



dedicated to finding a cure

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

**Financial Report
30 June 2009**

Incorporated in the State of NSW

Principal Place of Business & Registered Office:
Level 4, 80-84 Chandos Street
St Leonards NSW 2065

Financial Report – 30 June 2009

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

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

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

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

The financial report was authorised for issue by the directors on 8th October, 2009. The company has the power to amend and reissue the financial report.

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

Juvenile Diabetes Research Foundation International

Corporate Directory

| | | |
|---|---|---|
| Directors | <i>President</i> <i>Chairman</i> <i>Vice-Chair</i> <i>Vice-Chair</i> <i>Treasurer</i> | Dr Susan Alberti AO, Hon LLD Stephen Higgs, BEc Matthew Rady, ACA, FFin Peter Wilson, Dip. Chem, BEc Trevor Allen, BCom (Hons), CA, FF, MAICD Robert Antulov, BE, MBA, MIEAust, MAICD Rebecca Davies, LLB (Hons), BEc, MAICD Greg Garvan, BIT Frank Jackson Ross Kennan, FIEA, CP Eng, FAICD, CChem, MRACI Natasha Mandie, B Comm (Hons), LLB (Hons), MAICD Kristen Mason, MBA Helen McCombie Timothy Morphy, BA, LLB, MBA |
| | <i>Secretary</i> | William Bonney, MMgt, FAICD |
| Senior Management Team | <i>CEO</i> <i>COO</i> <i>Head of Development</i> <i>Head of Marketing</i> | Mike Wilson, BSc, BEc (Hons) William Bonney, MMgt, FAICD James Clampett, BEc Mike Greasley, BSc (Hons) |
| Notice of annual general meeting | | The annual general meeting of JDRFI will be held at Level 38, MLC Centre Martin Place, Sydney, 2000 time 6.00pm date Thursday 26 November, 2009 |
| Principal registered office | | Level 4, 80-84 Chandos Street St Leonards NSW 2065 |
| Auditor | | PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 1171 |
| Solicitors | | Freehills MLC Centre Martin Place Sydney NSW 2000 |
| Bankers | | Westpac Banking Corporation 275 Kent Street Sydney NSW 2000 |
| Website | | www.jdrf.org.au |

Juvenile Diabetes Research Foundation International
Directors' Report
30 June 2009

Your directors are pleased to present their report on the company for the year ended 30 June 2009.

Directors

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

| | |
|---------------------|----------------|
| Dr Susan Alberti AO | Ross Kennan |
| Trevor Allen | Kristen Mason |
| Robert Antulov | Helen McCombie |
| Rebecca Davies | Timothy Morphy |
| Greg Garvan | Matthew Rady |
| Stephen Higgs | Peter Wilson |
| Frank Jackson | |

Malcolm Clift resigned as a director, Company Secretary and Treasurer on 27 November 2008. Rick Dennis resigned as a director on 18 May 2009.

Trevor Allen was appointed as Treasurer and Company Secretary on 27 November 2008 and resigned as Company Secretary on 29 January 2009.

William Bonney was appointed as Company Secretary on 29 January 2009 and continues in office to the date of this report. Natasha Mandie was appointed as a director on 6 August 2009 and continues in office to the date of this report.

Principal activities

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

Review of operations

Information on the operations and financial position of the Company and its business strategies and prospects is set out in the review of operations and activities on pages 4-35 of this annual report.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Since 30 June 2009, no matter or circumstance has arisen that has significantly affected, or may significantly affect:

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

Juvenile Diabetes Research Foundation International
Directors' Report (continued)
30 June 2009

Likely developments and expected results

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

Environmental regulations

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

Information on directors and Company Secretary

| Directors' Qualifications and Special Responsibilities | Experience |
|---|---|
| <p><i>President of the Board & International Patron</i> Dr Susan Alberti, AO HonLLD Member of JDRFI Board of Chancellors Member of Major Donor Committee JDRF International Retired Member of Board of Directors JDRFI Retired Chair of JDRFI International Development Committee</p> | <p>Managing Director, Dansu Group & associated companies Founding member of the National Association of Women in Construction in Australia. Associate fellow, CEO Institute. Chair, St. Vincent's Institute Foundation. Chair, Susan Alberti Charitable Foundation. Patron and Director, Western Bulldogs Football Club. Director, Gold Age Pty Ltd Director, St Vincent's Institute. Director, Victorian University Foundation Board Co-Chair, Western Bulldogs Forever Foundation.</p> |
| <p><i>Chairman</i> Stephen Higgs, BEc Member of the Finance Committee Member of the Ad Hoc Lay Review Panel after 3 years on the full committee. Member of the NSW Corporate Committee</p> | <p>Director, Primary Health Care Ltd. Director, Peet and Company Ltd. Chairman, Glycemic Index Ltd. Past Chairman, Orlando Wines. Past Director, Austoft Pty, Jasco Pty Ltd, NPL Ltd, Leigh Mardon Pty Ltd, Rural Press Ltd and UBS Warburg. Past Director, IPAC Securities Ltd. Past Director, So Natural Foods Ltd. Father of a son with type 1 diabetes.</p> |
| <p><i>Vice-Chair</i> Matthew Rady, ACA FFin</p> | <p>Executive Director, Macquarie Group Director, Macquarie Pastoral Management Ltd Director, Macquarie Private Portfolio Management Ltd Director, Omega Global Investors Pty Ltd.</p> |
| <p><i>Vice-Chair</i> Peter Wilson, Dip. Chem. BEc Past member of JDRFI Finance Committee Member of the International Development Committee Member of the Victorian Corporate Committee Member of JDRFI Board of Chancellors Retired member of JDRFI Board of Directors</p> | <p>Consultant Former Managing Director and Chief Executive Officer - Spotless Group Limited Former Director of Spotless Former Director of Taylors Group Limited Father of a daughter with type 1 diabetes.</p> |
| <p><i>Treasurer</i> Trevor Allen, BCom (Hons), CA, FF, MAICD (Appointed as Treasurer and Company Secretary 27 November 2008 and resigned as Company Secretary 29 January 2009) Chair of the Finance Committee</p> | <p>Partner, KPMG Executive Director, KPMG Member of Market Policy Committee FINSIA Past director UBS Warburg Sister has type 1 diabetes.</p> |
| <p><i>Company Secretary (not a Director of JDRF)</i> William Bonney, MMgt, FAICD (Appointed 29 January 2009)</p> | <p>Chief Operations Officer of JDRF Fellow of the Australian Institute of Company Directors. Director and Company Secretary of Glycemic Index Limited. Past Company Secretary of Centrogen Holdings Ltd. Past Director & Company Secretary of Woomera Systems P/L. Has type 1 diabetes.</p> |

