



# DERBARL YERRIGAN HEALTH SERVICE

(ABN 60 824 221 416)

Annual Financial Report

FOR THE YEAR ENDED

30 June 2019

## CONTENTS

Description	Page
Directors' report	3
Directors' declaration	6
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Auditor's report	25

## DIRECTORS' REPORT

for the year ended 30 June 2019

The directors of Derbarl Yerrigan Health Service Aboriginal Corporation ("DYHSAC" or "the Service") present their report for the year ended 30 June 2019, as approved at a board meeting held on 30<sup>th</sup> October 2019.

### Directors

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

- Francine Eades (Chairperson)
- Laurence Riley (Deputy Chairperson) (appointed 17 October 2018)
- Louise Tucker (Treasurer)
- Kerry Hunt
- Michelle Nelson-Cox (resigned 19 September 2018)
- Jacqueline Oakley (resigned 18 April 2019)
- Roger Turvey
- Greg Ugle
- Timothy Agius (Independent Director) (appointed 18 June 2019)
- Paul Case (Independent Director) (appointed 18 June 2019)

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

### Board Meetings held/attended while in office

Name	Number of meetings held whilst a director	Number of meetings attended whilst a director
Francine Eades	10	9
Laurence Riley	9	8
Louise Tucker	10	8
Kerry Hunt	10	10
Michelle Nelson-Cox	-	-
Jacqueline Oakley	7	6
Roger Turvey	10	8
Greg Ugle	10	4
Timothy Agius	-	-
Paul Case	-	-

### Finance, Audit & Risk Management Sub-Committee Meetings held/attended while in office

Name	Number of meetings held whilst a member	Number of meetings attended whilst a member
Francine Eades	2	1
Laurence Riley	2	2
Louise Tucker	2	1
Jacqueline Oakley	2	1
Greg Ugle	2	2

The Finance Sub-Committee and the Audit & Risk Sub-Committee were merged on 30 January 2019.

## DIRECTORS' REPORT

for the year ended 30 June 2019

### Research & Development Sub-Committee Meetings held/attended while in office

Name	Number of meetings held whilst a member	Number of meetings attended whilst a member
Francine Eades	2	2
Louise Tucker	2	2
Kerry Hunt	2	2
Roger Turvey	2	2

### Other Meetings and Workshops held/attended while in office

Name	Number of meetings held whilst a member	Number of meetings attended whilst a member
Francine Eades	12	12
Laurence Riley	7	7
Louise Tucker	7	6
Kerry Hunt	10	10
Jacqueline Oakley	7	6
Roger Turvey	5	5
Greg Ugle	9	6

Other meetings and workshops included Independent Director Selection Panel meetings, a 45th Year Sub-Committee meeting, AHCWA State Conferences, Corporate Governance Training Days, a Strategic Planning Workshop and a Community Engagement Workshop. Attendance of other meetings is dependent on selection for committees as well as availability.

### Review of operations

DYHSAC's operations for the financial year resulted in a surplus of \$61,296 (2018: deficit of \$309,346).

### Principal activities

During the year ended 30 June 2019, DYHSAC was involved in the provision of a variety of services including:

- Preventative care focussed on early detection and management of chronic illness across all ages
- Post-natal and antenatal care to women and families
- Early childhood, school age and adolescent health programs
- Team-based management of chronic diseases with a focus on preventing disease progression and complications and maintaining quality of life
- Dental services to DYHSAC clients aged 13 years and above, including the development of full dental plans
- Access to a comprehensive suite of services provided by mental health and allied health care professionals and specialist services
- Pharmacy and transport services to DYHSAC clients.

### Significant Changes in State of Affairs

On 7 April 2017, upon request from the Australian Government Department of Health ("Commonwealth"), the Service entered into a Deed of Agreement which appointed the Aboriginal Health Council of Western Australia ("AHCWA") as the external body who would manage the day to day operations of the Service, provide governance and leadership to the Service and oversee and administer all compliance and regulatory obligations.

The Deed of Agreement with AHCWA expired on 30 June 2019 and AHCWA and DYHSAC worked to ensure the Service was returned into the DYHSAC community control by this date. As per the original Deed of Agreement between DYHSAC and AHCWA, the term of Administration was for a period of two years which ended on 30 June 2019, however the term was extended for a further 12 weeks which expired on 30 September 2019.

