



DERBARL YERRIGAN HEALTH SERVICE

ABN 60 824 221 416

Annual Financial Report

FOR THE YEAR ENDED

30 June 2020

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SPECIAL ADMINISTRATORS' REPORT

for the year ended 30 June 2020

The Special Administrators' of Derbarl Yerrigan Health Service Aboriginal Corporation ("DYHSAC" or "the Service") the following report for the year ended 30 June 2020, as approved on 1 December 2020.

Appointment of Special Administrators

On 6 November 2020, the Office of the Registrar of Indigenous Corporations ("ORIC") determined that the Corporation be put under Special Administration and appointed Jack James and Paula Smith as Special Administrators. Prior to the appointment of Special Administrators the Financial Statements for the year ended 30 June 2020 had been approved by the Board of Directors, but had not been signed off.

Upon the appointment of the Special Administrators, the appointment of all directors of DYHSAC ceased.

Notwithstanding that the Special Administrators did not have stewardship of the Corporation for the year ended 30 June 2020 and had no involvement in the preparation of the Financial Statements, the Special Administrators have approved the finalisation of the Financial Statements for the year ended 30 June 2020 for compliance purposes.

Directors

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

- Francine Eades (Chairperson) (ceased 6 November 2020)
- Laurence Riley (Deputy Chairperson) (ceased 6 November 2020)
- Kerry Hunt (Treasurer) (ceased 6 November 2020)
- Louise Tucker (resigned 30 November 2019)
- Roger Turvey (ceased 6 November 2020)
- Greg Ugle (resigned 30 November 2019)
- Gningala Yarran-Mark (appointed 30 November 2019) (ceased 6 November 2020)
- Michelle Nelson-Cox (appointed 30 November 2019) (ceased 6 November 2020)
- Timothy Agius (Independent Director) (ceased 6 November 2020)
- Paul Case (Independent Director) (ceased 6 November 2020)

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	Position	Number of meetings held whilst a Director	Number of meetings attended whilst a Director
Francine Eades	Chairperson	16	15
Laurence Riley	Deputy Chairperson	16	11
Kerry Hunt	Treasurer	16	16
Roger Turvey	Director	16	16
Gningala Yarran-Mark	Director	14	7
Michelle Nelson-Cox	Director	9	8
Tim Agius	Independent Director	16	12
Paul Case	Independent Director	16	15
Louise Tucker	Treasurer (part-year)	6	6
Greg Ugle	Director	6	5

SPECIAL ADMINISTRATORS' REPORT

for the year ended 30 June 2020

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

Name	Position	Number of Meetings held whilst a Director	Number of Meetings attended whilst a Director
Francine Eades	Chairperson	3	3
Laurence Riley	Deputy Chairperson	3	2
Kerry Hunt	Treasurer (part year)	1	1
Paul Case	Independent Director	1	1
Louise Tucker	Treasurer (part year)	2	2
Greg Ugle	Director (part year)	3	0

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

Name	Position	Number of Meetings held whilst a Director	Number of Meetings attended whilst a Director
Francine Eades	Chairperson	3	2
Kerry Hunt	Director	3	3
Roger Turvey	Director	3	3
Louise Tucker	Director	2	1

Community Meetings held/attended while in office

Name	Position	Number of Meetings held whilst a Director	Number of Meetings attended whilst a Director
Francine Eades	Chairperson	7	7
Laurence Riley	Deputy Chairperson	7	3
Louise Tucker	Treasurer (part year)	6	2
Kerry Hunt	Director	7	6
Roger Turvey	Director	7	2
Greg Ugle	Director (part year)	6	2
Michelle Nelson-Cox	Director	0	0
Gningala Yarran-Mark	Director	0	0

Other Meetings and Workshops held/attended while in office

Name	Position	Number of Meetings held whilst a Director	Number of Meetings attended whilst a Director
Francine Eades	Chairperson	14	14
Laurence Riley	Deputy Chairperson	2	0
Kerry Hunt	Treasurer (part year)	2	2
Gningala Yarran-Mark	Director	5	5
Roger Turvey	Director	2	2
Michelle Nelson-Cox	Director	2	2
Tim Agius	Independent Director	5	5
Paul Case	Independent Director	1	0
Louise Tucker	Treasurer (part year)	3	3
Greg Ugle	Director (part year)	0	0

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 varied and dependent on selection for committees as well as availability.

