



*dedicated to finding a cure*

# **Juvenile Diabetes Research Foundation International**

**ABN 40 002 286 553**

**Financial Report  
30 June 2010**

**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 2010**

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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 7 October, 2010. 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>	Dr Susan Alberti AO, Hon LLD
	<i>Chairman</i>	Stephen Higgs, BEc
	<i>Vice-Chair</i>	Rebecca Davies, LLB (Hons), BEc, FAICD
	<i>Vice-Chair</i>	Peter Wilson, Dip. Chem, BEc
	<i>Treasurer</i>	Trevor Allen, BCom (Hons), CA, FF, MAICD
		Robert Antulov, BE, MBA, MIEAust, MAICD
		Frank Jackson
		Ross Kennan, FIEA, CP Eng, FAICD, CChem, MRACI
		Natasha Mandie, B Comm (Hons), LLB (Hons), GAICD
		Kristen Mason, MBA
		Helen McCombie
		Timothy Morphy, BA, LLB, MBA
		Michael White, BA, MBA
	<i>Secretary</i>	William Bonney, MMgt, FAICD
<b>Leadership Team</b>	<i>CEO</i>	Mike Wilson, BSc, BEc (Hons)
	<i>COO</i>	William Bonney, MMgt, FAICD
	<i>Head of Development</i>	James Clampett, BEc
	<i>Head of Marketing</i>	Carl Ireland, BBus (Mktg), Grad. Dip. (Mktg)
	<i>Head of Research Development</i>	Dorota Pawlak, MSc, PhD
<b>Notice of annual general meeting</b>		The annual general meeting of JDRFI
	<b>will be held at</b>	Level 38, MLC Centre Martin Place, Sydney, 2000
	<b>time</b>	6.00pm
	<b>date</b>	Thursday 25 November, 2010
<b>Principal registered office</b>		Level 4, 80-84 Chandos Street St Leonards NSW 2065
<b>Auditor</b>		PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 1171
<b>Solicitors</b>		Freehills MLC Centre Martin Place Sydney NSW 2000
<b>Bankers</b>		Westpac Banking Corporation 275 Kent Street 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 2010**

Your directors are pleased to present their report on the company for the year ended 30 June 2010.

#### **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:

Dr Susan Alberti AO	Ross Kennan
Trevor Allen	Natasha Mandie
Robert Antulov	Kristen Mason
Rebecca Davies	Helen McCombie
Stephen Higgs	Timothy Morphy
Frank Jackson	Peter Wilson

Greg Garvan and Matthew Rady resigned as directors on 26 November 2009.

Michael White was appointed as a director on 10 June 2010 and continues 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 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 the year 2009/10 every activity and decision made by JDRF was dedicated to investing \$8.367 million into diabetes research in Australia. This Foundation was formed by a group of people who chose not to accept that there was no cure for type 1 diabetes. Their legacy informs everything.

The Foundation provides a vital link between medical research and people with type 1 diabetes, from children through to those in middle age. We do this by driving progress to a cure, while pursuing treatments that keep people who have type 1 diabetes as healthy as possible.

In 2010 JDRF released the Type 1 Diabetes Research Agenda, which draws on the expertise of the nation's top researchers to chart the path to a cure. The Agenda takes a new approach to identifying and defining areas of research promise, plans for overcoming hurdles and funding obstacles, and reinforces Australia's important role in diabetes research.

JDRF's dialogue with governments in Australia delivered significant outcomes for the type 1 diabetes community. Two Kids in the House events this year provided JDRF Youth Ambassadors with countless opportunities to tell their own stories of type 1 diabetes to the most senior decision makers in this country.

In a meaningful gesture of solidarity, nearly 100 Federal MPs and Senators simultaneously pricked their fingers and did a blood sugar reading at Parliament House. New government funds were committed on the spot, to match a leadership donation of \$500,000 made by Susan Alberti AO, the President of JDRF Australia, for the Clinical Trials Network (CTN).

