



Hunter Medical Research Institute

Financial Statements

For the Year Ended 31 December 2021

Hunter Medical Research Institute

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For the Year Ended 31 December 2021

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Hunter Medical Research Institute

Directors' Report 31 December 2021

The directors present their report together with the financial report of Hunter Medical Research Institute for the financial year ended 31 December 2021.

General information

Directors

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

Names	Position	
M Calford	Institute Director	
K Loades	Chairman	
M DiRienzo	Director	
A Zelinsky	Director	
K Mulley	Director	
S Walkom	Director	
J Wiggers	Director	
E Sullivan	Director	
C Levi	Director	Appointed 1 April 2021
Z Upton	Director	Appointed 3 June 2021
D Turner	Director	Appointed 1 July 2021
K Molloy	Director	Resigned 30 June 2021
J Nelson	Director	Resigned 27 July 2021

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 2021

General information

Directors

M Calford Institute Director

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

In 1984 he received a Queen Elizabeth II Fellowship at the University of Queensland.

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

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

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

Professor Calford moved from the Australian National University (ANU) to the University of Newcastle in 2000 as Chair of Physiology. He points to the excellent relationships between clinicians in Hunter New England Health and the academic staff of the University as the main motivation for his move. These relationships led to the formation of HMRI and Professor Calford joined the Board of HMRI in his role as Pro-Vice-Chancellor (Health) in 2006 and then as Deputy Vice-Chancellor (Research), until he left Newcastle in early 2013.

Professor Calford also holds the positions of Chair of Intersect Ltd and advisor to the Australian Education Management Group, and to Wells Advisory.

Other current directorships in public and significant companies and institutions Chair of Intersect Ltd
NSW Regional Health Partners

Service as a Director Appointed to HMRI Board 18 November 2020

Special Responsibilities Board Development Committee Member

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Directors

M DiRienzo

Non-Executive Director - Hunter New England Local Health District

Experience

Mr Michael DiRienzo, Chief Executive of Hunter New England Health, is responsible for all services across the district from small rural community health centres to major tertiary referral hospitals. With 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.

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

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

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

Other current directorships in public and significant companies and institutions

Board member – Hunter New England and Central Coast Primary Health Network
Adjunct Professor of Practice, University of Newcastle
NSW Regional Health Partners

Service as a Director

Appointed to HMRI Board 21st April 2011

Special Responsibilities

Board Development Committee

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Directors

K Loades

Chair, HMRI Board and Non-Executive Director – Community

Experience

Kyle is a non-executive Director of Great Southern Bank, Active Super, non-executive Director AMA Group, Advisory Board member The Melt and a Corporate advisor. Kyle successfully established, grew and ran Auto Advantage, an independent car broking business that disrupted the motor vehicle retail industry. After almost 15 years of successful growth, the business was purchased in August 2015 by a listed company and integrated into their larger operations.

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

Other current directorships in public and significant companies and institutions

Director, Great Southern Bank
Chair, Active Super
Director, AMA Group
Director, Convergence 1440 Pty Limited
Professor of Practice, University of Newcastle

Service as a Director

Appointed to HMRI Board 20 February 2014
Appointed Chair, HMRI Board, 8 December 2016

Special Responsibilities

Chair of HMRI's Board Development Committee
Member of HMRI's Board Audit & Risk Committee

J Nelson

Non-Executive Director - University of Newcastle

Experience

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

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

Directors' Report

31 December 2021

General information

Directors

K Molloy Non-Executive Director – Community

Experience

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

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

Dr Molloy has a love of learning, with an MBA from Deakin, PhD and an honours degree in Science from the University of Newcastle and is a Graduate of the Australian Institute of Company Directors. Dr Molloy has been recognised with a range of awards including NSW Finalist in the Telstra Business Women's Awards, Hunter Business Chamber President's Award, University of Newcastle Regional Leadership Alumni Award, NSW and National Woman in Resources awards and was a recipient of a Chief Executive Womens' scholarship supporting Executive Development at Wharton, USA.

