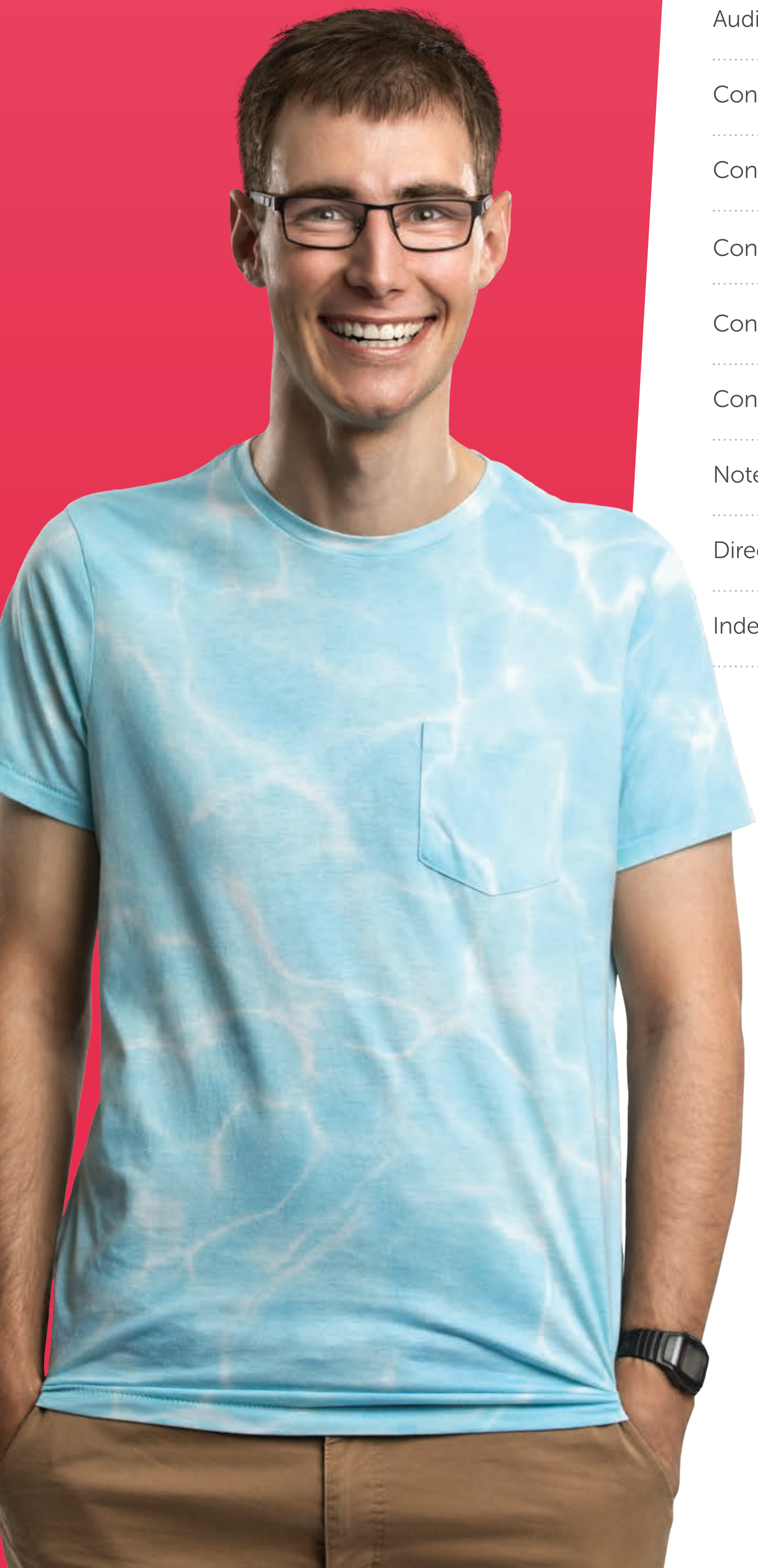
Annual Financial Report

For the year ended 30 June 2020

Endeavour Foundation



Contents

Directors' Report

For the year ended 30 June 2020

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 2020 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 2020			
Richard George Andrew Haire (Independent Director) (4 October 2018)	BEcon, Grad Dip Corp Mgt, FAICD Chair Chair of Nominations & Remuneration Committee Member of Information & Communication Technologies Committee (from 28/10/2019)	2	-
Yvonne Dianne Keane (Independent Director) (25 June 2014)	Deputy Chair Member of Nominations & Remuneration Committee Member of Client Services Committee	6	-
Anthony George Bellas (Independent Director) (14 February 2011)	BEcon, Dip Ed, MBA, FAICD, FCPA, FGS Member Client Services Committee Member Nominations & Remuneration Committee Member of Audit & Risk Committee (ceased 28/10/2019)	9	-
Peter Richard Boys (Independent Director) (5 September 2018)	BComm, MBA, MAICD Chair of Information & Communication Technologies Committee (from 28/10/2019) Member of Audit & Risk Committee (from 28/10/2019)	2	-
Paul Denis Currie (Elected Director) (18 December 2017)	BSC (Hons), PhD (Physics) Chair of Client Services Committee	6	10
Scott Robinson Elton Ellis (Elected Director) (22 November 2013)	BBus, ASA, AAICD Chair of Audit & Risk Committee Member of Nominations & Remuneration Committee	7	20
Beverley Narelle Knowles (Elected Director) (20 November 2017)	BA, DipEd, MMktg, FAICD Member of Audit & Risk Committee	3	7
Pedro Mendiolea (Elected Director) (22 November 2013)	BE (Hons), GDMgt, MIEAust, RPEQ, CPEng Member of Audit & Risk Committee	7	9
Rodney Louis Schulz (Elected Director) (26 November 2018)	DipT, BEd Member of Client Services Committee Member of Information & Communication Technologies Committee (appointed 28/10/2019)	2	5

