



Hunter Medical Research Institute

ABN: 27 081 436 919

Financial report

For the year ended 31 December 2020

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DIRECTORS' REPORT

The directors present their report together with the financial report of Hunter Medical Research Institute for the year ended 31 December 2020 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 Calford Institute Director. Appointed 18 November 2020

K Loades Chairman

M DiRienzo

A Zelinsky

K Molloy

K Mulley

S Walkom

J Wiggers

E Sullivan Appointed 13 February 2020

J Nelson Appointed 4 June 2020

T Walley Institute Director. Resigned 18 November 2020

M Cohen Resigned 1 March 2020

D A Magin Resigned 2 April 2020

K Hall Resigned 4 June 2020

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

Company Secretary

C Drelincourt was appointed as the Company Secretary of the company on 2 May 2019.

Review of operations

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

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DIRECTORS' REPORT

Principal activities

The principal activities in the course of the year were to act as a charitable institution that raises funds for, and co-ordinates 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 year.

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.

Information on directors

M Calford

Institute Director

Experience

Professor Calford graduated with a PhD in physiology from Monash University in 1982 before holding several postdoctoral appointments at the University of Melbourne, City University of New York and Oxford.

In 1984 he received a Queen Elizabeth II Fellowship at the University of Queensland working with the newly appointed Chair of Physiology – Jack Pettigrew.

Professor Calford's career in research began looking at the sensory representations with a particular interest in adaptations of Australian endemic animals, a topic which has remained a life-long interest. Subsequently he set up a laboratory examining the cellular and physiological basis of the brain's response to trauma in animal models.

Professor Calford was successful in obtaining major funding from the Australian Research Council (including a centre of excellence) and the National Health and Medical Research Council (including a program grant and a principal research fellowship).

Professor Calford has had a long interest in research ethics and standards and has chaired the Animal Welfare Committee of the NHMRC, the Universities Australia Pro and Deputy Vice-Chancellors Research Committee, and the 2018 revision of the Australian Code for the Responsible Conduct of Research.

Professor Calford moved from the Australian National University (ANU) to the University of Newcastle in 2000 as Chair of Physiology. He points to the excellent relationships between clinicians in Hunter New England Health and the academic staff of the University as the main motivation for his move. These relationships led to the formation of HMRI and Professor Calford joined the Board of HMRI in his role as Pro-Vice-Chancellor

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DIRECTORS' REPORT

Information on directors (continued)

(Health) in 2006 and then as Deputy Vice-Chancellor (Research), until he left Newcastle in early 2013.

Professor Calford is an advisor to the Australian Education Management Group, and to Wells Advisory.

Special responsibilities Board Development Committee Member

Service as a director Appointed to HMRI Board 18 November 2020

Other current directorships in public and significant companies and institutions Chair of Intersect Ltd

K Loades

Experience Chair, HMRI Board and Non-Executive Director – Community
Kyle is a non-executive Director of Credit Union Australia, Chairman of Local Government Super and Australian Transformation and Turnaround Association and a corporate advisor.

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.

He is a former Chairman of the HMRI Foundation, a former Chairman & 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.

Special responsibilities Chair of HMRI's Board Development Committee

Service as a director Appointed to HMRI Board 20 February 2014
Appointed Chair, HMRI Board, 8 December 2016

Other current directorships in public and significant companies and institutions Director, CUA
Chairman, LG Super
Director, Convergence 1440 Pty Limited
Professor of Practice, University of Newcastle

A Zelinsky

Experience Non-Executive Director -University of Newcastle
Professor Alex Zelinsky AO is Vice-Chancellor and President of the University of Newcastle.

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 a start up from ANU where he was a Professor of Systems Engineering.

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DIRECTORS' REPORT

Information on directors (continued)

Professor Zelinsky's career spans innovation, science and technology, research and commercial start-ups and education.

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.

Professor Zelinsky has received numerous national and international awards, including being appointed an Officer in the Order of Australia (AO) in 2017. In May 2019 he was elected as a Fellow of the Australian Academy of Science. He is a Fellow of the Institute of Electrical and Electronics Engineers, the Australian Academy of Technology and Engineering, the Institute of Engineers Australia and the Australian Institute of Company Directors.

