



**Juvenile Diabetes Research Foundation
International**
ABN 40 002 286 553

**Financial Report
30 June 2012**

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 2012

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

JDRF 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

JDRF is an independent Australian organisation affiliated to JDRFI, a US-based organisation. A description of the nature of JDRF'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 4 October 2012. 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

Juvenile Diabetes Research Foundation International

Corporate Directory

Directors	<i>President</i>	Dr Susan Alberti AO, HonLLD MAICD
	<i>Chairman</i>	Stephen Higgs, BEc
Leadership Team	<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
		Mark van Dyck BA (Hons) ; GAICD
		Stuart Green B.A. (Hons), MBA, FCA, ACMT.
		Paul Heath
		Frank Jackson
		Ross Kennan, FIEA and AICD and RACI
		Natasha Mandie, B Comm (Hons), LLB (Hons), GAICD
		Kristen Mason, MBA
		Helen McCombie
		Timothy Morphy, BA, LLB, Grad. Dip. Legal Prac., MBA
		Michael White BA, MBA
		Mike Wilson, BSc, BEc (Hons), GAICD
Leadership Team	<i>Secretary</i>	Mike Wilson, BSc, BEc (Hons), GAICD
	<i>CEO / Managing Director</i>	Mike Wilson, BSc, BEc (Hons), GAICD
	<i>COO</i>	Angela McKay, BBus (Joined on 28/5/2012)
	<i>Head of Development</i>	James Clampett, BEc
	<i>Head of Marketing</i>	Carl Ireland, BBus (Mktg), Grad. Dip. (Mktg) (Left JDRF on 7August 2012).
	<i>Head of Research Development</i>	Dorota Pawlak, MSc, PhD
	<i>Head of Government Relations</i>	Tanya Stoianoff, BAgri Ec, MPS
	<i>National Philanthropic Giving Manager</i>	Carrie Keller, BBus (Intl Bus), MBA, MAICD
Notice of annual general meeting		The annual general meeting of JDRFI
	will be held at	Level 38, MLC Centre Martin Place, Sydney, 2000
	time	2.00pm
	date	Friday 30 November, 2012
Principal registered office		Level 4, 80-84 Chandos Street St Leonards NSW 2065
Auditor		PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street GPO Box 2650 Sydney NSW 1171
Solicitors		Freehills MLC Centre Martin Place Sydney NSW 2000
Bankers		Westpac Banking Corporation 275 Kent Street Sydney NSW 2000
Website		www.jdrf.org.au

Juvenile Diabetes Research Foundation International

Directors' Report

30 June 2012

Your directors are pleased to present their report on the company for the year ended 30 June 2012.

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	Stephen Higgs	Frank Jackson
Trevor Allen	Ross Kennan	Mark van Dyck
Robert Antulov	Natasha Mandie	Michael White
Rebecca Davies	Kristen Mason	Mike Wilson
Stuart Green	Helen McCombie	Peter Wilson
Paul Heath	Timothy Morphy	

Mark van Dyck and Paul Heath were appointed as a director on 29 March 2012 and remain in office at the date of this report.

Principal activities

Juvenile Diabetes Research Foundation International 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

JDRF's mission

JDRF's mission is to find a cure for type 1 diabetes and its complications through the support of research.

Research investment

In 2011/2012 JDRF continued to fund the best and most promising Australian type 1 diabetes research, as well as providing key support programs to the Australian type 1 diabetes community. JDRF invested \$5.8m directly in Australian research and support programs, including direct funding for Australian research projects, management of Government-funded research and support initiatives, fellowships, travel grants, conference grants, postgraduate scholarships, and travel grants for young scientists, and a range of other support programs. This was an increase of \$761k from 2010/11.

In addition to support provided by JDRF for Australian research, further funding for Australian research is also provided each year by JDRF International (JDRFI, who are US-based). In 2011/12, this amounted to \$2.781m, bringing total research and program investment by JDRF and JDRFI together in Australia to \$8.625m.

A key new JDRF-led research initiative, the Australian Type 1 Diabetes Clinical Research Network (CRN), grew significantly this year. In the first formal meeting of the CRN in November 2011, twenty key representatives from the type 1 diabetes research community met over a two day workshop to discuss and agree on the core goals, activities, structure and operations of the network. This collaborative meeting has allowed the CRN to start funding three projects across Australia with the support of the Australian Government.

Outside of the CRN, JDRF continued to fund the best Australian research and work in partnership with other Australian research and funding organisations, with local research breakthroughs combining with collective scientific knowledge about type 1 diabetes to help pave the way to an eventual cure.

Financial performance and reserves

JDRF raised funds from a variety of sources to support our ability to invest in Australian type 1 diabetes research. In 2011/12, total revenue increased by 8% to \$10.755m, up from \$9.962m in 2010/11.

