Annual Financial Report

For the year ended 30 June 2019

Endeavour Foundation

Directors' Report

For the year ended 30 June 2019

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 2019 and the Auditor's Report thereon.

Directors

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

Name	Qualifications and Special Responsibilities	Experience (in years) Board of Directors	Experience (in years) Area Committee
Current at 30 June 2019			
Richard George Andrew Haire (Independent Director) (4 October 2018)	BEcon, Grad Dip Corp Mgt, FAICD Chair (from 25/02/2019) Chair of Nominations & Remuneration Committee (from 25/02/2019)	1	-
Yvonne Dianne Keane (Independent Director) (25 June 2014)	Deputy Chair Member of Nominations & Remuneration Committee Member of Client Services Committee (from 25/02/2019)	5	-
Anthony George Bellas (Independent Director) (14 February 2011)	BEcon, Dip Ed, MBA, FAICD, FCPA, FGS Past Chair (resigned 25/02/2019) Member of Audit & Risk Committee Member of Client Services Committee (from 25/02/2019) Chair of Nominations & Remuneration Committee (to 25/02/2019)	8	-
Peter Richard Boys (Independent Director) (5 September 2018)	BComm, MBA, MAICD	1	-
Paul Denis Currie (Elected Director) (18 December 2017)	BSC (Hons), Phd (Physics) Member of Client Services Committee (Chair from 26/11/2018)	5	9
Scott Robinson Elton Ellis (Elected Director) (22 November 2013)	BBus, ASA, AAICD Chair of Audit & Risk Committee Member of Nominations & Remuneration Committee	6	19
Beverley Narelle Knowles (Elected Director) (20 November 2017)	BA, DipEd, MMktg, FAICD Member of Audit & Risk Committee	2	6
Pedro Mendiolea (Elected Director) (22 November 2013)	BE (Hons), GDMgt, MIEAust, RPEQ, CPEng Member of Audit & Risk Committee	6	8
Rodney Louis Schulz (Elected Director) (26 November 2018)	DipT, BEd Member of Client Services Committee (from 25/02/2019)	1	4
Past Directors who served during the year			
Alison Jean Semple (Elected Director) (30 November 2012 to 26 November 2018)	LTCL, BA, Grad Dip Ed(rsc), Grad Cert Theol Chair of Client Services Committee (to 26/11/2018) Member of Nominations & Remuneration Committee (to 26/11/2018)	7	19

Appointments 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:

Joint Company Secretaries

Mark Sidney Fenton	FCPA, GAICD, MBA, B.Bus, JP(Qual)	Appointed 25/08/2017 Resigned 14/06/2019
Eric Duncan Campbell	CA, B Acc, Grad Dip Project Mgt, GAICD	Appointed 28/11/2013

Directors' Meetings

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

	Board Meetings		Nominations & Remuneration Committee Meetings		Client Services Committee Meetings		Audit & Risk Committee Meetings	
	A	B	A	B	A	B	A	B
A G Bellas	10	9	2	2	1	1	5	3
P R Boys	9	8	-	-	-	-	-	4
P D Currie	10	8	-	-	4	4	-	-
S R E Ellis	10	10	3	3	-	-	5	5
R G A Haire	8	8	1	1	-	-	-	-
Y D Keane	10	6	3	3	1	1	-	-
B N Knowles	10	10	-	-	-	-	5	5
P Mendiolea	10	9	-	2	-	-	5	5
R L Schulz	4	4	-	-	1	2	-	-
A J Semple	6	6	1	1	2	2	-	-

A – Number of meetings held during the time the director held office during the year as a member of the Board or one of the Committees

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 charters, 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 R G A Haire (Chair – appointed 25/02/2019)
- Mr S R E Ellis
- Ms Y D Keane
- Mr A G Bellas (Previous Chair - resigned 25/02/2019)
- Mrs A Semple (resigned 26/11/2018)

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 Complaints and Abuse investigation processes.