Review of operations

DYHSAC's operations for the financial year resulted in a surplus of \$240,755 (2019: \$61,296).

SPECIAL ADMINISTRATORS' REPORT

for the year ended 30 June 2020

Principal activities

During the year ended 30 June 2020, 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 the 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 towards this date to ensure the Service was returned into the DYHSAC community control. 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.

On 6 November 2020, ORIC determined that the Corporation be put under Special Administration and appointed Jack James and Paula Smith as Special Administrators. Upon the appointment of the Special Administrators, the appointment of all directors of DYHSAC ceased.

Impact of COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have seen an impact on our business to date described below. The outbreak and the response of Governments in dealing with the pandemic has affected general activity levels within the economy and the operations of the Service. The scale and duration of these developments remain uncertain as at the date of this report however they have had an impact on the Service's financial performance in the current year. These include:

- The Service has initiated and maintained strict hygiene protocols across operations and workplaces to minimise the potential transmission of COVID-19 and to ensure the well-being of our staff and contractors
- Additional risk mitigation strategies to limit the impact of COVID-19 on the workforce and patients were also implemented
- Access to additional State and Commonwealth grants and subsidies during the financial year including respiratory clinic funding.

Subsequent events

Apart from the appointment of the Special Administrators as set out above, 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.

SPECIAL ADMINISTRATORS' REPORT

for the year ended 30 June 2020

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 these liabilities 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 Special Administrators.



Jack James
Special Administrator



Paula Smith
Special Administrator

Perth
Dated 1 December 2020

SPECIAL ADMINISTRATORS' DECLARATION

for the year ended 30 June 2020

In the opinion of the Special Administrators' of Derbarl Yerrigan Health Service Aboriginal Corporation:

- (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 2020 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.

This declaration is made in accordance with a resolution of the Special Administrators,



Jack James
Special Administrator



Paula Smith
Special Administrator

Perth
Dated 1 December 2020

AUDITORS' INDEPENDENCE DECLARATION

for the year ended 30 June 2020



**Building a better
working world**

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Auditor's independence declaration to the Special Administrators 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 2020, 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
1 December 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

		2020	2019
	Notes	\$	\$
Revenue	2.1	16,144,378	16,092,759
Other income	2.1	271,833	135,337
Administration expenses	2.2	(2,465,303)	(3,112,829)
Staff expenses		(12,253,469)	(11,956,432)
Rent and other property expenses		(649,534)	(612,141)
Motor vehicle expenses		(107,476)	(128,454)
Depreciation and amortisation expense	3.1, 4.6	(649,913)	(356,944)
Operating surplus		290,516	61,296
Finance costs	4.6	(49,761)	-
Surplus before tax		240,755	61,296
Income tax expense	2.3	-	-
Surplus after tax		240,755	61,296
Other comprehensive income		-	-
Total comprehensive surplus		240,755	61,296

This statement should be read in conjunction with the accompanying notes to the financial statements. Management note that the 2020 statement of profit or loss and other comprehensive income includes the impact of adopting Accounting Standard AASB 16 Leases ("AASB 16"), whilst the 2019 comparative was prepared under the previous lease accounting standard requirements; refer to notes 4.6 and 6.4 for further details.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

