



# Hunter Medical Research Institute

## Financial Statements

For the Year Ended 31 December 2022

# Hunter Medical Research Institute

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For the Year Ended 31 December 2022

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## Hunter Medical Research Institute

# Directors' Report

## 31 December 2022

The directors present their report on Hunter Medical Research Institute for the financial year ended 31 December 2022.

### General information

#### Directors

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

| <b>Names</b>  | <b>Position</b>    | <b>Appointed/Resigned</b> |
|---------------|--------------------|---------------------------|
| F Kay-Lambkin | Institute Director | Appointed 20 May 2022     |
| M Calford     | Institute Director | Resigned 19 May 2022      |
| K Loades      | Chairman           |                           |
| M DiRienzo    | Director           | Resigned 9 March 2023     |
| A Zelinsky    | Director           |                           |
| K Mulley      | Director           |                           |
| S Walkom      | Director           | Resigned 1 December 2022  |
| J Wiggers     | Director           |                           |
| E Sullivan    | Director           |                           |
| C Levi        | Director           |                           |
| Z Upton       | Director           |                           |
| D Turner      | Director           |                           |
| K Atkins      | Director           | Appointed 1 December 2022 |

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

# Hunter Medical Research Institute

## Directors' Report

31 December 2022

### Directors

#### F Kay-Lambkin

Institute Director

#### Experience

Professor Frances Kay-Lambkin is the current Institute Director and CEO of the Hunter Medical Research Institute, Australia's largest regionally located Health and Medical Research Institute that comprises 1600 affiliated researchers across 19 research programs and 90 staff.

Frances is a registered psychologist with 25 years of experience as an HMRI researcher in mental health. She leads an international team of researchers, clinicians, and industry partners resulting in an innovative program of research that has attracted international collaborators across 5 disciplines and earned >\$30M in funded research projects.

In addition to her international research credentials, Frances has over 10 years research leadership experience, most recently holding the positions of interim Pro-Vice Chancellor, Research and Innovation and Head of School of Medicine and Public Health at the University of Newcastle. She is also the newly appointed Chair of the National Health and Medical Research Council (NHMRC) Women in Health Science Committee and is a member of the NHMRC Research Committee.

#### Service as a Director

Appointed to HMRI Board 20 May 2022

#### Special Responsibilities

Member Board Development Committee  
Ex-Officio Member – Audit & Risk Committee

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

Chair, Women in Health Sciences Advisory Committee, NHMRC  
Member, Matilda Centre Advisory Board  
Foundation Member, National Mental Health Think Tank, Australia  
President, Executive Committee, Society for Mental Health Research 2017-2022  
Board Director, Orygen: The National Centre for Excellence in Youth Mental Health  
Chair, Research Strategy Committee, Orygen, The National Centre for Excellence in Youth Mental Health  
Member, Research Committee, NHMRC  
Board member, Australian Association of Medical Research Institutes (AAMRI)  
Co-Chair, AAMRI NSW Chapter

## Hunter Medical Research Institute

### Directors' Report

31 December 2022

|  |  |
|--|--|
| <b>K Loades</b>  | Chair, HMRI Board and Non-Executive Director – Community   |
| Experience   | <p>Kyle is Chairman of Active Super, a non-executive Director of Great Southern Bank, a non-executive Director of AMA Group, an Advisory Board member of The Melt, and a Corporate advisor.</p> <p>Kyle successfully established, grew, and ran Auto Advantage, an independent car broking business that disrupted the motor vehicle retail industry. After almost 15 years of successful growth, the business was purchased in August 2015 by a listed company and integrated into its more extensive operations.</p> <p>Kyle is a former Chairman of the HMRI Foundation, NRMA, the Australian Transformation and Turnaround Association, 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> |
| Service as a Director  | <p>Appointed to HMRI Board 20 February 2014</p> <p>Appointed Chair, HMRI Board, 8 December 2016</p>  |
| Special responsibilities   | <p>Chair of HMRI's Board Development Committee</p> <p>Member of HMRI's Board Audit &amp; Risk Committee</p>  |
| Other current directorships in public and significant companies and institutions | <p>Director, Great Southern Bank</p> <p>Chair, Active Super</p> <p>Director, AMA Group</p> <p>Director, Convergence 1440 Pty Limited</p> <p>Professor of Practice, University of Newcastle</p> <p>Advisory Board Member, The Melt</p>  |

## Hunter Medical Research Institute

### Directors' Report

31 December 2022

|  |   |
|--|---|
| <b>M DiRienzo</b>  | Non-Executive Director - Hunter New England Local Health District   |
| Experience   | <p>Mr Michael DiRienzo, former Chief Executive of Hunter New England Health, is responsible for all services across the district from small rural community health centres to major tertiary referral hospitals. With 18,000 staff and an expenditure budget in excess of \$2.6 billion per annum, Hunter New England Health provides services to a community of more than 920,370 people across an area of 130,000 square kilometres.</p> <p>Following a career in Finance, Supply and Logistics in the manufacturing industry, Michael joined Health in 1999. He has since held various Executive Director positions throughout the Health Service.</p> <p>As former Chief Executive of Hunter New England Health, Michael led the implementation of a range of initiatives that support staff to put patients at the centre of everything they do, provide patient-centred care, and build a positive workplace culture.</p> <p>Michael holds a Bachelor of Commerce from the University of Newcastle.</p> |
| Service as a Director  | Resigned 9 March 2023   |
| Special Responsibilities   | Member Board Development Committee  |
| Other current directorships in public and significant companies and institutions | Board member – Hunter New England and Central Coast Primary Health Network<br>Adjunct Professor of Practice, University of Newcastle, NSW Regional Health Partners  |

## Hunter Medical Research Institute

### Directors' Report

31 December 2022

#### A Zelinsky

Non-Executive Director - University of Newcastle

#### Experience

Professor Alex Zelinsky AO is Vice-Chancellor and President of the University of Newcastle.