## **DIRECTORS' REPORT**

for the year ended 30 June 2019

### **Subsequent events**

As confirmed by AHCWA, as of 1 October 2019 DYHSAC was no longer under the Administration of AHCWA.

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

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

It is expected that the operations of the Service will continue in line with that of the current reporting period.

### **Environmental regulations**

DYHSAC's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### **Dividends, shares, options and other interests**

DYHSAC's rule book does not permit dividends to be paid and thus no dividends were paid or are recommended to be paid.

Similarly, DYHSAC is an Aboriginal Corporation and does not issue shares, options or other interests in the Service. As a consequence, no shares, options or other interests were granted during or since the end of the year and no options were outstanding at the date of this report.

### **Indemnification and insurance of directors and officers**

Directors' and Officers' Liability Insurance is held to cover a director for certain liabilities arising whilst acting as a director of the Service. The wording of the policy prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

### **Indemnification of auditors**

To the extent permitted by law, DYHSAC has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### **Legal proceedings**

No person has applied for leave of Court to bring proceedings on behalf of the Service or intervene in any proceedings to which the Service is a party for the purpose of taking responsibility on behalf of the Service for all or any part of those proceedings.

The Service was not a party to any such proceedings during the year.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required by Subdivision 339-50 of the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 7.

Signed in accordance with a resolution of the board of directors.



Francine Eades  
Chairperson  
Perth

31<sup>st</sup> October 2019

## DIRECTORS' DECLARATION

for the year ended 30 June 2019

In accordance with a resolution of the directors of Derbarl Yerrigan Health Service Aboriginal Corporation, I state that in the opinion of the directors:

- (a) the financial statements and notes of Derbarl Yerrigan Health Service Aboriginal Corporation are in accordance with the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* and the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
  - (i) giving a true and fair view of the Service's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
- (b) there are reasonable grounds to believe that Derbarl Yerrigan Health Service Aboriginal Corporation will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors,



Francine Eades  
Chairperson  
Perth

31<sup>st</sup> October 2019

## AUDITORS' INDEPENDENCE DECLARATION

for the year ended 30 June 2019



**Building a better  
working world**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

### Auditor's independence declaration to the Members of Derbarl Yerrigan Health Service Aboriginal Corporation

In relation to our audit of the financial report of Derbarl Yerrigan Health Service Aboriginal Corporation for the financial year ended 30 June 2019 and in accordance with the requirements of Subdivision 60-C of the Australian Charities and Not-for profits Commission Act 2012 and Subdivision 339-50 of the Corporations (Aboriginal and Torres Strait Islander) Act 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Pierre Dreyer  
Partner  
31 October 2019

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 30 June 2019

		<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
Revenue	2.1	16,092,759	15,419,761
Other income	2.1	135,337	118,299
Administration expenses	2.2	(3,112,829)	(2,706,625)
Personnel expenses		(11,956,432)	(11,836,808)
Rent and other property expenses		(612,141)	(734,944)
Motor vehicle expenses		(128,454)	(154,244)
Depreciation and amortisation expense	3.1	(356,944)	(414,785)
<b>Operating surplus/(deficit)</b>		<b>61,296</b>	<b>(309,346)</b>
Finance costs		-	-
<b>Surplus/(deficit) before tax</b>		<b>61,296</b>	<b>(309,346)</b>
Income tax expense	2.3	-	-
<b>Surplus/(deficit) after tax</b>		<b>61,296</b>	<b>(309,346)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive surplus/(deficit)</b>		<b>61,296</b>	<b>(309,346)</b>

This statement should be read in conjunction with the accompanying notes to the financial statements.



## STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

		2019	2018
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	3,759,110	3,488,990
Trade and other receivables	4.2	199,296	356,192
Prepayments	4.3	279,174	550,375
<b>Total current assets</b>		<b>4,237,580</b>	<b>4,395,557</b>
<b>Non-current assets</b>			
Property, plant and equipment	3.1	2,209,169	2,358,188
<b>Total non-current assets</b>		<b>2,209,169</b>	<b>2,358,188</b>
<b>TOTAL ASSETS</b>		<b>6,446,749</b>	<b>6,753,745</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	4.4	1,230,837	1,580,151
Unearned income	4.4	27,778	78,294
Provisions	4.5	1,033,883	1,069,090
<b>Total current liabilities</b>		<b>2,292,498</b>	<b>2,727,535</b>
<b>Non-current liabilities</b>			
Provisions	4.5	246,077	179,332
<b>Total non-current liabilities</b>		<b>246,077</b>	<b>179,332</b>
<b>TOTAL LIABILITIES</b>		<b>2,538,575</b>	<b>2,906,867</b>
<b>NET ASSETS</b>		<b>3,908,174</b>	<b>3,846,878</b>
<b>EQUITY</b>			
Retained surplus		3,908,174	3,846,878
<b>TOTAL EQUITY</b>		<b>3,908,174</b>	<b>3,846,878</b>

This statement should be read in conjunction with the accompanying notes to the financial statements.