Revenue from fundraising increased over the same timeframe to \$8.481m, up from \$8.293m. In recognition of the changing composition of our fundraising portfolio, JDRF concentrated efforts on growing the capacity of fundraising initiatives such as Team Cure Diabetes and a national Major Donor Roadshow, designed to engage key major supporters. As part of these activities, Team Cure Diabetes was given a fresh design and digital presence, helping to engage the online community in fundraising activities ranging from large gala balls to golf days and trivia nights. As a result, revenue from major contributions increased significantly over the prior year,

Juvenile Diabetes Research Foundation International
Directors' Report (continued)
30 June 2012

providing growth at a rate that wasn't able to be matched in the Walk and Ride to Cure Diabetes, two of our longer term and traditionally higher value events. The underperformance of the Spin to Cure Diabetes resulted in the program of Spin events being removed from planning for the 2012/13 year.

Revenue from government grants increased to \$1.582m in 2011/12 from \$841k in the prior year. This increase was driven in part by the provision of more insulin pumps to eligible families through the Federally funded Insulin Pump Program. The payment of the first grants for the CRN also contributed to the increase in government funding.

JDRF aims to have cash reserves equivalent to at least six months of cover for fixed operating costs (which includes expenditure on staff costs, rental expenditure and technology & communications). In the 2012 financial year, the average level of cover was 13.7 months of fixed operating cost.

The accounts for JDRF for the year ended 30 June 2012 show a deficit from continuing operations of \$364k. The deficit needs to be considered from the perspective that it arises as a result of JDRF making voluntary and discretionary grants of research funds. In view of the build up of reserves referred to above, the Board elected to fund, out of these reserves, additional Australian research deemed to add value to our efforts to cure, treat and prevent type 1 diabetes.

Community engagement

JDRF's fundraising results and related research investment is not possible without the strong support of the Australian type 1 diabetes community and their family and friends. JDRF grew its engagement with the type 1 diabetes community, reaching out through the Peer Support Program to 96% of newly diagnosed children and families known to JDRF. These individuals also received a KIDSAC or t1d resources kit upon diagnosis. They were then kept informed of key developments at JDRF and in the type 1 diabetes world through the redesigned monthly Path to a Cure newsletter, delivering relevant stories each month.

JDRF also recognised dedication and commitment in the type 1 diabetes community with the presentation of the second annual Diabetes Educator Awards and the execution of a revamped Volunteer Recognition Awards program. As described above the Australian Government funded Insulin Pump Program also performed at higher levels than previous years, delivering 178 subsidised insulin pumps to Australian families in FY12.

In these ways and many more, JDRF engaged and interacted with a broad range of individuals in the type 1 diabetes community who support our mission.

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 2012, 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 JDRF that 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 2012

Information on Directors and Company Secretary

Directors Qualifications and Special Responsibilities	Experience
<p>President of the Board Dr Susan Alberti, AO HonLLD MAICD Member of JDRFI Board of Chancellors Former Member of Major Donor Committee JDRFI Retired Member of Board of Directors JDRFI Retired Chairman of JDRFI International Development Committee</p>	<ul style="list-style-type: none"> • Managing Director, Dansu Group • International Patron of JDRFI • Director, Western Bulldogs Football Club • Co-Chair, Western Bulldogs Forever Foundation Ltd • Director, GoldAge Pty Ltd • Foundation Chair, St Vincent's Institute of Medical Research • Director, St Vincent's Institute of Medical Research • Member of the Advisory Group for the Australian Community Centre for Diabetes in alliance with Victoria University, Western Health and the International Diabetes Institute • Retired Director, Click Foundation (Epilepsy) • Director, Victoria University Foundation • Member of the Australia Day Committee (Victoria) • Member of Australian Institute of Company Directors • Chair of the Susan Alberti Medical Research Foundation • Director, Western Health Foundation
<p>Chairman Stephen Higgs, BEc Member of the Finance Committee Member of the Ad Hoc Lay Review Panel after 3 years on the full committee</p>	<ul style="list-style-type: none"> • Director, Peet Limited. • Chairman, Glycemic Index Ltd. • Past Chairman, Orlando Wines. Austoft Pty, Jasco Pty Ltd, NPL Ltd, Leigh Mardon Pty Ltd, Rural Press Ltd, IPAC Securities Ltd, So Natural Foods Ltd, Primary Health Care Ltd and UBS Warburg. • Father of son with type 1 diabetes.
<p>Vice-Chair Rebecca Davies, LLB (Hons), BEc, FAICD Member of the Board of JDRFI Chair of the International Affairs Committee, JDRFI Member of the JDRFI Research Committee</p>	<ul style="list-style-type: none"> • Member of the Private Health Insurance Administration Council and former Chair of its Audit and Compliance Committee, Former Member of the Executive Board for the Islet Transplantation Program • Director of LCM Healthcare Limited and member of its Audit and Risk and Remuneration Committees. • Director of Westpac/BT superannuation and financial services subsidiaries, Chair of its Investment Committee, member of Audit Committee • Former Partner and Board member of a major national law firm. • Former Chair of MLC Nominees • Chair Gondwana Choirs • Member Research Committee, National Health and Medical Research Council • Mother of daughter with type 1 diabetes.

