

Statutory Financial Report

**St Vincent's Institute
Financial Statements for the
Year Ended 31 December 2020**

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Directors' Report

Your Directors present their report on the Institute for the financial year ended 31 December 2020.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr Michael Burn	Dr Richard Fox (retired 6 th April 2020)
Ms Karen Inge	Professor Garry Jennings AO (appointed 18 th February 2020)
Professor Shitij Kapur	Professor Thomas WH Kay
Mr Stephen Marks	Mr Simon Marton
Ms Angela Nolan (retired 20 May 2020)	The Honourable Chris Pearce
Mr Anthony Reeves	Dr Megan Robertson (appointed 6 th July 2020)
Ms Fiona Rowland	Dr Marcus Tierney
Mr Michael Wachtel	The Honourable Kathy Williams

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

Information on Directors

Mr Anthony Reeves	Chairperson
Qualifications	Master of Commerce, Bachelor of Economics, GAICD, FCPA.
Experience	Board member since March 2017, former CFO of several Australian public companies, Treasury Wine Estates, Foster's Group Limited, OneSteel Limited. Director of Private Banking Services Ltd. Past president of the Group of 100.
Special Responsibilities	Chair of the Nominations, Remuneration & Culture Committee Member of the Audit & Risk Committee Member of the ACMD Committee
Mr Michael Burn	Director
Qualifications	BComm
Experience	Board member since September 2019, Deputy Chairman of Flagstaff Partners, former Executive Director Macquarie Group, Member Board of Trustees Melbourne Convention and Exhibition Trust, Chairman Advisory Board PFD Food Services Pty Ltd, former Director Prince Henry Institute of Medical Research
Special Responsibilities	Chair of the Audit & Risk Committee Member of the ACMD Committee

Dr Richard Fox	Director
Qualifications	MB, BS, FRCP
Experience	Board member from September 2014 – April 2020, former Director of Research St Vincent's Hospital Melbourne
Ms Karen Inge	Director
Qualifications	BSc, Dip. Diet, APD, FSDA, FSMA
Experience	Board member since July 2014, Accredited Practicing Dietician, Director of the Institute of Health and Fitness, Head of the Nutrition at the Victorian Institute of Sport, Past President of Sports Dietitians Australia.
Special Responsibilities	Chair of St Vincent's Institute Foundation
Professor Garry Jennings	Director
Qualifications	AO, MB.BS, MD, FRCP, FRACP, FAHA, FCSANZ, FAAHMS
Experience	Board member since February 2020, Executive Director of Sydney Health Partners. Chief Medical Advisor of the National Heart Foundation of Australia and Adjunct Professor of Medicine at University of Sydney and Monash University. Honorary Cardiologist at Alfred Health, researcher and clinician at the Baker Heart and Diabetes Institute of Melbourne.
Professor Shitij Kapur	Director
Qualifications	PhD (Psychiatry) Diplomate of the American Board of Psychiatry and Neurology, similarly Board Certified in Canada and has a specialist medical license in the United Kingdom
Experience	Board member since October 2016, Dean and Assistant Vice-Chancellor (Health) of the Faculty of Medicine, Dentistry & Health Sciences at the University of Melbourne
Professor Thomas WH Kay	Executive Director
Qualifications	BMedSc, MBBS PhD Melb, FRACP, FRCPA
Experience	Board member since April 2003, Executive Director of St Vincent's Institute of Medical Research
Mr Stephen Marks	Director
Qualifications	FCA, FAICD
Experience	Board member since November 2011, Board Chair Chisholm Institute
Special Responsibilities	Member of the Nominations, Remuneration & Culture Committee

