
Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2009

**ENDEAVOUR FOUNDATION
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2009**

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ENDEAVOUR FOUNDATION DIRECTORS' REPORT For the Year Ended 30 June 2009

The Directors present their report together with the financial report of Endeavour Foundation for the year ended 30 June 2009 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
Current 30 June 2009			
Grant Bruce Murdoch	M Com (Hons), FAICD, FICAA Chair – Appointed 21/11/2008 Chair of Nominations & Remuneration Committee Member of Audit Committee	2	-
Shane Paul Charles	LLB. Deputy Chair - Appointed 21/11/2008 Member of Nominations & Remuneration Committee Member Risk Committee	5	6
Gerard Michael Crotty	Treasurer – Appointed 21/11/2008 Chair of Audit Committee Member of Nominations & Remuneration Committee Member of Client Services Committee	10	19
John William Bowen	Member of Audit Committee Member of Client Services Committee	7	14
Clothilde Edwina Louise Bryce	BA, CPM Appointed – 09/09/2008 Chair of Risk Committee	1	-
David Booth de Villiers	MA, HED, AdvDipEd. Chair of Client Services Committee	4	12
David Roland Rawsley	B Ed, MACID Member Risk Committee	3	6

Past Directors who Served During the Year

None

Appointments since the End of the Financial Year

None

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 Committee Meetings		Risk Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
G B Murdoch	14	12	5	5	4	4	-	-	-	-
S P Charles	14	14	5	5	2	2	-	-	2	2
C E L Bryce	12	11	-	-	-	-	-	-	2	2
G M Crotty	14	14	5	5	2	2	2	2	-	-
J W Bowen	14	14	-	-	4	4	2	2	-	-
D B de Villiers	14	14	-	-	-	-	2	2	-	-
D R Rawnsley	14	13	-	-	-	-	-	-	2	2

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

B – Number of meetings attended

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 and a Risk Committee. These committees have documented charters, approved by the board, 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 committee comprised the following members during the year:

- Mr G B Murdoch (Chair)
- Mr S P Charles
- Mr G M Crotty

Audit Committee

The Chairperson is the Treasurer, a statutory position under Endeavour's constitution. The 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 auditors, 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 the year:

- Mr G M Crotty (Chair, appointed 21/11/2008)
- Mr G B Murdoch (Resigned as chair on 21/11/2008)
- Mr J W Bowen
- Mr S P Charles (Resigned from committee on 10/03/2009)

Client Services Committee

The client services committee is responsible for ensuring 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 the year:

- Mr D B de Villiers (Chair)
- Mr J W Bowen
- Mr G M Crotty

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 ensuring the implementation of management's Risk Management System and ensures the maintenance of a robust and effective risk management process and related practices. 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 strategic risk management processes.

The risk committee comprised the following members during the year:

- Ms C E L Bryce (Chair)
- Mr S P Charles
- Mr D R Rawnsley

Principal Activity

The principal activity of Endeavour Foundation during the year was associated with the support of persons with a disability. In the opinion of the Directors no significant changes have occurred in the nature of these activities during the financial year.

Results

Endeavour Foundation recorded an operating surplus for the current financial year of \$707,000 compared to an operating surplus of \$3,787,000 in the previous year.

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 just 0.6% of operating revenue (2008 : 3.2%) and represents less than 3 days of total employment costs for staff and supported employees (2008 : 15 days).

The primary reasons for the lower operating result this year include:

- A \$4,743,000 increase in total employment costs that were not fully matched by corresponding increases in subsidies. This included a \$806,000 or 11.4% increase in Supported Employee wages and an additional \$587,000 in compulsory superannuation contributions payable on allowances, primarily earned by support staff in residential accommodation services, due to legislative changes;
- Continued and increased spending on maintenance to improve and maintain the ageing property portfolio;
- An increase in non-cash depreciation and amortisation charges of \$1,435,000, partly due to the effect of depreciation on assets acquired under Government Capital Grants in recent years now starting to flow through as charges for use, as these assets are depleted; and
- A softening of the returns earned from Endeavour's fundraising activities.

The net surplus for the current financial year, after recognising non-operating items of \$2,336,000 was \$3,043,000. In the year 2007-08 Endeavour Foundation recorded a comparative net surplus for the year of \$9,919,000 after recognising non-operating items of \$6,132,000 (including a significant one-off gain on disposal of surplus properties of \$4,884,000).

The cash generated by this year's net surplus increased the "untied" cash balance at 30 June 2009 to \$7,209,000, compared to a balance of \$5,160,000 at 30 June 2008.

Events Subsequent to Balance Date

On 1 September 2009, Endeavour Foundation acquired the supported employment services of disability services provider Cumberland Industries, as more fully detailed in note 29. Apart from this transaction, since 30 June 2009 and the date of this report there has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of Endeavour Foundation, the results of those operations, or the state of affairs of Endeavour Foundation, in future financial years.

Environmental Regulations

Endeavour Foundation's operations are subject to various environmental regulations under both Commonwealth and State legislation. Endeavour Foundation 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 Endeavour Foundation during the year are reviewed in the Chair's and CEO's message 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 (Note 3)
- (b) No Related Party Transactions exist (Note 23)

Directors' Interest 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 23 to the Annual Financial Report).

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.

Non-audit services

During the year KPMG, Endeavour Foundation'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 Endeavour Foundation, 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 7 and forms part of the Directors' Report.

Rounding

Endeavour Foundation 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 Report 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



G M Crotty – Director
Brisbane
30TH September 2009



Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To : The Directors of Endeavour Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Mitchell C Petrie
Partner

Brisbane
30TH September 2009

ENDEAVOUR FOUNDATION
Balance Sheet
As at 30 June 2009

	Note	2009 \$'000	2008 \$'000
Current assets			
Cash and cash equivalents			
- Untied cash		7,209	5,160
- Quarantined cash		15,454	13,792
	4	<u>22,663</u>	<u>18,952</u>
Trade and other receivables	5	3,303	2,650
Inventories	6	5,869	4,565
Other current assets	7	653	501
		<u>32,488</u>	<u>26,668</u>
Assets classified as held-for-sale	8	162	206
		<u>32,650</u>	<u>26,874</u>
Total current assets			
Non-current assets			
Investments	9	694	971
Net defined benefit plan asset	10	5	2,840
Other intangible assets	11	290	211
Property, plant & equipment	12	44,190	44,147
		<u>45,179</u>	<u>48,169</u>
Total non-current assets			
Total assets			
		<u>77,829</u>	<u>75,043</u>
Current liabilities			
Trade and other payables	13	5,880	4,561
Interest bearing loans	14	124	117
Employee entitlements	15	6,960	6,092
Revenue received in advance	17	8,486	6,368
		<u>21,450</u>	<u>17,138</u>
Total current liabilities			
Non-current liabilities			
Interest bearing loans	14	1,102	1,226
Employee entitlements	16	1,782	1,502
Revenue received in advance	17	1,200	2,485
		<u>4,084</u>	<u>5,213</u>
Total non-current liabilities			
Total liabilities			
		<u>25,534</u>	<u>22,351</u>
Net assets			
		<u>52,295</u>	<u>52,692</u>
Equity			
Reserves	18	860	1,120
Retained earnings	18	51,435	51,572
		<u>52,295</u>	<u>52,692</u>
Total equity			

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 38.

