

**Hunter Medical  
Research Institute**

**ABN 27 081 436 919**

Financial report  
For the year ended  
31 December 2018



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**HUNTER MEDICAL RESEARCH INSTITUTE**  
**ABN 27 081 436 919**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of Hunter Medical Research Institute for the year ended 31 December 2018 and auditor's report thereon.

**Directors names**

The names of the directors in office at any time during or since the end of the year are:

M Nilsson	Resigned 10 August 2018.
K Loades	Appointed Chair on 8 December 2016.
M DiRienzo	
I C McMillen	Resigned 11 September 2018.
R J Aitken	
M Cohen	
D A Magin	
K Hall	
C Levi	Resigned 12 October 2018.
K Molloy	
K Mulley	
S Walkom	
T Walley	Appointed 13 December 2018.
A Zelinsky	Appointed 13 December 2018.
J Wiggers	Appointed 13 December 2018.

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

**Company Secretary**

R Howard BBus, LLB, was appointed as the Company Secretary of the Company in June 2016.

**Review of operations**

The company continued to engage in its principal activity, being the results of which are disclosed in the attached financial statements.

**DIRECTORS' REPORT**

**Significant changes in state of affairs**

The Mark Hughes Foundation (MHF) was an auspice fundraising group of HMRI led by Mark and Kirralee Hughes. The mission of MHF was to raise funds for research, create awareness and support brain cancer patients and their families.

In late 2017 Mark and Kirralee advised HMRI of their intention to establish the MHF as a standalone charity with a view to continuing the great work the foundation undertakes to increase community awareness and raise funds to support brain cancer research. The HMRI Board were understanding and supportive of Mark and Kirralee Hughes' decision and agreed to assist with the transitional arrangements to ensure a smooth handover of operational and governance responsibilities previously undertaken by HMRI in support of the MHF.

The Board agreed to transfer all uncommitted funds raised by MHF and held by HMRI. The funds were transferred to MHF in June 2018.

There were no other significant changes in the state of affairs of the Company during the year.

**Short-term and long-term objectives and strategies**

The company's short-term objectives are to:

- support integrated implementation of HMRI partners strategic plans
- facilitate pathways for all Hunter researchers to access and engage through HMRI
- support the career development of students, early career and mid-career researchers

The company's long-term objectives are to:

- initiate, promote, undertake, develop, conduct, carry out and directly facilitate Health and Medical Research through grants or donations,
- support Health and Medical Research into the causes, prevention, control, relief or cure of all types of human diseases and conditions

To achieve its short-term and long-term objectives, the company has adopted the following strategies:

- enable research excellence across the translational pipeline
- support, enable and develop the Hunter research community
- provide world class research infrastructure
- grow funding for research
- partner with the community

## **HUNTER MEDICAL RESEARCH INSTITUTE**

**ABN 27 081 436 919**

### **DIRECTORS' REPORT**

#### **Principal activities**

To carry out the company's strategies and to achieve its short-term and long-term objectives, the company engaged in the following principal activities during the year.

During the period, the principal continuing activities of the company were to act as a charitable institution that raises funds for, and co-ordinate the activities of, health and medical research with the Hunter New England Local Health District and the University of Newcastle.

There were no significant changes in the nature of the activities of the company during the period.

#### **Key performance indicators**

To help evaluate whether the activities the company established during the year have achieved its short-term and long-term objectives, the company uses the following key performance indicators to measure, analyse and monitor its performance:

- site safety, incident reporting and lost time injury statistics
- philanthropic and government funding revenues and monitoring of actual expenditure to budgets
- utilisation rates of key HMRI services, facilities and other infrastructure
- customer satisfaction surveys for affiliated researchers
- monitoring and reporting delivery of priority service projects
- monitoring and reporting of operational improvement projects

#### **After balance date events**

No matters or circumstances have arisen since the end of the financial year which 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.

#### **Likely developments**

The company expects to maintain the present status and level of operations.

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**DIRECTORS' REPORT**

**Information on directors**

**M Nilsson**

**Qualifications**

Institute Director - Resigned 10 August 2018

MD, PhD, FAFRM (RACP)

**Experience**

Professor Nilsson, MD, PhD, FAFRM (RACP), is the Director of the Hunter Medical Research Institute. He also holds the position of Burges Professor of Medical Science at the University of Newcastle and Senior Staff Specialist in Rehabilitation Medicine within Hunter New England Health. He is a Conjoint Professor of Neurorehabilitation and Translational Stroke Research at the University of Gothenburg, Gothenburg, Sweden, Honorary Professor of The Florey Institute of Neuroscience and Mental Health, Melbourne, Australia, and Adjunct Professor at La Trobe University, Melbourne, Australia. Prior to his Directorship of the Hunter Medical Research Institute, Professor Nilsson was Director of Research and Development at Sahlgrenska University Hospital in Gothenburg, Sweden.

Professor Nilsson has served in executive positions within health care, academia and business for two decades. He is a senior rehabilitation physician, neurologist, neuroscientist and entrepreneur. Clinically and in research, he is bridging together expertise in neurobiology, neural recovery and clinical rehabilitation after stroke and brain injury. He has initiated projects aimed at a deeper understanding of the outcome and impact of translational research. He is a member of the Health Translation Advisory Committee, a principal committee of the NHMRC. He is also a member of the Australian Brain Alliance (ABA) Working Committee and a member of the Royal Australasian Group of Physicians (RACP), Australasian Faculty of Rehabilitation Medicine (AFRM) Working Committee. Professor Nilsson is currently chief investigator and co-lead on an NHMRC Centre for Research Excellence in stroke rehabilitation and brain recovery.

