



JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL
ABN 40 002 286 553

FINANCIAL REPORT - 30 JUNE 2014

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DIRECTORS' REPORT

Juvenile Diabetes Research Foundation International (JDRF) is incorporated as a company limited by guarantee and not having a share capital under the provisions of the *Corporations Act 2001* and *Australian Charities and Not-for-profits Commission Act 2012*. The Directors present the financial report on Juvenile Diabetes Research Foundation International for the year ended 30 June 2014 and report as follows:

DIRECTORS

The names of and other information on the Directors in office during or since the end of the year are as follows. The Directors were in office for this entire period unless otherwise stated.

DIRECTOR'S NAME	QUALIFICATIONS, EXPERIENCE & OTHER INFORMATION
Paul Heath	Chairman Chair of Remuneration and Nominations Committee Member of the Finance and Audit Committee
<i>Year appointed:</i>	2012
<i>Qualifications and experience:</i>	Member, Endowment Investment Committee of the Benevolent Society Former CEO of JBWere Father of a daughter with type 1 diabetes
Natasha Mandie	Vice-Chair Member of the Remuneration and Nominations Committee
<i>Year appointed:</i>	2009
<i>Qualifications and experience:</i>	B Comm (Hons), LLB (Hons), GAICD Managing Director, Mandie Consulting Non-executive Director of a number of private technology companies Former Director of Corporate Advisory Solutions, Credit Suisse Has type 1 diabetes
Trevor Allen	Treasurer Chair of the Finance and Audit Committee
<i>Year appointed:</i>	2008
<i>Qualifications and experience:</i>	B Coms (Hons), CA, FF, MAICD. Director, Freedom Food Group Limited Director, Peet Limited Former National Head of Mergers and Acquisitions, and partner at KPMG Has a sister with type 1 diabetes
Mike Wilson	Director Company Secretary and CEO
<i>Year appointed</i>	2011
<i>Qualifications and experience:</i>	BSc, BEc (Hons), GAICD Director, Glycemic Index Foundation Director, Somark Innovations CEO of JDRF Australia since 2004

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DIRECTORS' REPORT

DIRECTOR'S NAME	QUALIFICATIONS, EXPERIENCE & OTHER INFORMATION
Robert Antulov	Director Member of the Remuneration and Nominations Committee
<i>Year appointed:</i>	2005
<i>Qualifications and experience:</i>	BE, MBA, MAICD Corporate Advisor and Company Director Executive Director, Venture Advisory Pty Ltd Director, Medianext Pty Ltd Director, Choice Australian Consumer Association Former Director of Strategy, Fairfax Media Ltd Father of a son with type 1 diabetes
Mike Chuter	Director Chairman of Victorian Corporate Committee
<i>Year appointed:</i>	2013
<i>Qualifications and experience:</i>	Joint Managing Director Publicis CUBED Founding Partner, CUBED Communications Co-Founder, Thankful Former Board Director, Association of Data Driven Marketing and Advertising Former Board Director, Comic Relief Australia Father of a daughter and son of a father both with type 1 diabetes
Rebecca Davies	Director Member of the Board of JDRF International Chair of the JDRFI International Affairs Committee Member of the JDRFI Research Committee
<i>Year appointed:</i>	1997
<i>Qualifications and experience:</i>	LLB (Hons), BEc, FAICD Company Director Member of the Research Committee of the National Health and Medical Research Council Former Partner and board member of a major national law firm Former Chair of MLC Nominees
Stuart Green	Director Member of the Finance and Audit Committee
<i>Year appointed:</i>	2010
<i>Qualifications and experience:</i>	B.A. (Hons), MBA, FCA, ACMT Executive Director, Macquarie Group Limited Group Treasurer, Macquarie Group Limited