Prior to joining the University in 2018, he was Australia's Chief Defence Scientist and leader of Defence Science and Technology within the Department of Defence.

Alex's previous roles include Group Executive for Information Sciences at CSIRO, and Chief Executive Officer and co-founder of Seeing Machines, a computer vision technology company now listed on the London Stock Exchange. The company was a start-up from the Australian National University, where he was a Professor of Systems Engineering.

Alex holds a Bachelor of Mathematical Sciences (Honours), a Doctor of Philosophy and an Honorary Doctor of Science from the University of Wollongong. He is an Officer in the Order of Australia, and a Fellow of the Australian Academy of Science, the Australian Academy of Technology and Engineering, Institute of Electrical and Electronics Engineers, the Institute of Engineers Australia and the Australian Institute of Company Directors.

#### Service as a Director

Appointed to HMRI Board 19th November 2018

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

NUservices Pty Ltd  
Hunter Medical Research Institute  
The Lake Macquarie Economic Development Company Limited  
UniProjects (New South Wales Vice-Chancellor's Committee) (Deputy Convenor)  
AHEIA (Australian Higher Education Industrial Association)  
AKBC Australian Korean Business Council  
CCLHD Central Coast Clinical School  
Committee for the Hunter  
International Education Board (Study NSW)  
NSW Regional Health Partners Governing Board  
NSW Innovation and Productivity Council  
NUW Alliance Board

## Hunter Medical Research Institute

### Directors' Report

31 December 2022

#### **K Mulley**

Non-Executive Director - Community

#### Experience

Kirsten Mulley is a public policy, government relations and communications professional with more than two decades' experience. She is the CEO at leading national public affairs and corporate financial communications advisory firm GRACosway. She has also worked in senior advisory roles to NSW Deputy Premier John Watkins and Premier Morris Iemma. She previously worked in communications roles at NSW Health, Hunter New England Health, and with the NSW Health Minister.

Kirsten has a long-standing association with HMRI. In 1999 she helped establish the "PULSE" committee, raising funds for early career medical researchers. She is also a founding member of the HMRI Sydney Foundation.

#### Service as a director

Appointed to HMRI Board 13 October 2016

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

GRACosway Pty Ltd  
GRC Partners Ltd  
GRA Partners Ltd  
Clemenger Group Ltd

#### Service as Director

Appointed to HMRI Board 13 October 2016

#### **J Wiggers**

Non-Executive Director - Hunter New England Local Health District

#### Experience

Professor John Wiggers is the Director, Health Research and Translation and Population Health, Hunter New England Local Health District, responsible for enhancing health service research and research translation by health service providers and the provision of Population Health services.

In his Health Research and Translation role John is responsible for building the systems and processes within the Hunter New England Local Health District to enhance the conduct of health services research and the translation of research findings for the benefit of patients and clients.

In his Population Health service delivery role John is a health services researcher and practitioner with a focus on the prevention of obesity, smoking and alcohol-related harms, and the promotion of physical activity and healthy nutrition. This work has a primary focus on identifying strategies to increase the delivery of care addressing such risks by health care and other professionals as part of routine service delivery.

#### Service as a Director

Appointed to HMRI Board 13th November 2018



## Hunter Medical Research Institute

### Directors' Report

31 December 2022

#### **E Sullivan**

Non-Executive Director - University of Newcastle

#### Experience

Elizabeth Sullivan MBBS MPH MMed MD FAFPHM is a Professor of Public Health and Pro Vice-Chancellor, College of Health, Medicine and Well-being at the University of Newcastle and Clinical Research Lead in Custodial Health at the Justice Health and Forensic Mental Health Network. Elizabeth is an internationally distinguished researcher and educator with extensive leadership experience. Elizabeth joined the University of Newcastle in 2019.

Prior to this Elizabeth was Assistant Deputy Vice-Chancellor Research and Distinguished Professor Public Health at the University of Technology Sydney. She is a former Director AIHW National Perinatal Statistics Unit at the University of NSW (UNSW).

Elizabeth's research interests focus on pregnancy, mothering and the criminalisation of poverty. She leads a multidisciplinary team aimed at improving interventions to support health and well-being and prevent reoffending.

#### Service as a Director

Appointed to HMRI Board 13 February 2020

Other current directorships in public and significant companies and institutions

Board Member of the Central Coast Research Institute

#### **C Levi**

Non-Executive Director - Hunter New England Local Health District

#### Experience

Professor Christopher Levi is an academic stroke neurologist, Fellow of the Australian Academy of Health and Medical Science, the Director of the John Hunter Hospital Health and Innovation Precinct (JHHIP), Conjoint Professor of Medicine University of Newcastle and between 2017-2021, Professor of Neurology at University New South Wales and Executive Director of one of Australia's Advanced Health Research and Translation Centres - the Sydney Partnership for Health Education Research and Enterprise (SPHERE).

An experienced partnership leader in applied research and research translation, Chris is currently establishing key elements of a learning health system in the JHHIP. In prior roles he established Hunter New England Health's Acute Stroke Services and Stroke Research Group, pioneered telestroke care in NSW, led the roll out of acute stroke units across NSW, established the HNE Research and Translation Directorate and NSW Regional Health Partners Centre for Innovation in Regional Health. He continues a research career in stroke and concussion with clinical academic appointments at John Hunter Hospital/University Newcastle focusing on investigating new avenues for stroke reperfusion therapy, novel therapies in stroke recovery, and implementation of best evidence practice in stroke and concussion care.

#### Service as a Director

Appointed to HMRI Board 1 April 2021

## Hunter Medical Research Institute

### Directors' Report

31 December 2022

#### Z Upton

Non-Executive Director - University of Newcastle

#### Experience

Professor Zee Upton, a biochemist by training, is the Deputy Vice-Chancellor (Research and Innovation) at the University of Newcastle.