Past Directors who served during the year

None

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

David Alexander Blower	MBA, FCPA, GAICD	Appointed 25/11/2019
Eric Duncan Campbell	CA, BAcc, 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		Information & Communication Technologies Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
A G Bellas	10	7	4	4	4	3	3	1	-	-
P R Boys	10	10	-	-	-	-	2	5	2	2
P D Currie	10	10	-	-	4	4	-	-	-	-
S R E Ellis	10	10	4	4	-	-	5	5	-	-
R G A Haire	10	10	4	4	-	-	-	4	2	2
Y D Keane	10	8	4	3	4	2	-	-	-	-
B N Knowles	10	10	-	-	-	-	5	5	-	-
P Mendiolea	10	10	-	1	-	-	5	5	-	-
R L Schulz	10	9	-	-	4	4	-	-	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, an Audit & Risk Committee and an Information & Communication Technologies 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)
- Mr A G Bellas
- Mr S R E Ellis
- Ms Y D Keane

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 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)
- Mr A G Bellas
- Ms Y D Keane
- Mr R L Schulz
- Mr G M Crotty (Non Board Member)

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 Enterprise 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 P R Boys (appointed 28/10/2019)
- Ms B N Knowles
- Mr P Mendiolea
- Mr A G Bellas (ceased 28/10/2019)

Information & Communication Technologies Committee

The Information & Communication Technologies Committee (ICT Committee) was established on 28 October 2019 and provides assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities in relation to the organisation's information, technology and communication strategy, systems and policies.

In doing so, it is the responsibility of the ICT Committee to maintain free and open communication between the ICT Committee, the Board and the Executive Leadership Team.

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

- Mr P R Boys (Chair – appointed 28/10/2019)
- Mr R G A Haire (appointed 28/10/2019)
- Mr R L Schulz (appointed 28/10/2019)
- Mr C Tuesley (Non Board Member) (appointed 24/02/2020)

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, 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 $33,008,000 compared to an operating surplus of $5,175,000 in the previous year. This operating result was achieved primarily due to the following factors:

- a further significant improvement in the operating results from Service Delivery following the completion of the roll-out of the National Disability Insurance Scheme and the benefit of operational efficiencies as the business responds to the new cost and revenue drivers;
- a reduction in operating results due to the COVID-19 forced closures of many of the Employment Services and Day Services sites, which was off-set in part by increased revenues from Home Support services;
- the receipt of subsidies under the Federal Government's JobKeeper program of $19,113,000, which after the payment of wages top-up expenses had a net impact of $14,031,000 on the operating results for the year. This offsets in part the decline in operating revenues as a result of the forced closures of services due to the COVID-19 restrictions;
- a significant doubling of the operating surplus from the Community Solutions Group entities during the year;
- a further improvement in the operating results from the Sales & Marketing division, due to improved contributions from the Prize Home and Ultimate Lifestyle lotteries; and
- the containment of all non-essential operating expenses in response to the operational uncertainties imposed by COVID-19.

The Group's net surplus for the current financial year, after recognising income from non-operating items of $3,435,000 was $36,443,000. The income from non-operating items in the current period included gains on the disposal of properties of $3,105,000 and non-recurrent government capital grants of $330,000. In the previous year the Group recorded a comparative net surplus for the year of $15,783,000 after recognising non-operating items of $10,608,000, comprising 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.

Dividends

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

Events Subsequent to Balance Date

Whilst uncertainty as to the future impacts of the COVID-19 pandemic continues to exist, since 30 June 2020 and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than already disclosed in the Notes to the Financial Statements.

Environmental Regulations

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

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

Review of Operations

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

Directors' Benefits

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

(a) No Directors' Fees are payable

(b) No Related Party Transactions with Directors exist (Note 23)

Directors' Interests in Contracts

No contracts involving Directors' interests were entered into since the end of the previous financial year, or existed at the end of the financial year (Note 23).

Indemnification and Insurance of Officers

Indemnification

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

Insurance

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

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

Non-audit services

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

The Board has considered the non-audit services provided during the year and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* for the following reason:

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

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

Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 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 24 March 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
9th October 2020

Auditor’s Independence Declaration

For the year ended 30 June 2020

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 2020 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
9th October 2020

Consolidated Balance Sheet

As at 30 June 2020

	Note	2020 $'000	2019* $'000
Current assets			
Cash and cash equivalents	4	101,226	58,824
Trade and other receivables	5	18,347	14,852
Inventories	6	7,972	9,862
Other current assets	7	2,507	2,607
Assets classified as held-for-sale	8	888	3,530
Total current assets		**130,940**	**89,675**
Non-current assets			
Investments	9	1,961	2,267
Net defined benefit plan asset	10	1,809	2,542
Other intangible assets	11	953	1,261
Investment properties	12	341	351
Property, plant & equipment[1]	13	112,294	104,776
Total non-current assets		**117,358**	**111,197**
Total assets		**248,298**	**200,872**
Current liabilities			
Trade and other payables	14	21,170	18,891
Lease liability	15	2,351	-
Revenue received in advance	16	20,274	15,072
Provision for employee entitlements	17	22,721	22,120
Total current liabilities		**66,516**	**56,083**
Non-current liabilities			
Lease liability	15	1,602	-
Revenue received in advance	16	-	448
Provision for employee entitlements	18	3,884	3,671
Total non-current liabilities		**5,486**	**4,119**
Total liabilities		**72,002**	**60,202**
Net assets		**176,296**	**140,670**
Equity			
Reserves		396	396
Retained earnings		175,900	140,274
Total equity		**176,296**	**140,670**

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

* The Group has initially adopted AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there was no impact on Retained Earnings at the transition date. See Note 15.

