

# Summary Financial Report

for the year ended  
30 June 2013

# Summary Financial Report

for the year ended 30 June 2013

The attached summary financial statements and other specific disclosures are an extract of, and have been derived from the full Annual Financial Report of Endeavour Foundation ("the Company"), being the Company and its controlled entities ("the Group"), for the financial year ended 30 June 2013. Other information included in the Summary Financial Report is consistent with the full Annual Financial Report.

The Summary Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full Annual Financial Report.

A hard copy of Endeavour Foundation's 30 June 2013 Annual Financial Report, including the Independent Audit Report, is available to all members, and will be sent to members without charge upon request. The 30 June 2013 Annual Financial Report can be requested by telephone 07 3908 7100 or may also be downloaded from [www.endeavour.com.au](http://www.endeavour.com.au).

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# Directors' Report

for the year ended 30 June 2013

The Directors present their report together with the consolidated financial report of Endeavour Foundation ("the Company"), being the Company and its controlled entities ("the Group"), for the year ended 30 June 2013 and the Auditor's Report thereon.

## Directors

The Directors of Endeavour Foundation at any time during or since the end of the financial year are:

Name	Qualifications and Special Responsibilities	Experience (in years)	
		Board of Directors	Area Committee / Branch Board
<b>Current at 30 June 2013</b>			
Grant Bruce Murdoch (Independent Director)	M Com (Hons), FAICD, FCA Chair Chair of Nominations & Remuneration Committee Member of Audit Committee Member of Property Committee Chair of Constitutional Committee (ceased 26/2/13)	6	–
Shane Paul Charles (Elected Director)	LLB, FAIM, MAICD Deputy Chair Member of Nominations & Remuneration Committee Chair of Audit Committee Member of Property Committee Member of Constitutional Committee (ceased 26/2/13)	9	10
Anthony George Bellas (Independent Director)	B Econ, Dip Ed, MBA, MAICD, ASA, FAIM Chair of Property Committee Member of Nominations & Remuneration Committee (appointed 26/2/13) Member of Constitutional Committee (ceased 26/2/13)	3	–
David Booth de Villiers (Elected Director)	MA, HED, AdvDipEd, MAICD, PSM Chair of Client Services Committee Member of Audit Committee Member of Constitutional Committee (ceased 26/2/13)	8	16
Edward Terence Mason (Elected Director)	MAICD Member of Risk Committee (appointed 26/8/13)	3	3
Sally Herman (Independent Director)	BA Chair of Risk Committee	3	–
Alison Jean Semple (Elected Director)	LTCL, BA, Grad Dip Ed (rsc), Grad Cert Theol, MAICD Elected 30/11/2012 Member of Client Services Committee (appointed 26/2/13)	7mths	15
Katherine Jean Swindon (Independent Director)	B Com, FCA Member of Risk Committee Member of Client Services Committee Member of Constitutional Committee (ceased 26/2/13)	3	–
Suzanne Evelyn Thorpe (Elected Director)	Elected 30/11/2012 Member of Client Services Committee (appointed 26/2/13)	7mths	7

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## Directors' Report Continued

### for the year ended 30 June 2013

## Directors Continued

Name	Qualifications and Special Responsibilities	Experience (in years)	
		Board of Directors	Area Committee / Branch Board
<b>Past Directors who served during year</b>			
David Roland Rawnsley (Elected Director)	B Ed, MAICD Ceased 30/11/2012	6.5	9.5
Gerard Michael Crotty (Elected Director)	Ceased 30/11/2012 Member of Nominations & Remuneration Committee Member of Client Services Committee	13.5	22.5
<b>Resignations since the end of the financial year</b>			
Sally Herman (Independent Director)	Resigned 22/07/2013 Chair of Risk Committee	3	–

## Directors' Report **Continued** for the year ended 30 June 2013

### Company Secretary

The Company Secretaries of Endeavour Foundation at any time during or since the end of the financial year are:

Svend Erik Kling	B Bus, Grad Dip Mgt, MBA, GAICD	Resigned 26/08/2013
Patrick Stephen Burke	B Bus, Grad Dip Mgt, Grad Dip Fin Planning, FCPA, FAICD	Appointed 26/08/2013

### Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of Endeavour Foundation during the financial year are:

	Board Meetings		Nominations & Remuneration Committee Meetings		Audit Committee Meetings		Client Services Meetings		Risk Committee Meetings		Property Committee Meetings		Constitutional Committee Meetings	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
G B Murdoch	11	11	2	2	4	4	–	–	–	–	1	1	–	–
S P Charles	11	10	2	2	4	4	–	–	–	–	1	1	–	–
A G Bellas	11	6	–	–	–	–	–	–	4	3	1	1	–	–
D B de Villiers	11	10	–	–	4	4	4	4	–	–	–	–	–	–
S Herman	11	6	–	–	–	1	–	–	4	4	–	–	–	–
E T Mason	11	10	–	–	–	–	–	–	–	–	–	–	–	–
K J Swindon	11	9	–	–	–	–	4	3	4	4	–	–	–	–
A J Semple	6	6	–	–	–	–	2	2	–	–	–	–	–	–
S E Thorpe	6	5	–	–	–	–	2	1	–	–	–	–	–	–
G M Crotty	5	3	2	1	–	–	2	2	–	–	–	–	–	–
D R Rawnsley	5	4	–	–	–	–	–	–	–	–	–	–	–	–

**A** – Number of meetings held during the time the director held office during the year

**B** – Number of meetings attended

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## Directors' Report **Continued** for the year ended 30 June 2013

### Board Processes

To assist in the execution of its responsibilities, the board has established a number of board committees including a Nominations & Remuneration Committee, an Audit Committee, a Client Services Committee, a Risk Committee, a Property Committee and a Constitutional Committee. These committees have written mandates and operating procedures, which are reviewed on a regular basis.

Details of each board committee are as follows:

### Nominations & Remuneration Committee

The Nominations & Remuneration Committee oversees the appointment and induction process for directors and committee members in accordance with the principles laid out in Endeavour's constitution. It is also responsible for making recommendations to the board regarding the selection, appointment and succession planning process for the Chief Executive Officer (CEO), including conducting an annual review of the CEO's performance and remuneration. The Nominations & Remuneration Committee comprised the following members during or since the end of the financial year:

- Mr G B Murdoch (Chair)
- Mr S P Charles
- Mr A G Bellas (appointed 26/2/13)
- Mr G M Crotty (ceased 30/11/12)

### Audit Committee

The Audit Committee oversees the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of Endeavour Foundation, including assessing and directing

the performance of the internal audit function. The audit committee also reviews the performance of the external auditors and normally meets with them twice a year to discuss the external and internal audit plans, and to review the results and findings of the external auditor, the adequacy of accounting and financial controls and to monitor the implementation of any recommendations made.

The committee reviews the draft annual financial report, including approving new accounting policies to ensure compliance with Australian Accounting Standards, and recommends board approval of the annual financial report.

The Audit Committee comprised the following members during or since the end of the financial year:

- Mr S P Charles (Chair)
- Mr G B Murdoch
- Mr D B de Villiers

### Client Services Committee

The Client Services Committee is responsible for overseeing the continued development and provision of quality services to meet the needs of people with a disability. It is also responsible for the oversight and monitoring of the External Complaints Advisory sub-committee and the Abuse Prevention & Response sub-committee.

The Client Services Committee comprised the following members during or since the end of the financial year:

- Mr D B de Villiers (Chair)
- Mr G M Crotty (retired as a director on 30/11/2012 but remained a committee member)
- Ms K J Swindon
- Ms A Semple (appointed 26/2/13)
- Ms S E Thorpe (appointed 26/2/13)

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## Directors' Report Continued for the year ended 30 June 2013

### Risk Committee

The Risk Committee provides assistance to the board in its responsibilities of managing risk within the organisation. It is the main body responsible for overseeing the implementation of management's Risk Management System and ensures the maintenance of a robust and effective risk management process and related practises. The committee oversees the implementation of risk management across the organisation, integrates all risk related activities, facilitates and monitors business unit level risk management processes and is responsible for overseeing the strategic risk management process.

