



Heart Research Institute Limited (NZ)

Annual Report and Financial Statements

– For the year ended 31 December 2017

Company Number: 3931099



Today's research,
tomorrow's cure.

**THE HEART RESEARCH INSTITUTE
(NZ) LIMITED**

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Heart Research Institute (NZ) Limited

Annual Report

For the year ended 31 December 2017

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The Heart Research Institute (NZ) Limited

Company Directory

For the year ended 31 December 2017

COMPANY NUMBER

3931099

SHARE CAPITAL

1 Ordinary Share

SHAREHOLDER

	<u>Share</u>
The Heart Research Institute Limited	<u>1</u>
	<u>1</u>

DIRECTORS

John Batistich

Kerry Ann Cunningham

James Dobbin (resigned 26 October 2017)

Stephen Moodey

Elena Pintado

Antony Pollitt

Sathiyaseelan Sappany (appointed 27 September 2017)

BANKERS

Bank of New Zealand

AUDITORS

KPMG Auckland

NATURE OF BUSINESS

Research

REGISTERED OFFICE

Level 1, Chartered Accountants House

50 Customhouse Quay

Wellington, 6143

The Heart Research Institute (NZ) Limited

Entity Information

For the year ended 31 December 2017

Entity name:

The Heart Research Institute (NZ) Limited

Purpose:

The Heart Research Institute is a successful charity that over a period of 29 years has become an internationally-recognised centre of excellence in cardiovascular medical research, focusing on the detection, prevention and ultimately a cure for heart and other cardiovascular diseases.

Ownership Structure:

The entity is solely owned by The Heart Research Institute Limited, a company incorporated in Australia.

Source of funds:

The principal activities of the Company during the course of the financial year were medical research and fundraising. The entity generates the majority of its funds through donations and fundraising and thus expends its resources through performing the activities to generate such funds.

Charitable Purpose:

HRI (NZ)'s charitable purposes are to:

- (a) further knowledge in the field of medicine, particularly human medicine, by seeking to discover the major origin of disease, having a special reference to cardiovascular disease;
- (b) improve methods of preventing, diagnosing and treating disease in human beings and animals;
- (c) provide, and aid in the provision of, educational programmes relating to matters the subject of HRI's research;
- (d) disseminate information concerning the work of HRI;
- (e) hold or arrange competitions and provide or contribute towards the provision of prizes, awards and distinctions in connection therewith;
- (f) print, publish, acquire or dispose of books, magazines, journals or other scholarly works desirable for the promotion of the above charitable purposes;
- (g) provide for the delivery and holding of lectures, exhibitions, classes and conferences calculated directly or indirectly to advance, encourage and promote research into any of the above charitable purposes;
- (h) encourage, assist and arrange for medical practitioners, scientists, students and others to engage in research, study and training, and to gain experience, in modern methods of research in fields of medical science, and in particular in modern methods of diagnosis, prevention and treatment of cardiovascular disease, whether in New Zealand or overseas;
- (i) encourage, assist and arrange for medical practitioners, scientists, students and others to travel, whether within New Zealand or overseas, for the purposes of teaching and demonstrating theory and practice relating to the diagnosis, prevention and treatment of cardiovascular disease;
- (j) raise funds for the purpose of furthering the above charitable purposes, provided that any funds collected by way of a special appeal for a specific object shall only be applied in furtherance of that specific object;
- (k) carry on any other charitable object which is capable of being conveniently carried on in connection with the above, or calculated to directly or indirectly benefit the above charitable purposes.

The Heart Research Institute (NZ) Limited

Directors' Declaration

For the year ended 31 December 2017

In the opinion of the directors of The Heart Research Institute (NZ) Limited ("Company"), the financial statements and notes, on pages 12 to 17:

- comply with New Zealand generally accepted accounting practice and fairly presents the financial position of the company as at 31 December 2017 and the results of operations for the year ended on that date;
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting record have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of The Heart Research Institute (NZ) Limited for the year ended 31 December 2017.

For and on behalf of the Board of directors:

Director

Director

Dated at Sydney this 26 day of APRIL 2018



Independent Auditor's Report

To the shareholder of The Heart Research Institute (NZ) Limited

Report on the performance report

Opinion

In our opinion, the accompanying performance report of The Heart Research Institute (NZ) Limited (the company) on pages 8 to 17:

- i. present fairly in all material respects the company's financial position as at 31 December 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with PBE Simple Format Reporting Standard - Accrual (Not For Profit); and
- iii. the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.

We have audited the accompanying performance report which comprise:

- the statement of financial position as at 31 December 2017;
- the statements of revenue and expense, movements in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information; and
- the statement of service performance and entity information on pages 8 to 11.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the entity information and the statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ISAE (NZ) 3000'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) and (ISAE (NZ) 3000) are further described in the auditor's responsibilities for the audit of the performance report section of our report.