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>K Loades</b>	Chair and Non-Executive Director - HMRI (Community)
Qualifications	FAICD
Experience	<p>Kyle is a non-executive Director of Credit Union Australia, a board member of Committee for Sydney and a corporate advisor.</p> <p>Kyle successfully established, grew and ran Auto Advantage, an independent car broking business that disrupted the motor vehicle retail industry. After almost 15 years of successful growth, the business was purchased in August 2015 by a listed company and integrated into their larger operations.</p> <p>He is a former Chairman of the HMRI Foundation, a former Chairman &amp; non-executive Director of NRMA, a former Director and President of Hunter Business Chamber, a former Board Member of Hunter Tourism and a Life Member, past President of Nobbys Surf Life Saving Club and former director of the Hunter Region SLSA Helicopter Rescue Service Limited.</p>
Special responsibilities	Chair of HMRI's Board Development Committee
Other current directorships in public and significant companies and institutions	Director, CUA Chairman, Drive Yello Chairman Australian Transformation and Turnaround Association Director, Convergence 1440 Pty Limited Professor of Practice, University of Newcastle

## HUNTER MEDICAL RESEARCH INSTITUTE

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### DIRECTORS' REPORT

#### Information on directors (Continued)

**M DiRienzo**

Non-Executive Director - HMRI (HNELHD)

Qualifications

BComm

Experience

Mr Michael DiRienzo, Chief Executive of Hunter New England Health, is responsible for all services across the district from small rural community health centres to major tertiary referral hospitals. With 17,000 staff and an expenditure budget in excess of \$2 billion per annum, Hunter New England Health provides services to a community of more than 920,370 people across an area of 130,000 square kilometres.

Following a career in Finance, Supply and logistics in the manufacturing industry, Mr DiRienzo joined Health in 1999. He has since held various Executive Director positions throughout the Health Service.

Mr DiRienzo is a Board Director of the Hunter New England Central Coast Primary Health Network. Mr DiRienzo is the Chair of the Governing Board NSW Regional Health Partners.

As Chief Executive of Hunter New England Health, Mr DiRienzo has led the implementation of a range of initiatives that support staff to put patients at the centre of everything they do, provide patient-centred care and build a positive workplace culture.

Mr DiRienzo holds a Bachelor of Commerce from the University of Newcastle.

Special responsibilities

Member of HMRI's Board Development Committee

Other current directorships in public and significant companies and institutions

Board Member of Hunter New England and Central Coast Primary Health Network



## HUNTER MEDICAL RESEARCH INSTITUTE

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### DIRECTORS' REPORT

#### Information on directors (Continued)

##### **I C McMillen**

Non-Executive Director - HMRI (University) - Resigned 11 September 2018

##### Qualifications

BA (Hons), MBBS, PhD, FAHMS

##### Experience

Professor Caroline McMillen joined the University of Newcastle as Vice-Chancellor and President in October 2011. She has previously served in academic leadership positions at Monash University, the University of Adelaide and the University of South Australia. She has held national and international roles in medical and health research, industry engagement, innovation strategy and policy development.

Professor McMillen is a Director of the Board of Universities Australia; the Australian Business Higher Education Round Table (BHERT), and the Universities Admissions Centre (UAC). Professor McMillen is a BusinessEvents Sydney Ambassador and has served as Convener of the New South Wales Vice-Chancellor's Committee. She has served on a range of international disciplinary bodies and industry groups, including the National Automotive Industry Innovation Council, the Boards of the Cooperative Research Centres for Advanced Automotive Technology and Rail Innovation, the South Australian Premier's Climate Change Council, as well as a number of state industry and government leadership groups focused on innovation, defence, and manufacturing.

As a medical researcher, Professor McMillen is internationally recognised for her work on the impact of the nutritional environment before birth on the risk of developing cardiovascular disease and obesity in adult life and is an inaugural Fellow of the Australian Academy of Health and Medical Sciences, Bragg Member of the Royal Institution, Australia and currently serves on the Council of the International Union of Physiological Societies. She holds a BA (Honours) and Doctor of Philosophy from the University of Oxford, and completed her medical training graduating with an MB, B Chir at the University of Cambridge.

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### DIRECTORS' REPORT

#### Information on directors (Continued)

<b>R J Aitken</b>	Non-Executive Director - HMRI (University) - Resigned 12 October 2018
Qualifications	BSc, MSc, PhD, DSc
Experience	<p>John Aitken is the Pro Vice-Chancellor for the Faculty of Health and Medicine, a Laureate Professor of Biological Sciences and Co-Director of the Priority Research Centre in Reproductive Science at the University of Newcastle.</p> <p>His area of specialization is gamete biology with particular emphasis on the differentiation and function of spermatozoa and oocytes. He has published over 500 research articles which have received over 37,000 citations, generating an h-index of 102. John is immediate Past-President of the International Society of Andrology and a Fellow of both the Royal Society of Edinburgh and the Australian Academy of Science. In 2012 he was named as the New South Wales scientist of the year.</p> <p>John received his PhD from the University of Cambridge. In 1992, he was awarded an Honorary Professorship by the University of Edinburgh while in 1998 he received an ScD degree from the University of Cambridge in light of his contributions to reproductive science.</p>
<b>M Cohen</b>	Non-Executive Director - HMRI (HNEH)
Qualifications	PhD, MBBS, FRANZCP
Experience	<p>Conjoint A/Prof Martin Cohen completed his training in medicine at The University of Sydney in 1996 and became a Fellow of the Royal Australian and New Zealand College of Psychiatrists in 2002. Martin was a senior staff specialist and Director of Specialist Training, in 2012 he was appointed as an Executive Director for Hunter New England Health, subsequently leaving that role for the corporate sector, but remain committed to serving the District and he now sits on the District Health Board. He is Deputy Commissioner for the New South Wales Mental Health Commission, joint Managing Director of Asclepius Health, Senior Consulting Psychiatrist at Procure and a Conjoint Associate Professor at the University of Newcastle. He has over 15 years research experience in the fields of medical education, neuroimaging, epidemiological, and clinical research.</p>
Other current directorships in public and significant companies and institutions	Director of Cullerton Nominees Pty Ltd Director of Asclepius Health Director of Hunter New England Local Health District

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>D A Magin</b>	Non-Executive Director - HMRI (Community)
Qualifications	BMath, Grad Dip Mgt, MAICD
Experience	Don Magin was the Chief Executive Officer of the Greater Bank until his retirement on 22nd August 2014. He has over 27 years experience in the financial sector, having started with the Greater in late 1986 as the Information Technology Manager. He also managed the Marketing Department for over 10 years, and led the team which instituted the highly successful free holiday home loan campaign. One of his first initiatives as CEO was to engage Jerry Seinfeld to successfully lift the profile of the Greater. Don has a degree in Mathematics and a Graduate Diploma in Management from The University of Newcastle. He is a member of the Australian Institute of Company Directors. Don is a Director of Hunter United Credit Union. Don is also a consultant offering advice across a number of organisations in the areas of strategy and business improvement.
Special responsibilities	Chair of HMRI's Audit and Risk Management Committee

