



**Hunter Medical Research Institute**  
**Annual report**  
ABN 27 081 436 919

**for the year ended 30 June 2016**

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**Directors**

G T Turner BComm, CPA, FAICD  
*Chair*

M Nilsson MD, PhD  
*Institute Director*

R J Aitken BSc, MSc, PhD, DSc

M Cohen MBBS, FRANZCP

M DiRienzo BComm

K Hall BSc (Hons), M Sc, PhD

C Levi B Med Sci, MBBS, FRACP

K Loades FAICD

D A Magin B.Math, Grad Dip Mgt, MAICD

I C McMillen BA (Hons), MBBChir, DPhil

K Molloy BSc (Hons) / PhD, MBA, GAICD

N K Sawyer AM, FAICD

**Secretary**

R Howard BBus, LLB

**Notice of annual general meeting**

The annual general meeting of Hunter Medical Research Institute will be held at HMRI Lot 1, Kookaburra Circuit, New Lambton Heights, NSW on Thursday 13<sup>th</sup> October 2016.

**Principal Registered office in Australia**

Lot 1, Kookaburra Circuit  
NEW LAMBTON HEIGHTS NSW 2305

**Auditor**

PricewaterhouseCoopers  
Level 3, 45 Watt Street  
NEWCASTLE NSW 2300

**Solicitors**

Sparke Helmore Lawyers  
Sparke Helmore Building  
28 Honeysuckle Drive  
NEWCASTLE NSW 2300

**Bankers**

Newcastle Permanent Building Society  
307 King Street  
NEWCASTLE WEST NSW 2302

**Website address**

[www.hmri.com.au](http://www.hmri.com.au)

Your directors present their report on the company for the year ended 30 June 2016.

#### Directors

The following persons were directors of Hunter Medical Research Institute (HMRI) during the whole of the financial year and up to the date of this report:

M Nilsson  
G T Turner  
N K Sawyer AM  
M DiRienzo  
I C McMillen  
R J Aitken  
K Hall  
M Cohen  
K Loades  
D A Magin

The following director was appointed subsequent to the financial year and continue in office at the date of this report:  
C Levi was appointed to the Board on 13 August 2015 and remains a director at the date of this report.  
K Molloy was appointed to the Board on 9 June 2016 and remains a director at the date of this report.

The following directors were in office at the beginning of the financial year but are no longer directors at the date of this report:

H R Grugeon was in office at the beginning of the financial year but retired on 13 August 2015.  
M Parsons was in office at the beginning of the financial year but resigned on 13 August 2015.

#### Secretary

B Webb was in office at the beginning of the financial year but resigned on 13 August 2015.  
S Herd was appointed on 13 August 2015 and resigned on 16 January 2016.  
M Nilsson was appointed on 28 January 2016 and resigned on 9 June 2016.  
R Howard was appointed on 9 June 2016 and remains Secretary at the date of this report.

#### 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-ordinates 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.

#### Review of operations

A summary of revenues and results are set out below:

	2016 \$	2015 \$
Profit / (loss) for the year	4,484,699	(1,963,566)

Comments on the operations and the results of those operations are set out below:

- a) The operating profit for the financial year is \$4.48 million (2015 operating loss - \$1.96 million).
- b) Medical Research Support Program (MRSP) funding of \$6,743,292 relating to the 2016-17 financial year was received and recognised during the year ended 30 June 2016. The related expenditure is expected to be incurred over the next financial year (FY17) for infrastructure purposes.
- c) The operating profit includes a fundraising surplus of \$4.86 million (2014 - \$3.46 million).
- d) HMRI has been successful in obtaining Medical Research Support Programme (MRSP) funding for 2016/18 of \$13.49 million. This represents an increase of 15% on the previous 2 year funding period.

### **Significant changes in the state of affairs**

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the year under review.

### **Matters subsequent to the end of the financial year**

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

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

### **Likely developments and expected results of operations**

The Directors of the company believe HMRI will continue to support and promote the growth of medical research in the Hunter to foster and mentor health and medical researchers and develop internationally competitive research programs that deliver health and economic benefit.

The regular fundraising activities to be undertaken by HMRI will aim to generate ongoing financial support for medical research programmes from the broader community.

### **Information on Directors**

**M Nilsson MD, PhD. *Institute Director***

#### ***Experience and expertise***

Professor Nilsson, MD, PhD is an internationally well-established rehabilitation physician, neurologist and a translational neuroscientist bridging together knowledge in neurobiology, neural recovery and clinical rehabilitation after stroke.

