ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

ENDEAVOUR FOUNDATION

Opportunities for people with a disability

CONTENTS

Directors' Report

For the year ended 30 June 2017

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 2017 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:

		Experience (in years)	
Name	**Qualifications and Special Responsibilities**	**Board of Directors**	**Area Committee**
Current at 30 June 2017			
Anthony George Bellas (Independent Director) (14 February 2011)	B Econ, Dip Ed, MBA, FAICD, ASA, FCPA Chair Member of Audit & Risk Committee Member of Nominations & Remuneration Committee	6	-
Yvonne Dianne Keane (Independent Director) (26 May 2014)	Member of Nominations & Remuneration Committee Deputy Chair (from 25/04/17)	3	-
Paul Denis Currie (Elected Director) (26 November 2014)	BSC (Hons), Phd (Physics) Member of Client Services Committee Member of Audit & Risk Committee	3	7
Scott Robinson Elton Ellis (Elected Director) (22 November 2013)	BBus, ASA, AAICD Chair of Audit & Risk Committee	4	17
Pedro Mendiolea (Elected Director) (22 November 2013)	BE (Hons), GDMgt, MIEAust, RPEQ, CPEng Member of Audit & Risk Committee	4	6
Alison Jean Semple (Elected Director) (30 November 2012)	LTCL, BA, Grad Dip Ed(rsc), Grad Cert Theol Chair of Client Services Committee	5	17
Suzanne Evelyn Thorpe (Elected Director) (30 November 2012)	AAICD, Dip Marketing Member of Client Services Committee Member of Nominations & Remuneration Committee	5	9

Directors (continued)

Name	Qualifications and Special Responsibilities	Experience (in years) Board of Directors	Experience (in years) Area Committee
Past Directors who served during year			
Katherine Jean Swindon (Independent Director) (appointed 13 July 2010) (ceased 22/03/2017)	B Com, FCA Deputy Chair Member of Client Services Committee Member of Nominations & Remuneration Committee	7	-
Resignations since the end of the financial year			
None			

Company Secretary

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

Current Joint Company Secretaries

Mark Sidney Fenton	FCPA, GAICD, MBA, B.Bus, JP(Qual)	Appointed 25/08/2017
Eric Duncan Campbell	CA, B Acc, Grad Dip Project Mgt, GAICD	Appointed 28/11/2013
Susan Mary Minehan	BA, LLB, MA Lit Studs, LLM	Appointed 4/07/2016 Resigned 25/07/2017

Directors' Report (cont)
For the year ended 30 June 2017

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		Client Services Meetings		Audit & Risk Committee Meetings	
	A	B	A	B	A	B	A	B
A G Bellas	12	12	3	3	-	-	4	4
P D Currie	12	9	-	-	4	3	4	3
S R E Ellis	12	12	-	-	-	-	4	4
Y D Keane	12	11	3	3	-	-	-	-
P Mendiolea	12	9	-	-	-	-	4	2
A J Semple	12	12	2	2	4	4	-	-
K J Swindon	8	6	-	-	2	2	-	-
S E Thorpe	12	9	3	2	4	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, a Client Services Committee and an Audit & Risk 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 Foundation'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 A G Bellas (Chair)
- Councillor Y D Keane
- Mrs A Semple (appointed 28/04/2017)
- Ms S E Thorpe
- Ms K J Swindon (resigned 22/03/2017)

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:

- Mrs A Semple (Chair)
- Ms S E Thorpe
- Dr P D Currie
- Mr G M Crotty (retired as a director on 30/11/12 but remains a committee member)
- Ms K J Swindon (resigned 22/03/2017)

Audit & Risk Committee

The Audit & Risk Committee provides assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities in relation to the organisation's financial reporting, internal control structures, risk management systems, the internal and external audit functions, the process for monitoring compliance with laws and regulations and the code of conduct and related policies.

In doing so, it is the responsibility of the Audit & Risk Committee to maintain free and open communication between the Audit & Risk Committee, External Auditors, the Internal Auditor, the Head of Quality & Risk and management of the organisation.

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

- Mr S R E Ellis (Chair)
- Mr A G Bellas
- Mr P Mendiolea
- Dr P D Currie

Directors' Report (cont)
For the year ended 30 June 2017

Principal Activity and Objectives

The principal activities of the Endeavour Foundation Group during the year were the provision of support services to people with a disability, with a particular focus on people with an intellectual disability, including Residential Accommodation & Support Services, Learning & Lifestyle Support Services, Post-School Services, Supported Employment Services and Community Advocacy & Support Services. In addition, Open Employment and Apprenticeship Training services are also provided. In the opinion of the Directors no significant changes have occurred in the nature of these activities during the financial year.

The Endeavour Foundation Group's **Purpose** and **Mission** are:

Purpose: Make possibilities a reality

We are dedicated to helping people with a disability to live fulfilling lives, working together to turn possibilities into reality for each individual.

Mission: We partner with people to aspire for more

We believe in ability, and understand that everyone is different. We will work with our customers to make the most of their individual skills and interests, whether that is developing life skills, trying a new activity, work or learning. Our goal is to ensure we are there for our customers – both now and in the future – and we're committed to achieving more together, making their possibilities a reality.

The Group's Purpose and Mission is delivered through its f**our core organisational values:**

One: We are one, valuing individual strengths and experience so we can achieve more together;

Imaginative: We never stop imagining a better future for our customers;

Care: We care, and treat everyone with respect and kindness;

Passionate: We are passionate, our customers are at the heart of everything that we do.

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 $4,003,000 compared to an operating deficit of ($1,063,000) in the previous year. This operating result was achieved primarily due to the following factors:

- a marginal deterioration in the operating results from Service Delivery as the business transforms ahead of the full introduction of the National Disability Insurance Scheme, exacerbated by the continued challenging business environment faced by the geographically dispersed Queensland based supported employment services;
- a significant improvement in the operating results from the Supporter Enterprises division, due to improved contributions from lotteries, events, fundraising and the Endeavour Recycled Clothing stores;
- a significant improvement in the operating results generated by the Community Solutions Group entities due to growth in net revenues from new services;
- increased corporate and infrastructure costs due to corporate project costs associated with the continued implementation of improved IT systems and business processes, the cost of system reviews and increased marketing and communication costs in preparation for the full implementation of the National Disability Insurance Scheme.