Other current directorships in public and significant companies and institutions NRMA
Hunter H20
Verity Leadership

Service as Director Appointed to HMRI Board 9 June 2016

Special Responsibilities Audit and Risk Management Committee Chair
Board Development Committee Member

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Directors

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.

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

Directors' Report

31 December 2021

General information

Directors

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 Wellbeing at the University of Newcastle and Clinical Research Lead in Custodial Health at the Justice Health and Forensic Mental Health Network. Liz is an internationally distinguished researcher and educator with extensive leadership experience. Liz joined the University of Newcastle in 2019 as Deputy Head, Faculty of Health and Medicine, was Acting Pro Vice-Chancellor, Faculty of Health (2020-April 2021) and Acting Deputy Vice-Chancellor, Research and Innovation from May 2021 until her appointment as Pro Vice-Chancellor in February 2022.

Prior to this she was Assistant Deputy Vice-Chancellor Research and Distinguished Professor Public Health at the University of Technology Sydney where she held several other senior administrative roles in the Faculty of Health including inaugural Head of Discipline Public Health and Associate Dean (Research). She is a former Director AIHW National Perinatal Statistics Unit at the University of NSW (UNSW).

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

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

Service as a Director

Appointed to HMRI Board 13 February 2020

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Directors

S Walkom

Non-Executive Director – Community

Experience

Scott Walkom is Principal, Walkom Real Estate, and has a background in accounting, finance and property, with qualifications including a Master of Business Administration (MBA) and Bachelor of Commerce (B.Com). He joined HMRI in 2015, following in the path of his late mother, Sonia, who was an original member of the Foundation from 1998 and a HMRI Exceptional Service Medal recipient.

Scott sits on the Salvation Army Advisory Board (Newcastle) and is a member of CPA Australia, Real Estate Institute of NSW and Newcastle Club. Having managed Walkom Real Estate for the past 25 years, Scott has a wealth of commercial experience and many strong and loyal networking connections in the Hunter business community and beyond. He has a passion for medical research and deep understanding of HMRI's value to community wellbeing.

Other current directorships in public and significant companies and institutions

The Salvation Army, Newcastle
Walkom Real Estate

Service as Director

Appointed to HMRI Board 9 February 2017

Special Responsibilities

Appointed Chair, HMRI Foundation, 9 February 2017

J Wiggers

Non-Executive Director - Hunter New England Local Health District

Experience

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

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

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

Service as a Director

Appointed to HMRI Board 13th November 2018

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Directors

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.

Professor Zelinsky'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.

Professor Zelinsky 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 NSW Regional Health Partners
The NUW Alliance Board
ResTech Pty Ltd
NU Services Pty Ltd
The Lake Macquarie Economic Development Company Limited

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Directors

C Levi

Non-Executive Director - Hunter New England Local Health District

Experience

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 he 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 2021

General information

Directors

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 Upton 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

Other current directorships in public and significant companies and institutions

James Cook University, Australian Institute for Tropical Health & Medicine

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Directors

D Turner Non-Executive Director – Community

Experience Darren Turner is a recently retired 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 joins the Board of HMRI after three years as a member of our Audit and Risk Committee.

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.

Special Responsibilities Appointed Chair, Audit and Risk Committee 1 July 2021

Service as a director Appointed to HMRI Board 1 July 2021

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

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.

Review of operations

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

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.

After balance date events

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

Hunter Medical Research Institute

Directors' Report

31 December 2021

General information

Likely developments

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

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 2021 the number of members was 11. The combined total amount that members of the Institute are liable to contribute if the Institute is wound up is \$220.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 is set out on page 13 and forms part of the Directors' report.

Proceedings on behalf of the Company

No person has applied to the Court to bring proceedings on behalf of the 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.

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.