In 2012, Professor Nilsson was appointed Director of Hunter Medical Research Institute, Burges Professor of Medical Science at the University of Newcastle and Staff Specialist in Rehabilitation Medicine at Hunter New England Health. He is also a Conjoint Professor of Neurorehabilitation and Translational Stroke Research, University of Gothenburg, Gothenburg, Sweden and Honorary Professor of The Florey Institute of Neuroscience and Mental Health, Melbourne, Australia. Prior to the current appointment, Professor Nilsson held a position as Director of Research and Development at Sahlgrenska University Hospital in Gothenburg, Sweden.

His continued research involves studies of astrocyte functions in brain plasticity and repair after stroke. The role of enriched environment in plasticity and regeneration has also been a main focus and constitutes an important platform for ongoing studies. He has initiated, planned and established pioneering translational research programs that combine basic and clinical research in rehabilitation neuroscience involving studies on the effects of cardiovascular exercise, music and rhythm on cognition. Recently, Prof Nilsson was appointed as a member of the Health Translation Advisory Committee (HTAC), a new principal committee of the National Health and Medical Research Council (NHMRC) Prof Nilsson is CI and co-lead on an NHMRC Centre for Research Excellence in stroke rehabilitation and brain recovery involving internationally leading stroke researchers primarily from two major stroke research centres in Australia, the Florey Institute of Neuroscience and Mental Health in Melbourne and the Hunter Medical Research Institute in Newcastle.

#### ***Service as a director***

Appointed to HMRI Board 12<sup>th</sup> April 2012

**G T Turner BComm, CPA, FAICD. *Chair and Non-Executive Director – HMRI (Community)***

#### ***Experience and expertise***

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 and university sectors. From October 2007 to 2012 Mr Turner chaired the HMRI Foundation, HMRI's marketing and fundraising arm.

#### ***Other current directorships in public and significant companies and institutions***

Director – Venues NSW

#### ***Service as a director***

Appointed to HMRI Board 11<sup>th</sup> October 2007

Chair, HMRI Board 15<sup>th</sup> March 2013

#### ***Special responsibilities***

Chair – Board Development Committee

**N K Sawyer AM FAICD.** *Non Executive Director - HMRI (Community)*

**Experience and expertise**

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.

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.

**Other current directorships in public and significant companies and institutions**

Director – Percutaneous Cardiovascular Solutions  
Director – Lake Macquarie Business Growth Centre  
Director – Crucible Group  
Director – Hunter TAFE Foundation

**Service as a director**

Appointed to HMRI Board 28<sup>th</sup> November 2007

**Special responsibilities**

Chair – Audit and Risk Management Committee  
Board Development Committee

**M DiRienzo BComm.** *Non-Executive Director - HMRI (HNELHD)*

**Experience and expertise**

Mr Michael 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 15,500 staff delivering services to a community of more than 840,000 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.

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

**Other current directorships in public and significant companies and institutions**

Board member – Hunter New England and Central Coast Primary Health Network

**Service as a director**

Appointed to HMRI Board 21<sup>st</sup> April 2011

**Special responsibilities**

Board Development Committee

**I C McMillen BA (Hons), MBBS, PhD, FAHMS.** *Non-Executive Director - HMRI (University)*

**Experience and expertise**

Professor Caroline McMillen was appointed Vice-Chancellor and President of the University of Newcastle in October 2011. Professor McMillen has served in senior research, innovation and academic leadership positions, as well as national and international roles in industry engagement, medical and health research, strategy and policy development.

Professor McMillen is a current Director of the Business Higher Education Round Table, a Business Event Sydney Ambassador, and member of the NSW Innovation and Productivity Council. She has served on a range of international disciplinary bodies and industry groups, including the national Automotive Industry Innovation Council, the Board of the Cooperative Research Centres for Advanced Automotive Technology and for 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.

**Service as a director**

Appointed to HMRI Board 3 November 2011

**Special responsibilities**

N/A

**K Loades FAICD. Chair HMRI Foundation and Non-Executive Director – HMRI (community)**

**Experience and expertise**

Kyle 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.

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 still consults and provides strategic advice to the business.

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.

**Other current directorships in public and significant companies and institutions**

NRMA Motoring & Services

**Service as a director**

Appointed to HMRI Board 20 February 2014

**Special responsibilities**

Chair HMRI Foundation

**M Cohen PhD, MBBS, FRANZCP. Non-Executive Director - HMRI (HNEH)**

**Experience and expertise**

Conjoint A/Prof Martin Cohen completed his training in medicine at The University of Sydney in 1996 and became a Fellow of the Royal Australian and New Zealand College of Psychiatrists in 2002. Martin was a senior staff specialist and Director of Specialist Training, in 2012 he was appointed as an Executive Director for Hunter New England Health, subsequently leaving that role for the corporate sector, but remain committed to serving the District and he now sits on the District Health Board. He is the 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.