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

- Dr P D Currie (Chair – appointed 26/11/2018)
- Mr A G Bellas (appointed 25/02/2019)
- Ms Y D Keane (appointed 25/02/2019)
- Mr R L Schulz (appointed 25/02/2019)
- Mr G M Crotty (retired as a director on 30/11/2012 but remains a committee member)
- Mrs A Semple (Previous Chair - resigned 26/11/2018)

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
- Ms B N Knowles
- Mr P Mendiolea

Directors' Report (continued)

For the year ended 30 June 2019

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 **four 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 $5,175,000 compared to an operating surplus of $948,000 in the previous year. This operating result was achieved primarily due to the following factors:

- an improvement in the operating results from Service Delivery as the business responds to the new cost and revenue drivers with the continued roll-out of the National Disability Insurance Scheme;
- a further improvement in the operating results from the Sales & Marketing division, due to improved contributions from the Prize Home and Ultimate Lifestyle lotteries;
- an increase in asset maintenance costs to meet service delivery expectations and new compliance standards under the National Disability Insurance Scheme;
- a significant reduction in corporate and infrastructure costs. This was because corporate project costs associated with the implementation of improved IT systems, business processes, management and reporting systems and increased marketing and communication costs associated with the full implementation of the National Disability Insurance Scheme, that were incurred in the previous financial period, were not required in the current financial period.

The Group's net surplus for the current financial year, after recognising income from non-operating items of $10,608,000 was $15,783,000. The income from non-operating items in the current period included gains on the disposal of properties of $1,154,000, a significant bequest of $9,253,000 and non-recurrent government capital grants of $201,000. In the previous year the Group recorded a comparative net surplus for the year of $2,419,000 after recognising non-operating items of $1,471,000, comprising gains on the disposal of properties of $807,000 and non-recurrent government capital grants of $664,000.

Dividends

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

Events Subsequent to Balance Date

Since 30 June 2019 and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than already disclosed in the Notes to the Financial Statements.

Environmental Regulations

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

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

Review of Operations

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

Directors' Benefits

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

(a) No Directors' Fees are payable

(b) No Related Party Transactions with Directors exist (Note 22)

Directors' Interests in Contracts

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

Indemnification and Insurance of Officers

Indemnification

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

Insurance

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

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

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 8 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.

R G A Haire
Chairman

Brisbane
11th October 2019

Auditor’s Independence Declaration

For the year ended 30 June 2019

KPMG

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 for the financial year ended 30 June 2019 there have been:

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

KPMG

KPMG

Ben Flaherty
Partner

Brisbane
11th October 2019

Consolidated Balance Sheet

As at 30 June 2019

	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	4	58,824	41,477
Trade and other receivables	5	14,852	16,976
Inventories	6	9,862	10,441
Other current assets	7	2,607	2,485
Assets classified as held-for-sale	8	3,530	3,575
Total current assets		**89,675**	**74,954**
Non-current assets			
Investments	9	2,267	2,089
Net defined benefit plan asset	10	2,542	2,831
Other intangible assets	11	1,261	817
Investment properties	12	351	360
Property, plant & equipment	13	104,776	95,338
Total non-current assets		**111,197**	**101,435**
Total assets		**200,872**	**176,389**
Current liabilities			
Trade and other payables	14	18,891	19,950
Provision for employee entitlements	15	22,120	20,695
Revenue received in advance	16	15,072	6,474
Total current liabilities		**56,083**	**47,119**
Non-current liabilities			
Revenue received in advance	16	448	833
Provision for employee entitlements	17	3,671	3,512
Total non-current liabilities		**4,119**	**4,345**
Total liabilities		**60,202**	**51,464**
Net assets		**140,670**	**124,925**
Equity			
Reserves		396	591
Retained earnings		140,274	124,334
Total equity		**140,670**	**124,925**

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 2019

	Note	2019 $'000	2018 $'000
Revenue			
Sale of goods and services		171,583	117,689
Fundraising activities		31,790	30,155
Service user contributions		6,976	8,600
Government subsidies		79,163	122,237
Rent received		5,917	5,280
Interest income		828	700
Other revenue		688	1,429
	2(a)	296,945	286,090
Expenses			
Cost of goods sold & commercial fundraising activities		(46,370)	(48,556)
Employee expenses		(176,490)	(165,211)
Supported employee expenses		(16,748)	(17,706)
Utilities & leased property expenses		(13,644)	(14,082)
Transport expenses		(6,331)	(6,170)
Maintenance expenses		(11,387)	(10,448)
Household consumables		(1,841)	(1,773)
Depreciation & amortisation expenses		(8,036)	(8,911)
Other expenses		(10,923)	(12,285)
		(291,770)	(285,142)
Operating surplus		5,175	948
Government capital expenditure grants and other capital donations	2(a)	201	664
Significant bequest	2(a)	9,253	-
Gain on disposal of properties	2(a)	1,154	807
Net surplus for the year		**15,783**	**2,419**

