

Half the Sky Foundation Australia Ltd Annual Report 2012



Half the Sky was created in order to enrich the lives of orphaned children in China. We provide model programs and caregiver training designed to offer loving, family-like care to children of all ages and abilities. It is our goal to ensure that every orphaned child has a caring adult in her life and a chance at a bright future.



Letter from the President

Dear Friends,

I am delighted to introduce Half the Sky Australia's 2012 Annual Report marking substantial progress in our efforts to bring nurture and hope into the lives of orphaned and abandoned children.

Our first major project in China is now firmly established, providing the benefits of infant nurture, preschool education, youth mentoring and permanent foster families for the children at the Changsha welfare institution in Hunan province. Life has changed for good for the children and their caregivers at Changsha, and with the Half the Sky programs now fully operational in the provincial capital, they are set to become a model for orphan care throughout Hunan Province and beyond.

Half the Sky Australia proudly works as a member of the international Half the Sky network for the advancement of all orphaned children in China. Through our vital partnerships at Changsha and beyond we are helping create a better life and future for all.

I sincerely thank our kind and generous friends and donors in Australia. Without your continuous support and encouragement this work would not be possible.

Stephen Jermyn

Letter from the Executive Director

Dear Friends,

With the ongoing and generous support of our members, volunteers and supporters in 2012, Half the Sky Australia has witnessed wonderful developments in the work taking place in China at the Changsha Children's Welfare Institution. Since the project's 2011 launch, more than one hundred children and their caregivers have been enrolled in four life-changing Half the Sky programs. Now fully operational, our model children's centre at Changsha has also become an integral part of the nationwide Rainbow Program designed to spread Half the Sky's training and methods of care to orphanages all across the country. This gives us the greatest hope for the future for all children who continue to wait for nurturing care in their lives.

Half the Sky Australia has continued to extend its reach to supporters at home, recruiting new members, building website communications, launching an online fundraising platform and (still!) pursuing tax deductible gift status for donors.

I look forward to bringing you more news of hope in the year ahead and invite you to contact me anytime to discuss your interest in Half the Sky and the children we serve. With much gratitude for your kind support.

Deanne Bevan

Bringing Rainbows to Changsha & Hunan

A Message from Jenny Bowen CEO & Founder, Half the Sky Foundation

Dear Friends in Australia,

It is tremendous to have HTSA as part of the international Half the Sky network, along with sister organizations in China, Hong Kong, USA, Canada and the United Kingdom. Together we continue efforts that began 15 years ago to improve the lives and prospects of all orphaned children in China.

In particular, HTSA's Changsha Project is a crucial component of the landmark national Rainbow Program that seeks to provide, on a cooperative basis with the Chinese national government, Half the Sky training together with government curriculum to every child welfare worker in China. Under Rainbow, highly skilled Child Development Experts are also stationed at model children's centers in provincial capitals across the country, providing ongoing training and support to regional welfare institutions as they establish Half the Sky-inspired programs of their own.

At the Changsha model children's center, proudly supported by HTSA, Child Development Expert, Wang Yanhong, who has a decade of experience working with institutionalized children, is offering workshops, in-service training, and mentoring - whatever local Hunan institutions are ready for - as they begin to establish Half the Sky-inspired programs of their own. Already hundreds of child welfare workers who provide care for nearly 5,000 children in Hunan have participated in Rainbow Trainings, which will eventually reach across the entire province.

The transformation of the child welfare system in China is underway, a quiet and steady march toward the day when every child has a caring adult in her life, when every child knows the love she deserves. To read more about the groundbreaking Rainbow Program please visit http://www.halfthesky.org/en/content/million-rainbows.

My heartfelt thanks to HTSA supporters for bringing rainbows to Changsha and Hunan.





Half the Sky Australia plays a crucial role in fulfilling the promise of the Rainbow Program in Hunan Province. Thanks to HTSA, more and more of the most vulnerable children in Hunan Province know that someone loves them and that they too can have the chance for a bright future.

Jenny Bowen, Founder & CEO Half the Sky Foundation

Half the Sky Foundation Australia Operating Report, 2011/12

HTSA is a non-profit, non-government, public company limited by guarantee registered in Victoria. It is a community-based organization led by its elected board of directors, governed by its constitution and accountable to its members. It currently has its registered office in Sydney and an office in Melbourne staffed by its Executive Director on a voluntary basis.