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DIRECTOR'S NAME	QUALIFICATIONS, EXPERIENCE & OTHER INFORMATION
Kristen Mason	Director Member of the Remuneration and Nominations Committee Chair of the NSW Ball Committee
<i>Year appointed:</i>	2005
<i>Qualifications and experience:</i>	BA , MBA Senior Manager, Trave Partner Network JAPA, American Express Former Director, Foundation – Kambala Mother of a daughter with type 1 diabetes
Timothy Morphy	Director
<i>Year appointed:</i>	2005
<i>Qualifications and experience:</i>	BA, LLB, Grad. Dip. Legal Prac., MBA. CEO and Director, MedHealth Group including its wholly owned subsidiary MLCOA and NextHealth, Assess Medical Group and CaseWorks Former Managing Director, Healthways Australia Pty Ltd
Jonathon Salmon	Director Member of the Remuneration and Nominations Committee
<i>Year appointed:</i>	2012
<i>Qualifications and experience:</i>	MAICD Managing Director, Viatak Technology Director, Adscensio Director, Unlisted Marketplace Founder, DNS IT and Hosted IT Father of a son with type 1 diabetes
Cathryn Urquhart	Director
<i>Year appointed:</i>	2013
<i>Qualifications and experience:</i>	BJuris, LLB. Law Society of Western Australia, Lawyer-Professional Development and Risk Management Former Senior Associate, Allens Arthur Robinson Mother of a son and wife of a husband both with type 1 diabetes
Michael L. White	Director Member of JDRFI Board of Chancellors
<i>Year appointed:</i>	2010
<i>Qualifications and experience:</i>	BA in History, MBA CEO RBW Companies JDRFI Research Committee Member ViaCyte Board of Directors, JDRF Observer Father of a son with type 1 diabetes

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DIRECTORS' REPORT

RESIGNED DIRECTOR'S NAME	PERIOD OF SERVICE
Stephen Higgs (Ex-Chair)	November 1993 - November 2013
Helen McCombie	September 2004 - November 2013
Mark van Dyck	March 2012 - February 2014
Peter Wilson	November 2004 - November 2013
Ross Kennan	November 2004 - November 2013
Susan Alberti	August 1988 - November 2013

MEETINGS OF DIRECTORS

The number of meetings each Director was eligible to attend and actually attended during the financial year is summarised as follows:

Director	Full Meeting of Directors*		Meeting of Finance & Audit Committee**		Nominations & Remuneration Committee***	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Paul Heath	7	6	3	0	4	3
Natasha Mandie	7	6			4	4
Trevor Allen	7	4	6	6		
Mike Wilson	7	7				
Robert Antulov	7	5				
Mike Chuter	5	5				
Rebecca Davies	7	5				
Stuart Green	7	5	3	1		
Kristen Mason	7	5				
Timothy Morphy	7	6				
Jonathon Salmon	7	7				
Cathryn Urquhart	5	4				
Michael L. White	7	3				
Helen McCombie	3	1				
Mark van Dyck	3	1				
Peter Wilson	3	3	3	3		
Ross Kennan	3	2			4	4
Stephen Higgs	3	2	3	2	4	2
Susan Alberti	3	1				

*The COO attends Board meetings as a guest when invited and appropriate.

**The CEO and COO attend meetings of the sub committees as guests when invited and appropriate.

***The non-attendance by the Board Chair at the Finance and Audit Committee meetings was with the prior approval of the Treasurer, as a replacement Committee member was in the process of being sought.

*** In June 2014 The Nominations and Governance Committee was expanded to include Remuneration. The expanded committee did not meet in the financial year ending 30th June 2014.

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DIRECTORS' REPORT

PRINCIPAL ACTIVITY

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 offers practical support to people with type 1 diabetes and their families.

There were no significant changes in the nature of the principal activities during the year.

OPERATING RESULT

The net result of the company for the financial year was a surplus of \$129,073 (2013: surplus \$266,642). The company is a not-for-profit entity and is exempt from the payment of income tax.

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.

Strategy

Our multi-year strategy recognises three focus areas through which JDRF can deliver on its mission:

- Accelerating research and health outcomes
- Generating increased revenue and resources
- Being an exceptional organisation

Principal Activities and Performance

JDRF measures performance through the monitoring and oversight of outcomes against budgets and operational plans. Regular reporting is provided to the Finance and Audit Committee and the Board on the following key areas:

- Research investment
- Financial Performance and operations
- Community Engagement

Research investment

In FY14 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 \$7.1m 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.