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 2019

	Note	2019 $'000	2018 $'000
Net surplus for the year		**15,783**	**2,419**
Other comprehensive income (Items that will not be reclassified to profit or loss)			
Net increase in fair value of investments	9	125	77
Realised gains on disposal of investments		57	118
Actuarial adjustment to defined benefit superannuation plan	24(b)	(220)	231
Other comprehensive income for the year		**(38)**	**426**
Total comprehensive income for the year		**15,745**	**2,845**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Fair value reserve $'000	Subsidies reserve $'000	Total reserves $'000	Retained earnings $'000	Total Equity $'000
Total equity at 30 June 2017	662	396	1,058	121,022	122,080
Total comprehensive income for the year	77	-	77	2,768	2,845
Transfer to retained earnings	(544)	-	(544)	544	-
Total equity at 30 June 2018	**195**	**396**	**591**	**124,334**	**124,925**
Transfer to retained earnings on adoption of AASB 9	(195)	-	(195)	195	-
Total comprehensive income for the year	-	-	-	15,745	15,745
Total equity at 30 June 2019	**-**	**396**	**396**	**140,274**	**140,670**

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 2019

	Note	2019 $'000 Inflows (Outflows)	2018 $'000 Inflows (Outflows)
Cash flows from operating activities			
Cash receipts in the course of operations		320,646	300,991
Cash payments to suppliers & employees		(297,512)	(292,770)
Dividends received		155	124
Interest received		836	700
Legacies & bequests received		260	146
Net cash provided by operating activities	25	**24,385**	**9,191**
Cash flows from investing activities			
Acquisition of property, plant & equipment		(9,865)	(4,829)
Acquisition of investment properties		(4)	-
Acquisition of intangible assets		(851)	(463)
Acquisition of investments		(993)	(1,062)
Proceeds from disposal of property, plant & equipment		2,029	1,506
Proceeds from disposal of investment properties		1,543	689
Proceeds from sale of investments		997	1,064
Proceeds from non-operational capital grants and donations		106	699
Net cash utilised by investing activities		**(7,038)**	**(2,396)**
Net increase in cash held		**17,347**	**6,795**
Cash at the beginning of the financial year		41,477	34,682
Cash at the end of the financial year	25	**58,824**	**41,477**
Comprising:			
Untied cash		43,210	34,170
Quarantined cash		15,614	7,307
		58,824	**41,477**

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 2019

Notes to the Financial Statements

For the year ended 30 June 2019

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 2019 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 2019 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 27 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 2019.

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 other comprehensive income; 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.

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 2019 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 2019. The application of AASB 15 is not expected to have a material impact on the Group financial statements.

- *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 1058 Income of Not-For-Profit Entities*
  AASB 1058 which is effective for annual reporting periods beginning on or after 1 January 2019, clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

  The Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

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.

1. Summary of Significant Accounting Policies (continued)

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.

The Group has recorded fourteen consecutive Net Surpluses and has also reported strong positive cash flows from operating activities. In addition, as at 30 June 2019, the Group's current assets exceed its current liabilities by $33,592,000.

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 2020 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(b) Revenue recognition (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:

	2019	2018
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.

1. Summary of Significant Accounting Policies (continued)

(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.

(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:

	2019	2018
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 retained earnings. 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.

1. Summary of Significant Accounting Policies (continued)

(o) Employee entitlements – note 24

(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.

(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 corporate bonds 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 24(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.

1. Summary of Significant Accounting Policies (continued)

(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.

(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

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. All trade and other receivables are recognised initially at fair value and subsequently measured as amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established based on an expected credit loss model. The amount of the provision is the difference between the assets' carrying amount and the expected value of the amounts to be received.

(r) Trade and other payables – note 14

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.