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Retained surplus	Total equity
	\$	\$
<b>At 1 July 2018</b>	<b>3,846,878</b>	<b>3,846,878</b>
Surplus for the period	61,296	61,296
<b>At 30 June 2019</b>	<b>3,908,174</b>	<b>3,908,174</b>
<b>At 1 July 2017</b>	<b>4,156,224</b>	<b>4,156,224</b>
Deficit for the period	(309,346)	(309,346)
<b>At 30 June 2018</b>	<b>3,846,878</b>	<b>3,846,878</b>

This statement should be read in conjunction with the accompanying notes to the financial statements.

## STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

		2019	2018
	Notes	\$	\$
<b>Operating activities</b>			
Receipts from customers, inclusive of GST		6,087,341	5,386,162
Receipts of government contributions and subsidies		12,374,025	12,397,910
Payments to suppliers and employees, inclusive of GST		(18,011,405)	(17,979,740)
Interest received		23,289	16,033
<b>Net cash flows from/(used in) operating activities</b>		<b>473,250</b>	<b>(179,635)</b>
<b>Investing activities</b>			
Payment for the acquisition of assets		507,816	687,636
Proceeds from disposal of assets		(710,946)	(799,642)
<b>Net cash flows used in investing activities</b>		<b>(203,130)</b>	<b>(112,006)</b>
<b>Financing activities</b>			
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>270,120</b>	<b>(291,641)</b>
Cash and cash equivalents at 1 July		3,488,990	3,780,631
<b>Cash and cash equivalents at 30 June</b>	4.1	<b>3,759,110</b>	<b>3,488,990</b>

This statement should be read in conjunction with the accompanying notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## SECTION ONE: ABOUT THIS REPORT

### Corporate information:

Derbarl Yerrigan Health Service Aboriginal Corporation ("DYHSAC" or "the Service") is an incorporated entity domiciled in Australia. The Service is a not-for profit entity organisation established to provide health services to the Aboriginal community. The Board have determined that the Service is a reporting entity.

The financial statements were authorised for issued in accordance with a resolution of the Board of Directors on 30<sup>th</sup> October 2019.

### Statement of compliance:

The financial report is a general purpose financial report, which was prepared in accordance with the requirements of the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*, the *Australian Charities and Not-for-Profit Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Service is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Service are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

The accounting policies are consistent with those disclosed in the prior period financial report, except for the impact of all new and amended standards and interpretations as disclosed in Note 6.4. The adoption of these standards and interpretations did not result in significant changes to the Service's accounting policies or the comparative amounts disclosed.

### Basis of preparation:

The financial report was prepared on a historical cost basis.

### Currency:

The functional and presentation currency of the Service is Australian dollars.

### Comparative information:

The financial statements provide comparative information in respect of the previous period. The re-classification of items in the financial statements of the previous period was made in accordance with the classification of items in the financial statements of the current period.

### Going concern:

The financial statements have been prepared on the basis that the Service is a going concern.

The Service's ability to continue as a going concern is dependent upon the ongoing receipt of State and Commonwealth Government Grants. The ongoing receipt of these Grants is subject to compliance with the conditions attached to the Grants. Should the Service be unable or ineligible to receive recurrent Government Grants, then it would need to reduce operational expenditure to continue as a going concern.

The Directors are confident that the Service will continue to receive ongoing funding from recurrent Government Grants from both the State and Commonwealth to continue to finance operations. On this basis the Directors believe that the Service will continue to generate sufficient cash flow to be able to pay its debts as and when they fall due.

### Key estimates and judgements:

In applying the Service's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Service.

All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances known to management. Actual results may differ from those judgements, estimates and assumptions.