The Risk Committee comprised the following members during or since the end of the financial year:

- Ms S Herman (Chair) (ceased 22/7/13)
- Ms K J Swindon
- Mr A G Bellas
- Mr E T Mason (appointed 26/8/13)

### Property Committee

The Property Committee's main function is to expedite decision making in relation to property asset utilisation, improvement and development programs.

The Property Committee comprised the following members during or since the end of the financial year:

- Mr A G Bellas (Chair)
- Mr S P Charles
- Mr G B Murdoch

### Constitutional Committee

The Constitutional Committee was established on 15 December 2011 to examine and advise the Board on the constitutional implications of expanding Endeavour's operations to a national level. The Constitutional Committee was dissolved on 26 February 2013.

The Constitutional Committee comprised the following members during the financial year:

- Mr G B Murdoch (Chair)
- Mr S P Charles
- Mr D B de Villiers
- Ms K J Swindon
- Mr A G Bellas

### Principal Activity and Objectives

The principal activity of Endeavour Foundation during the year was the provision of support services to persons with a disability, with a particular focus on those with an intellectual disability, including Community Advocacy & Support Services, Residential Accommodation & Support Services, Learning & Lifestyle Support Services, Post School Services, Open Employment Services and Supported Employment Services. In the opinion of the Directors no significant changes have occurred in the nature of these activities during the financial year.

Endeavour Foundation's short and long term focus is to provide opportunities for people with a disability so they may participate in the every day life of the community. Endeavour wants to enrich their lives and the lives of their families and engage and educate the community about disability.

Endeavour has an obligation to do this in a financially responsible manner and aims to:

- Be recognised as a quality provider of services to people with a disability.
- Be an advocate for people with a disability and their families in the broader community.

In practical terms in order to achieve this focus, projects undertaken by Endeavour are assessed and progressed to achieve outcomes in nine key theme areas:

1. Employer of Choice,
2. Service Provider of Choice,
3. Thought Leadership,
4. Best Practice,
5. Top of Mind,
6. Customer Focus,
7. Community Engagement,
8. State of the Art Facilities and
9. Financial Viability.

Endeavour Foundation measures its performance through an independently conducted periodic Family Satisfaction Survey and a suite of key performance indicators, set at the Governance, Executive Management and Organisational Management levels.

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## Directors' Report **Continued** for the year ended 30 June 2013

### Preparation of Consolidated Financial Statements

The consolidated annual financial statements comprise Endeavour Foundation ("the Company") and its controlled entities ("the Group").

### Results

The Group recorded an operating surplus for the current financial year of \$868,000 compared to an operating surplus of \$59,000 in the previous year. This improvement in the operating result was due primarily to the following factors :

- a significant improvement in the operating results of the Disability Services division, largely driven by improved efficiencies and cost controls that reduced operating expenses by 1.5%, augmented by a 3.0% increase in operating revenue, primarily due to state subsidy revenue indexation and additional services;
- a reduction in the operating results from Endeavour Industries, down to \$620,000 for the current year, compared to \$2,220,000 in the previous period, driven largely by the flow-on effect of the downturn in the mining sector, the run-off of some long-tailed subsidy funding and the loss of the Resolutions employment services contract;
- an improvement in the total contribution made by the Consumer Business division, with improvements in the Endeavour Prize Home Lotteries and Events results partially off-set by a further deterioration in the Endeavour Recycled Stores. These enterprises have

traditionally provided a much needed boost to help close the funding gap between government funding received and the cost of providing services. Yet in recent years these enterprises have been unable to avoid the downturn in retail and discretionary spending that has been so prevalent in the current economic climate. The Consumer Business division also includes costs associated with brand development in relation to all visual mediums and internal and external promotional publications;

- the Endeavour Business College continued to deliver training to Endeavour's employees, but significant revenues from external training delivery did not eventuate;
- non-recurrent corporate project costs associated with the implementation of a new payroll system and improved IT systems.