The Government commitment of \$5 million is the first step towards a CTN, which will increase access to the latest technologies and treatments for type 1 diabetes for Australians. JDRF will request a further \$35m from Government to secure the future of this initiative, and plans to also raise \$10 million from JDRF donors towards this critical investment in human clinical trials.

JDRF continues to deliver meaningful and innovative events and campaigns that provide a critical investment in research, while building partnerships with some of Australia's most successful businesses.

It is through events and communications that we perform one of our most important tasks, connecting the type 1 diabetes community with research progress and each other. JDRF's e-newsletter now has 25,000 subscribers.

It goes without saying that finding a cure for type 1 diabetes is a challenging, complex and lengthy journey, and yet it remains a hopeful one.

To all those who contributed to bringing a cure closer in 2009/10 – donors, government supporters, employees, volunteers, corporate partners, directors, members of our various Advisory, Scientific and Lay Review boards,

**Juvenile Diabetes Research Foundation International**  
**Directors' Report (continued)**  
**30 June 2010**

suppliers, the academic and commercial science communities, and most importantly, people with type 1 diabetes – we offer our sincere thanks.

**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 2010, 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 2010**

**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>  <b>Dr Susan Alberti</b>, AO HonLLD  Member of JDRFI Board of Chancellors  Member of Major Donor Committee JDRF International  Retired Member of Board of Directors JDRFI  Retired Chair of JDRFI International Development Committee</p>	<p>Managing Director, Dansu Group &amp; associated companies  Founding member of the National Association of Women in Construction in Australia.  Associate fellow, CEO Institute.  Chair, St. Vincent's Institute Foundation.  Chair, Susan Alberti Charitable Foundation.  Patron and Director, Western Bulldogs Football Club.  Director, Gold Age Pty Ltd  Director, St Vincent's Institute.  Director, Victorian University Foundation Board  Co-Chair, Western Bulldogs Forever Foundation.  Director, Click Foundation (Epilepsy)  Member of Australia Day Committee (Victoria)</p>
<p><i>Chairman</i>  <b>Stephen Higgs</b>, BEc  Member of the Finance &amp; Audit Committee  Member of the Ad Hoc Lay Review Panel after 3 years on the full committee.  Member of the NSW Corporate Committee</p>	<p>Director, Primary Health Care Ltd.  Director, Peet and Company Ltd.  Chairman, Glycemic Index Ltd.  Past Chairman, Orlando Wines.  Past Director, 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.  Father of a son with type 1 diabetes.</p>
<p><i>Vice-Chair</i>  <b>Rebecca Davies</b>, LLB (Hons), BEc, FAICD  Member of the Executive Board for the Islet Transplant Program  Adjunct Member of the JDRFI Lay Review Panel  Member Immune Therapies RPAC  Member of JDRF (Australia) lay review panel.  Editor of Update Magazine.  Board member JDRFI</p>	<p>Solicitor and Company Director.  Former partner and board member of a major national law firm.  Former Chair of MLC Nominees  Trustee for NAB/MLC public offer superannuation funds.  Member of the Private Health Insurance Administration Council and former Chair of its Audit and Compliance Committee.  Director of LCM Health Care Limited and its subsidiaries and member of its Audit and Risk Committee and its Performance and Remuneration Committee  Chair of the Board, Gondwana Choirs and member of its Audit, Communications and Fundraising committees  Mother of a daughter with type 1 diabetes.</p>
<p><i>Vice-Chair</i>  <b>Peter Wilson</b>, Dip. Chem. BEc  Member of the Finance &amp; Audit Committee  Member of JDRFI Finance Committee  Member of the International Development Committee  Member of the Victorian Corporate Committee  Member of JDRFI Board of Chancellors  Retired member of JDRFI Board of Directors</p>	<p>Consultant  Former Managing Director and Chief Executive Officer - Spotless Group Limited  Former Director of Spotless  Former Director of Taylors Group Limited  Father of a daughter with type 1 diabetes.</p>
<p><i>Treasurer</i>  <b>Trevor Allen</b>, BCom (Hons), CA, FF, MAICD  Chair of the Finance &amp; Audit Committee</p>	<p>Partner, KPMG  Executive Director, KPMG  Member of the Corporate Finance Advisory Group  Past director UBS Warburg  Sister has type 1 diabetes.</p>
<p><i>Company Secretary (not a Director of JDRF)</i>  <b>William Bonney</b>, MMgt, FAICD</p>	<p>Chief Operations Officer of JDRF  Fellow of the Australian Institute of Company Directors.  Director and Company Secretary of Glycemic Index Limited.  Director of the Stanford Australia Limited.  Past Company Secretary of Centrogen Holdings Ltd.  Past Director &amp; Company Secretary of Woomera Systems P/L.  Has type 1 diabetes.</p>