Supporters and members of HTSA are those with an interest in the nurture, education and healthy future of orphaned and disadvantaged children in China and include Half the Sky Foundation (HTSF), a non-profit, non-government, registered charity in the USA. HTSA and HTSF are both entities within the international Half the Sky Network that also includes China, Hong Kong, Canada and the United Kingdom.

Since incorporation in Australia in 2009, the focus of HTSA has been to establish effective Australian operations, the creation of a HTSA website (<u>http://www.halfthesky.org.au</u>), expansion of the Australian supporter base, promotion of HTSA membership (at the time of publication there are 130 registered members), development of communications with members, initial fundraising efforts, and the establishment of an initial overseas development project in China (covered in further detail in this report and on the HTSA website at http://halfthesky.org.au/en/au/).

HTSA has also been vitally concerned with obtaining Deductible Gift Recipient (DGR) status in order to offer receipts for tax deduction purposes to Australian donors. DGR status is considered crucial to meeting HTSA's longer-term fundraising goals to support its development and aid work in China.

In 2011, HTSA made its initial (unsuccessful) application to AusAID for Approved Organization Status under the Overseas Aid Gift Deduction Scheme, the first step toward DGR status. A fundamental reason the application did not succeed at the time was that HTSA had only just commenced its first overseas development project in Changsha in 2011 – where it needed to show at least 1 - 2 years effective operation of such a project to qualify.

In November, 2012, HTSA lodged a further and more comprehensive application to AusAID toward its DGR status and now awaits a reply, expected by June, 2013.

In the meantime, HTSA has been granted authority in all states and territories (except NT where there is no requirement) to undertake public fundraising activities. It has also launched a national cause page with Go-Fundraise Ltd to encourage and facilitate online volunteer fundraising in the Australian community for HTSA.

To date, pending DGR status, HTSA's fundraising efforts have been primarily related to existing supporters, members, directors and friends of HTSA. Outreach within these networks including the international Half the Sky Network resulted in total revenue of \$188,629 in 2011/12, as shown in the audited financial statements in this report. 92% of income was from private donors, with 7% from corporate and small business supporters. 97% of all expenditure was directed to HTSA's development project at Changsha.

In this Annual Report further detail is provided about HTSA's Changsha Project in partnership with HTSF, which opened its doors to children in April, 2011. Since the launch, directors have been engaged in the ongoing management of the project, closely monitoring and evaluating progress via regular narrative and photographic reports and ongoing communication with HTSF. HTSA directors have also visited the site, met with institution directors, trainers, staff and children, and are delighted with the progress and the benefits accruing. In particular, the regional Rainbow Training efforts now underway at this model Half the Sky Children's Centre provide the greatest hope for the future of children way beyond the direct beneficiaries of the project at Changsha.

In efforts to keep members and supporters informed about HTSA activities, all general members' meeting minutes, audited financial statements as well as Changsha project reports are published on the HTSA website (<u>www.halfthesky.org.au</u>) and available for inspection at HTSA's registered office in Sydney. These materials may be downloaded from the website, or emailed or sent by post on request (mailto:deanne@halfthesky.org.au).

Directors meet on a regular basis to oversee all the activities of HTSA. The board has appointed an Honorary Treasurer and an Audit and Finance Committee to oversee all financial transactions and financial reporting and an Executive Director to manage and report on the daily operations of the organization.

During the past year, directors also discussed and adopted numerous policies and procedures for the good governance of HTSA including: Board Charter and Code of Ethics; Conflict of Interest and Disclosure Policy; Audit and Finance Committee Charter; CEO Delegation of Authority, Roles and Responsi-



bilities Statement; Child Protection and Code of Practice Policy; Anti-Terrorism Measures and Membership and Application Form Policy.

Directors welcome the involvement and participation of members, supporters and volunteers in the activities of HTSA



especially in helping raise funds and awareness for the cause in the Australian community.

HTSA is grateful to all those who make its work possible especially Australian members, directors and supporters; Half the Sky Foundation Founder & CEO, Jenny Bowen and her incredible staff; Gilbert + Tobin Lawyers, Sydney; and Freshfields Bruckhaus Deringer, China; all have generously dedicated themselves to the children.

Deanne Bevan, Executive Director, HTSA

We thank every one of our generous donors and are proud that we use your donations wisely; 97 cents of every dollar spent this fiscal year went directly to HTSA's Changsha project of model programs and caregiver training to benefit orphaned children in Hunan Province.