Operating surpluses are necessary to help fund capital expenditure, which is typically not funded from recurrent government subsidies, and to build a buffer for future unexpected business shocks. The current year's operating surplus represents less than 0.52% of operating revenue (2012: 0.04%), providing a marginal operational buffer.

The Group's net surplus for the current financial year, after recognising non-operating revenues of \$2,617,000, was \$3,485,000. In the year 2011-2012 the Group recorded a comparative net surplus for the year of \$2,202,000 after recognising non-operating revenues of \$2,143,000. Non-operating revenues included significant non-recurrent government capital grants and other capital donations of \$1,112,000 (2012: \$1,926,000).



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## Directors' Report Continued for the year ended 30 June 2013

### Dividends

The Company and its controlled entities are prohibited by their Constitutions from paying dividends.

### Events Subsequent to Balance Date

Since 30 June 2013 and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than already disclosed in the Notes to the Financial Statements.

### Environmental Regulations

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Group has an established risk management system which identifies environmental hazards and ensures appropriate controls are adopted. The appropriate licences and consents are in place at each site in accordance with various environmental regulations.

The Directors are not aware of any breaches of the legislation which are material in nature.

### Review of Operations

Operations of the Group during the year are reviewed in the Chair's and CEO's report in the separately issued Annual Report.

### Directors' Benefits

Information on Directors' benefits is set out in the following notes to the Annual Financial Report:

- a. No Directors' Fees are payable
- b. No Related Party Transactions with Directors exist (Note 22)

### Directors' Interests in Contracts

No contracts involving Directors' interests were entered into since the end of the previous financial year, or existed at the end of the financial year (Note 22).

### Indemnification and Insurance of Officers

#### *Indemnification*

The Endeavour Foundation Constitution requires Endeavour Foundation to indemnify any person who is an officer of Endeavour Foundation, including the Directors, the Secretary and other executive officers, against a liability incurred as such an officer, unless the liability arises out of conduct involving a lack of good faith. Officers of Endeavour Foundation are also indemnified against a liability for costs and expenses incurred in defending civil or criminal proceedings involving them as such officers, if judgement is given in their favour or if they are acquitted or granted relief.

#### *Insurance*

Endeavour Foundation has paid a premium in respect of a contract insuring Directors and Officers of Endeavour Foundation, against a liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions.

The external auditors of Endeavour Foundation are not included in this policy.

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## Directors' Report Continued for the year ended 30 June 2013

### Non-audit Services

During the year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reason:

- All non-audit services are subject to the corporate governance procedures adopted by Endeavour Foundation and are reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor.

Details of amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out in note 3 to the Annual Financial Report.

### Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 10 of the Annual Financial Report and forms part of the Directors' Report.

### Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise indicated.