**Juvenile Diabetes Research Foundation International**  
**Directors' Report (continued)**  
**30 June 2010**

<b>Robert Antulov</b> , BE, MBA, MIEAust, MAICD	Director of Performance Imperatives Pty Ltd Director of Sydney Film Festival Former Director of Strategy, Fairfax Media Ltd. Father of a son with type 1 diabetes.
<b>Greg Garvan</b> , B IT (Resigned 26 November, 2009)	Information technology and software engineering Project Management professional, currently consulting to ING Australia, with previous engagements to Caltex Australia, Insurance Australia Group and Zurich Financial Services. Father of daughter with type 1 diabetes.
<b>Frank Jackson</b> Life-member of Juvenile Diabetes Research Foundation Founding Chapter President for JDRF - WA Founding committee member for Walk to Cure Diabetes - WA	Managing Director, Frank Jackson Holdings Pty Ltd Chairman of The Jackson Family Foundation. Former Director of Broadwater Resort Management Former Council Member of The Owners of Broadwater Grand Mercure Busselton. Former Managing Director, Broadwater Beach Bar and Restaurant, Busselton Father of a daughter with type 1 diabetes.
<b>Ross Kennan</b> , FIEA, CP Eng, FAICD, C.Chem, MRACI	Former Global SBU Vice-President of Honeywell Inc. Chairman, Neptune Marine Services Ltd Director, Dadanco P/L and Dadanco Inc. (USA).
<b>Natasha Mandie</b> , B Comm (Hons), LLB (Hons), GAICD	Director, Credit Suisse, Corporate Advisory Solutions. Director of various Hindal Group companies Former Managing Director of Hindal Ventures Pty Ltd. Has type 1 diabetes.
<b>Kristen Mason</b> , MBA Chair of the NSW Ball Committee	Manager, Travel Partner Networks, JAPA, American Express. Former Manager Supplier Management, Airlines – Asia Pacific, Carlson Wagonlit Mother of daughter with type 1 diabetes.
<b>Helen McCombie</b> Member of the NSW Corporate Committee	Partner, Citadel PR, a corporate communications consultancy. Formerly reporter on Channel 9's Business Sunday program.
<b>Timothy Morphy</b> , BA, LLB, MBA	Managing Director of Healthways Australia Pty Ltd, the Australian operations of Healthways Inc, a global provider of population health management solutions. Formally General Manager Marketing, I-Med Network Limited and National Head of Marketing, Medibank Private Limited.
<b>Matthew Rady</b> , ACA FFin (Resigned 26 November, 2009)	Executive Director, Macquarie Group Former Director, Macquarie Pastoral Management Ltd Former Director, Macquarie Private Portfolio Management Ltd Former Director, Omega Global Investors Pty Ltd.
<b>Michael White</b> , BA, MBA (Appointed 10 June, 2010) Member JDRFI Board of Directors Member JDRFI Information Technology Committee Member JDRFI Adjunct Lay Review Committee Member JDRFI Research Working Groups Past Member JDRFI Executive Committee Past Chair of Research JDRFI Past Chair of Research Development Committee JDRFI Past President Desert Southwest Chapter JDRFI	President and Owner of RBW Companies, Inc. (USA) Former Sales Representative of IBM Father of a son with type 1 diabetes Husband of a wife with type 1 diabetes.

