



# **Juvenile Diabetes Research Foundation International**

**ABN 40 002 286 553**

**Financial Report  
30 June 2013**

**Incorporated in the State of NSW**

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

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

# Juvenile Diabetes Research Foundation International (JDRF)

ABN 40 002 286 553

## Financial Report – 30 June 2013

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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 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 3 October 2013. 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 JDRF. 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 (JDRF)

## Corporate Directory

### Directors

<i>Chairman</i>	Stephen Higgs, BEc
<i>Vice-Chair</i>	Paul Heath
<i>Vice-Chair</i>	Natasha Mandie, B Comm (Hons), LLB (Hons), GAICD
<i>Treasurer</i>	Trevor Allen, BCom (Hons), CA, FF, MAICD
<i>Honorary President</i>	Susan Alberti AO, MAICD
	Robert Antulov, BE, MBA, MIEAust, MAICD
	Rebecca Davies, LLB (Hons), BEc, FAICD
	Stuart Green, B.A. (Hons), MBA, FCA, ACMT.
	Ross Kennan, FIEA and FAICD and MRACI, BSc
	Kristen Mason, MBA, BA
	Helen McCombie
	Timothy Morphy, BA, LLB, Grad. Dip. Legal Prac., MBA
	Jonathan Salmon, MAICD (Joined on 30 Nov 2012)
	Mark van Dyck, BA (Hons) , GAICD
	Michael White, BA, MBA
	Peter Wilson, Dip. Chem, BEc
	Mike Wilson, GAICD, BSc, BEc (Hons)

*Secretary* Mike Wilson, GAICD, BSc, BEc (Hons)

### Senior Managers

<i>CEO / Managing Director</i>	Mike Wilson, GAICD, BSc, BEc (Hons)
<i>Chief Operating Officer</i>	Angela McKay, BBus
<i>Head of Research Development</i>	Dorota Pawlak, MSc, PhD
<i>Head of Development Government Relations Manager</i>	James Clampett, BEc
<i>National Manager - Marketing</i>	Suzanne Culph, BA (Hons), MA (commenced in role 25 February 2013)
<i>Head of Marketing</i>	Lyndal Howison, BBus, Cert Marketing (commenced in role 1 April 2013)
<i>Head of Government Relations</i>	Carl Ireland (Left JDRF on 7 August 2012)
<i>National Philanthropic Giving Manager</i>	Tanya Stoianoff, BAg Ec, MPS (Left JDRF on 22 February 2013)
	Carrie Keller, BBus MBA, MAICD (Left JDRF on 29 July 2013)

### Notice of annual general meeting

The annual general meeting of JDRF

**will be held at** Herbert Smith Freehills, ANZ Tower  
Level 34, 161 Castlereagh St, Sydney NSW  
2000  
**time** 6.00pm  
**date** Thursday 28 November, 2013

### Auditor

PricewaterhouseCoopers  
Darling Park Tower 2  
201 Sussex Street  
GPO Box 2650  
Sydney NSW 1171

### Solicitors

Herbert Smith Freehills  
ANZ Tower  
Level 34, 161 Castlereagh St  
Sydney NSW 2000

### Bankers

Westpac Banking Corporation  
275 Kent Street  
Sydney NSW 2000

### Website

[www.jdrf.org.au](http://www.jdrf.org.au)

# Juvenile Diabetes Research Foundation International (JDRF)

## Directors' Report

30 June 2013

Your directors are pleased to present their report on the company for the year ended 30 June 2013.

### Directors

The following persons were directors of the JDRF during the whole of the financial year and up to the date of this report unless otherwise stated:

Stephen Higgs	Rebecca Davies	Jonathan Salmon (appointed on 30 November 2012)
Paul Heath	Stuart Green	Mark van Dyck
Natasha Mandie	Ross Kennan	Michael White
Trevor Allen	Kristen Mason	Peter Wilson
Susan Alberti AO	Helen McCombie	Mike Wilson
Robert Antulov	Timothy Morphy	

Frank Jackson resigned as director in October 2012.

### Principal activities

JDRF is a registered charitable organisation. Its principal activities are to raise funds and conduct advocacy to support research to find a cure for, treat, and prevent type 1 diabetes. JDRF also raises awareness of the seriousness of type 1 diabetes, and to offer practical support to people with type 1 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 2012/2013 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 \$5.5m directly in Australian research and support programs, including direct funding for Australian research projects, management of Government-funded research and support initiatives, fellowships, conference grants, postgraduate scholarships, and travel grants for young scientists, and a range of other support programs.

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 2012/13, this amounted to \$353,000, bringing total research and program investment by JDRF and JDRFI together in Australia to \$5.85m.

Outside of the Clinical Research Network (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 better treatment and an eventual cure.

## **Juvenile Diabetes Research Foundation International (JDRF)**

### **Directors' Report**

**30 June 2013**

#### *Advocacy*

A highlight for the year was JDRF's Promise to Remember Me advocacy campaign, which culminated in the Kids in the House (KITH) event in Parliament House Canberra in October 2012. This produced a commitment from the Coalition of \$35m for the expansion of the CRN. JDRF is a well-recognised and highly regarded organisation in Parliament, evidenced by the attendance of more than 200 guests and politicians at the Great Hall in Canberra during the KITH event.

#### *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 2012/13 total revenue increased by 3% to \$11.1m, up from \$10.8m in 2011/12.

Revenue from fundraising increased over the same timeframe to \$9.3m, up from \$8.5m from previous year, including a significant increase in Community Fundraising initiatives such as the Jump to Cure Diabetes to \$453,000 along with a substantial increase in Bequest revenue to \$760,000. Traditional fundraising events also performed well with Gala Balls increasing by \$82,000 to \$801,000, and the Walk and Ride to Cure Diabetes increasing by \$38,000 to \$1.6m and \$30,000 to \$1.0m respectively.