She has a significant record of research in skin, wounds, and tissue repair, spanning many disciplinary boundaries. Prior to joining the University, she spent six years in Singapore where she was Executive Director of the Skin Research Institute of Singapore (SRIS), a tripartite research institute between Nanyang Technological University, the National Health Group and the Agency for Science, technology, and Research (A\*STAR), as well as the Executive Director of A\*STAR Institute of Medical Biology.

In these roles, she facilitated extensive collaboration with industry, many via the World Care Innovation for the Tropics Industry Alignment Pre-Positioning Program that she also established and led.

Preceding this, Professor Upon spent 15 years at the Queensland University of Technology where she held senior management and leadership positions, as well as established the Wound Management Innovation Cooperative Research Centre, plus formed a start-up that ultimately listed on the Australian Stock Exchange.

#### Service as a director

Appointed to HMRI Board 3 June 2021

#### Special Responsibilities

Member Board Development Committee

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

Advisory Board, James Cook University, Australian Institute for Tropical Health & Medicine

#### D Turner

Non-Executive Director – Community

#### Experience

Darren Turner is a former Partner of PwC with four decades in accounting, business and corporate advisory, assurance, and risk management to organisations across the Hunter region.

Darren now provides his experience as Board and Committee member to private and public entities and is the current AICD Hunter Committee Chair.

Darren holds a Bachelor of Commerce from University of Newcastle, is a Fellow of Chartered Accountants ANZ and AICD Graduate. Darren maintains a trusted network across the Hunter business community and has a passion to support HMRI's outcomes which significantly benefit our society.

#### Service as a director

Appointed to HMRI Board 1 July 2021

#### Special Responsibilities

Appointed Chair, Audit and Risk Committee 1 July 2021  
Member Board Development Committee

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

NSW Health Pathology  
Varley Group Pty Limited  
Quarry Mining and Construction Equipment Pty Limited  
Newcastle Jockey Club Limited  
The Newcastle Club Limited  
Amplify Music Education  
Landlink Projects Group Pty Ltd  
Chair, Governance & Risk Committee McDonald Jones Homes Pty Limited

## Hunter Medical Research Institute

### Directors' Report

31 December 2022

**K Atkins**

Non-Executive Director - Community

Experience

Kristie is Managing Partner of international award-winning customer acquisition and retention marketing business, Wink. She previously served as divisional Managing Director for Village Roadshow, Chief Operating Officer of Waivpay, Chief Commercial Officer for former marketing services giant Ovato and Director of Sales for Event Hospitality & Entertainment. She originally began her career as a radio journalist, announcer and promotions manager in Newcastle. Kristie is on the board of Restaurant & Catering Industry Association Australia, Hunter Medical Research Institute (and Chairs HMRI Foundation) and the advisory board of international fashion company Azura Runway. She was award Entrepreneur of the Year (B&T Women In Media) and Australian Marketing Institute (AMI) Life Member and Fellow. Kristie is a dynamic business growth and commercial leader. She is a Fellow of peak global body, Chartered Institute of Marketing, has been recognised as Australasia's Certified Practising Marketer of the Year, is head judge of the Awards for Marketing Excellence and a member of AICD.

Service as a director

Appointed to HMRI Foundation Feb 1999  
Founded HMRI Sydney Foundation, 2015  
Appointed inaugural HMRI Sydney Foundation Chair, 2017  
Appointed Chair, HMRI Foundation and Non-Executive Director on HMRI Board, Dec 2022

Other current directorships in public and significant companies and institutions

Advisory board member, Azura Fashion Group

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

## Hunter Medical Research Institute

### Directors' Report

31 December 2022

#### Company secretary

The following person held the position of Institute secretary at the end of the financial year:

C Drelincourt has been the company secretary since 2 May 2019.

#### Principal activities

The principal activities of the Institute during the financial year were to act as a charitable institution that raises funds for, and co-ordinates the activities of, health and medical research with the Hunter New England Local Health District and the University of Newcastle.

No significant changes in the nature of the Institute's activity occurred during the financial year.

#### Members' guarantee

The Institute is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Institute 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 Institute . At 31 December 2022 the number of members was 11.

At 31 December 2022 the collective liability of members was \$220 (2021: \$220).

#### Review of operations

The Institute continued to engage in its principal activity, being the results of which are disclosed in the attached Financial Statements.

#### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in future financial years.

#### Future developments and results

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

**Hunter Medical Research Institute**

**Directors' Report**

**31 December 2022**

**Meetings of directors**

During the financial year, 14 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

|               | Directors' Meetings       |                 | Audit Committee           |                 | Board Development Committee |                 |
|---------------|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|
|               | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend   | Number attended |
| F Kay-Lambkin | 4                         | 4               | 4                         | 3               | 3                           | 3               |
| M DiRienzo    | 6                         | 5               | -                         | -               | 4                           | 4               |
| K Loades      | 6                         | 6               | 4                         | 4               | 4                           | 4               |
| M Calford     | 2                         | 2               | 1                         | 1               | 1                           | 1               |
| K Mulley      | 6                         | 6               | -                         | -               | -                           | -               |
| E Sullivan    | 6                         | 6               | -                         | -               | -                           | -               |
| J Wiggers     | 6                         | 6               | -                         | -               | -                           | -               |
| A Zelinsky    | 6                         | 6               | -                         | -               | -                           | -               |
| C Levi        | 6                         | 6               | -                         | -               | -                           | -               |
| Z Upton       | 6                         | 6               | -                         | -               | 4                           | 4               |
| D Turner      | 6                         | 5               | 4                         | 4               | 4                           | 4               |
| K Atkins      | 1                         | 1               | -                         | -               | -                           | -               |

**Insurance of Officers**

During the financial period, the Institute 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.