Our firm has also provided other services to the company in relation to formatting the financial statements. Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.

Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Our opinion on the performance report does not cover any other information and we do not express any form of assurance conclusion thereon.

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

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the performance report

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the performance report in accordance with generally accepted accounting practice in New Zealand (being PBE Simple Format Reporting Standard - Accrual (Not For Profit));
- implementing necessary internal control to enable the preparation of a performance report that is fairly presented and free from material misstatement, whether due to fraud or error;
- identifying outcomes and outputs that are relevant, reliable, comparable and understandable, and quantifying the outputs to the extent applicable, to report in the statement of service performance; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the performance report

Our objective is:

- to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error;
- perform procedures to obtain and evaluate evidence in regards to whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable; and
- to issue an independent 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 ISAs NZ will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

A further description of our responsibilities for the audit of this performance report is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

A handwritten signature of the KPMG firm, written in blue ink.

KPMG
Auckland

26 April 2018

HRI New Zealand

Statement of Service Performance 2017

INTRODUCTION

The Heart Research Institute (NZ) Ltd ("HRI") is a successful charity focusing on the detection, prevention and ultimately a cure for heart and other cardiovascular diseases.

Cardiovascular disease is one of the biggest killers in New Zealand, where there is a prevalence of risk factors, such as physical inactivity, high cholesterol and obesity. For this reason, overcoming heart and other cardiovascular diseases is one of the most important medical problems. The recognition of the significance of HRI's work in fighting heart disease has attracted world class scientists, medical researchers and clinicians to its state-of-the-art research facilities.

The HRI was established as a wholly-owned subsidiary of The Heart Research Institute Ltd, a company limited by guarantee that was established in 1986 and has been registered as a charity in Australia since the charities register began there in 2013 (#41003209952). HRI was registered as a charity in New Zealand in November 2012. Its charitable purposes are to:

- (a) further knowledge in the field of medicine, particularly human medicine, by seeking to discover the major origin of disease, having a special reference to cardiovascular disease;
- (b) improve methods of preventing, diagnosing and treating disease in human beings and animals;
- (c) provide, and aid in the provision of, educational programs relating to matters the subject of HRI's research;
- (d) disseminate information concerning the work of HRI;
- (e) hold or arrange competitions and provide or contribute towards the provision of prizes, awards and distinctions in connection therewith;
- (f) print, publish, acquire or dispose of books, magazines, journals or other scholarly works desirable for the promotion of the above charitable purposes;
- (g) provide for the delivery and holding of lectures, exhibitions, classes and conferences calculated directly or indirectly to advance, encourage and promote research into any of the above charitable purposes;
- (h) encourage, assist and arrange for medical practitioners, scientists, students and others to engage in research, study and training, and to gain experience, in modern methods of research in fields of medical science, and in particular in

modern methods of diagnosis, prevention and treatment of cardiovascular disease, whether in New Zealand or overseas;

- (i) encourage, assist and arrange for medical practitioners, scientists, students and others to travel, whether within New Zealand or overseas, for the purposes of teaching and demonstrating theory and practice relating to the diagnosis, prevention and treatment of cardiovascular disease;
- (j) raise funds for the purpose of furthering the above charitable purposes, provided that any funds collected by way of a special appeal for a specific object shall only be applied in furtherance of that specific object;
- (k) carry on any other charitable object which is capable of being conveniently carried on in connection with the above or calculated to directly or indirectly benefit the above charitable purposes.

HRI's main intentions are to:

- *foster research and clinical trial collaborations with local institutions*
- *provide opportunities for New Zealand researchers to visit HRI and collaborate with the HRI research team;*
- *provide opportunities for post-graduate students from New Zealand to undertake higher degree research at HRI in collaboration with the University of Sydney;*
- *provide Fellowships and student scholarships to allow New Zealand researchers to work at HRI and benefit from the international environment it offers;*
- *provide critical funding for specific research activities that HRI would not otherwise be able to resource.*

Output

During 2017, HRI has engaged in various fundraising activities, including competitions, and face-to-face and telemarketing fundraising activities throughout Auckland, Wellington and Christchurch. Funds raised are being used to further HRI's charitable purposes in New Zealand, including by delivering critical research to find the causes and treatment for cardiovascular disease, by building collaborative international partnerships and research alliances to combat the global problem of cardiovascular disease, and by building the next generation of scientific talent both to undertake critical research and to build scientific excellence in New Zealand.

A – OUTCOMES – What impact on society is HRI seeking to achieve in New Zealand?

Our Vision – A future where no-one dies needlessly of cardiovascular disease.

Our Mission – To improve global health by understanding the causes and complications of cardiovascular disease.

Our Ambition – The prevention of cardiovascular disease, and the development of the next generation of treatments and devices.

