663 (6.8%) to $10,543,480. Recently the Board approved a new Investment Policy and appointed Macquarie Wealth Management to handle the Association's investments. The Macquarie portfolio held $2,085,896 at 30 June 2017 with another $5,358,407 in cash awaiting investment. These funds have since been invested as at 31 July 2017.

In conclusion, I acknowledge the contribution of my fellow Board Members, Staff and Volunteers and take this opportunity to specifically thank our CEO and her management team and look forward to another productive and positive year ahead.

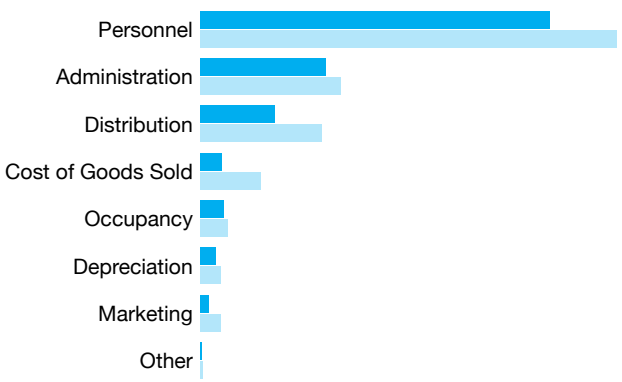
Colin Butterick

Treasurer

Where each dollar came from



Where each dollar 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 2016/2017 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 2017.

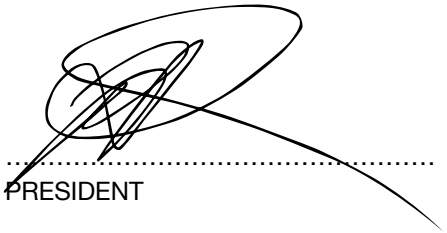
(b) At the date of this statement there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

(c) That during the 2016/2017 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 a 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 2016/2017 financial year.

Dated at Adelaide this 26th day of September 2017.

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



.....
PRESIDENT

.....
TREASURER

Statement of Comprehensive Income

The Diabetic Association of SA Inc trading as Diabetes SA
Statement of Comprehensive Income for the financial year ended 30 June 2017

	Note	2017	2016
		$	$
Revenue – Sale of goods		257,893	716,077
Cost of sales		(169,784)	(466,713)
Gross Profit		88,109	249,364
Revenue – Rendering of services	4	5,019,657	6,297,908
Investment Income	4	191,261	223,681
Other gains and losses	4	170,228	1,138
Distribution expenses		(576,086)	(943,344)
Marketing expenses		(62,335)	(95,571)
Occupancy expenses		(226,128)	(256,376)
Administration expenses		(3,754,422)	(4,414,328)
Other expenses		(10,740)	(20,518)
Profit for the year		839,544	1,041,954
Other comprehensive income:			
Net Fair Value Gain/(Loss) on available-for-sale investments taken to equity	13(ii)	390	21,481
Cumulative Gain/(Loss) reclassified from equity on disposal of available-for-sale investments	13(ii)	(168,271)	-
Total Comprehensive Income for the year		671,663	1,063,435

This Statement is to be read in conjunction with the accompanying notes.

Statement of Financial Position

The Diabetic Association of SA Inc trading as Diabetes SA
Statement of Financial Position as at 30 June 2017

	Note	2017	2016
		$	$
Current Assets			
Cash and bank balances	17	7,106,515	1,866,935
Trade and other receivables	5	94,929	307,526
Inventories	6	48,905	86,934
Other financial assets	18	-	6,385,240
Other assets	7	52,258	45,886
Total Current Assets		7,302,607	8,692,521
Non-Current Assets			
Property, plant and equipment	8	2,355,441	2,482,456
Other financial assets	18	2,307,735	641,759
Total Non-Current Assets		4,663,176	3,124,215
Total Assets		11,965,783	11,816,736
Current Liabilities			
Trade and other payables	9	194,137	273,639
Provisions	12	268,438	348,144
Other liabilities	10	822,434	1,165,188
Total Current Liabilities		1,285,009	1,786,971
Non-Current Liabilities			
Provisions	12	43,942	60,574
Other liabilities	11	93,352	97,374
Total Non-Current Liabilities		137,294	157,948
Total Liabilities		1,422,303	1,944,919
Net Assets		10,543,480	9,871,817
Equity			
Reserves	13	425,970	593,851
Retained Earnings	14	10,117,510	9,277,966
Total Equity		10,543,480	9,871,817