Juvenile Diabetes Research Foundation International
Directors' Report (continued)
30 June 2012

Directors Qualifications and Special Responsibilities	Experience
Vice-Chair Peter Wilson , Dip. Chem. BEc	<ul style="list-style-type: none"> • Former Managing Director and Chief Executive Officer - Spotless Group Limited. • Former Director of Spotless Group Limited. Director of Taylors Group Limited (a New Zealand company). • Member of JDRFI Board of Chancellors. Retired member of Board of Directors JDRFI. • Member of Finance Committee JDRFI (former Chairman). Member of Finance Committee JDRF. • Member of International Development Committee JDRFI (former Chairman). • Former President of Long Island, New York, Chapter of JDRFI. • Managing Director PAGA Consulting Pty. Ltd. • Director, Stanhope Eco Trade Pty. Ltd. • Director, Mainstream Aquaculture Pty Ltd. • Father of daughter with type 1 diabetes.
Treasurer Trevor Allen , BCom (Hons), CA, FF,MAICD Chair of the Finance & Audit Committee	<ul style="list-style-type: none"> • Director Peet Limited and Peet Flagstone City Pty Ltd. • Director of ICS Advisory Limited • Former National Head of Mergers and Acquisitions, KPMG and now a consultant to KPMG. • Member of the Corporate Finance Advisory Group of FINSIA • Past Director of UBS Warburg. • Sister has type 1 diabetes.
Robert Antulov , BE MBA MIEAust, MAICD	<ul style="list-style-type: none"> • Corporate Advisor and Company Director • Director, Medianext Pty Ltd • Director of Sydney Film Festival , Director of Choice (Australian Consumers Association) • Former Director of Strategy, Fairfax Media Ltd • Father of son with type 1 diabetes.
Stuart Green , B.A. (Hons), MBA, FCA, ACMT	<ul style="list-style-type: none"> • Executive Director, Head of Corporate Communications and Investor Relations, Macquarie Group Limited
Paul Heath (appointed 29 Mar 2012) Chair of Remuneration Committee	<ul style="list-style-type: none"> • Chief Executive Officer, JBWere Pty Ltd • Board Director, Beyond Empathy • Member, Endowment Investment Committee of the Benevolent Society. • Father of daughter with type 1 diabetes.
Ross Kennan , FIEA and AICD and RACI Member of the Remuneration Committee	<ul style="list-style-type: none"> • Former Global SBU Vice-President of Honeywell Inc. Chairman, Neptune Marine Services Ltd. • Chairman, Dadanco P/L

Juvenile Diabetes Research Foundation International
Directors' Report (continued)
30 June 2012

Directors Qualifications and Special Responsibilities	Experience
Frank Jackson Life-member of JDRF Founding Chapter and president for JDRF - Western Australia Founding committee member for Walk to Cure Diabetes – WA	<ul style="list-style-type: none"> • Managing Director, Frank Jackson Holdings Pty Ltd • Chairman of The Jackson Family Foundation • Father of daughter with type 1 diabetes.
Natasha Mandie , B Comm (Hons), LLB (Hons), GAICD Member of Remuneration Committee	<ul style="list-style-type: none"> • Managing Director of Mandie Consulting • Former Director, Corporate Advisory Solutions, Credit Suisse • Has type 1 diabetes.
Kristen Mason , MBA Chair of the NSW Ball Committee	<ul style="list-style-type: none"> • Manager, Travel Partner Networks JAPA, American Express. Former Director of Foundation – Kambala. • Mother of daughter with type 1 diabetes.
Helen McCombie Member of NSW Corporate Committee	<ul style="list-style-type: none"> • Partner, Citadel PR, a corporate communications consultancy. • Formerly Business Editor at Sky News and reporter on Channel 9's Business Sunday program.
Timothy Morphy , BA, LLB, Grad. Dip. Legal Prac., MBA	<ul style="list-style-type: none"> • Managing Director, Healthways Australia Pty Ltd • Former General Manager Marketing, I-Med Network Limited • Former National Head of Marketing, Medibank Private Limited
Mark van Dyck , BA (Hons) ; GAICD (appointed 29 Mar 2012) Member of the Board of JDRF Member of NSW Corporate Committee Member of Remuneration Committee	<ul style="list-style-type: none"> • Former COO of LG Electronics • Former Managing Director Coca-Cola Australia • Former Managing Director Coca-Cola Ireland • Director, Glycemic Index Foundation • Member of the NSW Council for Reach Foundation • Father of daughter with type 1 diabetes.
Michael L. White , BA in History, MBA Member JDRFI Board of Chancellors	<ul style="list-style-type: none"> • President and owner RBW Companies. • Chair of JDRF Strategic Alliance Committee. • Member JDRF Research Executive Committee • Father of son with type 1 diabetes.
Mike Wilson , GAICD, BSc, BEc (Hons) Chief Executive Officer/Managing Director Company Secretary	<ul style="list-style-type: none"> • Director, Glycemic Index Foundation • Director, Labstamp International • CEO of JDRF since 2004