Juvenile Diabetes Research Foundation International
Directors' Report (continued)
30 June 2009

| Directors' Qualifications and Special Responsibilities | Experience |
|--|---|
| Robert Antulov , BE, MBA, MIEAust, MAICD | Founder and CEO of 3eep, an online social media company. Former Director of Strategy, Fairfax Media Ltd. Father of a son with type 1 diabetes. |
| Malcolm Clift , FCA (Retired on 27 November 2008) | Chartered Accountant, former Partner PricewaterhouseCoopers (now retired). Father of a son with type 1 diabetes. |
| Rebecca Davies , LLB (Hons), BEc, FAICD Member of the Executive Board for the Islet Transplant Program Adjunct Member of the JDRFI lay review panel and chair of JDRF (Australia) lay review panel. Editor of Update Magazine. | Solicitor and Company Director. Former partner and board member of a major national law firm. Former Chair of MLC Nominees, trustee for NAB/MLC public offer superannuation funds. Member of the Private Health Insurance Administration Council and former Chair of its Audit and Compliance Committee. Director of LCM Health Care Limited and its subsidiaries and member of its Audit and Risk Committee and its Performance and Remuneration Committee. Mother of a daughter with type 1 diabetes. |
| Rick Dennis , B Com, LLB, ACA JDRF Queensland Corporate Committee Chair. (Resigned 18 May 2009) | Managing Partner, Oceania Operations & Finance , Ernst & Young |
| Greg Garvan , B IT Chair of the volunteer Technology Advisory Group | Information technology and software engineering Project Management professional, currently consulting to ING Australia, with previous engagements to Caltex Australia, Insurance Australia Group and Zurich Financial Services. Father of daughter with type 1 diabetes. |
| Frank Jackson Life-member of Juvenile Diabetes Research Foundation Founding Chapter President for JDRF - WA Founding committee member for Walk to Cure Diabetes - WA | Managing Director, Frank Jackson Holdings Pty Ltd Chairman of The Jackson Family Foundation. Director of Broadwater Resort Management Council member of The Owners of Broadwater Grand Mercure Busselton. Managing Director, Broadwater Beach Bar and Restaurant, Busselton Father of a daughter with type 1 diabetes. |
| Ross Kennan , FIEA, CP Eng, FAICD, C.Chem, MRACI Member of the Compliance Committee | Former Global SBU Vice-President of Honeywell Inc. Chairman, Neptune Marine Services Ltd Director, Dadanco P/L and Dadanco Inc. (USA). |
| Natasha Mandie , B Comm (Hons), LLB (Hons), GAICD (Appointed 6 August, 2009) | Director, Credit Suisse, Corporate Advisory Solutions. Director of various Hindal Group companies, former Managing Director of Hindal Ventures Pty Ltd. Has type 1 diabetes. |
| Kristen Mason , MBA Chair of the NSW Ball Committee | Director of Foundation – Kambala. Former Manager Supplier Management, Airlines – Asia Pacific, Carlson Wagonlit Mother of daughter with type 1 diabetes. |
| Helen McCombie | Partner, Citadel PR, a corporate communications consultancy. Formerly reporter on Channel 9's Business Sunday program. |
| Timothy Morphy , BA, LLB, MBA | Managing Director of Healthways Australia Pty Ltd, a global provider of population health management solutions. Formally General Manager Marketing, I-Med Network Limited and National Head of Marketing, Medibank Private Limited. |

Juvenile Diabetes Research Foundation International
Directors' Report
30 June 2009

Meetings of directors

The number of meetings of the Foundation's board of directors and finance committee held during the year ended 30 June 2009, and the number of meetings attended by each director were:

| Director | Full Meetings of Directors | | Meetings of Finance Committee | |
|---------------------|----------------------------|---|-------------------------------|----|
| | A | B | A | B |
| Dr Susan Alberti AO | 4 | 6 | * | * |
| Trevor Allen | 5 | 6 | 11 | 12 |
| Robert Antulov | 5 | 6 | * | * |
| Malcolm Clift | 1 | 3 | 3 | 5 |
| Rebecca Davies | 4 | 6 | * | * |
| Rick Dennis | 4 | 5 | * | * |
| Greg Garvan | 3 | 6 | * | * |
| Stephen Higgs | 6 | 6 | 9 | 12 |
| Frank Jackson | 3 | 6 | * | * |
| Ross Kennan | 6 | 6 | * | * |
| Kristen Mason | 6 | 6 | * | * |
| Helen McCombie | 5 | 6 | * | * |
| Timothy Morphy | 6 | 6 | * | * |
| Matthew Rady | 5 | 6 | * | * |
| Peter Wilson | 3 | 6 | * | * |