ENDEAVOUR FOUNDATION
Income Statement
For the Year Ended 30 June 2009

Divisional Results	Disability Services		Business Services		Corporate, Infrastructure & Fundraising		Total Foundation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Operating Revenue	60,990	57,863	41,670	40,826	21,490	21,555	124,150	120,244
Operating Expenses	(64,880)	(60,208)	(41,349)	(39,207)	(17,214)	(17,042)	(123,443)	(116,457)
Divisional operating (deficit)/surplus	(3,890)	(2,345)	321	1,619	4,276	4,513	707	3,787
Non-operating revenue	58	795	170	453	2,108	4,884	2,336	6,132
Net (deficit)/surplus for the year	(3,832)	(1,550)	491	2,072	6,384	9,397	3,043	9,919

Divisional Results Represented By :

	Note	2009 \$'000	2008 \$'000
Revenue			
Sale of goods		22,172	21,808
Fundraising activities		17,664	18,590
Service user contributions		10,459	10,141
Government subsidies		72,365	68,125
Interest income		1,167	1,123
Other revenue		323	457
	2 (a)	<u>124,150</u>	<u>120,244</u>
Expenses			
Cost of goods sold & commercial fundraising activities		(20,452)	(20,888)
Employee expenses		(66,890)	(62,953)
Supported employee expenses		(7,863)	(7,057)
Utilities & leased property expenses		(5,518)	(5,199)
Transport expenses		(3,594)	(3,502)
Maintenance expenses		(6,396)	(5,698)
Household consumables		(1,930)	(1,868)
Depreciation & amortisation expenses		(5,510)	(4,075)
Interest expense		(80)	(100)
Other expenses		(5,210)	(5,117)
		<u>(123,443)</u>	<u>(116,457)</u>
Operating surplus	2 (b)	707	3,787
Government capital expenditure grants		942	1,248
Gain on sale of properties		1,394	4,884
Net surplus for the year		<u>3,043</u>	<u>9,919</u>

The Income Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 38.

ENDEAVOUR FOUNDATION
Statement of Recognised Income and Expense
For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Net decrease in fair value of available-for-sale investments		(260)	(68)
Realised gains on available-for-sale investments transferred to the income statement		-	(70)
Actuarial adjustment to defined benefit superannuation plan		(3,180)	(2,282)
		<hr/>	<hr/>
Net expense recognised directly in equity		(3,440)	(2,420)
Net surplus for the period		3,043	9,919
		<hr/>	<hr/>
Total recognised income and expense for the period	18	(397)	7,499
		<hr/>	<hr/>

The Statement of Recognised Income and Expense is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 38.

ENDEAVOUR FOUNDATION
Cash Flow Statement
For the Year Ended 30 June 2009

	Note	2009 \$'000 Inflows (Outflows)	2008 \$'000 Inflows (Outflows)
Cash flows from operating activities			
Cash receipts in the course of operations		132,591	129,510
Cash payments to suppliers & employees		(125,744)	(120,445)
Dividends received		52	59
Interest received		1,136	1,116
Interest paid		(81)	(88)
Legacies & bequests received		169	333
Net cash provided by operating activities	27	8,123	10,485
Cash flows from investing activities			
Acquisition of property, plant & equipment		(6,561)	(10,171)
Acquisition of intangible assets		(210)	(47)
Acquisition of investments		(16)	(100)
Proceeds from disposal of property, plant & equipment		2,492	10,314
Proceeds from sale of investments		-	99
Net cash (used in)/from investing activities		(4,295)	95
Cash flows from financing activities			
Proceeds from interest bearing loans		-	1,350
Repayment of interest bearing loans		(117)	(111)
Net cash (utilised)/provided by financing activities		(117)	1,239
Net increase in cash held		3,711	11,819
Cash at the beginning of the financial year		18,952	7,133
Cash at the end of the financial year	27	22,663	18,952
Comprised of :			
Untied cash		7,209	5,160
Quarantined cash		15,454	13,792
		22,663	18,952

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 38.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

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ENDEAVOUR FOUNDATION

Notes to the Financial Statements

For the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Endeavour Foundation is a not-for-profit organisation, incorporated as a public company limited by guarantee and is domiciled in Australia. It provides 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. The registered office is located at 50 Southgate Avenue, Cannon Hill, QLD 4170.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations), adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial report was authorised for issue by the Directors on 30TH September 2009.

Basis for preparation of financial report

The financial report has been prepared on an accruals basis and is based on historical costs, except for:

- The revaluation of available-for-sale investment securities through an equity fair value reserve; and
- Financial assets and financial liabilities fair valued through profit and loss.

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

As Endeavour Foundation is a not-for-profit entity, the terms "profit" or "loss" do not appropriately describe the nature of Endeavour's activities. Accordingly, the words "Surplus/(Deficit)" have been substituted for the terms "Profit/(Loss)".

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

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

The Australian Accounting Standards Board (AASB) has issued additional standards and interpretations that are effective for periods commencing after the date of this financial report. The following standards, amendments to standards and interpretations have been identified as those which may impact Endeavour Foundation in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- AASB 101 *Presentation of Financial Statements (2007)*. The revised AASB 101, which relates to disclosure only, is applicable to annual reporting periods beginning on or after 1 January 2009 and introduces as a financial statement the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. Endeavour Foundation does not anticipate that adoption of the revised standard will have a material impact on its financial reports on initial application.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the 30 June 2010 financial statements are not expected to have any impact on the financial statements.

ENDEAVOUR FOUNDATION

Notes to the Financial Statements

For the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 :

- Note 9 – Non-current Assets – Investments;
- Note 10 – Non-current Assets – Net Defined Benefit Plan Asset;
- Note 12 – Non-current Assets – Property, Plant & Equipment;

Going concern basis

The financial statements have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Endeavour Foundation has recorded four consecutive operating surpluses and has also reported strong positive cash flows from operating activities. In addition, as at 30 June 2009, Endeavour Foundation's current assets exceed its current liabilities by \$11,200,000.