2. (a) Operating Revenue and Other Income

	2019 $'000	2018 $'000
Sale of goods and services – other	60,234	65,921
Sale of goods and services – NDIS revenues	111,349	51,768
	171,583	117,689
Fundraising activities		
- Commercial fundraising activities	30,765	28,950
- Donations & appeals	500	780
- Special functions	90	177
- Bequests & legacies	260	145
- Community grants	175	103
	31,790	30,155
Service user contributions		
- Accommodation and Fee for Service	5,205	5,651
- Learning & Lifestyle	708	1,616
- Transport	1,063	1,333
	6,976	8,600
State Government subsidies	43,080	78,713
Federal Government subsidies	36,083	43,524
Rent received	5,917	5,280
Dividend income	155	124
Interest income	828	700
Other revenue	533	1,305
Total operating revenue	**296,945**	**286,090**
Non-operating items		
Major bequest		
- Value of assets received	9,400	-
- Settlement costs incurred	(147)	-
- Net major bequest income recognised	9,253	-
Gambling Community Benefit Fund capital grants	201	664
Gain on disposal of property	827	684
Gain on sale of investment property	327	123
	10,608	**1,471**
Total revenue and other income for the period	**307,553**	**287,561**

2. (b) Operating Surplus

	2019 $'000	2018 $'000
The operating surplus for the year has been arrived at after charging/(crediting) the following items:		
Net expense from movements in provision for:		
- employee entitlements	1,584	819
- trade receivable impairments	(51)	166
- inventory obsolescence	(593)	547
Operating lease expense – property rentals	5,329	5,652
Operating lease expense – equipment rentals	667	696
Bad debts expense	53	414
Net (gain)/loss on disposal of non-current assets:		
- Plant, equipment and intangibles	(162)	12

3. Auditor's Remuneration

Auditor's remuneration

	2019 $	2018 $
Audit Services		
Auditor of Endeavour Foundation – KPMG Australia		
Audit of financial reports	189,015	217,610
Other regulatory audit services	11,500	11,270
	200,515	228,880
Other Services		
Auditor of Endeavour Foundation – KPMG Australia		
In relation to compliance assurance services	11,820	9,850
Other advisory services	30,000	-
	41,820	9,850

4. Cash and Cash Equivalents

	2019 $'000	2018 $'000
Untied cash	43,210	34,170
Quarantined cash	15,614	7,307
	58,824	41,477

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.

Credit standby arrangements with banks

	2019 $'000	2018 $'000
The Group has the following lines of credit at reporting date:		
Variable rate loan facilities	8,700	8,700
Credit card facilities	583	520
Indemnity guarantee facilities	1,892	1,893
	11,175	11,113
Facilities utilised at reporting date:		
Variable rate loan facilities	-	-
Credit card facilities	97	158
Indemnity guarantee facilities	1,087	1,208
	1,184	1,366
Facilities not utilised at reporting date:		
Variable rate loan facilities	8,700	8,700
Credit card facilities	486	362
Indemnity guarantee facilities	805	685
	9,991	9,747

The banking facilities are secured by registered first mortgages over ten properties with a carrying amount of $29,772,000 (2018: ten properties with a carrying amount of $29,394,000) and a registered mortgage debenture over all of the assets and undertakings of the Company.

	2019 $'000	2018 $'000
5. Current Assets – Trade and Other Receivables		
Trade debtors	9,946	9,530
Less: impairment provision	(301)	(352)
Other debtors	5,207	7,798
	14,852	16,976

The exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 18 – Financial Instruments

	2019 $'000	2018 $'000
6. Current Assets – Inventories		
Raw materials	1,546	1,241
Work in progress	37	19
Finished goods	929	3,398
Less: impairment provision	-	(593)
	2,512	4,065
Fundraising	7,350	6,376
	9,862	10,441
7. Current Assets – Other Current Assets		
Prepayments	2,607	2,485
8. Non-Current Assets Classified as Held-For-Sale		
Land and buildings – at carrying value	2,989	1,802
Investment properties – at carrying value	541	1,773
	3,530	3,575

The land and buildings and investment properties 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.

	2019 $'000	2018 $'000

9. Non-Current Assets – Investments

	2019 $'000	2018 $'000
Investments in other corporations		
Quoted on Stock Exchanges		
- Shares – at market value	2,216	2,001
- Fixed interest instruments – at market value	51	88
Carrying value at end of year	2,267	2,089

Investments are categorised as Level 1 assets in the fair value hierarchy, being that they are listed on an active market.

Investments with a carrying value of $1,814,000 (2018: $1,656,000) are under the control of the Endeavour Foundation Disability Research Fund and as such are quarantined to support the Research Fund's objectives and are not accessible by Endeavour Foundation to fund normal service delivery.