Significant judgements, estimates and assumption made by management in the preparation of these financials are found in the following notes:

<b>Note 3.1</b>	Useful lives of plant and equipment	Page 16
<b>Note 3.1</b>	Impairment of non-financial assets	Page 16
<b>Note 4.4</b>	Unearned income	Page 18
<b>Note 4.5</b>	Provision for long-service leave	Page 19

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION TWO: CURRENT PERFORMANCE

#### 2.1 REVENUE AND OTHER INCOME

	2019 \$	2018 \$
<b>Revenue</b>		
Government contributions	6,790,079	11,416,790
Service revenue (a)	5,060,473	-
Medicare revenue	3,811,317	3,793,451
PATS revenue	430,890	209,520
	<b>16,092,759</b>	<b>15,419,761</b>
<b>Other income</b>		
Interest income	23,289	16,033
Net gain on disposal of property, plant and equipment	4,794	16,465
Donations	6,060	14,000
Other (b)	101,194	71,801
	<b>135,337</b>	<b>118,299</b>

##### (a) Service revenue

On 7 April 2017, upon request from the Australian Government Department of Health ("Commonwealth"), the Service relinquished all rights and responsibilities under the Service's Head Agreement for Multi-Project Funding Agreement 2015 – 2018 with the Commonwealth. These rights and responsibilities were relinquished through a separate Deed of Novation with the Commonwealth executed on 28 April 2017.

During the current period, a single-year agreement was signed directly between AHCWA and the Commonwealth. A separate services agreement was signed between DYHSAC and AHCWA. Revenue earned under this arrangement with AHCWA in the current period is of a services nature.

##### (b) Other income

	2019 \$	2018 \$
Employee car contributions	12,630	12,440
Medical income	22,085	14,789
Rent Received	6,329	15,624
Sundry income	33,618	1,284
Training subsidy	14,210	2,292
Other - income	12,322	25,372
	<b>101,194</b>	<b>71,801</b>

#### Recognition and measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Service and the revenue may be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The specific recognition criteria below must also be met before revenue is recognised:

- Government contributions**

The Service's programs are supported by contributions from the State and Commonwealth.

If conditions are attached to the grant which must be satisfied before the Service is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied. When the grant is received on the condition that specified services are delivered, the arrangement is considered a reciprocal transfer. Revenue is recognised as and when the services are rendered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Service obtains control of the funds, economic benefits are probable and the amount of the grant may be measured reliably. If the grant may be required to repaid if certain conditions are not satisfied, a provision for unspent grants is recognised at year-end to the extent that those conditions remain unsatisfied.

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION TWO: CURRENT PERFORMANCE

- **Rendering of services**

Revenue from the provision of services is recognised on the date of delivery of those services to the recipient.

- **Medicare revenue**

Revenue from Medicare is recognised on the date of delivery of those services to the recipient.

- **PATS revenue**

Revenue from PATS is recognised on the date of delivery of those services to the recipient.

- **Donations**

Donations collected are recognised as income when the Service gains control, economic benefits are probable and the amount of the donation may be measured reliably.

- **Interest income**

Interest income is recognised on an accrual basis using the effective interest rate method ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a short period, where appropriate, to the net carrying amount of the financial asset.

## 2.2 ADMINISTRATION EXPENSES

	2019 \$	2018 \$
Operational (a)	2,860,019	2,434,594
Board related (b)	252,810	272,031
	<b>3,112,829</b>	<b>2,706,625</b>

### (a) Operational

	2019 \$	2018 \$
Administration fees	1,230,758	1,398,859
Insurance expenses	436,588	313,317
Consultants fees	189,176	24,850
Catering expenses	178,981	83,686
Staff expenses	287,282	142,714
Travel expenses	83,530	62,784
Medical supplies	348,784	306,696
Audit fees	63,130	59,847
NAIDOC day expenses	41,790	41,841
	<b>2,860,019</b>	<b>2,434,594</b>

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION TWO: CURRENT PERFORMANCE