Endeavour Foundation is economically dependent on the Queensland State Government and the Commonwealth Government of Australia for funding. These funding levels are revised periodically in recognition of the increased cost of providing services. In addition Endeavour Foundation has budgeted for a small operating surplus for the 2010 financial year.

Accordingly, the Directors believe that the preparation of the financial report on a going concern basis is appropriate.

Significant accounting policies

The following is a summary of the significant accounting policies adopted by Endeavour Foundation in the preparation of the financial report. The accounting policies have been applied consistently to all periods presented in the financial report.

(a) Revenue recognition

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

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received and is recognised when the significant risks and rewards of ownership of the goods passes to customers.

ENDEAVOUR FOUNDATION

Notes to the Financial Statements

For the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Revenue recognition (continued)

Government subsidies and grants

Income from non-reciprocal subsidies and grants is recognised when Endeavour obtains control of the grant or the right to receive the grant; it is probable that the economic benefits comprising the grant will flow to the entity; and the grant amount can be measured reliably. Income from such grants is therefore recognised on receipt as the revenue recognition criteria are met when the grants are received.

Subsidies and grants which are reciprocal in nature, i.e. those grants which are received on the condition that specified services are delivered or conditions are fulfilled and have to be returned if Endeavour fails to meet the attached conditions, are initially recognised as deferred revenue (liability) with revenue recognised as the services are performed or conditions are fulfilled.

Specific Donations/Bequests/Fundraising Activities

Contributions received by way of donations, bequests or fundraising activities that have a specific objects clause attached are accounted for as reciprocal transfers and are measured at the fair value of the asset received and recognised as revenue when Endeavour expends the funds received for the specific purposes for which the contribution was made. Any such contributions that remain unexpended for the purposes for which they were received are repayable either to the original donor or if this is not practicable, to the Public Trustee for distribution to another organisation with similar objects clauses to Endeavour, to be expended for the same purposes as stipulated in the original specific donation, bequest or fundraising activity.

Other Donations/Bequests/Fundraising Activities

Contributions received via non-specific donations, bequests or fundraising activities and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are measured at the fair value of the asset received and are recognised when Endeavour Foundation receives the donation or bequest or conducts the fundraising activity.

Sale of non-current assets

The sale of non-current assets are recognised at the date the significant risks and rewards of ownership of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method.

Dividends

Dividend revenue is recognised net of any franking credits. Revenue from dividends is recognised when dividends are received.

(b) Finance costs

Interest payments in respect of financial instruments classified as liabilities are included in finance costs. Finance costs are expensed as incurred, using the effective interest rate method.

(c) Goods and Services Tax

Revenues, expenses and fixed assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as an expense.

ENDEAVOUR FOUNDATION

Notes to the Financial Statements

For the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Goods and Services Tax (continued)

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Taxation

Endeavour Foundation is a registered charitable institution, exempt from income tax.

(e) Impairment of assets

Endeavour Foundation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, Endeavour Foundation makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In common with many not-for-profit entities, in assessing value in use, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where Endeavour Foundation would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. In instances when this treatment is inappropriate, value in use is determined by discounting the estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased recoverable amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment – note 12

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives. Assets are depreciated from the date of acquisition on a straight-line or a diminishing value basis. The useful lives used for each class of asset are as follows:

	2009	2008
Buildings	34 years	34 years
Plant and equipment	3-10 years	3-10 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation rates and methods are reviewed annually for appropriateness.

(g) Non-current assets held for sale– note 8

Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying value will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet and are not depreciated or amortised while they are classified as held for sale.

(h) Intangible assets – note 11

Intangible assets acquired are measured at cost less accumulated amortisation and impairment losses.

Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation commences once the software is commissioned and is calculated using the straight line method to allocate the cost of computer software over its estimated useful life, being 3-10 years.

(i) Repairs and maintenance

Repairs and maintenance costs are expensed as incurred.

(j) Cash and cash equivalents and bank overdrafts

Cash and cash equivalents and bank overdrafts are measured at the face value of the amounts deposited or drawn.

(k) Inventories – note 6

Inventories, other than inventory held for distribution, are measured at the lower of cost and net realisable value.

Inventory held for distribution is measured at the lower of cost and current replacement cost.

Cost is allocated on an average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

ENDEAVOUR FOUNDATION

Notes to the Financial Statements

For the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments – note 9

Investments are classified as available-for-sale. Investments in listed entities are measured at fair value based on their market values. Unlisted investments are measured at cost. Revaluation increments/(decrements) on available-for-sale investments are recognised directly in the fair value reserve as a separate component of equity until the investment is sold, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in the fair value reserve is recognised in the income statement.

(m) Employee entitlements – note 25

(i) *Salaries, wages and annual leave*

Liabilities for employee benefits for salaries, wages and annual leave expected to be settled within 12 months of the year end are recognised, and are measured, as the amount unpaid at the reporting date in respect of employees' services up to that date calculated at undiscounted amounts based on remuneration wage and salary rates that Endeavour Foundation expects to pay, including related on-costs.

(ii) *Long service leave*

A liability for long service leave is recognised, and is measured, as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels and related on-costs, experience of employee departures, periods of service and Endeavour Foundation policy. Expected future payments are discounted using interest rates attaching, as at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. The unwinding of the discount is treated as long service leave expense.

(iii) *Superannuation*

Endeavour Foundation contributes to the Endeavour Foundation Staff Retirement Plan, which is a defined benefit and a defined contribution superannuation plan as well as a number of other registered defined contribution superannuation plans chosen by employees.

Endeavour Foundation's net obligation in respect of the defined benefit superannuation plan is recognised as an asset or liability on the balance sheet. The net defined benefit plan position is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The net defined benefit plan asset/(liability) so determined is recognised and presented on the face of the balance sheet. The annual expense in respect of the defined benefit members recognised in the income statement is based on an actuarial estimate of the annual cost of funding members' benefits. Actuarial gains and losses arising from changes in discount rates, market investment performance or other actuarial assumptions representing the difference between actual fund performance and the actuarially determined expense are recorded directly through retained earnings. Further information on the defined benefit plan is set out in note 10 and note 25(b).

In respect of the defined contribution plans, there is no liability to fund the plans other than by way of contributions made in compliance with current statutory superannuation guarantee contribution rates. These contributions to the defined contribution plans are charged through the income statement as they are incurred.