		2020	2019
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4.1	4,656,866	3,759,110
Trade and other receivables	4.2	184,789	199,431
Prepayments	4.3	633,434	279,174
Total current assets		5,475,089	4,237,715
Non-current assets			
Property, plant and equipment	3.1	2,608,304	2,209,169
Right-of-use assets	4.6	840,011	-
Total non-current assets		3,448,315	2,209,169
TOTAL ASSETS		8,923,404	6,446,884
LIABILITIES			
Current liabilities			
Trade and other payables	4.4	1,464,485	1,230,972
Unearned income	4.4	671,879	27,778
Provisions	4.5	1,566,443	1,033,883
Lease liability	4.6	260,531	-
Total current liabilities		3,963,338	2,292,633
Non-current liabilities			
Provisions	4.5	205,308	246,077
Lease liability	4.6	605,829	-
Total non-current liabilities		811,137	246,077
TOTAL LIABILITIES		4,774,475	2,538,710
NET ASSETS		4,148,929	3,908,174
EQUITY			
Retained surplus		4,148,929	3,908,174
TOTAL EQUITY		4,148,929	3,908,174

This statement should be read in conjunction with the accompanying notes to the financial statements. Management note that the 30 June 2020 statement of financial position includes the impact of adopting Accounting Standard AASB 16, whilst the 30 June 2019 comparative was prepared under the previous lease accounting standard requirements; refer to notes 4.6 and 6.4 for further details.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Retained surplus	Total equity
	\$	\$
At 1 July 2019	3,908,174	3,908,174
Surplus for the year	240,755	240,755
At 30 June 2020	4,148,929	4,148,929
At 1 July 2018	3,846,878	3,846,878
Surplus for the year	61,296	61,296
At 30 June 2019	3,908,174	3,908,174

This statement should be read in conjunction with the accompanying notes to the financial statements. Management note that the 2020 statement of changes in equity includes the impact of adopting Accounting Standard AASB 16, whilst the 2019 comparative was prepared under the previous lease accounting standard requirements; refer to notes 4.6 and 6.4 for further details.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Operating activities			
Receipts from customers, inclusive of GST		4,424,043	6,087,341
Receipts of government contributions and subsidies		13,971,389	12,374,025
Payments to suppliers and employees, inclusive of GST		(16,502,199)	(18,011,405)
Interest received		13,663	23,289
Net cash flows from operating activities		1,906,896	473,250
Investing activities			
Payment for the acquisition of assets	3.1	(1,060,135)	(710,946)
Proceeds from disposal of assets		345,300	507,816
Net cash flows used in investing activities		(714,835)	(203,130)
Financing activities			
Payment of lease liabilities	6.4	(294,305)	-
Net cash flows used in financing activities		(294,305)	-
Net increase in cash and cash equivalents		897,756	270,120
Cash and cash equivalents at 1 July		3,759,110	3,488,990
Cash and cash equivalents at 30 June	4.1	4,656,866	3,759,110

This statement should be read in conjunction with the accompanying notes to the financial statements. Management note that the 2020 statement of cash flows includes the impact of adopting Accounting Standard AASB 16, whilst the 2019 comparative was prepared under the previous lease accounting standard requirements; refer to notes 4.6 and 6.4 for further details.

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 Special Administrators on 1 December 2020.

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. The adoption of these standards and interpretations did not result in significant changes to the Service's accounting policies.

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.

Impact of COVID-19:

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the Service. The scale and duration of these developments remain uncertain as at the date of this report. The Service has considered the potential impact of the COVID-19 pandemic in the significant accounting judgements, estimates and assumptions. However, as these are subject to increased uncertainty the actual outcomes may differ from the estimates.