Hunter Medical Research Institute

Directors' Report

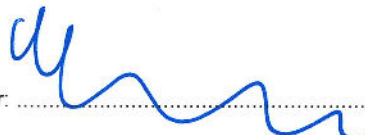
31 December 2021

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		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
M Calford	6	5	-	-	-	-
M DiRienzo	6	6	-	-	3	3
K Loades	6	6	5	4	3	3
J Nelson	3	1	-	-	-	-
K Molloy	3	3	4	3	1	1
K Mulley	6	6	-	-	-	-
E Sullivan	6	6	-	-	1	1
S Walkom	6	6	-	-	-	-
J Wiggers	6	6	-	-	-	-
A Zelinsky	6	5	-	-	-	-
C Levi	5	4	-	-	-	-
Z Upton	4	4	-	-	3	3
D Turner	3	3	5	5	2	1

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

Director: 

Director: 

Dated this 7th day of April 2022

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 2021, 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

7 APRIL 2022
NEWCASTLE, NSW

Hunter Medical Research Institute

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021	2020
		\$	\$
Revenue	4	31,411,661	36,945,947
Other income	4	2,434,894	593,549
Fundraising expenses		(1,700,191)	(1,581,262)
Research grant expenses		(10,638,314)	(13,476,706)
Operations expenses		(8,087,002)	(6,154,788)
Facility expenses		(8,395,256)	(8,757,745)
Surplus for the year		<u>5,025,792</u>	<u>7,568,995</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets designated at fair value through other comprehensive income		-	82,105
Other comprehensive income for the year, net of tax		-	<u>82,105</u>
Total comprehensive income for the year		<u>5,025,792</u>	<u>7,651,100</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	18,202,088	16,969,058
Trade and other receivables	7	354,877	264,530
Inventories		4,517	4,517
Other financial assets	8	10,289,890	14,750,000
Other assets	9	614,619	658,769
TOTAL CURRENT ASSETS		<u>29,465,991</u>	<u>32,646,874</u>
NON-CURRENT ASSETS			
Other financial assets	8	24,963,777	14,858,040
Property, plant and equipment	10	69,510,424	72,963,479
TOTAL NON-CURRENT ASSETS		<u>94,474,201</u>	<u>87,821,519</u>
TOTAL ASSETS		<u>123,940,192</u>	<u>120,468,393</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,099,723	2,008,236
Short-term provisions	12	5,759,778	5,770,290
Employee benefits	13	745,386	514,020
Other financial liabilities	14	2,826,473	2,270,197
TOTAL CURRENT LIABILITIES		<u>10,431,360</u>	<u>10,562,743</u>
NON-CURRENT LIABILITIES			
Long-term provisions	12	712,860	2,113,696
Employee benefits	13	223,185	244,959
TOTAL NON-CURRENT LIABILITIES		<u>936,045</u>	<u>2,358,655</u>
TOTAL LIABILITIES		<u>11,367,405</u>	<u>12,921,398</u>
NET ASSETS		<u>112,572,787</u>	<u>107,546,995</u>
EQUITY			
Reserves		82,105	82,105
Retained earnings		112,490,682	107,464,890
TOTAL EQUITY		<u>112,572,787</u>	<u>107,546,995</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2021

2021

	Contributed Equity	Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 January 2021	-	82,105	107,464,890	107,546,995
Surplus for the year	-	-	5,025,792	5,025,792
Balance at 31 December 2021	-	82,105	112,490,682	112,572,787

2020

Balance at 1 January 2020	-	-	99,895,895	99,895,895
Surplus for the year	-	-	7,568,995	7,568,995
Other comprehensive income for the year	-	82,105	-	82,105
Total comprehensive income for the year	-	82,105	7,568,995	7,651,100
Balance at 31 December 2020	-	82,105	107,464,890	107,546,995

