



ANNUAL REPORT

2009/2010

Presented at the Annual General Meeting
11th October 2010

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THE DIABETES RESEARCH FOUNDATION OF WESTERN AUSTRALIA INCORPORATED

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**THE DIABETES RESEARCH FOUNDATION
OF WESTERN AUSTRALIA INCORPORATED**

2009/2010

EXECUTIVE

Chairman: Dr Erica Smyth
Vice Chairman: Dr Joey Kaye
Secretary: Mr Mervyn Rothstein
Treasurer: Mr Terry Hobson

BOARD MEMBERS

Mr William Coleman AM
Mr Ian Jepson
Mr Ken Pettit SC
Dr Elizabeth Davis

CO-OPTED BOARD MEMBERS

Ms Claire Thomas

MEDICAL ADVISORY COMMITTEE

Dr Joey Kaye
Dr Elizabeth Davis
Professor Tim Davis
Dr Gerry Fegen
Dr Seng Khee Gan
Associate Professor Tim Jones

AUDITORS

Optima Financial Group Pty Ltd

HONORARY SOLICITORS

M Rothstein & Co

JOINT PATRON'S

His Excellency Dr Ken Michael AC Governor of Western Australia and Mrs Julie Michael

The Diabetes Research Foundation of WA Chairman's Report 2009/10

I am proud to be able to offer this positive report to you on the activities of the Diabetes Research Foundation of WA (DRFWA) in 2009/10 year. The research outcomes we have achieved have been significant and give us an exciting base to build upon.

- Once again the DRF-initiated Centre for Diabetes Research (CDR), led by Professor Grant Morahan, has been very busy and this year was internationally recognised through the award by the US-based *National Institutes of Health* of a \$1.7m grant to the CDR in the study of Systems Genetics. This has evolved out of the worldwide Type 1 Diabetes Genetics Consortium (T1DGC), which CDR was a critical participant, and which published online in the leading scientific journal, *Nature Genetics* in 2008/09. This new competitive funding puts the CDR on the world stage of systems genetics in diabetes.
- The research work we started in 2008/09 to assist young adults to transition from care in WA's children's medical system to the adult system has produced some exciting outcomes. After changing the research programme to a Quality Improvement project whereby all adolescents/ young adults (and their family) be offered the Transition Coordinator services, the team achieved a positive step change. The next challenge is to embed this type of transition coordinator role into the State's general hospital system and to enable the learnings to be applied to other chronic disease carers in this State and indeed in Australia. This is being guided by Dr Pat Rapley and teams at Princess Margaret Hospital (PMH) and Sir Charles Gardiner Hospital (SCGH).
- The grant from DRFWA to Professor Tim Skinner of the Combined University Centre for Rural Health in Geraldton and Diabetes WA, has delivered an exciting new training method to improve blood glucose awareness for people with Type 1 diabetes in rural and remote areas. This internet based program (BGAThemeWA) has been developed in the USA but needed significant modification before it could be applied in Australia. The first trials of this new system started in August 2010 and I look forward to bringing you a report on this work at the DRF annual symposium on the 12th November 2010.
- Retinopathy screening for adolescents with type 1 & 2 diabetes via a portable scanner -The EyeScan – which was funded by the DRFWA Kelva Campbell funds, has led to modifications to the EyeScan and to further trials. It is now clear that this equipment has the potential to be an important tool for early detection of retinopathy in people with Type 1 diabetes and early diagnosis in people with type 2 diabetes in rural and remote WA. This project is managed via a Fellowship grant to Dr Trang Ly who is working from PMH.

An overview of Professor Morahan's studies conducted at the Centre for Diabetes Research is included in this report and I commend it to you. I am very pleased with the international impact Professor Morahan's team is having on the world's understanding of the genetic links and systems that are involved in diabetes and will be critical to finding a cure.

In June 2009 I took on a six month role as Acting (and Independent) Chairman of Diabetes Australia (DA) during a period of review of its constitution and membership. I was able to do this as DRFWA had agreed to finish its full membership of DA in order to help streamline the organisation's structure. Our managed resignation has resulted in us now having a less formal engagement with DA but we continue as strong supporters of both DA and the Australian National Diabetes Supply Scheme (NDSS), which is administered by DA and managed in WA by Diabetes WA, as together they provide a critical service to people with diabetes in Australia.