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 Special Administrators 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 Special Administrators 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:

Note 3.1 Useful lives of plant and equipment	Page 16
Note 3.1 Impairment of non-financial assets	Page 16
Note 4.4 Unearned income	Page 18
Note 4.5 Provision for long-service leave	Page 19
Note 4.6 Incremental borrowing rate	Page 22
Note 4.6 Lease term	Page 22

NOTES TO THE FINANCIAL STATEMENTS

SECTION TWO: CURRENT PERFORMANCE

2.1 REVENUE AND OTHER INCOME

	2020	2019
	\$	\$
Revenue		
Grant revenue	12,193,064	6,790,079
Service revenue (a)	-	5,060,473
Medicare income	3,951,314	3,811,317
PATS revenue	-	430,890
	16,144,378	16,092,759
Other income		
Interest income	13,663	23,289
Net gain on disposal of property, plant and equipment	63,320	4,794
Donations	19,870	6,060
Other (b)	174,980	101,194
	271,833	135,337

(a) Service revenue

On the 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 the 28 April 2017.

During the previous year, a single-year agreement was signed directly between the Aboriginal Health Council of WA ("AHCWA") and the Commonwealth. A separate services agreement was signed between DYHSAC and AHCWA. Revenue earned under this arrangement with AHCWA in 2018-19 financial year is of a services nature.

(b) Other income

	2020	2019
	\$	\$
Employee car contribution	3,710	12,630
Medical income	101,004	22,085
Rent received	-	6,329
Sundry income	50,955	33,618
Training subsidy	9,750	14,210
Other - income	9,561	12,322
	174,980	101,194

Recognition and measurement

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Service expects to be entitled in exchange for those goods or services, and when the performance obligations for each different activity have been met. 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:

- **Grant revenue**

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

Revenue will be recognised over time as services are delivered with any balance unearned recognised on the balance sheet to the extent of future delivery of contracted services. Management calculates the provision for unspent grants with regards to the service delivery of contracted services across the period.

Pursuant to the terms of the grant arrangement, the Government may request a refund for unspent grants where there has been an under provision of service. A provision for unspent grants is carried as a liability on the balance sheet.

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. Fees charged for care or services provided to clients are recognised when the service is provided.

- **Medicare income**

Revenue from Medicare 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

	2020 \$	2019 \$
Operational (a)	2,199,271	2,860,019
Board related (b)	266,032	252,810
	2,465,303	3,112,829

(a) Operational

	2020 \$	2019 \$
Administration fees	1,119,990	1,230,758
Insurance expenses	209,189	436,588
Consultants fees	210,309	189,176
Catering expenses	31,869	178,981
Staff expenses	200,784	287,282
Travel expenses	59,851	83,530
Medical supplies	259,839	348,784
Audit fees	66,932	63,130
NAIDOC day expenses	40,508	41,790
	2,199,271	2,860,019

NOTES TO THE FINANCIAL STATEMENTS

SECTION TWO: CURRENT PERFORMANCE

(b) Board related

	2020	2019
	\$	\$
AGM expenses	27,817	21,258
Board conferences	26,000	7,567
Board travel cost & accommodation	3,814	11,890
Catering	5,112	961
Consultants Fees	7,036	21,055
Events	400	659
45th Anniversary	-	29,880
Internet fees	137	273
Legal Fees	30,494	2,207
Printing and stationery	11,682	15,626
Security	537	442
Sitting fees	47,083	37,754
Staff training	-	6,930
Superannuation contributions	3,135	2,600
Salaries and Wages - Secretariat & AGM/SGM Staff	101,507	91,095
Staff amenities	1,278	1,259
Travel and transport assistance	-	1,354
	266,032	252,810

2.4 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
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 30 June 2019	3,990,600	1,155,388	1,303,160	21,333	651,383	6,950	7,128,814
Additions	181,294	140,926	167,068	-	746,014	85,577	1,320,879
Disposals	(60,813)	(21,248)	(133,389)	-	(772,755)	-	(988,205)
At 30 June 2020	4,111,081	1,275,066	1,336,839	21,333	624,642	92,527	7,461,488
Depreciation and impairment							
At 30 June 2019	(2,456,895)	(996,641)	(1,251,526)	(16,500)	(197,697)	(386)	(4,919,645)
Depreciation charge for the year	(170,927)	(95,208)	(34,839)	(1,000)	(68,184)	(8,862)	(379,020)
Disposals	60,813	21,248	132,735	-	230,685	-	445,481
At 30 June 2020	(2,567,009)	(1,070,601)	(1,153,630)	(17,500)	(35,196)	(9,248)	(4,853,184)
Net book value							
At 30 June 2019	1,533,705	158,747	51,634	4,833	453,686	6,564	2,209,169
At 30 June 2020	1,544,072	204,465	183,209	3,833	589,446	83,279	2,608,304