1 Following the adoption of AASB 16, the Group presents right-of-use assets within property, plant and equipment, as having the same underlying nature as the assets which it owns. See note 13.

Consolidated Income Statement

For the year ended 30 June 2020

	Note	2020 $'000	2019* $'000
Revenue			
Sale of goods and services		218,074	171,583
Fundraising activities		35,364	31,790
Service user contributions		5,776	6,976
Government subsidies		63,408	79,163
Rent received		6,192	5,917
Interest income		766	828
Other revenue		1,353	688
	2(a)	330,933	296,945
Expenses			
Cost of goods sold & commercial fundraising activities		(37,757)	(46,370)
Employee expenses		(191,286)	(176,490)
Supported employee expenses		(14,900)	(16,748)
Utilities & leased property expenses		(9,257)	(13,644)
Transport expenses		(5,036)	(6,331)
Maintenance expenses		(11,917)	(11,387)
Household consumables		(1,973)	(1,841)
Depreciation & amortisation expenses[1]		(12,443)	(8,036)
Other expenses[1]		(13,356)	(10,923)
		(297,925)	(291,770)
Operating surplus		33,008	5,175
Government capital expenditure grants and other capital donations	2(a)	330	201
Significant bequest	2(a)	-	9,253
Gain on disposal of properties	2(a)	3,105	1,154
Net surplus for the year		**36,443**	**15,783**

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

* The Group has initially adopted AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there was no impact on Retained Earnings at the transition date. See note 15.

1 The Group presents interest on the Lease Liability separately from the depreciation charge on the right-of-use assets. Interest expense on the lease liability is a component of Other expenses in the Consolidated Income Statement and is further disclosed in note 2(b).

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020 $'000	2019* $'000
Net surplus for the year		**36,443**	**15,783**
Other comprehensive income (Items that will not be reclassified to profit or loss)			
Net (decrease)/increase in fair value of investments	9	(256)	125
Realised gains on disposal of investments		56	57
Actuarial adjustment to defined benefit superannuation plan	25(b)	(617)	(220)
Other comprehensive income for the year		**(817)**	**(38)**
Total comprehensive income for the year		**35,626**	**15,745**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Fair value reserve $'000	Subsidies reserve $'000	Total reserves $'000	Retained earnings $'000	Total Equity $'000
Total equity at 30 June 2018	195	396	591	124,334	124,925
Total comprehensive income for the year	-	-	-	15,745	15,745
Transfer to retained earnings on adoption of AASB 9	(195)	-	(195)	195	-
Total equity at 30 June 2019*	**-**	**396**	**396**	**140,274**	**140,670**
Total comprehensive income for the year	-	-	-	35,626	35,626
Total equity at 30 June 2020	**-**	**396**	**396**	**175,900**	**176,296**

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.

* The Group has initially adopted AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there was no impact on Retained Earnings at the transition date. See Note 15.

Consolidated Cash Flow Statement

For the year ended 30 June 2020

	Note	2020 $'000 Inflows (Outflows)	2019* $'000 Inflows (Outflows)
Cash flows from operating activities			
Cash receipts in the course of operations		338,546	320,646
Cash payments to suppliers & employees		(287,309)	(297,512)
Dividends received		134	155
Interest received		758	836
Legacies & bequests received		1,343	260
Net cash provided by operating activities	26	**53,472**	**24,385**
Cash flows from investing activities			
Acquisition of property, plant & equipment		(12,843)	(9,865)
Acquisition of investment properties		-	(4)
Acquisition of intangible assets		(323)	(851)
Acquisition of investments		(267)	(993)
Proceeds from disposal of property, plant & equipment		5,162	2,029
Proceeds from disposal of investment properties		-	1,543
Proceeds from sale of investments		373	997
Proceeds from non-operational capital grants and donations		289	106
Net cash utilised by investing activities		**(7,609)**	**(7,038)**
Cash flows from financing activities			
Lease payments[1]		**(3,461)**	**-**
Net cash utilised by financing activities		**(3,461)**	**-**
Net increase in cash held		**42,402**	**17,347**
Cash at the beginning of the financial year		58,824	41,477
Cash at the end of the financial year	26	**101,226**	**58,824**
Comprising:			
Untied cash		80,850	43,210
Quarantined cash		20,376	15,614
		101,226	**58,824**

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

* The Group has initially adopted AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there was no impact on Retained Earnings at the transition date. See Note 15.

1 Lease payments shown under financing activities include the principal and interest portions of the lease liability payments. Short term lease payments and payments for leases of low-value asset are not included in the measurement of the lease liability.

Notes to the Financial Statements

Contents

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 2020 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 2020 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 28 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 9th October 2020.

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 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of those that may be relevant was assessed as having no impact on the Group.

Changes in significant accounting policies

The Group initially applied *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income for Not-for-profit entities* for the first time in the current year, with a date of initial application of 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

The application of *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income for Not-for-profit entities* from 1 July 2019 did not have a material impact on revenue recognised for the year ended 30 June 2020 and no adjustments were necessary on transition.

AASB 16 Leases applies to the recognition, measurement, presentation and disclosure of leases.