This Statement is to be read in conjunction with the accompanying notes.

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 2017

	Reserves	Retained Earnings	Total
	$	$	$
Balance at 1 July 2015	572,370	8,236,012	8,808,382
Profit for the year	-	1,041,954	1,041,954
Other Comprehensive income for the year	21,481	-	21,481
Total Comprehensive Income	21,481	1,041,954	1,063,435
Balance at 30 June 2016	593,851	9,277,966	9,871,817
Balance at 1 July 2016	593,851	9,277,966	9,871,817
Profit for the year	-	839,544	839,544
Other Comprehensive income for the year	(167,881)	-	(167,881)
Total Comprehensive Income	(167,881)	839,544	671,663
Balance at 30 June 2017	425,970	10,117,510	10,543,480

Statement of Cash Flows for the financial year ended 30 June 2017

	Note	2017	2016
		$	$
Cash Flows from Operating Activities			
Receipts from customers		5,417,042	7,823,878
Payments to suppliers and employees		(5,084,535)	(6,383,580)
Net cash generated by operating activities		332,507	1,440,298
Cash Flows from Investing Activities			
Payments to acquire financial assets		(2,114,067)	(757,960)
Payments for property, plant and equipment		(42,598)	(54,376)
Proceeds from disposal of property, plant and equipment		20,645	-
Proceeds from disposal of financial assets		6,753,940	3,800
Investment income received		289,153	238,606
Net cash (used in) / generated by investing activities		4,907,073	(569,931)
Net increase in cash and cash equivalents		5,239,580	870,367
Cash and cash equivalents at the beginning of the financial year		1,866,935	996,568
Cash and cash equivalents at the end of the financial year	17	7,106,515	1,866,935

This Statement is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Financial Year Ended 30 June 2017

The Diabetic Association of SA Inc trading as Diabetes SA

Note	Contents

1. General Information

Diabetes SA has been delivering services to people with diabetes and their families since 1953.

As a not for profit, member based Association that is largely self-funded, the Association's mission is to educate, advocate, support and fund research that provides better outcomes for people at risk or living with diabetes.

Empowering people to live well with diabetes and raising awareness for those at risk is their vision for all South Australians.

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 Australian Accounting Standards - Reduced Disclosure Requirements, the Associations Incorporation Act 1985, the Australian Charities and Not-for-profits Commission Act 2012 and complies with other requirements of the law.

The financial statements were authorised for issue by the Board of Management on 26 September 2017.

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.

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.

At the date of authorisation of the financial statements, the Association has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective for the current annual reporting period.

Standard/amendment	Effective for annual reporting periods ending on or after
AASB 9 Financial Instruments	30 June 2019
AASB 15 Revenue from Contracts with Customers • AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 • AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15 • 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 • AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities • AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	30 June 2020
AASB 1058 Income of Not-for-Profit Entities	30 June 2020
AASB 16 Leases	30 June 2020
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	30 June 2018

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, bank deposits 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. Sick leave is non-vesting and has not been provided for.

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 value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

The Association contributes to complying superannuation funds at the required rate of the employees' wages and salaries. Superannuation contributions are recognised as an expense when incurred.

(c) Financial assets

Investments are recognised and de-recognised 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 securities 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 common funds 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 to 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 30 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.

(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 the 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 a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from Income Tax. This exemption has been confirmed by the Australian Taxation Office.