A = number of meetings attended

B = number of meetings held while in office

* denotes not a member of this committee

Finance committee

The role of the Finance Committee is to provide oversight and advice on the financial activities of the organisation. It is responsible for working with the CEO and the COO on developing and tracking budgets, monitoring forecasts, and reviewing management accounts and statutory accounts. The committee met twelve times this financial year. Two independent (non-director) members currently sit on the Finance Committee to augment the diverse range of backgrounds and experience. These are Allison McMartin, Executive Director – Telcom Media and Entertainment Group at ANZ Institutional Banking and Geoff Nesbitt, CEO of AdPartners.

Insurance of officers

During the financial year, the company insured certain officers of the company under its Association Liability Insurance policy, a blanket policy covering assets, directors and officers and employment practices for volunteers and staff. The premium for this policy was \$12,492 (2008 - \$16,378).

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

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

Juvenile Diabetes Research Foundation International
Directors' Report
30 June 2009

Auditor

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

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



Stephen Higgs
Chairperson



Trevor Allen
Treasurer

Sydney
Date: 8th October, 2009

PricewaterhouseCoopers
ABN 52 780 433 757

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SYDNEY NSW 1171
DX 77 Sydney
Australia
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Facsimile +61 2 8266 9999

Auditors' Independence Declaration

As lead auditor for the audit of the Juvenile Diabetes Research Foundation International for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

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

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



Eddie Wilkie
Partner
PricewaterhouseCoopers

Sydney
8 October, 2009

Juvenile Diabetes Research Foundation International
Corporate Governance Statement
30 June 2009

Corporate Governance Statement

The Juvenile Diabetes Research Foundation and its board are committed to achieving and demonstrating the highest standards of corporate governance. The company's corporate governance framework was most recently reviewed in 2007 in light of the best practice recommendations released by the Australian Security Exchange Corporate Governance Council in August 2007. The board continues to review the framework and practices to ensure they meet the interests of members.

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

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

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

The board of directors

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

Board composition

The Constitution states:

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

Responsibilities

The responsibilities of the board include:

- Providing strategic guidance to the company including contributing to the development of and approving the corporate strategy.
- Reviewing and approving annual operating plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Overseeing and monitoring:
 - Organisational performance and the achievement of the company's strategic goals and objectives
 - Compliance with the company's Code of Conduct (see page 13).
 - Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments.
- Monitoring financial performance including approval of the monthly management accounts and annual financial reports, and liaison with the company's auditors.
- Appointment, performance assessment and, if necessary, removal of the Chief Executive Officer.
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management.
- Ensuring there are appropriate management processes in place and approving major corporate initiatives.

Juvenile Diabetes Research Foundation International
Corporate Governance Statement
30 June 2009

Corporate Governance Statement (continued)

- Enhancing and protecting the reputation of the organisation.
- Overseeing the operation of the company's system for compliance and risk management.

Board members

Details of the members of the board, their experience, expertise, qualifications and term of office are set out in the directors' report under the heading "Information on directors". There are fourteen (14) directors at the date of signing the directors' report.

Directors' independence

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

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

Term of office

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

Chairperson and Chief Executive Officer

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

The CEO is responsible for implementing company strategies and policies.

Conflict of interest

Entities connected with Rebecca Davies had business dealings with the company on a pro-bono basis during the year, as described in note 17 to the financial statements. In accordance with the board policy, the director concerned declared their interests in those dealings to the company and took no part in decisions relating to them or the preceding discussions.

Independent professional advice

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

Corporate reporting

The CEO and COO have made the following certifications to the board:

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

Board committees

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

Juvenile Diabetes Research Foundation International
Corporate Governance Statement
30 June 2009

Corporate Governance Statement (continued)

Finance committee

The finance committee includes the following directors:

Trevor Allen (Chairperson)
Stephen Higgs

Details of these directors' qualifications and attendance at finance committee meetings are set out in the directors' report on pages 5 to 7.

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

Allison McMartin
Geoff Nesbitt

The details of these committee members are set out on page 7.

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

The main responsibilities of the finance committee are to:

- Review, assess and approve the annual full and concise reports, the monthly management accounts and all other financial information published by the company.
- Assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
 - Effectiveness and efficiency of operations.
 - Reliability of financial reporting.
 - Compliance with applicable laws and regulations.
- Recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Report to the board on matters relevant to the committee's role and responsibilities.

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

External auditors

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

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

Risk assessment and management

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

Juvenile Diabetes Research Foundation International
Corporate Governance Statement
30 June 2009

Corporate Governance Statement (continued)

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

Environment, health and safety

The organisation recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective, a staff survey is conducted annually to determine the key areas of OH&S risk that impact staff.