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



G B Murdoch – *Chairman*  
Brisbane  
11<sup>th</sup> October 2013



S P Charles – *Director*  
Brisbane  
11<sup>th</sup> October 2013

# Consolidated Balance Sheet

as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>Current assets</b>			
Cash and cash equivalents			
– Untied cash		1,587	4,651
– Quarantined cash		9,527	6,291
	4	11,114	10,942
Trade and other receivables		7,077	5,802
Inventories		9,027	8,771
Other current assets		1,619	1,091
		28,837	26,606
Assets classified as held-for-sale		258	1,839
<b>Total current assets</b>		<b>29,095</b>	<b>28,445</b>
<b>Non-current assets</b>			
Investments		817	763
Net defined benefit plan asset		130	–
Other intangible assets		147	265
Property, plant & equipment		66,165	61,705
<b>Total non-current assets</b>		<b>67,259</b>	<b>62,733</b>
<b>Total assets</b>		<b>96,354</b>	<b>91,178</b>
<b>Current liabilities</b>			
Trade and other payables		7,551	7,540
Employee entitlements		11,306	11,165
Revenue received in advance		5,308	3,869
<b>Total current liabilities</b>		<b>24,165</b>	<b>22,574</b>
<b>Non-current liabilities</b>			
Net defined benefit plan liability		–	2,160
Employee entitlements		3,284	3,052
<b>Total non-current liabilities</b>		<b>3,284</b>	<b>5,212</b>
<b>Total liabilities</b>		<b>27,449</b>	<b>27,786</b>
<b>Net assets</b>		<b>68,905</b>	<b>63,392</b>
<b>Equity</b>			
Reserves		852	845
Retained earnings		68,053	62,547
<b>Total equity</b>		<b>68,905</b>	<b>63,392</b>

The Consolidated Balance Sheet is to be read in conjunction with the Notes to the Financial Statements.

# Consolidated Income Statement

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>Revenue</b>			
Sale of goods and services		36,586	35,392
Fundraising activities		19,061	17,269
Service user contributions		11,797	11,888
Government subsidies		99,047	98,610
Interest income		595	1,012
Other revenue		636	788
	3 (a)	167,722	164,959
<b>Expenses</b>			
Cost of goods sold & commercial fundraising activities		(25,224)	(25,062)
Employee expenses		(91,972)	(91,094)
Supported employee expenses		(12,519)	(12,331)
Utilities & leased property expenses		(8,975)	(8,779)
Transport expenses		(4,660)	(4,483)
Maintenance expenses		(6,628)	(6,933)
Household consumables		(1,777)	(1,864)
Depreciation & amortisation expenses		(6,981)	(6,605)
Interest expense		–	(18)
Other expenses		(8,118)	(7,731)
		(166,854)	(164,900)
<b>Operating surplus</b>			
		868	59
Government capital expenditure grants and other capital donations	3 (a)	1,112	1,926
Gain on sale of properties	3 (a)	1,505	217
<b>Net surplus for the year</b>			
		<b>3,485</b>	<b>2,202</b>

Divisional Results	Disability Services		Endeavour Industries		Consumer Business		Corporate & Infrastructure		Total Foundation	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Operating revenue	83,693	81,269	53,512	53,965	26,836	25,173	3,681	4,552	167,722	164,959
Operating expenses	(81,777)	(83,019)	(52,892)	(51,745)	(27,833)	(26,400)	(4,352)	(3,736)	(166,854)	(164,900)
<b>Operating surplus/(deficit)</b>	1,916	(1,750)	620	2,220	(997)	(1,227)	(671)	816	868	59
Non-operating revenue	54	20	24	32	206	–	2,333	2,091	2,617	2,143
<b>Net surplus/(deficit) for the year</b>	<b>1,970</b>	<b>(1,730)</b>	<b>644</b>	<b>2,252</b>	<b>(791)</b>	<b>(1,227)</b>	<b>1,662</b>	<b>2,907</b>	<b>3,485</b>	<b>2,202</b>

The Consolidated Income Statement is to be read in conjunction with the Notes to the Financial Statements.

# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>Net surplus for the year</b>	<b>3,485</b>	<b>2,202</b>
<b>Other comprehensive income</b> (Items that will not be reclassified to profit and loss)		
Net increase/(decrease) in fair value of investments	7	(96)
Realised gains/(losses) on disposal of investments	7	(28)
Actuarial adjustment to defined benefit superannuation plan	2,014	(2,264)
<b>Other comprehensive income/(expense) for the year</b>	<b>2,028</b>	<b>(2,388)</b>
<b>Total comprehensive income/(expense) for the year</b>	<b>5,513</b>	<b>(186)</b>