Further information in respect of superannuation commitments is set out in note 25(b).

ENDEAVOUR FOUNDATION

Notes to the Financial Statements

For the Year Ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leased non-current assets

Endeavour Foundation has no finance leases. Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(o) Trade and other receivables – note 5

All trade and other receivables are measured at amortised cost using the effective interest rate method. The collectibility of debts is assessed at balance date and specific impairment is recognised for any doubtful accounts.

(p) Trade and other payables – note 13

Liabilities are measured at amortised cost using the effective interest rate method and are recognised for goods or services received, whether or not billed to Endeavour Foundation.

(q) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

(r) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income over the period of the borrowing using the effective interest rate method.

(s) Financial instruments – non-derivative financial instruments

Financial instruments where Endeavour Foundation becomes party to a contractual provision of that instrument comprise only the following non-derivative financial instruments: Investments (refer note 1(l)), Trade and other receivables (refer note 1(o)) and Trade and other payables (refer note 1(p)).

Endeavour Foundation does not have any derivative financial instruments.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
2 (a) OPERATING REVENUE AND OTHER INCOME		
Sale of goods	22,172	21,808
Fundraising activities		
- Commercial fundraising activities	16,084	16,664
- Donations & appeals	892	786
- Special functions	288	418
- Bequests & legacies	169	333
- Community grants	231	389
	<u>17,664</u>	<u>18,590</u>
Service user contributions		
- Accommodation services	7,557	7,359
- ATSS's	1,554	1,516
- Transport services	1,348	1,266
	<u>10,459</u>	<u>10,141</u>
State Government subsidies	52,599	48,678
Federal Government subsidies	19,766	19,447
Dividend income	52	59
Interest income	1,167	1,123
Other revenue	271	398
Total operating revenue	<u>124,150</u>	<u>120,244</u>
Non-operating revenue		
- Government capital expenditure grants	942	1,248
- Gain on sale of property	1,394	4,884
Total revenue and other income for the period	<u>126,486</u>	<u>126,376</u>

2 (b) OPERATING SURPLUS

The operating surplus for the year has been arrived at after charging/(crediting) the following items:

Net expense from movements in provision for:		
- employee entitlements	1,148	734
- trade receivable impairments	30	-
Operating lease expense – property rentals	2,511	2,250
Operating lease expense – equipment rentals	304	332
Bad debts expense	13	31
Net loss/(gain) on disposal or impairment of non-current assets:		
Plant, equipment and intangibles	85	117
Investments	33	(47)

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
2 (c) CHARITABLE FUNDRAISING ACTIVITIES		
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)	17,664	18,590
Community grants in non-operating income	942	1,039
Direct costs of commercial fundraising activities	<u>(14,988)</u>	<u>(15,325)</u>
Net Fundraising Revenue	3,618	4,304
Indirect fundraising expenses	<u>(719)</u>	<u>(677)</u>
Net Fundraising Contribution	<u>2,899</u>	<u>3,627</u>
Fundraising Efficiency Ratio (Net Fundraising Contribution / Net Fundraising Revenue)	80.13%	84.27%
	2009	2008
	\$	\$
3. AUDITORS' & DIRECTORS' FEES		
Auditors' remuneration		
Audit Services		
Auditor of Endeavour Foundation – <i>KPMG Australia</i>		
Audit of financial report	82,400	82,900
Other regulatory audit services	<u>18,600</u>	<u>15,700</u>
	<u>101,000</u>	<u>98,600</u>
Other Services		
Auditor of Endeavour Foundation – <i>KPMG Australia</i>		
Other consultancy services	-	8,604
Directors' fees		
In accordance with the Constitution of Endeavour Foundation, Directors receive no remuneration		
	-	-

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
4. CASH AND CASH EQUIVALENTS		
Untied cash	7,209	5,160
Quarantined cash	15,454	13,792
	<u>22,663</u>	<u>18,952</u>

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

Quarantined cash represents revenue received in advance of \$9,686,000 (2008 : \$8,853,000) which is available for draw down only once the services they are meant to fund have actually been delivered and other cash reserves of \$5,768,000 (2008 : \$4,939,000) that have been designated for a specific purpose, including bequests, mainly to fund the establishment of a Capital Future Fund that will finance proposed infrastructure projects over the next 5 to 10 years.

	2009	2008
	\$'000	\$'000

CREDIT STANDBY ARRANGEMENTS WITH BANKS

Endeavour Foundation has the following lines of credit at reporting date:

Standby overdraft facility	2,500	2,500
Credit card facility	250	250
	<u>2,750</u>	<u>2,750</u>

Facilities utilised at reporting date:

Standby overdraft facility	-	-
Credit card facility	-	-
	<u>-</u>	<u>-</u>

Facilities not utilised at reporting date:

Standby overdraft facility	2,500	2,500
Credit card facility	250	250
	<u>2,750</u>	<u>2,750</u>

These facilities are secured by registered first mortgages over property situated at 50 Southgate Avenue, Cannon Hill and 5 Lyons Street, Gladstone and a registered mortgage debenture over all of the assets and undertakings of Endeavour Foundation.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
Trade debtors	2,045	2,112
Less: impairment provision	(65)	(35)
Other debtors	1,323	573
	<u>3,303</u>	<u>2,650</u>

The exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 19 – Financial Instruments

6. CURRENT ASSETS – INVENTORIES		
Raw materials	819	615
Work in progress	18	27
Finished goods	718	612
Less: impairment provision	(95)	(95)
	<u>1,460</u>	<u>1,159</u>
Fundraising	4,377	3,385
Non trading stock	32	21
	<u>5,869</u>	<u>4,565</u>

7. CURRENT ASSETS – OTHER CURRENT ASSETS		
Prepayments	<u>653</u>	<u>501</u>

8. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE		
Land and buildings – at carrying value	<u>162</u>	<u>206</u>