Hunter Medical Research Institute

Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants, bequests, donations and other sources	34,925,388	34,011,502
Payments to affiliated researchers, partners, suppliers and employees	(30,960,542)	(25,173,097)
Dividends received	699,272	341,035
Interest received	116,735	343,528
Net cash provided by operating activities	<u>4,780,853</u>	<u>9,522,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash outflow from term deposits	-	(1,000,000)
Payment for property, plant and equipment	(228,319)	(954,348)
Proceeds from sale of property, plant and equipment	749	-
Net cash flow from purchase and sale of investments	<u>(3,320,253)</u>	<u>(620,791)</u>
Net cash used in investing activities	<u>(3,547,823)</u>	<u>(2,575,139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held	1,233,030	6,947,829
Cash and cash equivalents at beginning of year	<u>16,969,058</u>	<u>10,021,229</u>
Cash and cash equivalents at end of financial year	<u>6</u> <u>18,202,088</u>	<u>16,969,058</u>

The accompanying notes form part of these financial statements.

Hunter Medical Research Institute

Notes to the Financial Statements

For the Year Ended 31 December 2021

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

The principal activities of the Company for the year ended 31 December 2021 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 those charged with governance on 07 April 2022.

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 - Reduced Disclosure Requirements 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 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Specific revenue streams

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f) Employee benefits

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 2021

2 Summary of Significant Accounting Policies

(g) 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.

(h) 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 2021

2 Summary of Significant Accounting Policies

(h) Financial instruments

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 (refer to hedging accounting policy for derivatives designated as hedging instruments).

Impairment of financial assets

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(h) Financial instruments

Financial 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. Trade receivables are grouped together based on shared credit risk characteristics and days past due. Any receivables that are known to be uncollectible are written off.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(i) 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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(i) Leases

Hunter Medical Research Institution as a lessor

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.

(j) Research grant provision

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

(k) Adoption of new and revised accounting standards

The Institute has adopted all standards which became effective for the first time at 31 December 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Institute or refer to Note for details of the changes due to standards adopted.

3 Critical Accounting Estimates and Judgments

Those charged with governance 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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgments

Key judgments - grant income

For many of the grant agreements 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.

Grants 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.

4 Revenue and Other Income

	2021	2020
	\$	\$
Revenue from contracts with customers		
Building occupancy	4,813,423	5,160,985
Cafe	242,353	272,960
Parking	169,802	146,443
Statistical research	2,176,499	1,748,256
Laboratory services	264,144	368,410
Other	59	35,877
	<u>7,666,280</u>	<u>7,732,931</u>
Grant and fundraising revenue		
Government grants	10,481,302	10,529,564
Private sector grants	255,530	439,350
Donations	4,934,050	8,120,659
Bequests	7,728,986	8,630,587
JobKeeper subsidy	-	1,328,500
Events	345,513	164,356
	<u>23,745,381</u>	<u>29,213,016</u>
Total Revenue	<u>31,411,661</u>	<u>36,945,947</u>
Other Income		
Dividends	699,272	341,035
Realised fair value gains/(losses)	82,105	(92,642)
Unrealised fair value gains/(losses)	1,536,782	145,770
Fundraising interest	7,404	8,043
Interest income	109,331	191,343
	<u><u>2,434,894</u></u>	<u><u>593,549</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Result for the Year

The result for the year includes the following specific expenses:

	2021	2020
	\$	\$
Salaries and wages	6,601,966	6,394,311
Superannuation	624,391	551,912
Depreciation and amortisation expense	3,676,461	3,668,903

6 Cash and Cash Equivalents

Cash at bank and in hand	7,090,157	10,439,598
Deposits at call	11,111,931	6,529,460
	18,202,088	16,969,058

7 Trade and Other Receivables

CURRENT		
Trade receivables	294,376	201,749
Other receivables	60,501	62,781
	354,877	264,530

8 Other Financial Assets

Financial assets at fair value through profit or loss

CURRENT		
Financial Assets at amortised cost	10,289,890	14,750,000
NON-CURRENT		
Financial assets at fair value through other comprehensive income	82,105	82,105
Financial assets at fair value through profit or loss	24,881,672	14,775,935
	24,963,777	14,858,040
Total	35,253,667	29,608,040