Revenue from government grants decreased to \$1.4m in 2012/13 from \$1.6m in the prior year. This decrease was driven by a reduction in the Federally funded Insulin Pump Program (IPP) in FY13 of \$675,000 which was partially offset by an increase in CRN-related grants of \$451,000.

JDRF has cash reserves of \$4.1m as at 30 June 2013. Cash reserves are held to cover unexpected or sustained downturns in revenue raising so that the organisation can continue to operate, fund research and meet its obligations.

The accounts for JDRF for the year ended 30 June 2013 show a surplus from continuing operations of \$267,000.

#### *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 90% of newly diagnosed children and families known to JDRF. The opt-in rate to the program was increased to 36% up from 28% in the prior year. 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 and up-to-date research information each month.

JDRF also recognised dedication and commitment in the type 1 diabetes community with the presentation of the third annual Diabetes Educator Awards and the execution of a revamped Volunteer Recognition Awards program.

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 ended 30 June 2013.

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

Since 30 June 2013 there have been two matters which are of significance for JDRF in the coming year/s.

The Coalition had pledged funding for the Clinical Research Network during the JDRF Kids In the House advocacy campaign in October 2012. With the election of the Coalition in September 2013, this funding pledge of \$35m is expected to be realised over the next five years. JDRF will review and refine its operations to responsibly and effectively acquit this funding to accelerate research outcomes.

The Federally funded Insulin Pump Program will be extended with the Government confirming an additional \$870,000 in funding to JDRF in the financial year 2014 for insulin pumps delivered through this program.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Directors' Report**  
**30 June 2013**

There are no other matters since 30 June 2013 that have 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 this 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 (JDRF)

## Directors' Report (continued)

30 June 2013

### Information on Directors and Company Secretary

Directors Qualifications and Special Responsibilities	Experience
<b>Chairman</b> <b>Stephen Higgs, BEc</b>  Member of the Finance & Audit Committee Member of the JDRF Advisory Board Member of the Ad Hoc Lay Review Panel after 3 years on the full committee. Member of the Nominations & Governance Committee	<ul style="list-style-type: none"> <li>• Director, Peet and Company Ltd.</li> <li>• Chairman, Glycemic Index Ltd.</li> <li>• 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</li> <li>• Father of a son with type 1 diabetes</li> </ul>
<b>Vice-Chair</b> <b>Paul Heath</b>  Chair of the Remuneration Committee Member of the Nominations & Governance Committee (appointed on 30 November 2012)	<ul style="list-style-type: none"> <li>• Board Director, Beyond Empathy</li> <li>• Member, Endowment Investment Committee of the Benevolent Society</li> <li>• Former CEO, JBWere Goldman Sachs</li> <li>• Father of a daughter with type 1 diabetes</li> </ul>
<b>Vice-Chair</b> <b>Natasha Mandie, B Comm (Hons), LLB (Hons), GAICD</b>  Member of the Remuneration Committee Member of the Nominations & Governance Committee (appointed on 30 November 2012)	<ul style="list-style-type: none"> <li>• Managing Director, Mandie Consulting Boutique Corporate Advisor</li> <li>• Non-executive Director of a number of private technology companies</li> <li>• Former Director, Corporate Advisory Solutions, Credit Suisse</li> <li>• Has type 1 diabetes</li> </ul>
<b>Treasurer</b> <b>Trevor Allen, BCom (Hons), CA, FF,MAICD</b>  Chair of the Finance & Audit Committee	<ul style="list-style-type: none"> <li>• Non-executive Director, Freedom Foods Group Limited</li> <li>• Non-executive Director, Peet Limited</li> <li>• Former national Head of Mergers and Acquisitions and Partner at KPMG</li> <li>• Former Executive Director, SBC Warburg</li> <li>• Has a sister with type 1 diabetes</li> </ul>
<b>Honorary President</b> <b>Susan Alberti, AO, MAICD</b>  International Patron JDRFI Member of JDRFI Board of Chancellors Former Member of Major Donor Committee JDRFI Retired Member of Board of Directors JDRFI Retired Chairman of JDRFI Development Committee	<ul style="list-style-type: none"> <li>• Managing Director, Dansu Group</li> <li>• International Patron of JDRFI</li> <li>• Director, Western Bulldogs Football Club</li> <li>• Co-Chair, Western Bulldogs Forever Foundation Ltd</li> <li>• Director, GoldAge Pty Ltd</li> <li>• Foundation Chair, St Vincent's Institute of Medical Research</li> <li>• Director, St Vincent's Institute of Medical Research</li> <li>• Member of the Advisory Group for the Australian Community Centre for Diabetes</li> <li>• Retired Director, Click Foundation (Epilepsy)</li> <li>• Director, Victoria University Foundation</li> <li>• Member of the Australia Day Committee (Victoria)</li> <li>• Chair of the Susan Alberti Medical Research Foundation</li> <li>• Director, Western Health Foundation</li> </ul>

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Directors' Report (continued)**  
30 June 2013