As a Lessee

The Group recognises all lease liabilities and corresponding right of use assets, with the exception of short-term leases (12 months or fewer), low value leases and "peppercorn leases", on the balance sheet, as explained in Accounting Policy Note (p)(i) below.

The Group applied AASB 16 using the modified retrospective approach, under which the Right-of-Use Asset on the transition date of 1 July 2019 is measured at an amount equal to the Lease Liability, measured as the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019.

The Group made the following additional choices, as permitted by *AASB 16 Leases*, for existing operating leases:

- not to bring leases with 12 months or fewer remaining to run as at 1 July 2019 (including reasonably certain options to extend) onto the balance sheet. Costs of these leases continued to be expensed directly in the income statement;
- the lease liability was measured at 1 July 2019 as the present value of any future lease payments discounted using the Group's incremental borrowing rate. The right-of-use asset was measured as equal to the lease liability; and
- an impairment review of the right-of-use assets was performed on initial application of the standard and the Group elected to apply any existing onerous lease provisions against the right of use asset carrying value upon transition.

As a Lessor

The Group is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for any sub-leases, of which none existed at the transition date.

1. Summary of Significant Accounting Policies (continued)

Changes in significant accounting policies (continued)

Impact on Transition

The impact of the transition to *AASB 16 Leases* on the Group's balance sheet at 1 July 2019 was to record lease liabilities and right-of-use assets of $5,637,000 for the first time. The weighted average incremental borrowing rate applied to the Group's lease liabilities recognised at the transition date was 2.22%.

A reconciliation of the most significant differences between the Group's undiscounted non-cancellable operating lease commitments of $5,927,000 at 30 June 2019 and the lease liabilities recognised upon transition of $5,637,000 are set out below:

	$'000
Operating lease commitments reported as at 30 June 2019	**5,927**
Exclude/deduct	
Short term leases expiring in 12 months or fewer (undiscounted)	(449)
Committed leases not commenced (undiscounted)	(135)
Components excluded from the lease liability (undiscounted)	(178)
Peppercorn leases accounted for at cost (undiscounted)	(19)
Include/add	
Cost of reasonably certain extensions (undiscounted)	96
Cost of rent increases (undiscounted)	187
Recorded as forming part of onerous contract provision (undiscounted)	325
Sub total	**5,754**
Effect of discounting on payments included in the calculation of the lease liability	(117)
Lease liability opening balance reported as at 1 July 2019 under AASB 16	**5,637**

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; and
- 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 2020, the Group's current assets exceed its current liabilities by $64,424,000 (2019: $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 2021 financial year.

Whilst uncertainty as to the future impacts of the COVID-19 pandemic continues to exist, at 30 June 2020 the Group had untied cash reserves of $80,850,000 to support the continuation of services under the current operating conditions.

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 or services

Revenue from the sale of goods or services is measured based on the consideration specified in a contract with a customer and is recognised when control over a good or service if transferred to a customer or upon the discharge of performance obligations in the contract with customers.

1. Summary of Significant Accounting Policies (continued)

(b) Revenue recognition (continued)

Government subsidies and grants

Revenue from government subsidies and grants is recognised when the Group obtains control of the grant or subsidies and discharges performance obligations associated with the subsidies or grants.

Subsidies and grants which are received on the condition that specific performance obligations are fulfilled, failing which the funds are to be refunded, are initially recognised as deferred revenue/(liability) with revenue recognised as the services are performed or the specific performance obligations are fulfilled.

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

Revenue received by way of donations, bequests or fundraising activities that have a specific objects clause and performance obligations attached, 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 amounts 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

Revenue received via non-specific donations, bequests or fundraising activities 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 upon settlement of the contract of sale.

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.

1. Summary of Significant Accounting Policies (continued)

(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*.

(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:

	2020	2019
Buildings	34 years	34 years
Right of use lease assets	1-3 years	n/a
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 – note 12

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:

	2020	2019
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 – note 4

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 25

(i) Salaries, wages and annual leave

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

(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 25(b).

Defined contribution plans

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

1. Summary of Significant Accounting Policies (continued)

(p) Leased assets

As described above in *Note 1 – Changes in significant accounting policies*, the Group has applied *AASB 16 Leases* for the first time from 1 July 2019, using the modified retrospective method and therefore comparative information has not been restated.

(i) Accounting policy applicable from 1 July 2019

The Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in *AASB 16 Leases*.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at the amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities as "lease liabilities" in the balance sheet.

1. Summary of Significant Accounting Policies (continued)

(p) Leased assets (continued)

(i) Accounting policy applicable from 1 July 2019 (continued)

Short-term leases and leases of low value assets and peppercorn leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets, short term leases (with a term of 12 month or less) and peppercorn leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as a lessor

The Group does not act as a lessor under any leases that are classified as finance leases.

Where the Group acts as a lessor under leases classified as operating leases, the Group recognises lease payments received as income on a straight-line basis over the lease term.

(ii) Policy applicable before 1 July 2019

Leased assets

Assets held by the Group under leases which transferred to the Group substantially all the risk and rewards of ownership were classified as finance leases. On initial recognition, the leased asset was 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 was accounted for in accordance with the accounting policy applicable to that asset.

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

Lease payments

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

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was 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.

