

**Hunter Medical
Research Institute**

ABN 27 081 436 919

Financial report
For the year ended 30
June 2017



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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 30 June 2017 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	Appointed on 12 April 2012
K Loades	Appointed on 20 February 2014. Appointed Chair on 8 December 2016.
G T Turner	Appointed on 11 October 2007. Appointed Chair on 15 March 2013. Retired on 13 October 2016.
N K Sawyer AM	Appointed on 28 November 2007. Retired on 13 October 2016.
M DiRienzo	Appointed on 21 April 2011
I C McMillen	Appointed on 3 November 2011
R J Aitken	Appointed on 20 February 2014
M Cohen	Appointed on 20 February 2014
D A Magin	Appointed on 20 February 2014
K Hall	Appointed on 3 April 2014
C Levi	Appointed on 13 August 2015
K Molloy	Appointed on 9 June 2016
K Mulley	Appointed on 13 October 2016
S Walkom	Appointed on 9 February 2017

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

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

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,
- conduct Health and Medical Research into the causes, prevention, control, relief or cure of all types of human diseases and conditions,
- bring about the 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

Principal activities

During the year, 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 within 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.

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

Information on directors

M Nilsson

Qualifications

Experience

Institute Director

MD, PhD, FAFRM (RACP)

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.

DIRECTORS' REPORT

Information on directors (Continued)

K Loades	Chair and Non-Executive Director - HMRI (Community)
Qualifications	FAICD
Experience	<p>Mr Loades is the Chairman of the NRMA and has been a non-executive Director since December 2005. He is the Chair of the Governance, Compensation & Nomination Committee and an ex-officio member of all other Board Committees. He is also a director of the Australian Automobile Association.</p> <p>Mr Loades 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 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>
Other current directorships in public and significant companies and institutions	Director of NRMA Motoring & Services Board member of Committee of Sydney
G T Turner	Chair and Non-Executive Director - HMRI (Community) (Retired on 13 October 2016)
Qualifications	BComm, FCPA, FAICD
Experience	<p>Mr Turner had a thirty-year career at senior executive level in the mining services, manufacturing, engineering and contracting sectors in Australia, as well as USA, China, South America, South Africa and India. He now occupies non-executive roles in private companies in a variety of industries and services, including the State government. From October 2007 to 2012 Mr Turner chaired the HMRI Foundation, HMRI's marketing and fundraising arm.</p>
Special responsibilities	Chair of HMRI's Board Development Committee (Retired on 13 October 2016)
Other current directorships in public and significant companies and institutions	Director of Venues NSW

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DIRECTORS' REPORT

Information on directors (Continued)

N K Sawyer AM	Non Executive Director - HMRI (Community)
Qualifications	FAICD
Experience	<p>Mr Sawyer is a company director who joined the HMRI Board in November 2007. He co-founded Ampcontrol P/L in 1968, which was recognised with regional, state and national awards in "business, engineering, innovation and export" in 1993, 1995, 1996, 1998, 2001, 2003, 2004, and 2005. In 1996 he was recognised as the Engineers Australia National Engineering Associate of the Year, and was awarded Australian Honours AM Award in 2006. He is also a NSW Business Chamber Past President and Life Governor and Past President of the Australian Chamber of Commerce Industry.</p>
Special responsibilities	<p>Mr Sawyer is Director for Percutaneous Cardiovascular Solutions, Lake Macquarie Business Growth Centre, Crucible Group and Hunter TAFE Foundation. He is a member of Engineers Australia, and is a Fellow of both the Australian Institute of Company Directors and the Australian Institute of Management.</p> <p>Chair of HMRI's Audit and Risk Management Committee (Retired on 13 October 2016)</p> <p>Director of HMRI's Board Development Committee (Retired on 13 October 2016)</p>
Other current directorships in public and significant companies and institutions	<p>Director of Percutaneous Cardiovascular Solutions</p> <p>Director of Lake Macquarie Business Growth Centre</p> <p>Director of Crucible Group</p> <p>Director of Hunter TAFE Foundation</p>

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DIRECTORS' REPORT

Information on directors (Continued)