(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 Collections maintained an inventory of goods on hand in order to meet contractual commitments to Savers, which was not recorded until delivered and invoiced to Savers.

(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. Freehold land is carried at cost.

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 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 significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery and/or when control of the goods has passed to the buyer.

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)

Fundraising – Donations and Bequests

Revenue or assets arising from donations and bequests is recognised when control is obtained, as it is impossible for the Association to reliably measure these prior to this time.

Cash donations are recognised when banked and other donations and bequests are recognised when title or possession transfers to the Association.

Clothing Collection

Revenue from the sale of goods was recognised upon the delivery of goods to the Savers store.

Investment Income

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.

3. Key Accounting Judgements and Estimations

Unexpired Membership Fees

At 30 June 2017, a total liability has been recognised of $508,518 (2016: $556,015) for membership fees that have been paid in advance and not yet earned. The deferred membership balance is calculated from a listing of monthly payments for all 1 year and 2 year memberships which is then broken down into its earned and not yet earned components. The decrease in the value of the liability in 2017 is mainly due to the reduction in Member numbers during the year.

4. Revenue and Profit

(a) Revenue

		2017 $	2016 $
Revenue from Sale of goods		257,893	716,077
Revenue from Rendering of services			
NDSS goods and services		2,115,853	3,194,903
Membership subscriptions		701,277	702,730
Fundraising (Note 21)		919,864	945,602
Clothing Collection		1,241,046	1,402,024
Education and Training Fees		29,529	35,586
Other		12,088	17,062
		5,019,657	6,297,908
Investment Income			
Interest income:	Bank deposits	49,179	21,449
	Held to Maturity Investments	127,971	186,184
Dividends:	Available for Sale Investments	14,111	16,048
		191,261	223,681

(b) Profit for the year

Profit for the year has been arrived at after (charging)/crediting the following:

(i) Other gains and losses			
Gain/(Loss) on disposal of property, plant and equipment		(16,154)	(46)
Gain/(Loss) on disposal of available-for-sale investments		18,111	1,184
		1,957	1,138
Cumulative Gain/(Loss) reclassified from equity on disposal of available-for-sale investments		168,271	-
		170,228	1,138
(ii) Other expenses			
Profit for the year includes the following expenses:			
Cost of sales		(169,784)	(466,713)
Depreciation:	Buildings	(46,140)	(46,100)
	Furniture and equipment	(72,951)	(101,180)
	Motor vehicles	(4,645)	(8,601)
		(123,736)	(155,881)
Employee benefits expense:	Salaries and On-Costs	(2,798,620)	(3,246,031)
	Employee Benefits	96,338	25,096
		(2,702,282)	(3,220,935)
Consulting Expense		(60,345)	(17,234)

5. Trade and Other Receivables

	2017 $	2016 $
Trade receivables	41,110	275,864
Other receivables	53,819	31,662
	94,929	307,526

The average credit period on sale of goods is 30 days.
No interest is charged on trade receivables from the date of the invoice.

6. Inventories

	2017	2016
	$	$
Finished Goods at cost	48,905	86,934

7. Other Current Assets

Prepayments	52,258	45,886

8. Property, Plant and Equipment

	Freehold Land	Buildings	Furniture & Equipment	Motor Vehicles	Total
	At cost	At cost	At cost	At cost	
Gross Carrying Amount	$	$	$	$	$
Balance at 30 June 2015	518,000	2,304,998	1,261,329	68,809	4,153,135
Additions	-	2,004	52,372	-	54,376
Disposals	-	-	(13,519)	-	(13,519)
Balance at 30 June 2016	518,000	2,307,002	1,300,182	68,809	4,193,992
Additions	-	-	42,598	-	42,598
Disposals	-	-	(59,939)	(35,880)	(95,818)
Balance at 30 June 2017	518,000	2,307,002	1,282,841	32,929	4,140,772
Accumulated Depreciation					
Balance at 30 June 2015	-	(567,270)	(995,400)	(6,457)	(1,569,127)
Depreciation Expense	-	(46,100)	(101,180)	(8,601)	(155,881)
Disposals	-	-	13,472	-	13,472
Balance at 30 June 2016	-	(613,370)	(1,083,108)	(15,058)	(1,711,536)
Depreciation Expense	-	(46,140)	(72,951)	(4,645)	(123,736)
Disposals	-	-	41,561	8,380	49,941
Balance at 30 June 2017	-	(659,510)	(1,114,498)	(11,323)	(1,785,331)
Net Book Value					
As at 30 June 2016	518,000	1,693,632	217,074	53,751	2,482,456
As at 30 June 2017	518,000	1,647,492	168,343	21,606	2,355,441