**Juvenile Diabetes Research Foundation International**  
**Directors' Report**  
**30 June 2010**

**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 2010, 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	3	6	*	*
Trevor Allen	4	6	10	12
Robert Antulov	5	6	*	*
Rebecca Davies	5	6	*	*
Greg Garvan	1	3	*	*
Stephen Higgs	6	6	7	12
Frank Jackson	2	6	*	*
Ross Kennan	6	6	*	*
Natasha Mandie	5	6	*	*
Kristen Mason	3	6	*	*
Helen McCombie	6	6	*	*
Timothy Morphy	4	6	*	*
Matthew Rady	3	3	*	*
Peter Wilson	6	6	6	12
Michael White	0	1	*	*

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 and the COO on developing and tracking budgets, monitoring forecasts, and reviewing management accounts and statutory accounts. The committee met twelve times this financial year. Two 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 – Telcom Media and Entertainment Group at ANZ Institutional Banking and Boris Musa, Senior Manager, Macquarie Global Investments Division, Macquarie Group Limited.

**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 \$12,492 (2009 - \$15,004).

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 2010**

**Auditor**

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

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



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Stephen Higgs  
**Chairperson**



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Trevor Allen  
**Treasurer**

Sydney  
Date: 7 October, 2010

**PricewaterhouseCoopers**  
**ABN 52 780 433 757**

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Facsimile +61 2 8266 9999

## Auditor's Independence Declaration

As lead auditor for the audit of the Juvenile Diabetes Research Foundation International for the year ended 30 June 2010, 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 the Juvenile Diabetes Research Foundation International.



Eddie Wilkie  
Partner  
PricewaterhouseCoopers

Sydney  
October, 2010

**Juvenile Diabetes Research Foundation International**  
**Corporate Governance Statement**  
**30 June 2010**

**Corporate Governance Statement**

The Juvenile Diabetes Research Foundation and its board are committed to achieving and demonstrating the highest standards of corporate governance. The company's corporate governance framework was most recently reviewed in 2007 in light of the best practice recommendations released by the Australian Security Exchange Corporate Governance Council in August 2007. 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 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.
- Ratifying the appointment and/or removal and contributing to the 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 2010**

**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 thirteen (13) 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***

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 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 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 and COO have 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.

**Corporate Governance Statement (continued)**

***Finance & Audit committee***

The finance & audit committee includes the following directors:

Trevor Allen (Chairperson)  
Stephen Higgs  
Peter 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 two independent non-director members:

Allison McMartin  
Boris Musa

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.

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

In FY2010 the company voluntarily engaged PricewaterhouseCoopers to review the charter of the Finance & Audit Committee and conduct a thorough review of the internal controls in place in the finance function of the company. Both reviews had satisfactory results and any suggestions for improvements have been implemented by the company.

***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 2010**

**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 delegation 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 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 2010**

	Notes	Year to 30 June 2010 \$	Year to 30 June 2009 \$
Revenue from continuing operations - fundraising & other income	4	8,734,984	9,136,534
Revenue from continuing operations - government grants	4	4,639,868	9,680,162
<b>Total revenue from continuing operations</b>		<b>13,374,852</b>	<b>18,816,696</b>
Revenue from shares		7,774	10,231
Employee benefits expenses		(2,282,345)	(2,120,486)
Fundraising campaign expenses		(724,210)	(731,453)
Communications & technology expenses*		(126,791)	(116,351)
Advertising, promotion and printing expenses		(143,992)	(160,193)
Other expenses		(1,176,857)	(1,231,684)
<b>Surplus from continuing operations</b>		<b>8,928,431</b>	<b>14,466,760</b>
Research grants and travel awards		(8,367,742)	(13,008,161)
Education and support		(569,651)	(348,184)
<b>Surplus / (deficit) before tax</b>	5	<b>(8,962)</b>	<b>1,110,415</b>
Income tax expense		-	-
<b>Surplus / (deficit) from continuing operations</b>		<b>(8,962)</b>	<b>1,110,415</b>
<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>(8,962)</b>	<b>1,110,415</b>

\*2010 - \$24,500 in-kind technology support (2009 - \$34,500)