M DiRienzo	Non-Executive Director - HMRI (HNELHD)
Qualifications	BComm
Experience	<p>Mr DiRienzo is Chief Executive of Hunter New England Local Health District. He is responsible for all health services across more than 120 sites, comprising more than 16,033 staff delivering services to a community of more than 920,370 people. Following an 18-year career in accounting, supply and logistics in the industrial sector, Mr DiRienzo joined Hunter New England Local Health District (then Hunter Health) in 1998 as a Senior Management Accountant. He has since held various General Management positions throughout the Health Service and has been a member of the Area Executive Team since 2002. He was Director Operations – Acute Networks from 2005 until his appointment to Chief Executive in 2011.</p>
Special responsibilities	Mr DiRienzo holds a Bachelor of Commerce from the University of Newcastle. Director 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

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DIRECTORS' REPORT

Information on directors (Continued)

I C McMillen

Non-Executive Director - HMRI (University)

Qualifications

BA (Hons), MBBS, PhD, FAHMS

Experience

Professor 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 Convenor 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)

R J Aitken	Non-Executive Director - HMRI (University)
Qualifications	BSc, MSc, PhD, DSc
Experience	<p>Mr 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 36,000 citations, generating an h-index of 100. Mr Aitken 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>Mr Aitken 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>
M Cohen	Non-Executive Director - HMRI (HNEH)
Qualifications	PhD, MBBS, FRANZCP
Experience	<p>Conjoint A/Professor 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. Professor Cohen 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 remains 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	<p>Director of Cullerton Nominees Pty Ltd</p> <p>Director of Asclepius Health</p> <p>Director of Hunter New England Local Health District</p>

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DIRECTORS' REPORT

Information on directors (Continued)

D A Magin

Non-Executive Director - HMRI (Community)

Qualifications

BMath, Grad Dip Mgt, MAICD

Experience

Mr 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. Mr Magin 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. Mr Magin is a Director of Hunter Valley Research Foundation and Hunter United Credit Union. Mr Magin 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)

K Hall	Non-Executive Director - HMRI (University)
Qualifications	BSc (Hons), MSc, PhD
Experience	<p>Professor 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 modeling, 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	Director of HMRI's Board Development Committee

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DIRECTORS' REPORT

Information on directors (Continued)

C Levi	Non-Executive Director - HMRI (HNEH)
Qualifications	B Med Sci, MBBS, FRACP
Experience	Professor Levi is a stroke neurologist, NHMRC practitioner fellow and the Executive Director for SPHERE (The Sydney Partnership for Health, Education, Research & Enterprise). Professor 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.
K Molloy	Non-Executive Director - HMRI (Community)
Qualifications	BSc (Hons)/ PhD, MBA, GAICD
Experience	Dr 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.
Special responsibilities	
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)

K Mulley	Non-Executive Director - HMRI (Community)
Qualifications	BA, MPP
Experience	Ms Mulley is a public policy, government relations and communications professional with more than 20 years' experience. Ms Mulley is Joint Managing Partner, Public Affairs at leading national advisory firm GRACosway. She leads a team of senior consultants and support staff, to develop strategy for clients to engage with governments at state and federal level. Ms Mulley works across a range of public policy areas with a focus on health. Kirsten has a wealth of experience in senior communications roles at the NSW Department of Health, Hunter New England Health, and as a Media Adviser to the NSW Minister for Health. She has also worked as Deputy Chief of Staff to former NSW Deputy Premier John Watkins and as a senior advisor to former NSW Premier Morris Iemma. Ms Mulley 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
S Walkom	Chair of HMRI Foundation and Non-Executive Director - HMRI (Community)
Qualifications	CPA, MBA, BCom
Experience	Mr 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
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

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	6	6	-	-
G T Turner - Retired 8 December 2016	3	3	-	-
N K Sawyer AM - Retired 13 October 2016	3	3	1	1
M DiRienzo	6	3	-	-
I C McMillen	6	4	-	-
R J Aitken	6	3	-	-
M Cohen	6	4	-	-
K Loades	6	6	-	-
D A Magin	6	6	4	3
K Hall	6	4	-	-
C Levi	6	4	-	-
K Molloy	6	5	-	-
K Mulley	4	4	-	-
S Walkom	3	2	-	-

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 30 June 2017 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-Profits Commission (ACNC) Act 2012* is set out on page 16 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 year, 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 in accordance with a resolution of the board of directors.