Directors Qualifications and Special Responsibilities	Experience
<b>Chief Executive Officer</b> <b>Company Secretary</b> <b>Mike Wilson</b> , GAICD, BSc, BEc (Hons)	<ul style="list-style-type: none"> <li>• Director, Glycemic Index Foundation</li> <li>• Director, Somark Innovations</li> <li>• CEO, JDRF Australia since 2004</li> </ul>
<b>Robert Antulov</b> , BE, MBA, MIEAust, MAICD	<ul style="list-style-type: none"> <li>• Corporate Advisor and Company Director</li> <li>• Director, Medianext Pty Ltd</li> <li>• Director, Sydney Film Festival</li> <li>• Director of Choice (Australian Consumers Association)</li> <li>• Former Director of Strategy, Fairfax Media Ltd</li> <li>• Father of a son with type 1 diabetes</li> </ul>
<b>Rebecca Davies</b> , LLB (Hons), BEc, FAICD  Member of the Board of JDRFI Chair of the JDRFI International Affairs Committee Member of the JDRFI Research Committee Member of the JDRF Advisory Board Member of the Nominations & Governance Committee (resigned on 30 November 2012)	<ul style="list-style-type: none"> <li>• Company Director</li> <li>• Former Partner and board member of a major national law firm</li> <li>• Formerly Chair of MLC Nominees</li> <li>• Member of the Research Committee of the National Health and Medical Research Council</li> </ul>
<b>Stuart Green</b> , B.A. (Hons), MBA, FCA, ACMT	<ul style="list-style-type: none"> <li>• Executive Director, Macquarie Group Ltd</li> <li>• Head of Corporate Communications and Investor Relations, Macquarie Group Ltd</li> </ul>
<b>Ross Kennan</b> , FIEA, FAICD, MRACI, BSc., Grad Dip Ind Eng., Grad Mgmt IMD (Switzerland)  Member of the Remuneration Committee Member of the Nominations & Governance Committee	<ul style="list-style-type: none"> <li>• Chairman, Hindmarsh Old Company Ltd.</li> <li>• Former Chairman, Dadanco Pty Ltd.</li> <li>• Former Global SBU Vice-President, Honeywell Inc.</li> <li>• Former Chairman, Neptune Marine Services Ltd.</li> </ul>



# Juvenile Diabetes Research Foundation International (JDRF)

## Directors' Report (continued)

30 June 2013

Directors Qualifications and Special Responsibilities	Experience
<b>Kristen Mason, MBA, BA</b>  Chair of the NSW Ball Committee	<ul style="list-style-type: none"> <li>• Senior Manager, Travel Partner Network JAPA, American Express</li> <li>• Former Director, Foundation – Kambala</li> <li>• Mother of a daughter with type 1 diabetes</li> </ul>
<b>Helen McCombie</b>  Member of the NSW Corporate Committee	<ul style="list-style-type: none"> <li>• Partner, Citadel</li> <li>• Formerly reporter on Channel 9's Business Sunday program</li> </ul>
<b>Timothy Morphy, BA, LLB, Grad. Dip. Legal Prac., MBA</b>	<ul style="list-style-type: none"> <li>• CEO, MedHealth Group including its wholly owned subsidiaries MLCOA and NextHealth</li> <li>• Former Managing Director, Healthways Australia Pty Ltd.</li> </ul>
<b>Jonathan Salmon, MAICD</b> (appointed 30 November 2012)	<ul style="list-style-type: none"> <li>• CEO, DNS IT and Hosted IT</li> <li>• Director, Unlisted Marketplace</li> <li>• Father of a son with type 1 diabetes</li> </ul>
<b>Mark van Dyck, BA (Hons), GAICD</b>  Member of JDRF Advisory Board Member of the NSW Corporate Committee Member of the Remunerations Committee	<ul style="list-style-type: none"> <li>• Managing Director, Compass Group Australia</li> <li>• Former COO of LG Electronics</li> <li>• Former Managing Director, Coca-Cola Australia</li> <li>• Former Managing Director, Coca-Cola Ireland</li> <li>• Board member of GI Foundation</li> <li>• Member, NSW Council for Reach Foundation</li> <li>• Father of a daughter with type 1 diabetes</li> </ul>
<b>Michael L. White, BA, MBA</b>  Member JDRFI Board of Chancellors	<ul style="list-style-type: none"> <li>• President and owner, RBW Companies</li> <li>• Chair, JDRF Strategic Alliance Committee</li> <li>• Member, JDRF Research Executive Committee</li> <li>• Father of a son with Type 1 diabetes</li> </ul>
<b>Peter Wilson, Dip. Chem. BEc</b>  Member of JDRFI Board of Chancellors Member of JDRFI Finance Committee (former Chairman) Member of Finance & Audit Committee Member of the Nominations & Governance Committee (resigned on 30 November 2012)	<ul style="list-style-type: none"> <li>• Director, Mainstream Aquaculture Pty Ltd.</li> <li>• Former Managing Director and Chief Executive Officer, Spotless Group Limited</li> <li>• Former Director, Spotless</li> <li>• Former Director, Taylors Group Limited (a New Zealand company)</li> <li>• Retired member, JDRFI Board of Directors</li> <li>• Member, International Development Committee JDRFI (former Chairman)</li> <li>• Former President, Long Island, New York, Chapter of JDRF</li> <li>• Managing Director, PAGA Consulting Pty. Ltd.</li> <li>• Director Stanhope Eco Trade Pty. Ltd.</li> <li>• Father of a daughter with type 1 diabetes</li> </ul>

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Directors' Report (continued)**  
**30 June 2013**

**Meetings of directors**

The number of meetings of JDRF's board of directors, Finance & Audit Committee, Nominations & Governance Committee and Remuneration Committee held during the year ended 30 June 2013 (in accordance to Corp 300B(3)(c) and the number of meetings attended by each director were:

Director	Full Meetings of Directors		Meetings of Finance & Audit Committee		Nominations & Governance Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B
Stephen Higgs	6	7	6	8	2	2	*	*
Paul Heath	6	7	*	*	*	*	3	3
Natasha Mandie	7	7	*	*	*	*	2	3
Trevor Allen	6	7	7	8	*	*	*	*
Susan Alberti AO	2	7	*	*	*	*	*	*
Robert Antulov	6	7	*	*	*	*	*	*
Rebecca Davies	7	7	*	*	2	2	*	*
Stuart Green	6	7	*	*	*	*	*	*
Ross Kennan	7	7	*	*	1	2	3	3
Kristen Mason	5	7	*	*	*	*	*	*
Helen McCombie	6	7	*	*	*	*	*	*
Timothy Morphy	6	7	*	*	*	*	*	*
Jonathan Salmon	3	6	*	*	*	*	*	*
Mark van Dyck	4	7	*	*	*	*	1	3
Michael White	6	7	*	*	*	*	*	*
Peter Wilson	6	7	8	8	2	2	*	*
Mike Wilson	7	7	8#	8#	*	*	*	*

A = Number of meetings attended

B = number of meetings held while in office

\* denotes not a member of this committee

# Mike Wilson attended all 8 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 eight times this financial year. Three independent (non-director) members currently sit on the Finance & Audit Committee to augment the diverse range of backgrounds and experience. They are Boris Musa, Managing Director & CEO of Mainstream Aquaculture Pty Ltd, Peter Whyntie, Director & Principal Consultant Peter Whyntie Associates Pty Ltd and Fiona Hindmarsh, Client Development Manager of The Myer Family Company Ltd. Colin North ceased as a member of the Finance & Audit Committee in May 2013.