Reconciliations

Reconciliations of the carrying amounts are set out below:

	2019 $'000	2018 $'000
Carrying value at beginning of year	2,089	1,896
Additions during the year at cost	993	1,062
Disposals during the year at cost	(940)	(946)
Revaluation adjustments recognised directly through other comprehensive income	125	77
Carrying value at end of year	2,267	2,089

The exposure to credit, currency and interest rate risks related to investments is disclosed in note 18 – Financial Instruments

10. Non-Current Assets – Defined Benefit Plan

	2019 $'000	2018 $'000
Present value of plan assets	8,248	8,119
Present value of funded obligations	(5,706)	(5,288)
Net defined benefit plan asset	2,542	2,831

Details of the defined benefit plan and a reconciliation of the movements for the year are provided under note 24 - Employee Entitlements

11. Non-Current Assets – Other Intangible Assets

	2019 $'000	2018 $'000
Computer software – at cost	4,428	4,164
Less: accumulated amortisation	(3,167)	(3,347)
	1,261	817

Reconciliations

Reconciliations of the carrying amounts are set out below:

	2019 $'000	2018 $'000
Carrying amount at beginning of year	817	1,299
Additions	851	463
Amortisation expense	(407)	(945)
Carrying amount at end of year	1,261	817

12. Non-Current Assets – Investment Properties

	2019 $'000	2018 $'000
Land and buildings – at cost	991	2,276
Less: accumulated depreciation	(99)	(143)
	892	2,133
Less: classified as held-for-sale (refer note 8)	(541)	(1,773)
	351	360
Investment properties comprise the following residential or commercial properties leased to third parties:		
11 Eckersley Avenue, Buderim, QLD 4556	-	430
27 Evans Street, Maroochydore, QLD 4558	892	1,703
(2019: Lots 11, 23 and 25)		
(2018: Lots 11, 12, 22, 23, 24, and 25)		
	892	2,133

Reconciliations

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

	2019 $'000	2018 $'000
Carrying amount at beginning of year	2,133	2,758
Additions	4	-
Disposals	(1,216)	(566)
Depreciation expense	(29)	(59)
	892	2,133
Classified as held-for-sale (refer note 8)	(541)	(1,773)
Carrying amount at end of year	351	360

13. Non-Current Assets – Property, Plant & Equipment

	2019 $'000	2018 $'000
Land and buildings – at cost	146,479	131,491
Less: accumulated depreciation	(50,506)	(46,937)
	95,973	84,554
Less: classified as held-for-sale (refer note 8)	(2,989)	(1,802)
	92,984	82,752
Plant and equipment – at cost	41,383	40,621
Less: accumulated depreciation	(29,591)	(28,035)
	11,792	12,586
Total Property, plant and equipment	104,776	95,338

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 $17,756,000 (2018: $17,259,000) 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 State Governments and Councils under long term renewable leases, expiring between the balance date and 19/03/2039. Also included in the carrying value of property, plant and equipment at the previous period end, was an amount of $1,839,000 in respect of industrial land and buildings in Maribyrnong that was subject to a contract of sale dated 25/05/2018 with a gross selling price of $5,080,000, that will be recognised as a sale transaction upon completion and settlement of the contract on 16/09/2019. For the current period, the carrying value of this property has been included in the list of assets-held-for-sale, as the sale will be concluded within 12 months of period end.

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Land and buildings

	2019 $'000	2018 $'000
Carrying amount at beginning of year	84,554	87,119
Additions	6,571	1,937
Additions acquired via a bequest	9,400	-
Transfers from plant and equipment	1	-
Disposals	(622)	(428)
Depreciation expense	(3,931)	(4,074)
	95,973	84,554
Classified as held-for-sale (refer note 8)	(2,989)	(1,802)
Carrying amount at end of year	92,984	82,752

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

	2019 $'000	2018 $'000
13. Non-Current Assets – Property, Plant & Equipment (continued)		
Reconciliations (continued)		
Plant and equipment		
Carrying amount at beginning of year	12,586	13,933
Additions	3,294	2,892
Transfers to land and buildings	(1)	-
Disposals	(418)	(406)
Depreciation expense	(3,669)	(3,833)
Carrying amount at end of year	11,792	12,586
14. Current Liabilities – Trade and Other Payables		
Trade creditors and accruals	9,063	9,791
Other creditors	9,828	10,159
	18,891	19,950
The exposure to currency and liquidity risk related to trade and other payables is disclosed in note 18 – Financial Instruments		
15. Current Liabilities – Provision for Employee Entitlements		
Employee entitlements – staff	18,067	16,800
Employee entitlements – supported employees	4,053	3,895
	22,120	20,695
16. Current and Non-Current Liabilities – Revenue Received in Advance		
Current: realisable within 1 year	15,072	6,474
Non-current: realisable after 1 year	448	833
	15,520	7,307
17. Non-Current Liabilities – Provision for Employee Entitlements		
Employee entitlements – staff	3,291	3,124
Employee entitlements – supported employees	380	388
	3,671	3,512

18. 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.