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### DIRECTORS' REPORT

#### Information on directors (Continued)

<b>K Hall</b>	Non-Executive Director - HMRI (University)
Qualifications	BSc (Hons), MSc, PhD
Experience	<p>Professor Kevin Hall has had a distinguished academic career holding senior academic leadership roles in universities in Australia and Canada, most recently as the Senior Deputy Vice Chancellor (Research and Innovation) at the University of Newcastle and formerly as the Vice-President for Research and External Partnerships at the University of Guelph in Ontario. Professor Hall studied a Bachelor of Science and Master of Science at Queen's University in Canada, and completed his PhD in Civil Engineering at the University of New South Wales, Australia.</p> <p>He has held senior academic leadership positions at Queen's University Canada including founder and Executive Director of the Centre for Water and the Environment, and Head of the Department of Civil Engineering and was a Natural Sciences and Engineering Research Council of Canada University Research Fellow. Professor Hall carries out trans-disciplinary research across a number of major themes including water quality modelling, development of environmental monitoring and pathogen detection systems, syndromic surveillance, and water and health in marginalized communities. Professor Hall holds a number of international patents and has developed associated start-ups. His research has been incorporated into Engineering Design Manuals both nationally and internationally.</p> <p>Professor Hall has been a board member for the Sydney School of Entrepreneurship, Intersect (Australia), Newcastle Innovation (Australia), Hunter Medical Research Institute (Australia), Newcastle Institute for Energy and Resources (Australia), Cooperative Research Centre - Contamination Assessment and Remediation of the Environment, Cooperative Research Centre High Performance Soils, Bioconversion Network; TRIUMF (Canada's national laboratory for particle and nuclear physics), C4 Network (Technology transfer consortium), Canadian Bovine Mastitis Network, Guelph-Waterloo Biotechnology Partnership, the Accelerator Centre, SHARCNET (high performance computing network), Allergen (Canadian Centre of Excellence), Pathogen Detection Systems (spin-off company) and the Lifestyle Research Network.</p>
Special responsibilities	Member of HMRI's Board Development Committee

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>C Levi</b>	Non-Executive Director - HMRI (HNEH) - Retired 12 October 2018
Qualifications	B Med Sci, MBBS, FRACP
Experience	Professor Christopher Levi is a stroke neurologist, NHMRC practitioner fellow and the Executive Director, Sydney Partnership for Health Education Research and Enterprise (SPHERE, an unincorporated joint venture), one of Australia's seven NHMRC accredited Advanced Health Research and Translation Centres. Professor Christopher Levi established acute stroke services in Hunter New England, which is now one of the leading stroke services nationally and has a broad research portfolio covering acute stroke trials, health systems, clinical trials across pre-hospital, acute and stroke recovery, biomarkers and genetics stroke and stroke imaging. He continues as an Honorary Neurologist with Hunter New England Local Health District.
<b>K Molloy</b>	Non-Executive Director - HMRI (Community)
Qualifications	BSc (Hons)/ PhD, MBA, GAICD
Experience	Dr Kirsten Molloy is CEO of the Hunter Valley Coal Chain Coordinator. She has a PhD in Chemistry from the University of Newcastle, and an MBA from Deakin University. Dr Molloy is passionate about leadership and Science, Technology, Engineering and Maths (STEM). She actively encourages diversity and equity in business, and cofounded the Hunter Region's Equal Futures Project and the Hunter Valley Diversity Awards. She also founded Verity, a mentorship program for young Hunter business women. An advocate for the prevention of domestic violence, Dr Molloy cofounded Run Against Violence, and was an Executive Producer of the documentary ICEBERG. She is a recipient of the CEW Scholarship for Wharton's Executive Development Program, and the Hunter Business Chamber's President's Award. Dr Molloy is a Non-Executive Director of HunterH2O and of Regional Development Australia Hunter.
Other current directorships in public and significant companies and institutions	Director of HunterH2O Director of RDA Hunter

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>K Mulley</b>	Non-Executive Director - HMRI (Community)
Qualifications	BA, MPP
Experience	Kirsten Mulley is a public policy, government relations and communications professional with 25 years' experience. She is Joint Managing Partner, Public Affairs at leading national advisory firm GRACosway, where she leads teams to develop and implement government engagement strategies for clients. Kirsten works across a range of public policy areas with a focus on health. She previously worked in communications roles at the NSW Department of Health, Hunter New England Health, and with the NSW Minister for Health. She has also worked in senior advisory roles to NSW Deputy Premier John Watkins and Premier Morris Iemma. Kirsten has a long-standing association with HMRI. In 1999 she helped establish the "PULSE" committee, raising funds for early career medical researchers. She is also a founding member of the HMRI Sydney Foundation
Other current directorships in public and significant companies and institutions	Director of GRACosway Pty Ltd
<b>S Walkom</b>	Non Executive Director - HMRI (Community)
Qualifications	CPA, MBA, BCom.
Experience	Scott Walkom is Principal, Walkom Real Estate, and has a background in accounting, finance and property, with qualifications including a Master of Business Administration (MBA) and Bachelor of Commerce (B.Com). He joined HMRI in 2015, following in the path of his late mother, Sonia, who was an original member of the Foundation from 1998 and a HMRI Exceptional Service Medal recipient. Scott sits on the Salvation Army Advisory Board (Newcastle) and is a member of the Property Council of NSW, CPA Australia, Real Estate Institute of NSW and Newcastle Club. Having managed Walkom Real Estate for the past 25 years, Scott has a wealth of commercial experience and many strong and loyal networking connections in the Hunter business community and beyond. He has a passion for medical research and deep understanding of HMRI's value to community wellbeing.
Special responsibilities	Chair of HMRI Foundation - Appointed 9 February 2017
Other current directorships in public and significant companies and institutions	Director of The Salvation Army Newcastle Director of Walkom Real Estate