**Other current directorships in public and significant companies and institutions**

Cullerton Nominees Pty Ltd

Asclepius Health

Hunter New England Local Health District

**Service as a director**

Appointed to HMRI Board 20 February 2014

**Special responsibilities**

N/A

**R J Aitken BSc, MSc, PhD, DSc. Non-Executive Director - HMRI (University)**

**Experience and expertise**

John Aitken is the Pro Vice-Chancellor for the Faculty of Health and Medicine, a Laureate Professor of Biological Sciences and Co-Director of the Priority Research Centre in Reproductive Science at the University of Newcastle.

His area of specialization is gamete biology with particular emphasis on the differentiation and function of spermatozoa and oocytes. He has published over 480 research articles which have received over 16,000 citations, the highest citation index in his field. John is the 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.

John received his PhD from the University of Cambridge. In 1992, he was awarded an Honorary Professorship at the University of Edinburgh. In 1998 he received his ScD degree from the University of Cambridge.

**Other current directorships in public and significant companies and institutions**

N/A

**Service as a director**

Appointed to HMRI Board 20 February 2014

**Special responsibilities**

N/A

**K Hall** BSc (Hons), MSc, PhD. *Non-Executive Director - HMRI (UoN)*

**Experience and expertise**

Professor Kevin Hall joined the University as Deputy Vice-Chancellor (Research and Innovation) in March 2014 and is responsible for the University's diverse and comprehensive research enterprise and acts as the University's chief research officer. Professor Hall was previously Vice President (Research and External Partnerships) at the University of Guelph, Canada and prior to that held various roles at Queen's University, Canada over a 20-year period including the Natural Sciences and Engineering Research Council of Canada University Research Fellow, Department Head (Civil Engineering), Director of the Centre for Water and the Environment, and Chair of the Advisory Board for the Institute for Population and Public Health.

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. His research has been incorporated into Engineering Design Manuals both nationally and internationally. Professor Hall has been a board member on the Intersect (Australia), Newcastle Innovation (Australia), Hunter Medical Research Institute (Australia), 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. Professor Hall is a member of a number of professional and learned engineering societies.

**Other current directorships in public and significant companies and institutions**

N/A

**Service as a director**

Appointed to HMRI Board 3 April 2014

**Special responsibilities**

Board Development Committee

**D A Magin** BMath, Grad Dip Mgt, MAICD. *Non-Executive Director - HMRI (Community)*

**Experience and expertise**

Don Magin was the Chief Executive Officer of the Greater Building Society until his retirement on 22nd August 2014. He has over 27 years experience in the financial sector, having started with the Greater in late 1986 as the Information Technology Manager. He also managed the Marketing Department for over 10 years, and led the team which instituted the highly successful free holiday home loan campaign. One of his first initiatives as CEO was to engage Jerry Seinfeld to successfully lift the profile of the Greater. Don has a degree in Mathematics and a Graduate Diploma in Management from The University of Newcastle. He is a member of the Australian Institute of Company Directors Don is a Director of Hunter Valley Research Foundation, Hunter United Credit Union, and he is also Chairman of Heal for Life Foundation, a healing centre for survivors of childhood trauma and abuse.

**Other current directorships in public and significant companies and institutions**

N/A

**Service as a director**

Appointed to HMRI Board 20 February 2014

**Special responsibilities**

Audit and Risk Management Committee

**C Levi** B Med Sci, MBBS, FRACP. *Non-Executive Director - HMRI (HNEH)*

**Experience and expertise**

Professor Christopher Levi is a stroke neurologist, NHMRC practitioner fellow and Director of Clinical Research and Translation for the Hunter New England Local Health District. Professor Christopher Levi established acute stroke services in Hunter New England, which is now one of the leading stroke services nationally and has a broad research portfolio covering acute stroke trials, health systems, clinical trials across pre-hospital, acute and stroke recovery, biomarkers and genetics stroke and stroke imaging. He oversees all research in Hunter New England in partnership with the Hunter Medical Research Institute and the University of Newcastle's Health and Medical Research management.



**Other current directorships in public and significant companies and institutions**

N/A

**Service as a director**

Appointed to HMRI Board 13 August 2015

**Special responsibilities**

N/A

**K J Molloy** BSc (Hons)/ PhD, MBA, GAICD. *Non-Executive Director – HMRI (Community)*

**Experience and expertise**

Dr Kirsten Molloy is CEO of the Hunter Valley Coal Chain Coordinator. She has a PhD in Chemistry from the University of Newcastle, and an MBA from Deakin University. Dr Molloy is passionate about leadership and Science, Technology, Engineering and Maths (STEM). She actively encourages diversity and equity in business, and cofounded the Hunter Region's Equal Futures Project and the Hunter Valley Diversity Awards. She also founded Verity, a mentorship program for young Hunter business women. An advocate for the prevention of domestic violence, Dr Molloy cofounded Run Against Violence, and was an Executive Producer of the documentary ICEBERG. She is a recipient of the CEW Scholarship for Wharton's Executive Development Program, and the Hunter Business Chamber's President's Award. Dr Molloy is a Non-Executive Director of HunterH2O and of Regional Development Australia Hunter.