Results (continued)

The Group's net surplus for the current financial year, after recognising a net charge from non-operating items of ($523,000) was $3,480,000. The net charge from non-operating items in the current period included significant gains on the disposal of properties of $2,823,000, a significant bequest of $968,000 and non-recurrent government capital grants of $426,000 which were offset by a significant charge in respect of the refund of the salary packaging fee that had been recovered from staff during the period 1 January 2010 to 30 June 2015. In the previous year the Group recorded a comparative net surplus for the year of $8,914,000 after recognising non-operating items of $9,977,000. The prior period non-operating items included significant net gains on the acquisition of subsidiaries of $8,133,000, a significant bequest of $655,000, a loss on disposal of properties of ($107,000) and non-recurrent government capital grants and other capital donations of $1,296,000.

Dividends

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

Events Subsequent to Balance Date

Since 30 June 2017 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 23)

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 23).

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, 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 Australian Charities and Not-for-profits Commission Act 2012 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 & Risk 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 9 and forms part of the Directors' Report.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016. Accordingly 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.

A G Bellas – Chairman
Brisbane
11th October 2017

Auditor’s Independence Declaration

For the year ended 30 June 2017

KPMG

Lead Auditor’s Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: The Directors of Endeavour Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit of Endeavour Foundation for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Scott Guse

Scott Guse
Partner
Brisbane
11th October 2017

Consolidated Balance Sheet

As at 30 June 2017

	Note	2017 $'000	2016 $'000
Current assets			
Cash and cash equivalents			
- Untied cash		26,147	18,157
- Quarantined cash		8,535	6,257
	4	34,682	24,414
Trade and other receivables	5	14,920	12,419
Inventories	6	12,830	14,816
Other current assets	7	2,182	1,812
Assets classified as held-for-sale	8	636	6,415
Total current assets		**65,250**	**59,876**
Non-current assets			
Investments	9	1,896	1,712
Net defined benefit plan asset	10	2,717	2,481
Other intangible assets	11	1,299	1,948
Investment properties	12	2,758	2,803
Property, plant & equipment	13	100,416	107,289
Total non-current assets		**109,086**	**116,233**
Total assets		**174,336**	**176,109**
Current liabilities			
Interest bearing loans	14	-	1,800
Trade and other payables	15	20,333	14,555
Employee entitlements	16	19,926	18,800
Revenue received in advance	17	8,079	5,777
Total current liabilities		**48,338**	**40,932**
Non-current liabilities			
Interest bearing loans	14	-	13,000
Revenue received in advance	17	456	453
Employee entitlements	18	3,462	3,644
Total non-current liabilities		**3,918**	**17,097**
Total liabilities		**52,256**	**58,029**
Net assets		**122,080**	**118,080**
Equity			
Reserves		1,058	916
Retained earnings		121,022	117,164
Total equity		**122,080**	**118,080**

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 2017

	Note	2017 $'000	2016 $'000
Revenue			
Sale of goods and services		79,600	71,417
Fundraising activities		25,416	24,308
Service user contributions		12,005	13,817
Government subsidies		155,903	162,702
Rent received		5,479	1,010
Interest income		723	698
Other revenue		1,544	663
	2(a)	280,670	274,615
Expenses			
Cost of goods sold & commercial fundraising activities		(49,266)	(48,750)
Employee expenses		(154,345)	(154,115)
Supported employee expenses		(17,699)	(16,820)
Utilities & leased property expenses		(15,316)	(14,803)
Transport expenses		(7,144)	(7,505)
Maintenance expenses		(10,833)	(8,474)
Household consumables		(1,802)	(1,821)
Depreciation & amortisation expenses		(9,764)	(10,299)
Interest expense		(363)	(681)
Other expenses		(10,135)	(12,410)
		(276,667)	(275,678)
Operating surplus/(deficit)		4,003	(1,063)
Government capital expenditure grants and other capital donations	2(a)	426	1,296
Significant bequests		968	655
Gain/(loss) on disposal of properties	2(a)	2,823	(107)
Refund of salary packaging fee	2(c)	(4,740)	-
Net gain on business acquisitions	28	-	8,133
Net surplus for the year		**3,480**	**8,914**

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 2017

		2017 $'000	2016 $'000
Net surplus for the year		**3,480**	**8,914**
Other comprehensive income			
(Items that will not be reclassified to profit or loss)			
Net increase/(decrease) in fair value of investments	9	142	(81)
Realised gains/(losses) on disposal of investments		12	(45)
Actuarial adjustment to defined benefit superannuation plan	25(b)	366	(888)
Other comprehensive income for the year		**520**	**(1,014)**
Total comprehensive income for the year		**4,000**	**7,900**

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Fair value reserve $'000	Subsidies reserve $'000	Total reserves $'000	Retained earnings $'000	Total Equity $'000
Total equity at 30 June 2015	601	396	997	109,183	110,180
Total comprehensive income for the year	(81)	-	(81)	7,981	7,900
Total equity at 30 June 2016	**520**	**396**	**916**	**117,164**	**118,080**
Total comprehensive income for the year	142	-	142	3,858	4,000
Total equity at 30 June 2017	**662**	**396**	**1,058**	**121,022**	**122,080**

a) The fair value reserve comprises the cumulative net change in the fair value of investments, until the investment is derecognised. 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.

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 2017

	Note	2017 $'000 Inflows (Outflows)	2016 $'000 Inflows (Outflows)
Cash flows from operating activities			
Cash receipts in the course of operations		302,049	293,828
Cash payments to suppliers & employees		(285,917)	(287,540)
Dividends received		119	123
Interest received		704	717
Interest paid		(405)	(518)
Legacies & bequests received		1,688	1,025
Net cash provided by operating activities	26	**18,238**	**7,635**
Cash flows from investing activities			
Acquisition of property, plant & equipment		(6,678)	(8,466)
Acquisition of investment properties		(18)	-
Acquisition of intangible assets		(210)	(887)
Acquisition of investments		(1,205)	(519)
Proceeds from disposal of property, plant & equipment		13,563	2,116
Proceeds from disposal of investment properties		-	438
Proceeds from sale of investments		1,175	789
Proceeds from non-operational capital grants and donations		203	431
Acquisition of business	28	-	(1,654)
Cash acquired through business combinations	28	-	5,006
Net cash generated/(utilised) by investing activities		**6,830**	**(2,746)**
Cash flows from financing activities			
Repayment of interest bearing loans		(14,800)	(2,197)
Net cash utilised by financing activities		**(14,800)**	**(2,197)**
Net increase in cash held		**10,268**	**2,692**
Cash at the beginning of the financial year		24,414	21,722
Cash at the end of the financial year	26	**34,682**	**24,414**
Comprising:			
Untied cash		26,147	18,157
Quarantined cash		8,535	6,257
		34,682	**24,414**

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

Notes to the Financial Statements

For the year ended 30 June 2017

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Notes to the Financial Statements

For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 33 Corporate Drive, Cannon Hill, QLD 4170.