*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 2010**

	Notes	As at 30 June 2010 \$	As at 30 June 2009 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	11,641,078	12,666,784
Share portfolio*		-	297,533
Trade and other receivables	7	693,870	610,536
Inventories	8	109,725	102,345
<b>Total current assets</b>		<b>12,444,673</b>	<b>13,677,198</b>
<b>Non-current assets</b>			
Plant and equipment	9	35,369	70,212
Intangibles	10	27,727	48,888
<b>Total non-current assets</b>		<b>63,096</b>	<b>119,100</b>
<b>Total assets</b>		<b>12,507,769</b>	<b>13,796,298</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	6,851,330	1,757,073
Research grants payable	11	1,325,869	7,711,737
Provision for long service leave	12	18,393	-
<b>Total current liabilities</b>		<b>8,195,592</b>	<b>9,468,810</b>
<b>Non-current liabilities</b>			
Provision for long service leave	12	52,700	59,049
<b>Total non-current liabilities</b>		<b>52,700</b>	<b>59,049</b>
<b>Total liabilities</b>		<b>8,248,292</b>	<b>9,527,859</b>
<b>Net Assets</b>		<b>4,259,477</b>	<b>4,268,439</b>
<b>EQUITY</b>			
Retained surplus	13	4,259,477	4,268,439
<b>Total equity</b>		<b>4,259,477</b>	<b>4,268,439</b>

\*A portfolio of shares was left to the company in a bequest and liquidated in July 2009.

*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 2010**

	<b>Year to 30 June 2010</b>	Year to 30 June 2009
	\$	\$
Retained surplus at the beginning of the financial year	<b>4,268,439</b>	3,158,024
Net surplus / (deficit) attributable to members of the company	<b>(8,962)</b>	1,110,415
Retained surplus at the end of the financial year	<b>4,259,477</b>	<b>4,268,439</b>

*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 2010**

	Notes	Year to 30 June 2010 \$	Year to 30 June 2009 \$
<b>Cash flows from operating activities</b>			
Fundraising income		8,515,534	8,902,160
Government grants		9,981,000	9,680,162
Interest received		176,044	234,374
Payments for operating activities		(4,105,887)	(3,506,401)
Grants and Travel awards paid		(15,544,736)	(13,653,104)
<b>Net cash inflow / (outflow) from operating activities</b>	19	(978,045)	1,657,191
<b>Cash flows from investing activities</b>			
Payments for plant, equipment & software		(47,661)	(19,786)
<b>Net cash (outflow) from investing activities</b>		(47,661)	(19,786)
<b>Net increase in cash and cash equivalents</b>		(1,025,706)	1,637,405
Cash and cash equivalents at the beginning of the financial year		12,666,784	11,029,379
<b>Cash and cash equivalents at the end of the financial year</b>	6	11,641,078	12,666,784

*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 2010**

**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, and where control of the contribution or the right to receive the contribution has been gained. 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 2010**

**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 2010**

**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**

Research grants for the Islet Transplantation Program are determined to be payable when the Executive Board passes a resolution outlining what institutions and research projects are to be funded. These commitments are carried as payables and paid within 1 year.

**(s) 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 2010**

**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 \$116,000 higher/lower (2009: \$125,000 higher/lower). Accordingly, the equity would have been higher/lower by \$116,000 (2009: \$125,000).

**(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-ITP research is 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 cannot fund. During the year, the US affiliate provided \$869,426 (2009: \$1,025,458) for research in Australia, or 9% (2009: 7%) 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 \$4,639,868 of other revenue being grants from the Federal Government. \$4,364,000 of these grants is subject to the delivery of research outcomes into islet transplantation and \$275,868 is for the insulin pump grant program.

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (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 \$1,325,869 (2009: \$7,711,737) of research grants as a financial commitment, to be paid in FY2011. The provision was taken up at the time that the Executive Board of the Islet Transplantation Program passed a resolution outlining the successful institutions and the amounts they would receive. This provision was accounted for as research expenditure to recognise the financial commitment established by the awarding of the grants in April 2010.