1. Summary of Significant Accounting Policies (continued)

(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

	2020 $'000	2019 $'000
Sale of goods and services – other	47,473	60,234
Sale of goods and services – NDIS revenues	170,601	111,349
	218,074	171,583
Fundraising activities		
- Commercial fundraising activities	32,062	30,765
- Donations & appeals	1,293	500
- Special functions	370	90
- Bequests & legacies	1,343	260
- Community grants	296	175
	35,364	31,790
Service user contributions		
- Accommodation and Fee for Service	5,040	5,205
- Learning & Lifestyle	66	708
- Transport	670	1,063
	5,776	6,976
State Government subsidies	16,172	43,080
Federal Government subsidies - other	28,123	36,083
Federal Government subsidies - JobKeeper program	19,113	-
Rent received	6,192	5,917
Dividend income	134	155
Interest income	766	828
Other revenue	1,219	533
Total operating revenue	**330,933**	**296,945**
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	330	201
Gain on disposal of property	3,105	827
Gain on sale of investment property	-	327
	3,435	**10,608**
Total revenue and other income for the period	**334,368**	**307,553**

	2020 $'000	2019 $'000
2. (b) Operating Surplus		
The operating surplus for the year has been arrived at after charging/(crediting) the following items:		
Net expense from movements in provision for:		
- employee entitlements	814	1,584
- trade receivable impairments	(140)	(51)
- inventory obsolescence	25	(593)
Operating lease expense – property rentals	2,840	5,329
Operating lease expense – equipment rentals	590	667
Bad debts expense	241	53
Net (gain)/loss on disposal of non-current assets:		
- Plant, equipment and intangibles	559	(162)
Interest expense on lease liability	100	-
Impairment expense on Right of Use Asset	471	-
Loss on lease modifications	76	-

	2020 $	2019 $
3. Auditor's Remuneration		
Auditor's remuneration		
Audit Services		
Auditor of Endeavour Foundation – *KPMG Australia*		
Audit of financial reports	186,600	189,015
Other regulatory audit services	2,500	11,500
	189,100	200,515
Other Services		
Auditor of Endeavour Foundation – *KPMG Australia*		
In relation to compliance assurance services	4,833	11,820
Other advisory services	23,231	30,000
	28,064	41,820

	2020 $'000	2019 $'000
4. Cash and Cash Equivalents		
Untied cash	80,850	43,210
Quarantined cash	20,376	15,614
	101,226	58,824

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

	2020 $'000	2019 $'000
The Group has the following lines of credit at reporting date:		
Variable rate loan facilities	8,700	8,700
Credit card facilities	610	583
Indemnity guarantee facilities	1,892	1,892
	11,202	11,175
Facilities utilised at reporting date:		
Variable rate loan facilities	-	-
Credit card facilities	51	97
Indemnity guarantee facilities	1,178	1,087
	1,229	1,184
Facilities not utilised at reporting date:		
Variable rate loan facilities	8,700	8,700
Credit card facilities	559	486
Indemnity guarantee facilities	714	805
	9,973	9,991

The banking facilities are secured by registered first mortgages over ten properties with a carrying amount of $29,153,000 (2019: ten properties with a carrying amount of $29,772,000) and a registered mortgage debenture over all of the assets and undertakings of the Company.

	2020 $'000	2019 $'000
5. Current Assets – Trade and Other Receivables		
Trade debtors	6,443	9,946
Less: impairment provision	(161)	(301)
Other debtors	12,065	5,207
	18,347	14,852

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

6. Current Assets – Inventories

	2020 $'000	2019 $'000
Raw materials	1,516	1,546
Work in progress	59	37
Finished goods	593	929
Less: impairment provision	(25)	-
	2,143	2,512
Fundraising	5,829	7,350
	7,972	9,862

7. Current Assets – Other Current Assets

	2020 $'000	2019 $'000
Prepayments	2,507	2,607

8. Non-Current Assets Classified as Held-For-Sale

	2020 $'000	2019 $'000
Land and buildings – at carrying value	361	2,989
Investment properties – at carrying value	527	541
	888	3,530

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.

	2020 $'000	2019 $'000
9. Non-Current Assets – Investments		
Investments in other corporations		
Quoted on Stock Exchanges		
- Shares – at market value	1,961	2,216
- Fixed interest instruments – at market value	-	51
Carrying value at end of year	1,961	2,267

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 $1,586,000 (2019: $1,814,000) 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.

	2020 $'000	2019 $'000
Reconciliation of the carrying amounts are set out below:		
Carrying value at beginning of year	2,267	2,089
Additions during the year at cost	267	993
Disposals during the year at cost	(317)	(940)
Revaluation adjustments recognised directly through other comprehensive income	(256)	125
Carrying value at end of year	1,961	2,267

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

10. Non-Current Assets – Defined Benefit Plan

	2020 $'000	2019 $'000
Present value of plan assets	6,895	8,248
Present value of funded obligations	(5,086)	(5,706)
Net defined benefit plan asset	1,809	2,542

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

11. Non-Current Assets – Other Intangible Assets

	2020 $'000	2019 $'000
Computer software – at cost	4,593	4,428
Less: accumulated amortisation	(3,640)	(3,167)
	953	1,261
Reconciliation of the carrying amounts are set out below:		
Carrying amount at beginning of year	1,261	817
Additions	323	851
Disposals	(157)	-
Amortisation expense	(474)	(407)
Carrying amount at end of year	953	1,261

	2020 $'000	2019 $'000
12. Non-Current Assets – Investment Properties		
Land and buildings – at cost	991	991
Less: accumulated depreciation	(123)	(99)
	868	892
Less: Assets classified as held-for-sale (refer note 8)	(527)	(541)
	341	351
Investment properties comprise the following commercial properties leased to third parties:		
27 Evans Street, Maroochydore, QLD 4558 (Lots 11, 23 and 25)	868	892
Reconciliations		
Reconciliations of the carrying amounts of investment properties are set out below:		
Carrying amount at beginning of year	892	2,133
Additions	-	4
Disposals	-	(1,216)
Depreciation expense	(24)	(29)
	868	892
Assets classified as held-for-sale (refer note 8)	(527)	(541)
Carrying amount at end of year	341	351