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

Code of Conduct

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

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

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

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

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

Juvenile Diabetes Research Foundation International
Income Statement
For the year ended 30 June 2009

| | Notes | Year to 30 June 2009 \$ | Year to 30 June 2008 \$ |
|---|-------|-------------------------------|-------------------------------|
| Revenue from continuing operations - fundraising & other income | 4 | 9,136,534 | 8,365,110 |
| Revenue from continuing operations - government grants | 4 | 9,680,162 | 7,385,000 |
| Total revenue from continuing operations | | <u>18,816,696</u> | <u>15,750,110</u> |
| Revenue from unrealised gain/(loss) on shares | | 10,231 | - |
| Employee benefits expenses | | (2,120,486) | (1,857,521) |
| Fundraising campaign expenses | | (731,453) | (936,775) |
| Communications & technology expenses* | | (116,351) | (140,471) |
| Advertising, promotion and printing expenses | | (160,193) | (207,196) |
| Other expenses | | (1,231,684) | (737,271) |
| Profit from continuing operations | | 14,466,760 | 11,870,876 |
| Research grants and travel awards | | (13,008,161) | (11,035,314) |
| Education and support | | (348,184) | (336,933) |
| Surplus before income tax | 5 | 1,110,415 | 498,629 |
| Income tax expense | | - | - |
| Profit from continuing operations | 13 | <u>1,110,415</u> | <u>498,629</u> |
| Surplus for the year | 13 | <u>1,110,415</u> | <u>498,629</u> |

*2009 - \$34,500 in-kind technology support (2008 - \$40,500)

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

Juvenile Diabetes Research Foundation International
Balance Sheet
As at 30 June 2009

| | Notes | As at 30 June 2009 | As at 30 June 2008 |
|--------------------------------------|-------|--------------------------|-----------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 12,666,784 | 11,029,379 |
| Share portfolio* | | 297,533 | - |
| Trade and other receivables | 7 | 610,536 | 540,508 |
| Inventories | 8 | 102,345 | 94,501 |
| Total current assets | | <u>13,677,198</u> | <u>11,664,388</u> |
| Non-current assets | | | |
| Plant and equipment | 9 | 70,212 | 119,928 |
| Intangibles | 10 | 48,888 | 97,632 |
| Total non-current assets | | <u>119,100</u> | <u>217,560</u> |
| Total assets | | <u>13,796,298</u> | <u>11,881,948</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 1,757,073 | 1,396,410 |
| Research grants payable | 11 | 7,711,737 | 7,288,681 |
| Total current liabilities | | <u>9,468,810</u> | <u>8,685,091</u> |
| Non-current liabilities | | | |
| Provision for long service leave | 12 | 59,049 | 38,833 |
| Total non-current liabilities | | <u>59,049</u> | <u>38,833</u> |
| Total liabilities | | <u>9,527,859</u> | <u>8,723,924</u> |
| Net Assets | | <u>4,268,439</u> | <u>3,158,024</u> |
| EQUITY | | | |
| Retained surplus | 13 | 4,268,439 | 3,158,024 |
| Total equity | | <u>4,268,439</u> | <u>3,158,024</u> |

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

The above balance sheet should be read in conjunction with the accompanying notes.

**Juvenile Diabetes Research Foundation International
Statement of Changes in Equity
For the year ended 30 June 2009**

| | Notes | Year to 30 June 2009 \$ | Year to 30 June 2008 \$ |
|--|-------|-------------------------------|-------------------------------|
| Total equity at the beginning of the financial year | | 3,158,024 | 2,659,395 |
| Net surplus/(deficit) attributable to members of the company | | 1,110,415 | 498,629 |
| Total equity at the end of the financial year | 13 | <u>4,268,439</u> | <u>3,158,024</u> |

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

Juvenile Diabetes Research Foundation International
Cash Flow Statement
For the year ended 30 June 2009

| | Notes | Year to 30 June 2009 | Year to 30 June 2008 |
|---|-------|--------------------------|-------------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Fundraising income | | 8,902,160 | 6,106,272 |
| Government grants | | 9,680,162 | 5,516,000 |
| Interest received | | 234,374 | 356,075 |
| Payments for operating activities | | (3,506,401) | (2,722,959) |
| Grants and Travel awards paid | | (13,653,104) | (5,954,486) |
| Net cash inflow from operating activities | 19 | <u>1,657,191</u> | <u>3,300,902</u> |
| Cash flows from investing activities | | | |
| Payments for plant, equipment & software | | (19,786) | (119,070) |
| Net cash (outflow) from investing activities | | <u>(19,786)</u> | <u>(119,070)</u> |
| Net increase in cash and cash equivalents | | 1,637,405 | 3,181,832 |
| Cash and cash equivalents at the beginning of the financial year | | 11,029,379 | 7,847,547 |
| Cash and cash equivalents at the end of the financial year | 6 | <u><u>12,666,784</u></u> | <u>11,029,379</u> |

The above cash flow statement should be read in conjunction with the accompanying notes.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009

Note 1. Summary of significant accounting policies

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

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

(a) Basis of preparation

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

Compliance with IFRSs

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

Historical cost convention

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

Critical accounting estimates

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

(b) Revenue recognition

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

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

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

Revenue from bequests is recognised when received.

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

(c) Government grants

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

(d) Donations-in-kind

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

(e) Third-party fundraising

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

(f) Income tax

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

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009

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 income statement on a straight-line basis over the period of the lease.

(h) Cash and cash equivalents

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

(i) Trade receivables

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

(j) Inventories

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

(k) Acquisitions of assets

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

(l) Depreciation of property, plant and equipment

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

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

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

(m) Intangible assets

IT development and software

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

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

(n) Impairment of assets

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

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)

(o) Trade and other payables

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

(p) Employee entitlements

(i) Wages and salaries and annual leave

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

(ii) Long service leave

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

(q) Goods and services tax (GST)

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

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

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) Chapters

The results of JDRF Australia include the results of the following Chapters:

| | | |
|-----------------|--------------------|---------------------------|
| NSW: | Victoria: | South Australia : |
| Sydney | Bendigo | Adelaide |
| Central Coast | Melbourne | |
| Mid North Coast | Geelong | Tasmania: |
| Goulburn | Gippsland | Hobart |
| Griffith | Mildura | |
| Macarthur | | Western Australia: |
| | Queensland: | Perth |
| ACT: | Brisbane | Geraldton |
| Canberra | Gold Coast | Katanning |
| | Ipswich | Bunbury |
| | | Manjimup |

Chapters comprise a group of regional volunteers established to raise funds for research into finding a cure for diabetes and its complications, and to provide local support for people with diabetes and their families. The chapters' activities are supported by the Peer Support Program launched in 2008.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)

(s) Research grants for the Islet Transplantation Program

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

(t) New accounting standards and interpretations

Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The company intends to apply the revised standard from 1 July 2009.