**Note 4: Revenue from continuing operations**

	Year to 30 June 2010	Year to 30 June 2009
	\$	\$
<b>Fundraising revenue</b>		
Walk to Cure Diabetes	1,830,788	2,022,175
Gala Dinners and Balls	832,928	822,146
Direct Mail	157,360	201,746
Corporate Partnerships	666,627	767,211
Major Contributions	2,379,404	2,128,964
Merchandising Campaigns	1,010,823	934,861
Donations	114,846	107,259
Ride to Cure Diabetes	1,001,376	1,310,527
Golf Days	44,761	84,733
Spin to Cure	258,323	332,268
Other fundraising activities	179,345	147,512
	<b>8,476,581</b>	<b>8,859,402</b>
<b>Revenue from outside fundraising activities</b>		
Membership fees	57,859	42,758
Interest	176,044	234,374
In-kind donations	24,500	-
	<b>258,403</b>	<b>277,132</b>
<b>Other revenue</b>		
Government Grants - Islet Transplantation Program	4,364,000	9,500,000
Government Grants - Insulin Pump Grant Program	275,868	180,162
	<b>4,639,868</b>	<b>9,680,162</b>
<b>Revenue from continuing operations</b>	<b>13,374,852</b>	<b>18,816,696</b>

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (continued)**

**(a) Government grants**

A government grant of \$4,364,000 was recognised as revenue by the company during the financial year for the Islet Transplantation Program (ITP). A further \$275,868 was received for the Insulin Pump Grant Program (IPGP). There are no unfulfilled conditions or other contingencies attaching to these grants. In June 2010 the company received \$5,000,000 from the Federal Government towards the establishment of a Clinical Trials Network, but has deferred this revenue to future years. The company did not benefit directly from any other forms of government assistance.

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

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
Surplus / (deficit) before income tax expense includes the following specific expenses:		
Depreciation and amortisation		
Equipment and software	103,665	118,246
Research grants	8,314,860	12,974,144
Travel grants & RACP Fellowship grant	52,882	34,017
Rental expense relating to operating leases	183,553	193,545
Total fundraising activities (net of depreciation and rent)	2,494,957	2,658,485
Superannuation	225,129	151,642

**Note 6. Current assets – cash**

	As at 30 June 2010 \$	As at 30 June 2009 \$
<b>Cash on hand</b>	<b>1,500</b>	<b>2,780</b>
<b>Cash at bank - National Office Accounts</b>		
General accounts	6,277,688	8,601,793
<b>Cash at bank - Other Accounts</b>		
Walk offices	8,864	826
Jelly Baby account	30,352	13,880
	<b>39,216</b>	<b>14,706</b>
<b>Bank deposits</b>		
Term deposit for research	5,322,674	8,446
Other term deposits	-	4,039,059
	<b>5,322,674</b>	<b>4,047,505</b>
<b>Total cash and cash equivalents</b>	<b>11,641,078</b>	<b>12,666,784</b>

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 4.5% at 30 June 2010 (2009 – 0.01% to 3.4%)

**Bank deposits**

The deposits are bearing floating interest rates of between 3.05% and 6.15% at 30 June 2010 (2009 between 3.00% and 3.05%)



**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (continued)**

**Note 7. Current assets - receivables**

	As at 30 June 2010 \$	As at 30 June 2009 \$
Accrued Interest	18,905	-
Prepayments	50,909	18,870
Rental deposits	35,484	48,032
Accrued income	588,572	543,634
	<u>693,870</u>	<u>610,536</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 30 June 2010 \$	As at 30 June 2009 \$
Jelly Baby merchandise at cost	129,382	147,227
Less: Provision for obsolescence	(19,657)	(44,882)
<b>Finished goods - net realisable value</b>	<u>109,725</u>	<u>102,345</u>

**(a) Inventory expense**

Inventories recognised as expense during the year ended 30 June 2010 amounted to \$312,863 (2009: \$300,664).