**Other current directorships in public and significant companies and institutions**

Hunter H2O

RDA Hunter

**Service as a director**

Appointed to HMRI Board 9 June 2016

**Special responsibilities**

N/A

**Company secretary**

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

**Meetings of directors**

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

	Full Meeting of Directors		Meetings of Committees			
			Audit and Risk Management		Board Development Committee (incorporating Corporate Governance)	
	A	B	A	B	A	B
M DiRienzo	2	6	*	*	0	1
H Grugeon AM (retired 13 August 2015)	1	1	*	*	*	*
N K Sawyer AM	4	6	2	5	1	1
G T Turner	5	6	*	*	1	1
C McMillen	2	6	*	*	*	*
M Nilsson	6	6	*	*	*	*
J Aitken	4	6	*	*	*	*
M Cohen	4	6	*	*	*	*
K Hall	2	6	*	*	1	1
K Loades	4	6	*	*	*	*
C Levi	4	6	*	*	*	*
K Molloy (appointed 9 June 2016)	1	1	*	*	*	*
D Magin	4	6	5	5	*	*

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

\* = Not a member of the relevant committee

**Insurance of officers**

During the year, HMRI 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 the indemnity and the amount of the premium paid under the policy.

**Auditor**

In accordance with section 327 of the Corporations Act 2001, Pitcher Partners will replace Pricewaterhouse Coopers as HMRI auditors subsequent to the conclusion of the audit of HMRI's accounts for the financial year ending 30 June 2016.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

**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.



Mr Glenn Turner  
Chair



Professor Michael Nilsson  
Director

Newcastle, 13 October 2016



## **Auditor's Independence Declaration**

As auditor for the audit of Hunter Medical Research Institute for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hunter Medical Research Institute during the period.

A handwritten signature in black ink that reads 'C. Mara' with a stylized flourish at the end.

Caroline Mara  
Partner  
PricewaterhouseCoopers

Newcastle  
13 October 2016

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This financial report covers Hunter Medical Research Institute as an individual entity. The financial report is presented in the Australian currency.

Hunter Medical Research Institute is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

HMRI  
Lot 1, Kookaburra Circuit  
NEW LAMBTON HEIGHTS NSW 2305

A description of the nature of the company's operations and its principal activities is included in the directors' report on pages 4 - 10 which is not part of this financial report.

The financial report was authorised for issue by the directors on 13 October 2016. The company has the power to amend and reissue the financial report.

**Hunter Medical Research Institute**  
**Statement of comprehensive income**  
For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue from continuing operations	2	6,186,351	4,601,596
Other income	3	18,923,337	13,125,764
Fundraising administration expense		(508,680)	(623,061)
Depreciation and amortisation expense	4	(3,784,307)	(3,574,287)
Fundraising event expense		(264,766)	(194,410)
Research grant expense		(11,620,528)	(10,535,032)
Clinical research centre expense		(3,894,718)	(4,436,816)
Other expenses		(551,990)	(327,320)
<b>Profit / (loss) for the year</b>		<b>4,484,699</b>	<b>(1,963,566)</b>
Other comprehensive income		-	-
<b>Total comprehensive profit / (loss)</b>		<b>4,484,699</b>	<b>(1,963,566)</b>

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

**Hunter Medical Research Institute**  
**Balance sheet**  
As at 30 June 2016

	Notes	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	11,829,532	10,240,700
Trade and other receivables	6	638,968	516,648
Available for sale investments	7	66,786	-
Held to maturity investments	8	9,400,000	2,465,938
Land held for sale	9	180,000	-
<b>TOTAL CURRENT ASSETS</b>		<u>22,115,286</u>	<u>13,223,286</u>
<b>NON CURRENT ASSETS</b>			
Held to maturity investments	10	1,726,500	-
Property, plant and equipment	11	85,852,322	88,945,732
<b>TOTAL NON CURRENT ASSETS</b>		<u>87,578,822</u>	<u>88,945,732</u>
<b>TOTAL ASSETS</b>		<u>109,694,108</u>	<u>102,169,018</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	3,566,932	894,843
Provisions	13	1,069,389	686,780
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,636,321</u>	<u>1,581,623</u>
<b>NON CURRENT LIABILITIES</b>			
Provisions	14	59,987	74,294
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>59,987</u>	<u>74,294</u>
<b>TOTAL LIABILITIES</b>		<u>4,696,308</u>	<u>1,655,917</u>
<b>NET ASSETS</b>		<u>104,997,800</u>	<u>100,513,101</u>
<b>EQUITY</b>			
Retained profits	15	104,997,800	100,513,101
<b>TOTAL EQUITY</b>		<u>104,997,800</u>	<u>100,513,101</u>