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. Trade and Other Payables

Trade Payables	191,591	260,466
Other Payables	2,546	13,173
	194,137	273,639

The average credit period on purchases of goods is 30 days.
No interest is charged on payables from the date of the invoice.

10. Other Current Liabilities

	2017	2016
	$	$
Accrued Liabilities	149,219	201,317
Unexpired Membership Fees	415,166	458,641
NDSS Surplus	258,049	505,230
	822,434	1,165,188

11. Other Non-Current Liabilities

Unexpired Membership Fees	93,352	97,374

12. Provisions

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

Current	Provision for annual leave	146,971	192,779
	Provision for long service leave	121,467	155,365
		268,438	348,144
Non-Current	Provision for long service leave	43,942	60,574

13. Reserves

Capital Development Reserve	(i)	400,000	400,000
Available for Sale Reserve	(ii)	25,970	193,851
Closing Balance		425,970	593,851

(i) Capital Development Reserve

Opening balance	400,000	400,000
Movement in 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	193,851	172,370
Net Fair Value Gain/(Loss)	390	21,481
Cumulative Gain/(Loss) reclassified	(168,271)	-
Closing balance	25,970	193,851

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

14. Retained Earnings

Balance at beginning of financial year	9,277,966	8,236,012
Profit for year	839,544	1,041,954
Balance at end of financial year	10,117,510	9,277,966

15. Economic Dependency

The Diabetic Association of South Australia Inc. has an Agency Agreement with Diabetes Australia to manage the National Diabetes Services Scheme (NDSS) in South Australia until 30 June 2020.

The 2016-2020 NDSS Funding Agreement has a services framework with new services schedules - Universal Services and Continuing Support Programs.

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:	2017	2016
	$	$
Compensation to Board Members and other members of key management personnel of the Association	766,004	787,540
	766,004	787,540

During the year key management and personnel have purchased goods from the Association which were domestic or trivial in nature 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:

Cash	4,488	4,811
Bank balances	7,102,027	1,862,124
	7,106,515	1,866,935

18. Other Financial Assets

Held-to-maturity investments carried at amortised cost

Term deposits	Current	-	6,385,240

The Association held various short term deposits with various financial institutions.

The weighted average interest rate on these securities during the year was 2.68% p.a. (2016: 3.19% p.a.).

The fixed deposits had maturity dates ranging between 3 to 6 months from last reporting date.

Available-for-sale investments carried at fair value

Listed securities	Non-Current	1,462,556	193,278
Managed Funds	Non-Current	845,179	-
Public Trustee Common Fund	Non-Current	-	448,481
		2,307,735	641,759

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 were based on a statement provided from Public Trustee.

20. Obligations Under Operating Leases

Non-cancellable operating lease commitments	2017	2016
	$	$
Not later than 1 year	14,637	106,717
Later than 1 year and not later than 5 years	9,908	13,436
	24,545	120,153

The operating leases are for motor vehicles leased for use on NDSS activities and Association office equipment.