Overview - HTSA Income & Expenditure by Source, 2011/12



Expenditure by Source



The Changsha Project

In April 2011, in a cooperative development project between Half the Sky Australia, Half the Sky Foundation and the Changsha Social Welfare Institution, a model Half the Sky Children's Centre was established in Changsha, the capital of Hunan Province. In 2012, a model Family Village was added so that today over 100 infants, nannies, preschoolers, teachers, youth, mentors, and foster parents are directly engaged in Half the Sky children's programs at the Changsha SWI.

Volunteers, including HTSA, helped refurbish and equip rooms for the opening of the new Children's Center and ever since HTSA has maintained its close involvement, receiving regular reports and photographs and visiting the project in person.

Vitally, in addition to directly serving local children, Changsha serves as a model children's center and training facility as part of the national Rainbow Training Program (more on p. 4).

The Half the Sky Child Development Expert based at the Changsha Model Children's Center provides training and mentoring for welfare institution staff all over the province, which have already begun adopting substantial Half the Sky-like programs for the children in their care.



Says Deanne Bevan, Executive Director, HTSA, "We look forward to the day when all welfare institutions in Hunan and beyond develop Half the Skyinspired programs for the benefit of ever more children. The Changsha children's centre is providing an inspirational and effective model for others to follow and the Changsha Welfare Institution must be congratulated for its stellar leadership and commitment."

Detailed Changsha Project Reports are published on the HTSA website (see http://halfthesky.org.au/en/node/1507).









What Half the Sky Means for the Children – Babies and Their Nannies

Half the Sky's Infant Nurture Program brings the love of family to orphaned babies by providing trained nannies to hug and cuddle them and let them know that they are not alone in this world.

MengWei ("WeiWei") By Half the Sky Nanny Liu Nana

When I first met WeiWei, she was lying in her crib. When I called her name, she looked around and searched for me. As soon as she saw me, she smiled.

Now 6.5 months old, WeiWei is able to change her position from lying on her back to lying on her stomach. She can hold her head up for awhile when she is lying on her stomach. She likes to play with her feet and look at herself in the mirror--when she sees her reflection, she says "yiyi yaya."

WeiWei can stand for a few seconds when I hold her arms. When she sees other children playing with toys, she watches them closely. When I walk up to her, she smiles.

MengXuan ("XuanXuan") By Half the Sky Nanny Zhang PanPan

When MengXuan ("XuanXuan") sees me come into the infant room, she murmurs "um, um" and raises her hands, asking for a hug. When I pick her up, she gives me a big smile.

Now a grown-up two years old, XuanXuan can stand up by holding onto the handrail beside the mirror. When I call her name, she walks towards me slowly and then throws herself into my arms.

When she sees me distributing snacks, she crawls quickly to me and stands up with my help. Then she extends her hands to me and shouts "ah, ah." As soon as I give her her snack, she puts it into her mouth quickly.





I Have a Sense of Pride

I have worked for Half the Sky for ten years and every day when I arrive at work, the children run to me with open arms, holding my neck and snuggling in my arms. When I see their smiles and healthy growth, I feel very satisfied.

I have a sense of pride when I talk about the children I have nurtured. I give the children with special needs more help and feel a strong sense of achievement when I see how they progress.

Children, cheer up, I will always be there for you.

By Half the Sky Nanny Shen YuJuan

What Half the Sky Means for the Children – Preschoolers and Their Teachers

Half the Sky's Little Sisters Preschool Program provides an innovative curriculum designed to give young children the self-confidence, basic skills and love of learning that will help them succeeed when they move on to primary school.

My Little Princess Yun

Yun was so shy when she first arrived at our preschool. She was afraid to take part in activities with the other children and every time we had visitors, she would quietly withdraw into my arms.

But during her year with us, I was thrilled to see Yun become a joyfully curious child. Every time we took the children outside she would get so excited she would run quickly, so quickly that sometimes she would fall down!

One day when we were outside, Yun enthusiastically joined the other children "helping" Grandpa Gao clear the grass. At first, "helping" meant throwing the grass around willy-nilly, but then I taught Yun and the other children to carry the grass to the trash bin and throw it in. When I turned around, I saw Yun eating the grass! When I stopped her, she smiled at me.