**Proceedings on behalf of the Institute**

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Institute or intervene in any proceedings to which the Institute is a party for the purpose of taking responsibility on behalf of the Institute for all or any part of those proceedings.

**Auditor's independence declaration**

The lead auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012, for the year ended 31 December 2022 has been received and can be found on page 12 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated 13<sup>th</sup> April 2023

## Hunter Medical Research Institute

### Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Directors of Hunter Medical Research Institute

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



MARTIN MATTHEWS  
PARTNER

13 APRIL 2023  
NEWCASTLE, NSW

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

Liability limited by a scheme approved  
under Professional Standards Legislation

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For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

Hunter Medical Research Institute

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2022**

|   |      | 2022               | 2021         |
|---|------|--------------------|--------------|
|   | Note | \$                 | \$           |
| Revenue   | 4    | 27,319,922         | 31,411,661   |
| Finance income                                      | 5    | 1,743,638          | 816,007      |
| Other income  | 4    | (1,683,527)        | 1,618,887    |
| Fundraising expenses                                |      | (1,717,783)        | (1,700,191)  |
| Research grant expenses                             |      | (12,237,072)       | (10,638,314) |
| Operations expenses                                 |      | (9,117,576)        | (7,892,582)  |
| Facility expenses                                   |      | (8,706,357)        | (8,589,676)  |
| <b>(Deficit)/surplus before income tax</b>          |      | <b>(4,398,755)</b> | 5,025,792    |
| Income tax expense                                  |      | -                  | -            |
| <b>(Deficit)/surplus for the year</b>               |      | <b>(4,398,755)</b> | 5,025,792    |
| Fair value movements on investments held at FVOCI   |      | 11,853             | -            |
| Other comprehensive income for the year, net of tax |      | 11,853             | -            |
| <b>Total comprehensive income for the year</b>      |      | <b>(4,386,902)</b> | 5,025,792    |

The accompanying notes form part of these financial statements.

## Hunter Medical Research Institute

### Statement of Financial Position

As At 31 December 2022

|                               | 2022               | 2021               |
|-------------------------------|--------------------|--------------------|
| Note                          | \$                 | \$                 |
| <b>ASSETS</b>                 |                    |                    |
| CURRENT ASSETS                |                    |                    |
| Cash and cash equivalents     | 6 13,136,737       | 18,202,088         |
| Trade and other receivables   | 7 826,710          | 354,877            |
| Inventories                   | 8 4,517            | 4,517              |
| Other financial assets        | 9 13,579,244       | 10,289,890         |
| Other assets                  | 10 1,158,773       | 614,619            |
| TOTAL CURRENT ASSETS          | <u>28,705,981</u>  | <u>29,465,991</u>  |
| NON-CURRENT ASSETS            |                    |                    |
| Other financial assets        | 9 23,547,901       | 24,963,777         |
| Property, plant and equipment | 11 66,479,927      | 69,510,424         |
| TOTAL NON-CURRENT ASSETS      | <u>90,027,828</u>  | <u>94,474,201</u>  |
| TOTAL ASSETS                  | <u>118,733,809</u> | <u>123,940,192</u> |
| <b>LIABILITIES</b>            |                    |                    |
| CURRENT LIABILITIES           |                    |                    |
| Trade and other payables      | 12 1,204,473       | 1,099,723          |
| Short-term provisions         | 13 4,182,835       | 5,759,778          |
| Employee benefits             | 14 839,979         | 745,386            |
| Other financial liabilities   | 15 3,596,859       | 2,826,473          |
| TOTAL CURRENT LIABILITIES     | <u>9,824,146</u>   | <u>10,431,360</u>  |
| NON-CURRENT LIABILITIES       |                    |                    |
| Long-term provisions          | 13 489,747         | 712,860            |
| Employee benefits             | 14 234,031         | 223,185            |
| TOTAL NON-CURRENT LIABILITIES | <u>723,778</u>     | <u>936,045</u>     |
| TOTAL LIABILITIES             | <u>10,547,924</u>  | <u>11,367,405</u>  |
| NET ASSETS                    | <u>108,185,885</u> | <u>112,572,787</u> |
| <b>EQUITY</b>                 |                    |                    |
| Reserves                      | 93,958             | 82,105             |
| Retained earnings             | <u>108,091,927</u> | <u>112,490,682</u> |
| TOTAL EQUITY                  | <u>108,185,885</u> | <u>112,572,787</u> |

The accompanying notes form part of these financial statements.



Hunter Medical Research Institute

**Statement of Changes in Equity**  
For the Year Ended 31 December 2022

|   | <b>Contributed<br/>Equity</b> | <b>Reserves</b> | <b>Retained<br/>Earnings</b> | <b>Total</b>       |
|---|-------------------------------|-----------------|------------------------------|--------------------|
|   | <b>\$</b>                     | <b>\$</b>       | <b>\$</b>                    | <b>\$</b>          |
| <b>Balance at 1 January 2022</b>        | -                             | 82,105          | 112,490,682                  | 112,572,787        |
| Deficit for the year                    | -                             | -               | (4,398,755)                  | (4,398,755)        |
| Other comprehensive income for the year | -                             | 11,853          | -                            | 11,853             |
| <b>Balance at 31 December 2022</b>      | -                             | <b>93,958</b>   | <b>108,091,927</b>           | <b>108,185,885</b> |
| <b>Balance at 1 January 2021</b>        | -                             | 82,105          | 107,464,890                  | 107,546,995        |
| Surplus for the year                    | -                             | -               | 5,025,792                    | 5,025,792          |
| <b>Balance at 31 December 2021</b>      | -                             | <b>82,105</b>   | <b>112,490,682</b>           | <b>112,572,787</b> |

The accompanying notes form part of these financial statements.