9 Other assets

Prepayments	494,024	443,338
Accrued income	120,595	215,431
	614,619	658,769

Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Property, plant and equipment

	2021	2020
	\$	\$
Buildings		
At cost	81,032,881	81,032,881
Accumulated depreciation	<u>(18,895,639)</u>	<u>(16,869,817)</u>
Total land and buildings	<u>62,137,242</u>	<u>64,163,064</u>
Plant and equipment		
At cost	15,544,329	15,447,205
Accumulated depreciation	<u>(10,703,930)</u>	<u>(9,549,815)</u>
Total plant and equipment	<u>4,840,399</u>	<u>5,897,390</u>
Office equipment		
At cost	3,857,100	3,856,838
Accumulated depreciation	<u>(2,680,659)</u>	<u>(2,445,027)</u>
Total office equipment	<u>1,176,441</u>	<u>1,411,811</u>
Computer equipment		
At cost	1,838,632	1,741,777
Accumulated depreciation	<u>(1,398,243)</u>	<u>(1,194,421)</u>
Total computer equipment	<u>440,389</u>	<u>547,356</u>
Leasehold Improvements		
At cost	1,092,075	1,077,574
Accumulated amortisation	<u>(176,122)</u>	<u>(133,716)</u>
Total plant and equipment	<u>7,373,182</u>	<u>8,800,415</u>
Total property, plant and equipment	<u>69,510,424</u>	<u>72,963,479</u>

11 Trade and Other Payables

Trade payables	528,074	453,333
Sundry creditors and accruals.	<u>571,649</u>	<u>1,554,903</u>
	<u>1,099,723</u>	<u>2,008,236</u>

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

12 Provisions

	2021	2020
	\$	\$
CURRENT		
Provision for Research Grants	<u>5,759,778</u>	5,770,290
NON-CURRENT		
Provision for Research Grants	<u>712,860</u>	2,113,696

13 Employee Benefits

Current liabilities		
Employee benefits	<u>745,386</u>	514,020
Non-current liabilities		
Employee benefits	<u>223,185</u>	244,959

14 Other Financial Liabilities

Deferred income	<u>2,826,473</u>	2,270,197
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15 Financial Risk Management

Financial assets

Held at amortised cost		
Cash and cash equivalents	18,202,088	16,969,058
Trade and other receivables	354,877	264,530
Other financial assets	10,289,890	14,750,000
Fair value through profit or loss (FVTPL)		
Fair value through profit or loss (FVTPL)	24,881,672	14,775,935
Fair value through Other Comprehensive Income (OCI)		
Fair value through other comprehensive income (OCI)	82,105	82,105

Total financial assets

<u>53,810,632</u>	46,841,628
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Financial liabilities

Financial liabilities measured at amortised cost	<u>1,099,723</u>	2,008,236
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Total financial liabilities

<u>1,099,723</u>	2,008,236
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16 Key Management Personnel Compensation

The remuneration paid to key management personnel of the Institute is \$ 714,697 (2020: \$ 1,150,362).

Notes to the Financial Statements

For the Year Ended 31 December 2021

17 Related Parties

(a) Transactions with director related parties

	2021	2020
	\$	\$
Donations	3,000	30,800
Income from University of Newcastle from occupancy and professional services	6,169,153	5,906,652
Income from Hunter New England Local Health District from research grants, occupancy and professional services	853,224	1,348,521
Payments to University of Newcastle for research grants and awards and medical infrastructure funds	(10,293,112)	(9,423,116)
Payments to Hunter New England Local Health District for utilities, research grants and awards and medical infrastructure funds	(1,603,182)	(1,506,082)

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

University of Newcastle	135,536	173,641
Hunter New England Local Health District	1,662	37,903

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

University of Newcastle	(5,201,638)	(6,110,396)
Hunter New England Local Health District	(2,138,547)	(1,434,630)

18 Research Grant Commitments

The Institute has committed funds to research projects. As at 31 December 2021, \$9,567,131 (2020: \$12,215,331) 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, \$3,093,503 (2020: \$4,331,345) is still receivable and is disclosed as a contingent asset (see Note 19).