The consolidated financial statements of the Company for the financial year ended 30 June 2017 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, and individuals and communities who have significant personal, social, economic and cultural disadvantage in accessing services and resources. Support is provided through a range of flexible services, including residential accommodation, in-home support, adult education, life style support, drug prevention and public safety programs, services for disengaged young people and people experiencing mental illness, supported employment services and apprenticeship and traineeship qualifications.

Joint Reporting Group

With effect from 30 June 2017 the Endeavour Foundation Group has been approved as a Joint Reporting Group under section 60-95 of the Australian Charities and Not-for-profits Commission Act (ACNC Act) and consequently the preparation and lodgment of separate audited annual financial reports for each of the individual controlled entities is not a requirement under the ACNC Act.

The consolidated annual financial report of Endeavour Foundation for the year ended 30 June 2017 has been prepared in accordance with Australian Accounting Standards Board (AASB) 10 Consolidated Financial Statements and includes the financial statements of the controlled entities listed in note 29 Group Entities, all of which are entities registered with the Australian Charities and Not-for-profits Commission. The basis for consolidation is set out in Accounting Policy note 1(a) below.

Statement of compliance

The consolidated 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 Australian Charities and Not-for-profits Commission Act 2012. These consolidated financial statements comply with Australian Accounting Standards.

The financial report was authorised for issue by the Directors on 11th October 2017.

Basis for preparation of financial report

The financial report has been prepared on an accruals basis and is 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; and
- Revenue is recognised on an accruals basis with the exception of 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.

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)".

The financial statements are presented in Australian Dollars rounded to the nearest thousand unless otherwise stated (ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191).

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

Notes to the Financial Statements

For the year ended 30 June 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards early adopted

The Group has not elected to early adopt any accounting standards and amendments, issued by the Australian Accounting Standards Board (AASB) and the Corporate Reporting Reform Act.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of those which may be relevant are set out below:

- AASB 15 Revenue from Contracts with Customers

  AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

- AASB 16 Leases

  AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

- AASB 9 Financial Instruments

  AASB 9 could change the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. The Group is assessing the potenital impact on its financial statements resulting from the application of AASB 9.

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 – Defined Benefit Plan Asset;
- Note 13 – 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group has recorded twelve consecutive Net Surpluses and has also reported strong positive cash flows from operating activities. In addition, as at 30 June 2017, the Group's current assets exceed its current liabilities by $16,912,000.

The Group 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 an Operating Surplus has been budgeted for the 2018 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 the Group in the preparation of the consolidated financial statements. The accounting policies have been applied consistently to all periods presented in the financial report, except where otherwise indicated.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

(b) Revenue recognition

Revenue is recognised on an accruals basis with the exception of non-specific 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.

Government subsidies and grants

Income from non-reciprocal subsidies and grants is recognised when the Group 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 the Group 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lottery Tickets Sold

Revenue from the sale of lottery tickets is measured at the fair value of the consideration received. Monies received for tickets in undrawn lotteries is deferred and recorded as advance lottery receipts in revenue received in advance.

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 the Group 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 Foundation, 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 the Group 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.

(c) 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.

(d) 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.

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.

(e) Taxation

Endeavour Foundation and its controlled entities are registered charitable institutions, exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of assets

The Group 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, an estimate is made 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 the Group 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 amounts (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 amounts, 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.

(g) Property, plant and equipment – note 13

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:

	2017	2016
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.

(h) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

(j) Investment property

Investment property is measured at cost less accumulated depreciation and impairment losses.

Investment properties, including buildings but excluding freehold land, are depreciated over their estimated useful lives, from the date of acquisition on a straight-line basis, using the following depreciation rates:

	2017	2016
Buildings	34 years	34 years

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

(k) Repairs and maintenance

Repairs and maintenance costs are expensed as incurred.

(l) 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.

(m) 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.

(n) Investments – note 9

Investments not held for trading purposes are classified as financial assets at fair value through other comprehensive income.

These investments are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss is recognised in other comprehensive income as a transfer directly to retained earnings and is not recognised in the income statement.

Dividends or other distributions received from these investments are still recognised in the income statement as part of other income.

(o) 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 the Group expects to pay, including related on-costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee entitlements – note 25 (continued)

(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 employment policies. 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
Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Further information on the defined benefit plan is set out in note 10 and note 25(b).

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(p) Leases

(i) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all the risk and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Leases (continued)

(ii) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(q) 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.

(r) Trade and other payables – note 15

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 the Group.

(s) 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.

(t) 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.

(u) Financial instruments – non-derivative financial instruments

Financial instruments where the Group becomes party to a contractual provision of that instrument comprise only the following non-derivative financial instruments: Investments (refer note 1(n)), Trade and other receivables (refer note 1(q)) and Trade and other payables (refer note 1(r)).

The Group does not have any derivative financial instruments.

(v) Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of comprehensive income and the consolidated statement of changes in equity all transactions that directly effect reserves or retained earnings, with all other non-owner changes in equity shown in the consolidated income statement.

		2017 $'000	2016 $'000
2 (a)	**OPERATING REVENUE AND OTHER INCOME**		
	Sale of goods and services – other	69,368	71,073
	Sale of goods and services – NDIS revenues	10,232	344
		79,600	71,417
	Fundraising activities		
	- Commercial fundraising activities	23,633	21,853
	- Donations & appeals	789	1,486
	- Special functions	190	480
	- Bequests & legacies	720	371
	- Community grants	84	118
		25,416	24,308
	Service user contributions		
	- Accommodation	4,040	8,371
	- Fee for service	4,706	2,369
	- Learning & Lifestyle	1,368	1,515
	- Transport	1,891	1,562
		12,005	13,817
	State Government subsidies	100,441	111,436
	Federal Government subsidies	55,462	51,266
	Rent received	5,479	1,010
	Dividend income	119	123
	Interest income	723	698
	Other revenue	1,425	540
	Total operating revenue	**280,670**	**274,615**
	Non-operating items		
	- Government capital expenditure grants & other capital donations		
	- Other non-recurrent Government capital grants	-	193
	- Gambling Community Benefit Fund capital grants	426	231
	- Other capital donations	-	872
		426	1,296
	- Major bequests	968	655
	- Gain/(loss) on disposal of property	2,823	(175)
	- Gain on sale of investment property	-	68
	- Net gain on business acquisitions	-	8,133
		4,217	**9,977**
	Total revenue and other income for the period	**284,887**	**284,592**