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

	2020 $'000	2019 $'000
Land and buildings – at cost	153,056	146,479
Less: accumulated depreciation	(53,784)	(50,506)
	99,272	95,973
Less: Assets classified as held-for-sale (refer note 8)	(361)	(2,989)
	98,911	92,984
Right-of-use assets – at cost *	6,738	-
Less: impairment provision	(787)	-
Less: accumulated depreciation	(2,724)	-
	3,227	-
* Refer to Note 1 – Changes in significant accounting policies		
Plant and equipment – at cost	42,532	41,383
Less: accumulated depreciation	(32,376)	(29,591)
	10,156	11,792
Total Property, plant and equipment	112,294	104,776

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 $16,502,000 (2019: $17,756,000) 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 20/01/2045.

Reconciliations

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

Land and buildings	2020 $'000	2019 $'000
Carrying amount at beginning of year	95,973	84,554
Additions	10,217	6,571
Additions acquired via a bequest	-	9,400
Transfers from plant and equipment	-	1
Disposals	(2,259)	(622)
Depreciation expense	(4,659)	(3,931)
	99,272	95,973
Assets classified as held-for-sale (refer note 8)	(361)	(2,989)
Carrying amount at end of year	98,911	92,984

	2020 $'000	2019 $'000
13. Non-Current Assets – Property, Plant & Equipment (continued)		
Reconciliations (continued)		
Right-of-use asset		
Carrying amount at beginning of year	-	-
Recognised on initial implementation of *AASB 16 Leases* (Note 1 – Changes in significant accounting policies)	5,637	-
Impairment provision on initial implementation of *AASB 16 Leases*	(316)	
Additions	1,741	-
Derecognitions	(140)	-
Depreciation expense	(3,224)	-
Impairment expense	(471)	-
Carrying amount at end of year	3,227	-
Plant and equipment		
Carrying amount at beginning of year	11,792	12,586
Additions	2,626	3,294
Transfers to land and buildings	-	(1)
Disposals	(200)	(418)
Depreciation expense	(4,062)	(3,669)
Carrying amount at end of year	10,156	11,792

14. Current Liabilities – Trade and Other Payables

	2020 $'000	2019 $'000
Trade creditors and accruals	11,148	9,063
Other creditors	10,022	9,828
	21,170	18,891

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

15. Non-Current Liabilities – Lease Liabilities

	2020 $'000	2019 $'000
Current: realisable within 1 year	2,351	-
Non-current: realisable after 1 year	1,602	-
	3,953	-

The lease liabilities represent 33 property leases with lease terms of between one year and three years, carrying a weighted average interest rate of 2.16%

The face value of the lease liability is payable as follows:

	2020 $'000	2019 $'000
- Due within 1 year	2,407	-
- Due between 1 year and 2 years	1,091	-
- Due between 3 years and 5 years	535	-
	4,033	-

	2020 $'000	2019 $'000

16. Current and Non-Current Liabilities – Revenue Received in Advance

	2020 $'000	2019 $'000
Current: realisable within 1 year	20,274	15,072
Non-current: realisable after 1 year	-	448
	20,274	15,520

17. Non-Current Liabilities – Provision for Employee Entitlements

	2020 $'000	2019 $'000
Employee entitlements – staff	20,005	18,067
Employee entitlements – supported employees	2,716	4,053
	22,721	22,120

18. Non-Current Liabilities – Provision for Employee Entitlements

	2020 $'000	2019 $'000
Employee entitlements – staff	3,556	3,291
Employee entitlements – supported employees	328	380
	3,884	3,671

19. Financial Instruments

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

(a) Credit risk

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

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

(i) Exposure to credit risk

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

		Carrying Amount	
	Note	2020 $'000	2019 $'000
Investments	9	1,961	2,267
Trade and other receivables	5	18,508	15,153
Cash and cash equivalents	4	101,226	58,824
		121,695	76,244
The maximum exposure to credit risk for trade receivables at balance date by type of customer was:			
Employment Services customers		4,064	5,714
Disability Services customers		2,379	4,232
		6,443	9,946

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 $802,000 (2019: $815,000).

19. Financial Instruments (continued)

(a) Credit risk (continued)

(ii) Impairment losses

The ageing of trade receivables at balance date was:

	2020		2019	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	4,510	8	6,204	-
Past due 0-30 days	1,049	6	2,100	-
Past due 31-60 days	278	4	493	-
More than 61 days	606	143	1,149	301
	6,443	161	9,946	301

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

	2020	2019
Balance at 1 July	301	352
Impairment loss recognised	(140)	(51)
Balance at 30 June	161	301

(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 2020	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	21,170	(21,170)	(21,170)	-	-	-
Lease liabilities	3,953	(4,033)	(2,407)	(1,091)	(535)	-
	25,123	(25,203)	(23,577)	(1,091)	(535)	-

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)	-	-	-

(c) Currency risk

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

19. Financial Instruments (continued)

(d) Interest rate risk

The Group does not currently have any interest bearing debt apart from lease liabilities, 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
2020		
Financial assets		
Cash and cash equivalents	0.59%	100,976
Financial liabilities		
Lease liabilities	2.16%	(3,953)
Interest bearing liabilities	-%	-
Net financial assets		97,023
2019		
Financial assets		
Cash and cash equivalents	1.70%	58,478
Financial liabilities		
Interest bearing liabilities	-%	-
Net financial assets		58,478