**Nominations & Governance Committee**

The role of the Nominations & Governance Committee is to assist the Board to fulfil its corporate governance responsibilities in regard to:

- Overall Board composition, Charter, and function, to help ensure that the Board comprises individuals best able to discharge the responsibilities of directors
- New Board appointments and recommendations to the Board and Members for director election and re-election
- Periodic reviews Board of performance
- The development of director induction programs and continuing education
- Committee membership
- Recommending to the Board amendments to the Constitution
- Appointment and succession of the Chief Executive Officer

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Directors' Report (continued)**  
**30 June 2013**

This is done having regard to the objects of JDRF and the law, and aspiring to practice excellence in standards of governance. The committee started on 29 October 2012 and met twice this financial year. Members of the committee are also Board members: Steve Higgs, Rebecca Davies, Peter Wilson and Ross Kennan.

At the JDRF annual general meeting on 30 November 2012, Rebecca Davies and Peter Wilson resigned as members. Paul Heath and Natasha Mandie were appointed as members at that time. No meetings were held between 1 December 2012 and 30 June 2013.

**Remuneration Committee**

The role of the Remuneration Committee is to assist the Board in discharging its responsibilities in the oversight of management in relation to the review, selection and implementation of remuneration structures and processes for JDRF. The committee started on 14 September 2012 and met three times this financial year. Members of the committee are Board members: Mark van Dyck, Ross Kennan, Paul Heath and Natasha Mandie.

**Insurance of officers**

During the financial year, JDRF 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 is due for renewal in November 2013 (2012 - \$12,433).

The officers of JDRF covered by the insurance policy are the directors, senior staff members 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 JDRF.

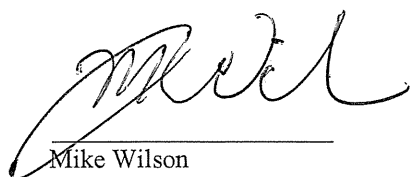
**Rounding of amounts**

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.

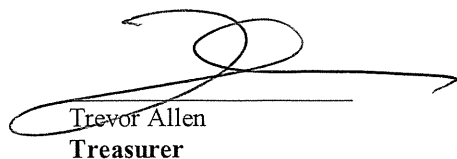
**Auditor**

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 & Managing Director**



Trevor Allen  
**Treasurer**

Sydney  
Date: 3 October 2013



## Auditor's Independence Declaration

As lead auditor for the audit of Juvenile Diabetes Research Foundation International for the year ended 30 June 2013, 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.

A handwritten signature in blue ink, appearing to be 'S Bourke', written over a faint horizontal line.

Steve Bourke  
Partner  
PricewaterhouseCoopers

3 October 2013

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Corporate Governance Statement**  
**30 June 2013**

The JDRF and its Board are committed to achieving and demonstrating high standards of corporate governance. JDRF'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 JDRF'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 JDRF's affairs and the implementation of the corporate strategy and policy initiatives are delegated by the board to the Chief Executive Officer & Managing Director and senior executives.

A description of JDRF'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. A Board Charter has been approved by the directors and aids in guiding the operation and activities of the Board. The responsibilities of the Board as outlined in the Board Charter include the following:

- Assist JDRF to carry out its objects as described in the JDRF Constitution in a manner consistent with the requirements of the Constitution;
- Lead and assist management in setting strategies and plans for carrying out the objects of JDRF, and reviewing progress against these plans;
- Monitor the performance of JDRF;
- Facilitate and support the development of an effective, cohesive, and high performing Board;
- Review and enhance the performance of the Board and directors over time;
- Set and approve policies for JDRF;
- Ensure the compliance by JDRF with all required directors responsibilities and relevant laws and regulations;
- Ensure appropriate insurances, internal controls, risk management practices, compliance frameworks and reporting procedures are in place and operating effectively;
- Appoint, consider succession planning for, and periodically review the performance of the CEO;
- Ensure JDRF is well regarded by potential supporters and maintains community respect; and
- Document and report outcomes to stakeholders including statutory requirements.

***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.

***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 through the Chairperson.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Corporate Governance Statement (continued)**  
**30 June 2013**

***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. These Committees are:

- The Finance & Audit Committee
- The Nominations & Governance Committee (see page 10 for more information)
- The Remuneration Committee (see page 11 for more information)

The outcomes of Committee meetings are tabled at the subsequent board meeting.

***Finance & Audit Committee***

The Finance & Audit Committee includes the following directors:

Trevor Allen (Treasurer and Chairperson)

Stephen Higgs

Peter Wilson

In addition to the directors listed above, the Finance & Audit Committee also includes three independent non-director members: Boris Musa, Peter Whyntie, and Fiona Hindmarsh.

The Finance & Audit Committee has access to appropriate financial and sectoral expertise, operates to the provisions of its Board-approved charter, and all members are financially literate.

***External auditors***

JDRF appoints external auditors who demonstrate quality and independence. The performance of the external auditor, currently PricewaterhouseCoopers, is reviewed annually and applications for tender of external audit services are requested as deemed appropriate.

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. The auditors also meet annually with the Finance & Audit Committee without management present.