Notes to the Financial Statements (cont)
For the year ended 30 June 2017

		2017 $'000	2016 $'000
2 (b)	**OPERATING SURPLUS/(DEFICIT)**		
	The operating surplus/(deficit) for the year has been arrived at after charging/(crediting) the following items:		
	Net expense from movements in provision for:		
	- employee entitlements	944	2,930
	- trade receivable impairments	16	(22)
	- inventory obsolescence	-	(49)
	Operating lease expense – property rentals	6,451	5,772
	Operating lease expense – equipment rentals	787	595
	Bad debts expense	56	75
	Net (gain)/loss on disposal of non-current assets:		
	- Plant, equipment and intangibles	(252)	20
	Interest paid on loans and bank overdraft	354	679
	Interest paid on finance leases	9	2

2 (c) REFUND OF SALARY PACKAGING FEE

The Company previously charged employees who participated in its salary packaging scheme, a salary packaging fee, which was utilised to reduce employment costs and increase the amount of funding available for service delivery. The salary packaging fee ceased effective 30 June 2015. Following a review by the Fair Work Ombudsman in the current period, it was determined that the salary packaging fee previously charged for the period 1 January 2010 and 30 June 2015 should be refunded to the affected employees. The Company has complied fully with the recommendations of the Fair Work Ombudsman to refund these prior period fees, which has resulted in a charge of $4,740,000 being recorded in the current financial period.

		2017 $	2016 $
3.	**AUDITOR'S REMUNERATION**		
	Auditor's remuneration		
	Audit Services		
	Auditor of Endeavour Foundation – KPMG Australia		
	Audit of financial reports	212,720	245,385
	Other regulatory audit services	11,020	6,860
		223,740	252,245
	Other Services		
	Auditor of Endeavour Foundation – KPMG Australia		
	In relation to compliance assurance services	6,895	10,785
	Other advisory services	11,500	37,682
		18,395	48,467

		2017 $'000	2016 $'000
4.	**CASH AND CASH EQUIVALENTS**		
	Untied cash	26,147	18,157
	Quarantined cash	8,535	6,257
		34,682	**24,414**

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 and other cash reserves that have been designated for a specific purpose which are available for draw down only once the services they are meant to fund have actually been delivered.

	2017 $'000	2016 $'000
CREDIT STANDBY ARRANGEMENTS WITH BANKS		
The Group has the following lines of credit at reporting date:		
Standby overdraft facilities	-	2,700
Variable rate loan facilities	8,700	20,545
Lease finance facilities	-	176
Credit card facilities	492	507
Indemnity guarantee facilities	1,771	1,886
	10,963	25,814
Facilities utilised at reporting date:		
Standby overdraft facilities	-	-
Variable rate loan facilities	-	14,625
Lease finance facilities	-	175
Credit card facilities	174	103
Indemnity guarantee facilities	1,080	1,534
	1,254	16,437
Facilities not utilised at reporting date:		
Standby overdraft facilities	-	2,700
Variable rate loan facilities	8,700	5,920
Lease finance facilities	-	1
Credit card facilities	318	404
Indemnity guarantee facilities	691	352
	9,709	9,377

The banking facilities are secured by registered first mortgages over ten properties with a carrying amount of $29,562,000 (2016: thirteen properties with a carrying amount of $41,151,000) and a registered mortgage debenture over all of the assets and undertakings of the Company.

		2017 $'000	2016 $'000
5.	**CURRENT ASSETS – TRADE AND OTHER RECEIVABLES**		
	Trade debtors	9,542	9,514
	Less: impairment provision	(186)	(170)
	Property sale debtor	732	-
	Other debtors	4,832	3,075
		14,920	12,419

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

		2017 $'000	2016 $'000
6.	**CURRENT ASSETS – INVENTORIES**		
	Raw materials	1,703	2,106
	Work in progress	174	14
	Finished goods	3,460	3,956
	Less: impairment provision	(46)	(46)
		5,291	6,030
	Fundraising	7,539	8,786
		12,830	14,816

		2017 $'000	2016 $'000
7.	**CURRENT ASSETS – OTHER CURRENT ASSETS**		
	Prepayments	2,182	1,812

		2017 $'000	2016 $'000
8.	**NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE**		
	Land and buildings – at carrying value	636	6,415

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 the Group'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 or held as cash.

Notes to the Financial Statements (cont)
For the year ended 30 June 2017

		2017 $'000	2016 $'000
9.	**NON-CURRENT ASSETS – INVESTMENTS**		
	Investments in other corporations		
	Quoted on Stock Exchanges		
	- Shares – at market value	1,896	1,667
	- Fixed interest instruments – at market value	-	45
	Carrying value at end of year	1,896	1,712

Investments with a carrying value of $1,520,000 (2016: $1,389,000) are under the control of the Endeavour Foundation Endowment Challenge Fund and as such are quarantined to support the Challenge Fund's objectives and are not accessible by Endeavour Foundation to fund normal service delivery.

	2017 $'000	2016 $'000
Reconciliation of the carrying amounts are set out below:		
Carrying value at beginning of year	1,712	1,150
Acquired through business combination at valuation	-	403
Additions during the year at cost	1,205	519
Additions during the year at valuation – donated share portfolio	-	555
Disposals during the year at cost	(1,163)	(834)
Revaluation adjustments recognised directly through the fair value reserve	142	(81)
Carrying value at end of year	1,896	1,712

The exposure to credit, currency and interest rate risks related to investments is disclosed in note 19 – Financial Instruments

		2017 $'000	2016 $'000
10.	**NON-CURRENT ASSETS – DEFINED BENEFIT PLAN**		
	Present value of plan assets	9,219	13,574
	Present value of funded obligations	(6,502)	(11,093)
	Net defined benefit plan asset	2,717	2,481

Details of the defined benefit plan and a reconciliation of the movements for the year are provided under note 25 - Employee Entitlements

		2017 $'000	2016 $'000
11.	**NON-CURRENT ASSETS – OTHER INTANGIBLE ASSETS**		
	Computer software – at cost	3,713	3,503
	Less: accumulated amortisation	(2,414)	(1,555)
		1,299	1,948
	Reconciliation of the carrying amounts are set out below:		
	Carrying amount at beginning of year	1,948	1,740
	Additions	210	887
	Disposals	-	-
	Amortisation expense	(859)	(679)
	Carrying amount at end of year	1,299	1,948

		2017 $'000	2016 $'000
12.	**NON-CURRENT ASSETS – INVESTMENT PROPERTIES**		
	Land and buildings – at cost	2,883	2,865
	Less: accumulated depreciation	(125)	(62)
		2,758	2,803