There are a number of other revised standards with which the company will be required to comply such as AASB 8 Operating Segments, AASB 123 Borrowing Costs and AASB 3 Business Combinations. These revised standards will have no significant impact on the company.

Note 2. Financial risk management

(i) Financial risk management objectives

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

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

(ii) Market risks

JDRF is not exposed to foreign exchange or price risk. As noted above, the company has some exposure to interest rate risk. If interest rates had changed by +/- 100 basis points from the period end rates, with all other variables remaining constant, the profit from ordinary operations on an annualised basis would have been \$125,000 higher/lower (2008: \$110,000 higher/lower). Accordingly, the equity would have been higher/lower by \$125,000 (2008: \$110,000).

(iii) Credit risk

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

(iv) Liquidity risk

JDRF manages liquidity risk by continuously monitoring forecast and actual cash flows. JDRF has no borrowing facilities and thus manages liquidity risk by ensuring that it has sufficient cash resources to meet its operating and research obligations. All non-ITP research is contracted between the research institutions and the US affiliate, JDRFI. The company assists JDRFI by funding as much Australian research as financially possible. From time to time, JDRFI funds additional Australian research that JDRF Australia cannot fund. During the year, the US affiliate provided \$1,025,458 (2008: \$1,040,000) for research in Australia, or 7% (2008: 9%) of the total JDRF research funded in Australia.

(v) Fair value estimation

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

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

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 3: Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

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

Revenue recognition

(i) Walk Revenue: The company has recognised \$5,109 of revenue received in advance from the Walk to Cure Diabetes to be held in October 2009. This revenue refers to donations and supporter contributions received that would not be refunded should the Walk to Cure Diabetes not take place in October 2009.

(ii) Government Grants: The company has recognised \$9,680,162 of other revenue being grants from the Federal Government. \$9,500,000 of these grants is subject to the delivery of research outcomes into islet transplantation and \$180,162 is for the insulin pump grant program.

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

Expenditure recognition

Research grants payable: The company has recognised \$7,711,737 of research grants as a financial commitment, to be paid in FY2010. The provision was taken up at the time that the Executive Board of the Islet Transplantation Program passed a resolution outlining the successful institutions and the amounts they would receive. This provision was accounted for as research expenditure to recognise the financial commitment established by the awarding of the grants in April 2009.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 4: Revenue from continuing operations

| | Year to 30 June 2009 | Year to 30 June 2008 |
|--|---------------------------------|---------------------------------|
| | \$ | \$ |
| Fundraising revenue | | |
| Walk to Cure Diabetes | 2,022,175 | 2,172,454 |
| Gala Dinners and Balls | 822,146 | 844,042 |
| Direct Mail | 201,746 | 222,254 |
| Corporate Partnerships | 767,211 | 849,204 |
| Major Contributions | 2,128,964 | 1,405,828 |
| Merchandising Campaigns | 934,861 | 900,518 |
| Donations | 107,259 | 84,783 |
| Ride to Cure Diabetes | 1,310,527 | 1,127,951 |
| Golf Days | 84,733 | 71,928 |
| Spin to Cure | 332,268 | 125,972 |
| Other fundraising activities | 147,512 | 8,852 |
| | <u>8,859,402</u> | <u>7,813,786</u> |
| Revenue from outside fundraising activities | | |
| Membership fees | 42,758 | 53,363 |
| Interest | 234,374 | 356,074 |
| In-kind donations | - | 141,887 |
| | <u>277,132</u> | <u>551,324</u> |
| Other revenue | | |
| Government Grants - Islet Transplantation Program | 9,500,000 | 7,385,000 |
| Government Grants - Insulin Pump Grant Program | 180,162 | - |
| | <u>9,680,162</u> | <u>7,385,000</u> |
| Revenue from continuing operations | <u>18,816,696</u> | <u>15,750,110</u> |

(a) Government grants

A government grant of \$9,500,000 was recognised as revenue by the company during the financial year for the Islet Transplantation Program (ITP). A further \$180,162 was received for the Insulin Pump Grant Program (IPGP). There are no unfulfilled conditions or other contingencies attaching to these grants. The company did not benefit directly from any other forms of government assistance.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 5: Surplus before income tax

| | Year to 30 June 2009 | Year to 30 June 2008 |
|---|---------------------------------|-------------------------|
| | \$ | \$ |
| Surplus before income tax expense includes the following specific expenses: | | |
| Depreciation and amortisation | | |
| Equipment and software | 118,246 | 99,663 |
| Research grants | 12,974,144 | 10,956,198 |
| Travel grants & RACP Fellowship grant | 34,017 | 79,116 |
| Rental expense relating to operating leases | 193,545 | 177,832 |
| Total fundraising activities (net of depreciation and rent) | 2,658,485 | 2,234,980 |
| Superannuation | 151,642 | 109,187 |