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### DIRECTORS' REPORT

#### Information on directors (Continued)

<b>T Walley</b>	Institute Director, HMRI - Appointed 13 December 2018
Qualifications	CBE, MD, FRCP (Lon), F Med Sci
Experience	<p>Professor Tom Walley is a highly experienced physician, pharmacologist and administrator with a broad understanding of translational research through his leadership of the UK's Health Technology Assessment Program at the National Institute for Health Research (NIHR). The program grew almost sevenfold to become the largest funding stream for clinical research in Britain.</p> <p>Prior to joining HMRI, Professor Walley headed the Institute of Psychology, Health and Society at the University of Liverpool. He received a CBE (Commander of the Most Excellent Order of the British Empire) in 2008 and is a Fellow of both the Academy of Medical Sciences and the British Pharmacological Society.</p>
<b>A Zelinsky</b>	Non-Executive Director - HMRI (University of Newcastle) - Appointed 13 December 2018
Qualifications	BMathSC(Hons), Hon DSc, PhD(UOW), GradDip(AICD), FTSE, FIEEE, Hon FIEAust, FAICD
Experience	<p>Professor Alex Zelinsky AO is Vice-Chancellor and President of the University of Newcastle.</p> <p>Prior to joining the University, Professor Zelinsky was Chief Defence Scientist, leading Defence Science and Technology. Prior to this, Professor Zelinsky was Group Executive for Information Sciences at CSIRO and was CEO and co-founder of Seeing Machines, a technology company focused on computer vision. Seeing Machines was start up from ANU where he was a Professor of Systems Engineering.</p> <p>Professor Zelinsky's career spans innovation, science and technology, research and commercial start-ups and education.</p> <p>Professor Zelinsky has a Bachelor of Mathematical Sciences (Honours), Doctor of Philosophy and Honorary Doctor of Science from the University of Wollongong, is a Graduate of the Australian Institute of Company Directors and has completed the Advanced Management Program from Harvard University.</p> <p>Professor Zelinsky has received numerous national and international awards, including being appointed an Officer in the Order of Australia (AO) in 2017.</p>

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>J Wiggers</b>	Non-Executive Director - HMRI (HNELHD) - Appointed 13 December 2018
Qualifications	BA (Hons), PhD
Experience	<p>Professor Wiggers is the Director, Health Research and Translation and Population Health, Hunter New England Local Health District, responsible for enhancing health service research and research translation by health service providers and the provision of Population Health services.</p> <p>In his Health Research and Translation role Professor Wiggers is responsible for building the systems and processes within the Hunter New England Local Health District to enhance the conduct of health services research and the translation of research findings for the benefit of patients and clients.</p> <p>In his Population Health service delivery role Professor Wiggers is a health services researcher and practitioner with a focus on the prevention of obesity, smoking and alcohol-related harms, and the promotion of physical activity and healthy nutrition. This work has a primary focus on identifying strategies to increase the delivery of care addressing such risks by health care and other professionals as part of routine service delivery. Professor Wiggers is also the Director of the University of Newcastle Priority Research Centre for Health Behaviour, and Co-Director of the Hunter Institute of Medical Research Public Health Program.</p>



**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**DIRECTORS' REPORT**

**Meetings of directors**

Directors	Directors' meetings		Audit and Risk Management Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
M Nilsson	4	4	-	-
K Loades	6	6	-	-
M DiRienzo	6	3	-	-
I C McMillen	4	2	-	-
R J Aitken	6	3	-	-
M Cohen	6	2	-	-
D A Magin	6	5	5	4
K Hall	6	3	-	-
C Levi	5	3	-	-
K Molloy	6	6	-	-
K Mulley	6	5	-	-
S Walkom	6	5	-	-
T Walley	1	1	-	-
A Zelinsky	1	-	-	-
J Wiggers	1	-	-	-

**Members guarantee**

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$20 each towards meeting any outstandings and obligations of the company. At 31 December 2018 the number of members was 12. The combined total amount that members of the company are liable to contribute if the company is wound up is \$240.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012* is set out on page 17 and forms part of the Directors' report.

**Proceedings on behalf of the company**

No person has applied to the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.


HUNTER MEDICAL RESEARCH INSTITUTE  
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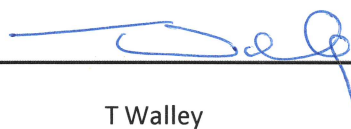
DIRECTORS' REPORT

**Insurance of officers**

During the financial period, the company paid a premium to insure any director, secretary, executive officer or employee of the company. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the policy.

Signed on behalf of the board of directors.

  
Director: \_\_\_\_\_  
K Loades

  
Director: \_\_\_\_\_  
T Walley

Dated this 11<sup>th</sup> day of April 2019



**PITCHER PARTNERS**

ACCOUNTANTS • AUDITORS • ADVISORS

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**HUNTER MEDICAL RESEARCH INSTITUTE  
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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF HUNTER MEDICAL RESEARCH INSTITUTE**

In relation to the independent audit for the year ended 31 December 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

Wayne Russell

Partner

PITCHER PARTNERS

NEWCASTLE

11 April 2019

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	12 months to 31 December 2018	6 months to 31 December 2017
<b>Revenue and other income</b>			
Operating revenue	3	26,663,866	7,817,843
Other income	3	<u>417,846</u>	<u>307,334</u>
		<u>27,081,712</u>	<u>8,125,177</u>
<b>Less: expenses</b>			
Fundraising expenses		(1,823,568)	(1,028,425)
Research grant expenses		(10,323,135)	(5,218,162)
Operations expenses		(7,978,556)	(4,175,615)
Facility expenses		(5,525,878)	(2,614,598)
Other expenses	5	<u>(1,914,562)</u>	<u>-</u>
		<u>(27,565,699)</u>	<u>(13,036,800)</u>
<b>Loss for the period</b>		<u>(483,987)</u>	<u>(4,911,623)</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>(483,987)</u></u>	<u><u>(4,911,623)</u></u>

The accompanying notes form part of these financial statements.