On World Diabetes Day, 14th November 2009, we again presented to our supporters a symposium and report on our active diabetes research. This was again a very successful event with presentations by 3 researchers and the announcement of the Alex Cohen Diabetes Scholarship (ACDS) fund. Professor Cohen (AO) has been associated with the DRFWA for over 30 years and is our immediate past Chairman. This scholarship fund will be used to encourage postgraduate diabetes researchers at UWA.

Early in 2010 DRFWA was the recipient of a very generous \$750,000 bequest from the late Mercy Davies. We are conscious of the responsibility associated with using these funds wisely and have taken a little time to reflect on how best we apply this bequest. The first initiative has been the funding of the "Mercy Davies Alex Cohen Postgraduate Scholarship" which will be awarded before the end of 2010.

I commend to you the DRFWA web site which now offers everyone easy access to plain language research results and explanations from around the world. This site is regularly updated and will give you a window to the research world: <http://www.diabetesresearchfoundation.asn.au>

I again express my appreciation to the DRF Board for their willingness to participate in the strategic direction and governance of this organisation. Our Executive Director, Sherl Westlund, deserves our special thanks as she is the professional behind our organisation and we could do little without her enthusiasm, ideas and day to day management. On behalf of the Board I acknowledge and thank her.

Dr Erica Smyth
Chairman
Diabetes Research Foundation

On behalf of the DRFWA, those with diabetes and researchers, we would like to extend great appreciation to all our supporters, who by their generosity ensure research continues into diabetes in WA

Mrs R Bailey	Mr R Johnson	Mrs E Studer
Mrs V Barallon	Mrs J Jones	Mrs J Sutton
Mrs P Barr	The Hon PV Jones AM	Mr D Sutton
Mrs M Barber	Dr P Kailis AM	Mr M Teale
Mrs V Becker	Mr P Kerr	Dr & Mrs O Tofler
Mrs N Best	Dr J Kaye	Ms H Tuckey
Mr D Blight AO	Mr E Keogh	Mrs G Turner
Mr K Bogue	Mrs R King	Mrs K Vincenti
Estate of Imelda Bowser	Mr J Kusmierck	Mrs N West
Mr D Brooks	Mr W Kynaston	Mr P Westlund
Brookton Senior High School	Ms C Lamont	Ms S Westlund
Mr R Carter	Mr J Lawson	Mrs Williams
Harry Frederick Carter Charitable Trust	Dr C Lawson-Smith	Mr J Williamson
Mr & Mrs P Chan	Professor P Leedman	Mr D Wright
Mr C Chapple	Mr P Leong	Mrs L Zusman
Mr H Clough AO OBE	Mr & Mrs J Lewis	
Mr I Cohen	Mrs M Ling	
Dr L Cohen	Lions Club of Inglewood	
Mr W Coleman AM	Ms L Liwszyc	
Mr B Collopy	Ms T McAulay	
Mr P Conran	Mr R McKenna	
Crime & Corruption Commission	Martella Family	
Mr Danischewsky	Mrs M Martin	
Mrs J D'Arcy	Mrs O Melling	
Dr E Davis	Mrs N Mills	
Estate of Mercy Davies	Mrs B Moore	
Mrs G Demart	Mrs N Murphy	
Mr A Donkin	Ms D Muscat	
Mr R Dougal	Mrs D Mutton	
Diabetes WA	Mr R O'Connor QC	
Mrs A Even	Mr R O'Neil	
Mrs V Farnsworth	Ms J Pattie	
Flinders Square Dental Surgery	Mr V Paul	
Ms A Formato	Mr & Mrs C Pearse	
Mrs A Frank	Stan Perron Charitable Foundation	
Mr S Garcia	Mrs E Perrott	
Mr & Mrs J & S Gaunt	Mr M Perrott	
Dr H Gebauer	Mr & Mrs C Perrott	
Mr & Mrs H Gebauer	Mr Ken Pettit SC	
Mrs R Ginby	Mr J Pritchard	
Mrs & Mrs L Guthrey	Mrs M Reid	
Dr A Harris	Dr R Reynolds	
Mr S Hasler	Mr & Mrs P & S Richardson	
Mrs R Haubner	Mr & Mrs C Rose	
Ms S Heath	Mr M Rothstein	
Mr T Hobson	Sassy Partners	
Mr I Hoffman	Ms SA Scarcelli-Dejong	
Miss J Hogan	Mrs P Seares	
Janet Holmes à Court Family Foundation	Sealanes	
Mrs N Hooper	Mr M Shah	
Mr & Mrs I Hornhart	Ms L Short	
Mrs N Hudman	Mrs K Siew Loo	
Mr & Mrs W Hyams	Mr & Mrs Silvester	
Mr & Mrs P Hull	Mr J Smart	
Estate of Lydia Jansz	Dr E Smyth	
Mr I Jepson	Dr G Stein	
Mr D Jewkes	Dr D Stewart	
Ms L Johnson	Supa IGA Wembley	