Hunter Medical Research Institute

**Statement of Cash Flows**  
**For the Year Ended 31 December 2022**

|   | 2022                | 2021               |
|---|---------------------|--------------------|
| Note  | \$                  | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                          |                     |                    |
| Receipts from grants, bequests, donations and other sources           | 28,832,198          | 34,925,388         |
| Payments to affiliated researchers, partners, suppliers and employees | (31,893,038)        | (30,960,542)       |
| Dividends received  | 1,387,097           | 699,272            |
| Interest received   | 356,541             | 116,735            |
| Net cash (used in)/provided by operating activities                   | <u>(1,317,202)</u>  | <u>4,780,853</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                          |                     |                    |
| Proceeds from sale of property, plant and equipment                   | -                   | 749                |
| Payment for property, plant and equipment                             | (448,149)           | (228,319)          |
| Net cash flow from purchase and sale of investments                   | <u>(3,300,000)</u>  | <u>(3,320,253)</u> |
| Net cash provided by/(used in) investing activities                   | <u>(3,748,149)</u>  | <u>(3,547,823)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                          |                     |                    |
| Net cash provided by/(used in) financing activities                   | <u>-</u>            | <u>-</u>           |
| Net (decrease)/increase in cash and cash equivalents held             | (5,065,351)         | 1,233,030          |
| Cash and cash equivalents at beginning of year                        | <u>18,202,088</u>   | <u>16,969,058</u>  |
| Cash and cash equivalents at end of financial year                    | 6 <u>13,136,737</u> | <u>18,202,088</u>  |

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

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

The principal activities of the Institute for the year ended 31 December 2022 were to act as a charitable institution that raises funds for, and co-ordinates the activities of, health and medical research with the Hunter New England Local Health District and the University of Newcastle.

The functional and presentation currency of Hunter Medical Research Institute is Australian dollars.

The financial report was authorised for issue by the Directors on 13 April 2023.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### 2 Summary of Significant Accounting Policies

##### (a) Revenue and other income

###### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Institute expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Institute have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

###### Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Institute are:

###### Provision of services

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

## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (continued)

#### Revenue from sale of goods

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

#### Grant and fundraising revenue

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

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

#### Other income

Other income is recognised on an accruals basis when the Institute is entitled to it.

#### (b) Income tax

The Institute is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (d) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

#### (e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (f) Employee benefits

Provision is made for the Institute's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### (g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

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

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

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Institute, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

| Fixed asset class   | Useful life   |
|---------------------|---------------|
| Buildings           | 40 years      |
| Plant and Equipment | 2 to 40 years |
| Office Equipment    | 2 to 20 years |
| Computer Equipment  | 3 to 10 years |
| Improvements        | 4 to 40 years |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

##### (i) Financial instruments

Financial instruments are recognised initially on the date that the Institute becomes party to the contractual provisions of the instrument. For the Institute, this is equivalent to the date the Institute commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification*

On initial recognition, the Institute classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Institute changes its business model for managing financial assets.

##### *Amortised cost*

The Institute's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### *Fair value through other comprehensive income*

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

##### *Financial assets through profit or loss*

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Institute considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Institute's historical experience and informed credit assessment and including forward looking information.

##### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Institute has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

##### **Financial liabilities**

The Institute measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Institute comprise trade payables, bank and other loans and lease liabilities.

#### (j) **Leases**

At inception of a contract, the Institute assesses whether a lease exists.

##### **Lessee accounting**

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Institute recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Institute believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### Lease accounting (continued)

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Institute's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Institute's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### *Exceptions to lease accounting*

The Institute has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Institute recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

##### **Hunter Medical Research Institution as a lessee**

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

Term: 40 Years

Lease Payments: \$572,000 per annum

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

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

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

##### **(k) Research grant provision**

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



## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (continued)

#### (I) New accounting standards and interpretations adopted in the current period

The Institute has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These standards and Interpretations did not have any material impact on these financial statements. The following Accounting Standards and Interpretations are most relevant to the Institute:

##### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Institute has adopted the revised Conceptual Framework from 1 January 2022. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Institute's financial statements.

##### *AASB 1060 General Purpose Financial Statements - Simplified Disclosures For-Profit and Not-For-Profit Tier 2 Entities.*

The Institute has adopted AASB 1060 from 1 January 2022. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements for IFRS for SME's. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

#### **Key judgments - Statistical Research income**

For much of the statistical research income received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with a number of parties at the Institute, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Statistical research income received by the Institute have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in these financial statements.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**4 Revenue and Other Income**

**Revenue from continuing operations**

|                                       | <b>2022</b>       | <b>2021</b> |
|---------------------------------------|-------------------|-------------|
|                                       | <b>\$</b>         | <b>\$</b>   |
| Revenue from contracts with customers |                   |             |
| - Building occupancy                  | <b>4,879,715</b>  | 4,813,423   |
| - Cafe                                | <b>319,762</b>    | 242,353     |
| - Parking                             | <b>93,324</b>     | 169,802     |
| - Statistical research                | <b>2,578,737</b>  | 2,176,499   |
| - Laboratory services                 | <b>179,369</b>    | 264,144     |
| - Other                               | <b>-</b>          | 59          |
|                                       | <b>8,050,907</b>  | 7,666,280   |
| Grant and fundraising revenue         |                   |             |
| - Government grants                   | <b>10,599,751</b> | 10,481,302  |
| - Private sector grants               | <b>512,957</b>    | 255,530     |
| - Donations                           | <b>5,532,058</b>  | 4,934,050   |
| - Bequests                            | <b>1,929,800</b>  | 7,728,986   |
| - Events                              | <b>694,449</b>    | 345,513     |
|                                       | <b>19,269,015</b> | 23,745,381  |
| <b>Total Revenue</b>                  | <b>27,319,922</b> | 31,411,661  |