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	31 December 2018	31 December 2017
<b>Current assets</b>			
Cash and cash equivalents	6	9,976,078	6,712,362
Receivables	7	334,744	307,460
Inventories	8	4,517	22,300
Other assets	9	592,852	814,396
Other financial assets	10,23	<u>10,750,000</u>	<u>12,000,000</u>
<b>Total current assets</b>		<u>21,658,191</u>	<u>19,856,518</u>
<b>Non-current assets</b>			
Other financial assets	10,23	7,526,231	3,052,121
Property, plant and equipment	11	<u>78,855,498</u>	<u>82,147,885</u>
<b>Total non-current assets</b>		<u>86,381,729</u>	<u>85,200,006</u>
<b>Total assets</b>		<u>108,039,920</u>	<u>105,056,524</u>
<b>Current liabilities</b>			
Payables	12	1,414,454	1,002,471
Provisions	13	5,020,500	4,075,546
Other liabilities	14	<u>1,377,357</u>	<u>865,738</u>
<b>Total current liabilities</b>		<u>7,812,311</u>	<u>5,943,755</u>
<b>Non-current liabilities</b>			
Provisions	13	<u>2,019,369</u>	<u>420,542</u>
<b>Total non-current liabilities</b>		<u>2,019,369</u>	<u>420,542</u>
<b>Total liabilities</b>		<u>9,831,680</u>	<u>6,364,297</u>
<b>Net assets</b>		<u>98,208,240</u>	<u>98,692,227</u>
<b>Equity</b>			
Retained earnings	15	<u>98,208,240</u>	<u>98,692,227</u>
<b>Total equity</b>		<u>98,208,240</u>	<u>98,692,227</u>

The accompanying notes form part of these financial statements.

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ABN 27 081 436 919

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	31 December 2018	31 December 2017
<b>Retained earnings</b>		
Balance at beginning of the year	98,692,227	103,603,850
Loss for the period	<u>(483,987)</u>	<u>(4,911,623)</u>
Total comprehensive income	<u>(483,987)</u>	<u>(4,911,623)</u>
Balance at the end of the year	<u><u>98,208,240</u></u>	<u><u>98,692,227</u></u>

The accompanying notes form part of these financial statements.

**HUNTER MEDICAL RESEARCH INSTITUTE**  
**ABN 27 081 436 919**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>12 months to 31 December 2018</b>	<b>6 months to 31 December 2017</b>
<b>Cash flow from operating activities</b>		
Receipts from customers	27,336,785	8,420,301
Payments to affiliated researchers, partners, suppliers and employees	(19,637,434)	(11,341,607)
Dividends received	212,943	65,348
Interest received	490,908	86,813
Payment of uncommitted MHF funds	<u>(1,238,398)</u>	<u>-</u>
<b>Net cash provided by/(used in) operating activities</b>	<u>7,164,804</u>	<u>(2,769,145)</u>
<b>Cash flow from investing activities</b>		
Net proceeds from term deposits	1,250,000	4,000,000
Proceeds from sale of other non-current assets	-	120,000
Payment for property, plant and equipment	(451,839)	(1,092,134)
Net cash outflow from purchase and sale of investments	<u>(4,699,249)</u>	<u>(105,217)</u>
<b>Net cash (used in)/provided by investing activities</b>	<u>(3,901,088)</u>	<u>2,922,649</u>
<b>Reconciliation of cash</b>		
Cash at beginning of the financial year	6,712,362	6,558,858
Net increase in cash held	<u>3,263,716</u>	<u>153,504</u>
<b>Cash at end of financial year</b>	<u><u>9,976,078</u></u>	<u><u>6,712,362</u></u>

The accompanying notes form part of these financial statements.

**HUNTER MEDICAL RESEARCH INSTITUTE  
ABN 27 081 436 919**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission (ACNC) Act 2012*.

The financial report covers Hunter Medical Research Institute as an individual entity. Hunter Medical Research Institute is a company limited by guarantee, incorporated and domiciled in Australia. Hunter Medical Research Institute is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Basis of preparation of the financial report**

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

**(b) Revenue**

All revenue is measured net of the amount of goods and services tax (GST).

*Funding, donations and grant revenue*

Revenue from fundraising, donations and grants is recognised when the company obtains control of the funding, donation or grant, it is probable that economic benefits will flow to the company, and the amount of the funding, donation or grant can be measured reliably.

Specific grants are received which oblige the company to expend the monies for specified purposes, not all of which may have been completed at year end. All grant and funding receipts of this nature are taken to be income in the year of receipt, rather than proportionally deferred to future periods as the company does not regard the unspent funds as a liability as they will be expended on the purpose for which they were provided.

*Clinical research centre income*

Revenue from the use of the research institute by HMRI's partners is recognised at the end of each quarter and is calculated based on the cost of running the facility and each partners use of the facility.

Revenue from the provision of statistical research services is recognised on a proportional basis taking into account the percentage of completion of each project.

*Interest revenue*

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



**HUNTER MEDICAL RESEARCH INSTITUTE  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Income tax**

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**(e) Trade and other receivables**

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped together based on shared credit risk characteristics and days past due. Any receivables that are known to be uncollectible are written off.

**(f) Financial instruments**

*Classification*

The company classifies its financial assets in the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The classification depends on the nature of the item and the purpose for which the instruments are held.

*(i) Financial assets at amortised cost*

The Company measures financial assets at amortised costs if both of the following conditions are met:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**HUNTER MEDICAL RESEARCH INSTITUTE  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Financial instruments (Continued)**

*(ii) Financial assets at fair value through other comprehensive income (FVOCI)*

Financial assets at fair value through other comprehensive income comprise:

- Equity securities which are not held for trading and which the Company has irrevocably elected at initial recognition to recognise in this category
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

*(iii) Financial assets at fair value through profit or loss (FVTPL)*

The Company classifies the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI.
- Equity investments that are held for trading.
- Equity investments for which the Company has not elected to recognise fair value gains and losses through other comprehensive income.

Changes in fair value of other financial assets at fair value through profit or loss are recorded in other income in the statement of profit or loss and other comprehensive income (refer note 3)

*Impairment of financial assets*

For financial assets carried at cost because a fair value cannot be reliably determined, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

**HUNTER MEDICAL RESEARCH INSTITUTE  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Impairment of non-financial assets**

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level.