Investment properties comprise the following residential or commercial properties leased to third parties:

	2017 $'000	2016 $'000
11 Eckersley Avenue, Buderim, QLD 4556	434	434
27 Evans Street, Maroochydore, QLD 4558 (Lots 11, 12, 21, 22, 23, 24, 25, 26 and 27)	2,324	2,369
	2,758	2,803

Reconciliations

Reconciliations of the carrying amounts of investment properties are set out below:

	2017 $'000	2016 $'000
Carrying amount at beginning of year	2,803	3,235
Additions	18	-
Disposals	-	(370)
Depreciation expense	(63)	(62)
Carrying amount at end of year	2,758	2,803

		2017 $'000	2016 $'000
13.	**NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT**		
	Land and buildings – at cost	133,006	142,065
	Less: accumulated depreciation	(45,887)	(44,681)
		87,119	97,384
	Less: classified as held-for-sale (refer note 8)	(636)	(6,415)
		86,483	90,969
	Plant and equipment – at cost	45,640	49,920
	Less: accumulated depreciation	(31,707)	(33,600)
		13,933	16,320
	Total Property, plant and equipment	100,416	107,289

Refer to note 4 for details of security over property, plant and equipment.

Included in the total carrying amount of land and buildings is an amount of $17,934,000 (2016: $18,608,000) in respect of buildings located on non-freehold land, comprised of reserve and deed of grant in trust land that the Group holds as trustee and certain term leasehold land, leased from the Queensland State Government and Councils under long term renewable leases, expiring between 31/01/2017 and 19/03/2039.

	2017 $'000	2016 $'000
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	97,384	95,122
Acquired through business combinations	-	4,316
Acquired through business acquisition	-	1,900
Additions	3,824	2,309
Transfers from plant and equipment	10	-
Disposals	(9,570)	(1,428)
Depreciation expense	(4,529)	(4,835)
	87,119	97,384
Classified as held-for-sale (refer note 8)	(636)	(6,415)
Carrying amount at end of year	86,483	90,969

		2017 $'000	2016 $'000
13.	**NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT (continued)**		
	Reconciliations (continued)		
	Plant and equipment		
	Carrying amount at beginning of year	16,320	14,635
	Acquired through business combination	-	484
	Acquired through business acquisition	-	650
	Additions	2,854	6,157
	Transfers to land and buildings	(10)	-
	Disposals	(918)	(883)
	Depreciation expense	(4,313)	(4,723)
	Carrying amount at end of year	13,933	16,320

		2017 $'000	2016 $'000
14.	**CURRENT AND NON-CURRENT LIABILITIES – INTEREST BEARING LOANS**		
	Current		
	Bank loan	-	1,625
	Finance leases	-	175
		-	1,800
	Non-current		
	Bank loan	-	13,000
	Finance leases	-	-
		-	13,000
	Total interest bearing loans		
	Bank loan	-	14,625
	Finance leases	-	175
		-	14,800

Bank Loans

The bank loans comprised three separate variable rate advance facilities from ANZ Bank. Facilities 1 and 2 were drawn down in prior periods to assist with the purchase of commercial land and buildings at 33 Corporate Drive, Cannon Hill.

Advance Facility 1 : Balance outstanding at period end of $nil

This facility was repaid in full during the current period. The facility had an expiry date of 27 July 2017, with minimum principal repayments of $250,000 per quarter, commencing 15 August 2015, with the remaining principal payable by the expiry date of the facility on 27 July 2017. Early repayment of the facility was permitted and the loan was fully repaid on 31 January 2017. The facility carried a variable interest rate of 3.56%pa at repayment date, with interest payable monthly in arrears. (2016: Balance outstanding of $3,080,000, with a variable interest rate of 3.85%pa at balance date).

14. CURRENT AND NON-CURRENT LIABILITIES – INTEREST BEARING LOANS (continued)

Advance Facility 2 : Balance outstanding at period end of $nil

This facility was repaid in full during the current period. The facility had an expiry date of 30 March 2020, with no minimum principal repayments due during the currency of the loan. The full amount of the facility was payable by the expiry date of the facility on 30 March 2020. Early repayment of the facility was permitted and the loan was fully repaid on 25 May 2017. The facility carried a variable interest rate of 3.26%pa at repayment date, with interest payable monthly in arrears. (2016: Balance outstanding of $10,920,000, with a variable interest rate of 3.55%pa at balance date).

Advance Facility 3 : Balance outstanding at period end of $nil

This facility was repaid in full during the current period. The facility had an expiry date of 31 March 2017, with principal repayments of $75,000 per quarter, commencing 30 June 2015, with the remaining principal payable by the expiry date of the facility on 31 March 2017. Early repayment of the facility was permitted and the facility was fully repaid on 31 January 2017. The facility was subject to a variable interest rate of 3.56%pa at repayment date, with interest payable monthly in arrears. (2016: Balance outstanding of $625,000 with a variable interest rate of 4.65%pa at balance date).

Refer to note 4 for details of the security provided over the bank loans.

Finance Leases

The finance lease liability represented a single finance lease for the purchase of plant & equipment, with a scheduled repayment date of 29 June 2017, carried interest at a rate of 7.58%pa and was repayable in equal monthly repayments of interest and capital, with a final residual balance payable on expiry. It was secured over the assets being financed. The finance lease was paid out early on 22 February 2017.

The finance lease liability is payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
2017	**$'000**	**$'000**	**$'000**
- Due within 1 year	-	-	-
- Due within 2 to 5 years	-	-	-
	-	-	-
2016	**$'000**	**$'000**	**$'000**
- Due within 1 year	185	10	175
- Due within 2 to 5 years	-	-	-
	185	10	175

		2017 $'000	2016 $'000
15.	**CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**		
	Trade creditors and accruals	8,056	7,624
	Other creditors	12,277	6,931
		20,333	14,555

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

		2017 $'000	2016 $'000
16.	**CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS**		
	Employee entitlements – staff	16,016	15,093
	Employee entitlements – supported employees	3,910	3,707
		19,926	18,800

		2017 $'000	2016 $'000
17.	**CURRENT and NON-CURRENT LIABILITIES – REVENUE RECEIVED IN ADVANCE**		
	Current: realisable within 1 year	8,079	5,777
	Non-current: realisable after 1 year	456	453
		8,535	6,230

		2017 $'000	2016 $'000
18.	**NON-CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS**		
	Employee entitlements – staff	3,056	3,225
	Employee entitlements – supported employees	406	419
		3,462	3,644

19. FINANCIAL INSTRUMENTS

The Group'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:

		Carrying Amount	
	Note	2017 $'000	2016 $'000
Investments	9	1,896	1,712
Trade and other receivables	5	15,106	12,589
Cash and cash equivalents	4	34,682	24,414
		51,684	38,715

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

	Carrying Amount	
	2017 $'000	2016 $'000
Employment Services customers	6,906	7,653
Disability Services customers	3,272	2,244
	10,178	9,897

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 $286,000 (2016: $487,000).