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 after the date of revaluation. 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 is greater than 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%
- **Furniture and fittings:** 20%
- **Motor vehicles:** 10%
- **Computer Equipment:** 30%

Depreciation shown in the *Statement of profit or loss and other comprehensive income* includes depreciation on *Right-to-use assets* per AASB 16 totalling \$270,893.

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

	2020	2019
	\$	\$
Cash at bank and on hand	4,650,928	3,753,306
Deposits on call	5,938	5,804
	4,656,866	3,759,110

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

	2020	2019
	\$	\$
Trade receivables and other receivables	190,088	220,017
Allowance for expected credit loss	(5,299)	(20,586)
	184,789	199,431

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 not held at fair value through profit or loss. 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

	2020	2019
	\$	\$
Prepayments	633,434	279,174
Current	633,434	279,174
Non-current	-	-

4.4 TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Trade creditors	1,393,658	1,230,837
Net GST payable	70,827	135
	1,464,485	1,230,972

Recognition and measurement

Liabilities for trade and other payables are initially recognised at fair value when goods and services are received, 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 on 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
	\$
At 1 July 2019	27,778
Arising	12,021,117
Utilised	(11,377,016)
At 30 June 2020	671,879
Current	671,879
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 \$
At 1 July 2019	576,100	711,624	435	1,288,159
Arising	553,296	368,351	2,886	924,533
Utilised or reversed	(311,705)	(129,236)	-	(440,941)
At 30 June 2020	817,691	950,739	3,321	1,771,751
Current	817,691	745,431	3,321	1,566,443
Non-current	-	205,308	-	205,308

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 entitlements

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 FOUR: OPERATING ASSETS AND LIABILITIES

4.6 LEASES

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2020	2019
	\$	\$
Opening balance at 1 July	1,110,904	-
Depreciation	(270,893)	-
Closing Balance at 30 June	840,011	-
Current	-	-
Non-current	840,011	-

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2020	2019
	\$	\$
Opening balance at 1 July	1,110,904	-
Accretion of interest	49,761	-
Payments	(294,305)	-
Closing Balance at 30 June	866,360	-
Current	260,531	-
Non-current	605,829	-

Recognition and measurement

The Service applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Service recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Service recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 14%

If ownership of the leased asset transfers to the Service at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the Impairment of land and buildings at Note 3.1

ii) Lease liabilities

At the commencement date of the lease, the Service recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Service and payments of penalties for terminating the lease, if the lease term reflects the Service exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs

NOTES TO THE FINANCIAL STATEMENTS

SECTION FIVE: CAPITAL STRUCTURE AND FINANCING

In calculating the present value of lease payments, the Service uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Service applies the short-term lease recognition exemption to its short-term leases of residential housing for migrants (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Key judgments: Lease term

The Service has several lease contracts that include extension options. The Service applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Service reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

Key judgments: Incremental borrowing rate

The Service cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Service would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Service 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Service estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain Service-specific estimates.

The following are the amounts recognised in profit or loss:

	2020	2019
	\$	\$
Depreciation expense of right-of-use assets	270,893	-
Interest expense on lease liabilities	49,761	-
Total amount recognised in profit and loss	320,654	-

The Service had total cash outflows for leases of \$294,305 in 2020. The Service had no non-cash additions to right-of-use assets and lease liabilities in 2020.