Director:



K Loades

Director:



M Nilsson

Dated this

12th

day of

October

2017



PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

101 Hannell Street
PO Box 275
Wickham NSW 2293

20 - 22 Church Street
PO Box 117
Maitland NSW 2320

126 John Street
Singleton NSW 2330
Tel: 02 6572 1744

Greg Farrow
Geoff Thompson
Michael Minter
Scott Edden
Wayne Russell

Tel: 02 4911 2000
Fax: 02 4911 2099
www.pitcher.com.au
newcastle@pitcher.com.au

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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 30 June 2017, 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

12 October 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue and other income			
Revenue from continuing operations		22,204,602	24,833,692
Other revenue		<u>529,885</u>	<u>275,996</u>
	2	<u>22,734,487</u>	<u>25,109,688</u>
Less: expenses			
Fundraising expenses		(2,008,298)	(1,325,437)
Research grant expenses		(9,259,599)	(5,707,442)
Operation expenses		(7,893,859)	(9,699,793)
Facility expenses		<u>(4,752,824)</u>	<u>(3,892,317)</u>
		<u>(23,914,580)</u>	<u>(20,624,989)</u>
Profit / (loss) for the year		<u>(1,180,093)</u>	<u>4,484,699</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(1,180,093)</u>	<u>4,484,699</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	4	6,558,858	11,829,533
Receivables	5	826,626	634,746
Inventories	6	61,695	4,219
Other assets	7	120,000	180,000
Other financial assets	8	<u>16,000,000</u>	<u>9,466,786</u>
Total current assets		<u>23,567,179</u>	<u>22,115,284</u>
Non-current assets			
Other financial assets	8	2,937,354	1,726,501
Property, plant and equipment	9	<u>83,011,989</u>	<u>85,852,325</u>
Total non-current assets		<u>85,949,343</u>	<u>87,578,826</u>
Total assets		<u>109,516,522</u>	<u>109,694,110</u>
Current liabilities			
Payables	10	2,747,736	3,261,348
Provisions	11	2,234,959	1,295,705
Other liabilities	12	<u>603,742</u>	<u>79,267</u>
Total current liabilities		<u>5,586,437</u>	<u>4,636,320</u>
Non-current liabilities			
Provisions	11	<u>112,376</u>	<u>59,988</u>
Total non-current liabilities		<u>112,376</u>	<u>59,988</u>
Total liabilities		<u>5,698,813</u>	<u>4,696,308</u>
Net assets		<u>103,817,709</u>	<u>104,997,802</u>
Equity			
Retained earnings	13	<u>103,817,709</u>	<u>104,997,802</u>
Total equity		<u>103,817,709</u>	<u>104,997,802</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Total equity		
Balance at beginning of the year	104,997,802	100,513,103
Movements in equity from:		
Retained earnings	<u>(1,180,093)</u>	<u>4,484,699</u>
Balance at the end of the year	<u>103,817,709</u>	<u>104,997,802</u>
Retained earnings		
Balance at beginning of the year	104,997,802	100,513,103
(Loss)/ Profit for the year	<u>(1,180,093)</u>	<u>4,484,699</u>
Total comprehensive income	<u>(1,180,093)</u>	<u>4,484,699</u>
Balance at the end of the year	<u>103,817,709</u>	<u>104,997,802</u>

The accompanying notes form part of these financial statements.

HUNTER MEDICAL RESEARCH INSTITUTE
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Receipts from customers		22,463,196	26,403,962
Operating grant receipts		(19,450,337)	(15,736,621)
Interest received		<u>529,883</u>	<u>275,998</u>
Net cash provided by operating activities		<u>3,542,742</u>	<u>10,943,339</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		(1,002,563)	(693,945)
Proceeds from sale of investments		<u>(7,810,854)</u>	<u>(8,660,561)</u>
Net cash provided by / (used in) investing activities		<u>(8,813,417)</u>	<u>(9,354,506)</u>
Reconciliation of cash			
Cash at beginning of the financial year		11,829,533	10,240,700
Net increase / (decrease) in cash held		<u>(5,270,675)</u>	<u>1,588,833</u>
Cash at end of financial year		<u>6,558,858</u>	<u>11,829,533</u>

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with 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 was approved by the directors as at the date of the directors' report.