Assets are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

**(h) Property, plant and equipment**

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

*Plant and equipment*

Plant and equipment is measured on the cost basis.

*Depreciation*

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

<b>Class of fixed asset</b>	<b>Useful lives</b>	<b>Depreciation basis</b>
Buildings at cost	40 years	Straight line
Plant and equipment at cost	2 to 40 years	Straight line
Improvements at cost	4 to 40 years	Straight line
Office furniture, equipment, fixtures and fittings at cost	2-20 years	Straight line
Computer equipment at cost	3 to 10 years	Straight line

**HUNTER MEDICAL RESEARCH INSTITUTE  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

**(j) Research grant provision**

Research grant provisions represent research grants payable once a constructive obligation exists, usually in the form of a commitment to a research project for the funding. These are not recognised as a payable as the timing of the amount is often uncertain as it is dependent on milestones being met which are not wholly controlled by the company.

**(k) Deferred income**

Deferred income is recognised where the company has received payment for services prior to the provision of those services.

**(l) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(m) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the company's financial statements in the period of initial application. New Accounting Standards which are relevant to the company include:

- AASB 15 - Revenue from Contracts with Customers
- AASB 16 - Leases
- AASB 1058 - Income of Not-for-Profit Entities

<b>12 months to 31 December 2018 \$</b>	<b>6 months to 31 December 2017 \$</b>
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**NOTE 3: REVENUE AND OTHER INCOME**

**Operating revenue**

Government grants	9,347,307	200,000
Clinical research centre income	6,464,770	2,828,491
Fundraising income	<u>10,851,789</u>	<u>4,789,352</u>
	<u>26,663,866</u>	<u>7,817,843</u>

**Other income**

Dividends	212,943	65,358
Realised fair value gains/(losses)	(32,336)	(6,332)
Unrealised fair value gains/(losses)	(192,803)	15,872
Fundraising interest	104,293	111,617
Interest income	<u>325,749</u>	<u>120,819</u>
	<u>417,846</u>	<u>307,334</u>

**NOTE 4: EXPENSES**

Salaries and wages	5,177,716	2,722,606
Superannuation	481,631	250,961
Depreciation and amortisation expense	<u>3,730,871</u>	<u>1,930,546</u>
	<u>9,390,218</u>	<u>4,904,113</u>

**HUNTER MEDICAL RESEARCH INSTITUTE  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>12 months to 31 December 2018 \$</b>	<b>6 months to 31 December 2017</b>
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**NOTE 5: OTHER EXPENSES**

**UNCOMMITTED FUNDS TRANSFER**

Transfer of uncommitted funds and inventory to Mark Hughes Foundation Limited

<u>1,914,562</u>	-
<u>1,914,562</u>	-

The Mark Hughes Foundation (MHF) was an auspice fundraising group of HMRI led by Mark and Kirralee Hughes. The mission of MHF was to raise funds for research, create awareness and support brain cancer patients and their families.

In late 2017 Mark and Kirralee advised HMRI of their intention to establish the MHF as a standalone charity with a view to continuing the great work the foundation undertakes to increase community awareness and raise funds to support brain cancer research. The HMRI Board were understanding and supportive of Mark and Kirralee Hughes' decision and agreed to assist with the transitional arrangements to ensure a smooth handover of operational and governance responsibilities previously undertaken by HMRI in support of the MHF.

The Board agreed to transfer all uncommitted funds raised by MHF and held by HMRI. The funds were transferred to MHF in June 2018.

<b>31 December 2018 \$</b>	<b>31 December 2017 \$</b>
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**NOTE 6: CASH AND CASH EQUIVALENTS**

Cash at bank	5,546,815	4,959,235
Cash on deposit	<u>4,429,263</u>	<u>1,753,127</u>
	<u>9,976,078</u>	<u>6,712,362</u>

**NOTE 7: RECEIVABLES**

Trade debtors	139,395	183,707
Other receivables	<u>195,349</u>	<u>123,753</u>
	<u>334,744</u>	<u>307,460</u>

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

		<b>31 December 2018 \$</b>	<b>31 December 2017 \$</b>
<b>NOTE 8: INVENTORIES</b>			
<i>At cost</i>			
Finished goods		<u>4,517</u>	<u>22,300</u>
		<u>4,517</u>	<u>22,300</u>
<b>NOTE 9: OTHER ASSETS</b>			
Prepayments		293,190	642,452
Accrued income		<u>299,662</u>	<u>171,944</u>
		<u>592,852</u>	<u>814,396</u>
<b>NOTE 10: OTHER FINANCIAL ASSETS</b>			
<b>CURRENT</b>			
Held to maturity financial assets	23	-	12,000,000
Financial assets at amortised cost	23	<u>10,750,000</u>	<u>-</u>
		<u>10,750,000</u>	<u>12,000,000</u>
<b>NON CURRENT</b>			
Financial assets at fair value through profit or loss	23	7,526,231	512,368
Held to maturity financial assets	23	<u>-</u>	<u>2,539,753</u>
		<u>7,526,231</u>	<u>3,052,121</u>
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT</b>			
Buildings at cost		81,032,881	81,032,882
Accumulated depreciation		<u>(12,818,173)</u>	<u>(10,792,352)</u>
		<u>68,214,708</u>	<u>70,240,530</u>
Plant and equipment at cost		14,718,409	14,362,446
Accumulated depreciation		<u>(7,065,956)</u>	<u>(5,642,925)</u>
		<u>7,652,453</u>	<u>8,719,521</u>
Improvements at cost		834,948	829,234
Accumulated depreciation		<u>(66,502)</u>	<u>(163,297)</u>
		<u>768,446</u>	<u>665,937</u>