Other income

|  |                    |           |
|--|--------------------|-----------|
| - Realised fair value gains            | <b>47,522</b>      | 82,105    |
| - Unrealised fair value (losses)/gains | <b>(1,731,049)</b> | 1,536,782 |
|  | <b>(1,683,527)</b> | 1,618,887 |

**Disaggregation of revenue from contracts with customers**

**Timing of revenue recognition**

|                      |                  |           |
|----------------------|------------------|-----------|
| - At a point in time | <b>413,086</b>   | 412,214   |
| - Over time          | <b>7,637,821</b> | 7,254,066 |
|                      | <b>8,050,907</b> | 7,666,280 |

**5 Finance Income**

Interest income

|                                     |                  |         |
|-------------------------------------|------------------|---------|
| - Assets measured at amortised cost | <b>356,541</b>   | 116,735 |
| Dividend income                     |                  |         |
| - Dividends                         | <b>1,387,097</b> | 699,272 |
| <b>Total finance income</b>         | <b>1,743,638</b> | 816,007 |

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**6 Cash and Cash Equivalents**

|                          | <b>2022</b>              | <b>2021</b>       |
|--------------------------|--------------------------|-------------------|
|                          | <b>\$</b>                | <b>\$</b>         |
| Cash at bank and in hand | <b>3,994,499</b>         | 7,090,157         |
| Deposits at call         | <b>9,142,238</b>         | 11,111,931        |
|                          | <b><u>13,136,737</u></b> | <u>18,202,088</u> |

**7 Trade and Other Receivables**

|                   |                       |                |
|-------------------|-----------------------|----------------|
| CURRENT           |                       |                |
| Trade receivables | <b>445,713</b>        | 294,376        |
| Other receivables | <b>380,997</b>        | 60,501         |
|                   | <b><u>826,710</u></b> | <u>354,877</u> |

**8 Inventories**

|                |                     |              |
|----------------|---------------------|--------------|
| CURRENT        |                     |              |
| Finished goods | <b>4,517</b>        | 4,517        |
|                | <b><u>4,517</u></b> | <u>4,517</u> |

**9 Other Financial Assets**

**Financial assets at fair value through profit or loss**

|   |                          |                   |
|---|--------------------------|-------------------|
| CURRENT   |                          |                   |
| Financial assets at amortised cost                                | <b>13,579,244</b>        | 10,289,890        |
| NON-CURRENT   |                          |                   |
| Financial assets at fair value through other comprehensive income | <b>93,958</b>            | 82,105            |
| Financial assets at fair value through profit or loss             | <b>23,453,943</b>        | 24,881,672        |
|   | <b><u>23,547,901</u></b> | <u>24,963,777</u> |
|   | <b><u>37,127,145</u></b> | <u>35,253,667</u> |

**10 Other assets**

|                |                         |                |
|----------------|-------------------------|----------------|
| CURRENT        |                         |                |
| Prepayments    | <b>584,591</b>          | 494,024        |
| Accrued income | <b>574,182</b>          | 120,595        |
|                | <b><u>1,158,773</u></b> | <u>614,619</u> |

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**11 Property, Plant and Equipment**

|  | 2022                | 2021         |
|--|---------------------|--------------|
|  | \$                  | \$           |
| Buildings                                  |                     |              |
| At cost                                    | 81,032,881          | 81,032,881   |
| Accumulated depreciation                   | <u>(20,921,461)</u> | (18,895,639) |
| Total buildings                            | <u>60,111,420</u>   | 62,137,242   |
| <b>PLANT AND EQUIPMENT</b>                 |                     |              |
| Plant and equipment                        |                     |              |
| At cost                                    | 15,625,063          | 15,544,329   |
| Accumulated depreciation                   | <u>(11,635,559)</u> | (10,703,930) |
| Total plant and equipment                  | <u>3,989,504</u>    | 4,840,399    |
| Office equipment                           |                     |              |
| At cost                                    | 3,234,129           | 3,857,100    |
| Accumulated depreciation                   | <u>(2,260,232)</u>  | (2,680,659)  |
| Total office equipment                     | <u>973,897</u>      | 1,176,441    |
| Computer equipment                         |                     |              |
| At cost                                    | 1,628,373           | 1,838,632    |
| Accumulated depreciation                   | <u>(1,215,892)</u>  | (1,398,243)  |
| Total computer equipment                   | <u>412,481</u>      | 440,389      |
| Leasehold Improvements                     |                     |              |
| At cost                                    | 1,213,959           | 1,092,075    |
| Accumulated amortisation                   | <u>(221,334)</u>    | (176,122)    |
| Total leasehold improvements               | <u>992,625</u>      | 915,953      |
| Total plant and equipment                  | <u>6,368,507</u>    | 7,373,182    |
| <b>Total property, plant and equipment</b> | <u>66,479,927</u>   | 69,510,424   |

**Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

|                                       | Buildings          | Plant and<br>Equipment | Office<br>Equipment | Computer<br>Equipment | Leasehold<br>Improvements | Total              |
|---------------------------------------|--------------------|------------------------|---------------------|-----------------------|---------------------------|--------------------|
|                                       | \$                 | \$                     | \$                  | \$                    | \$                        | \$                 |
| <b>Year ended 31 December 2022</b>    |                    |                        |                     |                       |                           |                    |
| Balance at the beginning of year      | 62,137,242         | 4,840,399              | 1,176,441           | 440,389               | 915,953                   | 69,510,424         |
| Additions                             | -                  | 163,191                | 2,681               | 160,393               | 121,883                   | 448,148            |
| Disposals                             | -                  | -                      | (404)               | (630)                 | -                         | (1,034)            |
| Depreciation expense                  | <u>(2,025,822)</u> | <u>(1,014,086)</u>     | <u>(204,821)</u>    | <u>(187,671)</u>      | <u>(45,211)</u>           | <u>(3,477,611)</u> |
| <b>Balance at the end of the year</b> | <u>60,111,420</u>  | <u>3,989,504</u>       | <u>973,897</u>      | <u>412,481</u>        | <u>992,625</u>            | <u>66,479,927</u>  |