Advocacy

A highlight in FY14 was the confirmation by the Government of a grant of \$35m (over five years) for the expansion of the JDRF Australian Clinical Research Network (CRN). As a result of the JDRF Promise to Remember Me and Kids in the House advocacy programs, the Coalition had pledged the \$35m prior to being elected at the end of 2013.

In June 2014, the grant was confirmed and contractually committed. The first instalment of \$7m in funds was received in FY14.

Financial performance

JDRF raised funds from a variety of sources to support our ability to invest in Australian type 1 diabetes research. In FY14 total revenue increased by 9% to \$12.2m, up from \$11.2m in FY13. Revenue from Government grants increased to \$3.2m in FY14 from \$1.4m in the prior year. The CRN totalled \$2.2m in FY14, which was an increase of \$1.0m on the prior year due to the addition of new Pilot and Feasibility Grants and

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DIRECTORS' REPORT

which was an increase of \$1.0m on the prior year due to the addition of new Pilot and Feasibility Grants , progression of project milestones and the expansion of the CRN. The Federally funded Insulin Pump Program (IPP) in FY14 was \$1.0m, an increase of \$475k on prior year. The IPP allocated 204 pumps to eligible children in FY14 who otherwise would not have been able to access these devices due to their economic circumstances.

Fundraising revenue was \$8.6m for FY14, down from \$9.3m in the previous year. In Bequests revenue, which can fluctuate year on year, decreased by \$346k compared to the prior year. Major Contributions were \$1.7m, an increase of \$123k on prior year driven by Trust and Foundations. Traditional fundraising events and campaigns had mixed results with increases on prior year being achieved in the Ride (up \$160k) and Gala Dinners (up \$365k). Conversely, the Walk and Community Fundraising categories were down \$158K and \$237k respectively. The merchandise campaign contributed \$255k compared to prior year of \$877k. This decrease was mostly expected due to a change in the Jelly Baby merchandise campaign model.

JDRF has cash reserves of \$14m as at 30 June 2014. This reserve includes \$6.8m that is committed to the new CRN; the remaining 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 2014 show a surplus from operations of \$129k.

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. 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 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 fourth annual Diabetes Educator Awards and the execution of the annual 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.

LIMITATION OF MEMBERS' LIABILITY

The company is incorporated under the *Corporations Act 2001* as a company limited by guarantee. If the company is wound up, its Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 30 June 2014 the number of members was 4119 and their collective potential liability was \$8238.

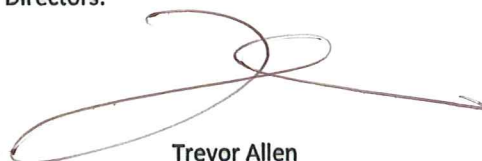
INDEPENDENCE DECLARATION

The auditor's independence declaration as required under s307C of the *Corporations Act 2001* for the year ended 30 June 2014 has been received and can be found on the following page, which forms part of the Directors' report.

Signed in accordance with a resolution of the Board of Directors:



Mark Wilson
Chief Executive Officer and Managing Director



Trevor Allen
Treasurer

Sydney, 2 October 2014



Auditor's Independence Declaration

As auditor for the audit of Juvenile Diabetes Research Foundation International for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to be 'S Bourke'.

Steve Bourke
Partner
PricewaterhouseCoopers

2 October 2014

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CORPORATE GOVERNANCE STATEMENT

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 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 JDRF's affairs and its 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 and updated from time to time. 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. Directors are required to be free from any undisclosed interest, business or other relationship that could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interest of the Organisation. Any matters relating to conflict of interest are dealt with in accordance with JDRF's Conflict of Interest Policy which requires appropriate disclosure by Directors.

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.

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CORPORATE GOVERNANCE STATEMENT

Conflict of interest

The professional relationships of Directors are regularly evaluated for potential conflicts of interest and addressed through the Chairperson.

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 three 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 Nomination & Remuneration Committee
- The CRN Committee

The Nominations and Remuneration Committee resulted from the merger of the Nominations and Governance Committee and the Remuneration Committee in June 2014. The CRN Committee was formed in FY14 but had not met in session before the end of the financial year.