***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.

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.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Corporate Governance Statement (continued)**  
**30 June 2013**

**Risk Management**

In order to strengthen JDRF's position with respect to Risk Management (including Workplace Health and Safety), 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 with associated Charter.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2013**

	Notes	2013 \$	2012 \$
<b>Revenue from continuing operations</b>			
Fundraising & other revenue	4	9,824,132	9,173,089
Government grants	4	1,357,830	1,581,643
<b>Total revenue from continuing operations</b>		<b>11,181,962</b>	<b>10,754,732</b>
Employee benefits expenses		(2,643,896)	(2,496,797)
Fundraising campaign expenses		(751,704)	(781,599)
Communications & technology expenses*		(233,739)	(195,831)
Advertising, promotion and printing expenses		(193,875)	(158,546)
Venue expenses		(597,323)	(625,631)
Other expenses		(694,446)	(861,618)
<b>Total operating expenditure</b>		<b>(5,114,983)</b>	<b>(5,120,022)</b>
<b>Surplus from continuing operations</b>		<b>6,066,979</b>	<b>5,634,710</b>
Research, pump and travel grants	5	(5,482,890)	(5,844,319)
Education and support		(317,447)	(154,024)
<b>Surplus / (deficit) before tax</b>		<b>266,642</b>	<b>(363,633)</b>
Income tax expense		-	-
<b>Surplus / (deficit) from continuing operations</b>		<b>266,642</b>	<b>(363,633)</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>		<b>266,642</b>	<b>(363,633)</b>

\*2013 - this includes \$75,000 in-kind technology support (2012 - \$128,000) of non-cash expenditure items, with a matching amount recorded as non-cash revenue.

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



**Juvenile Diabetes Research Foundation International (JDRF)**  
**Statement of Financial Position**  
**As at 30 June 2013**

	Notes	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	7,669,976	8,180,170
Trade and other receivables	7	827,254	843,502
Inventories	8	154,160	145,620
<b>Total current assets</b>		<b>8,651,390</b>	<b>9,169,292</b>
<b>Non-current assets</b>			
Plant and equipment	9	118,013	135,653
Intangibles	10	9,160	5,467
<b>Total non-current assets</b>		<b>127,173</b>	<b>141,120</b>
<b>Total assets</b>		<b>8,778,563</b>	<b>9,310,412</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	3,320,212	2,306,759
Provision for long service leave	12	37,890	35,047
<b>Total current liabilities</b>		<b>3,358,102</b>	<b>2,341,805</b>
<b>Non-current liabilities</b>			
Government revenue received in advance	11	1,203,680	3,022,575
Provision for long service leave	12	87,123	83,016
<b>Total non-current liabilities</b>		<b>1,290,803</b>	<b>3,105,591</b>
<b>Total liabilities</b>		<b>4,648,905</b>	<b>5,447,396</b>
<b>Net Assets</b>		<b>4,129,658</b>	<b>3,863,016</b>
<b>EQUITY</b>			
Retained surplus		4,129,658	3,863,016
<b>Total equity</b>		<b>4,129,658</b>	<b>3,863,016</b>

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

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2013**

	2013	2012
	\$	\$
Retained surplus at the beginning of the financial year	3,863,016	4,226,649
Net surplus/(deficit) attributable to members of the company	266,642	(363,633)
Retained surplus at the end of the financial year	<u>4,129,658</u>	<u>3,863,016</u>

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

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Statement of Cash Flows**  
**For the year ended 30 June 2013**

	Notes	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Receipts from fundraising activities		9,358,147	8,519,006
Government grants received (Insulin Pump Program)		526,000	802,000
Interest received		409,826	451,925
Payments for operating activities		(4,818,968)	(6,297,254)
Grants and travel awards paid		(5,901,434)	(4,417,783)
<b>Net cash inflow / (outflow) from operating activities</b>	18	<b>(426,429)</b>	<b>(942,106)</b>
<b>Cash flows from investing activities</b>			
Payments for plant, equipment & software		(83,765)	(14,606)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(83,765)</b>	<b>(14,606)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(510,194)</b>	<b>(956,712)</b>
Cash and cash equivalents at the beginning of the financial year		8,180,170	9,136,882
<b>Cash and cash equivalents at the end of the financial year</b>	6	<b>7,669,976</b>	<b>8,180,170</b>

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

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

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# Juvenile Diabetes Research Foundation International (JDRF)

## Notes to the financial statements

For the year ended 30 June 2013

### 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 2013, JDRF had 3,317 members. Each member undertakes to contribute to the company's property if JDRF 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 IFRS*

The financial statements 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 statement 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 in the Statement of Financial Position when they are received.

The grants are then recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they provide for.

#### (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 planned and 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 or which do not offset otherwise planned expenditure, 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 (JDRF)

## Notes to the financial statements

For the year ended 30 June 2013

### 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 four 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 leasehold improvements, 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:

Equipment	5 years
Computer equipment	2 years
Leasehold improvements	Life of the lease

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 spent on the project. Amortisation is calculated on a straight-line basis over 2 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 (JDRF)

## Notes to the financial statements

For the year ended 30 June 2013

### 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 expect 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) 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 JDRF.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**Note 2. Financial risk management**

**(a) 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 an investment policy which prohibits applying funds to invest in the share market or in financial derivatives.

**(b) Market risk**

JDRF is not exposed to foreign exchange or price risk. As noted above, JDRF 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 \$77,000 higher/lower (2012: \$82,000 higher/lower). Accordingly, the equity would have been higher/lower by \$77,000 (2012: \$82,000).

**(c) Credit risk**

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

**(d) Liquidity risk**

JDRF manages liquidity risk by regularly monitoring cash flows to ensure that it has sufficient cash resources to meet its obligations. All non-Government funded research programs are contracted between the research institutions and the US affiliate, JDRFI. JDRF 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 \$353,000 (2012: \$2.8m) for research in Australia, or 8% (2012: 40%) of the total JDRF research funded in Australia. Expenditure on all Government funded programs are controlled and incurred by JDRF according to the agreement.