Service as a director

Appointed to HMRI Board 19th November 2018

E Sullivan

Experience

Non-Executive Director - University of Newcastle

Professor Elizabeth Sullivan MBBS MPH MMed MD FAFPHM is a Professor of Public Health and Acting Pro Vice Chancellor, College of Health, Medicine and Wellbeing at the University of Newcastle and Research Leader of Custodial Health at the Justice Health and Forensic Mental Health Network. Professor Sullivan is an internationally distinguished researcher and educator with extensive leadership experience. Prior to this she was Assistant Deputy Vice Chancellor Research and Distinguished Professor Public Health at the University of Technology Sydney where she held several other senior administrative roles in the Faculty of Health including inaugural Head of Discipline Public Health and Associate Dean (Research). She is a former Director AIHW National Perinatal Statistics Unit at the University of NSW (UNSW).

Professor Sullivan obtained her MBBS, MPH and MMed (Sexual Health) from the University of Sydney and her Doctorate of Medicine (by Research) from the UNSW. Her public health training was undertaken at the United States' Centers for Disease Control and Prevention and included the prestigious Epidemic Intelligence Service (EIS) Officer program and a preventive medicine residency on multidrug-resistant tuberculosis in New York City. Professor Sullivan is a public health physician and Fellow of the Australasian Faculty of Public Health Medicine (AFPHM). She is a council member of AFPHM Council (2020-2022) and former Council member of the NHMRC Council (2015-2018) and has served extensively on government and health committees. She has a strong commitment to gender equity and led UTS to an Athena Swan Bronze award and is active in mentoring the next generation of female researchers.

Professor Sullivan's research interests focus on pregnancy, mothering and the criminalisation of poverty. She leads a multidisciplinary team aimed at

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DIRECTORS' REPORT

Information on directors (continued)

improving interventions to support health and wellbeing and prevent reoffending. Professor Sullivan has produced a substantial body of original research as evidenced by her strong publication track record over 250 publications and the impact her research has had on policy and practice. She has received over \$21 million in research funding support including support from the National and International funding agencies (NHMRC, ARC, WHO) and has extensive international collaborations.

Service as a director

Appointed to HMRI Board 13 February 2020

J Nelson

Experience

Non-Executive Director - University of Newcastle

Professor Janet Nelson is the Deputy Vice-Chancellor and Vice-President (Research and Innovation) at the University of Newcastle. In this role, Professor Nelson serves as the University's chief research officer with responsibilities for the diverse and comprehensive research enterprise. Professor Nelson came from the University of Idaho and held the position of Vice President for Research and Economic Development at the University of Idaho. Prior to this, Professor Nelson was the Associate Vice-Chancellor of Research Development at the University of Tennessee. She is an elected Fellow of the American Association for the Advancement of Science, an Honorary Member of the National Academy of Inventors and a Member of the NSW Royal Society.

Professor Nelson has over 30 years of experience in scientific research, scientific review and research portfolio administration, complex and multidisciplinary program/project management, business development, and science policy implementation. She is a demonstrated leader with experience across academia, government, not-for-profit organizations, and industry. She has a keen focus on building and supporting multidisciplinary teams and growing research enterprise.

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DIRECTORS' REPORT

Information on directors (Continued)

J Wiggers

Experience

Non-Executive Director - HNELHD

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.

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.

Professor Wiggers is also a health services researcher and practitioner in his Population Health service delivery role, 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.

Service as a director

Appointed to HMRI Board 13th November 2018

K Molloy

Experience

Non-Executive Director – Community

Dr Kirsten Molloy is a business leader, company director and chair, sitting on a range of Boards of commercial and not-for-profit businesses. Her executive career included being CEO of HVCCC for seven years, a logistics organisation coordinating a complex supply chain in a major industry across a complex member based construct. Prior to her CEO role Dr Molloy held a range of executive and management roles at Orica, a global mining services company, after commencing as a graduate there early in her career.