Mr Simon Marton	Director
Qualifications	MBA, BBus (Marketing)
Experience	Board member since November 2019, CEO at Starward Distillery Pty Ltd, significant experience in senior executive roles.
Ms Angela Nolan	Director
Qualifications	BBus (Accounting), Graduate Diploma (HR and Industrial Relations)
Experience	Board member December 2017 - , CEO St Vincent's Hospital Melbourne
The Honourable Chris Pearce	Deputy Chairperson
Qualifications	BBus, MBA, JP, FAMI, FAICD
Experience	Board member since September 2017, former Member of the Ministry in the Federal Government of Australia and held various senior executive roles, Director and Chair roles, current Managing Director of an Australian Executive Search and Recruitment organization
Special Responsibilities	Chair of the ACMD Committee Member of the Nominations, Remuneration & Culture Committee Member of the NSRL Committee
Dr Megan Robertson	Director
Qualifications	MBBS, FRACP, FANZCA, FFICANZCA, FJFICM, AFRACMA, FCICM,
Experience	Board member since July 2020, Director of Research at St Vincent's Hospital Melbourne, Group Chief Research Officer St Vincent's Hospital Australia.
Ms Fiona Rowland	Director
Qualifications	LLB (Hons), BA, GAICD
Experience	Board member since 2017, former Executive Director of UBS Wealth Management, former CEO of Bennelong Wealth Partners and the Bennelong Foundation and current board member of Commonwealth Private Limited, Commonwealth Financial Planning Limited, Macquarie Life Limited and Melbourne Water Corporation.
Special Responsibilities	Chair of the Investment Committee Member of the Audit & Risk Committee Member of the NSRL Committee
Dr Marcus Tierney	Director
Qualifications	PhD(Med) BSc (Hons)
Experience	Board member since August 2015, Taxation Partner at PwC in Melbourne, previously a member of the board of the O'Brien Institute
Special Responsibilities	Chair of the Commercialisation Committee

Mr Michael Wachtel

Director

Qualifications

BComm LLB; LLM (LSE)

Experience

Board member since November 2015, current Board member of the Future Fund, SEEK and PACT. Previously Chairman of EY (Asia Pacific) and past Board member of the EY Global Governance Council and ACMI (Australian Centre for the Moving Image). Past President of the International Fiscal Association (IFA Australia).

The Honourable Kathy Williams

Director

Qualifications

LLB (Hons) LLM, GAICD.

Experience

Board member since September 2018, previously Justice of the Supreme Court of Victoria, President of the Victorian Forensic Leave Panel, and Judge of the County Court of Victoria. Director of Launch Housing.

Special Responsibilities

Member of the ACMD Committee

Indemnification and Insurance of Officers

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors' and Officers' liability insurance other than to confirm that a policy is in force.

Meetings of directors

During the financial year, 34 meetings of directors (including committees) were held. Attendees were:

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 31 December 2020 the liability of the sole member, St Vincent's Health Australia, was \$100 (2019: \$100).

	Board		Audit & Risk Committee		ACMD Committee		Commercialisation Committee		Investment Committee		Nominations, Remuneration & Culture Committee		NSRL Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Burn, M	8	8	4	3	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fox, R	4	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jennings, G	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Inge, K	8	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kapur, S	8	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kay, TWH	8	8	4	4	6	6	3	3	5	5	n/a	n/a	5	4
Marton, S	8	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Marks, S	8	8	4	4	n/a	n/a	n/a	n/a	5	5	3	3	3	3
Nolan, A	4	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pearce, C	8	7	n/a	n/a	6	6	n/a	n/a	n/a	n/a	3	3	5	4
Reeves, T	8	8	4	4	6	6	n/a	n/a	5	5	3	3	n/a	n/a
Robertson, M	4	4	4	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rowland, F	8	8	4	4	n/a	n/a	n/a	n/a	5	4	n/a	n/a	5	4
Tierney, M	8	7	n/a	n/a	n/a	n/a	3	3	n/a	n/a	n/a	n/a	n/a	n/a
Wachtel, M	8	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Williams, K	8	8	n/a	n/a	6	6	n/a	n/a	n/a	n/a	n/a	n/a	2	2

Principal Activities

The principal activity of the Institute during the financial year was medical research.

