



*dedicated to finding a cure*

**Juvenile Diabetes Research Foundation  
International**

**ABN 40 002 286 553**

**Financial Report  
30 June 2011**

**Incorporated in the State of NSW**

**Principal Place of Business & Registered Office:**

Level 4, 80-84 Chandos Street  
St Leonards NSW 2065

## **Financial Report – 30 June 2011**

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This financial report covers the Juvenile Diabetes Research Foundation International as an individual entity. The financial report is presented in the Australian currency.

The Juvenile Diabetes Research Foundation International is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 80-84 Chandos Street  
St. Leonards, NSW, 2065

A description of the nature of the company's operations and its principal activities is included in the review of operations and activities on page 4 of this report.

The financial report was authorised for issue by the directors on 28 October, 2011. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial reports and other information is available at our website: [www.jdrf.org.au](http://www.jdrf.org.au)

# Juvenile Diabetes Research Foundation International

## Corporate Directory

|   |   |  |
|---|---|--|
| <b>Directors</b>                        | <i>President</i><br><i>Chairman</i><br><i>Vice-Chair</i><br><i>Vice-Chair</i><br><i>Treasurer</i>   | Dr Susan Alberti AO, Hon LLD<br>Stephen Higgs, BEc<br>Rebecca Davies, LLB (Hons), BEc, FAICD<br>Peter Wilson, Dip. Chem, BEc<br>Trevor Allen, BCom (Hons), CA, FF, MAICD<br>Robert Antulov, BE, MBA, MIEAust, MAICD<br>Frank Jackson<br>Ross Kennan, FIEA, CP Eng, FAICD, CChem, MRACI<br>Natasha Mandie, B Comm (Hons), LLB (Hons), GAICD<br>Kristen Mason, MBA<br>Helen McCombie<br>Timothy Morphy, BA, LLB, MBA<br>Michael White, BA, MBA<br>Mike Wilson, BSc, BEc (Hons), GAICD<br>Stuart Green B.A. (Hons), MBA, FCA, ACMT. |
|   | <i>Secretary</i>  | Mike Wilson, BSc, BEc (Hons), GAICD  |
| <b>Leadership Team</b>                  | <i>CEO / Managing Director</i><br><i>COO/ Company Secretary</i><br><i>Head of Development</i><br><i>Head of Marketing</i><br><i>Head of Research Development</i><br><i>Head of Government Relations</i> | Mike Wilson, BSc, BEc (Hons), GAICD<br>William Bonney, MMgt, FAICD (Resigned on 17/6/2011)<br>James Clampett, BEc<br>Carl Ireland, BBus (Mktg), Grad. Dip. (Mktg)<br>Dorota Pawlak, MSc, PhD<br>Tanya Stoianoff, BAgr Ec, MPS  |
| <b>Notice of annual general meeting</b> |   | The annual general meeting of JDRFI<br><br><b>will be held at</b> Level 38, MLC Centre<br>Martin Place, Sydney, 2000<br><b>time</b> 6.00pm<br><b>date</b> Thursday 24 November, 2011   |
| <b>Principal registered office</b>      |   | Level 4, 80-84 Chandos Street<br>St Leonards NSW 2065  |
| <b>Auditor</b>                          |   | PricewaterhouseCoopers<br>Darling Park Tower 2<br>201 Sussex Street<br>Sydney NSW 1171   |
| <b>Solicitors</b>                       |   | Freehills<br>MLC Centre<br>Martin Place<br>Sydney NSW 2000   |
| <b>Bankers</b>                          |   | Westpac Banking Corporation<br>275 Kent Street<br>Sydney NSW 2000  |
| <b>Website</b>                          |   | <a href="http://www.jdrf.org.au">www.jdrf.org.au</a>   |

# Juvenile Diabetes Research Foundation International

## Directors' Report

30 June 2011

Your directors are pleased to present their report on the company for the year ended 30 June 2011.

### Directors

The following persons were directors of Juvenile Diabetes Research Foundation International (JDRF) during the whole of the financial year and up to the date of this report unless otherwise stated:

Dr Susan Alberti AO  
Trevor Allen  
Robert Antulov  
Rebecca Davies  
Stephen Higgs  
Peter Wilson

Ross Kennan  
Natasha Mandie  
Kristen Mason  
Helen McCombie  
Timothy Morphy  
Frank Jackson

Stuart Green  
Michael White  
Mike Wilson

Mike Wilson was appointed as Managing Director on 25 November 2010 and continues in office to the date of this report. Stuart Green was appointed as a Director on 7 October 2010 and remains in office to the date of this report.

### Principal activities

The Foundation is a registered charitable organisation. Its principal activities are to raise funds to support research to find a cure for and prevent type 1 diabetes, to raise awareness of the seriousness of diabetes, and to offer practical support to people with diabetes and their families.

### Review of operations

In 2010/2011 JDRF continued to work on behalf of every individual, at any age, living with type 1 diabetes. Our research is relevant to the newly diagnosed, those who have lived with the disease for many years, and those at risk of developing it in the future.

This year JDRF Australia made an exciting step towards addressing one of the key barriers with the launch of the Australian Type 1 Diabetes Clinical Research Network (CRN). The CRN will accelerate the translation of research and increase patient access to new treatments by supporting clinical trials; both the development of local trials and the expansion of international trials to Australia. In partnership with the research community and supported by the Department of Health and Ageing, the CRN has already announced funding for four trials across Australia.

This year we also launched Australia's first Type 1 Diabetes Research Resource Map, outlining for all domestic researchers and clinicians the wide range of resources, networks, and support available to assist them in designing and delivering research programs.

As a not-for-profit organisation JDRF relies upon the ongoing generosity of the broader community. This year, the combined activities of JDRF and our supporters raised \$9.9 million for the best Australian research into type 1 diabetes through our fundraising programs. These programs – such as the Walk, Ride and Spin for a Cure – motivated people from around Australia to join together and raise funds for a cure. The annual JDRF Jelly Baby Month was also a success, generating over \$800,000. Our new community fundraising program “Team Cure Diabetes” prompted supporters to coordinate their own events, with results ranging from an elegant art display to a thrill-seeking parachute jump.

In 2010/2011, JDRF focused again on engagement with the type 1 diabetes community, expanding our successful Peer Support Program and distributing support kits to newly diagnosed children and adults. We also recognised and rewarded excellence in diabetes care with the inaugural Diabetes Educator Awards.

In these ways and many more JDRF engaged a broad range of stakeholders with an interest in the pursuit of our eventual goal – a cure for type 1 diabetes and its complications.

**Juvenile Diabetes Research Foundation International**  
**Directors' Report (continued)**  
**30 June 2011**

**Significant changes in the state of affairs**

There have been no significant changes in the nature of the activities of JDRF during the financial year.

**Matters subsequent to the end of the financial year**

Since 30 June 2011, no matter or circumstance has arisen that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

**Likely developments and expected results**

There are no likely developments in the operations of the Foundation which are not finalised at the date of this report, which may materially affect the operations in the financial year and years subsequent to this financial year.

**Environmental regulations**

There were no significant environmental regulations that applied to JDRF during the year.