REPORT FROM THE CENTRE FOR DIABETES RESEARCH

2009 – 2010

The Centre for Diabetes Research (Centre) was established in 2005 through an initiative of the Diabetes Research Foundation of WA (DRFWA).

A significant development at the Centre this year has been the increased international recognition of research efforts. Professor Grant Morahan, Director of the Centre, presented two lectures at King Faisal Hospital in Saudi Arabia, a rare event for a Western scientist. It is hoped this connection can be further strengthened by collaboration between the two groups. Professor Morahan also accepted a Visiting Professorship at Shanghai University of Traditional Chinese Medicine and presented a lecture on the Centre's work at an international conference in Shanghai. This relationship has great potential to combine the Centre's state-of-the-art genetic technologies with modern refinements of centuries of knowledge derived from Traditional Chinese Medicine. Major efforts will be directed to new treatments for diabetes complications from this collaboration. Dr Lois Balmer is conducting this initial work at the Centre, which is generously supported by the DRFWA.

The publication last year of an article in *Nature Genetics*, one of the world's leading scientific publications, on family-based genetics was the culmination of over a decade of work by the worldwide Type 1 Diabetes Genetics Consortium (T1DGC). The T1DGC, on whose Steering Committee Professor Morahan serves, conducted the world's largest ever family-based genetics study. Over 4,000 families - 330 from Australia - donated DNA samples for this study. The T1DGC studied thousands of genetic markers in each family member, and has now identified over **40 genes that affect the risk of developing type 1 diabetes**. This work is a particular area of expertise at the Centre and gives great hope of finding ways to prevent diabetes from developing.

Relationships within Australia and with Australian researchers remain a high priority for the Centre. The Hon Judy Moylan MP, Federal Member for Pearce, is an active supporter of diabetes research and toured the Centre in 2009, viewing the new FACS Aria II (cell sorting) machine purchased with DRFWA, Diabetes WA, The University of Western Australia and Western Australian Institute for Medical Research funding.

On the research front, the Centre has established a joint forum with Professor Tim Davis' group, whose Fremantle Diabetes Studies have been very important in the understanding of type 2 diabetes. It is hoped that the collaboration of these two groups will lead to new discoveries. Additionally, the Centre obtained funding from the Australian Diabetes Research Foundation, allowing Dr Erika Bosio to join the Centre. Dr Bosio is a scientist trained in Perth who gained international stem cell experience in Padua, Italy. She now has the opportunity to advance her work in WA and will be working in a very relevant area: finding ways to differentiate (modify) human stem cells into insulin-producing beta cells.

The most exciting news from the Centre is the award of US\$1.7 million in funding to support a new project in the study of systems genetics (how genes interact) of type 1 diabetes. This funding, awarded by the National Institutes of Health (NIH) in the USA, is extremely difficult for Australian researchers to obtain. It is particularly gratifying because the project builds on the Centre's efforts in systems genetics (in mouse models) over the past five years. This pioneering work was initially supported by the DRFWA. Without the DRFWA's support, the Centre could not have secured this new funding from NIH.

It is due to the generosity of donors to the DRFWA that the Centre has been able to pursue cutting-edge research, recognised by the world's leading medical research organization - the NIH, that would not have been supported by other Australian agencies. Funding from the DRFWA to establish the Centre has led directly to raising a further \$12 million for the Centre's diabetes research projects. This is incredible leverage of the DRFWA's support. In this time of global

financial crisis, an investment in the Centre for Diabetes Research will bear dividends in health improvement for people with diabetes not only in the short term, but also for the years ahead.