#### (b) Board related

	2019	2018
	\$	\$
AGM expenses	21,258	13,826
Board conferences	7,567	2,909
Board travel cost & accommodation	11,890	11,652
Catering	961	2,686
Cleaning	-	200
Consultants Fees	21,055	39,500
Events	659	935
45th Anniversary	29,880	5,800
Hire of plant and equipment	-	527
Honorariums	-	1,009
Insurance – workers compensation	-	815
Internet fees	273	343
Legal Fees	2,207	21,699
Minor equipment and software purchases	-	381
Printing and stationery	15,626	14,289
Security	442	689
Sitting fees	37,754	50,149
Sponsorship/donation	-	(500)
Subscriptions & publications	-	678
Staff training	6,930	1,541
Superannuation contributions	2,600	9,727
Salaries and Wages - Secretariat & AGM/SGM Staff	91,095	92,805
Staff amenities	1,259	52
Travel and transport assistance	1,354	-
Recruitment	-	319
	<b>252,810</b>	<b>272,031</b>

#### 2.3 INCOME TAX EXPENSE

No provision for income taxes was recognised by the Service, which is exempt from income tax under Division 40 of the *Income Tax Assessment Act 1997*.

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION THREE: GROWTH ASSETS

#### 3.1 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Office equipment	Plant and equipment	Artworks	Motor vehicles	Other	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
<b>At 30 June 2018</b>	<b>3,977,352</b>	<b>1,006,220</b>	1,279,028	<b>16,333</b>	<b>767,783</b>	-	<b>7,046,716</b>
Additions	13,248	157,760	24,132	5,000	548,675	6,950	755,765
Disposals	-	(8,592)	-	-	(665,075)	-	(673,667)
<b>At 30 June 2019</b>	<b>3,990,600</b>	<b>1,155,388</b>	<b>1,303,160</b>	<b>21,333</b>	<b>651,383</b>	<b>6,950</b>	<b>7,128,814</b>
<b>Depreciation and impairment</b>							
<b>At 30 June 2018</b>	<b>(2,283,721)</b>	<b>(946,814)</b>	<b>(1,187,400)</b>	<b>(16,333)</b>	<b>(254,260)</b>	-	<b>(4,688,528)</b>
Depreciation charge for the year	(173,174)	(58,419)	(64,126)	(167)	(60,672)	(386)	(356,944)
Disposals	-	8,592	-	-	117,235	-	125,827
<b>At 30 June 2019</b>	<b>(2,456,895)</b>	<b>(996,641)</b>	<b>(1,251,526)</b>	<b>(16,500)</b>	<b>(197,697)</b>	<b>(386)</b>	<b>(4,919,645)</b>
<b>Net book value</b>							
<b>At 30 June 2018</b>	<b>1,693,631</b>	<b>59,406</b>	<b>91,628</b>	<b>-</b>	<b>513,523</b>	<b>-</b>	<b>2,358,188</b>
<b>At 30 June 2019</b>	<b>1,533,705</b>	<b>158,747</b>	<b>51,634</b>	<b>4,833</b>	<b>453,686</b>	<b>6,564</b>	<b>2,209,169</b>

#### Recognition and measurement

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment. When a major inspection is performed, the cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are expensed to profit or loss as incurred. Land and building at Wittenoom Street, East Perth are subject to encumbrances (caveat and easement burden) and as such, these may not be sold by the Service

Freehold land and buildings are measured at cost less accumulated depreciation and impairment losses recognised. The carrying amounts of the Service's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

#### Key judgement and estimate: Impairment of non-financial assets

The Service assesses impairment at the end of the reporting period by evaluating the conditions and events specific to the organisation that may be indicative of impairment triggers.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised immediately in the statement of profit or loss.

#### Depreciation and de-recognition

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- **Buildings:** 14%
- **Building improvements:** 20%
- **Plant and equipment:** 20%
- **Office equipment:** 20%
- **Motor vehicles:** 10%
- **Computer equipment:** 30%

An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

#### Key judgement: Useful life of depreciable assets

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively based on the expected utility of the assets.



## NOTES TO THE FINANCIAL STATEMENTS

### SECTION FOUR: OPERATING ASSETS AND LIABILITIES

#### 4.1 CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank and on hand	3,753,306	3,483,333
Deposits on call	5,804	5,657
	<b>3,759,110</b>	<b>3,488,990</b>

##### Recognition and measurement

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents defined above, net of outstanding bank overdrafts.

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

#### 4.2 TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Trade receivables and other receivables	220,017	166,391
Allowance for expected credit loss	(20,586)	-
Net GST receivable	(135)	189,801
	<b>199,296</b>	<b>356,192</b>

##### Recognition and measurement

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less an allowance for expected credit losses. Trade receivables are non-interest bearing with settlement terms of between 14 to 60 days.