Operating Results

The Institute recorded a surplus in the current year of \$832,895 (2019: surplus of \$1,319,118). Income tax is not applicable.

Dividends

The Institute is limited by guarantee, has no share capital and declares no dividends.

Objectives

St Vincent's Institute of Medical Research is the third oldest independent research institute in Melbourne. Since its inception, the Institute has played a leading role in one of Australia's most successful international endeavors – medical research. The Institute carries out biomedical research into common diseases of the community, including: type 1 diabetes, obesity and type 2 diabetes, cardiovascular disease, bone diseases including arthritis and osteoporosis, cancer and Alzheimer's disease.

The Institute's vision is to be a thriving medical research institute making discoveries with impact. The following strategic priorities have been set towards achieving this vision:

- Deliver impact through research excellence and its translation.
- Support and attract outstanding people.
- Enable scientific innovation through cutting-edge facilities and services.
- Grow organisational capacity and capability.

Partnerships and collaborations are key to the Institute achieving the strategic priorities - promoting excellence, a financially sustainable organisation and a strong culture.

Significant Changes in State of Affairs

COVID-19 impacted the different divisions within the Institute in different ways. Research was impacted with delays in receiving supplies, the BANDIT clinical trial was delayed given the limited access to patients and islet transplants were suspended for a period, affecting the output of SVI's Islet Transplant Facility. SVI Foundation activities were impacted with the cancellation of a number of events and a reduction in donations from both major donors and regular donors. For the NRL division, COVID-19 introduced delays to its product and program development. COVID-19 did also present opportunities for NRL to become involved in evaluations of COVID-19 serology test kits and to partner with other Institutes on the development of new diagnostic technologies. The Institute became eligible for the Federal Government JobKeeper support throughout 2020 which mitigated some of the financial impact of COVID-19.

After Balance Date Events

No other matters or circumstances have arisen between the end of the reporting period and the date of this report which significantly affected or may significantly affect the operations, the results or the affairs of the Institute.

Future Developments

The Institute remains committed to attracting the highest caliber of research and administrative personnel. These positions are contingent on the availability of funds, which are attracted through peer reviewed research grants and charitable donations to the Institute.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 8 of the financial statements.

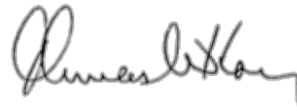
Signed in accordance with a resolution of the Board of Directors.



Director

AJ Reeves

Dated this 29th March 2021, Melbourne, Australia



Director

TWH Kay

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE
MEMBERS OF ST. VINCENT'S INSTITUTE OF MEDICAL RESEARCH**

I declare that, to the best of my knowledge and belief during the year ended 31 December 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136



C.L. Siddles
Director

Dated this 29th day of March, 2021

ACCOUNTANTS & ADVISORS

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Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	<u>Note</u>	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Revenue	2	13,442,390	15,099,994
Other income	2	18,752,846	16,101,541
Total revenue		<u>32,195,236</u>	<u>31,201,535</u>
Consumables and general research expenses		(7,208,102)	(7,656,814)
Employee benefits expense		(17,887,142)	(17,380,094)
Depreciation and amortisation		(912,473)	(1,019,444)
Administration expenses		(2,053,192)	(3,254,333)
Transfers to collaborators		(1,813,313)	(1,998,061)
Total expenses	3	<u>(29,874,222)</u>	<u>(31,308,746)</u>
Surplus (Deficit) for the year		<u>2,321,014</u>	<u>(107,211)</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net (loss) gain on revaluation of financial assets	13	(1,488,119)	1,426,329
Total comprehensive income for the year		<u>832,895</u>	<u>1,319,118</u>
Total comprehensive income attributable to members of the entity		<u>832,895</u>	<u>1,319,118</u>