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

**Hunter Medical Research Institute**  
**Statement of changes in equity**  
For the year ended 30 June 2016

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Total equity at the beginning of the financial year</b>	<b>100,513,101</b>	<b>102,476,667</b>
<b>Total comprehensive profit / (loss) for the year</b>	<b>4,484,699</b>	<b>(1,963,566)</b>
<b>Total equity at the end of the financial year</b>	<b><u>104,997,800</u></b>	<b><u>100,513,101</u></b>

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

**Hunter Medical Research Institute**  
**Statement of cash flows**  
For the year ended 30 June 2016

	2016	2015
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from donations, fundraising and other activities	26,403,962	18,066,531
Payments to trade creditors, suppliers, employees, and grant recipients	(15,736,621)	(17,689,563)
Interest received	275,996	371,439
<b>Net cash inflow from operating activities</b>	<b>10,943,337</b>	<b>748,407</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(693,945)	(2,434,493)
Proceeds from / (payments for) held-to-maturity investments	(8,660,561)	724,937
<b>Net cash outflow from investing activities</b>	<b>(9,354,506)</b>	<b>(1,709,556)</b>
Net increase / (decrease) in cash and cash equivalents held	1,588,831	(961,149)
Cash and cash equivalents at the beginning of financial year	10,240,700	11,201,849
Cash and cash equivalents at end of financial year	11,829,531	10,240,700

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



## I. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012*.

#### (i) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the Hunter Medical Research Institute comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

#### (ii) Historical cost convention

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

#### (iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

#### (iv) Comparative information

Comparative information is restated where appropriate to enhance comparability.

### (b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australian Taxation Office (ATO).

#### (i) Funding, Donations and Grants

Revenue for funding, donations & grants is recognised when the following conditions are met:

- a) HMRI obtains control of the funding, donation or grant;
- b) it is probable that the economic benefits will flow to HMRI;
- c) 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.

#### (ii) Interest income

Interest income is recognised as it accrues.

### (c) Income tax

The company, being a public benevolent institution, is currently exempt from income tax under Section 50-5, Item 1.1 of the Income Tax Assessment Act 1997.

### (d) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (e) Trade 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 not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

## 1. Summary of significant accounting policies (continued)

### (f) Investments and other financial assets

The company currently holds term deposits which have been categorised as held-to-maturity investments. The company classifies its investments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

#### (i) 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 the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (note 6).

#### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity usually of a term of three to twelve months (note 8).

#### (iii) Available for sale investments

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measure as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss- is removed from equity and recognised in the profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through profit or loss.

### (g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

### (h) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on all assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

#### Computer Equipment

1 to 10 years - straight line

#### Laboratory Equipment

1 to 20 years - straight line

#### Fixture, Fittings & Non Laboratory Equipment

1 to 25 years - straight line

#### Buildings

40 years – straight line

#### Building Related Plant

5 to 40 years – straight line

## 1. Summary of significant accounting policies (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

### (i) Trade and other payables

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

### (j) Research grants provision

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

### (k) Employee benefits

#### (i) *Wages, salaries and annual leave*

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### (iii) *Retirement benefit obligations*

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (l) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

**2. Revenue from continuing operations**

	2016	2015
	\$	\$
Fundraising revenue	6,038,770	4,444,833
Interest received	147,581	156,763
	6,186,351	4,601,596

**3. Other income**

	2016	2015
	\$	\$
Government grants - Infrastructure <sup>1</sup>	13,092,295	7,843,013
Clinical research centre income	5,702,627	5,068,075
Interest received	128,415	214,676
	18,923,337	13,125,764

<sup>1</sup> During the year ended 30 June 2016, Medical Research Support Program (MRSP) funding of \$6,743,292 relating to FY17 was received. Total funds awarded under this agreement are \$13,486,584 of which \$6,743,292 is expected to be received in FY18. These future receipts are dependent on assessments and performance conditions being met at a later date and have not been brought to account.

Management have recognised \$6,743,292 already received as revenue due to their ability to control the funds and the performance conditions associated with the funds. The associated expenditure is expected to be incurred over the next financial year (FY17) for infrastructure purposes.