**(e) Fair value measurements**

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 JDRF 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:* JDRF has recognised revenue of \$1.3m from Federal Government grants of which \$526,000 was for the Insulin Pump Program and \$832,000 was for the Clinical Research Network. In accordance with the accounting policy stated in Note1(c) revenue is recognised to match the costs they are intended to compensate. No additional Government grant was received toward the Clinical Research Network in the 2013 financial year.



**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

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

Management and the board are confident that the deliverables of the Clinical Research Network grant will be met in accordance with the agreed terms, enabling the balance of the grant to be recognised in deferred revenue in this financial report.

**Expenditure recognition**

*Research grants payable:* There were no confirmed future financial commitments as at 30 June 2013 towards the Clinical Research Network (2012: \$165,000) to be paid in the 2014 financial year.

**Note 4: Revenue from continuing operations for the year ended 30 June 2013**

	2013	2012
	\$	\$
<b>Fundraising revenue</b>		
Walk to Cure Diabetes	1,634,128	1,596,177
Merchandising Campaigns	877,321	864,023
Gala Dinners and Balls	800,540	719,239
Ride to Cure Diabetes	1,034,619	1,004,685
Golf Days	51,753	70,740
Jump to Cure Diabetes	453,000	185,144
Other fundraising activities	155,310	21,081
Spin to Cure Diabetes	7,000	44,668
Corporate Partnerships	556,019	489,000
Bequest revenue	760,295	621,369
Community Fundraising	1,107,343	891,832
Major Contributions	1,556,732	1,656,131
Direct Mail	159,673	149,210
Donations	172,785	168,130
	<b>9,326,518</b>	<b>8,481,429</b>
<b>Other Revenue</b>		
Membership fees	31,629	37,077
Interest	390,985	523,670
Dividend	-	2,913
In-kind donations	75,000	128,000
	<b>497,614</b>	<b>691,660</b>
<b>Revenue from government grants (refer note (a) below)</b>		
Insulin Pump Grant Program	526,000	1,201,370
Clinical Research Network	831,830	380,273
	<b>1,357,830</b>	<b>1,581,643</b>
<b>Revenue from continuing operations</b>	<b>11,181,962</b>	<b>10,754,732</b>

# Juvenile Diabetes Research Foundation International (JDRF)

## Notes to the financial statements

For the year ended 30 June 2013

### (a) Government grants

A grant of \$5m 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 five year period. No additional grants were received towards this program from the Government in the 2013 financial year and expenses incurred in delivery of the program in the 2013 financial year were covered by the interest earned from the grant and \$832,000 (2012: \$380,000) from the initial \$5m grant. \$3.8m from the initial funding of \$5m received in June 2010 is deferred in the Statement of Financial Position.

A government grant of \$526,000 was recognised as revenue by the company during the financial year for the Insulin Pump Program (IPP).

JDRF did not benefit directly from any other forms of government financial assistance.

### Note 5: Expenses for the year ended 30 June 2013

	2013 \$	2012 \$
Surplus / (deficit) before income tax expense includes the following specific expenses:		
Research & pump grants	5,406,655	5,769,429
Travel grants & RACP Fellowship grant	76,235	74,890
Total grants	5,482,890	5,844,319
Depreciation and amortisation of equipment and software	97,712	59,981
Rental expense relating to operating leases	181,945	185,511
Total fundraising activities (excluding depreciation and rent)	3,124,240	2,988,942
Superannuation	208,001	149,963

### Note 6. Current assets – cash

	As at 30 June 2013 \$	As at 30 June 2012 \$
Cash on hand	1,500	1,500
Cash at bank		
National Accounts by campaign and main operating	284,932	1,187,908
Walk offices	652	637
	285,584	1,188,545
Bank deposits	7,382,893	6,990,125
Total cash and cash equivalents	7,669,976	8,180,170

JDRF'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 6.1% for the year ended 30 June 2013 or an average rate of 4.8% (2012 – 0.01% to 6.35%)

#### Bank deposits

The deposits are bearing floating interest rates of between 2.75% and 6.0% at 30 June 2013 (2012 between 3.05% and 6.35%)

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**Note 7. Current assets – receivables**

	As at 30 June 2013	As at 30 June 2012
	\$	\$
Accrued interest	246,870	265,712
Prepayments	30,365	46,515
Rental deposits	1,100	11,536
Accrued income	544,892	502,852
Other debtors	4,025	16,887
	<u>827,252</u>	<u>843,502</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 2013	As at 30 June 2012
	\$	\$
Jelly Baby merchandise at cost	205,966	193,665
Less: Provision for obsolescence	(51,806)	(48,044)
<b>Finished goods - net realisable value</b>	<u>154,160</u>	<u>145,621</u>

**Inventory expense**

Inventories recognised as an expense during the year ended 30 June 2013 amounted to \$295,659 (2012: \$311,630).

Write-down of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to \$20,705 (2012: \$66,594). The expense has been included as a direct cost attributable to the Merchandise Campaigns in the statement of comprehensive income and related notes.

The provision for obsolescence is calculated based on the merchandise carried in the statement of financial position as at 30 June 2013. It is based on the residual stock value of inventory after it has been made available for sale through the volunteer channels for three campaigns.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

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

	<b>Office equipment</b>	<b>Computers and</b>	<b>Leasehold</b>	<b>Total</b>
	<b>\$</b>	<b>Electrical</b>	<b>Improvements</b>	<b>\$</b>
		<b>\$</b>	<b>\$</b>	
<b>Year ended 30 June 2012</b>				
Opening net book value	12,200	19,733	148,260	180,193
Additions	-	5,768	1,495	7,263
Depreciation charge	(3,223)	(12,212)	(36,368)	(51,803)
Closing net book amount	<b>8,977</b>	<b>13,289</b>	<b>113,387</b>	<b>135,653</b>
<b>At 30 June 2012</b>				
Cost	16,673	61,441	216,813	294,927
Accumulated depreciation	(7,696)	(48,152)	(103,426)	(159,274)
Net book value	<b>8,977</b>	<b>13,289</b>	<b>113,387</b>	<b>135,653</b>
<b>Year ended 30 June 2013</b>				
Opening net book value	8,977	13,289	113,387	135,653
Additions	-	26,865	48,977	75,842
Depreciation charge	(3,204)	(22,538)	(67,740)	(93,482)
Closing net book amount	<b>5,773</b>	<b>17,616</b>	<b>94,624</b>	<b>118,013</b>
<b>At 30 June 2013</b>				
Cost	16,673	88,306	265,789	370,768
Accumulated depreciation	(10,900)	(70,690)	(171,165)	(252,755)
Net book value	<b>5,773</b>	<b>17,616</b>	<b>94,624</b>	<b>118,013</b>