The Service has lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Service's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS
SECTION FIVE: CAPITAL STRUCTURE AND FINANCING

5.1 COMMITMENTS

	2020	2019
	\$	\$
Capital expenditure commitments		
Contractual commitments for construction activities	-	-

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 2020, \$61,374 (2019: \$55,895) 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

	2020	2019
	\$	\$
Laurence Riley:		
Meeting fees	7,170	4,327
Superannuation	681	411
Travel allowance	2,316	2,067
	10,167	6,805
Michelle Nelson-Cox:		
Meeting fees	3,008	2,173
Superannuation	286	206
Travel allowance	-	-
	3,294	2,379
Kerry Hunt:		
Meeting fees	6,368	5,000
Superannuation	367	77
Travel allowance	-	1,911
	6,735	6,988
Francine Eades:		
Meeting fees	9,593	6,677
Superannuation	920	634
Travel allowance	2,026	2,803
	12,539	10,114
Jacqueline Oakley:		
Meeting fees	-	7,058
Superannuation	-	633
Travel allowance	-	2,581
	-	10,272
Greg Ugle:		
Meeting fees	2,507	5,000
Superannuation	-	77
Travel allowance	1,836	2,002
	4,343	7,079

	2020	2019
	\$	\$
Louise Tucker:		
Meeting fees	3,259	6,500
Superannuation	310	617
Travel allowance	62	64
	3,631	7,181
Roger Turvey:		
Meeting fees	5,515	5,000
Superannuation	286	77
Travel allowance	1,218	-
	7,019	5,077
Gningala Yarran-Mark:		
Meeting fees	3,268	-
Superannuation	286	-
Travel allowance	-	-
	3,554	-
Paul Case:		
Meeting fees	5,500	-
Superannuation	-	-
Travel allowance	1,735	-
	7,235	-
Tim Agius:		
Meeting fees	-	-
Superannuation	-	-
Travel allowance	2,858	-
	2,858	-

NOTES TO THE FINANCIAL STATEMENTS

SECTION SIX: OTHER ITEMS

Executives:

Compensation levels for executive employees of the Service are competitively set to attract and retain appropriately qualified and experienced personnel. In addition to their salaries, the Service also provides non-cash benefits to its executive employees and contributes to a post-employment defined contribution superannuation plan on their behalf. The executives' compensation included in "staff expenses" is as follows:

- Tracey Brand (CEO) – 15/04/2020 - Current
- John Bedford (CEO) - 24/09/2019 – 24/12/2019
- Chad Stewart (Deputy CEO, Acting CEO) - 25/09/2018 – 02/10/2019
- Leeanne Thomas (Acting CEO) - 2/12/2019 – 24/04/2020
- Richelle Douglas (Medical Director) -11/11/2019 – Current
- Depak Naran (Acting Medical Director) - 22/08/2018 -10/11/2019
- Suzanne Taylor (Clinical Operations Manager) - 7/05/2018 – 24/09/2020

	2020	2019
	\$	\$
Short-term employee benefits	745,036	767,421
Post-employment benefits	65,653	64,689
Long-term employee benefits	18,695	19,408
	829,384	851,518

6.2 EVENTS AFTER THE BALANCE SHEET DATE

On 6 November 2020, the Office of the Registrar of Indigenous Corporations ("ORIC") determined that the Corporation be put under Special Administration and appointed Jack James and Paula Smith as Special Administrators. Prior to the appointment of Special Administrators the Financial Statements for the year ended 30 June 2020 had been approved by the Board of Directors, but had not been signed off.

Upon the appointment of the Special Administrators, the appointment of all directors of DYHSAC ceased.

Notwithstanding that the Special Administrators did not have stewardship of the Corporation for the year ended 30 June 2020 and had no involvement in the preparation of the Financial Statements, the Special Administrators have approved the finalisation of the Financial Statements for the year ended 30 June 2020 for compliance purposes

Apart from the appointment of the Special Administrators as set out above, 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 (2019: none).