The land and buildings that are classified as held-for-sale comprise properties that are either surplus to current operational requirements or that no longer meet the current functional requirements of Endeavour Foundation's activities and which are expected to be disposed of within 12 months of reporting date. The sale proceeds of certain non-functional properties are expected to be applied in the purchase of replacement properties where appropriate, with any surplus cash being used to retire borrowings.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
9. NON-CURRENT ASSETS – INVESTMENTS		
Available-For-Sale Shares in other Corporations:		
- Quoted on Stock Exchanges – at market value	<u>694</u>	<u>971</u>
Reconciliation of the carrying amounts are set out below:		
Carrying value at beginning of year	971	1,061
Additions during the year at cost	16	100
Carrying value of disposals	-	(80)
Impairment adjustment	(33)	(42)
Revaluation adjustments recognised directly through the fair value reserve	(260)	(68)
	<u>694</u>	<u>971</u>
Carrying value at end of year	<u>694</u>	<u>971</u>
The exposure to credit, currency and interest rate risks related to investments is disclosed in note 19 – Financial Instruments		
10. NON-CURRENT ASSETS – NET DEFINED BENEFIT PLAN ASSET		
Present value of plan assets	10,403	15,990
Present value of funded obligations	(10,398)	(13,150)
	<u>5</u>	<u>2,840</u>
Net defined benefit plan asset	<u>5</u>	<u>2,840</u>
Details of the defined benefit plan and a reconciliation of the movements for the year are provided under note 25 - Employee Entitlements		
11. NON-CURRENT ASSETS – OTHER INTANGIBLE ASSETS		
Computer software – at cost	490	280
Less: accumulated amortisation	(200)	(69)
	<u>290</u>	<u>211</u>
Carrying amount at beginning of year	211	219
Additions	210	47
Amortisation expense	(131)	(55)
	<u>290</u>	<u>211</u>
Carrying amount at end of year	<u>290</u>	<u>211</u>

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
12. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT		
Land and buildings – at cost	51,452	48,658
Less: accumulated depreciation	<u>(17,875)</u>	<u>(16,273)</u>
	33,577	32,385
Less: classified as held for sale (refer note 8)	(162)	(206)
	<u>33,415</u>	<u>32,179</u>
Plant and equipment – at cost	22,888	22,202
Less: accumulated depreciation	<u>(12,113)</u>	<u>(10,234)</u>
	10,775	11,968
	<u>44,190</u>	<u>44,147</u>
Refer to note 4 for details of security over property, plant and equipment.		
Reconciliations		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Land and buildings		
Carrying amount at beginning of year	32,385	32,564
Additions	3,413	5,123
Transfers	(1)	-
Disposals	(372)	(3,820)
Depreciation expense	<u>(1,848)</u>	<u>(1,482)</u>
	33,577	32,385
Classified as held-for-sale (refer note 8)	(162)	(206)
	<u>33,415</u>	<u>32,179</u>
Plant and equipment		
Carrying amount at beginning of year	11,968	11,185
Additions	3,148	5,048
Transfers	1	-
Disposals	(811)	(1,727)
Depreciation expense	<u>(3,531)</u>	<u>(2,538)</u>
	10,775	11,968
Carrying amount at end of year	<u>10,775</u>	<u>11,968</u>

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	\$'000	\$'000
13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade creditors and accruals	3,344	3,129
Other creditors	<u>2,536</u>	<u>1,432</u>
	<u>5,880</u>	<u>4,561</u>

The exposure to currency and liquidity risk related to trade and other payables is disclosed in note 19 – Financial Instruments

14. INTEREST BEARING LOANS

Current : Non-bank loans, payable within 1 year	124	117
Non-Current : Non-bank loans, payable within 2 – 9 years	<u>1,102</u>	<u>1,226</u>
Total interest bearing loans	<u>1,226</u>	<u>1,343</u>

The loans represent two 10 year freeholding lease facilities from the Department of Environment and Resource Management, negotiated in order to secure tenure to land occupied by two Business Services and an ATSS, under expiring term leases.

The facilities are secured over the properties being financed, bear interest at 6%pa and are repayable by 30 June 2017 in 10 equal annual installments of capital and interest.

The exposure to interest rate, currency and liquidity risks are disclosed in note 19 – Financial Instruments

	2009	2008
	\$'000	\$'000
15. CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS		
Employee entitlements – staff	6,141	5,463
Employee entitlements – supported employees	<u>819</u>	<u>629</u>
	<u>6,960</u>	<u>6,092</u>

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009 \$'000	2008 \$'000
16. NON-CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS		
Employee entitlements - staff	1,367	1,239
Employee entitlements – supported employees	415	263
	<u>1,782</u>	<u>1,502</u>

17. REVENUE RECEIVED IN ADVANCE

- Current , realisable within 1 year	8,486	6,368
- Non-current , realisable within 2 – 4 years	1,200	2,485
	<u>9,686</u>	<u>8,853</u>

18. TOTAL EQUITY

Reconciliation of movement in total equity

	Fair value reserve \$'000	Subsidies reserve \$'000	Total Retained reserves \$'000	earnings \$'000	Total Equity \$'000
Balance at 1 July 2007	862	396	1,258	43,935	45,193
Total recognised income and expense	(138)	-	(138)	7,637	7,499
Balance at 30 June 2008	724	396	1,120	51,572	52,692
Total recognised income and expense	(260)	-	(260)	(137)	(397)
Balance at 30 June 2009	464	396	860	51,435	52,295

- a) The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired. See note 9
- b) The subsidies reserve represents various subsidies received from the State Government to assist with the purchase of certain properties. In the event that the properties are sold, the subsidy received, adjusted to reflect the value in real terms calculated on the basis of the Consumer Price Index or equivalent index, may be repayable. The original subsidy received is transferred to retained earnings once the property is sold.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

19. FINANCIAL INSTRUMENTS

Endeavour Foundation's business activities are exposed to a variety of financial risks, including those related to credit, liquidity and interest rate risks. The centralised Finance Department manages the financial risks related to the individual operating divisions.

(a) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis, with credit evaluations performed for all customers requiring credit over a certain amount.

It is the policy to invest surplus cash balances only in term deposits directly with major Australian banks.

(a) (i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at balance date was :

	Note	Carrying Amount	
		2009	2008
		\$'000	\$'000
Available-for-sale investments	9	694	971
Trade and other receivables	5	3,368	2,685
Cash and cash equivalents	4	22,663	18,952
		<u>26,725</u>	<u>22,608</u>

The maximum exposure to credit risk for trade receivables at balance date by type of customer was:

	Carrying Amount	
	2009	2008
	\$'000	\$'000
Business Services customers	1,838	1,884
Disability Services customers	207	228
	<u>2,045</u>	<u>2,112</u>

All trade receivables are located within the geographic region of Australia. The maximum credit risk exposure for trade receivables to any single debtor or group of debtors is \$313,000 (2008 : \$306,000).