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

**12 Trade and Other Payables**

|                               | <b>2022</b>             | <b>2021</b>             |
|-------------------------------|-------------------------|-------------------------|
|                               | <b>\$</b>               | <b>\$</b>               |
| CURRENT                       |                         |                         |
| Trade payables                | <b>311,310</b>          | 528,074                 |
| Sundry creditors and accruals | <b>893,163</b>          | 571,649                 |
|                               | <b><u>1,204,473</u></b> | <b><u>1,099,723</u></b> |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**13 Provisions**

|                               |                  |           |
|-------------------------------|------------------|-----------|
| CURRENT                       |                  |           |
| Provision for Research Grants | <b>4,182,835</b> | 5,759,778 |
| NON-CURRENT                   |                  |           |
| Provision for Research Grants | <b>489,747</b>   | 712,860   |

**14 Employee Benefits**

|                   |                |         |
|-------------------|----------------|---------|
| CURRENT           |                |         |
| Employee benefits | <b>839,979</b> | 745,386 |
| NON-CURRENT       |                |         |
| Employee benefits | <b>234,031</b> | 223,185 |

**15 Other Financial Liabilities**

|                 |                  |           |
|-----------------|------------------|-----------|
| CURRENT         |                  |           |
| Deferred income | <b>3,596,859</b> | 2,826,473 |

**16 Financial Risk Management**

**Financial assets**

|   |                          |                          |
|---|--------------------------|--------------------------|
| Held at amortised cost                              |                          |                          |
| Cash and cash equivalents                           | <b>13,136,737</b>        | 18,202,088               |
| Trade and other receivables                         | <b>826,710</b>           | 354,877                  |
| Other financial assets                              | <b>13,579,244</b>        | 10,289,890               |
| Fair value through profit or loss (FVTPL)           |                          |                          |
| Fair value through profit or loss                   | <b>23,453,943</b>        | 24,881,672               |
| Fair value through Other Comprehensive Income (OCI) |                          |                          |
| Fair value through other comprehensive income       | <b>93,958</b>            | 82,105                   |
| <b>Total financial assets</b>                       | <b><u>51,090,592</u></b> | <b><u>53,810,632</u></b> |
| <b>Financial liabilities</b>                        |                          |                          |
| Held at amortised cost                              |                          |                          |
| Trade and other payables                            | <b>1,204,473</b>         | 1,099,723                |

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

#### 17 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Institute is \$682,265 (2021: \$714,697).

#### 18 Related Parties

**(a) The Institute's main related parties are as follows:**

Key management personnel - refer to Note 17.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

**(b) Transactions with director related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

|   | 2022                | 2021         |
|---|---------------------|--------------|
|   | \$                  | \$           |
| Donations   | -                   | 3,000        |
| Income from University of Newcastle from occupancy and professional services  | <b>5,984,548</b>    | 6,169,153    |
| Income from Hunter New England Local Health District from research grants, occupancy and professional services                  | <b>867,841</b>      | 853,224      |
| Payments to University of Newcastle for research grants and awards and medical infrastructure funds                             | <b>(12,119,763)</b> | (10,293,112) |
| Payments to Hunter New England Local Health District for utilities, research grants and awards and medical infrastructure funds | <b>(1,410,547)</b>  | (1,603,182)  |
| <b>(c) Amounts owing by Director related parties at the end of the financial year are as follows:</b>                           |                     |              |
| University of Newcastle   | <b>134,625</b>      | 135,536      |
| Hunter New England Local Health District  | <b>12,389</b>       | 1,662        |
| <b>(d) Amounts owing to Director related parties at the end of the financial year are as follows:</b>                           |                     |              |
| University of Newcastle   | <b>(5,247,147)</b>  | (5,201,638)  |
| Hunter New England Local Health District  | <b>(1,860,778)</b>  | (2,138,547)  |

#### 19 Research Grant Commitments

The Institute has committed funds to research projects. As at 31 December 2022, \$7,999,657 (2021: \$9,567,131) 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 Institute. Of this, \$3,327,075 (2021: \$3,093,503) is still receivable and is disclosed as a contingent asset (see Note 20).

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 20 Contingencies

#### Contingent Assets

The Institute has multiple year funding agreements in place for grant funding for research, which has been committed to by various foundations and institutions. As at 31 December 2022, \$3,327,075 (2021: \$3,093,503) is committed to the organisation for receipt in future periods. The amount has not been recognised as a receivable at financial 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 Institute.

#### Contingent Liabilities

In the opinion of the Directors, the Institute did not have any contingent liabilities as at 31 December 2022 (2021: Nil).

### 21 Members' Guarantee

The Institute is registered with the *Australian Charities and Not-for-profits Commission Act 2012* and is a Institute limited by guarantee. If the Institute is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Institute. At 31 December 2022 the number of members was 11 (2021: 11).

### 22 Auditors' Remuneration

|  | 2022          | 2021          |
|--|---------------|---------------|
|  | \$            | \$            |
| Remuneration of the auditor PKF, for:            |               |               |
| - auditing or reviewing the financial statements | <u>23,888</u> | <u>22,750</u> |

### 23 Events After the End of the Reporting Period

The financial report was authorised for issue on 13 April 2023 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in future financial years.