(i) Exposure to credit risk

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

	Note	Carrying Amount 2019 $'000	Carrying Amount 2018 $'000
Investments	9	2,267	2,089
Trade and other receivables	5	15,153	17,328
Cash and cash equivalents	4	58,824	41,477
		76,244	60,894
The maximum exposure to credit risk for trade receivables at balance date by type of customer was:			
Employment Services customers		5,714	6,463
Disability Services customers		4,232	3,067
		9,946	9,530

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 $815,000 (2018: $310,000).

(ii) Impairment losses

The ageing of trade receivables at balance date was:

	2019 Gross $'000	2019 Impairment $'000	2018 Gross $'000	2018 Impairment $'000
Not past due	6,204	-	4,715	-
Past due 0-30 days	2,100	-	2,504	-
Past due 31-60 days	493	-	777	28
More than 61 days	1,149	301	1,534	324
	9,946	301	9,530	352

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

	2019 $'000	2018 $'000
Balance at 1 July	352	186
Impairment loss recognised	(51)	166
Balance at 30 June	301	352

18. 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:

30 June 2019		Contractual cash flows				
	Carrying amount $'000	Total $'000	Within 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Trade and other payables	18,891	(18,891)	(18,891)	-	-	-
	18,891	(18,891)	(18,891)	-	-	-

30 June 2018		Contractual cash flows				
	Carrying amount $'000	Total $'000	Within 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Trade and other payables	19,950	(19,950)	(19,950)	-	-	-
	19,950	(19,950)	(19,950)	-	-	-

(c) Currency risk

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

18. Financial Instruments (continued)

(d) Interest rate risk

The Group does not currently have any interest bearing debts and consequently interest rate risk is not a risk that currently requires a robust risk mitigation policy. When required, 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
2019		
Financial assets		
Cash and cash equivalents	1.70%	58,478
Financial liabilities		
Interest bearing liabilities	-%	(97)
Net financial assets		58,381
2018		
Financial assets		
Cash and cash equivalents	1.59%	41,181
Financial liabilities		
Interest bearing liabilities	-%	(158)
Net financial assets		41,023

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 2019		30 June 2018	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
Financial assets	538	(480)	405	(400)
Financial liabilities	-	-	-	-
Net sensitivity effect	538	(480)	405	(400)

18. Financial Instruments (continued)

(e) Net fair values

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

	30 June 2019		30 June 2018	
	Carrying Amount $'000	Net fair value $'000	Carrying Amount $'000	Net fair value $'000
Financial assets				
Cash and cash equivalents	58,824	58,824	41,477	41,477
Trade and other receivables	14,852	14,852	16,976	16,976
Investments	2,267	2,267	2,089	2,089
Investment properties	351	351	360	360
	76,294	76,294	60,902	60,902
Financial liabilities				
Trade and other payables	18,891	18,891	19,950	19,950
	18,891	18,891	19,950	19,950

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.

19. 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 Group for workers compensation and public liability claims. Whilst the Group has denied liability it is expected that any judgement issued against the Group 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.

20. Commitments for Expenditure

	2019 $'000	2018 $'000
(a) Capital expenditure contracted but not provided for and payable:		
Due within 1 year	544	699
(b) Commitments for prize home purchases contracted but not provided for and payable:		
Due within 1 year	840	500
(c) 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	3,446	4,304
Due within 2 - 5 years	2,469	4,777
Due after 5 years	12	200
	5,927	9,281

The Group leases property under non-cancellable operating leases expiring from 1 to 6 years. Leases generally provide the entities with a right of renewal at which time all terms are renegotiated.

21. 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 2019 the number of members was 932 (2018: 1,019).

22. 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 R Boys, P D Currie, S R E Ellis, R G A Haire, Y D Keane, B N Knowles, P Mendiolea, R L Schulz and A J Semple.