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

19. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(a) (ii) Impairment losses

The ageing of trade receivables at balance date was:

	2009		2008	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Not past due	1,367	-	1,276	-
Past due 0-30 days	445	-	616	-
Past due 31-60 days	149	-	135	-
More than 61 days	84	65	85	35
	<u>2,045</u>	<u>65</u>	<u>2,112</u>	<u>35</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows :

Balance at 1 July	35	35
Impairment loss recognised	<u>30</u>	<u>-</u>
Balance at 30 June	<u>65</u>	<u>35</u>

b) Liquidity risk

Endeavour Foundation limits its exposure to liquidity risk by preparing 12 month rolling cash flow forecasts to identify potential future liquidity gaps and by maintaining adequate committed banking lines of credit which have a primary purpose of providing committed standby liquidity support when needed.

The following are the contractual maturities of financial liabilities, including estimated interest payments :

30 June 2009	Contractual cash flows					
	Carrying amount \$'000	Total \$'000	Within 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Interest bearing loans	1,226	(1,580)	(197)	(197)	(593)	(593)
Trade and other payables	5,880	(5,880)	(5,880)	-	-	-
	<u>7,106</u>	<u>(7,460)</u>	<u>(6,077)</u>	<u>(197)</u>	<u>(593)</u>	<u>(593)</u>

30 June 2008	Contractual cash flows					
	Carrying amount \$'000	Total \$'000	Within 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Interest bearing loans	1,343	(1,777)	(197)	(197)	(593)	(790)
Trade and other payables	4,561	(4,561)	(4,561)	-	-	-
	<u>5,904</u>	<u>(6,338)</u>	<u>(4,758)</u>	<u>(197)</u>	<u>(593)</u>	<u>(790)</u>

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

19. FINANCIAL INSTRUMENTS (continued)

c) Currency risk

There is no exposure to foreign currency risk at balance date as all financial instruments are denominated in Australian Dollars.

d) Interest rate risk

Given the low level of gearing on Endeavour Foundation's balance sheet, interest rate risk is not a risk that currently requires a robust risk mitigation policy. Consequently, interest rate risk is managed by investing surplus cash in short tailed (less than one year) financial instruments that can be regularly re-priced and by only using long term variable rate interest bearing debt that has the flexibility to be paid-out prior to maturity, to fund long term capital infrastructure acquisitions.

Exposure to interest rate risk and the effective weighted average interest rates on classes of financial assets and financial liabilities at balance date, is as follows :

	Weighted Average Interest Rate	Variable Rate Instruments \$'000
2009		
Financial assets		
Cash and cash equivalents	3.84%	22,587
Financial liabilities		
Interest bearing liabilities	6.00%	(1,226)
Net financial assets		<u>21,361</u>

	Weighted Average Interest Rate	Variable Rate Instruments \$'000
2008		
Financial assets		
Cash and cash equivalents	7.41%	18,877
Financial liabilities		
Interest bearing liabilities	6.00%	(1,343)
Net financial assets		<u>17,534</u>

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

19. FINANCIAL INSTRUMENTS (continued)

d) Interest rate risk (continued)

Sensitivity analysis for variable rate instruments

There are no fixed rate financial assets and liabilities accounted for at fair value through the income statement.

For variable rate financial assets and liabilities, a change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and the surplus or deficit for the year by the amounts shown below :

	Effect on Equity and Net Result			
	30 June 2009		30 June 2008	
	100bp increase \$'000	100bp decrease \$'000	100bp increase \$'000	100bp decrease \$'000
Financial assets	304	(304)	152	(152)
Financial liabilities	(13)	13	(17)	17
Net sensitivity effect	291	(291)	135	(135)

e) Net fair values

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2009		2008	
	Carrying Amount \$'000	Net fair value \$'000	Carrying Amount \$'000	Net fair value \$'000
Financial assets				
Cash and cash equivalents	22,663	22,663	18,952	18,952
Trade and other receivables	3,303	3,303	2,650	2,650
Investments	694	694	971	971
	<u>26,660</u>	<u>26,660</u>	<u>22,573</u>	<u>22,573</u>
Financial liabilities				
Interest bearing liabilities	1,226	1,226	1,343	1,343
Trade and other payables	5,880	5,880	4,561	4,561
	<u>7,106</u>	<u>7,106</u>	<u>5,904</u>	<u>5,904</u>

The net fair values of listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market the net fair value has been based on cost.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

20. CONTINGENT LIABILITIES

In accordance with various funding agreements, the State and Commonwealth Governments may continue to have interests in particular land and buildings held by Endeavour Foundation for which they have made grants to assist in their acquisition. The Directors understand that the Governments may have the right to a refund of their interest in the event of a sale. Should this occur, it is the Directors' intention to negotiate with the Governments that Endeavour Foundation be entitled to use these funds for another approved purpose.

Contingent liabilities exist for actions commenced against the Endeavour Foundation for workers compensation and public liability claims. Whilst Endeavour Foundation has denied liability it is expected that any judgement issued against Endeavour Foundation would be recoverable from its insurers.

Contingent liabilities may exist to restore presently leased land and/or premises to their original condition. The Directors are of the opinion that no provision is required.

	2009	2008
	\$'000	\$'000
21. COMMITMENTS FOR EXPENDITURE		
(a) Capital expenditure contracted but not provided for and payable:		
Due within 1 year	255	199
	<hr/>	<hr/>
(b) Lease expenditure contracted for:		
Endeavour Foundation has various operating leases.		
Lease payments are charged to expenses.		
Total lease commitment at beginning of year	3,774	3,811
Lease additions and escalation	2,896	2,213
Less: rent expense for year	(2,511)	(2,250)
	<hr/>	<hr/>
Total lease commitment at end of year	4,159	3,774
	<hr/>	<hr/>
Due within 1 year	2,230	2,094
Due within 2 - 5 years	1,876	1,663
Due after 5 years	53	17
	<hr/>	<hr/>
	4,159	3,774
	<hr/>	<hr/>

Endeavour Foundation leases property under non-cancellable operating leases expiring from 1 to 30 years. Leases generally provide Endeavour Foundation with a right of renewal at which time all terms are renegotiated.

22. LIMITATION OF MEMBERS' LIABILITY

Endeavour Foundation is a company limited by guarantee and in accordance with the Constitution, in the event of Endeavour Foundation being wound up, the liability of members would not exceed \$2.00 per member. At 30 June 2009 the number of members was 1,253 (2008 : 1,325).

ENDEAVOUR FOUNDATION

Notes to the Financial Statements

For the Year Ended 30 June 2009

23. RELATED PARTY TRANSACTIONS

The names of persons who were Directors of Endeavour Foundation at any time during the financial year are as follows: J W Bowen, C E L Bryce, S P Charles, G M Crotty, D B de Villiers, G B Murdoch and D R Rawnsley.