**Juvenile Diabetes Research Foundation International**  
**Directors' Report (continued)**  
**30 June 2011**

**Information on directors and Company Secretary**

| <b>Directors' Qualifications and Special Responsibilities</b>   | <b>Experience</b>  |
|---|--|
| <p><i>President of the Board &amp; International Patron</i><br/> <b>Dr Susan Alberti</b>, AO HonLLD<br/>           Member of JDRFI Board of Chancellors<br/>           Member of Major Donor Committee JDRF International<br/>           Retired Member of Board of Directors JDRFI<br/>           Retired Member of JDRFI International Development Committee</p>  | <p>Managing Director, Dansu Group<br/>           Founding member of the National Association of Women in Construction in Australia.<br/>           Associate fellow, CEO Institute.<br/>           Chair, St. Vincent's Institute Foundation.<br/>           Chair, Susan Alberti Charitable Foundation.<br/>           Director, Western Bulldogs Football Club.<br/>           Director, St Vincent's Institute.<br/>           Co-Chair, Western Bulldogs Forever Foundation.<br/>           Director, Click Foundation (Epilepsy)<br/>           Director, Victorian University Foundation Board<br/>           Director, Gold Age Pty Ltd</p>                       |
| <p><i>Chairman</i><br/> <b>Stephen Higgs</b>, BEc<br/>           Member, Finance Committee.<br/>           Member, Ad Hoc Lay Review Panel after 3 years on the full committee.<br/>           Member, NSW Corporate Committee</p>  | <p>Director, Peet and Company Ltd, Diabetes Vaccine Development Centre.<br/>           Chairman, Glycemic Index Ltd.<br/>           Past Chairman, Orlando Wines.<br/>           Past Director, Primary Health Care, Austoft Pty, Jasco Pty Ltd, NPL Ltd, Leigh Mardon Pty Ltd, Rural Press Ltd and UBS Warburg, IPAC Securities Ltd. and So Natural Foods Ltd.<br/>           Father of a son with type 1 diabetes.</p>   |
| <p><i>Vice-Chair</i><br/> <b>Rebecca Davies</b>, LLB (Hons), BEc, FAICD<br/>           Member of the Board of JDRF International<br/>           Chair of the JDRFI International Development Committee<br/>           Member of the Executive Board for the Islet Transplant Program<br/>           Member of the JDRFI Research Committee</p>  | <p>Solicitor and Company Director.<br/>           Former partner and board member of a major national law firm.<br/>           Former Chair of MLC Nominees, trustee for NAB/MLC public offer superannuation funds.<br/>           Member of the Private Health Insurance Administration Council and former Chair of its Audit and Compliance Committee.<br/>           Director of LCM Health Care Limited and its subsidiaries and member of its Audit and Risk Committee<br/>           Director of Westpac/BT superannuation and financial services subsidiaries and Chair of its Investment Committee<br/>           Mother of a daughter with type 1 diabetes.</p> |
| <p><i>Vice-Chair</i><br/> <b>Peter Wilson</b>, Dip. Chem. BEc<br/>           Member of the Finance &amp; Audit Committee for JDRF Australia<br/>           Member and former Chair of JDRFI Finance Committee<br/>           Member and former Chair of the JDRFI International Development Committee<br/>           Member of the Victorian Corporate Committee<br/>           Member of JDRFI Board of Chancellors<br/>           Retired member of JDRFI Board of Directors<br/>           Former President of Long Island, New York, Chapter of JDRF.</p> | <p>Managing Director PAGA Consulting Pty Ltd.<br/>           Former Managing Director and Chief Executive Officer - Spotless Group Limited<br/>           Former Director of Spotless since 1984<br/>           Director of Taylors Group Limited (a New Zealand Company)<br/>           Director Stanhope Eco Trade Pty. Ltd.<br/>           Father of a daughter with type 1 diabetes.</p>   |
| <p><i>Treasurer</i><br/> <b>Trevor Allen</b>, BCom (Hons), CA, FF, MAICD<br/>           Chair of the Finance &amp; Audit Committee</p>  | <p>National Head of Mergers and Acquisitions, KPMG<br/>           Executive Director, KPMG Corporate Finance (Aust) Pty Ltd<br/>           Partner, KPMG<br/>           Member of the Market Policy Committee of FINSIA<br/>           Past director UBS Warburg<br/>           Sister has type 1 diabetes.</p>  |

**Juvenile Diabetes Research Foundation International**  
**Directors' Report (continued)**  
**30 June 2011**

|  |   |
|--|---|
| <p><b>Robert Antulov</b>, BE, MBA, MIEAust, MAICD</p>  | <p>Partner at Hall Capital Strategies Pty Ltd<br/>         Director Medianext Pty Ltd<br/>         Former Director of Strategy, Fairfax Media Ltd.<br/>         Father of a son with type 1 diabetes.</p>   |
| <p><b>Stuart Green</b>, B.A. (Hons), MBA, FCA, ACMT<br/>         (appointed 7 October 2010)</p>  | <p>Executive Director, Head of Corporate Communications and Investor Relations, Macquarie Group Limited.</p>  |
| <p><b>Frank Jackson</b><br/>         Life-member, JDRF<br/>         Founding President, JDRF WA Chapter.<br/>         Founding committee member, Walk to Cure Diabetes – WA.</p>   | <p>Managing Director, Frank Jackson Holdings Pty Ltd<br/>         Chairman of The Jackson Family Foundation.<br/>         Former Director of Broadwater Resort Management<br/>         Former Council Member of The Owners of Broadwater Grand Mercure Busselton.<br/>         Former Managing Director, Broadwater Beach Bar and Restaurant, Busselton<br/>         Father of a daughter with type 1 diabetes.</p> |
| <p><b>Ross Kennan</b>, FIEA CP Eng. FAICD<br/>         C.Chem MRACI<br/>         Member of the Compliance Committee.</p>   | <p>Chairman, Neptune Marine Services Ltd<br/>         Director, Dadanco P/L and Dadanco Inc. (USA).<br/>         Former Global SBU Vice-President of Honeywell Inc.</p>   |
| <p><b>Natasha Mandie</b>, B Comm (Hons), LLB (Hons), GAICD</p>   | <p>Director, Corporate Advisory Solutions, Credit Suisse.<br/>         Has type 1 diabetes.</p>   |
| <p><b>Kristen Mason</b>, MBA<br/>         Chair of the NSW Ball Committee</p>  | <p>Manager, Travel Partner Networks, JAPA, American Express.<br/>         Former Director of Foundation - Kambala<br/>         Mother of daughter with type 1 diabetes.</p>   |
| <p><b>Helen McCombie</b><br/>         Member of the NSW Corporate Committee</p>  | <p>Partner, Citadel PR, a corporate communications consultancy.<br/>         Formerly reporter on Channel 9's Business Sunday program.</p>  |
| <p><b>Timothy Morphy</b>, BA, LLB, MBA</p>   | <p>Managing Director of Healthways Australia Pty Ltd<br/>         Formerly General Manager Marketing, I-Med Network Limited and National Head of Marketing, Medibank Private Limited.</p>   |
| <p><b>Michael White</b>, BA, MBA<br/>         Member JDRFI Board of Chancellors<br/>         Chair of JDRFI Strategic Alliance Committee<br/>         Past Member JDRFI Executive Committee<br/>         Past Chair of Research JDRFI<br/>         Past Chair of Research Development Committee JDRFI<br/>         Past President Desert Southwest Chapter JDRFI</p> | <p>President and Owner of RBW Companies, Inc. (USA)<br/>         Father of a son with type 1 diabetes</p>   |
| <p><i>Managing Director &amp; Company Secretary</i><br/> <b>Mike Wilson</b>, BSc, BEc (Hons), GAICD<br/>         (appointed as Managing Director 25 November 2010)</p>   | <p>Chief Executive Officer of the Juvenile Diabetes Research Foundation since November 2004<br/>         Director, Glycemic Index Foundation<br/>         Alternate Director, Diabetes Vaccine Development Centre</p>   |