19 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 2021, \$3,093,503 (2020: \$4,331,345) 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 2021 (2020: Nil).

Notes to the Financial Statements

For the Year Ended 31 December 2021

20 Events after the end of the Reporting Period

The financial report was authorised for issue on 01 April 2022 by those charged with governance.

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.

21 Members' Guarantee

The Institute is registered with the *Australian Charities and Not-for-profits Commission Act 2012* and is a company 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 2021 the number of members was 11 (2020: 11).

22 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

	2021	2020
	\$	\$
Gross proceeds from fundraising appeals		
Donations (including bequests)	12,663,036	17,221,745
Research grants	120,780	439,350
Event income	171,444	5,180
Supporter run event income	174,069	159,176
Investment income (earned on fundraising investments)	143,618	230,016
	<u>13,272,947</u>	<u>18,055,467</u>
Gross proceeds from fundraising		
Less: Total cost of fundraising		
HMRI fundraising		
Event expenses	(14,281)	(36,256)
Fundraising salaries & superannuation	(748,944)	(869,577)
Other expenses	(936,966)	(736,651)
	<u>(1,700,191)</u>	<u>(1,642,484)</u>
Total cost of fundraising		
Net surplus obtained from fundraising appeals	<u>11,572,756</u>	<u>16,412,983</u>

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

Net surplus from fundraising appeals	11,572,756	16,412,983
Expenditure on direct services (grants to researchers)	(5,320,160)	(9,425,356)
	<u>6,252,596</u>	<u>6,987,627</u>
Net surplus after grants to researchers		

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

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

(c) Comparison by monetary figures and percentages

	\$
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

31 December 2020	
Total cost of fundraising / gross income from fundraising	1,642,484 / 18,055,467
Net surplus from fundraising / gross income from fundraising	16,412,983 / 18,055,467
Total cost of direct services / total expenditure	9,425,356 / 11,067,840
Total cost of direct services / gross income from fundraising	9,425,356 / 18,055,467

	%
31 December 2021	
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

31 December 2020	
Total cost of fundraising / gross income from fundraising	9.10
Net surplus from fundraising / gross income from fundraising	90.90
Total cost of direct services / total expenditure	85.16
Total cost of direct services / gross income from fundraising	52.20

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

	2021	2020
	\$	\$
Total revenue and other income	33,846,555	37,539,496
Less: revenue from contracts with customers	(7,666,280)	(7,732,931)
Less: grant revenue not obtained from fundraising	(10,616,052)	(10,059,065)
Less: investment income not obtained from fundraising	(2,291,276)	(363,533)
Less: JobKeeper subsidy	-	(1,328,500)
Gross proceeds from fundraising	13,272,947	18,055,467

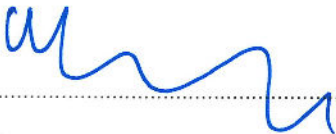
Hunter Medical Research Institute

Directors' Declaration

The Directors declare that in their opinion:

- there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable;
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*;
- Note 22 gives a true and fair view of all income and expenses of the company with respect to fundraising appeals for the year ended 31 December 2021;
- The provisions of the Charitable Fundraising Act 1991, the Charitable Fundraising Regulation 2015 under the Act and the conditions attached to the authority have been complied with by the company; and
- The internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the company from any of its fundraising appeals.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2012*.

Director 

Director 

Dated 7th April 2022

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 2021, 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 2021 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 2021, 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.

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.

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For our office locations visit www.pkf.com.au

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 2021, 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 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.

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

- 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.



PKF



MARTIN MATTHEWS
PARTNER

7 APRIL 2022
NEWCASTLE, NSW