We were all so happy for Yun when we heard she would be adopted in the United States, though I knew we would all miss her smiles. Yun, my little princess, you were only 2 years old when you left us, but I hope you will enjoy happiness and healthy growth and that you will remember this place in China where you were truly loved.

by Jiang ShuYing Little Sisters Preschool Teacher



Touching the Bottom of Each Child's Heart *By Little Sisters Preschool Teacher Hu CuiPing*

At one time, I thought the idea that you could turn into a butterfly was only a fairy tale. Six years as a Half the Sky preschool teacher has changed my mind. I now know that nothing is impossible because the children have transformed into fluttering butterflies with beautiful wings and so have I.

When I first started, my heart was distracted because of my lack of

confidence. But when I was discouraged, my colleagues kept cheering me on. My once dispirited heart expanded and I started to feel like a fairytale butterfly. I became confident because, like the other teachers, I learned how to touch the bottom of each child's heart.

Even a child like gentle Jie-An, who rejected me at first. Then one day, Jie-An threw himself into my lap. It was the first sign that he too would emerge from his cocoon. Embracing him, I felt like the most blessed person in the world.

What Half the Sky Means for the Children – Youth and Their Mentors

Half the Sky's Youth Services Program provides young people with individualized education and job opportunities according to their own interests, talents and education.

Cold Hands and Warm Hearts

One day I decided to escort Xiaolin and Shuai to their tae kwon do class on the bus because it was too cold for them to walk. The two boys, however, did not want me to pay their fare, so they refused to ride on the bus!

Strangers on the street that day were treated to quite an unusual sight: One boy riding a bike with an adult – me – on the back of it and another boy jogging alongside. It was really cold and neither of the boys was wearing gloves, but both bravely denied being cold even though their faces were bright red.

After the lesson, the boys insisted that I ride the bus back to the institution. Before I could even say anything, they climbed on the bike and rode away. But the moment I got off the bus, I heard their voices urging me to climb onto the bicycle to ride to the institution. On the way, they told me they had waited 10 minutes for me to arrive.

I told them they shouldn't have waited so long for me, but they had been concerned that it was too far from the bus stop to the institution and that I wouldn't be able to handle the cold.

I fell silent, deeply touched. I looked down at the boys' hands, reddened by the cold. Two pairs of little hands – a reminder of the joy you feel when someone cares.

By Fu Yan, Youth Services Mentor



Fighting for a Future By GuangQi

I am studying Water Supply and Drainage Engineering at Hunan University. I had to work very hard to get to college, but looking back, I know the struggle was worth it.

The year I took the grueling college examination, there were times when I wanted to give up. In the 365 days and nights of that year, I got up every day at 5:30 and went to bed at 22:30, only making an exception on Lunar New Year's Day. I did about five sets of practice exam tests every day and the results varied greatly. One day I would get scores higher than I expected; the next day my scores would drop below the first one. These results made me doubt myself.

But every morning when I got up, instead of reading or studying right away, I would go outside to the playground and shout, "I can do it! I will surely do it! I will get into a good university!" My shouting gave me the courage to fight for what I wanted, I felt inspired and encouraged, which gave me the drive to start each new day. I am grateful for the help I received, but I know that had I not worked as hard as I did,) would not have accomplished my goal to get into a good university.



The Families

Half the Sky creates loving, permanent families for children with special needs who otherwise would spend their lives in institutions.

A Loving Daughter

When Ma ChunXue became a dad at our Family Village, he knew his three children, especially his daughter HuiQiu, would require lots of care. What he didn't know was that caring for them would bring him so much joy.

Born with Down's syndrome, 18-month-old HuiQiu struggled with the simplest tasks, including eating. HuiQiu was unable to chew and refused everything but milk. It took incredible patience and help from experts Ma found on the internet, but eventually HuiQiu transitioned to solid food—the first spoonfuls HuiQiu swallowed were so welcome that the food was mixed with her parents' tears.

Ma then started acting like a clown— he jumps like a frog, pretends to be a cat catching a mouse, and speaks like baby lion Simba, from "The Lion King," all to see HuiQui's face break out in huge smiles.

One night, HuiQiu developed a high fever so her dad rushed her to the hospital. Huiqiu recovered quickly, but Ma collapsed with weariness after their long night. He didn't wake until he felt a light scratching on his forehead.

When Ma opened his eyes, he saw Huiqiu stroking his head tenderly, imitating the way her dad strokes her head. HuiQiu's innocent face lit up when she saw her dad wake up. As for Ma, he burst into tears—tears of joy for the loving daughter Hui-Qiu has become.