**Juvenile Diabetes Research Foundation International**  
**Directors' Report**  
**30 June 2011**

**Meetings of directors**

The number of meetings of the Foundation's board of directors and Finance & Audit Committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

| Director            | Full Meetings of Directors |   | Meetings of Finance & Audit Committee |   |
|---------------------|----------------------------|---|---------------------------------------|---|
|                     | A                          | B | A                                     | B |
| Dr Susan Alberti AO | 5                          | 6 | *                                     | * |
| Trevor Allen        | 5                          | 6 | 6                                     | 7 |
| Robert Antulov      | 6                          | 6 | *                                     | * |
| Rebecca Davies      | 6                          | 6 | *                                     | * |
| Stephen Higgs       | 5                          | 6 | 6                                     | 7 |
| Frank Jackson       | 1                          | 6 | *                                     | * |
| Ross Kennan         | 6                          | 6 | *                                     | * |
| Natasha Mandie      | 6                          | 6 | *                                     | * |
| Kristen Mason       | 3                          | 6 | *                                     | * |
| Helen McCombie      | 6                          | 6 | *                                     | * |
| Stuart Green        | 4                          | 5 | *                                     | * |
| Timothy Morphy      | 4                          | 6 | *                                     | * |
| Peter Wilson        | 6                          | 6 | 6                                     | 7 |
| Michael White       | 5                          | 6 | *                                     | * |
| Mike Wilson         | 4                          | 4 | 4                                     | 4 |

A = Number of meetings attended

B = number of meetings held while in office

\* denotes not a member of this committee

**Finance & Audit Committee**

The role of the Finance & Audit Committee is to provide oversight and advice on the financial activities of the organisation. It is responsible for working with the CEO/Managing Director on developing and tracking budgets, monitoring forecasts, and reviewing management accounts and statutory accounts. The committee met seven times this financial year. Three independent (non-director) members currently sit on the Finance & Audit Committee to augment the diverse range of backgrounds and experience. These are Allison McMartin, Executive Director – Telecom Media and Entertainment Group at ANZ Institutional Banking, Boris Musa, Associate Director, Macquarie Global Investments Division, Macquarie Group Limited, and Peter Whyntie, Head of Compliance at Novus Capital.

**Insurance of officers**

During the financial year, the company insured certain officers of the company under its Association Liability Insurance policy, a blanket policy covering assets, directors and officers and employment practices for volunteers and staff. The premium for this policy was \$12,280 (2010 - \$12,492).

The officers of the company covered by the insurance policy are the directors and leadership team as listed in this report.

The liabilities insured include costs and expenses that may be incurred by defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

**Juvenile Diabetes Research Foundation International**  
**Directors' Report**  
**30 June 2011**

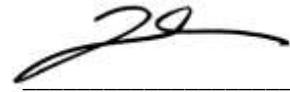
**Auditor**

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*. The auditor's independence declaration is set out on the following page.

This report is made in accordance with a resolution of the directors.



Mike Wilson  
**Chief Executive Officer and Managing Director**



Trevor Allen  
**Treasurer**

Sydney  
Date: 28 October, 2011

## Auditor's Independence Declaration

As lead auditor for the audit of Juvenile Diabetes Research Foundation International for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Juvenile Diabetes Research Foundation International.



Eddie Wilkie  
Partner

Sydney  
28 October 2011

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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# Juvenile Diabetes Research Foundation International

## Corporate Governance Statement

30 June 2011

### Corporate Governance Statement

The Juvenile Diabetes Research Foundation and its board are committed to achieving and demonstrating high standards of corporate governance. The company's corporate governance framework was developed with reference to the best practice recommendations released by the Australian Security Exchange Corporate Governance Council in 2007 and updated in 2010. The board continues to review the framework and practices to ensure they meet the interests of members.

The relationship between the board and senior management is critical to the company's long-term success. The directors are responsible to the members for the performance of the company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the company as a whole. Their focus is to enhance the interests of members and other key stakeholders and to ensure the company is properly managed.

Day to day management of the company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the Chief Executive Officer/Managing Director and senior executives.

A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

#### **The board of directors**

The board operates in accordance with the broad principles set out in its constitution as adopted by the company on 8 April 2000.

#### ***Board composition***

The Constitution states:

- There may be up to 4 office bearers of the company, namely:
  - (i) the chairperson
  - (ii) 2 vice chairpersons; and
  - (iii) the treasurer
- Each of the office bearers is a director of the company.
- There must be:
  - (i) not less than 10 directors; and
  - (ii) subject to rule 8.6, not more than 20 directors
- Every director must be a member of the company to qualify for appointment.
- The company shall elect 10 of the directors pursuant to rule 8.5 and the directors so elected will be entitled to appoint up to 10 further directors.

#### ***Responsibilities***

The responsibilities of the board include:

- Providing strategic guidance to the company including contributing to the development of and approving the corporate strategy.
- Reviewing and approving annual operating plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Overseeing and monitoring:
  - Organisational performance and the achievement of the company's strategic goals and objectives
  - Compliance with the company's Code of Conduct (see page 14).
  - Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments.
- Monitoring financial performance including approval of the monthly management accounts and annual financial reports, and liaison with the company's auditors.
- Appointment, performance assessment and, if necessary, removal of the Chief Executive Officer/Managing Director.
- Ratifying the appointment and/or removal of, and contributing to performance assessment for, the members of the leadership team.
- Ensuring there are appropriate management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of the organisation.
- Overseeing the operation of the company's system for compliance and risk management.

**Juvenile Diabetes Research Foundation International**  
**Corporate Governance Statement**  
**30 June 2011**

**Corporate Governance Statement (continued)**

***Board members***

Details of the members of the board, their experience, expertise, qualifications and term of office are set out in the directors' report under the heading "Information on directors". There are fifteen (15) directors at the date of signing the directors' report.

***Directors' independence***

The board has adopted specific principles in relation to directors' independence. In order to remain independent, the director must declare to the Chairperson and refrain from voting on related issues if:

- They are a principal of a material professional advisor or a material consultant to the company, or an employee materially associated with the service provided.
- They are a material supplier or customer of the company or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- They have any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

***Term of office***

The company's Constitution specifies that all directors must retire from office at each annual general meeting (AGM). Where eligible, a director may stand for re-election.

***Chairperson and Chief Executive Officer/Managing Director***

The Chairperson is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the company's senior executives.

The CEO/Managing Director is responsible for implementing company strategies and policies.

***Conflict of interest***

The professional relationships of directors are regularly evaluated for potential conflicts of interest and addressed appropriately through the Chairperson. There were no real or potential conflicts of interest expressed during this reporting period.

***Independent professional advice***

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld.

***Corporate reporting***

The CEO/Managing Director has made the following certifications to the board:

- That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

***Board committees***

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The outcomes of committee meetings are tabled at the subsequent board meeting.

**Juvenile Diabetes Research Foundation International**  
**Corporate Governance Statement**  
**30 June 2011**

**Corporate Governance Statement (continued)**

***Finance & Audit committee***

The finance & audit committee includes the following directors:

Trevor Allen (Treasurer and Chairperson)  
Stephen Higgs  
Peter Wilson  
Mike Wilson

Details of these directors' qualifications and attendance at finance & audit committee meetings are set out in the directors' report on pages 6 to 8.

In addition to the directors listed above, the finance & audit committee also includes three independent non-director members:

Allison McMartin  
Boris Musa  
Peter Whyntie

The details of these committee members are set out on page 8.

The finance & audit committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the sector in which the company operates.

The main responsibilities of the finance & audit committee are to:

- Review, assess and approve the annual budget, financial report, the monthly management accounts and all other financial information published by the company.
- Assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
  - Effectiveness and efficiency of operations.
  - Reliability of financial reporting.
  - Compliance with applicable laws and regulations.
- Provide oversight to the risk management processes of the organisation.
- Recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Report to the board on matters relevant to the committee's role and responsibilities.
- Evaluate the committee's own performance, of individual members and collectively, on a regular basis.
- Review the finance and audit committee charter annually and discuss required changes with the board.