Dr Molloy is a highly commercial, technology focussed strategist, who enjoys working to improve and transform businesses. A passionate advocate for diversity and inclusion, she has supported many initiatives, including creation of mentoring scholarships and programs supporting women and other under-represented groups in leadership. She is President of the Hunter's Equal Futures Project, focussed on equity and diversity, who have raised around \$200,000 for charity partners. Dr Molloy founded her business Verity Leadership, to provide support to leaders who want to transform their organisations and develop their leadership capability, and provides advisory services, mentoring and coaching.

Dr Molloy has a love of learning, with an MBA from Deakin, PhD and an honours degree in Science from the University of Newcastle and is a

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DIRECTORS' REPORT

Information on directors (Continued)

	Graduate of the Australian Institute of Company Directors. Dr Molloy has been recognised with a range of awards including NSW Finalist in the Telstra Business Women's Awards, Hunter Business Chamber President's Award, University of Newcastle Regional Leadership Alumni Award, NSW and National Woman in Resources awards and was a recipient of a Chief Executive Womens' scholarship supporting Executive Development at Wharton, USA.
Special responsibilities	Audit and Risk Management Committee Chair Board Development Committee Member
Service as a director	Appointed to HMRI Board 9 June 2016
Other current directorships in public and significant companies and institutions	NRMA Hunter H20 Verity Leadership
K Mulley	Non-Executive Director - Community
Experience	<p>Kirsten Mulley is a public policy, government relations and communications professional with more than two decades' experience. She is the Managing Partner, Public Affairs at leading national advisory firm GRACosway where she works across a range of industry sectors with a focus on health. She has also worked in senior advisory roles to NSW Deputy Premier John Watkins and Premier Morris Iemma. She previously worked in communications roles at the NSW Department of Health, Hunter New England Health, and the NSW Minister for Health.</p> <p>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.</p>
Service as a director	Appointed to HMRI Board 13 October 2016
Other current directorships in public and significant companies and institutions	GRACosway Pty Ltd GRC Partners Ltd Clemenger Group Ltd
M DiRienzo	Non-Executive Director - HNELHD
Experience	<p>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 \$2.5 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.</p> <p>Following a career in Finance, Supply and logistics in the manufacturing industry, Mr DiRienzo has held various Executive Director positions throughout the Health Service since joining in 1999.</p> <p>As Chief Executive of Hunter New England Health, Mr DiRienzo has led the</p>

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DIRECTORS' REPORT

Information on directors (Continued)

	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	Board Development Committee
Service as a director	Appointed to HMRI Board 21st April 2011
Other current directorships in public and significant companies and institutions	Board member – Hunter New England and Central Coast Primary Health Network Board Member – NSW Regional Health Partners
S Walkom	Non-Executive Director – Communit
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 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	Appointed Chair, HMRI Foundation, 9 February 2017
Service as a director	Appointed to HMRI Board 9 February 2017
Other current directorships in public and significant companies and institutions	The Salvation Army, Newcastle Walkom Real Estate

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DIRECTORS' REPORT

Information on directors (continued)

Meetings of directors

Directors	Directors' meetings		Audit and Risk Management Committee meetings		Board Development Committee (incorporating Corporate Governance)	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
M Cohen (Resigned 1 March 2020)	6	4	-	-	1	-
M DiRienzo	6	4	-	-	3	3
K Hall (Resigned 4 June 2020)	3	2	-	-	-	-
K Loades	6	6	2	2	3	3
D Magin (Resigned 2 April 2020)	2	2	2	2	-	-
K Molloy (Appointed Chair A&RMC 28 May 2020)	6	6	4	4	3	3
K Mulley	6	5	-	-	1	1
J Nelson (Appointed 4 June 2020)	4	4	-	-	3	3
E Sullivan (Appointed 13 February 2020)	6	6	-	-	1	1
S Walkom	6	6	-	-	-	-
T Walley (Resigned 18 November 2020)	5	5	4	4	3	3
J Wiggers	6	6	-	-	1	1
A Zelinsky	6	5	-	-	1	1
M Calford	1	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 2020 the number of members was 11. The combined total amount that members of the company are liable to contribute if the company is wound up is \$220.

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 11 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.