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 31 December 2020

	<u>Note</u>	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Cash and cash equivalents	4	7,523,726	3,076,354
Trade and other receivables	5	2,882,268	3,296,805
Right of Use Asset	6	1,189,868	13,058
Other assets	7	2,147,555	1,226,492
Total current assets		<u>13,743,417</u>	<u>7,612,709</u>
Trade and other receivables	5	125,000	250,000
Financial assets	8	24,777,994	27,156,233
Property, plant & equipment	9	2,684,086	3,003,412
Total non-current assets		<u>27,587,080</u>	<u>30,409,645</u>
TOTAL ASSETS		<u>41,330,497</u>	<u>38,022,354</u>
Trade and other payables	10	7,837,595	6,604,690
Short-term provisions	12	2,624,864	2,606,709
Lease Liabilities	11	224,334	13,562
Total current liabilities		<u>10,686,793</u>	<u>9,224,961</u>
Long-term provisions	12	240,032	215,320
Lease Liabilities	11	988,704	
Total non-current liabilities		<u>1,228,736</u>	<u>215,320</u>
TOTAL LIABILITIES		<u>11,915,529</u>	<u>9,440,281</u>
NET ASSETS		<u>29,414,968</u>	<u>28,582,073</u>
Retained surplus		28,921,718	26,600,704
Reserves	13	493,250	1,981,369
TOTAL EQUITY		<u>29,414,968</u>	<u>28,582,073</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity
For the year ended 31 December 2020

	Retained Surplus (\$)	Financial Asset Reserve (\$)	Total (\$)
Balance at 1 January 2019	26,707,915	555,040	27,262,955
Total comprehensive income for the year:			
Surplus attributed to members	(107,211)	-	(107,211)
Transfer of retained surplus from the		-	-
Other comprehensive income for the year:			
Net loss on revaluation of assets	-	1,426,329	1,426,329
Balance at 31 December 2019	26,600,704	1,981,369	28,582,073
Total comprehensive income for the year:			
Surplus attributed to members	2,321,014	-	2,321,014
Other comprehensive income for the year:			
Net gain on revaluation of assets	-	(1,488,119)	(1,488,119)
Balance at 31 December 2020	28,921,718	493,250	29,414,968

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2020

	2020 Inflows (Outflows)	2019 Inflows (Outflows)
Note	\$	\$
Cash flow from operating activities:		
Grants received	16,021,681	15,654,860
Payments to suppliers and employees	(28,637,444)	(29,957,877)
Donations, legacies and bequests	6,131,616	5,305,219
Other revenue	8,327,359	8,326,017
Interest received	22,868	112,589
Dividends received	790,825	866,680
Net cash generated from operating activities	<u>2,656,905</u>	<u>307,488</u>
Cash flow from investing activities:		
Payments for property, plant and equipment	(624,247)	(1,185,142)
Proceeds from/(payments for) financial asset investments	2,699,874	(10,460,948)
Net cash used by investing activities	<u>2,075,627</u>	<u>(11,646,090)</u>
Cash flow from financing activities:		
Principal amount of Lease Payments	(239,791)	(19,878)
Net cash used by investing activities	<u>(239,791)</u>	<u>(19,878)</u>
Net increase (decrease) in cash	4,492,741	(11,358,481)
Effect of exchange rate differences on cash	(45,369)	(117,800)
Cash and cash equivalents at the beginning of the year	3,076,354	14,552,634
Cash and cash equivalents at the end of the year	4 <u>7,523,726</u>	<u>3,076,354</u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2020

The financial statements are for St Vincent's Institute of Medical Research ('Institute') as an individual entity, incorporated and domiciled in Australia. The Institute is a Company limited by guarantee.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of St Vincent's Institute of Medical Research ('Institute') as at 31 December 2020 and the results of all subsidiaries for the year then ended. St Vincent's Institute of Medical Research and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1: Summary of Significant Accounting Policies

New, revised or amending Accounting Standards and Interpretations adopted.

St Vincent's Institute of Medical Research has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 Revenue from Contracts with Customers & AASB 1058 Income for Not for Profit Entities

The Institute has adopted AASB15 and AASB1058 from 1 January 2020.