Half the Sky Australia Board of Directors, Advisory Committee & Staff

Board of Directors

Stephen Jermyn, Director and Chairman (non-executive)

21 years executive experience at McDonald's Australia Ltd, served as CFO and retired as Deputy Managing Director in 2005; current Director and former Chairman Ronald McDonald House Charities Australia; currently Director on Australian public company boards Mortgage Choice Limited and Reverse Corp Limited as well as private company boards.

Gaetano (Guy) Russo, Director and Deputy Chairman

Managing Director of Wesfarmersowned Kmart Australia & New Zealand; President of Half the Sky Foundation (the US entity); previous 33 years with McDonald's corporation including as President McDonald's Greater China and CEO McDonald's Australia Ltd; former Director and Chairman Ronald McDonald House Charities Australia and Director Ronald McDonald House Charities Hong Kong. Served on the Business Council of Australia and the board of Diabetes Australia.

Deanne Bevan, Executive Director & Company Secretary

5 years global Director of Development, Half the Sky Foundation (the US entity); 13 years executive experience McDonald's Australia and McDonald's Asia; previously with the Victorian Employers Chamber of Commerce and Industry. Has served as Director, National Center for Vocational Education Research; chaired the 1998 Review of the Affirmative Action Act and Ministerial Advisory Board for the Equal Opportunity for Women in the Workplace Agency.

Terese Jermyn, OAM, Director

25 years with Ronald McDonald House Charities Australia including as Director on the national board and Chair of Directors of the Westmead Hospital Ronald McDonald House; 15 years experience running a performing arts school, talent agency and record and publishing company.

Di Banks, Director

Partner, Gilbert +Tobin leading commercial law firm; Di is recognized as a leader in the field of employment law with a particular interest in diversity and discrimination and is a Director of the Diversity Council of Australia.

Clinton Dines, Director

Executive Chairman Asia of Caledonia Investments Asia, based in Shanghai; total 31 years living and working in China; 21 years as BHP Billiton's senior executive in China. Previous executive experience with Jardine Matheson, Santa Fe Transport Group and Asia Securities Venture Capital.

Joanne Smith, Director & Honorary Treasurer

Chartered Accountant, Bedford Titley Pty Ltd; previous experience in accounting and tax in the small business sector and in the Big 4 and Medium Tier firms in Australia. Has also provided accounting assistance in the non-profit sector and is currently a director on the board of a private company in the plastics industry.

Advisory Committee

Jenny Bowen, Founding Director of HTSA; Founder & CEO, Half the Sky Foundation (the US entity); former screenwriter and film director, writing screenplays for major Hollywood producers and writer-director on several independent films. Founded Half the Sky in 1998 after becoming an adoptive parent of her first Chinese daughter and gaining an education in early childhood development theories and practices impacting institutionalized children.

Staff

Deanne Bevan, Executive Director (voluntary)



Half the Sky Foundation Australia Limited ABN 79 137 332 364 Independent Audit Report to the Members of Half the Sky Foundation Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Half the Sky Foundation Australia Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Independent Audit Report to the Members of Half the Sky Foundation Australia Limited

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Half the Sky Foundation Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Half the Sky Foundation Australia Limited is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and (a)
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

HILL ROGERS SPENCER STEER ASSURANCE PARTNERS

JOHN R WILCO Partner

Dated this 2nd October dav of 2012

Your directors present their report on the company for the financial year ended 30 June 2011.

1. General information

(a) Directors

The names of each person who has been a director during the year and to the date of this report are:

Names	Position
Stephen Craig Jermyn	Director and Chairman (Non Executive)
Gaetano Alfred Gerrard Russo	Director and Deputy Chairman
Deanne Maree Bevan	Secretary, Public Officer, and Executive Director
Terese Anne Jermyn	Director
Dianne Margaret Banks	Director
Clinton James Dines	Director
Joanne Elizabeth Smith	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

(b) Company Secretary

The following person held the position of company secretary at the end of the financial year:

Deanne Maree Bevan

(c) Principal Activities

The principal activities of Half the Sky Foundation Australia Limited during the financial year were to further establish its local operations, membership and support base in Australia and the commencement of an initial joint development project in China to directly benefit orphaned and disadvantaged children living in institutional care in Changsha and to establish a provincial training base in Hunan province.