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

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

	Software \$
<b>Year ended 30 June 2012</b>	
Opening net book value	6,302
Additions	7,343
Amortisation charge	<u>(8,178)</u>
Closing net book amount	<u><b>5,467</b></u>
<b>At 30 June 2012</b>	
Cost	222,359
Accumulated amortisation	<u>(216,892)</u>
Net book value	<u><b>5,467</b></u>
<b>Year ended 30 June 2013</b>	
Opening net book value	5,467
Additions	7,923
Amortisation charge	<u>(4,230)</u>
Closing net book amount	<u><b>9,160</b></u>
<b>At 30 June 2013</b>	
Cost	230,282
Accumulated amortisation	<u>(221,122)</u>
Net book value	<u><b>9,160</b></u>

# Juvenile Diabetes Research Foundation International (JDRF)

## Notes to the financial statements

For the year ended 30 June 2013

### Note 11. Current and non-current liabilities – payables

	As at 30 June 2013 \$	As at 30 June 2012 \$
<b>Current Liabilities</b>		
Trade payables	117,376	353,230
Government grant	2,584,217	1,597,152
Income received in advance	417,483	178,361
Other payables	55,461	20,262
Employee entitlements	145,674	157,754
<b>Total Current Payables</b>	<b>3,320,212</b>	<b>2,306,759</b>
 Non Current Liabilities - Government grant	 1,203,680	 3,022,575

### Note 12. Provisions – long service leave

	As at 30 June 2013 \$	As at 30 June 2012 \$
<b>Employee benefit and related on-cost liabilities:</b>		
Current Liabilities - Long Service Leave	37,890	35,047
Non-Current Liabilities - Long Service Leave	87,123	83,016
Aggregate employee benefit - Long Service Leave	<b>125,013</b>	<b>118,063</b>
 <u>Employee numbers</u>	 <u>Number</u>	 <u>Number</u>
Number of employees at reporting date	31	31

### Note 13. 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 14. Contingencies

The company has a bank guarantee of \$8,042 in place as at 30 June 2013 for the lease of an office premise in Perth (2012: \$7,696) which expired on 1 September 2013. The company has no other contingencies as at the date of this report.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**Note 15. Commitments for expenditure**

	As at 30 June 2013 \$	As at 30 June 2012 \$
<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	162,584	122,443
Later than one year but not later than 5 years	94,941	125,870
<b>Total commitments not recognised in the financial statements</b>	<b>257,525</b>	<b>248,313</b>

**Superannuation commitments**

JDRF 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 16. Related parties and key management personnel disclosures**

**(a) Directors**

The names of persons who were directors of JDRF at any time during the financial year and up to the date of this report are as follows: Susan Alberti AO; Frank Jackson, Trevor Allen, Stephen Higgs; Paul Heath; Natasha Mandie; Robert Antulov; Rebecca Davies; Stuart Green; Ross Kennan; Kristen Mason; Helen McCombie; Timothy Morphy; Jonathan Salmon; 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 13 as none.

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

JDRF continue with 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.

DNS IT continues to provide a pro-bono IT service to JDRF in FY2013. The amount of pro bono service is outlined on page 16. Both entities share a common director.

**Juvenile Diabetes Research Foundation International (JDRF)**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**(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
Dorota Pawlak	Head of Research Development
Suzanne Culph	Government Relations Manager (commenced in role 25 February 2013)
Lyndal Howison	National Manager - Marketing (commenced on role 1 April 2013)

Carl Ireland (Head of Marketing) ; Tanya Stoianoff (Head of Government Relations) and Carrie Keller (National Philanthropic Giving Manager) left JDRF on 7 August 2012, 22 February 2013 & 29 July 2013 respectively.

**(c) Key management personnel compensation**

	<b>30 June 2013</b>	30 June 2012
	\$	\$
Short term employee benefits	<b>1,034,153</b>	923,138
Post-employment benefits - Superannuation	<b>84,103</b>	65,788
Long term benefits	<b>18,557</b>	16,804
	<b><u>1,136,813</u></b>	<u>1,005,730</u>

**Note 17. Segment information**

JDRF operates primarily as a fundraising charity and wholly within Australia.

**Note 18. Reconciliation of surplus/(deficit) from ordinary activities after income tax to net cash inflow/(outflow) from operating activities**

	<b>Year to 30 June 2013</b>	Year to 30 June 2012
	\$	\$
Net surplus / (deficit) after income tax	<b>266,642</b>	<b>(363,633)</b>
Depreciation and amortisation	<b>97,712</b>	59,981
Change in operating assets and liabilities		
(Increase)/Decrease in trade & other receivables	<b>(10,337)</b>	<b>(46,295)</b>
(Increase)/Decrease in other debtors	<b>10,436</b>	999
(Increase)/Decrease in prepayments	<b>16,150</b>	<b>(18,461)</b>
(Increase)/Decrease in inventories	<b>(8,539)</b>	48,530
Increase/(Decrease) in trade and other creditors	<b>(200,655)</b>	130,806
Increase/(Decrease) in income received in advance	<b>(592,709)</b>	<b>(729,286)</b>
Increase/(Decrease) in provisions for employee entitlements	<b>(5,129)</b>	<b>(24,747)</b>
Net cash (outflow)/inflow from operating activities	<b><u>(426,429)</u></b>	<u>(942,106)</u>