19. FINANCIAL INSTRUMENTS (continued)

(a) Credit Risk (continued)

(a) (ii) Impairment losses

The ageing of trade receivables at balance date was:

	2017		2016	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	5,169	-	5,326	-
Past due 0-30 days	2,720	-	2,822	-
Past due 31-60 days	498	-	771	-
More than 61 days	1,155	186	595	170
	9,542	186	9,514	170

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

	2017	2016
Balance at 1 July	170	150
Impairment loss recognised	16	20
Balance at 30 June	186	170

19. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

The Group 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:

		Contractual cash flows				
30 June 2017	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	-	-	-	-	-	-
Trade and other payables	20,333	(20,333)	(20,333)	-	-	-
	20,333	(20,333)	(20,333)	-	-	-

		Contractual cash flows				
30 June 2016	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	14,800	(16,385)	(2,315)	(2,473)	(11,597)	-
Trade and other payables	14,555	(14,555)	(14,555)	-	-	-
	29,355	(30,940)	(16,870)	(2,473)	(11,597)	-

(c) Currency risk

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

19. FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk

Given the low level of gearing on the Group'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
2017		
Financial assets		
Cash and cash equivalents	1.66%	34,378
Financial liabilities		
Interest bearing liabilities	-%	-
Net financial assets		34,378

	Weighted Average Interest Rate	Variable Rate Instruments $'000
2016		
Financial assets		
Cash and cash equivalents	1.91%	24,099
Financial liabilities		
Interest bearing liabilities	3.66%	(14,800)
Net financial assets		9,299

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 2017		30 June 2016	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
Financial assets	389	(383)	392	(371)
Financial liabilities	(179)	179	(183)	183
Net sensitivity effect	210	(204)	209	(188)

(e) Net fair values

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

	30 June 2017		30 June 2016	
	Carrying Amount $'000	Net fair value $'000	Carrying Amount $'000	Net fair value $'000
Financial assets				
Cash and cash equivalents	34,682	34,682	24,414	24,414
Trade and other receivables	14,920	14,920	12,419	12,419
Investments	1,896	1,896	1,712	1,712
Investment properties	2,758	2,758	2,803	2,803
	54,256	54,256	41,348	41,348
Financial liabilities				
Interest bearing liabilities	-	-	14,800	14,800
Trade and other payables	20,333	20,333	14,555	14,555
	20,333	20,333	29,355	29,355

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.

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 Group entities 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 the Group entities be entitled to use these funds for another approved purpose.

Contingent liabilities exist for actions commenced against the Company for workers compensation and public liability claims. Whilst the Company has denied liability it is expected that any judgement issued against the Company 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 currently required.

At balance date there existed a claim against an unrelated Group Training Organisation that provides similar services to those provided by two entities within the Endeavour Foundation Group, in relation to apprentice wage rates. Should this claim be successful there is a possibility that it will impact on the wider apprentice training/employment sector. At balance date any potential claim against Endeavour Foundation Group entities had not been established and could not be reliably quantified as to substance and amount. The directors are of the opinion that a provision is not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required and any future liability, should one arise, is not currently able to be reliably measured.

	2017 $'000	2016 $'000
21. COMMITMENTS FOR EXPENDITURE		
(a) Capital expenditure contracted but not provided for and payable:		
Due within 1 year	-	5,050
(b) Operating lease commitments		
The Group has various operating lease commitments in respect of non-cancellable property leases and equipment rental agreements, the lease payments of which are charged to expenses.		
The operating lease commitments are payable as follows:		
Due within 1 year	4,744	5,348
Due within 2 - 5 years	4,363	6,888
Due after 5 years	15	88
	9,122	12,324

The Group leases property under non-cancellable operating leases expiring from 1 to 5 years. Leases generally provide the entities 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 2017 the number of members was 1,043 (2016: 1,054).

23. RELATED PARTY TRANSACTIONS

The names of persons who were Directors of Endeavour Foundation at any time during the financial year are as follows: A G Bellas, P D Currie, S R E Ellis, Y D Keane, P Mendiolea, A J Semple, K J Swindon and S E Thorpe.

No Directors' remuneration is payable.

No Director or related party has entered into a material contract with 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.

Endeavour Foundation provides administration services to the Endeavour Foundation Endowment Challenge Fund for which it is not reimbursed.

	2017 $'000	2016 $'000
Balances due from/(to) controlled entities		
The aggregate amounts receivable from/(payable to) wholly controlled entities by the Company at balance date are:		
Amount due from National Disability Living Solutions Limited	773	779
Amount due to Community Solutions Group Limited	(9,439)	(9,758)
Amount due (to)/from Acclaim Apprentices and Trainees Limited	(24)	7
Amount due from SkillsPlus Limited	135	116
Amount due from BRACE Education Training & Employment Limited	-	15
Amount due from TORGAS Inc.	12	34

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 the directors listed on page 2 of the Directors' Report and a team of eight executive managers, comprising the Chief Executive Officer, and seven Executive General Managers. (2016: eight executive managers, comprising the Chief Executive Officer, and seven Executive General Managers).

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:

	2017 $	2016 $
Short-term employee benefits	1,999,478	2,082,529
Termination benefits	17,054	279,883
Number of key management personnel	8	8

25. EMPLOYEE ENTITLEMENTS

(a) Employee entitlements

	2017 $'000	2016 $'000
Aggregate employee entitlement liability	23,388	22,444

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

As explained in note 1(o)(ii) the amount for long service leave is measured as the present value of expected future payments of long service leave entitlements accrued by employees up to the reporting date. The entitlements have been calculated using the projected rates of increase in remuneration and the period of service to the entitlement date. These values have been discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations.

(b) Superannuation commitments

The Group 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, there is 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. The defined benefit plan is closed to new members and is a salary related defined benefit superannuation plan. Benefits are payable on retirement, resignation, death, or total and permanent disablement as a lump sum. Income protection benefits (fully insured) are also payable from the Plan to members.

25. EMPLOYEE ENTITLEMENTS (continued)

(b) Superannuation commitments (continued)

DEFINED BENEFIT PLAN

The Group'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.