Juvenile Diabetes Research Foundation International
Directors' Report (continued)
30 June 2012

Meetings of directors

The number of meetings of JDRF's board of directors and Finance & Audit Committee held during the year ended 30 June 2012, 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	6	7	*	*
Trevor Allen	5	7	10	10
Robert Antulov	7	7	*	*
Rebecca Davies	6	7	*	*
Stuart Green	5	7	*	*
Paul Heath	1	2	*	*
Stephen Higgs	6	7	7	10
Frank Jackson	2	7	*	*
Ross Kennan	4	7	*	*
Natasha Mandie	5	7	*	*
Kristen Mason	5	7	*	*
Helen McCombie	6	7	*	*
Timothy Morphy	5	7	*	*
Mark van Dyck	2	2	*	*
Mike Wilson #	7	7	10#	10#
Peter Wilson	6	7	8	10
Michael White	5	7	*	*

A = Number of meetings attended

B = number of meetings held while in office

* denotes not a member of this committee

Mike Wilson attended all 10 Finance & Audit Committee meetings as CEO.

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 on developing and tracking budgets, monitoring forecasts, and reviewing management accounts and statutory accounts. The committee met ten times this financial year. Four independent (non-director) members currently sit on the Finance & Audit Committee to augment the diverse range of backgrounds and experience. They are Boris Musa, Managing Director & CEO of Mainstream Aquaculture Pty Ltd, Peter Whyntie, Director & Principal Consultant Peter Whyntie Associates Pty Limited, Colin North, Senior Consultant and Past Owner and Managing Director of Major Furnace Australia Pty Ltd and Fiona Hindmarsh, Client Development Manager of The Myer Family Company Ltd. During March 2012, Allison McMartin resigned as a member of the Finance & Audit Committee. Colin North and Fiona Hindmarsh joined on 29 Sep 2011 and 26 Sep 2012 respectively.

Insurance of officers

During the financial year, the company insured certain officers of the company under its Associations Liability Insurance policy, a blanket policy covering assets, directors and officers and employment practices for volunteers and staff. The premium for this policy was \$12,433 (2011 - \$12,280).

The officers of the company covered by the insurance policy are the directors, leadership team and non director committee members as noted 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 (continued)
30 June 2012

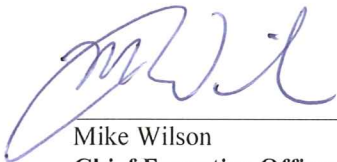
Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



Stephen Higgs
Chairman

Sydney
Date: 4 October 2012

Auditor's Independence Declaration

As lead auditor for the audit of Juvenile Diabetes Research Foundation International for the year ended 30 June 2012, 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 during the period.



Eddie Wilkie
Partner
PricewaterhouseCoopers

4 October 2012

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Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement

The Juvenile Diabetes Research Foundation International 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 Securities 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 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 15).
 - Progress of major capital expenditures and other significant corporate projects.
- 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 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.

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 seventeen (17) 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, internal compliance and control that 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. The Finance & Audit Committee was active for the duration of FY12 and remains active at the time of signing of this report. Subsequent to the end of FY12 and prior to the signing of this report, a Remuneration Committee was established and convened for the purpose of overseeing a management review of JDRF's remuneration structures and processes. In FY12 a charter was drafted for the establishment of a National Fundraising Committee as a subcommittee of the Board, but the Committee has not yet been established or convened at the time of signing of this report.

Corporate Governance Statement (continued)

Finance & Audit Committee

The Finance & Audit Committee includes the following directors:

Trevor Allen (Treasurer and 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 9.

In addition to the directors listed above, the Finance & Audit Committee also includes four independent non-director members:

Boris Musa
Peter Whyntie
Colin North
Fiona Hindmarsh

The details of these committee members are set out on page 9.