The financial report is for the entity 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 following is a summary of the material 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

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

Funding, donations and grant revenue

Revenue for fundraising, donations and grants are 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.

For multiple year funding arrangements, revenue is recognised at the time of signing the funding agreement, unless the funding instalments are dependent on key milestones being met, which are not wholly controlled by the company.

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.

Interest revenue

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 recognised at fair value. Trade receivables are due for settlement within 30 days for almost all debtors. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

(f) Financial instruments

Classification

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (Continued)

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the company intends to hold the investments to maturity, usually of a term of three to twelve months.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.

Non-listed investments for which the fair value cannot be reliably measured, are carried at cost and tested for impairment.

Donated financial assets

Financial assets donated to the group are recognised at fair value at the date the group obtains the control of the assets.

Impairment of financial assets

For available-for-sale 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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 ready for use.

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 equipment at cost	2-20 years	Straight line
Furniture, fixtures and fittings at cost	5 to 40 years	Straight line
Computer equipment at cost	3 to 10 years	Straight line

(h) 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.

(i) 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, rostered days off and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(k) 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.

(l) Comparatives

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

HUNTER MEDICAL RESEARCH INSTITUTE
ABN 27 081 436 919

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue from continuing operations		
Government grants	8,130,199	13,092,295
Clinical research centre income	5,624,772	5,702,627
Fundraising income	<u>8,449,631</u>	<u>6,038,770</u>
	<u>22,204,602</u>	<u>24,833,692</u>
Other revenue		
Fundraising interest	237,176	147,581
Interest income	<u>292,709</u>	<u>128,415</u>
	<u>529,885</u>	<u>275,996</u>
NOTE 3: EXPENSES		
Salaries and wages	4,705,107	4,017,230
Superannuation	430,111	364,192
Depreciation and amortisation expense	<u>3,844,803</u>	<u>3,784,307</u>
	<u>8,980,021</u>	<u>8,165,729</u>
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	4,258,281	8,576,841
Cash on deposit	<u>2,300,577</u>	<u>3,252,692</u>
	<u>6,558,858</u>	<u>11,829,533</u>
NOTE 5: RECEIVABLES		
Trade debtors	525,896	562,812
Other receivables	<u>300,730</u>	<u>71,934</u>
	<u>826,626</u>	<u>634,746</u>
NOTE 6: INVENTORIES		
<i>At cost</i>		
Cafe and merchandise	<u>61,695</u>	<u>4,219</u>
	<u>61,695</u>	<u>4,219</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 7: OTHER ASSETS		
Non current assets held for sale	<u>120,000</u>	<u>180,000</u>
	<u>120,000</u>	<u>180,000</u>
NOTE 8: OTHER FINANCIAL ASSETS		
CURRENT		
Available for sale investments	-	66,786
Held to maturity financial assets	<u>16,000,000</u>	<u>9,400,000</u>
	<u>16,000,000</u>	<u>9,466,786</u>
NON CURRENT		
Financial assets at fair value through profit or loss	602,088	221,827
Held to maturity financial assets	<u>2,335,266</u>	<u>1,504,674</u>
	<u>2,937,354</u>	<u>1,726,501</u>
NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
Buildings at cost	81,032,882	81,032,882
Accumulated depreciation	<u>(9,745,616)</u>	<u>(7,719,794)</u>
	<u>71,287,266</u>	<u>73,313,088</u>
Plant and equipment at cost	13,981,434	13,526,711
Accumulated depreciation	<u>(5,153,480)</u>	<u>(3,855,091)</u>
	8,827,954	9,671,620
Improvements at cost	258,935	110,884
Accumulated depreciation	<u>(23,436)</u>	<u>(12,271)</u>
	235,499	98,613
Office equipment at cost	1,291,804	1,004,282
Accumulated depreciation	<u>(32,781)</u>	<u>(29,191)</u>
	1,259,023	975,091
Furniture, fixtures and fittings at cost	2,415,442	2,389,351
Accumulated depreciation	<u>(1,554,090)</u>	<u>(1,224,221)</u>
	861,352	1,165,130
Computer equipment at cost	1,277,450	1,188,955
Accumulated depreciation	<u>(736,555)</u>	<u>(560,172)</u>
	<u>540,895</u>	<u>628,783</u>
Total property, plant and equipment	<u>83,011,989</u>	<u>85,852,325</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 10: PAYABLES		
<i>Unsecured liabilities</i>		
Trade creditors	1,975,623	1,049,968
Sundry creditors and accruals	<u>772,113</u>	<u>2,211,380</u>
	<u>2,747,736</u>	<u>3,261,348</u>
 NOTE 11: PROVISIONS		
CURRENT		
Employee benefits (a)	354,237	226,316
Research grants	<u>1,880,722</u>	<u>1,069,389</u>
	<u>2,234,959</u>	<u>1,295,705</u>
 NON CURRENT		
Employee benefits (a)	<u>112,376</u>	<u>59,988</u>
	<u>112,376</u>	<u>59,988</u>
(a) Aggregate employee benefits liability	466,613	286,304
 NOTE 12: OTHER LIABILITIES		
Deferred income	<u>603,742</u>	<u>79,267</u>
	<u>603,742</u>	<u>79,267</u>
 NOTE 13: RETAINED EARNINGS		
Retained earnings at beginning of year	104,997,802	100,513,103
Net profit / (loss)	<u>(1,180,093)</u>	<u>4,484,699</u>
	<u>103,817,709</u>	<u>104,997,802</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the company