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2013

	Fair value reserve \$'000	Subsidies reserve \$'000	Total reserves \$'000	Retained earnings \$'000	Total Equity \$'000
Total equity at 30 June 2011	545	396	941	62,637	63,578
Total comprehensive expense for the year	(96)	–	(96)	(90)	(186)
<b>Total equity at 30 June 2012</b>	<b>449</b>	<b>396</b>	<b>845</b>	<b>62,547</b>	<b>63,392</b>
Total comprehensive income for the year	7	–	7	5,506	5,513
<b>Total equity at 30 June 2013</b>	<b>456</b>	<b>396</b>	<b>852</b>	<b>68,053</b>	<b>68,905</b>

*The Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements.*

# Consolidated Cash Flow Statement

for the year ended 30 June 2013

	Note	2013 \$'000 Inflows (Outflows)	2012 \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		181,198	175,706
Cash payments to suppliers & employees		(173,313)	(171,429)
Dividends received		38	44
Interest received		630	1,057
Interest paid		–	(36)
Legacies & bequests received		231	555
<b>Net cash provided by operating activities</b>		<b>8,784</b>	<b>5,897</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant & equipment		(12,320)	(12,323)
Acquisition of intangible assets		(60)	(154)
Acquisition of investments		(450)	(502)
Proceeds from disposal of property, plant & equipment		2,829	755
Proceeds from sale of investments		410	349
Proceeds from non-operational capital grants and donations		979	1,997
<b>Net cash utilised in investing activities</b>		<b>(8,612)</b>	<b>(9,878)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest bearing loans		–	(980)
<b>Net cash utilised by financing activities</b>		<b>–</b>	<b>(980)</b>
<b>Net increase/(decrease) in cash held</b>		<b>172</b>	<b>(4,961)</b>
Cash at the beginning of the financial year		10,942	15,903
<b>Cash at the end of the financial year</b>	4	<b>11,114</b>	<b>10,942</b>
<b>Comprised of:</b>			
Untied cash		1,587	4,651
Quarantined cash		9,527	6,291
		<b>11,114</b>	<b>10,942</b>

The Consolidated Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements.

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# Notes to the Financial Statements

for the Year Ended 30 June 2013

## 1. Reporting Entity

Endeavour Foundation (“the Company”) is a not-for-profit organisation, incorporated as a public company limited by guarantee and is domiciled in Australia. The address of the Company’s registered office is 50 Southgate Avenue, Cannon Hill, QLD 4170.

The consolidated financial statements of the Company for the financial year ended 30 June 2013 comprise the Company and its controlled entities (together referred to as “the Group”).

The principal activities of the Group are to provide support to people with disabilities and their families through a range of flexible services, including residential accommodation, in-home support, adult education and life style support as well as supported employment services and open employment placement.

- Revenue is recognised on an accruals basis with the exception of dividends, donations, bequests and legacies which are accounted for on a cash basis.

Except as noted above, the financial report does not take into account changing money values or fair values of non-current assets.

A full description of the accounting policies adopted by the Group may be found in the full Annual Financial Report. These accounting policies have been applied consistently to all periods presented in the financial statements, except where otherwise noted.

In the opinion of the Directors, having regard to the not-for-profit nature of the Group’s business, the terms “Profit” or “Loss” are not appropriate. Accordingly, the words “Surplus/(Deficit)” have been substituted for the terms “Profit/(Loss)”.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

## 2. Basis of preparation of Summary Financial Report

### (a) Basis of Preparation

The financial statements and specific disclosures included in this Summary Financial Report have been derived from the Group’s full Annual Financial Report for the financial year. Other information included in the Summary Financial Report is consistent with the full Annual Financial Report. The Summary Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full Annual Financial Report.

A full description of the accounting policies adopted by the Group may be found in the full Annual Financial Report, which was approved by the Directors on Friday, 11th October 2013.

### (b) Basis of Measurement

The financial statements have been prepared on an accruals basis and are based on historical costs, except for:

- Investments measured at fair value through an equity fair value reserve; and
- The defined benefit plan asset/(liability) is measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

### (c) Functional Currency

The financial statements are presented in Australian Dollars rounded to the nearest thousand unless otherwise stated (ASIC Class order 98/100).