The finance & audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

***External auditors***

The company appoints external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate. PricewaterhouseCoopers was appointed as the external auditor in 2002.

The external auditor is requested to attend the annual general meeting and be available to answer member questions about the conduct of the audit and preparation and content of the audit report.

***Risk assessment and management***

The board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the organisation's objectives.

**Juvenile Diabetes Research Foundation International**  
**Corporate Governance Statement**  
**30 June 2011**

**Corporate Governance Statement (continued)**

Considerable importance is placed on maintaining a sufficiently strong control environment. There is an organisational structure with clearly drawn lines of accountability and delegations of authority. Adherence to the Code of Conduct (see below) is required at all times and the board actively promotes a culture of quality and integrity.

**Environment, health and safety**

The organisation recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective, the areas of OH&S risk are reviewed and addressed by the Risk Management Committee with input from across the organisation.

The organisation has undertaken an environmental audit to determine ways to minimise its impact on the environment. JD RF is committed to minimising this impact through recycling and energy conservation programs.

**Code of Conduct**

The organisation has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors, employees, volunteers and event participants. The Code reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the organisation's integrity.

For staff and volunteers, the Code also requires they never permit their personal interests to conflict, or even appear to conflict, with the interests of the Foundation.

The Code and organisational values are discussed with each new director and employee as part of their induction training.

The directors are satisfied that the organisation has complied with its policies and ethical standards.

A copy of the Code of Conduct is available by contacting the organisation.

**Juvenile Diabetes Research Foundation International**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2011**

|   | Notes | Year to<br>30 June 2011<br>\$ | Year to<br>30 June 2010<br>\$ |
|---|-------|-------------------------------|-------------------------------|
| Revenue from continuing operations - fundraising & other income   | 4     | <b>9,121,409</b>              | 8,734,984                     |
| Revenue from continuing operations - government grants            | 4     | <b>840,600</b>                | 4,639,868                     |
| <b>Total revenue from continuing operations</b>                   |       | <b>9,962,009</b>              | 13,374,852                    |
| Revenue from shares   |       | -                             | 7,774                         |
| Employee benefits expenses  |       | <b>(2,389,558)</b>            | (2,282,345)                   |
| Fundraising campaign expenses                                     |       | <b>(653,145)</b>              | (724,210)                     |
| Communications & technology expenses*                             |       | <b>(176,764)</b>              | (126,791)                     |
| Advertising, promotion and printing expenses                      |       | <b>(208,746)</b>              | (143,992)                     |
| Other expenses  |       | <b>(1,335,546)</b>            | (1,176,857)                   |
| <b>Surplus from continuing operations</b>                         |       | <b>5,198,250</b>              | 8,928,431                     |
| Research, Pumps and travel awards                                 |       | <b>(5,082,901)</b>            | (8,367,742)                   |
| Education and support   |       | <b>(148,177)</b>              | (569,651)                     |
| <b>Surplus / (deficit) before tax</b>                             | 5     | <b>(32,828)</b>               | (8,962)                       |
| Income tax expense  |       | -                             | -                             |
| <b>Surplus / (deficit) from continuing operations</b>             |       | <b>(32,828)</b>               | (8,962)                       |
| <b>Other comprehensive income</b>                                 |       |                               |                               |
| Other comprehensive income / (expense) for the period, net of tax |       | -                             | -                             |
| <b>Total comprehensive income / (expense) for the period</b>      | 13    | <b>(32,828)</b>               | (8,962)                       |

\*2011 - \$27,090 in-kind technology support (2010 - \$24,500)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Juvenile Diabetes Research Foundation International**  
**Statement of Financial Position**  
**As at 30 June 2011**

|                                      | Notes | As at<br>30 June 2011<br>\$ | As at<br>30 June 2010<br>\$ |
|--------------------------------------|-------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                        |       |                             |                             |
| <b>Current assets</b>                |       |                             |                             |
| Cash and cash equivalents            | 6     | <b>9,136,882</b>            | 11,641,078                  |
| Trade and other receivables          | 7     | <b>779,745</b>              | 693,870                     |
| Inventories                          | 8     | <b>194,152</b>              | 109,725                     |
| <b>Total current assets</b>          |       | <b>10,110,779</b>           | 12,444,673                  |
| <b>Non-current assets</b>            |       |                             |                             |
| Plant and equipment                  | 9     | <b>180,193</b>              | 35,369                      |
| Intangibles                          | 10    | <b>6,302</b>                | 27,727                      |
| <b>Total non-current assets</b>      |       | <b>186,495</b>              | 63,096                      |
| <b>Total assets</b>                  |       | <b>10,297,274</b>           | 12,507,769                  |
| <b>LIABILITIES</b>                   |       |                             |                             |
| <b>Current liabilities</b>           |       |                             |                             |
| Trade and other payables             | 11    | <b>5,979,870</b>            | 6,851,330                   |
| Research grants payable              | 11    | -                           | 1,325,869                   |
| Provision for long service leave     | 12    | <b>25,635</b>               | 18,393                      |
| <b>Total current liabilities</b>     |       | <b>6,005,505</b>            | 8,195,592                   |
| <b>Non-current liabilities</b>       |       |                             |                             |
| Provision for long service leave     | 12    | <b>65,120</b>               | 52,700                      |
| <b>Total non-current liabilities</b> |       | <b>65,120</b>               | 52,700                      |
| <b>Total liabilities</b>             |       | <b>6,070,625</b>            | 8,248,292                   |
| <b>Net Assets</b>                    |       | <b>4,226,649</b>            | 4,259,477                   |
| <b>EQUITY</b>                        |       |                             |                             |
| Retained surplus                     | 13    | <b>4,226,649</b>            | 4,259,477                   |
| <b>Total equity</b>                  |       | <b>4,226,649</b>            | 4,259,477                   |

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

**Juvenile Diabetes Research Foundation International**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2011**

|   | <b>Year to<br/>30 June 2011</b> | Year to<br>30 June 2010 |
|---|---------------------------------|-------------------------|
|   | \$                              | \$                      |
| Retained surplus at the beginning<br>of the financial year        | 4,259,477                       | 4,268,439               |
| Net surplus / (deficit) attributable to members<br>of the company | <b>(32,828)</b>                 | <b>(8,962)</b>          |
| Retained surplus at the end of<br>the financial year              | <u>4,226,649</u>                | <u>4,259,477</u>        |

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

**Juvenile Diabetes Research Foundation International**  
**Statement of Cash Flows**  
**For the year ended 30 June 2011**

|   | Notes | Year to<br>30 June 2011<br>\$ | Year to<br>30 June 2010<br>\$ |
|---|-------|-------------------------------|-------------------------------|
| <b>Cash flows from operating activities</b>                       |       |                               |                               |
| Fundraising income  |       | 8,299,187                     | 8,515,534                     |
| Government grants   |       | 610,000                       | 9,981,000                     |
| Interest received   |       | 379,571                       | 176,044                       |
| Payments for operating activities                                 |       | (5,667,028)                   | (4,105,887)                   |
| Grants and Travel awards paid                                     |       | (6,088,344)                   | (15,544,736)                  |
| <b>Net cash inflow/ (outflow) from operating activities</b>       | 19    | <b>(2,466,614)</b>            | <b>(978,045)</b>              |
| <b>Cash flows from investing activities</b>                       |       |                               |                               |
| Payments for plant, equipment & software                          |       | (37,582)                      | (47,661)                      |
| <b>Net cash (outflow) from investing activities</b>               |       | <b>(37,582)</b>               | <b>(47,661)</b>               |
| <b>Net increase in cash and cash equivalents</b>                  |       | <b>(2,504,196)</b>            | <b>(1,025,706)</b>            |
| Cash and cash equivalents at the beginning of the financial year  |       | 11,641,078                    | 12,666,784                    |
| <b>Cash and cash equivalents at the end of the financial year</b> | 6     | <b>9,136,882</b>              | 11,641,078                    |

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

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**Note 1. Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the accounts of the State offices and Chapters located throughout Australia.