**4. Expenses**

	2016	2015
	\$	\$
The net profit / loss for the year includes the following specific expenses:		
Depreciation	3,784,307	3,574,287
Total depreciation	3,784,307	3,574,287

**5. Current assets - Cash and cash equivalents**

	2016	2015
	\$	\$
Cash at bank and in hand	8,576,841	6,749,093
Term deposits at call	3,252,691	3,491,607
	11,829,532	10,240,700

**6. Current assets - Trade and other receivables**

	2016 \$	2015 \$
Trade receivables	562,814	258,057
Other receivables	76,154	258,591
	638,968	516,648

**(a) Bad and doubtful trade receivables**

The company has not recognised any loss in respect of bad and doubtful trade receivables during the year ended 30 June 2016 (2015: Nil).

**(b) Other receivables**

This amount includes interest accrued on term deposits at year end, with outstanding fundraising income from the HMRI Supporter Run events held before the 30 June 2016 \$nil (2015: \$27,471) and net GST receivable \$nil (2015: \$130,044).

**(c) Effective interest rates and credit risk**

All receivables are non-interest bearing with their fair value being consistent with their carrying value.

**7. Current assets - Available for sale investments**

	2016 \$	2015 \$
Shares	66,786	-

**8. Current assets - Held to maturity investments**

	2016 \$	2015 \$
Term deposits	9,400,000	2,465,938

The increase in held to maturity investments is due to the receipt in advance of the Medical Research Support Program (MRSP) funding for 2016-17 of \$6,743,292 which has been invested for a period up to 12 months. Management expects this funding received in advance will be expended during 2017.

**9. Current assets - Land held for sale**

	2016 \$	2015 \$
Land	180,000	-

**10. Non Current assets - Held to maturity investments**

	2016 \$	2015 \$
Fixed Interest Securities	1,726,500	-

### 11. Non-current assets - Property, plant and equipment

	Computer Equipment	Laboratory Equipment	Laboratory Equipment	Non Fittings & Fixtures	Buildings - HMRI	Buildings - Research Facility	Building Related Plant - HMRI Research Facility	Buildings - HMRI Imaging Centre	Building Related Plant - HMRI Imaging Centre	Total
<b>2015</b>										
Cost	1,201,582	5,526,468	3,922,814		78,446,656	6,727,055	2,796,652	75,846	98,697,073	
Accumulated depreciation	(437,549)	(1,074,488)	(1,064,377)		(5,586,450)	(1,468,930)	(107,523)	(12,024)	(9,751,341)	
Net book amount	764,033	4,451,980	2,858,437		72,860,206	5,258,125	2,689,129	63,822	88,945,732	
Opening net book amount	692,412	3,144,649	3,187,747		74,605,686	5,786,213	2,759,046	71,472	90,247,225	
Additions	236,654	1,785,210	33,673		210,426	-	-	-	2,265,963	
Depreciation charge	(165,033)	(477,879)	(362,983)		(1,955,906)	(528,088)	(69,917)	(7,650)	(3,567,456)	
Closing net book amount	764,033	4,451,980	2,858,437		72,860,206	5,258,125	2,689,129	63,822	88,945,732	
<b>2016</b>										
Cost	1,258,703	5,851,379	3,962,236		78,446,656	6,996,499	2,796,652	75,846	99,387,970	
Accumulated depreciation	(628,653)	(1,726,992)	(1,430,634)		(7,542,358)	(2,010,317)	(177,439)	(19,257)	(13,535,648)	
Net book amount	630,050	4,124,387	2,531,602		70,904,298	4,986,182	2,619,213	56,589	85,852,322	
Opening net book amount	764,033	4,451,980	2,858,437		72,860,206	5,258,125	2,689,129	63,822	88,945,732	
Additions	57,121	324,911	39,422		-	269,443	-	-	690,897	
Depreciation charge	(191,104)	(652,504)	(366,257)		(1,955,908)	(541,386)	(69,916)	(7,233)	(3,784,307)	
Closing net book amount	630,050	4,124,387	2,531,602		70,904,298	4,986,182	2,619,213	56,589	85,852,322	

**12. Current liabilities - Trade and other payables**

	2016	2015
	\$	\$
Trade payables	1,049,968	552,114
Other payables	2,437,696	342,729
Deferred income	79,268	-
	<b>3,566,932</b>	<b>894,843</b>

**(a) Other payables**

This amount includes accrued expenditure \$1,389,504 (2015: \$15,300), net GST payable \$721,379 (2015: \$130,044 receivable) and short-term employee leave entitlements \$226,316 (2015: \$197,728)

**13. Current liabilities - Provisions**

	2016	2015
	\$	\$
Provision for research grants	1,069,389	686,780
	<b>1,069,389</b>	<b>686,780</b>

**(a) Provision for research grants**

Research grant provisions are recognised in full where there is a constructive obligation to pay funding to grant recipients.