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
Office furniture, equipment, fixtures and fittings at cost	3,812,312	3,785,811
Accumulated depreciation	<u>(1,972,236)</u>	<u>(1,730,897)</u>
	1,840,076	2,054,914
Computer equipment at cost	1,323,739	1,286,657
Accumulated depreciation	<u>(943,924)</u>	<u>(819,674)</u>
	<u>379,815</u>	<u>466,983</u>
Total property, plant and equipment	<u><u>78,855,498</u></u>	<u><u>82,147,885</u></u>
<b>NOTE 12: PAYABLES</b>		
<i>Unsecured liabilities</i>		
Trade creditors	874,757	319,059
Sundry creditors and accruals	<u>539,697</u>	<u>683,412</u>
	<u><u>1,414,454</u></u>	<u><u>1,002,471</u></u>
<b>NOTE 13: PROVISIONS</b>		
<b>CURRENT</b>		
Employee benefits	(a) 366,296	408,475
Research grants	<u>4,654,204</u>	<u>3,667,071</u>
	<u><u>5,020,500</u></u>	<u><u>4,075,546</u></u>
<b>NON CURRENT</b>		
Employee benefits	(a) 169,471	122,272
Research grants	<u>1,849,898</u>	<u>298,270</u>
	<u><u>2,019,369</u></u>	<u><u>420,542</u></u>
(a) Aggregate employee benefits liability	535,767	530,747
<b>NOTE 14: OTHER LIABILITIES</b>		
Deferred income	<u>1,377,357</u>	<u>865,738</u>
	<u><u>1,377,357</u></u>	<u><u>865,738</u></u>



**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 15: RETAINED EARNINGS</b>		
Retained earnings at beginning of year	98,692,227	103,603,850
Loss for the period	<u>(483,987)</u>	<u>(4,911,623)</u>
	<u>98,208,240</u>	<u>98,692,227</u>

	<b>12 months to 31 December 2018</b>	<b>6 months to 31 December 2017</b>
	<b>\$</b>	<b>\$</b>

**NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION**

Compensation received by key management personnel of the company

Total key management personnel compensation	<u>735,296</u>	<u>329,917</u>
	<u>735,296</u>	<u>329,917</u>

The key management personnel of HMRI includes the Executive Director and the remaining members of HMRI's senior leadership team. A component of the previous Executive Directors remuneration was directly contributed by the University of Newcastle and the Hunter New England Local Health District and not included in this disclosure. However, the current Executive Directors remuneration is paid wholly by HMRI and included in the disclosure above.

**NOTE 17: RELATED PARTY TRANSACTIONS**

**(a) Transactions with key management personnel of the company and director related parties**

Donations	46,455	1,000
Income from University of Newcastle from occupancy and professional services	5,097,545	2,620,958
Income from Hunter New England Local Health District from research grants, occupancy and professional services	1,004,051	255,561
Payments to University of Newcastle for research grants and awards and medical infrastructure funds	(7,406,261)	(2,898,833)
Payments to Hunter New England Local Health District for utilities, research grants and awards and medical infrastructure funds	(1,256,135)	(307,160)

**HUNTER MEDICAL RESEARCH INSTITUTE  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 17: RELATED PARTY TRANSACTIONS (CONTINUED)**

**(b) Amounts owing by director related parties at the end of the year are as follows:**

	<b>31 December 2018 \$</b>	<b>31 December 2017 \$</b>
University of Newcastle	45,124	68,961
Hunter New England Local Health District	<u>55,254</u>	<u>72,471</u>
	<u>100,378</u>	<u>141,432</u>

**(c) Amounts owing to director related parties at the end of the year are as follows:**

University of Newcastle	(3,838,493)	(2,178,155)
Hunter New England Local Health District	<u>(1,512,011)</u>	<u>(1,291,098)</u>
	<u>(5,350,504)</u>	<u>(3,469,253)</u>

**NOTE 18: RESEARCH GRANT COMMITMENTS**

The company has committed funds to research projects. At 31 December 2018, \$12,542,620 (2017: \$12,308,844) has been committed for research. The timing of this commitment is unknown as it is dependent on milestones being met on research projects, which are not wholly controlled by the company. Of this \$6,038,518 (2017: \$8,343,503) is still receivable and is disclosed as a contingent asset (note 19).

**NOTE 19: CONTINGENT ASSETS**

The company has multiple year funding agreements in place for grant funding for research, which has been committed to by various foundations and institutions. At 31 December 2018, \$6,038,518 (2017: \$8,343,503) is committed to the organisation for receipt in future periods. This amount has not been recognised as a receivable at the year end as receipt of the amount is dependent on key milestones being met on the research projects funded by the grants. The achievement of these milestones is not wholly within the control of the company.

**NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 31 December 2018 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2018, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2018, of the company.

**HUNTER MEDICAL RESEARCH INSTITUTE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 21: MEMBERS' GUARANTEE**

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$20 each towards meeting any outstandings and obligations of the company. At 31 December 2018 the number of members was 12. The combined total amount that members of the company are liable to contribute if the company is wound up is \$240.

**NOTE 22: ADDITIONAL DISCLOSURES REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991 AND THE CHARITABLE FUNDRAISING REGULATIONS 2015**

	12 months to 31 December 2018 \$	6 months to 31 December 2017 \$
<b>(a) Details of aggregate gross income and total expenses of fundraising appeals</b>		
<b>Gross proceeds from fundraising appeals</b>		
Donations (including bequests, excluding capital campaign)	10,238,664	4,143,933
Research grants	145,553	162,952
Event income	400,488	349,294
Supporter run event income	632,084	191,355
Investment income (earned on fundraising investments)	92,096	185,833
<b>Gross proceeds from fundraising</b>	<u>11,508,885</u>	<u>5,033,367</u>
<b>Less: Total cost of fundraising</b>		
<b>HMRI fundraising</b>		
Event expenses	(159,727)	(107,698)
Fundraising salaries & superannuation (excluding capital campaign)	(867,099)	(404,560)
Other expenses (excluding capital campaign)	(789,742)	(573,666)
<b>Total cost of fundraising</b>	<u>(1,823,568)</u>	<u>(1,085,924)</u>
<b>Net surplus obtained from fundraising appeals</b>	<u><u>9,685,317</u></u>	<u><u>3,947,443</u></u>
<b>(b) Statement showing how funds received were applied to charitable purposes</b>		
Net surplus from fundraising appeals	9,685,317	3,947,443
Expenditure on direct services (grants to researchers)	(7,090,823)	(3,396,796)
<b>Net surplus after grants to researchers</b>	<u>2,594,494</u>	<u>550,647</u>

The surplus from fundraising appeals has been retained in cash at bank and will be used to fund future grants to researchers.