Also known as JDRF in Australia, the entity is a company limited by guarantee incorporated under the Corporations Act 2001. Each member undertakes to contribute to the company's property if the company is wound up while he, she or it is a member or within 1 year after he, she or it ceases to be a member, for payment of the company's debts and liabilities contracted before he, she or it ceases to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding \$2.

**(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

*Compliance with IFRSs*

Australian Accounting Standards include AIFRS. Compliance with AIFRSs ensures that the financial statements and notes of JDRF comply with International Financial Reporting Standards (IFRSs).

*Historical cost convention*

These financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**(b) Revenue recognition**

Revenue from fundraising activities is recognised when the fundraising event occurs.

Revenue from corporate donations and sponsorships is recognised when received unless under contract, in which case it is recognised when invoiced.

Revenue from the sale of merchandise is recognised at the time of sale.

Revenue from bequests is recognised when received.

Revenue from government grants is recognised as outlined in (c) below.

**(c) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

**(d) Donations-in-kind**

Donations in kind of fixed assets or other services are recorded as revenue where it is probable that economic benefits will be generated, the amount of the contribution can be measured reliably, where control of the contribution or the right to receive the contribution has been gained, and where cost would otherwise have been expected to be incurred by the organisation in gaining access to the asset or service. Other donations in kind, which are not of a material nature, are not recorded in the financial statements.

**(e) Community fundraising**

Income received from fundraising events organised and run by third parties for the benefit of JDRF Australia is recorded as net donations to JDRF Australia.

**(f) Income tax**

The company is exempt from income tax under the provisions of Section 50-50 and Section 50-52 of the Income Tax Assessment Act (1997).

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**Note 1. Summary of significant accounting policies (continued)**

**(g) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

**(h) Cash and cash equivalents**

For purposes of the cash flow statement, cash includes cash on hand, deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are convertible to cash on hand, and subject to insignificant risk of changes in value, and which are used in the cash management function on a day-to-day basis.

**(i) Trade receivables**

Trade receivables are recognised at fair value. Trade receivables are due for settlement no more than 45 days from the date of recognition.

**(j) Inventories**

Inventories are valued at the lower of cost and net realisable value.

**(k) Acquisitions of assets**

The purchase method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs directly incidental to the acquisition.

**(l) Depreciation of property, plant and equipment**

Depreciation is calculated on a straight line basis to write off the net cost of each item of plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

|                     |           |
|---------------------|-----------|
| Plant and equipment | 5 years   |
| Computer equipment  | 2.5 years |

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

**(m) Intangible assets**

*IT development and software*

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 2.5 to 3 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the company has an intention and ability to use the asset.

**(n) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**Note 1. Summary of significant accounting policies (continued)**

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(p) Employee entitlements**

*(i) Wages and salaries and annual leave*

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised and are measured as the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**(q) Goods and services tax (GST)**

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

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

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

**(r) Research grants for the Islet Transplantation Program**

The program has come to an end as at 30 June 2011. No research grants were carried forward into the 2012 financial year. However a small amount of funds has been carried forward to facilitate the acquittal of the final reporting and communication obligations of the program.

**(s) Research grants for the Clinical Research Network**

A grant of \$5 million towards the Clinical Research Network was received in full in June 2010 from the Federal Government. The grant has been allocated to the delivery of this program over a four year period. No additional grants were received towards this program from the Government in the 2011 financial year and expenses incurred in delivery of the program in the 2011 financial year were covered fully by the interest earned from the grant.

**(t) New accounting standards and interpretations**

There are a number of revised standards with which the company will be required to comply in the future. These revised standards will have no significant impact on the company.

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**Note 2. Financial risk management**

*(i) Financial risk management objectives*

JDRF has limited exposures to financial risks. The main financial risk is in relation to interest rates which impacts the level of interest income on cash at bank and on deposits.

JDRF has a policy that all surplus funds are invested with major banks through investments that provide a guaranteed return and security of capital. JDRF has a policy which prohibits applying funds to invest in the share market or in financial derivatives.

*(ii) Market risks*

JDRF is not exposed to foreign exchange or price risk. As noted above, the company has some exposure to interest rate risk. If interest rates had changed by +/- 100 basis points from the period end rates, with all other variables remaining constant, the result from ordinary operations on an annualised basis would have been \$91,000 higher/lower (2010: \$116,000 higher/lower). Accordingly, the equity would have been higher/lower by \$91,000 (2010: \$116,000).

*(iii) Credit risk*

Due to the nature of JDRF's operations, the company has limited exposure to credit risk. There is no security over receivables.

*(iv) Liquidity risk*

JDRF manages liquidity risk by continuously monitoring forecast and actual cash flows. JDRF has no borrowing facilities and thus manages liquidity risk by ensuring that it has sufficient cash resources to meet its operating and research obligations. All non-Government funded research programs are contracted between the research institutions and the US affiliate, JDRFI. The company assists JDRFI by funding as much Australian research as financially possible. From time to time, JDRFI funds additional Australian research that JDRF Australia is not able to fund. During the year, the US affiliate provided \$2,059,809 (2010: \$869,426) for research in Australia, or 28% (2010: 9%) of the total JDRF research funded in Australia.

*(v) Fair value estimation*

The fair value of financial assets and liabilities are estimated for recognition, measurement and disclosure purposes.

The carrying value of receivables and payables are assumed to approximate their fair values due to their short term nature.

**Note 3: Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

**(a) Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**(b) Critical judgements in applying the entity's accounting policies**

**Revenue recognition**

*(i) Government Grants:* The company has recognised \$840,600 of other revenue being grants from the Federal Government for the insulin pump grant program. No Government grants were received towards the Islet Transplantation Program or the Clinical Research Network in the 2011 financial year.

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 3: Critical accounting estimates and judgements (continued)**

Management and the board are confident that the deliverables of these grants will be met on time and within budget, enabling the full amount of the grants to be recognised in this financial report.

**Expenditure recognition**

*Research grants payable:* The company has recognised \$Nil (2010: \$1,325,869) of research grants as a financial commitment, to be paid in the 2012 financial year. The Islet Transplantation Program was completed on 30 June 2011.