### (d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes of the full Annual Financial Report:

- Note 9 – Non-current Assets – Investments;
- Note 10 – Non-current Assets/(Liabilities) – Defined Benefit Plan Asset/(Liability);
- Note 12 – Non-current Assets – Property, Plant & Equipment;

## Notes to the Financial Statements *Continued* for the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>3 (a) OPERATING REVENUE AND OTHER INCOME</b>		
Sale of goods and services	36,586	35,392
Fundraising activities		
– Commercial fundraising activities	17,273	15,474
– Donations & appeals	878	741
– Special functions	515	292
– Bequests & legacies	231	555
– Community grants	164	207
	19,061	17,269
Service user contributions		
– Accommodation services	8,726	8,883
– Learning & Lifestyle centres	1,570	1,578
– Transport services	1,501	1,427
	11,797	11,888
State Government subsidies	72,607	71,432
Federal Government subsidies	26,440	27,178
Dividend income	38	44
Interest income	595	1,012
Other revenue	598	744
<b>Total operating revenue</b>	<b>167,722</b>	<b>164,959</b>
<b>Non-operating revenue</b>		
Government capital expenditure grants & other capital donations		
Other non-recurrent Government capital grants	609	1,332
Gambling Community Benefit Fund capital grants	230	594
Other capital donations	273	–
	1,112	1,926
Gain on sale of property	1,505	217
	<b>2,617</b>	<b>2,143</b>
<b>Total revenue and other income for the period</b>	<b>170,339</b>	<b>167,102</b>



## Notes to the Financial Statements **Continued** for the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
<b>3 (b) CHARITABLE FUNDRAISING ACTIVITIES</b>		
Details of income and expenditure for specific fundraising activities, all of which have been recognised in these financial statements are as follows:		
Gross fundraising revenues (per income statement)	19,061	17,269
Community grants in non-operating income	230	594
Capital donations in non-operating income	273	–
Direct costs of commercial fundraising activities	(15,028)	(15,100)
<b>Net Fundraising Revenue</b>	<b>4,536</b>	<b>2,763</b>
Indirect fundraising expenses	(1,768)	(1,111)
<b>Net Fundraising Contribution</b>	<b>2,768</b>	<b>1,652</b>
Fundraising Efficiency Ratio (Net Fundraising Contribution / Net Fundraising Revenue)	61.02%	59.79%
<b>4. CASH AND CASH EQUIVALENTS</b>		
Untied cash	1,587	4,651
Quarantined cash	9,527	6,291
	<b>11,114</b>	<b>10,942</b>

For cash management purposes, the Group operates a treasury function that notionally distinguishes between Untied cash and Quarantined cash.

Quarantined cash represents revenue received in advance of \$5,308,000 (2012: \$3,869,000) which is available for draw down only once the services they are meant to fund have actually been delivered and other cash reserves of \$4,219,000 (2012: \$2,422,000) that have been designated for a specific purpose, mainly to fund the establishment of a Capital Future Fund that will finance proposed infrastructure projects over the next 5 to 10 years.

### 5. ECONOMIC DEPENDENCY

The Company receives a significant portion of its operating revenue in the form of grants from the Queensland State Government and the Commonwealth Government of Australia.

## Notes to the Financial Statements **Continued** for the Year Ended 30 June 2013

	2013 %	2012 %
<b>6. GROUP ENTITIES</b>		
<b>Particulars in relation to controlled entities, all of which are incorporated in Australia</b>		
Endeavour Foundation Endowment Challenge Fund Limited	100%	100%
Endeavour Foundation Endowment Challenge Fund Trust	100%	100%

Endeavour Foundation is the founding and sole member of Endeavour Foundation Endowment Challenge Fund Limited, a company limited by guarantee and the corporate trustee for the Endeavour Foundation Endowment Challenge Fund Trust (the Challenge Fund), both of which were established on 3 December 2009.