No Directors' remuneration is payable (see note 3).

No Director or related party has entered into a material contract with the Endeavour Foundation since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end. Directors may have family members or relatives who utilise the services that Endeavour Foundation provides. Such transactions are conducted at arms length.

24. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Endeavour Foundation.

Endeavour Foundation's key management personnel comprise of the directors listed on page 2 of the Directors' Report and a team of thirteen senior managers, comprising the Chief Executive Officer, six General Managers, five Area Managers in Disability Services and three Commercial Managers in Business Services. (2008 : a team of thirteen senior managers, comprising the Chief Executive Officer, four General Managers, five Area Managers in Disability Services and three Commercial Managers in Business Services)

All directors perform their duties in a voluntary capacity, and as such, no remuneration was payable nor was any paid to them.

Other key management personnel compensation comprises:

	2009	2008
	\$	\$
Short-term employee benefits	2,361,743	2,023,499
Number of key management personnel	15	13

25. EMPLOYEE ENTITLEMENTS

Endeavour Foundation had 2,348 full time equivalent employees inclusive of 1,090 full time equivalent workers with a disability in Business Services as at 30 June 2009 (2008: 2,245 full time equivalent employees inclusive of 1,048 full time equivalent workers with a disability in Business Services).

(a) Employee entitlements

	2009	2008
	\$'000	\$'000
Aggregate employee entitlement liability	8,742	7,594

The aggregate employee entitlement liability includes amounts for salaries and wages, annual and long service leave.

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

25. EMPLOYEE ENTITLEMENTS (continued)

(a) Employee entitlements (continued)

As explained in note 1(m)(ii) the amount for long service leave is measured at its present value. The following assumptions were adopted in measuring present values.

Based on Endeavour Foundation's previous experience of those employees with less than five years service, one third will become entitled to long service leave, and of those employees with greater than five years service and less than ten years service, two thirds will become entitled to long service leave. For supported employees it is assumed that all supported employees will become entitled to long service leave. Endeavour Foundation has assumed that employees are placed mid way within the bands of service. Their entitlements have been calculated using the projected rates of increase in remuneration and the period of service to entitlements. These values have been discounted using the average of the five year and ten year bond rates as follows:

	2009	2008
5 Years	5.22%	6.57%
10 Years	5.52%	6.45%
Average	5.37%	6.51%

(b) Superannuation commitments

Endeavour Foundation contributes to the Endeavour Foundation Staff Retirement Plan, which is a defined benefit and a defined contribution superannuation plan, as well as a number of other registered defined contribution superannuation plans chosen by employees.

In respect of the defined contribution plans, Endeavour Foundation has a legally enforceable obligation to contribute to the plans.

In respect of the defined benefit plan, employer contributions are based on the advice of the plan's actuary. After serving a qualifying period, employees are entitled to benefits on retirement, death or disability. The plan provides defined benefits based on years of service and final average salary.

DEFINED BENEFIT PLAN

Endeavour Foundation's net obligation in respect of the defined benefit superannuation plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The net defined benefit plan asset/(liability) so determined is recorded on the face of the balance sheet and under note 10 to these financial statements.

	2009	2008
	\$'000	\$'000
Net defined benefit plan asset		
Present value of plan assets	10,403	15,990
Present value of funded obligations	(10,398)	(13,150)
	<hr/>	<hr/>
Net defined benefit plan asset (note 10)	5	2,840
	<hr/>	<hr/>

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

25. EMPLOYEE ENTITLEMENTS (continued)

(b) Superannuation commitments (continued)

	2009	2008
	\$'000	\$'000
DEFINED BENEFIT PLAN (continued)		
Reconciliations		
Changes in the present value of the net defined benefit plan asset are as follows:		
Opening net defined benefit plan asset	2,840	4,521
Employer contributions during the year	524	477
Expense during the year	(179)	124
Net actuarial surplus for the year recognised directly in retained earnings	(3,180)	(2,282)
	<hr/>	<hr/>
Closing net defined benefit plan asset	5	2,840
	<hr/>	<hr/>
The defined benefit expenses recognised through the income statement as part of employee expenses are as follows:		
Current service cost	506	457
Interest cost	644	698
Expected return on plan assets	(971)	(1,279)
	<hr/>	<hr/>
Total defined benefit expenses recognised in the income statement	179	(124)
	<hr/>	<hr/>
The changes in the present value of the defined benefit obligations are as follows:		
Defined benefit obligations at beginning of year	13,150	13,584
Current service cost	506	457
Interest cost	644	698
Employee contributions	280	268
Actuarial loss/(gain)	194	(298)
Benefits paid	(4,219)	(1,407)
Other (fees and taxes)	(157)	(152)
	<hr/>	<hr/>
Defined benefit obligations at end of year	10,398	13,150
	<hr/>	<hr/>

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

25. EMPLOYEE ENTITLEMENTS (continued)

(b) Superannuation commitments (continued)

	2009	2008
	\$'000	\$'000
DEFINED BENEFIT PLAN (continued)		
The changes in the present value of the defined benefit plan assets are as follows:		
Fair value of plan assets at beginning of year	15,990	18,105
Actual return on plan assets	(2,015)	(1,301)
Employer contributions	524	477
Employee contributions	280	268
Benefits paid	(4,219)	(1,407)
Other (fees and taxes)	(157)	(152)
	<hr/>	<hr/>
Fair value of plan assets at end of year	10,403	15,990
	<hr/>	<hr/>

The plan assets at balance date consist of equity securities 60%, property 6%, fixed interest instruments 20%, cash 5% and other instruments 9% (2008: 60%, 6%, 20%, 5% and 9% respectively)

Principal actuarial assumptions at reporting date (expressed as weighted averages) are as follows:

Discount rate	5.12%	6.50%
Expected long term rate of return on plan assets	7.20%	7.40%
Future salary increases	3.00%	4.00%

Historical information

	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of plan assets	10,403	15,990	18,105	17,454	17,624
Present value of funded obligations	(10,398)	(13,150)	(13,584)	(15,153)	(17,576)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net defined benefit plan asset	5	2,840	4,521	2,301	48

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

25. EMPLOYEE ENTITLEMENTS (continued)

(b) Superannuation commitments (continued)

DEFINED CONTRIBUTION PLANS

Details of contributions to the defined contribution superannuation plans during the year and contributions payable at 30 June are as follows:

	2009	2008
	\$'000	\$'000
Employer contributions to the defined contribution plans	5,063	4,188
Employer contributions payable to the defined contribution plans at reporting date	469	46

Endeavour Foundation has no further outstanding liability in respect of the defined contribution superannuation plans as at the date of this report.