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 & 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 and in accordance with good governance and best practice, will rotate the audit partner for the 2013 financial year.

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.

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.

Risk Management

In order to strengthen the company's position with respect to Risk Management a full Risk Management Strategy incorporating a Risk Management Policy was adopted by directors. Subsequent to that approval the development of a risk management plan has commenced, including, the appointment of a Risk Manager and the creation of a formal Risk Management Committee Charter to govern the operations of a Risk Management Committee .

Workplace Health & Safety

JDRF recognises the importance of Workplace Health & Safety (WHS) issues and has established and is further developing over time internal structures to assist in acquitting responsibilities in this area. The areas of WHS are government compliant and subject to the scrutiny of a WHS Committee with input from across the organisation. Reporting from the WHS Committee is reviewed and addressed by the Risk Management Committee on a regular basis.

Code of Conduct

The organisation has developed a statement of values and a Code of Conduct (the Code) which has been 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 that they do not permit their personal interests to conflict, or even appear to conflict, with the interests of JDRF.

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 JDRF.

Juvenile Diabetes Research Foundation International
Statement of Comprehensive Income
For the year ended 30 June 2012

	Notes	Year to 30 June 2012 \$	Year to 30 June 2011 \$
Revenue from continuing operations - fundraising & other income	4	9,173,089	9,121,409
Revenue from continuing operations - government grants	4	1,581,643	840,600
Total revenue from continuing operations		10,754,732	9,962,009
Employee benefits expenses		(2,496,797)	(2,389,558)
Fundraising campaign expenses		(781,599)	(653,145)
Communications & technology expenses*		(195,831)	(176,764)
Advertising, promotion and printing expenses		(158,546)	(208,746)
Other expenses		(1,487,249)	(1,335,546)
Surplus from continuing operations		5,634,710	5,198,250
Research, pumps and travel awards		(5,844,319)	(5,082,901)
Education and support		(154,024)	(148,177)
Surplus / (deficit) before tax	5	(363,633)	(32,828)
Income tax expense		-	-
Surplus / (deficit) from continuing operations		(363,633)	(32,828)
Other comprehensive income			
Other comprehensive income / (expense) for the period, net of tax		-	-
Total comprehensive income / (expense) for the period	13	(363,633)	(32,828)

*2012 - \$128,000 in-kind technology support (2011 - \$27,090). Note that this is a non-cash expenditure item, with a matching amount recorded as non-cash income.

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 2012

	Notes	As at 30 June 2012 \$	As at 30 June 2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	8,180,170	9,136,882
Trade and other receivables	7	843,502	779,745
Inventories	8	145,621	194,152
Total current assets		9,169,293	10,110,779
Non-current assets			
Plant and equipment	9	135,653	180,193
Intangibles	10	5,467	6,302
Total non-current assets		141,120	186,495
Total assets		9,310,413	10,297,274
LIABILITIES			
Current liabilities			
Trade and other payables	11	5,329,334	5,979,870
Provision for long service leave	12	35,047	25,635
Total current liabilities		5,364,381	6,005,505
Non-current liabilities			
Provision for long service leave	12	83,016	65,120
Total non-current liabilities		83,016	65,120
Total liabilities		5,447,396	6,070,625
Net Assets		3,863,016	4,226,649
EQUITY			
Retained surplus	13	3,863,016	4,226,649
Total equity		3,863,016	4,226,649

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 2012

	Year to 30 June 2012 \$	Year to 30 June 2011 \$
Retained surplus at the beginning of the financial year	4,226,649	4,259,477
Net deficit attributable to members of the company	(363,633)	(32,828)
Retained surplus at the end of the financial year	<u>3,863,016</u>	<u>4,226,649</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 2012

	Notes	Year to 30 June 2012 \$	Year to 30 June 2011 \$
Cash flows from operating activities			
Fundraising income		8,519,006	8,299,187
Government grants (Insulin Pump Program)		802,000	610,000
Interest received		451,925	379,571
Payments for operating activities		(6,297,254)	(5,667,028)
Grants and Travel awards paid		(4,417,783)	(6,088,344)
Net cash inflow / (outflow) from operating activities	19	<u>(942,106)</u>	<u>(2,466,614)</u>
Cash flows from investing activities			
Payments for plant, equipment & software		<u>(14,606)</u>	<u>(37,582)</u>
Net cash (outflow) from investing activities		<u>(14,606)</u>	<u>(37,582)</u>
Net decrease in cash and cash equivalents		<u>(956,712)</u>	<u>(2,504,196)</u>
Cash and cash equivalents at the beginning of the financial year		<u>9,136,882</u>	<u>11,641,078</u>
Cash and cash equivalents at the end of the financial year	6	<u>8,180,170</u>	<u>9,136,882</u>

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 2012

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 located throughout Australia.