The changes in presentation in the Consolidated Statement of Financial Position have been made to reflect the terminology of the new standards and the distinct differences in the nature of the rights and obligations giving rise to these items from the following arrangements, as follows:

- Other liabilities comprises unspent amounts of peer-reviewed funding and grant funding that are now classified as a financial liability and were previous included in deferred income.

The application of AASB 15 and AASB 1058 has had no impact on the Consolidated Statement of Cash Flows.

New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 31 December 2020. The consolidated entity has not yet assessed the impact of these new or amended accounting standards and interpretations.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Australian Charities and Not-For-Profits Commission Act 2012. The Institute is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the 29th March 2021 by the Directors of the Institute.

Accounting Policies

(a) Revenue

Research Grants and other Funding Arrangements

The Institute's activities are supported by funding from research and other public funding grants.

All grants are recognised as a receivable when the Consolidated Entity's contractual right to receive the grant is established. The corresponding entry depends on the nature of the grant and the rights and obligations established in the funding agreement as follows:

- Peer-reviewed funding grants and competitive funding grants: these grants represent funds that are available to be spent at the discretion of the researcher. The amount in income represents the amount that has been applied to research activities in accordance with the grant terms. The unspent amount of the grant is recorded as a financial liability.
- Infrastructure grants are recognised as income immediately.

Commercial Arrangements

The Institute's commercial arrangements comprise the provision of clinical research services to customers.

These arrangements are primarily service contracts that range in duration from a few months to several years, and are contracted directly with investigators for investigator services and other reimbursable activities. These services are combined with other study services in the management of a clinical study and as such the Institute has assessed that it is acting as principal for the overall clinical trial obligation.

Clinical research services are accounted for as a contract with a customer when the Institute and its customers approve the contract, are committed to perform their respective obligations, each party can identify its rights regarding the goods or services to be transferred, commercial substance is present, and it is probable that the Institute will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Most contracts may be terminated upon 30 days' notice by the customer. However, in the event of termination, contracts require payment for services rendered through the date of termination, as well as for wind-down services rendered to close out the contract.

The Institute has concluded that revenue from clinical research services represents a single performance obligation which is satisfied over time on the basis that it does not create an asset with an alternative use to the Institute and the Institute has an enforceable right to payment for performance completed to date.

In certain instances a customer contract may include forms of variable consideration, such as milestone payments, which is assessed on a contract-by-contract basis. Variable consideration is recognised as revenue if and when it is deemed probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved in the future. The Company may receive payments from its customers in advance of performance, which are recognised as Contract Liabilities. Contract assets include unbilled amounts typically resulting from revenue recognised in excess of the amounts billed to the customer for which the right to payment is subject to factors other than the passage of time.

Donations and Bequests

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

(b) Property, plant and equipment

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

(i) Leasehold improvements

Existing Building: In 2002 and 2003 the Institute extended and refurbished the existing building, which is leased by the Institute from the Mary Aikenhead Ministries Limited. The building lease arrangement provides the Institute with both a future economic benefit and control over that future economic benefit. The cost of the leasehold improvement has been capitalised and appears in the statement of financial position.

Bio-resources Centre: In 2005 the Institute paid \$825,574 towards the building of an additional research facility on the St Vincent's Hospital Melbourne campus. The hospital will manage the facility and the Institute's investment gives long-term entitlement to access the facility. The entitlement provides the Institute with an economic benefit and control over that future economic benefit. The cost of the leasehold improvement has been capitalised and appears in the statement of financial position.

Micro-isolator facility: In 2013 the Institute signed a lease to occupy the 3rd floor of the O'Brien Institute, located on the St Vincent's Hospital Melbourne campus. The entitlement provides the Institute with an economic benefit and control over that future economic benefit. The leasehold improvement, which was completed in December 2013 at a cost of \$360,398, has been capitalised and appears in the statement of financial position. The facility commenced operations in 2014.