Our Values – Curiosity, Collaboration, Tenacity, Brilliance and Community.

Our Strategic Objectives to achieve the outcomes –

- Science – A research institute where great science is flourishing
- Revenue – Long term financial sustainability underpinned by a balanced revenue mix



- Leadership – A united management team committed to an agreed Mission and Strategic Plan
- Culture – A high performing workplace that recognizes, attracts and develops talent
- Profile – Increased profile amongst Funders, the scientific community and the general public

B - OUTPUT – What did HRI achieve during 2017?

- 1. Prof Ben Freedman continuing his research into screening for Atrial Fibrillation (AF) in high risk Māori and Pacific Islander populations with a paper published in the *Internal Medical Journal* (48) (2018) (301-309) – 12 October 2017, titled “Burden of atrial fibrillation in Maori and Pacific people in New Zealand: a cohort study.”**

Building on his work from the previous year, Professor Ben Freedman from the HRI continued research into screening for AF in high risk Māori and Pacific Islander populations. AF is a major risk factor for ischaemic stroke and cardiovascular events.

2. Summer Scholarships

In early December 2017, HRI welcomed five talented researchers from across New Zealand to take part in the 2nd Annual Summer Scholarship Program.

Scholarship placements were open exclusively to New Zealand citizens currently enrolled full-time in an undergraduate degree either in their 2nd or 3rd year. Students currently enrolled in graduate entry medical degrees could also apply.

The 8 week, full time scholarship program provided the opportunity to work on real life medical research projects directly related to cardiovascular disease and, through this, to expand on their education, skills and knowledge. Post Doctoral Scientists provided mentorship, leadership and regular feedback to the summer scholars, with Group Leaders overseeing the program. All projects were carried out at the HRI

HRI provided a comprehensive package to the successful candidates including return flights from New Zealand to Sydney, transfers, and accommodation at a nearby College in the health precinct near the University of Sydney for the duration of the program.

3. Emily McCarthy – Honours Student Scholarship

Emily McCarthy was a recipient of an HRI New Zealand Summer Research Scholarship in 2016-17 and joined the Thrombosis Research Group under the tutelage of Dr. Yuping Yuan. Emily was an exceptional student and picked up the techniques and skills needed to take on an honours degree with ease. She thoroughly enjoyed her time at the HRI and is excited to return as an honours student in 2018.

4. Dr Amelia Tomkins and Bradley Tucker presentation at the 19th annual ANZMS and AVBS Scientific Meeting 2017

At the 19th annual joint meeting of the Annual Scientific Meeting of the Australian Vascular Biology Society (AVBS) and the Australia and New Zealand Microcirculation Society (ANZMS), scientific came together to share and discuss the latest research in the field.

The AVBS is an organisation active throughout New Zealand and Australia which aims to foster research communication by scientists and clinicians from a broad range of disciplines including interest in biology of the cardiovascular system. The AVBS holds annual scientific meetings and members contribute to a series of international vascular biology meetings as part of a group of similar organisations in Europe, Japan and North America.

- 5. Dr Katrina Chau – Awarded Best at the 2017 Annual (SOMANZ) Scientific Meeting and a significant paper published in the *Journal of Human Hypertension* 31, 782-786 – 24 August 2017, titled “Placental growth factor and pre-eclampsia”.**

Dr Katrina Chau, a PhD student with the Vascular Immunology group at the HRI Research Institute in Australia, has been awarded Best Scientific Presentation at the 2017 Annual Scientific Meeting held by the Society of Obstetric Medicine of Australia and New Zealand (SOMANZ) in conjunction with the Australasian Diabetes in Pregnancy Society (ADIPS).

Dr Chau’s presentation on ‘Effect of placental growth factor on trophoblast integration into endothelial cell networks in the presence of inflammation’ showcased her experiments investigating the effects of placental growth factor on the interaction between blood vessel cells and placenta cells.

SUMMARY OF OUTPUTS

The above outputs achieved and commenced in 2017 highlight the breadth and degree of the positive impacts that the HRI is having on the citizens of New Zealand. From investing in the next generation of scientific talent, to utilising the power of technology, HRI, thanks to the generosity and support of New Zealand citizens, are broadening the reach and benefit of our research to help save lives and improve the prevention, detection and treatment of New Zealand’s biggest killer. This performance directly relates back to our mission and vision of a future where no one dies needlessly of cardiovascular disease.

The Heart Research Institute (NZ) Limited

Statement of Revenue and Expense For the year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue			
Pledge Donations		2,375,957	1,987,501
Interest Received		880	835
Total Revenue		2,376,837	1,988,336
Less			
Accountancy Fees		1,204	24,258
Audit Fees		9,858	8,000
Bank Fees		1,095	1,264
Collection Costs		300	66,188
General Expenses		65,264	52,478
Legal Fees		3,450	8,905
Internet service charge		5,070	5,042
Project Management costs		1,767,265	1,778,103
Total Expenses		1,853,506	1,944,238
Net Surplus/(Deficit)		523,331	44,098
Other Comprehensive Revenue and Expense		-	-
Total Comprehensive Revenue and Expense		523,331	44,098

The accompanying notes form part of the financial statements.