	2017 $'000	2016 $'000
Net defined benefit plan asset		
Present value of plan assets	9,219	13,574
Present value of funded obligations	(6,502)	(11,093)
Net defined benefit plan asset (note 10)	2,717	2,481
Reconciliations		
Changes in the present value of the net defined benefit plan asset/(liability) are as follows:		
Opening net defined benefit plan asset	2,481	3,388
Employer contributions during the year	109	247
Expense during the year	(239)	(266)
Net actuarial adjustment for the year recognised directly in other comprehensive income	366	(888)
Closing net defined benefit plan asset	2,717	2,481
The defined benefit expenses recognised through the income statement as part of employee expenses are as follows:		
Current service cost	257	307
Interest expense on defined benefit obligations	289	425
Interest (income) on plan assets	(396)	(570)
Tax allowance and administration expenses	89	104
Total defined benefit expenses recognised in the income statement	239	266
Cumulative (gains)/losses recognised in other comprehensive income:		
Amount accumulated in retained earnings at beginning of year	(1,277)	(2,165)
Recognised during the year	(366)	888
Amount accumulated in retained earnings at end of year	(1,643)	(1,277)

25. EMPLOYEE ENTITLEMENTS (continued)

(b) Superannuation commitments (continued)

DEFINED BENEFIT PLAN (continued)

Principal actuarial assumptions at reporting date (expressed as weighted averages) are as follows:	2017	2016
Discount rate	3.70%	3.20%
Expected long term rate of return on plan assets	3.70%	3.20%
Future salary increases	3.00%	3.00%

Number of members and maturity profile of the Defined Benefit Obligation (DBO)

The number of members of the defined benefit plan at 30 June 2017 was 18 (2016: 30 members)

At 30 June 2017, the weighted-average duration of the defined benefit obligation was 6.1 years. (2016: 4.7 years)

DEFINED CONTRIBUTION PLANS

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

	2017 $'000	2016 $'000
Employer contributions to the defined contribution plans	13,762	13,348
Employer contributions payable to the defined contribution plans at reporting date	1,130	1,264

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

26. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purpose of the Consolidated 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 Consolidated Cash Flow Statement is reconciled to the related items in the Consolidated Balance Sheet as follows:

	2017 $'000	2016 $'000
Cash at bank	6,614	5,521
Call & short term deposits	28,068	18,893
	34,682	24,414

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

	2017 $'000	2016 $'000
Net surplus for the year	3,480	8,914
Gains arising from business combinations	-	(8,133)
Depreciation and amortisation	9,764	10,299
Non-cash flow effects of movements in defined benefit plan	130	19
Non-cash donation of share portfolio	-	(555)
Increase in provision for employee entitlements	944	943
Increase/(decrease) in provision for doubtful debts	16	(30)
(Increase) in trade and other receivables	(2,517)	(1,113)
Decrease/(increase) in inventories	1,986	(2,708)
(Increase)/decrease in other current assets	(370)	403
Increase in trade and other payables	5,778	370
Increase/(decrease) in revenue received in advance	2,305	(470)
Proceeds from capital grants and donations used to fund investing activities	(203)	(431)
Gain on disposal of investment properties	-	(68)
(Gain)/loss on disposal of non-current assets	(3,075)	195
Net Cash Provided by Operating Activities	**18,238**	**7,635**

27. ECONOMIC DEPENDENCY

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

28. BUSINESS COMBINATIONS

2017 Business Combinations

There were no business combination transactions during the current financial period.

28. BUSINESS COMBINATIONS (continued)

2016 Business Combinations

During the financial year ended 30 June 2016, the following business combination transactions were undertaken:

SkillsPlus Limited and its controlled entity (SkillsPlus Group)

On July 1 2015 Endeavour Foundation acquired 100% control of the "SkillsPlus Group", in a single transaction, via a mutual agreement to amalgamate the operations of the "SkillsPlus Group" with those of Endeavour Foundation. The "SkillsPlus Group" comprised two separate entities: SkillsPlus Ltd and BRACE Education Training & Employment Ltd. The two entities are Victoria-based organisations, that specialise in the delivery of employment services to long term unemployed with a focus on young people and people who are disadvantage across regional and metropolitan Victoria.

The amalgamation was settled for no consideration, with the following identifiable assets acquired and liabilities assumed, at the acquisition date:

Identifiable assets acquired and liabilities assumed	Note	$'000
Property, plant and equipment	13	3,478
Trade and other receivables		1,018
Cash and cash equivalents		854
Interest bearing liabilities		(451)
Employee entitlements		(1,048)
Trade and other payables		(1,529)
Net identifiable assets and liabilities acquired		2,322
Acquisition consideration paid		-
Gain on acquisition of subsidiary for no consideration		**2,322**

The values of assets and liabilities recognised on acquisition are their estimated fair values. No material separately identifiable and quantifiable intangible assets were acquired, or transaction costs incurred, in relation to this acquisition.

TORGAS Incorporated (TORGAS)

On 1 July 2015 Endeavour Foundation acquired 100% control of TORGAS Incorporated, via a mutual agreement to amalgamate the operations of TORGAS with those of Endeavour Foundation. Established in Townsville in 1984, TORGAS is one of Queensland's leading apprentice and trainee service providers, with 25 staff and support for more than 200 apprentices and trainees.

The amalgamation was settled for no consideration, with the following identifiable assets acquired and liabilities assumed, at the acquisition date:

Identifiable assets acquired and liabilities assumed	Note	$'000
Investments	9	403
Property, plant and equipment	13	1,322
Trade and other receivables		816
Cash and cash equivalents		4,152
Employee entitlements		(428)
Trade and other payables		(454)
Net identifiable assets and liabilities acquired		5,811
Acquisition consideration paid		-
Gain on acquisition of subsidiary for no consideration		**5,811**

The values of assets and liabilities recognised on acquisition are their estimated fair values. No material separately identifiable and quantifiable intangible assets were acquired, or transaction costs incurred, in relation to this acquisition.

28. BUSINESS COMBINATIONS (continued)

(b) 2016 Business Combinations (continued)

Net gain arising from business combinations in 2016

A net gain on business combinations arising from the above transactions was recognised as non-operating income in the Consolidated Income Statement of the Group for the year ended 30 June 2016, as follows:

	$'000
Gain on acquisition of control of SkillsPlus Group	2,322
Gain on acquisition of control of TORGAS	5,811
Net gain arising from business combinations	**8,133**

Scope Australian Disability Enterprises

On 6 November 2015 Endeavour Foundation acquired the business undertakings of three existing Australian Disability Enterprises (ADEs), from Scope (Vic) Ltd, in a single transaction, helping to secure ongoing employment of 200 people with a disability in Melbourne and Geelong.