26. DIVISIONAL REPORTING

Endeavour Foundation comprises the following main operating units:

- Disability Services Disability Services provides residential accommodation and structured daytime activities for people with a disability. There are 71 residences, 32 Adult Training Support Services and 2 Targeted Support Services throughout Queensland. In addition, Disability Services provides individualised support through programs such as Accommodation Support, Post School Services and respite all of which are designed to enhance the lives of people with an intellectual disability.

- Business Services Business Services operates 24 commercial businesses throughout Queensland that provide employment for 1,344 people with a disability and 1 open employment service. The commercial businesses produce a range of quality products and services including furniture, stakes and pegs, metal fabrication, HACCP food packaging, general packaging and a number of recycling activities.

 Another arm of Business Services are 37 Retail stores throughout Queensland. These Endeavour Recycled Clothing stores stock and sell a variety of recycled good including, clothing, furniture, manchester, accessories and bric-a-brac.

- Corporate, Infrastructure and Fundraising Corporate provides the strategic governance, advocacy, human resources, marketing, accounting, administrative and compliance infrastructure to support the operational and legislative requirements of the organisation. This unit also includes transport support for Disability and Business Services.

 Infrastructure controls and manages the property portfolio.

 Fundraising undertakes a number of commercial fundraising activities such as art unions and bingo as well as major signature functions such as the Great Endeavour Rally, Daisy for Disability Day and Summer Challenge. Ten major prize homes were drawn during the year and two cars were drawn under the re-launched Exclusive Limited Lottery. These commercial fundraising activities, together with community and workplace donation programs, bequest and community grants enable funds to be raised with the objective of enhancing the lives of people with a disability.

The divisional financial performance of the three operating units is disclosed on the face of the Income Statement (page 9).

ENDEAVOUR FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 June 2009

27. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash on hand and "at call" and term deposits with other financial institutions. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2009	2008
	\$'000	\$'000
Cash	562	1,315
Call & short term deposits	22,101	17,637
	<u>22,663</u>	<u>18,952</u>

(b) Reconciliation of Net Cash Provided by Operating Activities to Net Surplus

Net surplus for the year	3,043	9,919
Depreciation and amortisation	5,510	4,075
Non-cash flow effects of movements in net defined benefit plan asset	(345)	(601)
Increase in provision for employee entitlements	1,148	734
Increase in trade receivables impairment provision	30	-
Increase in trade and other receivables	(683)	(27)
(Increase)/decrease in inventories	(1,304)	1,225
(Increase)/decrease in other current assets	(152)	42
Increase/(decrease) in trade and other payables	1,319	(235)
Increase in revenue received in advance	833	167
Loss/(gain) on impairment or disposal of investments	33	(47)
Gain on sale of non current assets	(1,309)	(4,767)
	<u>8,123</u>	<u>10,485</u>
Net Cash Provided by Operating Activities	8,123	10,485

28. ECONOMIC DEPENDENCY

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

29. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 September 2009, Endeavour Foundation acquired the supported employment services of disability services provider Cumberland Industries, which was under administration, saving the jobs of 580 supported employees. The acquisition included the property, plant and equipment of the supported employment services, located at three separate sites in the western suburbs of Sydney and was settled using available cash reserves.

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

DIRECTORS' DECLARATION

For the Year Ended 30 June 2009

Directors' Declaration

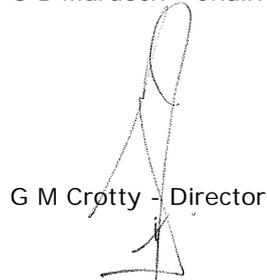
In the opinion of the Directors of Endeavour Foundation:

- (a) the financial statements and notes, set out on pages 8 to 38, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Endeavour Foundation as at 30 June 2009 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that Endeavour Foundation 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



G M Crotty - Director

Brisbane

30th September 2009



Independent Audit Report to the Members of Endeavour Foundation

Report on the financial report

We have audited the accompanying financial report of Endeavour Foundation (Endeavour), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the directors' declaration.

Directors' responsibility for the financial report

The directors of Endeavour are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of Endeavour's financial position, and of its performance.

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 financial report of Endeavour Foundation is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of Endeavour's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Mitchell C Petrie
Partner

Brisbane

30th September 2009

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

DIRECTORY

Patron

Her Excellency the Governor of Queensland, Ms Penelope Wensley AO

Vice Patrons

The Most Reverend John Bathersby DD,
Roman Catholic Archbishop of Brisbane

The Most Reverend Dr Phillip Aspinall, Primate,
Anglican Church of Australia

Inaugural President

The late Professor Sir Fred Schonell MA, PhD, D Lit, FBPsS, FACE

Chairman

Grant Murdoch M Com(Hons), FAICD, FICAA

Chief Executive Officer

David Barbagallo – from 2 February 2009

Kelvin Spiller – until 19 December 2008

Company Secretary

Svend Kling – from 25 November 2008

Kelvin Spiller – until 24 November 2008

Registered Office

50 Southgate Avenue
Cannon Hill Queensland 4170

Phone: 07 3908 7100

Fax: 07 3908 7101

Email: information@endeavour.com.au

ABN 80 009 670 704

Auditors

KPMG

Level 16, Riparian Plaza

71 Eagle Street, Brisbane Queensland 4000

Solicitors

Blake Dawson

Level 36, Riverside Centre

23 Eagle Street, Brisbane Queensland 4000

Simmonds Crowley & Galvin

379 Queen Street

Brisbane Queensland 4000

Board of Directors at 30 June 2009

Grant Murdoch, *Chairman*

Shane Charles, *Deputy Chairman*

Gerard Crotty, *Treasurer*

John Bowen

David de Villiers

David Rawnsley

Chloe Bryce (appointed 9 September 2008)

Senior management team at 30 June 2009

David Barbagallo, *Chief Executive Officer*

Svend Kling, *Chief Financial Officer and General Manager Finance, Infrastructure & Performance Improvement*

Gail Davidson, *General Manager Disability Services Operations & Community Engagement*

Andrew Donne, *General Manager Commercial Operations*

Virginia Clifton Dougherty, *General Manager Marketing, Communications & Lotteries*

Geoff Rowe, *General Manager Policy, Research, Planning & Strategy*

Ken Tapfield, *General Manager Human Resources & Organisational Development*

Alison Wolff, *Manager, Community and Advocacy Support Unit*