Professor Grant Morahan
 Director, Centre for Diabetes Research
 (A detailed report is available on request from the DRFWA)

Research projects within the Centre for Diabetes Research

Type 1 Diabetes

Genetics of type 1 diabetes through collaboration with the Type 1 Diabetes Genetics Consortium
 Co-ordination of the Australian Childhood Diabetes DNA Repository
 Identifying susceptible genes for Type 1 Diabetes

Type 2 Diabetes

Genetic influence on the establishment and maintenance of beta cell mass
 Effect of Diet on Diabetes and Obesity

Complications of diabetes

Diabetic Nephropathy (kidney disease)
 Diabetic Retinopathy (eye disease)

Stem Cell Research

Differentiation of pancreatic cells into functional beta cells
 Generating a renewable supply of pancreatic endocrine cells from embryonic stem cells
 Identifying pathways involved in developing human embryonic stem cells to mature beta cells
 Characterisation of two novel monoclonal antibodies
 Isolating Insulin-Producing Progenitor Cells Using Monoclonal Antibodies
 Liver Progenitor Oval Cells as a Stem Cell Source for Type 1 Diabetes Therapy
 Creating β Cells from Pancreatic Progenitor/Precursor Cells

Systems Genetics (how genes interact with each other)

Systems genetics in mouse models
 Systems genetics of human type 1 diabetes genes
 The Gene Mine
 Bioinformatics Facility (processing genetic data)

CENTRE FOR DIABETES RESEARCH TEAM

Professor Grant Morahan	Director
Dr Fang-Xu Jiang	Research Associate Fellow
Dr Yun Shen	Research Fellow
Dr Anne Bonsor	Personal Assistant to Director
Dr Erika Bosio	Research Assistant Professor
Dr AKM Abdul Baten	Research Associate
Dr Lois Balmer	Research Officer
Dr Jemma Berry	Research Officer
Ms Emma Jamieson	Research Officer
Mr Munish Mehta	Senior Bioinformatics Officer
Ms Ee Juen Leong	Research Assistant
Ms Lakshini Weerasekera	Research Assistant
Mr Quang Nguyen	Research Assistant
Ms Irma Larma	Research Assistant
Mr Michael Durell	Research Assistant
Dr Jing Sui	Visiting Clinical Research Fellow
Ben Dwyer	PhD Student
Ms Lucy Ainge	Trainee Laboratory Assistant
Ms Kristen Spring	Trainee Laboratory Assistant
Ms Taleesha Conlan	Trainee Laboratory Assistant

THE DIABETES RESEARCH FOUNDATION OF WA

Medical Advisory Panel Report

2009/2010

For the period 1/07/2009 to 30/6/2010 there were no new research projects allocated.

Progress of current DRFWA funded research projects is outlined below.

The Kelva Campbell Scholarship

The 2009 Kelva Campbell Fellowship, Dr Trang Ly at Princess Margaret Hospital for:

Improving access to retinopathy screening and determining the prevalence of diabetic retinopathy in adolescents with type 1 and type 2 diabetes.

This project has now entered the second phase to determine the prevalence of diabetic retinopathy in adolescence with type 1 diabetes and type 2 diabetes. Those with type 2 diabetes have not been documented before. Further results will be available at the DRFWA Research Symposium in November 2010.

BGAThome WA.

Professor Tim Skinner at the Combined Universities Centre for Rural Health and Diabetes WA for:

Trial of an internet program to reduce unawareness and fear of hypoglycaemia for people with type 1 diabetes.

After extensive rewriting of the software for this internet program a trial has now commenced for those with type 1 diabetes. Results from this trial will be presented at the DRFWA Research Symposium in November 2010.

Trial of a Transition Coordinator

Dr Pat Rapley at Sir Charles Gairdner Hospital (SCGH) for:

Trial of a Transition Coordinator for adolescents with type 1 diabetes transferring from a child health service to an adult health service at SCGH.

This trial is now completed. Anecdotal results from a clinical perspective are very positive and encouraging with plans now underway at SCGH to implement the service. This project will be a focus at the DRFWA Research Symposium in November 2010.