The Challenge Fund was established to fund activities which are outside the scope of Endeavour Foundation's normal activities. The Challenge Fund is a health promoting charity and public benevolent institution and seeks to benefit the wider Australian disability sector as a whole, with an emphasis on people with an intellectual disability, through the provision of grants to fund research, scholarships and other education opportunities in the academic and research arenas relevant to the Australian disability sector. Grants are also made to support the engagement and broader participation by persons with a disability in the world in which we live, so that they can lead ordinary lives.

### 7. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2013 the parent company of the Group was Endeavour Foundation.

	2013 \$'000	2012 \$'000
<b>Results of the parent entity</b>		
Net surplus for the year	3,499	2,192
Other comprehensive income/(expense)	2,014	(2,264)
Total comprehensive income/(expense) for the year	5,513	(72)
<b>Financial position of the parent entity at year end</b>		
Current assets	29,013	28,376
Total assets	95,456	90,346
Current liabilities	24,095	22,570
Total liabilities	27,379	27,781
<b>Total equity of the parent entity comprising of</b>		
Subsidies reserve	396	396
Retained earnings	67,681	62,169
<b>Total equity</b>	68,077	62,565

### 8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the balance date, Endeavour Foundation entered into memorandums of understanding with two entities involved in the provision of support services to people with a disability, with a view to exploring merger proposals that would result in the two entities merging their operations and net assets with those of Endeavour Foundation, for no consideration. Due diligence proceedings had commenced but no final merger agreements had been executed at the date of this financial report.

The Directors are not aware of any material events occurring after balance date of this report that would require further disclosure in these financial statements.

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# Directors' Declaration

for the year ended 30 June 2013

In the opinion of the Directors of Endeavour Foundation, the accompanying Summary Financial Report of the Group, comprising Endeavour Foundation and its controlled entities for the financial year ended 30 June 2013, set out on pages 11 to 18:

- (a) has been derived from or is consistent with the full Annual Financial Report for the financial year; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



G B Murdoch – *Chairman*  
Brisbane  
11<sup>th</sup> October 2013



S P Charles – *Director*  
Brisbane  
11<sup>th</sup> October 2013

# Independent Auditor's Report

for the year ended 30 June 2013



## Report of the independent auditor on the summary financial statements to the members of Endeavour Foundation

The accompanying summary financial statements of the Group comprising Endeavour Foundation (the Foundation) and the entities it controlled at the year's end or from time to time during the financial year which comprises the consolidated balance sheet as at 30 June 2013, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, related notes 1 to 8 and the directors' declaration, are derived from the audited financial report of the Group for the year ended 30 June 2013.

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* applied in the preparation of the audited financial report of Endeavour Foundation. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of Endeavour Foundation.

### *Directors' responsibility for the summary financial statements*

The directors are responsible for the preparation of a summary of the audited financial report on the basis described in Note 2 and for such internal control as the directors determine necessary to enable the preparation of the summary financial report.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the summary financial statements derived from the audited financial report of Endeavour Foundation based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Our responsibility is to express an opinion on the summary financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Standards*. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of Endeavour Foundation for the year ended 30 June 2013. We expressed an unmodified audit opinion on the financial report in our report dated 11 October 2013. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the summary financial report. The procedures selected depend on the auditor's judgement, including the risk of material misstatement of the summary financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the summary financial report in order to design procedures, that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included testing that the information in the summary financial report is derived from, and is consistent with, the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the summary financial report complies with Australian Accounting. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Auditor's opinion*

In our opinion, the summary financial statements derived from the audited financial report of Endeavour Foundation for the year ended 30 June 2013 are a fair summary, in all material respects, of that audited financial report, on the basis described in Note 2.

KPMG

KPMG

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Scott Guse – Partner  
Brisbane  
11<sup>th</sup> October 2013

Liability limited by a scheme approved under Professional Standards Legislation.