**HUNTER MEDICAL RESEARCH INSTITUTE  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 22: ADDITIONAL DISCLOSURES REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991 AND THE CHARITABLE FUNDRAISING REGULATIONS 2015 (CONTINUED)**

**(c) Comparisons by monetary figures and percentages**

**12 months to 31 December 2018**

Total cost of fundraising / gross income from fundraising	1,823,568/11,508,885	15.84%
Net surplus from fundraising / gross income from fundraising	9,685,317/11,508,885	84.16%
Total cost of direct services / total expenditure	7,090,823 / 8,914,391	79.54%
Total cost of direct services / gross income from fundraising	7,090,823/11,508,885	61.61%

**6 months to 31 December 2017**

Total cost of fundraising / gross income from fundraising	1,085,924 / 5,033,367	21.57%
Net surplus from fundraising / gross income from fundraising	3,947,443 / 5,033,367	78.43%
Total cost of direct services / total expenditure	3,396,796 / 4,482,720	75.78%
Total cost of direct services / gross income from fundraising	3,396,796 / 5,033,367	67.49%

**(d) Reconciliation of fundraising income per Note 2 Revenue and Other Income to Gross proceeds from fundraising**

Fundraising income per Note 2 Revenue and Other Income	10,851,789	4,789,352
Add:		-
Government grants obtained from fundraising	565,000	-
Investment income on fundraising investments	92,096	185,833
Sundry income from fundraising	-	58,182
Gross proceeds from fundraising	<u>11,508,885</u>	<u>5,033,367</u>

**HUNTER MEDICAL RESEARCH INSTITUTE  
ABN 27 081 436 919**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 23: CHANGES IN ACCOUNTING POLICIES - INITIAL APPLICATION OF AASB 9**

The company has adopted all standards which became effective for the first time for the financial year beginning 1 January 2018. The adoption of these standards has not caused any material adjustments to the reporting of the financial position, performance or cashflow of the Company.

*AASB 9 Financial Instruments*

*AASB 9 Financial Instruments* replaces *AASB 139 Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

*(i) Classification and measurement*

The adoption of *AASB 9 Financial Instruments* from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policy is in note 1(f). In accordance with the transitional provisions in AASB 9, comparative figures have not been restated.

On 1 January 2018 (date of initial application of AASB 9), management assessed which business models apply to the financial assets held by the Company and classified its financial instruments into the appropriate AASB 9 categories. The main effects resulting from this reclassification are as follows:

	<b>31 Dec 2017 as originally presented \$</b>	<b>AASB 9 Impact \$</b>	<b>1 Jan 2018 restated \$</b>
<b>Statement of Financial Position (extract)</b>			
<b>Current assets</b>			
Held to maturity financial assets	12,000,000	(12,000,000)	-
Financial assets at amortised cost	<u>-</u>	<u>12,000,000</u>	<u>12,000,000</u>
	<u>12,000,000</u>	<u>-</u>	<u>12,000,000</u>
<b>Non current assets</b>			
Held to maturity financial assets	2,539,753	(2,539,753)	-
Financial assets at Fair value through profit or loss (FVTPL)	<u>512,368</u>	<u>2,539,753</u>	<u>3,052,121</u>
	<u>3,052,121</u>	<u>-</u>	<u>3,052,121</u>

Certain investments including floating rate notes and convertible notes were designated as financial assets through FVTPL on 1 January 2018 as permitted under AASB 9.

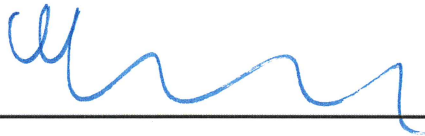
HUNTER MEDICAL RESEARCH INSTITUTE  
ABN 27 081 436 919

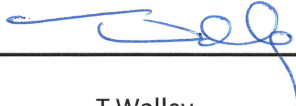
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 18-35, are in accordance with the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012; and
  - (a) comply with Australian Accounting Standards, the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the financial position as at 31 December 2018 and performance for the year ended on that date of the company.
2. In the director's opinion 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.

Director:   
K Loades

Director:   
T Walley

Dated this 11<sup>th</sup> day of APRIL 2019

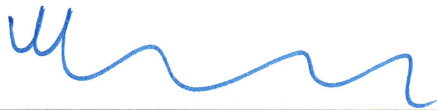
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ABN 27 081 436 919

DIRECTORS' DECLARATION

The directors of the company declare that:

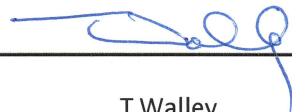
1. The Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2018 gives a true and fair view of all income and expenditure of the company with respect to fundraising appeals, and
2. The Statement of Financial Position as at 31 December 2018 gives a true and fair view of the state of affairs of the company with respect to fundraising appeals conducted by the company, and
3. The provisions of the *Charitable Fundraising Act 1991*, the *Charitable Fundraising Regulation 2015* under the Act and the conditions attached to the authority have been complied with by the company, and
4. The internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the company from any of its fundraising appeals.

Director:



K Loades

Director:



T Walley

Dated this

11<sup>th</sup>

day of

April

2019



**PITCHER PARTNERS**

ACCOUNTANTS • AUDITORS • ADVISORS

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**HUNTER MEDICAL RESEARCH INSTITUTE  
ABN 27 081 436 919**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HUNTER MEDICAL RESEARCH INSTITUTE**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Hunter Medical Research Institute, the "Registered Entity", which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Hunter Medical Research Institute has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Registered Entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

*Reports on the requirements of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulations 2015 (NSW)*

In our opinion:

- (a) the financial report of Hunter Medical Research Institute shows a true and fair view of the financial result of fundraising appeals for the year ended 31 December 2018, and
- (b) the accounting and associated records have been properly kept during that year in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2015 (NSW)*, and
- (c) money received as a result of the fundraising appeals conducted during that year has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2015 (NSW)*, and



(d) the Register Entity will be able to pay its debts as and when they become due and payable.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *Other Information*

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 31 December 2018 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of Directors' for the Financial Report.*

The directors' of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *ACNC Act*, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered materia

If, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



WAYNE RUSSELL  
Partner



PITCHER PARTNERS  
Newcastle

11 April 2019