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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: _____

Kyle Loades



Director: _____

Mike Calford

Dated this

1st

day of

April

2021

Pitcher Partners Newcastle & Hunter

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Michael Minter
Peter Lawrence
Scott Edden
Wayne Russell**HUNTER MEDICAL RESEARCH INSTITUTE
ABN: 27 081 436 919****AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF HUNTER MEDICAL RESEARCH INSTITUTE**

In relation to the independent audit for the year ended 31 December 2020, 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-profits Commission (ACNC) Act 2012*; and

(ii) no contraventions of the *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.



WAYNE RUSSELL

PARTNER



PITCHER PARTNERS

NEWCASTLE

1 April 2021

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
Revenue and other income			
Operating revenue	2	36,945,947	29,080,740
Other income	3	<u>593,549</u>	<u>1,139,866</u>
		<u>37,539,496</u>	<u>30,220,606</u>
Less: expenses			
Fundraising expenses		(1,581,262)	(2,375,122)
Research grant expenses		(12,293,929)	(11,241,792)
Operations expenses		(10,690,683)	(9,275,099)
Facility expenses		<u>(5,404,627)</u>	<u>(5,640,938)</u>
		<u>(29,970,501)</u>	<u>(28,532,951)</u>
Surplus for the year		<u>7,568,995</u>	<u>1,687,655</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Net change in fair value of financial assets designated at fair value through other comprehensive income		<u>82,105</u>	<u>-</u>
Other comprehensive income for the year		<u>82,105</u>	<u>-</u>
Total comprehensive income		<u><u>7,651,100</u></u>	<u><u>1,687,655</u></u>

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	5	16,969,058	10,021,229
Receivables	6	264,530	330,122
Inventories	7	4,517	4,517
Other assets	8	658,769	683,315
Other financial assets	9	<u>14,750,000</u>	<u>13,750,000</u>
Total current assets		<u>32,646,874</u>	<u>24,789,183</u>
Non-current assets			
Other financial assets	9	14,858,040	10,813,289
Property, plant and equipment	10	<u>72,963,479</u>	<u>75,678,034</u>
Total non-current assets		<u>87,821,519</u>	<u>86,491,323</u>
Total assets		<u>120,468,393</u>	<u>111,280,506</u>
Current liabilities			
Payables	11	2,008,236	3,096,694
Other liabilities	12	2,270,197	1,872,599
Provisions	13	<u>6,284,310</u>	<u>5,760,866</u>
Total current liabilities		<u>10,562,743</u>	<u>10,730,159</u>
Non-current liabilities			
Provisions	13	<u>2,358,655</u>	<u>654,452</u>
Total non-current liabilities		<u>2,358,655</u>	<u>654,452</u>
Total liabilities		<u>12,921,398</u>	<u>11,384,611</u>
Net assets		<u>107,546,995</u>	<u>99,895,895</u>
Equity			
Reserves	14	82,105	-
Retained earnings	15	<u>107,464,890</u>	<u>99,895,895</u>
Total equity		<u>107,546,995</u>	<u>99,895,895</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Contributed equity \$	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2019	-	-	98,208,240	98,208,240
Profit for the year	-	-	<u>1,687,655</u>	<u>1,687,655</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>1,687,655</u>	<u>1,687,655</u>
Balance as at 1 January 2020	-	-	99,895,895	99,895,895
Profit for the year	-	-	7,568,995	7,568,995
Other comprehensive income for the year	-	<u>82,105</u>	<u>-</u>	<u>82,105</u>
Total comprehensive income for the year	<u>-</u>	<u>82,105</u>	<u>7,568,995</u>	<u>7,651,100</u>
Balance as at 31 December 2020	<u>-</u>	<u>82,105</u>	<u>107,464,890</u>	<u>107,546,995</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
Cash flow from operating activities		
Receipts from customers	34,011,502	29,669,056
Payments to affiliated researchers, partners, suppliers and employees	(25,173,097)	(23,847,711)
Dividends received	341,035	340,831
Interest received	<u>343,528</u>	<u>399,379</u>
Net cash provided by operating activities	<u>9,522,968</u>	<u>6,561,555</u>
Cash flow from investing activities		
Net cash outflow from term deposits	(1,000,000)	(3,000,000)
Payment for property, plant and equipment	(954,348)	(589,549)
Net cash flow from purchase and sale of investments	<u>(620,791)</u>	<u>(2,834,082)</u>
Net cash used in investing activities	<u>(2,575,139)</u>	<u>(6,423,631)</u>
Reconciliation of cash		
Cash at beginning of the financial year	10,021,229	9,883,305
Net increase in cash held	<u>6,947,829</u>	<u>137,924</u>
Cash at end of financial year	<u><u>16,969,058</u></u>	<u><u>10,021,229</u></u>

The accompanying notes form part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations of the Australian Accounting Standards Board.