Note 6. Current assets – cash

| | As at 30 June 2009 | Year to 30 June 2008 |
|--|-------------------------------|-------------------------|
| | \$ | \$ |
| Cash on hand | 2,780 | 2,780 |
| Cash at bank - National Office Accounts | | |
| General accounts | 8,601,793 | 7,038,966 |
| Research account | - | 627,697 |
| | 8,601,793 | 7,666,663 |
| Cash at bank - Other Accounts | | |
| Walk offices | 826 | 5,265 |
| Jelly Baby account | 13,880 | 20,278 |
| | 14,706 | 25,543 |
| Bank deposits | | |
| Term deposit research | 8,446 | 8,724 |
| Other term deposits | 4,039,059 | 3,325,669 |
| | 4,047,505 | 3,334,393 |
| Total cash and cash equivalents | 12,666,784 | 11,029,379 |

The Foundation's cash reserves are all invested in licensed banks and are held to fund future research and operating expenses. The bank accounts are earning floating interest rates of between 0.01% and 3.40% at 30 June 2009 (2008 - 2.4% to 5.6%)

Bank deposits

The deposits are bearing floating interest rates of between 3.00% and 3.05% at 30 June 2009 (2008 between 7.50% and 7.65%)

The cash balance of \$12,501,784 includes three research cheques dated 30 June 2009 which did not leave the company's control until early July 2009 totalling \$6,280,875.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 7. Current assets - receivables

| | As at 30 June 2009 | As at 30 June 2008 |
|-----------------|-------------------------------|-------------------------------|
| | \$ | \$ |
| Trade debtors | - | 4,487 |
| Prepayments | 18,870 | 17,964 |
| Rental deposits | 48,032 | 17,107 |
| Accrued income | 543,634 | 500,950 |
| | <u>610,536</u> | <u>540,508</u> |

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

Note 8. Current Assets – inventory

| | As at 30 June 2009 | As at 30 June 2008 |
|--|-------------------------------|-------------------------------|
| | \$ | \$ |
| Jelly Baby merchandise at cost | 147,227 | 140,004 |
| Less: Provision for obsolescence | (44,882) | (45,503) |
| Finished goods - net realisable value | <u>102,345</u> | <u>94,501</u> |

(a) Inventory expense

Inventories recognised as expense during the year ended 30 June 2009 amounted to \$300,664. (2008: \$268,009).

Write-down of inventories to net realisable value recognised as an expense during the year ended 30 June 2009 amounted to \$44,882 (2008: \$45,503). The expense has been included as a direct cost attributable to the Merchandise Campaigns in the income statement.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 9. Non-current assets - plant and equipment

| | Office equipment \$ | Computers and Electrical \$ | Total \$ |
|--------------------------------|---------------------------|-----------------------------------|----------------|
| Year ended 30 June 2008 | | | |
| Opening net book value | 11,576 | 21,374 | 32,950 |
| Additions | 5,307 | 129,564 | 134,871 |
| Disposals | - | - | - |
| Depreciation charge | (6,444) | (41,449) | (47,893) |
| Closing net book amount | <u>10,439</u> | <u>109,489</u> | <u>119,928</u> |
| At 30 June 2008 | | | |
| Cost | 60,895 | 250,235 | 311,130 |
| Accumulated depreciation | (50,456) | (140,746) | (191,202) |
| Net book value | <u>10,439</u> | <u>109,489</u> | <u>119,928</u> |
| Year ended 30 June 2009 | | | |
| Opening net book value | 10,439 | 109,489 | 119,928 |
| Additions | 488 | 4,919 | 5,407 |
| Disposals | - | - | - |
| Depreciation charge | (3,445) | (51,678) | (55,123) |
| Closing net book amount | <u>7,482</u> | <u>62,730</u> | <u>70,212</u> |
| At 30 June 2009 | | | |
| Cost | 61,383 | 255,154 | 316,537 |
| Accumulated depreciation | (53,901) | (192,424) | (246,325) |
| Net book value | <u>7,482</u> | <u>62,730</u> | <u>70,212</u> |

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 10. Non-current assets – intangibles

| | Software | Total |
|--------------------------------|----------------------|----------------------|
| | \$ | \$ |
| Year ended 30 June 2008 | | |
| Opening net book value | 62,847 | 62,847 |
| Additions | 86,555 | 86,555 |
| Disposals | - | - |
| Amortisation charge | <u>(51,770)</u> | <u>(51,770)</u> |
| Closing net book amount | <u>97,632</u> | <u>97,632</u> |
| | | |
| At 30 June 2008 | | |
| Cost | 175,450 | 175,450 |
| Accumulated amortisation | <u>(77,818)</u> | <u>(77,818)</u> |
| Net book value | <u>97,632</u> | <u>97,632</u> |
| | | |
| Year ended 30 June 2009 | | |
| Opening net book value | 97,632 | 97,632 |
| Additions | 14,379 | 14,379 |
| Disposals | - | - |
| Amortisation charge | <u>(63,123)</u> | <u>(63,123)</u> |
| Closing net book amount | <u>48,888</u> | <u>48,888</u> |
| | | |
| At 30 June 2009 | | |
| Cost | 189,829 | 189,829 |
| Accumulated amortisation | <u>(140,941)</u> | <u>(140,941)</u> |
| Net book value | <u>48,888</u> | <u>48,888</u> |