**Note 4: Revenue from continuing operations**

|  | <b>Year to</b><br><b>30 June 2011</b> | Year to<br>30 June 2010 |
|--|---------------------------------------|-------------------------|
|  | \$                                    | \$                      |
| <b>Fundraising revenue</b>                         |                                       |                         |
| Walk to Cure Diabetes                              | <b>1,761,692</b>                      | 1,830,788               |
| Gala Dinners and Balls                             | <b>1,084,090</b>                      | 832,928                 |
| Direct Mail  | <b>138,735</b>                        | 157,360                 |
| Corporate Partnerships                             | <b>312,500</b>                        | 666,627                 |
| Major Contributions                                | <b>2,394,454</b>                      | 2,379,404               |
| Merchandising Campaigns                            | <b>899,123</b>                        | 1,010,823               |
| Donations  | <b>286,030</b>                        | 114,846                 |
| Ride to Cure Diabetes                              | <b>897,596</b>                        | 1,001,376               |
| Golf Days  | <b>97,130</b>                         | 44,761                  |
| Spin to Cure                                       | <b>209,887</b>                        | 258,323                 |
| Other fundraising activities                       | <b>211,973</b>                        | 179,345                 |
|  | <b>8,293,210</b>                      | 8,476,581               |
| <b>Revenue from outside fundraising activities</b> |                                       |                         |
| Membership fees                                    | <b>46,477</b>                         | 57,859                  |
| Interest   | <b>554,632</b>                        | 176,044                 |
| In-kind donations                                  | <b>227,090</b>                        | 24,500                  |
|  | <b>828,199</b>                        | 258,403                 |
| <b>Other revenue</b>                               |                                       |                         |
| Government Grants - Islet Transplantation Program  | -                                     | 4,364,000               |
| Government Grants - Insulin Pump Grant Program     | <b>840,600</b>                        | 275,868                 |
|  | <b>840,600</b>                        | 4,639,868               |
| <b>Revenue from continuing operations</b>          | <b>9,962,009</b>                      | 13,374,852              |

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**(a) Government grants**

A government grant of \$840,600 was recognised as revenue by the company during the financial year for the Insulin Pump Program (IPP). A further \$399,000 of income received towards the IPP has been deferred into the 2012 financial year. No additional funding was received in the 2011 financial year towards the establishment of a Clinical Research Network. The initial funding of \$5 million received in June 2010 remains deferred in the Statement of Financial Position. JDRF Australia did not benefit directly from any other forms of government financial assistance.

**Note 5: Surplus / (deficit) before income tax**

|   | Year to<br>30 June 2011 | Year to<br>30 June 2010 |
|---|-------------------------|-------------------------|
|   | \$                      | \$                      |
| Surplus / (deficit) before income tax expense includes the following specific expenses: |                         |                         |
| Depreciation and amortisation   |                         |                         |
| Equipment and software  | 111,731                 | 103,665                 |
| Research & Pump grants  | 5,034,316               | 8,314,860               |
| Travel grants & RACP Fellowship grant   | 48,585                  | 52,882                  |
| Rental expense relating to operating leases   | 185,435                 | 183,553                 |
| Total fundraising activities (net of depreciation and rent)                             | 2,680,087               | 2,494,957               |
| Superannuation  | 198,515                 | 225,129                 |
| Loss on disposal of fixed assets  | 2,452                   | -                       |

**Note 6. Current assets – cash**

|  | As at<br>30 June 2011   | As at<br>30 June 2010    |
|--|-------------------------|--------------------------|
|  | \$                      | \$                       |
| <b>Cash on hand</b>                            | <u>1,500</u>            | <u>1,500</u>             |
| <b>Cash at bank - National Office Accounts</b> |                         |                          |
| General accounts                               | <u>684,609</u>          | <u>6,277,688</u>         |
| <b>Cash at bank - Other Accounts</b>           |                         |                          |
| Walk offices                                   | 2,640                   | 8,864                    |
| Jelly Baby account                             | <u>42,181</u>           | <u>30,352</u>            |
|  | <u>44,821</u>           | <u>39,216</u>            |
| <b>Bank deposits</b>                           |                         |                          |
| Term deposit for research                      | 8,398,597               | 5,322,674                |
| Other term deposits                            | <u>7,355</u>            | <u>-</u>                 |
|  | <u>8,405,952</u>        | <u>5,322,674</u>         |
| <b>Total cash and cash equivalents</b>         | <u><u>9,136,882</u></u> | <u><u>11,641,078</u></u> |

The Foundation's cash reserves are all invested in licensed banks and are held to fund future research and operating expenses. The bank accounts are earning floating interest rates of between 0.01% and 6.35% at 30 June 2011 (2010 – 0.01% to 4.5%)

**Bank deposits**

The deposits are bearing floating interest rates of between 3.05% and 6.35% at 30 June 2011 (2010 between 3.05% and 6.15%)

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 7. Current assets - receivables**

|                  | As at<br>30 June 2011 | As at<br>30 June 2010 |
|------------------|-----------------------|-----------------------|
|                  | \$                    | \$                    |
| Accrued Interest | 193,967               | 18,905                |
| Prepayments      | 28,055                | 50,909                |
| Rental deposits  | 12,535                | 35,484                |
| Accrued income   | 531,033               | 588,572               |
| Other Debtors    | 14,155                | -                     |
|                  | <u>779,745</u>        | <u>693,870</u>        |

The accrued income in the current and prior year relates primarily to merchandising campaigns and is receivable on completion of the relevant campaign. This amount is not past due at the year end.

**Note 8. Current Assets – inventory**

|  | As at<br>30 June 2011 | As at<br>30 June 2010 |
|--|-----------------------|-----------------------|
|  | \$                    | \$                    |
| Jelly Baby merchandise at cost               | 199,264               | 129,382               |
| Less: Provision for obsolescence             | (5,112)               | (19,657)              |
| <b>Finished goods - net realisable value</b> | <u>194,152</u>        | <u>109,725</u>        |

**(a) Inventory expense**

Inventories recognised as expense during the year ended 30 June 2011 amounted to \$261,646 (2010: \$312,863).

Write-down of inventories to net realisable value recognised as an expense during the year ended 30 June 2011 amounted to \$5,112 (2010: \$19,657). The expense has been included as a direct cost attributable to the Merchandise Campaigns in the statement of comprehensive income.

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 9. Non-current assets - plant and equipment**

|                                | Office equipment<br>\$ | Computers and<br>Electrical<br>\$ | Leasehold<br>Improvements<br>\$ | Sub-total<br>\$ |
|--------------------------------|------------------------|-----------------------------------|---------------------------------|-----------------|
| <b>Year ended 30 June 2010</b> |                        |                                   |                                 |                 |
| Opening net book value         | 7,482                  | 62,730                            | -                               | 70,212          |
| Additions                      | 7,340                  | 1,510                             | 11,800                          | 20,650          |
| Depreciation charge            | (3,931)                | (50,762)                          | (800)                           | (55,493)        |
| Closing net book amount        | <b>10,891</b>          | <b>13,478</b>                     | <b>11,000</b>                   | <b>35,369</b>   |
| <b>At 30 June 2010</b>         |                        |                                   |                                 |                 |
| Cost                           | 68,723                 | 256,663                           | 11,800                          | 337,186         |
| Accumulated depreciation       | (57,832)               | (243,185)                         | (800)                           | (301,817)       |
| Net book value                 | <b>10,891</b>          | <b>13,478</b>                     | <b>11,000</b>                   | <b>35,369</b>   |
| <b>Year ended 30 June 2011</b> |                        |                                   |                                 |                 |
| Opening net book value         | 10,891                 | 13,478                            | 11,000                          | 35,369          |
| Additions                      | 8,773                  | 25,291                            | 203,518                         | 237,582         |
| Disposals                      | (2,452)                | -                                 | -                               | (2,452)         |
| Depreciation charge            | (5,012)                | (19,036)                          | (66,258)                        | (90,306)        |
| Closing net book amount        | <b>12,200</b>          | <b>19,733</b>                     | <b>148,260</b>                  | <b>180,193</b>  |
| <b>At 30 June 2011</b>         |                        |                                   |                                 |                 |
| Cost                           | 16,673                 | 156,562                           | 215,318                         | 388,553         |
| Accumulated depreciation       | (4,473)                | (136,829)                         | (67,058)                        | (208,360)       |
| Net book value                 | <b>12,200</b>          | <b>19,733</b>                     | <b>148,260</b>                  | <b>180,193</b>  |