Known as JDRF, the entity is a company limited by guarantee incorporated under the Corporations Act 2001. As at 30 June 2012, JDRF had 5,359 members. 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 Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. JDRF is a not for profit for the purpose of preparing the financial statements.

Compliance with IFRSs

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the financial statements and notes of JDRF also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 according to the terms in the agreement.

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

Revenue from bequests is recognised when received.

(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 is recorded as net donations to JDRF.

(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 2012

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. All inventory items (excluding badges) aged greater than two years and those items with significant stock holdings as compared with expected sales are provided for in the current financial year.

(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 2012

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 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 was initially allocated to the delivery of this program over a four year period and has now been extended to five year period. No additional grants were received towards this program from the Government in the 2012 financial year and expenses incurred in delivery of the program in the 2012 financial year were covered by the interest earned from the grant and \$380,273 from the government grant.

(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 2012

Note 2. Financial risk management

(i) Financial risk management objectives

JDRF has limited exposure 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 \$82,000 higher/lower (2011: \$91,000 higher/lower). Accordingly, the equity would have been higher/lower by \$82,000 (2011: \$91,000).

(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 regularly 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 is not able to fund. During the year, the US affiliate provided \$2,780,692 (2011: \$2,059,809) for research in Australia, or 40% (2011: 28%) 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

Government Grants: The Company has recognised \$1,581,643 of Federal Government grants of which \$1,201,370 was for the Insulin Pump Grant Program and \$380,273 was for the Clinical Research Network Grant Program. No additional Government grant was received toward the Clinical Research Network in the 2012 financial year.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (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 \$165,000 (2011: \$Nil) of research grant towards the Clinical Research Network as a financial commitment, to be paid in the 2013 financial year.

Note 4: Revenue from continuing operations

	Year to 30 June 2012 \$	Year to 30 June 2011 \$
Fundraising revenue		
Walk to Cure Diabetes	1,596,177	1,761,692
Gala Dinners and Balls	719,239	1,084,090
Direct Mail	149,210	138,735
Corporate Partnerships	489,000	312,500
Major Contributions	3,169,332	2,394,454
Merchandising Campaigns	864,023	899,123
Donations	168,130	286,030
Ride to Cure Diabetes	1,004,685	897,596
Golf Days	70,740	97,130
Spin to Cure	44,668	209,887
Other fundraising activities	206,225	211,973
	8,481,429	8,293,210
Other Revenue		
Membership fees	37,077	46,477
Interest	523,670	554,632
Shares	2,913	-
In-kind donations	128,000	227,090
	691,660	828,199
Revenue from government grants		
Government Grants - Insulin Pump Grant Program	1,201,370	840,600
Government Grants - Clinical Research Network	380,273	-
	1,581,643	840,600
Revenue from continuing operations	10,754,732	9,962,009

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (continued)

(a) Government grants

A government grant of \$1,201,370 was recognised as revenue by the company during the financial year for the Insulin Pump Program (IPP). The revenue includes a \$399,000 amount carried forward into the 2012 financial year from prior year towards the IPP. No additional funding was received in the 2012 financial year towards the establishment of a Clinical Research Network. \$4.6 million from the initial funding of \$5 million received in June 2010 is deferred in the statement of financial position. JDRF did not benefit directly from any other forms of government financial assistance.

Note 5: Surplus / (deficit) before income tax

	Year to 30 June 2012	Year to 30 June 2011
	\$	\$
Surplus / (deficit) before income tax expense includes the following specific expenses:		
Depreciation and amortisation		
Equipment and software	59,981	111,731
Research & Pump grants	5,769,429	5,034,316
Travel grants & RACP Fellowship grant	74,890	48,585
Rental expense relating to operating leases	185,511	185,435
Total fundraising activities (net of rent)	2,988,942	2,720,903
Superannuation	149,963	198,515
Loss on disposal of fixed assets	-	2,452

Note 6. Current assets – cash

	As at 30 June 2012	As at 30 June 2011
	\$	\$
Cash on hand	1,500	1,500
Cash at bank - National Office Accounts		
General accounts	1,165,062	684,609
Cash at bank - Other Accounts		
Walk offices	637	2,640
Jelly Baby account	22,846	42,181
	23,483	44,821
Bank deposits		
Term deposits for research	6,990,125	8,405,952
	6,990,125	8,405,952
Total cash and cash equivalents	8,180,170	9,136,882

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 2012 (2011 – 0.01% to 6.35%)

Bank deposits

The deposits are bearing floating interest rates of between 3.05% and 6.35% at 30 June 2012 (2011 between 3.05% and 6.35%)

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (continued)