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 (July to November 2013)
 Peter Wilson (July to November 2013)
 Paul Heath (From November 2013)
 Stuart Green (From November 2013)

In addition to the Directors listed above, the Finance & Audit Committee also includes three independent non-director members: Boris Musa, Fiona Hindmarsh, Peter Whyntie (July to September 2013).

The Finance & Audit Committee has access to appropriate 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.

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL**FINANCIAL REPORT - 30 JUNE 2014****CORPORATE GOVERNANCE STATEMENT*****Risk assessment and management***

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. Considerable importance is placed on maintaining a sufficiently strong control environment. 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.

A risk management plan has been developed and is being implemented. Where risks have been identified, mitigating strategies and actions have been put in place or are being put in place. Regular reporting will be provided to the Finance and Audit Committee in the 2015 financial year.

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	14,007,532	7,669,976
Trade and other receivables	4	447,271	827,254
Inventories	5	96,326	154,160
<i>Total current assets</i>		<u>14,551,129</u>	<u>8,651,390</u>
Non-current assets			
Property, plant and equipment	6	38,026	118,013
Intangible assets	7	57,616	9,160
<i>Total non-current assets</i>		<u>95,642</u>	<u>127,173</u>
TOTAL ASSETS		<u>14,646,771</u>	<u>8,778,563</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	10,240,951	3,320,212
Provisions	9	43,435	37,890
<i>Total current liabilities</i>		<u>10,284,386</u>	<u>3,358,102</u>
Non-current liabilities			
Trade and other payables	8	-	1,203,680
Provisions	9	103,654	87,123
<i>Total non-current liabilities</i>		<u>103,654</u>	<u>1,290,803</u>
TOTAL LIABILITIES		<u>10,388,040</u>	<u>4,648,905</u>
NET ASSETS		<u>4,258,731</u>	<u>4,129,658</u>
EQUITY			
Retained earnings		<u>4,258,731</u>	<u>4,129,658</u>
TOTAL EQUITY		<u>4,258,731</u>	<u>4,129,658</u>

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Revenue			
Fundraising revenue	2	8,625,787	9,326,518
Government grants	2	3,205,206	1,357,830
Other revenue	2	398,687	497,614
		<u>12,229,680</u>	<u>11,181,962</u>
Expenses			
Administration expenses		(400,574)	(342,478)
Advertising, promotion and printing expenses		(256,603)	(193,875)
Communication and technology expenses		(191,029)	(233,739)
Depreciation and amortisation		(123,105)	(97,712)
Employee benefits expense		(2,626,883)	(2,643,896)
Education and support expenses		(142,092)	(317,447)
Fundraising expenses		(644,090)	(751,704)
Occupancy expenses		(319,296)	(254,256)
Research, travel and pump grants expenses		(6,873,405)	(5,482,890)
Venue expenses		(523,530)	(597,323)
		<u>(12,100,607)</u>	<u>(10,915,320)</u>
Surplus before income tax		129,073	266,642
Income tax expense		<u>-</u>	<u>-</u>
Surplus for the year		129,073	266,642
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>129,073</u></u>	<u><u>266,642</u></u>

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Retained Earnings \$	Total \$
Balance at 1 July 2012	3,863,016	3,863,016
Comprehensive income		
Profit for the year	266,642	266,642
Other comprehensive income	-	-
Total comprehensive income for the year	<u>266,642</u>	<u>266,642</u>
Balance at 30 June 2013	<u>4,129,658</u>	<u>4,129,658</u>
Balance at 1 July 2013	4,129,658	4,129,658
Comprehensive income		
Profit for the year	129,073	129,073
Other comprehensive income	-	-
Total comprehensive income for the year	<u>129,073</u>	<u>129,073</u>
Balance at 30 June 2014	<u>4,258,731</u>	<u>4,258,731</u>