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 11. Current liabilities – payables

| | As at 30 June 2009 | As at 30 June 2008 |
|--------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Payables | | |
| Trade payables | 201,919 | 103,225 |
| Income received in advance | 419,885 | 215,334 |
| Other payables | 108,180 | 681,699 |
| Employee entitlements | 175,004 | 140,807 |
| GST Payable | 852,085 | 255,345 |
| Payables sub-total | <u>1,757,073</u> | <u>1,396,410</u> |
| Research Grants Payable | | |
| IIP Grants Payable | <u>7,711,737</u> | <u>7,288,681</u> |
| Total Current Payables | <u>9,468,810</u> | <u>8,685,091</u> |

Note 12. Provisions – long service leave

| | As at 30 June 2009 | As at 30 June 2008 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Employee benefit and related on-cost liabilities: | | |
| Current Liabilities - Long Service Leave | - | |
| Non-Current Liabilities - Long Service Leave | 59,049 | 38,833 |
| Aggregate employee benefit - Long Service Leave | <u>59,049</u> | <u>38,833</u> |
| <u>Employee numbers</u> | <u>Number</u> | <u>Number</u> |
| Number of employees at reporting date | 32 | 28 |

Note 13. Retained surplus

| | As at 30 June 2009 | As at 30 June 2008 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Retained surplus at the beginning of the financial year | 3,158,024 | 2,659,395 |
| Net surplus attributable to members of the company | 1,110,415 | 498,629 |
| Retained surplus at the end of the financial year | <u>4,268,439</u> | <u>3,158,024</u> |

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 14. Remuneration of directors

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

Note 15. Contingencies

The company has provided a bank guarantee of \$8,724 for the lease of office premises in Brisbane.

The company has no other contingencies as at the date of this report (2008 - nil).

Note 16. Commitments for expenditure

| | As at 30 June 2009 | As at 30 June 2008 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Lease commitments | | |
| Non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities payable: | | |
| Not later than one year | 170,145 | 58,247 |
| Later than one year but not later than 5 years | 246,543 | - |
| Total commitments not recognised in the financial statements | 416,688 | 58,247 |

Superannuation commitments

The Company participated in a number of employer sponsored superannuation funds, which exist to provide for employees and their dependants on retirement, disability or death.

Company contributions to these funds were sufficient to satisfy its obligations under Superannuation Guarantee legislation.

Note 17. Related parties and key management personnel disclosures

(a) Directors

The names of persons who were directors of Juvenile Diabetes Research Foundation International at any time during the financial year and up to the date of this report are as follows: Dr. Sue Alberti AO, Trevor Allen, Robert Antulov; Malcolm Clift; Rebecca Davies; Rick Dennis; Greg Garvan; Stephen Higgs; Frank Jackson; Ross Kennan; Natasha Mandie; Kristen Mason; Helen McCombie; Timothy Morphy, Matthew Rady and Peter Wilson.

Remuneration and retirement benefits

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

Other transactions of directors and director-related entities

Rebecca Davies was a partner of a major law firm (now retired) which provided legal services, without charge, to Juvenile Diabetes Research Foundation International during the year. Rebecca was not involved in the discussions appointing the solicitors, nor was she involved in carrying out the legal work.

The relation outlined above was declared to the Chairperson prior to any work being undertaken.

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

(b) Other key management personnel

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

| <i>Name</i> | <i>Position</i> |
|----------------|---|
| Mike Wilson | Chief Executive Officer |
| William Bonney | Chief Operations Officer |
| James Clampett | Head of Development |
| Mike Greasley | Head of Marketing |
| Sarah Harrison | Head of Government & Community Programs |

All of the above persons were also key management persons during the year ended 30 June 2008.

(c) Key management personnel compensation

| | 2009 | 2008 |
|------------------------------|------------------|-----------|
| Short-term employee benefits | \$746,209 | \$713,702 |

Note 18. Segment information

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

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

| | Year to 30 June 2009 | Year to 30 June 2008 |
|---|---------------------------------|-------------------------|
| | \$ | \$ |
| Net surplus / (deficit) after income tax | 1,110,415 | 498,629 |
| Depreciation and amortisation | 118,246 | 99,663 |
| Donations (income) / expense in kind | - | (102,354) |
| Shares received | (297,533) | - |
| Change in operating assets and liabilities | | |
| (Increase)/Decrease in trade & other receivables | (38,733) | 188,751 |
| (Increase)/Decrease in other debtors | (30,926) | (17,106) |
| (Increase)/Decrease in prepayments | (369) | (17,964) |
| (Increase)/Decrease in inventories | (7,844) | (9,069) |
| Increase/(Decrease) in trade and other creditors | 121,915 | (1,119,426) |
| Increase/(Decrease) in research grants payable | 423,056 | 3,767,037 |
| Increase/(Decrease) in income received in advance | 204,551 | - |
| Increase/(Decrease) in provisions for employee entitlements | 54,413 | 12,741 |
| Net cash (outflow)/inflow from operating activities | <u>1,657,191</u> | <u>3,300,902</u> |

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 20. Charitable fundraising activities

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

| | Year to 30 June 2009 | | |
|-----------------------------------|-----------------------------|-------------------------------|------------------------------|
| | Gross income | Direct Expenditure | Net Proceeds |
| | \$ | \$ | \$ |
| Walk to Cure Diabetes | 2,022,175 | 271,321 | 1,750,854 |
| Gala Dinners and Balls | 822,146 | 159,997 | 662,149 |
| Direct Mail | 201,746 | 34,010 | 167,736 |
| Corporate Third Party Fundraising | 767,211 | 1,566 | 765,645 |
| Major Contributions | 2,128,964 | 29,577 | 2,099,387 |
| Merchandising Campaigns | 934,861 | 316,568 | 618,293 |
| Donations | 107,259 | 1,448 | 105,811 |
| Ride to Cure Diabetes | 1,310,527 | 363,415 | 947,112 |
| Golf Days | 84,733 | 28,627 | 56,106 |
| Spin to Cure Diabetes | 332,268 | 64,315 | 267,953 |
| Other fundraising activities | 147,512 | 59,701 | 87,811 |
| Total | 8,859,402 | 1,330,545 | 7,528,857 |
| Less indirect expenditure | | | 1,327,940 |
| Net amount raised | | | 6,200,917 |
| | | | % of Gross Income |
| Direct expenditure | | | 15% |
| Indirect expenditure | | | 15% |
| Total expenditure | | | 30% |
| Net amount raised | | | 70% |