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 Disability Research Fund for which it is not reimbursed.

	2019 $'000	2018 $'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	821	778
Amount due to Community Solutions Group Limited	(9,372)	(9,667)
Amount due to Acclaim Apprentices and Trainees Limited	(20)	(47)
Amount due from SkillsPlus Limited	77	15
Amount due from BRACE Education Training & Employment Limited	6	1
Amount due from TORGAS Inc.	3	4

23. 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 six executive managers, comprising the Chief Executive Officer, and five Executive General Managers. (2018: six executive managers, comprising the Chief Executive Officer, and five 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:

	2019 $	2018 $
Short-term employee benefits	1,788,763	1,755,898
Termination benefits	146,283	59,193
Number of key management personnel	6	6

	2019 $'000	2018 $'000
24. Employee Entitlements		
(a) Employee entitlements		
Aggregate employee entitlement liability	32,353	30,164

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.

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.

	2019 $'000	2018 $'000
Net defined benefit plan asset		
Present value of plan assets	8,248	8,119
Present value of funded obligations	(5,706)	(5,288)
Net defined benefit plan asset (note 10)	2,542	2,831

24. Employee Entitlements (continued)

(b) Superannuation commitments (continued)

Reconciliations

	2019 $'000	2018 $'000
Changes in the present value of the net defined benefit plan asset are as follows:		
Opening net defined benefit plan asset	2,831	2,717
Employer contributions during the year	-	-
Expense during the year	(69)	(117)
Net actuarial adjustment for the year recognised directly in other comprehensive income	(220)	231
Closing net defined benefit plan asset	2,542	2,831
The defined benefit expenses recognised through the income statement as part of employee expenses are as follows:		
Current service cost	122	152
Interest expense on defined benefit obligations	189	221
Interest (income) on plan assets	(296)	(320)
Tax allowance and administration expenses	54	64
Total defined benefit expenses recognised in the income statement	69	117
Cumulative (gains)/losses recognised in other comprehensive income:		
Amount accumulated in retained earnings at beginning of year	(1,876)	(1,645)
Recognised during the year	220	(231)
Amount accumulated in retained earnings at end of year	(1,656)	(1,876)

Principal actuarial assumptions at reporting date (expressed as weighted averages) are as follows:	2019	2018
Discount rate	2.70%	3.80%
Expected long term rate of return on plan assets	2.70%	3.80%
Future salary increases	3.00%	3.00%

Number of members and maturity profile of the Defined Benefit Obligation

The number of members of the defined benefit plan at 30 June 2019 was 14. (2018: 15 members)

At 30 June 2019, the weighted-average duration of the defined benefit obligation was 5.91 years. (2018: 6.0 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:

	2019 $'000	2018 $'000
Employer contributions to the defined contribution plans	15,889	14,901
Employer contributions payable to the defined contribution plans at reporting date	1,373	1,200

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

25. 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:

	2019 $'000	2018 $'000
Cash at bank	6,105	7,453
Call & short term deposits	52,719	34,024
	58,824	41,477

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

	2019 $'000	2018 $'000
Net surplus for the year	15,783	2,419
Depreciation and amortisation	8,036	8,911
Non-cash flow effects of movements in defined benefit plan	69	117
Increase in provision for employee entitlements	1,584	819
(Decrease)/increase in provision for doubtful debts	(51)	166
Decrease/(increase) in trade and other receivables	2,175	(2,222)
Decrease in inventories	579	2,389
Increase in other current assets	(122)	(303)
Decrease in trade and other payables	(1,059)	(383)
Increase/(decrease) in revenue received in advance	8,213	(1,228)
Proceeds from capital grants and donations used to fund investing activities	(106)	(699)
Non-cash bequest	(9,400)	-
Gain on disposal of investment properties	(327)	(123)
Gain on disposal of non-current assets	(989)	(672)
Net Cash Provided by Operating Activities	24,385	9,191

26. 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.

27. Group Entities

	2019 %	2018 %
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 Disability Research Fund Limited	100	100
Endeavour Foundation Disability Research 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 Limited	100	100

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

An ASIC-approved Deed of Cross Guarantee has been entered into by Endeavour Foundation and these entities, effective from 24 June 2019 (see Note 28).

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

The Endeavour Foundation Disability Research 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.

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.

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.