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

Historical Cost Convention

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 from contracts with customers

The company derives revenue from the provision of services and sale of goods. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Revenue from the provision of services

The company provides various services to customers in respect of statistical research and facilities occupation. Revenue from the provision of services is recognised over time, as the services are provided to the customer. Customers are generally invoiced as services are rendered, and outstanding invoices are due for payment within 30 days of the invoice.

Revenue from the sale of goods

The company operates a cafe in the Clinical Research Centre building. Revenue is recognised at the time the goods are purchased by customers from the cafe. Customers are required to pay in full for all goods purchased at the time of purchase.

(c) Grant and fundraising revenue

Revenue from government and private sector grants, donations, bequests, fundraising events and other fundraising revenue is recognised upon receipt and at the amount that is received.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other income

Dividends

Dividend revenue is recognised when the right to receive a dividend or other distribution has been established.

Interest

Interest revenue is measured in accordance with the effective interest method.

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

(e) 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*.

(f) 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.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading and financial liabilities designated at FVtPL, are subsequently measured at fair value.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All other financial liabilities recognised by the company are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

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.

Impairment of financial assets

For financial assets carried at cost because a fair value cannot be reliably measured, 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.

(h) Impairment of non-financial assets

For impairment 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment

Each class of plant and equipment is measured 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

Land is not depreciated. The depreciable amount of all other 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.

Class of fixed asset	Useful lives	Depreciation basis
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

(j) 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.

(k) 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.

(l) Deferred income

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the company, and an estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Right-of-use lease assets under leases with significantly below-market terms and conditions (e.g. peppercorn-type arrangements) are measured at cost.

The company is lessee to a lease with significantly below-market terms and conditions with Hunter New England Local Health District. The terms of the lease are:

Term - 40 years

Lease payments - \$572,000 per annum

As part of the lease agreement Hunter New England Local Health District provides the company with a Market Rental Assistance Grant equal to the lease payments, reducing the company's lease/rental payment to nil.

The company elected to measure the right-of-use asset under the lease with significantly below market terms and conditions at cost rather than fair value in accordance with amending standard AASB 2018-8. As the cost of the lease is nil no right-of-use asset or corresponding lease liability has been recognised.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

HUNTER MEDICAL RESEARCH INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(m) Leases (continued)

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(n) 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.

(o) 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 2020

	2020	2019
	\$	\$
NOTE 2: REVENUE		
Revenue from contracts with customers		
Building occupancy	5,160,985	4,940,201
Cafe	272,960	371,331
Parking	146,443	196,347
Statistical research	1,748,256	1,311,035
Laboratory services	368,410	172,359
Other	<u>35,877</u>	<u>65,840</u>
	<u>7,732,931</u>	<u>7,057,113</u>
 Grant and fundraising revenue		
Government grants	10,529,564	9,487,501
Private sector grants	439,350	656,237
Donations	8,120,659	8,469,154
Bequests	8,630,587	2,444,076
JobKeeper subsidy	1,328,500	-
Events	<u>164,356</u>	<u>966,659</u>
	<u>29,213,016</u>	<u>22,023,627</u>
	<u>36,945,947</u>	<u>29,080,740</u>
 NOTE 3: OTHER INCOME		
Dividends	341,035	340,831
Realised fair value gains/(losses)	(92,642)	(55,358)
Unrealised fair value gains/(losses)	145,770	415,561
Fundraising interest	8,043	202,795
Interest income	<u>191,343</u>	<u>236,037</u>
	<u>593,549</u>	<u>1,139,866</u>
 NOTE 4: EXPENSES		
Salaries and wages	6,394,311	5,957,065
Superannuation	551,912	532,002
Depreciation and amortisation expense	3,668,903	3,757,422