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

21. Fundraising

2017	Gross Income	Direct Expenditure	Overheads	Net Surplus
	$	$	$	$
Memorials	33,492	879	19,519	13,094
Appeals	85,420	29,859	49,783	5,778
Bequests	549,265	101	29,160	520,004
Lotteries	164,541	78,621	95,894	(9,974)
Other (Non-Project)	66,791	2,404	38,926	25,461
	899,509	111,864	233,282	554,363
Sponsorships	20,355	-	-	20,355
Total	919,864	111,864	233,282	574,718

2016	Gross Income	Direct Expenditure	Overheads	Net Surplus
	$	$	$	$
Memorials	29,250	2,328	14,088	12,834
Appeals	85,409	34,024	41,137	10,248
Bequests	571,898	101	20,213	551,584
Lotteries	188,705	97,283	90,890	532
Other (Non-Project)	54,340	2,076	26,173	26,091
	929,602	135,812	192,501	601,289
Sponsorships	16,000	-	-	16,000
Total	945,602	135,812	192,501	617,289

22. Contingent Liability

There are no contingent liabilities as at 30 June 2017 (2016: nil).

23. 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.

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

Opinion

We have audited the financial report of The Diabetic Association of South Australia Incorporated (the "Association"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Board of Management as set out on pages 22 to 36.

In our opinion, the accompanying financial report of the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

(a) giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Other Information

Management is responsible for the other information. The other information comprises About Diabetes SA, Board of Management, Management Team, Candidate Statements, President's Report, CEO's Report, Year in Review, Our Volunteers, Camp Volunteers, Thank You, Kellion Victory Medals, Treasurer's Report and Key Financial Statistics for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Board of Management for the Financial Report

The Board of Management of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC Act and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Board of Management are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Management.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner
Chartered Accountants
Adelaide, 26 September 2017

Key Financial Statistics

	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
	$	$	$	$	$	$
Members						
Numbers	27,126	28,356	28,722	29,993	31,170	29,736
Growth Rate	-4.34%	-1.27%	-4.24%	-3.78%	4.82%	-5.97%
Subscriptions	701,277	702,730	693,904	691,007	679,061	680,773
Sales						
Sales of Goods	257,893	716,077	662,638	665,461	715,057	680,806
Growth Rate	-63.99%	7.61%	-0.42%	-6.94%	5.03%	-15.21%
Cost of Goods sold	169,784	466,713	432,566	458,438	501,035	474,081
Gross Profit	88,109	249,364	230,072	207,023	214,022	206,725
Gross Profit as a Percentage of Sales	34.16%	34.82%	34.72%	31.11%	29.93%	30.36%
NDSS Revenue	2,115,853	3,194,903	3,329,583	3,076,577	2,965,945	2,555,106
Growth Rate	-33.77%	-4.04%	8.22%	3.73%	16.08%	-2.90%
Interest Income	177,150	207,634	218,714	240,376	267,588	315,520
Depreciation	123,736	155,881	171,560	148,016	135,061	147,697
Total Income	5,639,039	7,238,804	7,004,646	6,448,398	6,048,315	5,969,635
Total Expenditure	4,799,495	6,196,850	6,614,461	6,122,770	5,539,578	5,316,179
Surplus	839,544	1,041,954	390,185	325,628	508,737	653,456
Cash	7,106,515	1,866,935	996,568	2,786,600	3,459,185	2,869,242
Inventory	48,905	86,934	114,128	99,879	67,198	109,404
Trade Creditors	194,137	273,639	319,845	376,900	208,375	289,784
Current Assets	7,302,607	8,692,521	7,140,292	8,249,001	7,701,917	6,945,170
Current Liabilities	1,285,009	1,786,971	1,396,994	1,826,347	1,651,395	1,320,140
Current Asset Ratio	5.68:1	4.86:1	5.11:1	4.52:1	4.66:1	5.26:1
Total Assets	11,965,783	11,816,736	10,339,977	10,333,309	9,784,325	8,856,400
Total Liabilities	1,422,303	1,944,919	1,531,595	1,948,340	1,787,130	1,434,312
Accumulated Surplus	10,543,480	9,871,817	8,808,382	8,384,969	7,997,195	7,422,088
Growth Rate	6.80%	12.07%	5.05%	4.85%	7.75%	9.85%

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