Diabetes complications

Professor Grant Morahan at the Centre for Diabetes Research for:

*Searching for a mouse model of Diabetic Retinopathy
Searching for a better mouse model of Diabetic Nephropathy*

Research continues on these research initiatives which form part of a long term study into the prevention of diabetic retinopathy and diabetic nephropathy.

Please see the DRFWA Research Report for more details concerning these research projects.....

**The Diabetes Research Foundation of Western
Australia (Inc.)
Annual Financial Report
30 June 2010**



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The Diabetes Research Foundation of Western Australia (Inc.) ANNUAL FINANCIAL REPORT

TREASURER'S REPORT

The result for The Diabetes Research Foundation of Western Australia (Inc) ('DRF') for the year ended 30 June 2010 was a surplus of \$551,494 (2009: Deficit of \$202,230) and accumulated funds at the end of the year were \$1,186,411 (2009: \$634,917).

Revenue from bequests totalled \$758,720 during the year, while general donations totalled \$36,723, in line with the amount received during the previous year and donations for the newly established Alex Cohen Diabetes Scholarship Fund totalled \$1,400.

Interest received on term deposits was lower than the previous year, mainly due to the lower interest rates on offer.

The DRF continues to hold term deposit accounts and cheque accounts with BankWest and the Commonwealth Bank of Australia. Deposits with these two banks are included in the Federal Government's Deposit Guarantee Scheme.

Terry J Hobson
Honorary Treasurer

September 2010



The Diabetes Research Foundation of Western Australia (Inc.)
ANNUAL FINANCIAL REPORT
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	<i>Notes</i>	<i>30 June</i> <i>2010</i> \$	<i>30 June</i> <i>2009</i> \$
Revenue	2	848,629	297,559
Expenses			
Employee expenses		(97,643)	(69,318)
Donations	3	(9,706)	(169,653)
Advertising and promotion		(19,950)	(16,312)
Other expenses	3	(9,836)	(10,528)
Research and Education Expenditure		<u>(160,000)</u>	<u>(233,978)</u>
Surplus/(Deficit) for the year		<u>551,494</u>	<u>(202,230)</u>

The Diabetes Research Foundation of Western Australia (Inc.)

ANNUAL FINANCIAL REPORT

BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	30 June 2010 \$	30 June 2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	49,306	307,728
Term deposit investments		1,141,169	350,000
Other financial assets	5	26,955	4,061
Total current assets		1,217,430	661,789
Non-current assets			
Equipment	6	-	59
Total non-current assets		-	59
TOTAL ASSETS		1,217,430	661,848
LIABILITIES			
Current liabilities			
Accounts payable	7	6,582	8,074
Employee benefits	8	24,437	18,857
Total current liabilities		31,019	26,931
TOTAL LIABILITIES		31,019	26,931
NET ASSETS		1,186,411	634,917
FUNDS			
Accumulated funds		1,186,411	634,917
TOTAL FUNDS		1,186,411	634,917



The Diabetes Research Foundation of Western Australia (Inc.) ANNUAL REPORT

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	<i>Notes</i>	<i>30 June</i> 2010 \$	<i>30 June</i> 2009 \$
Cash flows from operating activities			
Donations & Bequests received		797,074	80,118
Interest received		30,119	47,717
Memberships		583	781
Payment to suppliers and employees		(134,655)	(92,265)
Finance costs		(374)	(378)
Research and education		(160,000)	(233,978)
Net cash flows from operating activities	4	532,747	(198,005)
Cash flows used in investing activities			
(Increase)/decrease in term deposit investments		(791,169)	41,760
Net cash flows from investing activities		(791,169)	41,760
Net (decrease)/increase in cash and cash equivalents		(258,422)	(156,245)
Cash and cash equivalents at beginning of period		307,728	463,973
Cash and cash equivalents at end of period	4	49,306	307,728

The Diabetes Research Foundation of Western Australia (Inc.)
ANNUAL REPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Accumulated Funds \$	Total \$
At 1 July 2004	435,988	435,988
Surplus for the year	(58,028)	(58,028)
At 30 JUNE 2005	377,960	377,960
Surplus for the year	141,869	141,869
At 30 JUNE 2006	519,829	519,829
Deficit for the year	(27,747)	(27,747)
At 30 JUNE 2007	492,082	492,082
Surplus for the year	345,065	345,065
At 30 JUNE 2008	837,147	837,147
Deficit for the year	(202,230)	(202,230)
At 30 JUNE 2009	634,917	634,917
Surplus for the year	551,494	551,764
At 30 JUNE 2010	1,186,411	1,186,411

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a special purpose financial report, as in the opinion of the Committee of Management, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the Committee's reporting requirements under the Constitution.