HUNTER MEDICAL RESEARCH INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	10,439,598	5,531,266
Cash on deposit	<u>6,529,460</u>	<u>4,489,963</u>
	<u><u>16,969,058</u></u>	<u><u>10,021,229</u></u>
NOTE 6: RECEIVABLES		
Trade debtors	201,749	32,197
Other receivables	<u>62,781</u>	<u>297,925</u>
	<u><u>264,530</u></u>	<u><u>330,122</u></u>
NOTE 7: INVENTORIES		
<i>At cost</i>		
Finished goods	<u>4,517</u>	<u>4,517</u>
	<u><u>4,517</u></u>	<u><u>4,517</u></u>
NOTE 8: OTHER ASSETS		
Prepayments	443,338	432,651
Accrued income	<u>215,431</u>	<u>250,664</u>
	<u><u>658,769</u></u>	<u><u>683,315</u></u>
NOTE 9: OTHER FINANCIAL ASSETS		
CURRENT		
Financial assets at amortised cost	<u>14,750,000</u>	<u>13,750,000</u>
	<u><u>14,750,000</u></u>	<u><u>13,750,000</u></u>
NON-CURRENT		
Financial assets at fair value through other comprehensive income	82,105	-
Financial assets at fair value through profit or loss	<u>14,775,935</u>	<u>10,813,289</u>
	<u><u>14,858,040</u></u>	<u><u>10,813,289</u></u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Buildings at cost	81,032,881	81,032,881
Accumulated depreciation	<u>(16,869,817)</u>	<u>(14,843,995)</u>
	<u>64,163,064</u>	<u>66,188,886</u>
Plant and equipment at cost	15,447,205	15,044,334
Accumulated depreciation	<u>(9,549,815)</u>	<u>(8,354,504)</u>
	<u>5,897,390</u>	<u>6,689,830</u>
Improvements at cost	1,077,574	834,948
Accumulated depreciation	<u>(133,716)</u>	<u>(98,914)</u>
	<u>943,858</u>	<u>736,034</u>
Office furniture, equipment, fixtures and fittings at cost	3,856,838	3,816,497
Accumulated depreciation	<u>(2,445,027)</u>	<u>(2,208,155)</u>
	<u>1,411,811</u>	<u>1,608,342</u>
Computer equipment at cost	1,741,777	1,474,545
Accumulated depreciation	<u>(1,194,421)</u>	<u>(1,019,603)</u>
	<u>547,356</u>	<u>454,942</u>
Total property, plant and equipment	<u><u>72,963,479</u></u>	<u><u>75,678,034</u></u>
NOTE 11: PAYABLES		
<i>Unsecured liabilities</i>		
Trade creditors	453,333	1,919,988
Sundry creditors and accruals	<u>1,554,903</u>	<u>1,176,706</u>
	<u><u>2,008,236</u></u>	<u><u>3,096,694</u></u>
NOTE 12: OTHER LIABILITIES		
Deferred income	<u>2,270,197</u>	<u>1,872,599</u>
	<u><u>2,270,197</u></u>	<u><u>1,872,599</u></u>
NOTE 13: PROVISIONS		
CURRENT		
Employee benefits	(a) 514,020	495,040
Research grants	<u>5,770,290</u>	<u>5,265,826</u>
	<u><u>6,284,310</u></u>	<u><u>5,760,866</u></u>
NON-CURRENT		
Employee benefits	(a) 244,959	184,598
Research grants	<u>2,113,696</u>	<u>469,854</u>
	<u><u>2,358,655</u></u>	<u><u>654,452</u></u>
(a) Aggregate employee benefits liability	758,979	679,638

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
NOTE 14: RESERVES		
Financial assets at fair value through other comprehensive income reserve	<u>82,105</u>	<u>-</u>
	<u>82,105</u>	<u>-</u>

The financial assets at fair value through other comprehensive income reserve is used to record changes in the fair value of financial assets classified or designated at fair value through other comprehensive income

NOTE 15: RETAINED EARNINGS

Retained earnings at beginning of year	99,895,895	98,208,240
Total comprehensive income for the year	<u>7,568,995</u>	<u>1,687,655</u>
	<u>107,464,890</u>	<u>99,895,895</u>

NOTE 16: FAIR VALUE MEASUREMENT

(a) Fair Value Hierarchy

The following table provides the fair value classification of those assets and liabilities held by the company that are measured either on a recurring or non-recurring basis at fair value.