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 10. Non-current assets – intangibles**

|                                | Software<br>\$       |
|--------------------------------|----------------------|
| <b>Year ended 30 June 2010</b> |                      |
| Opening net book value         | 48,888               |
| Additions                      | 27,011               |
| Amortisation charge            | <u>(48,172)</u>      |
| Closing net book amount        | <u><u>27,727</u></u> |
| <b>At 30 June 2010</b>         |                      |
| Cost                           | 216,840              |
| Accumulated amortisation       | <u>(189,113)</u>     |
| Net book value                 | <u><u>27,727</u></u> |
| <b>Year ended 30 June 2011</b> |                      |
| Opening net book value         | 27,727               |
| Additions                      | -                    |
| Disposals                      | -                    |
| Amortisation charge            | <u>(21,425)</u>      |
| Closing net book amount        | <u><u>6,302</u></u>  |
| <b>At 30 June 2011</b>         |                      |
| Cost                           | 215,624              |
| Accumulated amortisation       | <u>(209,322)</u>     |
| Net book value                 | <u><u>6,302</u></u>  |

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 11. Current liabilities – payables**

|                                | As at<br>30 June 2011<br>\$ | As at<br>30 June 2010<br>\$ |
|--------------------------------|-----------------------------|-----------------------------|
| <b>Payables</b>                |                             |                             |
| Trade payables                 | 158,278                     | 208,007                     |
| Income received in advance     | 5,527,375                   | 5,783,946                   |
| Other payables                 | 46,851                      | 51,630                      |
| Employee entitlements          | 209,809                     | 189,970                     |
| GST Payable                    | 37,557                      | 617,777                     |
| <b>Payables sub-total</b>      | <u>5,979,870</u>            | <u>6,851,330</u>            |
| <b>Research Grants Payable</b> |                             |                             |
| ITP Grants Payable             | <u>-</u>                    | <u>1,325,869</u>            |
| <b>Total Current Payables</b>  | <u>5,979,870</u>            | <u>8,177,199</u>            |

**Note 12. Provisions – long service leave**

|  | As at<br>30 June 2011<br>\$ | As at<br>30 June 2010<br>\$ |
|--|-----------------------------|-----------------------------|
| <b>Employee benefit and related on-cost liabilities:</b> |                             |                             |
| Current Liabilities - Long Service Leave                 | 25,635                      | 18,393                      |
| Non-Current Liabilities - Long Service Leave             | 65,120                      | 52,700                      |
| Aggregate employee benefit - Long Service Leave          | <u>90,755</u>               | <u>71,093</u>               |
| <u>Employee numbers</u>                                  | <u>Number</u>               | <u>Number</u>               |
| Number of employees at reporting date                    | 33                          | 33                          |

**Note 13. Retained surplus**

|   | Year to<br>30 June 2011<br>\$ | Year to<br>30 June 2010<br>\$ |
|---|-------------------------------|-------------------------------|
| Retained surplus at the beginning<br>of the financial year        | 4,259,477                     | 4,268,439                     |
| Net surplus / (deficit) attributable to members<br>of the company | (32,828)                      | (8,962)                       |
| Retained surplus at the end of<br>the financial year              | <u>4,226,649</u>              | <u>4,259,477</u>              |

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 14. Remuneration of Non-Executive directors**

No remuneration was received or is receivable by non-executive directors. No superannuation contributions were paid or are payable in respect of non-executive directors.

**Note 15. Contingencies**

The company has a bank guarantee of \$7,062 in place as at 30 June 2011 for the lease of an office premise in Perth (2010: Nil). The company has no other contingencies as at the date of this report.

**Note 16. Commitments for expenditure**

|  | As at<br>30 June 2011 | As at<br>30 June 2010 |
|--|-----------------------|-----------------------|
|  | \$                    | \$                    |
| <b>Lease commitments</b>   |                       |                       |
| Non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities payable: |                       |                       |
| Not later than one year  | 167,376               | 161,230               |
| Later than one year but not later than 5 years   | 206,627               | 87,821                |
| <b>Total commitments not recognised in the financial statements</b>  | <b>374,003</b>        | <b>249,051</b>        |

**Superannuation commitments**

The Company participated in a number of employer sponsored superannuation funds, which exist to provide for employees and their dependants on retirement, disability or death. Company contributions to these funds were sufficient to satisfy its obligations under Superannuation Guarantee legislation.

**Note 17. Related parties and key management personnel disclosures**

**(a) Directors**

The names of persons who were directors of Juvenile Diabetes Research Foundation International at any time during the financial year and up to the date of this report are as follows: Dr. Susan Alberti AO; Trevor Allen, Robert Antulov; Rebecca Davies; Stuart Green; Stephen Higgs; Frank Jackson; Ross Kennan; Natasha Mandie; Kristen Mason; Helen McCombie; Timothy Morphy; Michael White; Peter Wilson; and Mike Wilson.

**Remuneration and retirement benefits**

Information on remuneration and retirement benefits of Non-Executive directors is disclosed in note 14.

**Other transactions of directors and director-related entities**

There were no other related party transactions in this reporting period.

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**(b) Other key management personnel**

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, during the financial year:

| <i>Name</i>     | <i>Position</i>                             |
|-----------------|---|
| Mike Wilson     | Chief Executive Officer & Managing Director |
| James Clampett  | Head of Development                         |
| Carl Ireland    | Head of Marketing                           |
| Dorota Pawlak   | Head of Research Development                |
| Tanya Stoianoff | Head of Government Relations                |

Carl Ireland and Tanya Stoianoff joined the leadership team during the 2011 financial year. Margaret Ryan, Head of Government and Community Relations resigned on 15 Sep 2010. William Bonney, Chief Operating Officer resigned on 17 June 2011.

**(c) Key management personnel compensation**

|                              | 2011           | 2010    |
|------------------------------|----------------|---------|
|                              | \$             | \$      |
| Short-term employee benefits | <b>930,822</b> | 867,885 |

**Note 18. Segment information**

The Foundation operates primarily as a fundraising charity and wholly within Australia.

**Note 19. Reconciliation of surplus/(deficit) from ordinary activities after income tax to net cash inflow/(outflow) from operating activities**

|   | Year to<br>30 June 2011 | Year to<br>30 June 2010 |
|---|-------------------------|-------------------------|
|   | \$                      | \$                      |
| Net surplus / (deficit) after income tax                    | <b>(32,828)</b>         | <b>(8,962)</b>          |
| Depreciation and amortisation                               | <b>111,731</b>          | 103,665                 |
| Loss on disposal of fixed asset                             | <b>2,452</b>            | -                       |
| In Kind Revenue relating to fixed asset additions           | <b>(200,000)</b>        | -                       |
| Change in operating assets and liabilities                  |                         |                         |
| (Increase)/Decrease in share portfolio                      | -                       | 297,533                 |
| (Increase)/Decrease in trade & other receivables            | <b>(131,677)</b>        | <b>(63,308)</b>         |
| (Increase)/Decrease in other debtors                        | <b>22,948</b>           | 12,549                  |
| (Increase)/Decrease in prepayments                          | <b>22,854</b>           | <b>(32,576)</b>         |
| (Increase)/Decrease in inventories                          | <b>(84,426)</b>         | <b>(7,380)</b>          |
| Increase/(Decrease) in trade and other creditors            | <b>(634,729)</b>        | <b>(284,769)</b>        |
| Increase/(Decrease) in research grants payable              | <b>(1,325,869)</b>      | <b>(6,385,869)</b>      |
| Increase/(Decrease) in income received in advance           | <b>(256,571)</b>        | 5,364,062               |
| Increase/(Decrease) in provisions for employee entitlements | <b>39,501</b>           | 27,010                  |
| Net cash (outflow)/inflow from operating activities         | <b>(2,466,614)</b>      | <b>(978,045)</b>        |