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from fundraising activities		8,469,185	8,715,067
Government grants received		8,381,465	1,357,830
Interest received		477,285	409,826
Other revenue		30,522	106,629
Payments to suppliers and employees		(3,913,830)	(5,215,444)
Grants and travel awards paid		(7,015,497)	(5,800,337)
<i>Net cash flows from operating activities</i>		<u>6,429,130</u>	<u>(426,429)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,548)	(83,765)
Purchase of intangible assets		(84,026)	-
<i>Net cash flows from investing activities</i>		<u>(91,574)</u>	<u>(83,765)</u>
Net increase (decrease) in cash and cash equivalents		6,337,556	(510,194)
Cash and cash equivalents at the beginning of the financial year		<u>7,669,976</u>	<u>8,180,170</u>
Cash and cash equivalents at the end of the financial year	3	<u>14,007,532</u>	<u>7,669,976</u>

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 - Statement of accounting policies

Reporting entity

The financial report is for the Juvenile Diabetes Research Foundation International (JDRF) as an individual entity and domiciled in Australia. The company is incorporated in New South Wales under the *Corporations Act 2001* and *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements were approved by the Board of Directors on 2 October 2014.

Basis of preparation

JDRF applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*."

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and *Australian Charities and Not-for-profits Commission Regulation 2013*.

The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Historical cost convention

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs.

New and revised standards that are effective for these financial statements

During the 30 June 2014 financial year the company adopted the following standards: AASB 13: *Fair Value Measurement* and *Amendments to AASB 119: Employee Benefits*. The adoption of these standards had no significant impact on the company.

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.

Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Income tax

Juvenile Diabetes Research Foundation International is a not-for-profit exempt institution from income tax under Division 50 of the *Income Tax Assessment Act 1997*. Juvenile Diabetes Research Foundation International has deductible gift recipient (DGR) status.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2014**Note 1 - Statement of accounting policies (continued)**

- (ii) Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Government grants

In accordance with AASB 1004: Contributions, non-reciprocal grant revenue is recognised in the statement of profit and loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before JDRF is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

If conditions are attached to the grant which must be satisfied before JDRF obtains control of the contribution, such as the grant funding must be spent and the grantor does not seek to claw back the funding, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability, as grants received in advance, until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1 - Statement of accounting policies (continued)

Trade receivables

For all sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

Property, plant and equipment

Recognition and measurement

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Carrying Amount

The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Leasehold improvements	Life of the lease
Equipment	20%
Computer equipment	50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of between 3 and 10 years.

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2014**Note 1 - Statement of accounting policies (continued)*****Impairment of assets***

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 flows (cash generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The carrying amount of trade and other payables is deemed to reflect fair value.

Income received in advance

Income, other than government grants and other contributions recognised under AASB 1004: Contributions as described above under Revenue Recognition – Government Grants, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in the statement of comprehensive income.

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. The Directors have determined that there are no critical estimates and judgements for this financial year.

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<u>Note 2 - Revenue</u>		
Fundraising revenue		
Walk to Cure Diabetes	1,475,842	1,634,128
Merchandising campaign	254,799	877,321
Gala dinners	1,165,878	800,540
Ride to Cure Diabetes	1,194,181	1,034,619
Golf days	2,380	51,753
Jump to Cure Diabetes	368,523	453,000
Spin to Cure Diabetes	-	7,000
Other fundraising activities	165,529	155,310
Corporate partnership	491,589	556,019
Bequest revenue	414,393	760,295
Community fundraising	870,522	1,107,343
Major contributions	1,679,292	1,556,732
Direct mail	196,403	159,673
Donations	346,456	172,785
<i>Total fundraising revenue</i>	<u>8,625,787</u>	<u>9,326,518</u>
Government grants		
Insulin Pump Program	1,000,881	526,000
Clinical Research Network	2,204,325	831,830
<i>Total government grants</i>	<u>3,205,206</u>	<u>1,357,830</u>
Other revenue		
Membership fees	30,522	31,629
Interest	298,165	390,985
In-kind donations	70,000	75,000
<i>Total other income</i>	<u>398,687</u>	<u>497,614</u>
<i>Total revenue</i>	<u><u>12,229,680</u></u>	<u><u>11,181,962</u></u>
<u>Note 3 - Cash and cash equivalents</u>		
Cash at bank and on hand	10,134,771	287,083
Deposits at call	3,872,761	7,382,893
<i>Total cash and cash equivalents</i>	<u><u>14,007,532</u></u>	<u><u>7,669,976</u></u>
<u>Note 4 - Trade and other receivables</u>		
<u>Current</u>		
Accrued income	59,923	544,894
Interest receivable	67,750	246,870
Prepayments	69,585	30,365
Rental deposits	6,485	1,100
Advance to Glycemic Index Foundation (see note 14)	243,528	4,025
<i>Total current trade and other receivables</i>	<u><u>447,271</u></u>	<u><u>827,254</u></u>