Write-down of inventories to net realisable value recognised as an expense during the year ended 30 June 2010 amounted to \$19,657 (2009: \$44,882). 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 2010 (continued)**

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

	Office equipment \$	Computers and Electrical \$	Leasehold Improvements \$	Sub-total \$
<b>Year ended 30 June 2009</b>				
Opening net book value	10,439	109,489	-	119,928
Additions	488	4,919	-	5,407
Depreciation charge	(3,445)	(51,678)	-	(55,123)
Closing net book amount	<b>7,482</b>	<b>62,730</b>	-	<b>70,212</b>
<b>At 30 June 2009</b>				
Cost	61,383	255,154	-	316,537
Accumulated depreciation	(53,901)	(192,424)	-	(246,325)
Net book value	<b>7,482</b>	<b>62,730</b>	-	<b>70,212</b>
<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>

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (continued)**

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

	<b>Software</b>
	<b>\$</b>
<b>Year ended 30 June 2009</b>	
Opening net book value	97,632
Additions	14,379
Amortisation charge	<u>(63,123)</u>
Closing net book amount	<u><b>48,888</b></u>
<b>At 30 June 2009</b>	
Cost	189,829
Accumulated amortisation	<u>(140,941)</u>
Net book value	<u><b>48,888</b></u>
<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><b>27,727</b></u>
<b>At 30 June 2010</b>	
Cost	216,840
Accumulated amortisation	<u>(189,113)</u>
Net book value	<u><b>27,727</b></u>

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (continued)**

**Note 11. Current liabilities – payables**

	As at 30 June 2010 \$	As at 30 June 2009 \$
<b>Payables</b>		
Trade payables	208,007	201,919
Income received in advance	5,783,946	419,885
Other payables	51,630	108,180
Employee entitlements	189,970	175,004
GST Payable	617,777	852,085
<b>Payables sub-total</b>	<b>6,851,330</b>	<b>1,757,073</b>
<b>Research Grants Payable</b>		
IIP Grants Payable	<b>1,325,869</b>	<b>7,711,737</b>
<b>Total Current Payables</b>	<b>8,177,199</b>	<b>9,468,810</b>

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

	As at 30 June 2010 \$	As at 30 June 2009 \$
<b>Employee benefit and related on-cost liabilities:</b>		
Current Liabilities - Long Service Leave	18,393	-
Non-Current Liabilities - Long Service Leave	52,700	59,049
Aggregate employee benefit - Long Service Leave	<b>71,093</b>	<b>59,049</b>
<u>Employee numbers</u>	<u>Number</u>	<u>Number</u>
Number of employees at reporting date	33	32

**Note 13. Retained surplus**

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
Retained surplus at the beginning of the financial year	4,268,439	3,158,024
Net surplus / (deficit) attributable to members of the company	(8,962)	1,110,415
Retained surplus at the end of the financial year	<b>4,259,477</b>	<b>4,268,439</b>

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (continued)**

**Note 14. Remuneration of directors**

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

**Note 15. Contingencies**

The company has no other contingencies as at the date of this report (2009: A bank guarantee of \$8,724 was in place for the lease of office premises in Brisbane).

**Note 16. Commitments for expenditure**

	As at 30 June 2010 \$	As at 30 June 2009 \$
<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	161,230	170,145
Later than one year but not later than 5 years	87,821	246,543
<b>Total commitments not recognised in the financial statements</b>	<b>249,051</b>	<b>416,688</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. Sue Alberti AO, Trevor Allen, Robert Antulov; Rebecca Davies; Greg Garvan; Stephen Higgs; Frank Jackson; Ross Kennan; Natasha Mandie; Kristen Mason; Helen McCombie; Timothy Morphy, Matthew Rady, Michael White and Peter Wilson.

**Remuneration and retirement benefits**

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

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

There were no related party transactions in this reporting period.

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (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
William Bonney	Chief Operations Officer
James Clampett	Head of Development
Mike Greasley	Head of Marketing
Dorota Pawlak	Head of Research Development
Margaret Ryan	Head of Government & Community Relations

Dorota Pawlak and Margaret Ryan joined the leadership team during FY2010. The remaining above persons were also key management persons during the year ended 30 June 2009.