6.3 TREATMENT OF 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.

NOTES TO THE FINANCIAL STATEMENTS

SECTION SIX: OTHER ITEMS

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

The Service applied AASB 15 *Revenue from Contracts with Customers* ("AASB 15") and AASB 16 for the first time this financial year. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Service. The Service has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 16 Leases

AASB 16 supersedes AASB 117 *Leases*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Service has applied the modified retrospective method of adoption with the effect of initially applying this standard recognised at the date of its initial application (i.e. 1 July 2019). Accordingly, comparative information has not been restated – i.e. it is presented as previously reported under AASB 117 and related interpretations. The Service elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Leases in which the Service is a lessee

The effect of adopting AASB 16 is, as follows:

Impact on the statement of financial position (increase/(decrease)):

	2020
	\$
Assets	
Right-of-use assets	840,011
Total assets	840,011
Equity	
Retained earnings	(26,349)
Liabilities	
Lease liabilities	866,360
Total liabilities	866,360

Impact on the statement of profit or loss (increase/(decrease)):

	2020
	\$
Occupancy expenses	294,305
Depreciation expense	(270,893)
Operating surplus	-
Finance costs	(49,761)
Net surplus	(26,349)

NOTES TO THE FINANCIAL STATEMENTS

SECTION SIX: OTHER ITEMS

Upon adoption of AASB 16, the Service applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Service recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Service applied AASB16 at the date of initial application.

As at 30 June 2020:

- 'Right-of-use assets' were recognised and presented separately in the statement of financial position.
- 'Lease liabilities' were recognised and presented separately in the statement of financial position.

For the year ended 30 June 2020:

- Depreciation expense increased by \$270,893 because of the depreciation of additional assets recognised (i.e., increase in right-of-use assets).
- 'Finance costs' increased by \$49,761 relating to the interest expense on additional lease liabilities recognised.

Practical expedients applied

In applying AASB 16 Leases for the first time, the Service has used the following practical expedients permitted by the standard:

- the previous assessment under AASB 117 of whether a contract contains a lease.
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.
- the accounting for operating leases as low value leases.
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 11 *Construction Contracts* ("AASB 11"), AASB 118 *Revenue* ("AASB 118") and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Service has applied the modified retrospective method of adoption with the effect of initially applying this standard recognised at the date of its initial application (i.e. 1 July 2019). Accordingly, comparative information has not been restated – i.e. it is presented as previously reported under AASB 118 and related interpretations. The Service has elected to apply the modified retrospective method to all contracts at the date of initial application. No changes to revenue recognition were identified upon adoption of AASB 15.

AASB 1058 Income of Not-for-Profit Entities

This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit ("NFP") entities, in conjunction with AASB 15. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions* ("AASB 1004"). The requirements of this Standard more closely reflect the economic reality of NFP entity transactions that are not contracts with customers. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

This Standard applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the Service to further its objectives. In the latter case, the Service recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard. Upon initial recognition of the asset, this Standard requires the Service to consider whether any other financial statement elements should be recognised. These related amounts are accounted for in accordance with the applicable Australian Accounting Standard.

If the transaction is a transfer of a financial asset to enable an entity to acquire or construct a recognisable nonfinancial asset to be controlled by the Service (i.e. an in-substance acquisition of a non-financial asset), the Service recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The Service recognises income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15. If the transaction does not enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the Service, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

No changes to revenue recognition were identified upon adoption of AASB 1058.



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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 2020, 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 Special Administrators' 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 Derbarl Yerrigan Health Service Aboriginal Corporation's financial position as at 30 June 2020 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 Special Administrators are responsible for the other information. The other information is the Special Administrators' 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.



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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 Special Administrators for the financial report

The Special Administrators 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 Special Administrators 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 Special Administrators 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 Special Administrators 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 Special Administrators.



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- ▶ Conclude on the appropriateness of the Special Administrators' 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 Special Administrators 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that appears to be 'P. Dreyer' in a cursive style.

Pierre Dreyer
Partner
Perth
1 December 2020