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<u>Note 5 - Inventories</u>		
Jelly Baby merchandise	96,326	154,160

Note 6 - Property, plant and equipment

	Leasehold Improvements	Office Equipment	Computers and Electrical	Total
	\$	\$	\$	\$
At 30 June 2013				
Cost	265,789	16,673	88,306	370,768
Accumulated depreciation	(171,165)	(10,900)	(70,690)	(252,755)
	<u>94,624</u>	<u>5,773</u>	<u>17,616</u>	<u>118,013</u>
Movements in carrying amounts				
Net carrying amount at 1 July 2013	94,624	5,773	17,616	118,013
Additions	-	-	7,548	7,548
Depreciation charge for the year	(68,137)	(3,063)	(16,335)	(87,535)
Net carrying amount at 30 June 2014	<u>26,487</u>	<u>2,710</u>	<u>8,829</u>	<u>38,026</u>
At 30 June 2014				
Cost	265,789	16,673	95,854	378,316
Accumulated depreciation	(239,302)	(13,963)	(87,025)	(340,290)
Net carrying amount	<u>26,487</u>	<u>2,710</u>	<u>8,829</u>	<u>38,026</u>

	2014	2013
	\$	\$
<u>Note 7 - Intangible assets</u>		
Software		
Movements in carrying amounts		
Net carrying amount at 1 July 2013	9,160	5,467
Additions	84,026	7,923
Amortisation	(35,570)	(4,230)
Net carrying amount at 30 June 2014	<u>57,616</u>	<u>9,160</u>
At the end of the financial year		
Cost	314,308	230,282
Accumulated amortisation	(256,692)	(221,122)
Net carrying amount	<u>57,616</u>	<u>9,160</u>

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<u>Note 8 - Trade and other payables</u>		
<u>Current</u>		
Trade payables	305,720	117,376
Grants received in advance	8,964,156	2,584,217
Income received in advance	20,798	417,483
Liabilities to employees	151,393	145,674
Other payables	798,884	55,462
<i>Total current trade and other payables</i>	<u>10,240,951</u>	<u>3,320,212</u>
<u>Non-current</u>		
Grants received in advance	-	1,203,680
<i>Total non-current trade and other payables</i>	<u>-</u>	<u>1,203,680</u>
<u>Note 9 - Provisions</u>		
<u>Current</u>		
Employee entitlements - long service leave	43,435	37,890
<i>Total current provisions</i>	<u>43,435</u>	<u>37,890</u>
<u>Non-current</u>		
Employee entitlements - long service leave	103,654	87,123
<i>Total non-current provisions</i>	<u>103,654</u>	<u>87,123</u>
<u>Note 10 - Commitments</u>		
<i>Lease commitments</i>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Within one year	73,297	162,584
Later than one year but no later than five years	14,373	94,941
	<u>87,670</u>	<u>257,525</u>

Note 11 - Events occurring after balance date

There were no significant events occurring after balance date.

Note 12 - Related party transactions

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.

Other transactions of directors and director-related entities

Viatek Technology continues to provide a pro-bono IT service to JDRF in the 2014 financial year. The amount of pro bono service is \$70,000 (2013: \$75,000) and is included in note 2. Both entities share a common director.