The Heart Research Institute (NZ) Limited

Statement of Financial Position

As at 31 December 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash at bank		1,042,006	612,553
Total Current Assets		1,042,006	612,553
Current Liabilities			
Accounts Payable		71,683	151,080
Accrued Expenses		16,598	14,173
Related Party Loan	5	972,126	989,032
Total Current Liabilities		1,060,407	1,154,285
Working Capital/(Deficit)		(18,401)	(541,732)
Net Assets/(Liabilities)		(18,401)	(541,732)
REPRESENTED BY:			
Equity			
Accumulated (losses)	3	(18,401)	(541,732)
Total Equity		(18,401)	(541,732)

For and on behalf of the Board:

Director

Director

Date 26 April 2018

The accompanying notes form part of the financial statements.



The Heart Research Institute (NZ) Limited

Statement of Cash Flows

For the year ended 31 December 2017

	2017 \$	2016 \$
Cash Flows from Operating Activities		
Cash was received from:		
Donations, fundraising and other similar receipts	2,375,957	1,987,501
Funds from related parties	(21,976)	13,165
Interest received	880	835
Cash was applied to:		
Payments to suppliers and employees	1,925,409	1,836,816
Net Cash Flows from Operating Activities	429,452	164,685
Net Cash Flows from Investing and Financing Activities	-	-
Net Increase / (Decrease) in Cash	429,452	164,685
Opening Cash	612,553	447,868
Closing Cash	1,042,005	612,553
This is represented by:		
Bank Accounts and Cash	1,042,006	612,553

The accompanying notes form part of the financial statements.

The Heart Research Institute (NZ) Limited

Statement of Movements in Equity For the year ended 31 December 2017

	2017 \$	2016 \$
Net Surplus for the Year	523,331	44,098
Total Recognised Revenues and Expenses	<u>523,331</u>	<u>44,098</u>
Movement in Equity for the year	-	-
Opening Equity	(541,732)	(585,830)
Closing Equity	<u>(18,401)</u>	<u>(541,732)</u>

The accompanying notes form part of the financial statements.



The Heart Research Institute (NZ) Limited

Notes to the Financial Statements

For the year ended 31 December 2017

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements presented here are for the entity The Heart Research Institute (NZ) Limited.

Reporting Base

The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 2013.

The Heart Research Institute (NZ) Limited has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the financial statements are reported using the accrual basis of accounting. The financial statements are prepared under the assumption that the entity will continue to operate in the foreseeable future.

Measurement Base

The Measurement Base adopted is historical cost.

Foreign Currencies

Foreign Currency transactions are converted to New Zealand dollars at the exchange rate ruling at the date of the transaction. Amounts payable and receivable at balance date are converted to New Zealand dollars at exchange rate ruling on that date. An exchange gain or loss is determined based on the closing balances of foreign currencies.

Taxation

The Company is tax exempt by virtue of being a registered Charity with the Charities Commission.

Goods and Service Tax

The entity is not registered for GST. As such, the financial statements have been prepared on a GST inclusive basis.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2 NATURE OF BUSINESS

The nature of the company's business is research.



The Heart Research Institute (NZ) Limited

Notes to the Financial Statements

For the year ended 31 December 2017

3 Accumulated (losses)

	2017	2016
	\$	\$
Opening balance	(541,732)	(585,830)
Net Surplus for the Year	523,331	44,098
Closing balance	<u>(18,401)</u>	<u>(541,732)</u>
Closing balance	<u>(18,401)</u>	<u>(541,732)</u>

4 SHARE CAPITAL

There is one ordinary share on issue. This share is held by the parent company The Heart Research Institute Limited. Ordinary shares carry the right to vote on the basis of one vote for each share held. The shares carry no fixed dividend rights but are entitled to any surplus on winding up of the company.

5 RELATED PARTIES

There is a related party loan provided by the parent company to the company. No funds have been repaid by the company to the parent company as at 31 December 2017. These payments have originated in Australian dollars. There is no interest payable on the loan and the loan is repayable on demand. The parent company will not call upon the loan unless the company is in a position to pay back the parent company and its creditors as they fall due.

6 GOING CONCERN

The validity of the going concern assumption on which this financial report is prepared depends on the further continued financial support of the parent company. The company has received confirmation from the parent that it will continue to support its subsidiary for the foreseeable future.

If the support is withdrawn, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the company may have to provide for further liabilities that may arise.