**14. Non-current liabilities - Provisions**

	2016	2015
	\$	\$
Employee benefits - long service leave	59,987	74,294
	<b>59,987</b>	<b>74,294</b>

**15. Retained profits**

	2016	2015
	\$	\$
Movements in retained profits were as follows:		
Balance 1 July	100,513,101	102,476,667
Profit / (loss) for the year	4,484,699	(1,963,566)
Balance 30 June	<b>104,997,800</b>	<b>100,513,101</b>

## 16. Related party transactions

### (a) Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2016 and 30 June 2015 is set out below. The key management personnel of HMRI includes the Executive Director and the remaining members of HMRI's senior leadership team.

	2016	2015
	\$	\$
Key management personnel compensation	556,684	318,342

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

### (b) Other transactions with key management personnel or entities related to them

There were no other transactions with key management personnel or entities related to them.

### (c) Transactions with other related parties

There were no transactions with other related parties.

## 17. Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2016 that has significantly affected, or may significantly affect:

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

## 18. Infrastructure funds

### OSMR Medical Research Support Program (2012-2016)

	2016	2015
	\$	\$
Opening balance of infrastructure funding	4,238,496	3,955,009
Infrastructure funding received	5,849,254	5,849,253
Interest received on funding	79,169	124,591
Infrastructure expenditure	(6,629,343)	(5,648,711)
Add back: depreciation	140,430	124,408
Capital expenditure	(77,688)	(166,054)
Funds held for future expenditure	3,600,318	4,238,496

Infrastructure funds held and committed for future expenditure includes interest earned on funds which are to be applied to the infrastructure projects. Infrastructure expenditure includes operating expenditure of \$6,629,343 (2015: \$5,696,242), salary and wages paid to HMRI staff of \$2,947,100 (2015: \$2,514,856) and capital expenditure of \$77,688 (2015: \$166,054).



**18. Infrastructure funds (continued)**

**NSW Population Health & Health Services Research Support Program**

<b>Grant (2013-17)</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Opening balance of infrastructure funding	7,653	3,459
Infrastructure funding received	499,750	499,750
Interest received on funding	1,219	4,194
Infrastructure expenditure	<b>(499,750)</b>	<b>(499,750)</b>
Funds held for future expenditure	<b>8,872</b>	<b>7,653</b>

Infrastructure funds held and committed for future expenditure includes interest earned on funds which are to be applied to the infrastructure projects. Infrastructure expenditure includes operating expenditure of \$499,750 (2015: \$499,750).

**NSW Health & Medical Research Hub Strategy Grant**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Opening balance of infrastructure funding	291,847	187,818
Infrastructure funding received	-	100,000
Interest received on funding	2,157	4,078
Infrastructure expenditure	<b>(294,004)</b>	<b>(49)</b>
Funds held for future expenditure	<b>-</b>	<b>291,847</b>

Infrastructure funds held and committed for future expenditure includes interest earned on funds which are to be applied to the infrastructure projects

**NSW Office of Health and Medical Research (OHMR)**

**Further MRSP funding**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Opening balance of infrastructure funding	1,411,146	-
Infrastructure funding received	-	1,394,010
Interest received on funding	26,669	17,136
Infrastructure expenditure	<b>(197,058)</b>	-
Add back: depreciation	1,108	-
Capital expenditure	<b>(8,965)</b>	-
Funds held for future expenditure	<b>1,232,900</b>	<b>1,411,146</b>

Infrastructure funds held and committed for future expenditure includes interest earned on funds which are to be applied to the infrastructure projects

## 19. Commitments

Operating expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2016	2015
	\$	\$
<b>a) Operating commitments</b>		
Non cancellable operating leases are payable as follows:		
Within one year	266,059	442,832
Later than one year but not later than three years	177,359	413,142
	<b>443,418</b>	<b>855,974</b>

HMRI have entered into a number of contracts, including planned maintenance to maintain the facility.

### b) Research grants

The company has committed funds to research projects. At the end of June 2016 \$1.60 million (2015: \$1.36 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 \$525,878 (2015: \$675,544) is still receivable and is disclosed as a contingent asset (note 20).

## 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 30 June 2016 \$525,878 (2015: \$675,544) 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.