##### Allowance for expected credit losses

The Service recognises an allowance for expected credit losses ("ECLs") for all debt instruments which are held at amortised cost. For trade receivables, the Service applies a simplified approach in calculating ECLs. The Service does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Service has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### Fair value

Due to the short-term nature of these receivables, the carrying amount is assumed to approximate their fair value.

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION FOUR: OPERATING ASSETS AND LIABILITIES

#### 4.3 PREPAYMENTS

	2019	2018
	\$	\$
Prepayments	279,174	550,375
Current	279,174	550,375

#### 4.4 TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Trade creditors	1,230,837	1,580,151
	1,230,837	1,580,151

##### Recognition and measurement

Liabilities for trade and other payables are initially recognised at fair value when goods and services are receipted, whether or not billed to the Service, prior to the end of the reporting period.

Trade and other payables are subsequently measured at amortised cost. Amounts are non-interest bearing with settlement terms of 30 days, on average.

##### Fair value

Due to the short-term nature of these payables, the carrying amount is assumed to approximate their fair value.

##### Unearned income

The liability for unearned income is the unutilised amount of grants received on the condition that specified services are delivered or conditions are fulfilled. Ordinarily, the services are provided or the conditions are satisfied within twelve months from the receipt of the grant contributions.

Where the amount received is in respect of services to be provided over a period that exceeds twelve months after the reporting date or the conditions will only be satisfied more than twelve months after the reporting date, the liability is discounted and presented as non-current in the statement of financial position.

The movement in unearned income is as follows:

	Total
	\$
<b>At 1 July 2018</b>	<b>78,294</b>
Arising	6,547,002
Utilised	(6,597,518)
<b>At 30 June 2019</b>	<b>27,778</b>
Current	27,788
Non-current	-

##### Key judgements: Unearned income

Management requires judgement to determine key assumptions used in evaluating whether performance criteria attached to a service arrangement were satisfied and the likelihood that the State or Commonwealth would request a refund, partially or in full, for unspent grant contributions.

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION FOUR: OPERATING ASSETS AND LIABILITIES

#### 4.5 PROVISIONS

	Annual leave \$	Long service leave \$	Other \$	Total \$
<b>At 1 July 2018</b>	<b>585,825</b>	<b>662,597</b>	<b>-</b>	<b>1,248,422</b>
Arising	581,497	163,495	435	745,427
Utilised or reversed	(599,422)	(114,468)	-	(713,890)
<b>At 30 June 2019</b>	<b>567,900</b>	<b>711,624</b>	<b>435</b>	<b>1,279,959</b>
Current	567,900	465,547	435	1,033,882
Non-current	-	246,077	-	246,077

#### Recognition and measurement

Provisions are recognised when the Service has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate may be made of the amount of the obligation.

When the Service expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense related to any provision is recognised in profit or loss net of any reimbursement.

#### Employee benefits

Provision is made for employee benefits accumulated as a result of employee rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave and long-service leave.

Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the reporting period in which the employees render the related services are recognised as long-term employee benefits.

These liabilities are measured at the present value of the estimated future cash outflow to be made to the employees using the projected unit cost method. Liabilities expected to be wholly settled within one year after the end of the reporting period in which the employees render the related services are classified as short-term benefits and measured at the amount due to be paid.

#### Key judgments: Long-service leave

Long service leave is measured at the present value of the benefits accumulated up to the end of the reporting period. The liability is discounted using an appropriate discount rate. Management requires judgement to determine key assumptions used in the calculation of future increases in salaries and wages, future on-cost rates and future settlement dates of employees' departures.

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION FIVE: CAPITAL STRUCTURE AND FINANCING

#### 5.1 COMMITMENTS

	2019 \$	2018 \$
<b>Operating lease expenditure commitments</b>		
Minimum lease repayments:		
Within one year	328,517	151,485
After one year but more than five years	1,043,535	144,535
More than five years	-	-
	<b>1,372,052</b>	<b>296,020</b>

#### Lease expenditure commitments

The Service entered into operating leases for certain properties, with lease terms of between one to four years. The Service has an option, under some of its lease arrangements, to extend the lease term for an additional period of time.

Leases are classified at their inception as either an operating or finance lease in consideration for the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, in which the lessor retains substantially all the risks and benefits of the leased item, are recognised as an expense to profit or loss on a straight-line basis.