- short-term employee benefits	569,563	556,684
- post-employment benefits	-	-
	569,563	556,684

The key management personnel of HMRI includes the Executive Director and the remaining members of HMRI's senior leadership team.

A component of the Executive Directors remuneration is directly contributed by the University of Newcastle and the Hunter New England Local Health District and is not included in this disclosure.

NOTE 15: RELATED PARTY TRANSACTIONS

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

Donations	40,920	25,000
Income from University of Newcastle from occupancy and professional services	4,538,253	4,610,876
Income from Hunter New England Local Health District from research grants, occupancy and professional services	878,281	763,485
Payments to University of Newcastle for research grants and awards and medical infrastructure funds	(8,626,360)	(5,228,703)
Payments to Hunter New England Local Health District for utilities, research grants and awards and medical infrastructure funds	(1,082,667)	(948,163)

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

University of Newcastle	141,513	35,167
Hunter New England Local Health District	48,178	404,189
	189,691	439,356

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

University of Newcastle	(1,316,712)	(388,147)
Hunter New England Local Health District	(134,123)	(77,000)
	(1,450,835)	(465,147)

HUNTER MEDICAL RESEARCH INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2017	2016
\$	\$

NOTE 16: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	235,511	266,059
- later than one year and not later than three years	89,355	177,359
- later than three years	<u>6,261</u>	<u>-</u>
	<u>331,127</u>	<u>443,418</u>

The company has entered into number of contracts including planned maintenance to maintain the facility.

NOTE 17: RESEARCH GRANT COMMITMENTS

The company has committed funds to research projects. At the end of June 2017, \$4,150,984 (2016: \$1.6 million) 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 \$2,412,315 (2016: \$525,878) is still receivable and is disclosed as a contingent asset (note 18).

NOTE 18: 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 30 June 2017, \$2,412,315 (2016: \$525,878) 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 19: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the company.