	Total
2020	
Recurring fair value measurements	
<i>Financial assets</i>	
<i>Financial assets at fair value through profit or loss</i>	
Shares in listed corporations	14,775,935
<i>Financial assets at fair value through comprehensive income</i>	
Shares in private corporations	82,105
2019	
Recurring fair value measurements	
<i>Financial assets</i>	
<i>Financial assets at fair value through profit or loss</i>	
Shares in listed corporations	10,813,289

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the company		
Total key management personnel compensation	<u>1,150,362</u>	<u>1,122,457</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
NOTE 18: RELATED PARTY TRANSACTIONS		
(a) Transactions with key management personnel of the company and director related parties		
Donations	30,800	9,500
Income from University of Newcastle from occupancy and professional services	5,906,652	5,947,219
Income from Hunter New England Local Health District from research grants, occupancy and professional services	1,348,521	668,227
Payments to University of Newcastle for research grants and awards and medical infrastructure funds	(9,423,116)	(8,031,364)
Payments to Hunter New England Local Health District for utilities, research grants and awards and medical infrastructure funds	(1,506,082)	(2,406,522)
(b) Amounts owing by director related parties at the end of the year are as follows:		
University of Newcastle	173,641	24,511
Hunter New England Local Health District	<u>37,903</u>	<u>627</u>
	<u>211,544</u>	<u>25,138</u>
(c) Amounts owing to director related parties at the end of the year are as follows:		
University of Newcastle	(6,110,396)	(5,380,951)
Hunter New England Local Health District	<u>(1,434,630)</u>	<u>(1,574,895)</u>
	<u>(7,545,026)</u>	<u>(6,955,846)</u>

NOTE 19: RESEARCH GRANT COMMITMENTS

The company has committed funds to research projects. At 31 December 2020, \$12,215,331 (2019: \$11,037,956) 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 \$4,331,345 (2019: \$5,302,276) is still receivable and is disclosed as a contingent asset (note 20).

**HUNTER MEDICAL RESEARCH INSTITUTE
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTE 20: 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 2020, \$4,331,345 (2019: \$5,302,276) 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 21: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2020, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2020, of the company.

NOTE 22: 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 2020 the number of members was 11. The combined total amount that members of the company are liable to contribute if the company is wound up is \$220.

HUNTER MEDICAL RESEARCH INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
NOTE 23: ADDITIONAL DISCLOSURES REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991 AND THE CHARITABLE FUNDRAISING REGULATIONS 2015		
(a) Details of aggregate gross income and total expenses of fundraising appeals		
Gross proceeds from fundraising appeals		
Donations (including bequests)	17,221,745	11,151,656
Research grants	439,350	555,236
Event income	5,180	241,946
Supporter run event income	159,176	724,713
Investment income (earned on fundraising investments)	<u>230,016</u>	<u>903,830</u>
Gross proceeds from fundraising	<u>18,055,467</u>	<u>13,577,381</u>
Less: Total cost of fundraising		
HMRI fundraising		
Event expenses	(36,256)	(257,491)
Fundraising salaries & superannuation (excluding capital campaign)	(869,577)	(1,019,120)
Other expenses (excluding capital campaign)	<u>(736,651)</u>	<u>(1,048,511)</u>
Total cost of fundraising	<u>(1,642,484)</u>	<u>(2,325,122)</u>
Net surplus obtained from fundraising appeals	<u>16,412,983</u>	<u>11,252,259</u>
(b) Statement showing how funds received were applied to charitable purposes		
Net surplus from fundraising appeals	16,412,983	11,252,259
Expenditure on direct services (grants to researchers)	<u>(9,425,356)</u>	<u>(8,096,174)</u>
Net surplus after grants to researchers	<u>6,987,627</u>	<u>3,156,085</u>

The surplus from fundraising appeals has been retained in cash at bank, cash on deposit and financial assets 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 2020

**NOTE 23: ADDITIONAL DISCLOSURES REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991
AND THE CHARITABLE FUNDRAISING REGULATIONS 2015 (continued)**