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 20. Charitable fundraising activities**

Details of income and expenditure for specific fundraising activities, all of which have been recognised in these financial statements, are set out below:

|                                   | Year to 30 June 2011 |                       |                         |
|-----------------------------------|----------------------|-----------------------|-------------------------|
|                                   | Gross income         | Direct<br>Expenditure | Net Proceeds            |
|                                   | \$                   | \$                    | \$                      |
| Walk to Cure Diabetes             | 1,761,692            | 237,799               | 1,523,893               |
| Gala Dinners and Balls            | 1,084,090            | 264,840               | 819,250                 |
| Direct Mail                       | 138,735              | 26,463                | 112,272                 |
| Corporate Third Party Fundraising | 312,500              | 4,599                 | 307,901                 |
| Major Contributions               | 2,394,454            | 45,912                | 2,348,542               |
| Merchandising Campaigns           | 899,123              | 296,979               | 602,144                 |
| Donations                         | 286,030              | 1,027                 | 285,003                 |
| Ride to Cure Diabetes             | 897,596              | 329,431               | 568,165                 |
| Golf Days                         | 97,130               | 30,801                | 66,329                  |
| Spin to Cure Diabetes             | 209,887              | 59,893                | 149,994                 |
| Other fundraising activities      | 211,973              | 66,003                | 145,970                 |
| <b>Total</b>                      | <b>8,293,210</b>     | <b>1,363,747</b>      | <b>6,929,463</b>        |
| Less indirect expenditure         |                      |                       | <u>1,515,121</u>        |
| <b>Net amount raised</b>          |                      |                       | <u><b>5,414,342</b></u> |
|                                   |                      |                       | <b>% of Gross</b>       |
|                                   |                      |                       | <b>Income</b>           |
| Direct expenditure                |                      |                       | 16.4%                   |
| Indirect expenditure              |                      |                       | 18.3%                   |
| Total expenditure                 |                      |                       | 34.7%                   |
| Net amount raised                 |                      |                       | 65.3%                   |

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2011 (continued)**

**Note 20. Charitable fundraising activities (continued)**

|                                   | Year to 30 June 2010 |                    | Net Proceeds      |
|-----------------------------------|----------------------|--------------------|-------------------|
|                                   | Gross income         | Direct Expenditure |                   |
|                                   | \$                   | \$                 | \$                |
| Walk to Cure Diabetes             | 1,830,788            | 225,550            | 1,605,238         |
| Gala Dinners and Balls            | 832,928              | 212,111            | 620,817           |
| Direct Mail                       | 157,360              | 29,500             | 127,860           |
| Corporate Third Party Fundraising | 666,627              | 1,152              | 665,474           |
| Major Contributions               | 2,379,404            | 45,380             | 2,334,024         |
| Merchandising Campaigns           | 1,010,823            | 353,839            | 656,983           |
| Donations                         | 114,846              | 388                | 114,458           |
| Ride to Cure Diabetes             | 1,001,376            | 331,991            | 669,385           |
| Golf Days                         | 44,761               | 11,287             | 33,474            |
| Spin to Cure Diabetes             | 258,323              | 56,809             | 201,514           |
| Other fundraising activities      | 179,345              | 58,994             | 120,351           |
| <b>Total</b>                      | <b>8,476,581</b>     | <b>1,327,001</b>   | <b>7,149,580</b>  |
| Less indirect expenditure         |                      |                    | 1,390,402         |
| <b>Net amount raised</b>          |                      |                    | <b>5,759,178</b>  |
|                                   |                      |                    | % of Gross Income |
| Direct expenditure                |                      |                    | 15.7%             |
| Indirect expenditure              |                      |                    | 16.4%             |
| Total expenditure                 |                      |                    | 32.1%             |
| Net amount raised                 |                      |                    | 67.9%             |

Direct expenditure includes all the costs for staging the Walk, Ride and Spin to Cure Diabetes, Dinners, Dances and Concerts and other fundraising activities. It also includes the cost of goods for resale and mailing charges. Indirect expenditure includes overheads such as premises and administrative staff costs.

The net proceeds from fundraising are being used for current and future research grants and to offer practical support and education to families of people with type 1 diabetes.

The Foundation has an objective to limit the amount of cash it handles as part of its fundraising activities. Cash receipts amounted to less than 2% of the above fundraising activities for the year ended 30 June 2011 (2010: less than 2%).

**Note 21: Interests in other entities**

Since 2001 the company has been a member of Glycemic Index Limited (GIL), a business established to promote the use of the low glycemic index diet for people with diabetes. The other member is the University of Sydney. The company is not entitled to any distribution of proceeds from this venture without impacting GIL's charitable status. The net assets of GIL as at 30 June 2011 were \$639,189.

**Note 22: Remuneration of auditors**

An amount of \$30,000 has been accrued for the FY2011 audit fee payable to PricewaterhouseCoopers (2010: \$30,000). This amount is subsidised as JDRF is a preferred charity partner of the PwC Foundation.

**Note 23: Event occurring after reporting date**

Since 30 June 2011 to the date of this report, no matter or circumstances have arisen which have a significant effect on:

- (a) the operations of the Foundation;
- (b) the results of those operations; or
- (c) the state of affairs of the Foundation.

## Juvenile Diabetes Research Foundation International Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 32 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ending on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:



Mike Wilson

**Chief Executive Officer and Managing Director**



Trevor Allen

**Treasurer**

Sydney

Date: 28 October 2011

### **Declaration by Chief Executive Officer & Managing Director in respect of Fundraising Appeals**

I, Mike Wilson, Chief Executive Officer/Managing Director of the Juvenile Diabetes Research Foundation International declare that, in my opinion:

- the financial statements set out on pages 15 to 32 give a true and fair view of all income and expenditure of Juvenile Diabetes Research Foundation International with respect to fundraising appeals;
- the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the fundraising authority have been complied with for the year ended 30 June 2011; and
- the internal controls exercised by Juvenile Diabetes Research Foundation International are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Mike Wilson

**Chief Executive Officer & Managing Director**

Date: 28 October, 2011

## Independent auditor's report to the members of Juvenile Diabetes Research Foundation International

### Report on the financial report

We have audited the accompanying financial report of Juvenile Diabetes Research Foundation International (the company), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Corporations Act 2001, Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulations 2008 (NSW) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### Basis for Qualified Auditor's Opinion

Cash from donations and other fundraising activities are a source of revenue for the company. The company's directors have determined that it is impracticable to establish control over the collection of cash donations and other fundraising activities prior to entry into its financial records. Accordingly, as the evidence available to us regarding these sources was limited, our audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

### Qualified auditor's opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation on our audit procedures referred to in the qualification paragraph not existed:

- (a) the financial report of Juvenile Diabetes Research Foundation International is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

**PricewaterhouseCoopers, ABN 52 780 433 757**

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- (iii) presenting a true and fair view as required by the *Charitable Fundraising Act 1991 (NSW)* of the financial result of fundraising appeals for the financial year ended 30 June 2011; and
  - (iv) its associated records have been properly kept in accordance with the *Charitable Fundraising Regulations 2008 (NSW)* for the financial year ended 30 June 2011;
- 
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).
  - (c) money received as a result of fundraising appeals conducted by the Juvenile Diabetes Research Foundation International during the year ended 30 June 2011 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)*; and
  - (d) there are reasonable grounds to believe that Juvenile Diabetes Research Foundation International will be able to pay its debts as and when they fall due.

PricewaterhouseCoopers



Eddie Wilkie  
Partner

Sydney  
28 October 2011