HUNTER MEDICAL RESEARCH INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20: 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 30 June 2017 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 21: ADDITIONAL DISCLOSURES REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991 AND THE CHARITABLE FUNDRAISING REGULATIONS 2008

	2017	2016
	\$	\$
(a) Details of aggregate gross income and total expenses of fundraising appeals		
Gross proceeds from fundraising appeals		
Donations (including bequests, excluding capital campaign)	5,077,692	4,399,676
Research grants	1,023,687	706,537
HMRI Fundraising	-	-
Event income	2,038,060	583,135
Supporter run event income	310,191	349,422
Investment income (earned on fundraising investments)	237,178	147,581
Gross proceeds from fundraising	<u>8,686,808</u>	<u>6,186,351</u>
Less: Total cost of fundraising		
HMRI Fundraising		
Event expenses	(231,408)	(264,766)
Fundraising salaries & superannuation (excluding capital campaign)	(685,896)	(508,680)
Other expenses (excluding capital campaign)	(1,090,988)	(551,990)
Total cost of fundraising	<u>(2,008,292)</u>	<u>(1,325,436)</u>
Net surplus obtained from fundraising appeals	<u>6,678,506</u>	<u>4,860,914</u>
(b) Statement showing how funds received were applied to charitable purposes		
(i) Net surplus from fundraising appeals	6,678,506	4,860,915
(ii) This is applied to the charitable purposes in the following manner:	-	-
Expenditure on direct services (grants to researchers)	(5,413,314)	(3,184,928)
Net surplus after grants to researchers	<u>1,265,192</u>	<u>1,675,987</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 30 JUNE 2017

NOTE 21: ADDITIONAL DISCLOSURES REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991 AND THE CHARITABLE FUNDRAISING REGULATIONS 2008 (CONTINUED)

(c) Comparisons by monetary figures and percentages

2017

Total cost of fundraising / gross income from fundraising	2,008,292 / 8,686,809	23.87%
Net surplus from fundraising / gross income from fundraising	6,678,506 / 8,686,809	76.88%
Total cost of direct services / total expenditure	5,413,314 / 7,421,616	72.94%
Total cost of direct services / gross income from fundraising	5,413,314 / 8,686,809	62.32%

2016


Total cost of fundraising / gross income from fundraising	1,325,437 / 6,186,351	21.43%
Net surplus from fundraising / gross income from fundraising	4,860,914 / 6,186,351	78.57%
Total cost of direct services / total expenditure	3,184,928 / 4,510,365	70.61%
Total cost of direct services / gross income from fundraising	3,184,928 / 6,186,351	51.48%

DIRECTORS' DECLARATION


The directors of the company declare that:

1. The financial statements and notes, as set out on pages 17 - 32, are in accordance with the Australian Charities and Not-for-Profits Commission (ACNC) Act 2012: and
 - (a) comply with Australian Accounting Standards, the Australian Charities and Not-for-Profits Commission (ACNC) Act 2012 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and performance for the year ended on that date of the company.
2. In the directors' 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: 

M Nilsson

Dated this 12th day of October 2017

HUNTER MEDICAL RESEARCH INSTITUTE
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DIRECTORS' DECLARATION

The directors of the company declare that:


1. The Statement of Comprehensive Income for the year ended 30 June 2017 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 30 June 2017 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:



M Nilsson

Dated this

12th

day of

October

2017



PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

101 Hannell Street
PO Box 275
Wickham NSW 2293

20 - 22 Church Street
PO Box 117
Maitland NSW 2320

126 John Street
Singleton NSW 2330
Tel: 02 6572 1744

Tel: 02 4911 2000
Fax: 02 4911 2099
www.pitcher.com.au
newcastle@pitcher.com.au

Greg Farrow
Geoff Thompson
Michael Minter
Scott Edden
Wayne Russell

Independent Auditor's Report To the Members of Hunter Medical Research Institute

We have audited the accompanying financial report, being a special purpose financial report of Hunter Medical Research Institute (the "Company"), which comprises of the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2015 (NSW)*. The Directors have determined the basis of preparation is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.



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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In our opinion:

- a. the financial report of Hunter Medical Research Institute is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - ii) complying with the accounting policies in Note 1 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Report 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 30 June 2017, 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 Regulations 2015 (NSW), and
- c. money received as a result of 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 Regulations 2015 (NSW), and
- d. the company will be able to pay its debts as and when they become due and payable.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared for the purpose of fulfilling the Directors financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2015 (NSW)*. As a result, the financial report may not be suitable for another purpose.



Pitcher Partners Newcastle & Hunter



Wayne Russell
Partner

Newcastle
12 October 2017