St. Vincent's Chronic Diseases Bio-bank facility: In 2014 the Institute commenced construction of the Bio-bank, at a cost of \$511,482, which has been capitalised. The Bio-bank is located on the leased premises of the National Serology Reference Laboratory - NSRL (refer Note 15). The intention of the Facility is to prospectively collect, store and distribute appropriate samples for clinical and diagnostic research and collaboration in the areas of diabetes and its complications, immunology, and autoimmunity. This resource is a valuable tool for researchers to store their samples from clinics, surgery, and clinical trials to draw on for future research studies. The NSRL and Bio-bank building lease arrangement provides the Institute with both a future economic benefit and control over that future economic benefit. The cost of the leasehold improvement has been capitalised and appears in the statement of financial position. The facility commenced operations in 2015.

(ii) Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to the revalued asset.

The Institute does not apply the recoverable amount valuation process. However prudent depreciation rates have been selected to overcome the difficulty in determining the recoverable amount. The Institute's plant, equipment and fixtures are generally fully depreciated well before the end of the assets useful life and leasehold improvement is depreciated in line with the duration of the lease.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(iii) Depreciation

The depreciable amount of all fixed assets including leasehold improvements are depreciated on a straight line basis over the assets useful life to the Institute commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	7%
Plant and equipment	20 – 33%
Motor vehicles	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Investments and other financial assets

(i) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(ii) Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(iii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(iv) Impairment of financial assets

The Institute recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

(d) Impairment of assets

At the end each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the assets carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(e) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the Institute is measured using the currency of the primary economic environment in which the Institute operates. The financial statements are presented in Australian dollars, which is the Institute's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Institute during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Employee benefits

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the amounts expected to be paid when the

liability is settled. If the benefit is not expected to be settled within twelve months it is accounted for as an other long-term liability.

In determining other long-term liabilities, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Income tax

The Institute is granted exemption from income tax under Subdivision 50 of the Income Tax Assessment Act 1997 because of the charitable nature of the business.

(l) Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a first-in, first-out principle.

(m) Right of Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Institute expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Institute has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Institute.

(q) Key judgements

Financial Assets at Fair Value through Other Comprehensive Income

The Institute maintains a portfolio of securities with a carrying value of \$24,777,994 at the end of the reporting period. During the 2020 year the combined value of financial investment has decreased by \$2,378,240, which included the decrease in market value of the portfolio, additional contributions to the securities portfolio and dividend income which has been reinvested and a transfer of funds from securities into Term Deposits. There is no impairment of investments to be recognised for 2020. The Investment Committee, in consultation with the Institute's external investment advisors, carefully monitor the value of the investments during the year. Reports are regularly given to the directors, who review the value at year-end to determine whether such investments will be considered impaired.

(r) Economic dependence

St Vincent's Institute of Medical Research is dependent on State and Federal government funding for approximately 50% of its revenue used to operate the business. At the date of this report the board of directors has no reason to believe the governments will not continue to support St Vincent's Institute of Medical Research.

Note 2: Revenue and Other Income

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Income from research activities:		
Government grants for direct research		
<i>Commonwealth Government</i>		
National Health and Medical Research Council	7,470,288	7,789,414
Australian Research Council	124,562	293,944
Government grants for operational support		
<i>Commonwealth Government</i>		
National Health and Medical Research Council (Independent Research Institutes Infrastructure Support Scheme)	1,355,804	1,202,588
<i>Victorian State Government</i>		
Department of Health and Human Services (Operational Infrastructure Support Program)	1,393,712	1,766,773
Other research grants	<u>3,098,024</u>	<u>4,047,275</u>
Total income from research activities	<u>13,442,390</u>	<u>15,099,994</u>
Other income:		
JobKeeper Government Grants	3,653,205	-
Legacies, bequests, donations	5,036,616	5,305,219
Dividends/share trading from other corporations	790,825	866,680
Interest from other corporations	22,868	112,589
Contract services	8,336,383	8,730,777
Royalty and licensing income	249,095	513,015
Other	<u>663,856</u>	<u>573,261</u>
Total other income	<u>18,752,846</u>	<u>16,101,541</u>
Total revenues	<u>32,195,236</u>	<u>31,201,535</u>