(c) Comparisons by monetary figures and percentages

31 December 2020

Total cost of fundraising / gross income from fundraising	1,642,484/18,055,467	9.10%
Net surplus from fundraising / gross income from fundraising	16,412,983/18,055,467	90.90%
Total cost of direct services / total expenditure	9,425,356/11,067,840	85.16%
Total cost of direct services / gross income from fundraising	9,425,356/18,055,467	52.20%

31 December 2019

Total cost of fundraising / gross income from fundraising	2,325,122/13,577,381	17.12%
Net surplus from fundraising / gross income from fundraising	11,252,259/13,577,381	82.88%
Total cost of direct services / total expenditure	8,096,174/10,421,296	77.69%
Total cost of direct services / gross income from fundraising	8,096,174/13,577,381	59.63%

2020
\$

2019
\$

(d) Reconciliation between Total revenue to Gross proceeds from fundraising

Total revenue and other income	37,539,496	30,220,606
Less: revenue from contracts with customers	(7,732,931)	(7,057,113)
Less: grant revenue not obtained from fundraising	(10,059,065)	(9,350,076)
Less: investment income not obtained from fundraising	(363,533)	(236,036)
Less: JobKeeper subsidy	(1,328,500)	-
Gross proceeds from fundraising	<u>18,055,467</u>	<u>13,577,381</u>

HUNTER MEDICAL RESEARCH INSTITUTE
ABN: 27 081 436 919

DIRECTORS' DECLARATION

In accordance with a resolution of directors of Hunter Medical Research Institute, the directors of the Company declare that, in the directors' opinion:

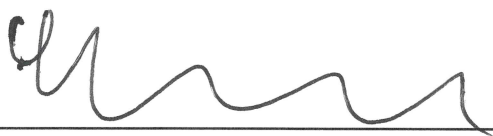
1. The financial statements and notes, as set out on pages 12-29, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:

a. comply with Australian Accounting Standards applicable to the Company; and

b. give a true and fair view of the financial position of the Company as at 31 December 2020 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they became due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director: 
Kyle Loades

Director: 
Mike Calford

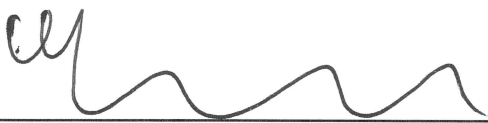
Dated this 1st day of April 2021

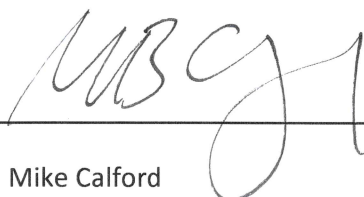
HUNTER MEDICAL RESEARCH INSTITUTE
ABN: 27 081 436 919

DIRECTORS' DECLARATION

In accordance with a resolution of directors of Hunter Medical Research Institute, the directors of the Company declare that, in the director's opinion:

1. The Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020 gives a true and fair view of all income and expenses of the Company with respect to fundraising appeals, and
2. The Statement of Financial Position as at 31 December 2020 gives a true and fair view of the state of affairs of the Company with respect to the fundraising appeals conducted by the Company,
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: 
Kyle Loades

Director: 
Mike Calford

Dated this 1st day of April 2021

Pitcher Partners Newcastle & Hunter

ABN 30 771 674 745

101 Hannell Street
PO Box 275
Wickham NSW 229320 - 22 Church Street
PO Box 117
Maitland NSW 2320Geoff Thompson
Michael Minter
Peter Lawrence
Scott Edden
Wayne Russellp. +61 2 4911 2000
e. newcastle@pitcher.com.au**Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Hunter Medical Research Institute, "the Company", which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other 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 accompanying financial report of Hunter Medical Research Institute, is 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 Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 Regulation 2015 (NSW)

- (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 2020, and
- (b) the accounting and associated records have been properly kept during that year in accordance with the *Charitable Fundraising Act 1991 (NSW)* and *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 Company 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 Company in accordance with 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 (including Independence Standards)* "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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2020, 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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company'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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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 Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Conclude on the appropriateness of the directors' 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 Company'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 Company 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

Date 1 April 2021