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
Note 13 - Key management personnel		
Remuneration of key management personnel		
The aggregate amount of compensation paid to key personnel during the year was:	<u>1,215,026</u>	<u>1,136,813</u>

Note 14 - 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, and one of JDRF's directors is also a director of GIF. 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 2014 were \$816,671 (2013: \$868,421). At 30 June 2014 JDRF had an advance to GIF of \$243,528 (2013: \$4,025), which was repaid in September 2014.

Note 15 - Limitation of members' liability

The company is incorporated as a company limited by guarantee, and in accordance with the constitution the liability of members in the event of the company being wound up would not exceed \$2 per member. At 30 June 2014 the number of members of this company was 4,119 (2013: 3,317).

	2014	2013
	\$	\$
Note 16 - Charitable fundraising activities		
(a) Fundraising income and expenditure		
Gross proceeds from fundraising	8,625,787	9,326,518
Less: Expenses associated directly with undertaking fundraising activity	<u>(1,280,888)</u>	<u>(1,508,554)</u>
Net fundraising income	7,344,899	7,817,964
Less: Indirect fundraising expenses	<u>(1,639,509)</u>	<u>(1,615,686)</u>
Net surplus from fundraising	<u>5,705,390</u>	<u>6,202,278</u>

(b) Key fundraising ratios

Indirect fundraising expenses (A)	1,639,509	1,615,686
Net proceeds from fundraising (B)	7,344,899	7,817,964
(A) divided by (B)	22%	21%
Total cost of fundraising (A)	2,920,397	3,124,240
Gross proceeds from fundraising (B)	8,625,787	9,326,518
(A) divided by (B)	34%	33%
Net surplus from fundraising (A)	5,705,390	6,202,278
Gross proceeds from fundraising (B)	8,625,787	9,326,518
(A) divided by (B)	66%	67%

(c) Fundraising income activities

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 2014 (2013: less than 1%).

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL
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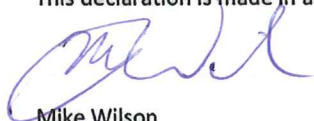
FINANCIAL REPORT - 30 JUNE 2014

DIRECTORS' DECLARATION

The Directors of the Juvenile Diabetes Research Foundation Limited declare that:

1. The financial statements, which comprise the statement of financial position as at 30 June 2014, the statement of profit or loss and other 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 and other explanatory notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company.
2. In the opinion of the Directors 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.



Mike Wilson
Chief Executive Officer and Managing Director



Trevor Allen
Treasurer

Sydney, 2 October 2014

JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL
ABN 40 002 286 553

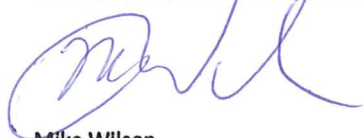
FINANCIAL REPORT - 30 JUNE 2014

DIRECTORS' DECLARATION
UNDER THE CHARITABLE FUNDRAISING ACT 1991

In the opinion of the Directors of Juvenile Diabetes Research Foundation Limited:

- (i) The financial statements and notes thereto give a true and fair view of all income and expenditure with respect to fundraising appeals conducted by the organisation for the year ended 30 June 2014; and
- (ii) The statement of financial position as at 30 June 2014 gives a true and fair view of the state of affairs of the company with respect to fundraising appeals conducted by the organisation; and
- (iii) The provisions of the *Charitable Fundraising Act 1991*, the regulations under that Act, and the conditions attached to the authority to fundraise have been complied with by the organisation; and
- (iv) The internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors.



Mike Wilson
Chief Executive Officer and Managing Director



Trevor Allen
Treasurer

Sydney, 2 October 2014



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 2014, the statement of profit or loss and other 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 – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, 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.

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.



Auditor's opinion

In our opinion, the financial report of Juvenile Diabetes Research Foundation International is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 2008 (NSW)*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and
- (c) 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 2014; and
- (d) its associated records have been properly kept, in all material respects, in accordance with the *Charitable Fundraising Regulations 2008 (NSW)* for the financial year ended 30 June 2014;
- (e) money received as a result of fundraising appeals conducted by the company during the year ended 30 June 2014 has been properly accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)*; and
- (f) there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

PricewaterhouseCoopers

Steve Bourke
Partner

Sydney
2 October 2014