Note 3: Expenses

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Expenses:		
Direct research and contract service costs	17,563,293	18,683,049
Operational support	<u>9,585,143</u>	<u>9,608,192</u>
	27,148,437	28,291,241
Transfer of funds to external, joint collaborators	1,813,313	1,998,061
Depreciation and amortisation of non-current assets	912,473	1,019,444
Total expenses	<u>29,874,222</u>	<u>31,308,746</u>

Note 4: Cash and Cash Equivalents

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Cash at bank and on hand	4,713,972	3,076,354
Term deposits	2,809,754	-
Total cash and cash equivalents	<u>7,523,726</u>	<u>3,076,354</u>

Note 5: Trade and Other Receivables

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Current		
Grants and reimbursements	2,894,271	3,329,061
Provision for impairment of receivables	<u>(12,003)</u>	<u>(32,256)</u>
	<u>2,882,268</u>	<u>3,296,805</u>
Non-current		
St. Vincent's Hospital - imprest advance	<u>125,000</u>	<u>250,000</u>
	<u>125,000</u>	<u>250,000</u>

Provision for Impairment of Receivables

Current trade receivables are generally on 30 days term. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that the individual trade receivable is impaired. The provision for impairment of receivables at 31 December 2020 was (\$12,003).

Note 6: Right of Use Assets

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Current		
Right of use assets	<u>1,189,868</u>	<u>13,058</u>
Total Right of Use Assets	<u>1,189,868</u>	<u>13,058</u>

Right of use assets comprise of a property lease.

Note 7: Other Assets

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Current		
Prepayments	660,116	153,786
Stock on hand	392,439	1,072,706
Asset held for sale	1,095,000	-
Total other assets	<u>2,147,555</u>	<u>1,226,492</u>

Other Assets included inventory on hand representing samples used for diagnostic testing of infectious diseases.

Note 8: Financial Assets

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Non-current		
Financial assets at fair value through OCI		
Shares in listed & unlisted securities - at fair value	24,777,994	27,156,233
Total financial assets	<u>24,777,994</u>	<u>27,156,233</u>

These financial assets comprise investments in the ordinary issued capital of various entities.

Note 9: Property, Plant & Equipment

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Plant & equipment:		
Plant, equipment and fixtures at cost	21,231,508	20,607,261
Less accumulated depreciation	<u>(18,748,848)</u>	<u>(17,875,359)</u>
Total plant, equipment and fixtures	2,482,660	2,731,902
Property:		
Leasehold improvements at cost	11,975,464	11,975,464
Less accumulated amortisation	<u>(11,783,318)</u>	<u>(11,732,423)</u>
Total leasehold improvements	192,146	243,041
Motor vehicles:		
Motor vehicles at cost	57,409	57,409
Less accumulated depreciation	<u>(48,129)</u>	<u>(28,940)</u>
Total motor vehicles	9,280	28,469
Total property, plant & equipment	<u>2,684,086</u>	<u>3,003,412</u>
Movements in Carrying Amounts:		
Plant & equipment:		
Balance at beginning of the year	2,341,940	1,954,275
Additions - purchases	624,247	1,185,142
Depreciation expense	<u>(873,489)</u>	<u>(797,477)</u>
Carrying amount at end of the year	2,092,698	2,341,940
Property:		
Balance at beginning of the year	633,003	815,957
Additions	-	-
Depreciation expense	<u>(50,895)</u>	<u>(182,954)</u>
Carrying amount at end of the year	582,108	633,003
Motor vehicles:		
Balance at beginning of the year	28,469	47,605
Additions	-	-
Depreciation expense	<u>(19,189)</u>	<u>(19,136)</u>
Carrying amount at end of the year	9,280	28,469
Total property, plant & equipment	<u>2,684,086</u>	<u>3,003,412</u>