Short term and long term objectives

HTSA's short term objectives are to:

- Implement model infant nurture, preschool and youth mentoring programs to directly benefit orphaned and disadvantaged children; programs develop emotional, social and intellectual wellbeing and provide early education and life skills vital for successful transition from institutional life into community schools, adoptive families and society;

- Implement model permanent foster family programs for the nurture, education and development of children with special needs that preclude prospects for adoption;
- Establish all model programs as both demonstrations of best practice and training centres for Chinese welfare institution administrators, teachers and caregivers in effective methods of nurturing care that can benefit all at risk children; and
- Expansion of support and funding in Australia for HTSA's work in China among existing networks including directors, members and individual supporters.

HTSA's long term objectives are to:

- Implement multiple model programs, training bases, mentoring relationships and training pathways within the Chinese welfare system to facilitate and support widespread and permanent adoption of Half the Sky inspired best practice models and methodsc of care by officials, administrators, teachers and caregivers for the long term benefit all orphaned and disadvantaged children;
- Ultimately hand over direct responsibility for and operation of all established model programs in Chinese welfare institutions to local authorities and staff to operate as their own for the long term adoption and sustainability of Half the Sky inspired best practice programs and methods of care;
- Eventual transition from providing programs directly to children to a focus on training, coaching and mentoring within the Chinese welfare system post the hand over of model programs to local stakeholders; and
- Expansion of support and funding in Australia for HTSA's work in China in the wider public, corporate and philanthropic sectors.

Strategies

To achieve its stated objectives, HTSA has adopted the following strategies:

- A strategic and practical partnership between HTSA and Half the Sky Foundation (HTS) and its Chinese government partners at national, provincial and local levels to implement HTSA's objectives on the ground in China. China based knowledge, networks and partnerships with stakeholders in China, especially government authorities, are critical to achieving HTSA's short term and long term objectives;
- Development and implementation of an initial joint HTSA HTS 5 year project in China for the creation and operation of a model Half the Sky Children's Centre and provincial training base at Changsha in Hunan province; working in partnership also with the local Changsha Welfare Institution and provincial stakeholders for long term sustainability of programs and training;

 In Australia, establishing its office in Melbourne, expanding communications with members and supporters including creation of a website and Annual Report, undertaking membership drives, achievement of registration as a fundraising entity in all states and the ACT and active pursuit via AusAID of Approved Organization Status under the Overseas Aid Gift Deduction Scheme to ultimately seek Deductible Gift Recipient Status (DGR).

No significant change in the nature of these activities occurred during the financial year.

2. Business review

(a) Operating Results

The surplus from ordinary activities for the year amounted to \$24,109 (2011: \$11,087).

(b) Dividends paid or declared

Under the company's constitution which is limited by guarantee no dividends are paid to members.

(c) Review of operations

A review of the operations of the company during the financial year and the results of those operations show that the company continued to engage in its principal activities the results of which are disclosed in the financial statements.

3. Other items

(a) Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

(b) After balance day events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

(c) Future developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

(d) Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

(e) Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 17.

4. Director Information

Information on directors Stephen Craig Jermyn Qualifications Experience	Director and Chairman (Non-Executive) FCPA, Fellow of the Australian Certified Public Accountants 21 years executive experience at McDonald's Australia Ltd, served as CFO and retired as Deputy Managing Director in 2005; current Director and former Chairman Ronald McDonald House Charities Australia; currently Director on Australian public company boards Mortgage Choice Limited and Reverse Corp Limited as well as private company boards.
Gaetano Alfred Gerrard Russo Experience	Director and Deputy Chairman Managing Director of Wesfarmers owned Kmart Australia & New Zealand; President of Half the Sky Foundation (the US entity); previous 33 years with McDonald's corporation including as President McDonald's Greater China and CEO McDonald's Australia Ltd; former Director and Chairman Ronald McDonald House Charities Australia and Director Ronald McDonald House Charities Hong Kong. Served on the Business Council of Australia and the board of Diabetes Australia.
Deanne Maree Bevan Qualifications Experience	Secretary, Public Officer and Executive Director Bachelor of Business; Master of Arts Executive Director HTSA; Director of Development, Half the Sky Foundation (the US entity) 2006 - 2011; 13 years executive experience McDonald's Australia Ltd and previously at the Victorian Employers Chamber of Commerce and Industry. Former Director, National Centre for Vocational Education Research; chaired the 1998 Review Of the Comm. Affirmative Action Act and Ministerial Advisory Board for the Equal Opportunity for Women in the Workplace Agency.
Special Responsibilities	Member of the Audit and Finance committee
Terese Anne Jermyn Qualifications Experience	Director OAM, Medal of the Order of Australia 25 years with Ronald McDonald House Charities Australia including as a Director on the national board and Chair of Directors of the Westmead Hospital Ronald McDonald House; 15 years experience running a performing arts school, talent agency and record and publishing company.
Special Responsibilities	Member of the Audit and Finance committee