# Juvenile Diabetes Research Foundation International (JDRF)

## Notes to the financial statements

For the year ended 30 June 2013

### Note 19. Charitable fundraising activities

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

	Year to 30 June 2013			Year to 30 June 2012		
	Gross	Direct	Net	Gross	Direct	Net
	revenue	expenditure	proceeds	revenue	expenditure	proceeds
	\$	\$	\$	\$	\$	\$
Walk to Cure Diabetes	1,634,128	221,298	1,412,830	1,596,177	235,795	1,360,382
Gala Dinners and Balls	800,540	260,450	540,090	719,239	289,301	429,938
Direct Mail	159,673	34,684	124,989	149,210	42,628	106,582
Corporate Partnerships	556,019	3,623	552,396	489,000	5,009	483,991
Major Contributions	1,538,461	18,525	1,519,936	1,629,304	34,353	1,594,951
Merchandising Campaigns	877,321	361,627	515,694	864,022	405,224	458,798
Bequest & In memorium	778,566	7,291	771,275	648,196	2,074	646,122
Community Fundraising	1,107,343	101,809	1,005,534	891,832	73,779	818,053
Donations	172,785	1,763	171,022	168,130	2,974	165,156
Ride to Cure Diabetes	1,034,619	355,900	678,719	1,004,685	352,955	651,730
Golf Days	51,753	18,368	33,385	70,740	13,840	56,900
Spin to Cure Diabetes	7,000	686	6,314	44,668	28,082	16,586
Jump to Cure Diabetes	453,092	93,293	359,799	185,144	38,728	146,416
Other fundraising activities	155,218	29,237	125,981	21,083	-	21,083
<b>Total</b>	<b>9,326,518</b>	<b>1,508,554</b>	<b>7,817,964</b>	<b>8,481,430</b>	<b>1,524,742</b>	<b>6,956,688</b>
Less indirect expenditure			<b>1,615,686</b>			<b>1,617,233</b>
<b>Net amount raised</b>			<b>6,202,278</b>			<b>5,339,455</b>
			<b>% of Gross</b>			<b>% of Gross</b>
			<b>revenue</b>			<b>revenue</b>
Direct expenditure			16.2%			18.0%
Indirect expenditure			17.3%			19.0%
Total expenditure			33.5%			37.0%
Net amount raised			66.5%			63.0%

# **Juvenile Diabetes Research Foundation International (JDRF)**

## **Notes to the financial statements**

**For the year ended 30 June 2013**

### **Note 19. 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.

JDRF has an objective to limit the amount of cash it handles as part of its fundraising activities. Cash receipts amounted to less than 1% of the above fundraising activities for the year ended 30 June 2013 (2012: less than 2%).

### **Note 20: Interests in other entities**

Since 2001 JDRF has been a member of Glycemic Index Foundation (GIF), 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. JDRF is not entitled to any distribution of proceeds from this venture without impacting GIF's charitable status. The net assets of GIF as at 30 June 2013 were \$868,421.

### **Note 21: Remuneration of auditors**

The audit fee payable to PricewaterhouseCoopers is \$31,000 (2012: \$30,000).

### **Note 22: Event occurring after reporting date**

Since 30 June 2013 to the date of this report, significant events are explained in Directors Report on page 5.

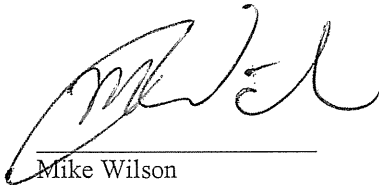
## Juvenile Diabetes Research Foundation International (JDRF)

### Directors' declaration

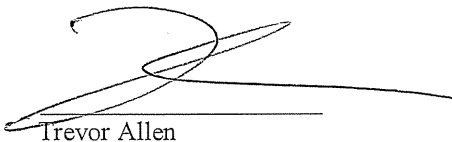
In the directors' opinion:

- (a) the financial statements and notes set out on pages 16 to 34 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 2013 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ending on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mike Wilson  
Chief Executive Officer and Managing Director



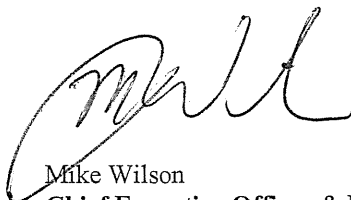
Trevor Allen  
Treasurer

Sydney  
Date: 3 October 2013

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

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

- the financial statements set out on pages 16 to 34 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 2013; 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: 3 October 2013



Angela McKay  
Chief Operating Officer  
Date: 3 October 2013



## **Independent auditor's report to the members of Juvenile Diabetes Research Foundation International (JDRF)**

### ***Report on the financial report***

We have audited the accompanying financial report of Juvenile Diabetes Research Foundation International (JDRF) (the company), which comprises the statement of financial position as at 30 June 2013, 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*, the *Charitable Fundraising Act 1991 (NSW)* and the *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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

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*.



### *Auditor's opinion*

In our opinion, the financial report of Juvenile Diabetes Research Foundation International (JDRI) is in accordance with the *Corporations Act 2001*, *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 2008 (NSW)*, including:

- (a) (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the *Corporations Act 2001*;
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (iii) presenting a true and fair view as required by the *Charitable Fundraising Act 1991 (NSW)* of the financial result of fundraising appeals for the financial year ended 30 June 2013; and
- (iv) its associated records have been properly kept in accordance with the *Charitable Fundraising Regulations 2008 (NSW)* for the financial year ended 30 June 2013;
- (b) complying with International Financial Reporting Standards as disclosed in Note 1(a);
- (c) money received as a result of fundraising appeals conducted by the company during the year ended 30 June 2013 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 the company will be able to pay its debts as and when they fall due.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Steve Bourke'.

Steve Bourke  
Partner

Sydney  
3 October 2013