Note 7. Current assets - receivables

	As at 30 June 2012 \$	As at 30 June 2011 \$
Accrued Interest	265,712	193,967
Prepayments	46,515	28,055
Rental deposits	11,536	12,535
Accrued income	502,852	531,033
Other Debtors	16,887	14,155
	<u>843,502</u>	<u>779,745</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 – inventories

	As at 30 June 2012 \$	As at 30 June 2011 \$
Jelly Baby merchandise at cost	193,665	199,264
Less: Provision for obsolescence	(48,044)	(5,112)
Finished goods - net realisable value	<u>145,621</u>	<u>194,152</u>

Inventory expense

Inventories recognised as an expense during the year ended 30 June 2012 amounted to \$311,630 (2011: \$261,646).

Write-down of inventories to net realisable value recognised as an expense during the year ended 30 June 2012 amounted to \$66,594 (2011: \$5,112). The expense has been included as a direct cost attributable to the Merchandise Campaigns in the statement of comprehensive income.

The provision for obsolescence is calculated based on the merchandise carried in the statement of financial position as at 30 June 2012 amounted to \$48,044 (2011: \$5,112). It is the residual stock value after having run through the volunteer channels for three campaigns.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (continued)

Note 9. Non-current assets - plant and equipment

	Office equipment \$	Computers and Electrical \$	Leasehold Improvements \$	Total \$
Year ended 30 June 2011				
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	12,200	19,733	148,260	180,193
At 30 June 2011				
Cost	16,673	156,562	215,318	388,553
Accumulated depreciation	(4,473)	(136,829)	(67,058)	(208,360)
Net book value	12,200	19,733	148,260	180,193
Year ended 30 June 2012				
Opening net book value	12,200	19,733	148,260	180,193
Additions	-	5,768	1,495	7,263
Disposals	-	-	-	-
Depreciation charge	(3,223)	(12,212)	(36,368)	(51,803)
Closing net book amount	8,977	13,289	113,387	135,653
At 30 June 2012				
Cost	16,673	61,441	216,813	294,927
Accumulated depreciation	(7,696)	(48,152)	(103,426)	(159,274)
Net book value	8,977	13,289	113,387	135,653

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (continued)

Note 10. Non-current assets – intangibles

	Software \$
Year ended 30 June 2011	
Opening net book value	27,727
Additions	-
Disposals	-
Amortisation charge	<u>(21,425)</u>
Closing net book amount	<u><u>6,302</u></u>
At 30 June 2011	
Cost	215,624
Accumulated amortisation	<u>(209,322)</u>
Net book value	<u><u>6,302</u></u>
Year ended 30 June 2012	
Opening net book value	6,302
Additions	7,343
Disposals	-
Amortisation charge	<u>(8,178)</u>
Closing net book amount	<u><u>5,467</u></u>
At 30 June 2012	
Cost	222,359
Accumulated amortisation	<u>(216,892)</u>
Net book value	<u><u>5,467</u></u>

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (continued)

Note 11. Current liabilities – payables

	As at 30 June 2012	As at 30 June 2011
	\$	\$
Payables		
Trade payables	353,230	158,278
Income received in advance	4,798,088	5,527,375
Other payables	20,262	84,408
Employee entitlements	157,754	209,809
Total Current Payables	5,329,334	5,979,870

Note 12. Provisions – long service leave

	As at 30 June 2012	As at 30 June 2011
	\$	\$
Employee benefit and related on-cost liabilities:		
Current Liabilities - Long Service Leave	35,047	25,635
Non-Current Liabilities - Long Service Leave	83,016	65,120
Aggregate employee benefit - Long Service Leave	118,063	90,755
Employee numbers	Number	Number
Number of employees at reporting date	31	33

Note 13. Retained surplus

	Year to 30 June 2012	Year to 30 June 2011
	\$	\$
Retained surplus at the beginning of the financial year	4,226,649	4,259,477
Net deficit attributable to members of the company	(363,633)	(32,828)
Retained surplus at the end of the financial year	3,863,016	4,226,649

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (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 \$7,696 in place as at 30 June 2012 for the lease of an office premise in Perth (2011: \$7,062). The company has no other contingencies as at the date of this report.