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 2020		30 June 2019	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
Financial assets	1,407	(766)	538	(480)
Financial liabilities	(47)	47	-	-
Net sensitivity effect	1,360	(719)	538	(480)

19. 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 2020		30 June 2019	
	Carrying Amount $'000	Net fair value $'000	Carrying Amount $'000	Net fair value $'000
Financial assets				
Cash and cash equivalents	101,226	101,226	58,824	58,824
Trade and other receivables	18,347	18,347	14,852	14,852
Investments	1,961	1,961	2,267	2,267
Investment properties	341	341	351	351
	121,875	121,875	76,294	76,294
Financial liabilities				
Trade and other payables	21,170	21,170	18,891	18,891
Lease liabilities	3,953	3,953	-	-
	25,123	25,123	18,891	18,891

The net fair values of listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.

20. Contingent Liabilities

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

Contingent liabilities exist for actions commenced against the 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.

21. Commitments for Expenditure

	2020 $'000	2019 $'000
(a) Capital expenditure contracted but not provided for and payable:		
Due within 1 year	937	544
(b) Commitments for prize home purchases contracted but not provided for and payable:		
Due within 1 year	1,147	840
(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	101	3,446
Due within 2 - 5 years	6	2,469
Due after 5 years	14	12
	121	5,927

The Group leases certain property under short term non-cancellable operating leases of less than 12 months duration, which are not accounted for as leases under *AASB 16 Leases*, as well a non-cancellable "peppercorn" leases expiring from 1 to 25 years, which are accounted for at cost and which generally provide the Group entities with a right of renewal at which time all terms are renegotiated. (2019: The Group leased property under non-cancellable operating leases expiring from 1 to 26 years. Leases generally provided the Group entities with a right of renewal at which time all terms were renegotiated).

22. Limitation of Members' Liability

Endeavour Foundation is a company limited by guarantee and in accordance with the Constitution, in the event of Endeavour Foundation being wound up, the liability of members would not exceed $2.00 per member. At 30 June 2020 the number of members was 918 (2019: 932).

23. Related Party Transactions

The names of persons who were Directors of Endeavour Foundation at any time during the financial year are as follows: A G Bellas, P R Boys, P D Currie, S R E Ellis, R G A Haire, Y D Keane, B N Knowles, P Mendiolea and R L Schulz.

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.

	2020 $'000	2019 $'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
Amount due to Community Solutions Group Limited	(9,675)	(9,372)
Amount due from/(to) Acclaim Apprentices and Trainees Limited	4	(20)
Amount due from SkillsPlus Limited	22	77
Amount due from BRACE Education Training & Employment Limited	6	6
Amount due from TORGAS Limited	2	3

24. Key Management Personnel

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

Endeavour Foundation's key management personnel comprise the directors listed on page 2 of the Directors' Report and a team of eight executive managers, comprising the Chief Executive Officer, and seven Executive General Managers. (2019: 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:

	2020 $	2019 $
Short-term employee benefits	2,100,142	1,788,763
Termination benefits	169,420	146,283
Number of key management personnel	8	6

	2020 $'000	2019 $'000
25. Employee Entitlements		
(a) Employee entitlements		
Aggregate employee entitlement liability	27,987	32,353

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.

	2020 $'000	2019 $'000
Net defined benefit plan asset		
Present value of plan assets	6,895	8,248
Present value of funded obligations	(5,086)	(5,706)
Net defined benefit plan asset (note 10)	1,809	2,542

25. Employee Entitlements (continued)

(b) Superannuation commitments (continued)

Defined Benefit Plan (continued)

Reconciliations

	2020 $'000	2019 $'000
Changes in the present value of the net defined benefit plan asset are as follows:		
Opening net defined benefit plan asset	2,542	2,831
Employer contributions during the year	-	-
Expense during the year	(116)	(69)
Net actuarial adjustment for the year recognised directly in other comprehensive income	(617)	(220)
Closing net defined benefit plan asset	1,809	2,542
The defined benefit expenses recognised through the income statement as part of employee expenses are as follows:		
Current service cost	129	122
Interest expense on defined benefit obligations	143	189
Interest (income) on plan assets	(211)	(296)
Tax allowance and administration expenses	55	54
Total defined benefit expenses recognised in the income statement	116	69
Cumulative (gains)/losses recognised in other comprehensive income:		
Amount accumulated in retained earnings at beginning of year	(1,656)	(1,876)
Recognised during the year	617	220
Amount accumulated in retained earnings at end of year	(1,039)	(1,656)
Principal actuarial assumptions at reporting date (expressed as weighted averages) are as follows:		
Discount rate	2.30%	2.70%
Expected long term rate of return on plan assets	2.30%	2.70%
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 2020 was 12 (2019: 14 members)

At 30 June 2020, the weighted-average duration of the defined benefit obligation was 5.00 years. (2019: 5.91 years)

	2020 $'000	2019 $'000
25. Employee Entitlements (continued)		
(b) Superannuation commitments (continued)		
Defined Contribution Plans		
Details of contributions to the defined contribution superannuation plans during the year and contributions payable at 30 June are as follows:		
Employer contributions to the defined contribution plans	15,725	15,889
Employer contributions payable to the defined contribution plans at reporting date	1,722	1,373

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

26. Notes to the Cash Flow Statement

(a) Reconciliation of cash and cash equivalents

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents include cash on hand and "at call" and term deposits with other financial institutions with an original term of three months or less. 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:

	2020 $'000	2019 $'000
Cash at bank	5,157	6,105
Call & short term deposits	96,069	52,719
	101,226	58,824

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

	2020 $'000	2019 $'000
Net surplus for the year	36,443	15,783
Depreciation and amortisation	12,443	8,036
Impairment charge on ROU assets	471	-
Loss on lease modifications	76	-
Interest expense on lease liability	100	-
Non-cash flow effects of movements in defined benefit plan	116	69
Increase in provision for employee entitlements	814	1,584
Decrease in provision for doubtful debts	(140)	(51)
(Increase)/decrease in trade and other receivables	(3,355)	2,175
Decrease in inventories	1,890	579
Decrease/(increase) in other current assets	100	(122)
Increase/(decrease) in trade and other payables	2,595	(1,059)
Increase in revenue received in advance	4,754	8,213
Proceeds from capital grants and donations used to fund investing activities	(289)	(106)
Non-cash bequest	-	(9,400)
Gain on disposal of investment properties	-	(327)
Gain on disposal of non-current assets	(2,546)	(989)
Net Cash Provided by Operating Activities	53,472	24,385

27. Economic Dependency

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

28. Group Entities

	2020 %	2019 %
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 (in process of being reregistered)	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 29).

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, provided and managed built environment solutions for people with a disability or other disadvantaged groups. The entity was acquired through a business combination on 1 July 2013. The company executed a corporate restructure deed, effective 1 July 2019, transferring all of its operations, assets, liabilities, obligations and benefits to Endeavour Foundation. The entity is in the process of being voluntarily deregistered under subsection 601AA(2) of the Corporations Act 2001, which is expected to be completed within 12 months of balance date.

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.

28. Group Entities (continued)

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, provides a range of apprenticeship and trainee services. The entity was acquired through a business combination on 1 July 2015.

29. 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 2020 is set out as follows:

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

	2020 $'000	2019 $'000
Operating revenue	289,341	259,774
Operating expenses	(261,424)	(254,235)
Operating surplus	**27,917**	**5,539**
Government capital expenditure grants and other capital grants	330	174
Significant bequests	-	9,253
Gain on disposal of properties	3,105	827
Net surplus for the year	**31,352**	**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	(617)	(220)
Total comprehensive income for the year	**30,735**	**15,573**
Retained earnings at beginning of year	118,345	102,772
Transfer of subsidiary retained earnings on corporate restructure	1,787	-
Retained earnings at end of year	**150,867**	**118,345**

29. Deed of Cross Guarantee (continued)

Statement of financial position

	2020 $'000	2019 $'000
Current Assets		
Cash and cash equivalents	80,272	44,428
Trade and other receivables	16,047	13,809
Inventories	7,972	9,862
Other current assets	2,356	2,450
Assets classified as held-for-sale	361	2,989
Total current assets	**107,008**	**73,538**
Non-current assets		
Investment in subsidiary	5,811	5,811
Net defined benefit plan asset	1,809	2,542
Other intangible assets	953	1,261
Property, plant & equipment	109,238	99,422
Total non-current assets	**117,811**	**109,036**
Total assets	**224,819**	**182,574**
Current liabilities		
Trade and other payables	19,226	17,028
Lease liability	1,799	-
Employee entitlements	20,823	20,389
Revenue received in advance	16,780	13,097
Total current liabilities	**58,628**	**50,514**
Non-current liabilities		
Lease liability	1,503	-
Loan from group entity	9,758	9,758
Employee entitlements	3,667	3,561
Total non-current liabilities	**14,928**	**13,319**
Total liabilities	**73,556**	**63,833**
Net Assets	**151,263**	**118,741**
Equity		
Reserves	396	396
Retained earnings	150,867	118,345
Total equity	**151,263**	**118,741**

30. Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2020, the parent company of the Group was Endeavour Foundation.

	2020 $'000	2019 $'000
Results of the parent entity		
Net surplus for the year	31,311	14,790
Other comprehensive income	(617)	(220)
Transfer of subsidiary retained earnings on corporate restructure	1,787	-
Total comprehensive income for the year	32,481	14,570
Financial position of the parent entity at year end		
Current assets	101,099	68,171
Total assets	219,441	177,349
Current liabilities	56,355	48,378
Total liabilities	71,243	61,632
Total equity of the parent entity comprising		
Subsidies reserve	396	396
Retained earnings	147,802	115,321
Total equity	148,198	115,717

Parent entity contingencies

The contingent liabilities disclosed as note 20 Contingent Liabilities are the same for the parent entity.

30. Parent Entity Disclosures (continued)

Parent entity commitments for capital expenditure

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

	2020 $'000	2019 $'000
(a) Capital expenditure contracted but not provided for and payable:		
Due within 1 year	937	554
(b) Commitments for prize home purchases contracted but not provided for and payable:		
Due within 1 year	1,147	840
(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	68	1,979
Due within 2 - 5 years	6	2,100
Due after 5 years	14	12
	88	4,091

31. Events Subsequent to Reporting Date

Uncertainty as to the future impacts of the COVID-19 pandemic continues to exist. There have however been no significant COVID-19 related impacts on the Group's operations subsequent to 30 June 2020 that would require further disclosure or adjustment to these financial statements.

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 2020

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 46 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 2020 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 29 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 pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

Signed in accordance with a resolution of the Directors

R G A Haire
Chairman

Brisbane
9th October 2020

Independent Auditor's Report

For the year ended 30 June 2020

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 2020 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 2020;
- 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 (including Independence Standards)* (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 2020

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 Act 2012.
- 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 the 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.

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Ben Flaherty - Partner
Brisbane, 9th October 2020

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