#### 5.2 CONTINGENCIES

Contingent liabilities relate to actual or potential claims of the Service that have arisen in the ordinary course of business, the outcome of which cannot be foreseen at present and for which no amounts are provided for in the statement of financial position.

Contingencies include:

#### Acquisition of grant-funded assets

Under the terms of Commonwealth capital grants provided to the Service, the Commonwealth is entitled to a refund or share in the proceeds arising from the sale of a grant-funded asset. It is not possible to quantify the amounts involved.

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION SIX: OTHER ITEMS

#### 6.1 RELATED PARTY DISCLOSURES

##### (a) Key management personnel

Key management personnel of the Service include the Board of Directors, the Chief Executive Officer and Executive Directors.

##### (a) Compensation to key management personnel

For the year ended 30 June 2019, \$55,895 (2018: \$48,638) was recognised as an expense in respect of key management personnel remuneration. Comparative information has been included.

##### Details of payments to Board Members during the year

	2019	2018
	\$	\$
<b>Laurence Riley:</b>		
Meeting fees	4,327	685
Superannuation	411	65
Travel allowance	2,067	-
Honorariums	-	-
	<b>6,805</b>	<b>750</b>
<b>Sharon Bushby:</b>		
Meeting fees	-	877
Superannuation	-	-
Travel allowance	-	-
Honorariums	-	-
	<b>-</b>	<b>877</b>
<b>Colin Garlett:</b>		
Meeting fees	-	1,140
Superannuation	-	96
Travel allowance	-	337
Honorariums	-	135
	<b>-</b>	<b>1,708</b>
<b>Charne Hayden:</b>		
Meeting fees	-	1,403
Superannuation	-	119
Travel allowance	-	-
Honorariums	-	291
	<b>-</b>	<b>1,813</b>
<b>Michelle Nelson-Cox:</b>		
Meeting fees	2,173	5,845
Superannuation	206	443
Travel allowance	-	-
Honorariums	-	-
	<b>2,379</b>	<b>6,288</b>

	2019	2018
	\$	\$
<b>Patrick Smith:</b>		
Meeting fees	-	877
Superannuation	-	-
Travel allowance	-	-
Honorariums	-	-
	<b>-</b>	<b>877</b>
<b>Edward Wilkes:</b>		
Meeting fees	-	274
Superannuation	-	-
Travel allowance	-	-
Honorariums	-	-
	<b>-</b>	<b>274</b>
<b>John Penny:</b>		
Meeting fees	-	1,140
Superannuation	-	96
Travel allowance	-	-
Honorariums	-	291
	<b>-</b>	<b>1,527</b>
<b>Deanne Lewis:</b>		
Meeting fees	-	1,140
Superannuation	-	96
Travel allowance	-	-
Honorariums	-	291
	<b>-</b>	<b>1,527</b>
<b>Kerry Hunt:</b>		
Meeting fees	5,000	4,699
Superannuation	77	65
Travel allowance	1,911	-
Honorariums	-	-
	<b>6,988</b>	<b>4,764</b>

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION SIX: OTHER ITEMS

	2019	2018
	\$	\$
<b>Francine Eades:</b>		
Meeting fees	6,677	4,968
Superannuation	634	443
Travel allowance	2,803	22
Honorariums	-	-
	<b>10,114</b>	<b>5,433</b>
<b>Dorothy Henry:</b>		
Meeting fees	-	685
Superannuation	-	65
Travel allowance	-	-
Honorariums	-	-
	-	<b>750</b>
<b>Barbara McGillivray:</b>		
Meeting fees	-	685
Superannuation	-	65
Travel allowance	-	-
Honorariums	-	-
	-	<b>750</b>
<b>Marley Nelson:</b>		
Meeting fees	-	685
Superannuation	-	(17)
Travel allowance	-	-
Honorariums	-	-
	-	<b>668</b>
<b>Jacqueline Oakley:</b>		
Meeting fees	7,058	6,115
Superannuation	633	581
Travel allowance	2,581	-
Honorariums	-	-
	<b>10,272</b>	<b>6,696</b>