Note 16. Commitments for expenditure

	As at 30 June 2012 \$	As at 30 June 2011 \$
Lease commitments		
Non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities payable:		
Not later than one year	122,443	167,376
Later than one year but not later than 5 years	125,870	206,627
Total commitments not recognised in the financial statements	248,312	374,003

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; Paul Heath; Stephen Higgs; Frank Jackson; Ross Kennan; Natasha Mandie; Kristen Mason; Helen McCombie; Timothy Morphy; Mark van Dyck; 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

JDRF has entered into an arms-length tenancy agreement with the Western Bulldogs. Both entities share a common director. The tenancy agreement commenced from 1 July 2012 with an annual rental of \$19,000. The Melbourne office has been relocated to West Footscray.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (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
Angela McKay	Chief Operating Officer
James Clampett	Head of Development
Carl Ireland	Head of Marketing
Dorota Pawlak	Head of Research Development
Tanya Stoianoff	Head of Government Relations
Carrie Keller	National Philanthropic Giving Manager

Angela McKay and Carrie Keller joined the leadership team during the 2012 financial year.

(c) Key management personnel compensation

	Year to 30 June 2012	Year to 30 June 2011
Salary	923,138	868,864
Post-employment benefits - Superannuation	65,788	61,349
Provision for Long Service Leave	16,804	4,381
Total employee benefits	1,005,730	934,594

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 30 June 2012 \$	Year to 30 June 2011 \$
Net surplus / (deficit) after income tax	(363,633)	(32,828)
Depreciation and amortisation	59,981	111,731
Loss on disposal of fixed asset	-	2,452
In Kind Revenue relating to fixed asset additions	-	(200,000)
Change in operating assets and liabilities		
(Increase)/Decrease in trade & other receivables	(46,295)	(131,677)
(Increase)/Decrease in other debtors	999	22,948
(Increase)/Decrease in prepayments	(18,461)	22,854
(Increase)/Decrease in inventories	48,530	(84,426)
Increase/(Decrease) in trade and other creditors	130,806	(634,729)
Increase/(Decrease) in research grants payable	-	(1,325,869)
Increase/(Decrease) in income received in advance	(729,286)	(256,571)
Increase/(Decrease) in provisions for employee entitlements	(24,747)	39,501
Net cash (outflow)/inflow from operating activities	(942,106)	(2,466,614)

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2012 (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 2012		
	Gross income	Direct Expenditure	Net Proceeds
	\$	\$	\$
Walk to Cure Diabetes	1,596,177	235,795	1,360,382
Gala Dinners and Balls	719,239	289,301	429,938
Direct Mail	149,210	42,628	106,582
Corporate Third Party Fundraising	489,000	5,009	483,991
Major Contributions	3,169,332	110,206	3,059,126
Merchandising Campaigns	864,022	405,224	458,798
Donations	168,130	2,974	165,156
Ride to Cure Diabetes	1,004,685	352,955	651,730
Golf Days	70,740	13,840	56,900
Spin to Cure Diabetes	44,668	28,082	16,586
Other fundraising activities	206,227	38,728	167,499
Total	8,481,430	1,524,742	6,956,687
Less indirect expenditure			1,617,233
Net amount raised			5,339,454
			% of Gross Income
Direct expenditure			18.0%
Indirect expenditure			19.0%
Total expenditure			37.0%
Net amount raised			63.0%

	Year to 30 June 2011		
	Gross income	Direct 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
Total	8,293,209	1,363,747	6,929,461
Less indirect expenditure			1,515,121
Net amount raised			5,414,341
			% of Gross Income
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 2012 (continued)

Note 20. Charitable fundraising activities (continued)

Direct expenditure includes all the costs for staging the Walk, Ride, Spin and Jump to Cure Diabetes, Gala Dinners 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 2012 (2011: 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 2012 were \$789,688.

Note 22: Remuneration of auditors

The audit fee payable to PricewaterhouseCoopers is \$30,000 (2011: \$30,000). This amount is subsidised by the PwC Foundation.

Note 23: Event occurring after reporting date

Since 30 June 2012 to the date of this report, no matter or circumstances have arisen which have a significant effect on:

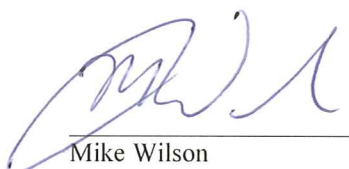
- (a) the operations of JD RF;
- (b) the results of those operations; or
- (c) the state of affairs of JD RF.

Juvenile Diabetes Research Foundation International Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 16 to 33 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 2012 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



Stephen Higgs

Chairman

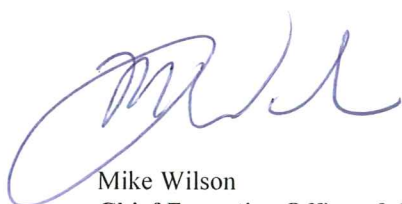
Sydney

Date: 4 October 2012

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 16 to 33 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 2012; 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: 4 October 2012

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 2012, 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 and 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 opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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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 revenue from these sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations and other fundraising activities was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the company's financial records. As a result, we 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 possible effects 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 2012 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 2012;
 - (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 2012;
- (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 2012 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
4 October 2012

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