The financial report has been prepared on the basis of historical cost.

Statement of Compliance

The financial report complies with the recognition and measurement, but not the disclosure requirements of Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with recognition and measurement requirements of AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with the recognition and measurement requirements of International Financial Reporting Standards ('IFRS').

Revenue Recognition

Donations

Donations are recognised when the amounts are received.

Interest Revenue

Interest Revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Property, Plant and Equipment

Office Equipment is recorded at historical costs and depreciated on a straight line basis over their useful lives.

Income Tax

The Diabetes Research Foundation of Western Australia (Inc.) is exempt from tax under Subdivision 50-B of the Income Tax Assessments Act 1997.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

30 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, and other short term highly liquid investments with original maturities of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash flows are presented in the cash flow statement on a gross basis.

(g) Employee benefits

The liability for employee benefits relates to amounts expected to be paid to employees for annual leave, long service leave, salary sacrifice and superannuation. It is based on legal and contractual entitlements. Current wage rates are used in the calculation of the provision.

(h) GST

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010 \$	30 June 2009 \$
2. REVENUES		
General donations	33,753	36,484
ACDSF Donations	1,400	-
Bequests from deceased estates	758,720	43,475
Memberships	530	710
Interest	44,366	47,178
Administration fees received (See details in Note 10)	9,706	169,653
Other Income	154	59
	<u>848,629</u>	<u>297,559</u>
3. EXPENSES		
Donations		
The Centre for Diabetes Research (Inc) (See details in Note 10)	9,706	169,653
	<u>9,706</u>	<u>169,653</u>
Other Expenses		
Audit fees	1,600	1,500
Insurance	863	829
Diabetes Australia membership	1,468	1,602
Depreciation	59	224
Other administration costs	5,846	6,373
	<u>9,836</u>	<u>10,528</u>
4. CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Receipts not banked	50	2,272
Cheque Accounts	49,256	49,183
Term Deposits	-	256,273
	<u>49,306</u>	<u>307,728</u>
Reconciliation of cash flows from operations		
Net surplus/(deficit)	551,494	(202,230)
<i>Adjustments for:</i>		
Depreciation	59	224
<i>Changes in assets and liabilities</i>		
(Decrease)/increase in accounts payable	(1,491)	2,184
(Increase)/decrease in accrued income	(14,246)	539
(Increase)/decrease in prepayments	(328)	434
Increase/(decrease) in employee benefits	5,579	(3,578)
(Increase)/decrease in net GST receivable	(8,320)	4,422
Net cash flows from operating activities	<u>532,747</u>	<u>(198,005)</u>

NOTES TO THE FINANCIAL STATEMENTS, FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010 \$	30 June 2009 \$
5. OTHER FINANCIAL ASSETS		
Current		
Prepayments	1,035	707
Net GST receivable	9,221	901
Accrued income	16,699	2,452
	<u>26,955</u>	<u>4,060</u>
6. EQUIPMENT		
At cost	13,003	13,003
Less: Accumulated Depreciation	(13,003)	(12,944)
	<u>-</u>	<u>59</u>
7. ACCOUNTS PAYABLE		
Accrued expenses	<u>6,582</u>	<u>8,074</u>
8. EMPLOYEE BENEFITS		
Superannuation payable	2,400	1,273
Salary sacrifice payable	21	21
Liability for annual leave	4,200	6,051
Liability for long service leave	17,816	11,512
	<u>24,437</u>	<u>18,857</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

10. RELATED PARTY TRANSACTIONS

In 1998 the DRF committed to provide The Centre for Diabetes Research (Inc) ('CDR') funds of \$400,000 in order to get the organisation started. There is no obligation for CDR to repay these funds. DRF has provided administration services to CDR since it commenced. Last year the DRF resolved to recoup these administration costs and accordingly an amount of \$9,706 (2009: \$169,653) has been recognised as administration fees received (Note 2). These fees are calculated based on the proportion of the Executive Director's time spent attending to the CDR's affairs. The obligation by the CDR to pay these administration fees has been applied against the remaining commitment and is recognised as a donation to CDR during the year under review (Note 3).