**21. Additional disclosures required by the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulations 2008**

**(a) Details of aggregate gross income and total expenses of fundraising appeals**

	2016	2015
	\$	\$
<b>Gross proceeds from fundraising appeals:</b>		
Donations (including bequests, excluding capital campaign)	4,399,676	2,437,594
Research grants	706,537	1,200,990
<b>HMRI fundraising</b>		
Event income (HMRI, HCRF, PULSE)	583,135	526,983
Supporter run event income	349,422	279,265
Investment income (earned on fundraising investments)	147,581	156,763
<b>Gross proceeds from fundraising</b>	<b>6,186,351</b>	<b>4,601,596</b>
<b>Less: Total cost of fundraising</b>		
<b>HMRI Fundraising</b>		
Event expenses (HMRI, HCRF, PULSE)	(264,766)	(194,410)
Fundraising salaries & superannuation (excluding capital campaign)	(508,680)	(623,061)
Other expenses (excluding capital campaign)	(551,990)	(327,271)
<b>Total cost of fundraising</b>	<b>(1,325,436)</b>	<b>(1,144,743)</b>
<b>Net surplus obtained from fundraising appeals</b>	<b>4,860,915</b>	<b>3,456,853</b>

**(b) Statement showing how funds received were applied to charitable purposes**

(i) Net surplus from fundraising appeals	4,860,915	3,456,853
(ii) This is applied to the charitable purposes in the following manner:		
Expenditure on direct services (grants to researchers)	(3,184,928)	(3,346,621)
Net surplus after grants to researchers	1,675,987	110,233

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

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

<b>2016</b>	<b>\$</b>	
Total cost of fundraising/gross income from fundraising	1,325,436 / 6,186,351	21.43%
Net surplus from fundraising/gross income from fundraising	4,860,915 / 6,186,351	78.57%
Total cost of direct services/total expenditure	3,184,928 / 4,510,364	70.61%
Total cost of direct services/gross income from fundraising	3,184,928 / 6,186,351	51.48%
<b>2015</b>	<b>\$</b>	<b>%</b>
Total cost of fundraising/gross income from fundraising	1,144,791 / 4,601,596	24.88%
Net surplus from fundraising/gross income from fundraising	3,456,805 / 4,601,596	75.12%
Total cost of direct services/total expenditure	3,346,621 / 4,491,412	74.51%
Total cost of direct services/gross income from fundraising	3,346,621 / 4,601,596	72.73%

**Hunter Medical Research Institute  
Declaration by Chairman of HMRI Board  
For the year ended 30 June 2016**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 27 are in accordance with the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012*, including:
  - (i) complying with Accounting Standards, the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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



Mr Glenn Turner  
Chair, HMRI Board



Professor Michael Nilsson  
Director

Newcastle  
13 October 2016

**Declaration in Respect of Fundraising Appeals**

As noted in the note 1(b) Accounting Policy income from fundraising is recognised when received by the Institute. Fundraising appeal activities, in particular donations and special event revenue, are regularly conducted by authorised agents of the Institute.

**Declared Opinion**

I, Mr Glenn Turner, Chairman of the Hunter Medical Research Institute Board, declare, in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of Hunter Medical Research Institute with respect to fundraising appeals;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- (c) the provisions of the *Charitable Fundraising Act 1991(NSW)* and the regulations under that Act and the conditions attached to the authority have been complied with for the year 1 July 2015 to 30 June 2016; and
- (d) the internal controls exercised by Hunter Medical Research Institute are appropriate and effective in accounting for all income received.



Mr Glenn Turner

Dated at Newcastle this 13<sup>th</sup> day of October 2016.



## **Independent auditor's report to the members of Hunter Medical Research Institute**

### ***Report on the financial report***

We have audited the accompanying financial report of Hunter Medical Research Institute (the company), which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

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

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

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



### *Auditor's opinion*

In our opinion, the financial report of Hunter Medical Research Institute is in accordance with 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 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements.

### ***Report on the requirements of the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulations 2015***

We have audited the financial report as required by Section 24(2) of the NSW Charitable Fundraising Act 1991. The directors of the company are responsible for the preparation and presentation of the financial report in accordance with the Charitable Fundraising Act 1991 (NSW) and the NSW Charitable Fundraising Regulations 2015. Our responsibility is to express an opinion on the financial report based on our audit.

### *Auditor's Opinion*

In our opinion, in all material respects:

- a. The financial report of Hunter Medical Research Institute is prepared and associated records have been properly kept, during the financial year ended 30 June 2016, in accordance with:
  - i. sections 20(1), 22(1-2) and 24(1-3) of the NSW Charitable Fundraising Act 1991; and
  - ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015; and
- b. money received as a result of fundraising appeals activities conducted by the company during the year ended 30 June 2016 has been properly accounted for and applied in accordance with the above mentioned Act and Regulations.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*C. Mara*

Caroline Mara  
Partner

Newcastle  
13 October 2016