Juvenile Diabetes Research Foundation International
Notes to the financial statements
For the year ended 30 June 2009 (continued)

Note 20. Charitable fundraising activities (continued)

| | Year to 30 June 2008 | | |
|-----------------------------------|----------------------|--------------------|------------------|
| | Gross income | Direct Expenditure | Net Proceeds |
| | \$ | \$ | \$ |
| Walk Walk income and donations | 2,172,454 | 282,689 | 1,889,765 |
| Gala Dinners and Balls | 844,042 | 165,899 | 678,143 |
| Direct Mail | 222,254 | 45,757 | 176,497 |
| Corporate Third Party Fundraising | 849,204 | 3,024 | 846,180 |
| Major Contributions | 1,405,828 | 17,641 | 1,388,187 |
| Merchandising Campaigns | 900,518 | 299,510 | 601,008 |
| Donations | 84,783 | 1,371 | 83,412 |
| Ride to Cure Diabetes | 1,127,951 | 355,814 | 772,137 |
| Golf Days | 71,928 | 24,390 | 47,538 |
| Spin to Cure Diabetes | 125,972 | 23,153 | 102,819 |
| Other fundraising activities | 8,852 | - | 8,852 |
| Total | 7,813,786 | 1,219,248 | 6,594,538 |
| Less indirect expenditure | | | 1,015,732 |
| Net amount raised | | | 5,578,806 |
| | | | % of Gross |
| | | | Income |
| Direct expenditure | | | 15.6% |
| Indirect expenditure | | | 13.0% |
| Total expenditure | | | 28.6% |
| Net amount raised | | | 71.4% |

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

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

The Foundation has an objective to limit the amount of cash it handles as part of its fundraising activities. Cash receipts amounted to less than 2% of the above fundraising activities for the year ended 30 June 2009 (2008: less than 2%).

Note 21: Interests in other entities

Since 2001 the company has been a member of Glycemic Index Limited, a business established to promote the use of the low glycemic index diet for people with diabetes. The other member is the University of Sydney. The company is not entitled to any distribution of proceeds from this venture without impacting GIL's charitable status. The net assets of GIL as at 30 June 2009 were \$458,904.

Note 22: Remuneration of auditors

An amount of \$15,000 has been accrued for the FY2009 audit fee payable to PricewaterhouseCoopers (2008: nil). This amount is subsidised as JDRF is a preferred charity partner of the PwC Foundation.

Note 23: Event occurring after reporting date

Since 30 June 2009 to the date of this report, no matter or circumstances have arisen which have a significant effect on:

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

Juvenile Diabetes Research Foundation International Directors' declaration

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 32 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ending on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Stephen Higgs
Chairperson



Trevor Allen
Treasurer

Sydney

Date: 8th October 2009

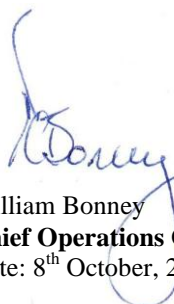
Declaration by Chief Executive Officer and Chief Operations Officer in respect of Fundraising Appeals

We, Mike Wilson, Chief Executive Officer and William Bonney, Chief Operations Officer of the Juvenile Diabetes Research Foundation International declare that, in our opinion:

- the financial statements set out on pages 14 to 32 give a true and fair view of all income and expenditure of Juvenile Diabetes Research Foundation International with respect to fundraising appeals;
- the balance sheet 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 2009; and
- the internal controls exercised by Juvenile Diabetes Research Foundation International are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Mike Wilson
Chief Executive Officer
Date: 8th October, 2009



William Bonney
Chief Operations Officer
Date: 8th October, 2009

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 balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Independence

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

Basis for Qualified Auditor's Opinion

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

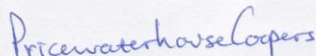
Qualified Auditor's opinion on the financial report

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

- (a) the financial report of Juvenile Diabetes Research Foundation International is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - (iii) presents a true and fair view as required by the *Charitable Fundraising Act 1991 (NSW)* of the financial result of fundraising appeals for the financial year ended 30 June 2009;
 - (iv) and its associated records have been properly kept in accordance with the *Charitable Fundraising Regulations 1993 (NSW)* for the financial year ended 30 June 2009;
- (b) the company's financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).
- (c) money received as a result of fundraising appeals conducted by the Juvenile Diabetes Research Foundation International during the year ended 30 June 2009 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 1993 (NSW)*; and
- (d) there are reasonable grounds to believe that Juvenile Diabetes Research Foundation International will be able to pay its debts as and when they fall due.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of the Juvenile Diabetes Research Foundation International for the year ended 30 June 2009 included in the Juvenile Diabetes Research Foundation International web site. The company's directors are responsible for the integrity of the Juvenile Diabetes Research Foundation International web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



PricewaterhouseCoopers



Eddie Wilkie, Partner
Sydney 12th October, 2009