**(c) Key management personnel compensation**

	<b>2010</b>	<b>2009</b>
Short-term employee benefits	<b>\$867,885</b>	\$746,209

**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**

	<b>Year to 30 June 2010 \$</b>	<b>Year to 30 June 2009 \$</b>
Net surplus / (deficit) after income tax	<b>(8,962)</b>	1,110,415
Depreciation and amortisation	<b>103,665</b>	118,246
Change in operating assets and liabilities		
(Increase)/Decrease in share portfolio	<b>297,533</b>	(297,533)
(Increase)/Decrease in trade & other receivables	<b>(63,308)</b>	(38,733)
(Increase)/Decrease in other debtors	<b>12,549</b>	(30,926)
(Increase)/Decrease in prepayments	<b>(32,576)</b>	(369)
(Increase)/Decrease in inventories	<b>(7,380)</b>	(7,844)
Increase/(Decrease) in trade and other creditors	<b>(284,769)</b>	121,915
Increase/(Decrease) in research grants payable	<b>(6,385,869)</b>	423,056
Increase/(Decrease) in income received in advance	<b>5,364,062</b>	204,551
Increase/(Decrease) in provisions for employee entitlements	<b>27,010</b>	54,413
Net cash (outflow)/inflow from operating activities	<b>(978,045)</b>	1,657,191

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (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:

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

	<b>% of Gross</b>
<b>Direct expenditure</b>	<b>Income</b>
	<b>15.7%</b>
<b>Indirect expenditure</b>	<b>16.4%</b>
<b>Total expenditure</b>	<b>32.1%</b>
<b>Net amount raised</b>	<b>67.9%</b>

**Juvenile Diabetes Research Foundation International**  
**Notes to the financial statements**  
**For the year ended 30 June 2010 (continued)**

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

	Year to 30 June 2009		
	Gross income	Direct Expenditure	Net Proceeds
	\$	\$	\$
Walk to Cure Diabetes	2,022,175	271,321	1,750,854
Gala Dinners and Balls	822,146	159,997	662,149
Direct Mail	201,746	34,010	167,736
Corporate Third Party Fundraising	767,211	1,566	765,645
Major Contributions	2,128,964	29,577	2,099,387
Merchandising Campaigns	934,861	316,568	618,293
Donations	107,259	1,448	105,811
Ride to Cure Diabetes	1,310,527	363,415	947,112
Golf Days	84,733	28,627	56,106
Spin to Cure Diabetes	332,268	64,315	267,953
Other fundraising activities	147,512	59,701	87,811
Total	8,859,402	1,330,545	7,528,857
Less indirect expenditure			1,327,940
Net amount raised			6,200,917

	% of Gross
	Income
Direct expenditure	15.0%
Indirect expenditure	15.0%
Total expenditure	30.0%
Net amount raised	70.0%

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 2010 (2009: 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 2010 were \$543,269.

**Note 22: Remuneration of auditors**

An amount of \$30,000 has been accrued for the FY2010 audit fee payable to PricewaterhouseCoopers (2009: \$15,000). 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 2010 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 2010 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:



Stephen Higgs  
**Chairperson**



Trevor Allen  
**Treasurer**

Sydney  
Date: 7 October 2010

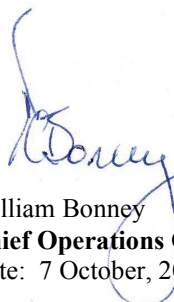
### **Declaration by Chief Executive Officer and Chief Operations Officer in respect of Fundraising Appeals**

We, Mike Wilson, Chief Executive Officer and William Bonney, Chief Operations Officer of the Juvenile Diabetes Research Foundation International declare that, in our 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 2010; 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**  
Date: 7 October, 2010



William Bonney  
**Chief Operations Officer**  
Date: 7 October, 2010

## 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 2010, 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*, *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 1993 (NSW)*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

## 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 2010 and of its performance for the year ended on that date;
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
  - (iii) presents 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 2010;
  - (iv) and its associated records have been properly kept in accordance with the *Charitable Fundraising Regulations 2008 (NSW)* for the financial year ended 30 June 2010;
- (b) the company's financial statements and notes also comply 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 2010 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  
October, 2010