	2019	2018
	\$	\$
<b>Louise Tucker:</b>		
Meeting fees	6,500	4,969
Superannuation	617	443
Travel allowance	64	-
Honorariums	-	-
	<b>7,181</b>	<b>5,412</b>
<b>Roger Turvey:</b>		
Meeting fees	5,000	3,822
Superannuation	77	65
Travel allowance	-	-
Honorariums	-	-
	<b>5,077</b>	<b>3,887</b>
<b>Greg Ugle:</b>		
Meeting fees	5,000	3,822
Superannuation	77	65
Travel allowance	2,002	-
Honorariums	-	-
	<b>7,079</b>	<b>3,887</b>
<b>Fabian Yarran:</b>		
Meeting fees	-	685
Superannuation	-	65
Travel allowance	-	-
Honorariums	-	-
	-	<b>750</b>

#### Executives:

Compensation levels for executive employees of the Service are competitively set to attract and retain appropriately qualified and experienced personnel.. The key management personnel employed during the year were:

- Jenny Bedford (Chief Executive Officer) - 17/7/2017 - 16/05/2019
- Chad Stewart (Deputy CEO, Acting CEO) - 25/09/2018 - 27/09/2019
- Suzanne Taylor (Clinical Operations Manager) - 07/05/2018 - Current
- Depak Naran (Acting Medical Director) - 22/08/2018 -24/09/2019

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION SIX: OTHER ITEMS

	2019	2018
	\$	\$
Short-term employee benefits	767,421	643,645
Post-employment benefits	64,689	59,286
Long-term employee benefits	19,408	12,379
	<b>851,518</b>	<b>715,310</b>

#### 6.2 EVENTS AFTER THE BALANCE SHEET DATE

As confirmed by AHCWA, as of 1 October 2019 DYHSAC is no longer under the Administration of AHCWA.

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

#### 6.3 TREATMENT OF GOODS AND SERVICES TAX ("GST")

Revenue, 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"), in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable, or when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included within other receivable in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

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

#### 6.4 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN CURRENT AND FUTURE PERIODS

##### AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 July 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Service has applied the modified retrospective approach to its adoption of AASB 9.

##### (a) Classification of financial instruments

The adoption of AASB 9 has not had a significant impact on the Service's accounting policies related to financial liabilities. Under AASB 9, financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria:

- (a) the business model of the Service for managing the assets, and
- (b) whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI Criterion")

The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, the existing financial assets and financial liabilities of the Service were assessed under the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 July 2018. In this regard, the Service has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

## NOTES TO THE FINANCIAL STATEMENTS

### SECTION SIX: OTHER ITEMS

Financial instrument	Classification under AASB 139	Classification under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Term deposits	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost

#### (b) Impairment

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing the incurred loss approach under AASB 139 with a forward-looking ECL approach. AASB 9 requires the Service to recognise an allowance for ECLs for all debt instruments held at amortised cost.

Financial assets at amortised cost consist of cash and cash equivalents, term deposits and trade receivables. In measuring the ECLs for these financial assets:

1. The credit risk attached to cash and cash equivalents and term deposits, which are held with investment grade financial institutions, is minimal. No provision for expected credit losses was recognised in respect of these financial assets.
2. Trade receivables were grouped based on shared credit risk characteristics and debtor ageing. The Service applied the practical expedient under AASB 9 to create a provision matrix reflective of historical credit loss experienced, adjusted for forward looking factors specific to the debtors and macroeconomic conditions. Please refer to Note 4.2 for further details.





**Building a better  
working world**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## Independent auditor's report to the Members of Derbarl Yerrigan Health Service Aboriginal Corporation

### Report on the financial report

#### Opinion

We have audited the financial report of Derbarl Yerrigan Health Service Aboriginal Corporation (the 'Registered Entity'), which comprises the statement of financial position as at 30 June 2019, 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, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Registered Entity is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and the Corporations (Aboriginal and Torres Strait Islander) Act 2006, including:

- a) giving a true and fair view of the Derbarl Yerrigan Health Service Aboriginal Corporation's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulations 2013 and the Corporations (Aboriginal and Torres Strait Islander) Regulations 2017.

#### 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 Registered Entity in accordance with 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.

#### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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.



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 Registered Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Australian Charities and Not-for-Profits Commission Act 2012 and Corporations (Aboriginal and Torres Strait Islander) Act 2006 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 Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Registered Entity or to cease operations, or have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Registered Entity's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



**Building a better  
working world**

- ▶ 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 Registered Entity'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 Registered Entity 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.

Ernst & Young

Pierre Dreyer  
Partner  
Perth  
31 October 2019