The amalgamation was settled for a cash consideration, with the following identifiable assets acquired and liabilities assumed, at the acquisition date:

Identifiable assets and liabilities acquired	Note	$'000
Freehold land and buildings	13	1,900
Plant and equipment	13	650
Employee entitlements		(896)
Net identifiable assets and liabilities acquired, settled in cash		**1,654**

The values of assets and liabilities recognised on acquisition are their estimated fair values. No material separately identifiable and quantifiable intangible assets were acquired, or transaction costs incurred, in relation to this acquisition.

29. GROUP ENTITIES

	2017 %	2016 %
Particulars in relation to controlled entities, all of which are incorporated in Australia and are registered with the Australian Charities and Not-for-profits Commission		
Endeavour Foundation Endowment Challenge Fund Limited	100	100
Endeavour Foundation Endowment Challenge Fund Trust	100	100
Community Solutions Group Limited *	100	100
Acclaim Apprentices and Trainees Limited *	100	100
National Disability Living Solutions Limited	100	100
SkillsPlus Limited *	100	100
BRACE Education Training & Employment Limited *	100	100
TORGAS Incorporated	100	100
Vatmi Industries Limited (deregistered 02/08/2017)	100	100

* These entities are endorsed as Deductible Gift Recipients (DGR) by the Australian Charities and Not-for-profits Commission.

Endeavour Foundation Endowment Challenge Fund. 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, both of which were established on 3 December 2009.

The Endeavour Foundation Endowment Challenge Fund is a health-promoting charity 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 people with a disability in the world in which we live, so that they can lead fulfilling lives.

Community Solutions Group Limited, a company limited by guarantee, provides a diverse range of services including employment and assistance for people with barriers to employment, family support, drug prevention and public safety programs, as well as services for disengaged young people and people experiencing mental illness. The entity was acquired through a business combination on 30 September 2014.

Acclaim Apprentices and Trainees Limited, a company limited by guarantee, provides a range of apprenticeship and traineeship qualifications and employment placement support. The entity was acquired through a business combination on 30 September 2014.

National Disability Living Solutions Limited, a company limited by guarantee, provides and manages built environment solutions for people with a disability or other disadvantaged groups. The entity was acquired through a business combination on 1 July 2013.

SkillsPlus Limited, a company limited by guarantee, provides a range of employment services, targeting the long term unemployed, youth and disadvantaged people. The entity was acquired through a business combination on 1 July 2015, as further detailed in Note 28 Business Combinations.

BRACE Education Training & Employment Limited, a company limited by guarantee, provides a range of employment services, targeting the long term unemployed, youth and disadvantaged people. The entity was acquired through a business combination on 1 July 2015, as further detailed in Note 28 Business Combinations.

TORGAS Incorporated, an incorporated association, provides a range of apprenticeship and trainee services. The entity was acquired through a business combination on 1 July 2015, as further detailed in Note 28 Business Combinations.

29. GROUP ENTITIES (continued)

Vatmi Industries Limited, a company limited by guarantee, provided supported employment services in Melbourne, Bendigo and Wangaratta. The entity was acquired through a business combination on 27 November 2013. The company executed a corporate restructure deed, effective 1 July 2015, transferring all of its operations, assets, liabilities, obligations and benefits to Endeavour Foundation. The entity was voluntarily deregistered under subsection 601AA(2) of the Corporations Act 2001 on 2 August 2017.

30. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ending 30 June 2017 the parent company of the Group was Endeavour Foundation.

	2017 $'000	2016 $'000
Results of the parent entity		
Net surplus for the year	3,383	8,835
Other comprehensive income	366	(888)
Total comprehensive income for the year	3,749	7,947
Financial position of the parent entity at year end		
Current assets	51,877	47,057
Total assets	157,265	159,452
Current liabilities	42,541	35,357
Total liabilities	55,590	61,526
Total equity of the parent entity comprising		
Subsidies reserve	396	396
Retained earnings	101,279	97,530
Total equity	**101,675**	**97,926**

Parent entity contingencies

The contingent liabilities disclosed as note 20 Contingent Liabilities are the same for the parent entity except for the matter concerning an unrelated Group Training Organisation.

30. PARENT ENTITY DISCLOSURES (continued)

Parent entity commitments for capital expenditure

The parent entity commitments for capital expenditure, that forms part of the Group disclosures under note 21 Commitments for Expenditure, are as follows:

	2017 $'000	2016 $'000
(a) Capital expenditure contracted but not provided for and payable:		
Due within 1 year	-	5,050
(b) Commitments for prize home purchases contracted but not provided for and payable:		
Due within 1 year	-	-
(c) Operating lease commitments		
The Company has various operating lease commitments in respect of non-cancellable property leases, the lease payments of which are charged to expenses.		
The operating lease commitments are payable as follows:		
Due within 1 year	3,249	4,091
Due within 2 - 5 years	3,253	5,826
Due after 5 years	15	88
	6,517	10,005

31. EVENTS SUBSEQUENT TO REPORTING DATE

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

Directors' Declaration

For the year ended 30 June 2017

In the opinion of the Directors of Endeavour Foundation ("the Company"):

(a) the Company is not publicly accountable;

(b) the consolidated financial statements and notes that are set out on pages 10 to 48 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) 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

A G Bellas – Chairman
Brisbane
11th October 2017

KPMG

Independent Auditor's Report

To the members of Endeavour Foundation

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Endeavour Foundation (the Company).

In our opinion, the accompanying Financial Report is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC),* including:

a) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2017
- Consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The Group consists of Endeavour Foundation (the Company) and the entities it controlled at year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical repsonsibilities in accordance with the Code.

Independent Auditor's Report

For the year ended 30 June 2017

KPMG

Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of the Group in complying with the financial reporting requirements of the Australian Accounting Standards and the *Australian Charities and Not-for profits Commission Regulation 2013.*

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Endeavour Foundation and should not be used by parties other than the members of Endeavour Foundation. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of Endeavour Foundation or for any other purpose than that for which it was prepared.

Other information

Other Information is financial and non-financial information in Endeavour Foundation's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- the preparation of the Financial Report that gives a true and fair view in accordance with the Australian Accounting Standards and the ACNC
- implementing necessary internal control to enable the preparation of the Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to contunue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

For the year ended 30 June 2017

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors files/ar7.pdf. This description forms part of our Auditor's Report.

KPMG

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Scott Guse

Scott Guse
Partner

Brisbane
11 October 2017

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