### 24 Statutory Information

The registered office and principal place of business of the company is:  
Hunter Medical Research Institute  
Lot 1 Kookaburra Cct  
New Lambton NSW 2305

## Notes to the Financial Statements

For the Year Ended 31 December 2022

### 25 Additional disclosures required by the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulations 2015

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

##### Gross proceeds from fundraising appeals

|   | 2022             | 2021              |
|---|------------------|-------------------|
|   | \$               | \$                |
| Donations (including bequests)                        | 7,461,858        | 12,663,036        |
| Research grants                                       | 512,957          | 120,780           |
| Event income  | 323,928          | 171,444           |
| Supporter run event income                            | 370,521          | 174,069           |
| Investment income (earned on fundraising investments) | 4,393            | 143,618           |
| <b>Gross proceeds from fundraising appeals</b>        | <b>8,673,657</b> | <b>13,272,947</b> |

##### Less: Total cost of fundraising HMRI fundraising

|                                       |                    |                    |
|---------------------------------------|--------------------|--------------------|
| Event expenses                        | (115,832)          | (14,281)           |
| Fundraising salaries & superannuation | (829,541)          | (748,944)          |
| Other expenses                        | (772,410)          | (936,966)          |
| <b>Total cost of fundraising</b>      | <b>(1,717,783)</b> | <b>(1,700,191)</b> |

##### Net surplus obtained from fundraising appeals

|                  |                   |
|------------------|-------------------|
| <b>6,955,874</b> | <b>11,572,757</b> |
|------------------|-------------------|

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

|  |                |                  |
|--|----------------|------------------|
| Net surplus from fundraising appeals                   | 6,955,874      | 11,572,756       |
| Expenditure on direct services (grants to researchers) | (6,567,145)    | (5,320,160)      |
| <b>Net surplus after grants to researchers</b>         | <b>388,729</b> | <b>6,252,596</b> |

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

#### (c) Comparison by monetary figures and percentages

##### 31 December 2022

|   | \$                    |
|---|-----------------------|
| Total cost of fundraising / gross income from fundraising     | 1,717,783 / 8,673,657 |
| Net surplus from fundraising / gross income from fundraising  | 6,955,874 / 8,673,657 |
| Total cost of direct services / total expenditure             | 6,567,145 / 8,283,709 |
| Total cost of direct services / gross income from fundraising | 6,567,145 / 8,673,657 |

##### 31 December 2021

|   |                         |
|---|-------------------------|
| Total cost of fundraising / gross income from fundraising     | 1,700,191 / 13,272,947  |
| Net surplus from fundraising / gross income from fundraising  | 11,572,756 / 13,272,947 |
| Total cost of direct services / total expenditure             | 5,320,160 / 7,020,351   |
| Total cost of direct services / gross income from fundraising | 5,320,160 / 13,272,947  |



**Notes to the Financial Statements**  
**For the Year Ended 31 December 2022**

|   | %            |
|---|--------------|
| <b>31 December 2022</b>                                       |              |
| Total cost of fundraising / gross income from fundraising     | <b>19.80</b> |
| Net surplus from fundraising / gross income from fundraising  | <b>80.20</b> |
| Total cost of direct services / total expenditure             | <b>79.28</b> |
| Total cost of direct services / gross income from fundraising | <b>75.71</b> |
| <b>31 December 2021</b>                                       |              |
| Total cost of fundraising / gross income from fundraising     | 12.81        |
| Net surplus from fundraising / gross income from fundraising  | 87.19        |
| Total cost of direct services / total expenditure             | 75.78        |
| Total cost of direct services / gross income from fundraising | 40.08        |

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

|   | <b>2022</b>             | <b>2021</b>       |
|---|-------------------------|-------------------|
|   | <b>\$</b>               | <b>\$</b>         |
| Total revenue and other income                        | <b>27,988,122</b>       | 33,846,555        |
| Less: revenue from contracts with customers           | <b>(8,658,997)</b>      | (7,666,280)       |
| Less: grant revenue not obtained from fundraising     | <b>(10,599,751)</b>     | (10,616,052)      |
| Less: investment income not obtained from fundraising | <b>(55,718)</b>         | (2,291,276)       |
| <b>Gross proceeds from fundraising</b>                | <b><u>8,673,656</u></b> | <u>13,272,947</u> |

**Hunter Medical Research Institute**

**Directors' Declaration**

The directors of the Institute declare that:

1. The financial statements and notes, as set out on pages 13 to 31, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a. comply with Australian Accounting Standards - Simplified Disclosure Standard;
  - b. give a true and fair view of the financial position as at 31 December 2022 and of the performance for the year ended on that date of the Institute;
  - c. note 25 gives a true and fair view of all income and expenses of the Institute with respect to fundraising appeals for the year ended 31 December 2022;
  - d. 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 Institute; and
  - e. the internal controls exercised by the Institute are appropriate and effective in accounting for all income received and applied by the Institute from any of its fundraising appeals.
2. In the directors' opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with sub section 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2012*



Director .....



Director .....

Dated 13<sup>th</sup> April 2023

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HUNTER MEDICAL RESEARCH INSTITUTE

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Hunter Medical Research Institute (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

On the requirements of the of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulation 2015 (NSW)

- a) the financial report of Hunter Medical Research Institute shows a true and fair view of the financial result of fundraising appeals for the year ended 31 December 2022, and
- b) the accounting and associated records have been properly kept during that year in accordance with the Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulation 2015 (NSW), and
- c) money received as a result of the fundraising appeals conducted during that year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulation 2015 (NSW), and
- d) the Company will be able to pay its debts as and when they become due and payable.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

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For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

## Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes 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.

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

The directors are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 60-45(3) (b) of the *Australian Charities and Not-for-profits Commission Act 2012*, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in paragraph 60-30(3)(b), (c) or (d) of the *Australian Charities and Not-for-profits Commission Act 2012*. Our opinion on the financial report is not modified in respect of the following matter(s) because, in our opinion, they have been appropriately addressed by Hunter Medical Research Institute and are not considered material in the context of the audit of the financial report as a whole.




MARTIN MATTHEWS  
PARTNER

13 APRIL 2023  
NEWCASTLE, NSW