To date a total of \$375,943 (2009: \$366,237) has been funded by DRF with the balance of funds available to CDR amounting to \$24,057 (2009: \$33,763).

During the year under review the Alex Cohen Diabetes Research Fund was designed, constructed and hosted and the DRF website was hosted by Webhouse Group Pty Ltd, a business in which Mr Ian Jepson, a board member of DRF, has a financial interest. The website costs were billed based on normal market rates for such services and were due and payable under normal payment terms. Payments made to this business for the year ended 30 June 2010 totalled \$5,851, including GST.

11. COMMITMENTS

The DRF had no financial commitments as at 30 June 2010.

THE DIABETES RESEARCH FOUNDATION OF WESTERN AUSTRALIA INC.

STATEMENT BY MEMBERS OF THE BOARD

The Board has determined that the association is not a reporting entity.

The Board has determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board, the financial report as set out on pages 9 to 20:

1. presents fairly the financial position of The Diabetes Research Foundation of Western Australia Inc. as at 30 June 2009 and its performance for the year ended on that date, and
2. at the date of this statement, there are reasonable grounds to believe that The Diabetes Research Foundation of Western Australia Inc. will be able to pay its debts as and when they fall due.



Chairman – Dr Erica Smyth



Treasurer – Mr Terry Hobson

Dated: this 23rd day of September 2009

**Independent audit report to the Members of
The Diabetes Research Foundation of Western Australia Inc.****Scope**

I have audited the accompanying financial report, being a special purpose financial report, of The Diabetes Research Foundation of Western Australia (Inc) ("the Foundation"), 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 then ended, a summary of significant accounting policies, other accompanying notes and the statement by the Board.

**Directors' Responsibility for the Financial Report**

The Board of Directors of the Foundation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Associations Incorporation Act Western Australia 1987. 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 estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion to the Members of the Foundation on the financial report based on my audit. My audit has been conducted in accordance with Australian Auditing Standards. These standards require that I 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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Qualification

It is not always practicable for the Foundation to establish accounting control over all sources of fundraising appeal activities prior to receipt of these funds by employees of the Foundation and accordingly it is not possible for my examination to include procedures which extend beyond the amounts of such income recorded in the accounting records of the Foundation.

Qualified audit opinion

In my opinion, except for the effects, if any, on the financial report of the matter referred to in the qualification paragraph above, the financial report presents fairly the Foundation's financial position as at 30 June 2009 and its performance for the year ended on that date, in accordance with the basis of accounting described in Note 1 to the financial statements.


John Michael O'Brien
Registered Company Auditor
Optima Financial Group Pty Ltd**Date: 2 October 2009**Liability limited by a
scheme approved
under Professional
Standards Legislation

NOTES

The Diabetes Research Foundation Team

Joint Patrons

His Excellency Dr Ken Michael AC
Governor of Western Australia
and Mrs Julie Michael

Executive Board

Chairman – Dr Erica Smyth
Vice – Chairman – Dr Joey Kaye
Honorary Secretary – Mr Mervyn Rothstein
Honorary Treasurer – Mr Terry Hobson

Executive Director

Ms Sherl Westlund

Board Members

Mr William Coleman AM
Dr Elizabeth Davis
Mr Ian Jepson
Mr Ken Pettit SC
Ms Claire Thomas

Medical Advisory Panel

Dr. Joey Kaye
Dr Elizabeth Davis
Professor Tim Davis
Dr Gerry Fegan
Dr Seng Khee Gan
Associate Professor Time Jones



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‘RESEARCH IS THE KEY TO OUR FUTURE’

The Diabetes Research Foundation would like to thank all those who have supported our endeavours and who by their generosity allow research into the causes, complications and an ultimate cure for diabetes to continue. We are deeply appreciative and look forward to informing you of any breakthroughs as they come to hand. The DRF relies on funding from non-government sources. We ask that you continue to support us in our research. For more information please visit our website.