TORGAS Limited, a company limited by guarantee (previously an incorporated association), provides a range of apprenticeship and trainee services. The entity was acquired through a business combination on 1 July 2015.

28. Deed of Cross Guarantee

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* the wholly controlled subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debts in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under the provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up. The Deed was executed on 24 June 2019.

The subsidiaries subject to the Deed are:

- SkillsPlus Limited; and
- BRACE Education Training & Employment Limited

A summarised consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and the wholly controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2019 is set out as follows:

Statement of profit or loss and other comprehensive income and retained earnings

	2019 $'000
Operating revenue	259,774
Operating expenses	(254,235)
Operating surplus	**5,539**
Government capital expenditure grants and other capital grants	174
Significant bequests	9,253
Gain on disposal of properties	827
Net surplus for the year	**15,793**
Other comprehensive income for the year *(Items that will not be classified to profit or loss)*	
Actuarial adjustment to defined benefit superannuation plan	(220)
Total comprehensive income for the year	**15,573**
Retained earnings at beginning of year	102,772
Retained earnings at end of year	**118,345**

28. Deed of Cross Guarantee (continued)

Statement of financial position

	2019 $'000
Current Assets	
Cash and cash equivalents	44,428
Trade and other receivables	13,809
Inventories	9,862
Other current assets	2,450
Assets classified as held-for-sale	2,989
Total current assets	**73,538**
Non-current assets	
Investment in subsidiary	5,811
Net defined benefit plan asset	2,542
Other intangible assets	1,261
Property, plant & equipment	99,422
Total non-current assets	**109,036**
Total assets	**182,574**
Current liabilities	
Trade and other payables	17,028
Employee entitlements	20,389
Revenue received in advance	13,097
Total current liabilities	**50,514**
Non-current liabilities	
Loan from group entity	9,758
Employee entitlements	3,561
Total non-current liabilities	**13,319**
Total liabilities	**63,833**
Net Assets	**118,741**
Equity	
Reserves	396
Retained earnings	118,345
Total equity	**118,741**

29. Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2019, the parent company of the Group was Endeavour Foundation.

	2019 $'000	2018 $'000
Results of the parent entity		
Net surplus/(deficit) for the year	14,790	(759)
Other comprehensive income	(220)	231
Total comprehensive income for the year	14,570	(528)
Financial position of the parent entity at year end		
Current assets	68,171	55,060
Total assets	177,349	154,877
Current liabilities	48,378	40,214
Total liabilities	61,632	53,729
Total equity of the parent entity comprising		
Subsidies reserve	396	396
Retained earnings	115,321	100,752
Total equity	115,717	101,148

Parent entity contingencies

The contingent liabilities disclosed as note 19 Contingent Liabilities are the same for the parent entity.

29. Parent Entity Disclosures (continued)

Parent entity commitments for capital expenditure

	2019 $'000	2018 $'000
The parent entity commitments for capital expenditure, that forms part of the Group disclosures under note 20 Commitments for Expenditure, are as follows:		
(a) Capital expenditure contracted but not provided for and payable:		
Due within 1 year	554	699
(b) Commitments for prize home purchases contracted but not provided for and payable:		
Due within 1 year	840	500
(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	1,979	2,800
Due within 2 - 5 years	2,100	3,350
Due after 5 years	12	45
	4,091	6,195

30. Events Subsequent to Reporting Date

The sale of surplus industrial land and buildings in Maribyrnong that was subject to a contract of sale dated 25 May 2018 with a gross selling price of $5,080,000 settled on 16 September 2019. The resultant gain on sale of $3,111,000 will be recognised in the 2020 financial period.

The Directors are not aware of any other 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 2019

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 9 to 43 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 2019 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*;

(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.

(d) there are reasonable grounds to believe that the Company and the group entities identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuance to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

Signed in accordance with a resolution of the Directors

R G A Haire
Chairman

Brisbane
11th October 2019

Independent Auditor's Report

For the year ended 30 June 2019

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 Division 60 of 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 2019 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2019;
- 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; and
- Directors' Declaration.

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

Basis of 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 auditor independence requirements of the *ACNC Act 2012* and 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 responsibilities in accordance with the Code.

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.

Independent Auditor's Report

For the year ended 30 June 2019

KPMG

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 a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing Group's ability to continue 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.

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.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude on the appropriateness of the Group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

Ben Flaherty - Partner
Brisbane, 11th October 2019

Endeavour Foundation
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