Note 10: Trade and Other Payables

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Current		
Unsecured liabilities:		
Trade payables	4,617,598	4,787,249
Other Liability	1,829,880	624,846
Employee benefits (annual leave entitlements)	1,390,117	1,192,595
Total trade and other payables	<u>7,837,595</u>	<u>6,604,690</u>

Note 11: Leases

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Leases:		
Lease Liability - current	224,334	13,562
Lease Liability - non-current	988,704	
Total Lease Liability	<u>1,213,038</u>	<u>13,562</u>

Note 12: Provisions

	<u>2020 (\$)</u>	<u>2019 (\$)</u>
Provision for employee entitlements:		
Opening balance at beginning of the year	2,822,029	2,883,513
Additional provisions raised during the year	137,625	121,422
Amounts used	(94,758)	(182,906)
Balance at the end of the year	<u>2,864,896</u>	<u>2,822,029</u>
Analysis of total provisions:		
Current	2,624,864	2,606,709
Non-current	240,032	215,320
Total provision for employee entitlements	<u>2,864,896</u>	<u>2,822,029</u>

Provision for long-term employee entitlements:

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(i) to this report.

Note 13: Reserve

Financial assets reserve

The financial assets reserve records revaluation of increments and decrements (that do not represent impairment write-downs) that refer to financial assets that are classified as fair value through OCI. Effective as of 1 January 2018 the financial assets reserve also includes the cumulative change in fair value of disposed financial assets that are classified as fair value through OCI. The total loss on sale and decrease in the market value of the shares for 2020 is (\$1,488,119), which is reflected in the financial accounts as an increase in the financial asset reserve.

Note 14: Contingent Liabilities and Contingent assets

There are no contingent assets or liabilities to be disclosed in the financial report.

Note 15: Related Party Transactions

Related party transactions during 2020 and 2019 were as follows:

- Certain members of the Institute's board made donations to the Institute totaling \$241,700 in 2020.
- An employee of the Institute worked as the personal assistant to the Executive Director, Professor Tom Kay and worked on a contract basis for Professor Tom Kay's wife.
- The Executive Director of the Institute was also the Director of the Aikenhead Centre for Medical Discovery (ACMD) up to the period ending 30 June 2020. Remuneration for performing the ACMD role was paid by St Vincent's Hospital Melbourne.

Note 16: Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Institute during the year are as follows:

	2020 (\$)	2019 (\$)
Key management personnel compensation	633,333	596,500

Note 17: Segment Reporting

The Institute operates in the medical research sector where it undertakes basic and clinical research in Australia.

Note 18: Events after the reporting period

No matter or circumstances have arisen between the end of the reporting period and the date of this report which significantly affected or may significantly affect the operations, the results or the affairs of the Institute.

Note 19: Institute Details

The registered office and principal place of business of the Institute is:

St. Vincent's Institute of Medical Research
9 Princes Street
Fitzroy, Vic 3065

Directors' Declaration

The directors of the Institute declare that:

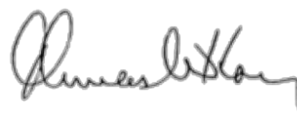
1. The financial statements and notes, as set out on pages 9 to 24 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:
 - a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the year ended on that date of the Institute.
2. In the directors' opinion there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

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



Director

AJ Reeves



Director

TWH Kay

Dated this 29th March 2021, Melbourne, Australia

St Vincent's Institute Medical Research

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of St Vincent's Institute (the Company)), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss, the statement of 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 St Vincent's 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 2020
- b) and of its financial performance for the year then ended; and
- c) complying with Australian Accounting Standards - Reduced Disclosure Regime and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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 are independent of the St Vincent's Institute Medical Research in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

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

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 2020, but does not include the financial report and the 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.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

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 the 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 - Reduced Disclosure Regime and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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.

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 the 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 this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

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

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, related safeguards.

A handwritten signature in blue ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in blue ink that reads 'C.L. Siddles'.

C.L. Siddles

Director

Melbourne, 29th March 2021