Dianne Margaret Banks Qualifications Experience	Director University of Sydney Arts/Law degree Partner, Gilbert +Tobin leading commercial law firm; Dianne is recognized as a leader in the field of employment law with a particular interest in diversity and discrimination and is a Director of the Diversity Council of Australia.
Clinton James Dines	Director
Qualifications	Graduate in Asian Studies and Economics from Griffith University, Brisbane 1978; Course in International Business, INSEAD 1996
Experience	Executive Chairman Asia, Caledonia Investments Asia; total 31 years living and working in China; 21 years as BHP Billiton's senior executive in China. Previous executive experience with Jardine Matheson, Santa Fe Transport Group and Asia Securities Venture Capital.
Joanne Elizabeth Smith	Director
Qualifications	Bachelor of Financial Administration; Graduate Diploma in Taxation; Master of Accountancy; Fellow of the Institute of Chartered Accountants; Fellow of the Taxation Institute of Australia
Experience	Partner, Bedford Titley Chartered Accountants; previous experience in accounting and tax in the small business sector and in the Big 4 and Medium Tier firms in Australia. Has also provided accounting assistance in the non profit sector and is currently a director on the board of a private company in the plastics industry.
Special Responsibilities	Chairman and Member of the Audit and Finance committee

Meetings of directors

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		
	Number eligible to attend	Number attended	
Stephen Craig Jermyn	6	6	
Gaetano Alfred Gerrard Russo	6	6	
Deanne Maree Bevan	6	6	
Terese Anne Jermyn	6	6	
Dianne Margaret Banks	6	4	
Clinton James Dines	6	4	
Joanne Elizabeth Smith	6	6	

5. Indemnifying officers or auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Half the Sky Foundation Australia Limited.

Options 6.

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

7. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Director:

CAETANO AG DUSSO 2/10/2012 Director:

Dated 2/10/2012

The directors of the entity declare that:

- 1. The financial statements and notes, as set out on pages 10 to 16, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the entity.
- 2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ar. DUSSO DEANNE M BENAN 2/10/2012 Director Director 2/10/2012 Dated

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Statement of Comprehensive Income for the year ended 30 June 2012

		2012	2011
	Note	\$	\$
Revenue	2	188,629	182,290
Donations	3	(160,000)	(165,700)
Other expenses	3	(4,520)	(5 <i>,</i> 503)
Surplus before income tax		24,109	11,087
Income tax expense		-	-
Surplus for the year		24,109	11,087
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		24,109	11,087

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Statement of Financial Position for the year ended 30 June 2012

	Note	2012 \$	2011 \$
ASSETS	NOLE	Ŷ	Ŷ
CURRENT ASSETS			
Cash and cash equivalents	5	56,938	32,801
TOTAL CURRENT ASSETS		56,938	32,801
TOTAL ASSETS		56,938	32,801
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	3,900	3,872
TOTAL CURRENT LIABILITIES		3,900	3,872
TOTAL LIABILITIES		3,900	3,872
NET ASSETS		53,038	28,929
EQUITY			
Retained earnings		53,038	28,929
TOTAL EQUITY		53,038	28,929

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Statement of Changes in Equity for the year ended 30 June 2012

2012		Retained Earnings \$	Total \$
Balance at 1 July 2011 Surplus attributable to the company Other comprehensive income for the year		28,929 24,109 -	28,929 24,109 -
Balance at 30 June 2012		53,038	53,038
2011		Retained Earnings \$	Total \$
Balance at 1 July 2010 Surplus attributable to the company Other comprehensive income for the year		17,842 11,087	17,842 11,087
Balance at 30 June 2011		28,929	28,929
Half the Sky Foundation Australia Limited ABN 79 137 332 364 Statement of Cash Flows for the year ended 30 June 2012			
		2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$	\$
Individual donations received Corporate and small business donations received		174,626 12,500	173,921 7,305
Interest received		1,503	1,077
Donations given Changsha Development Project		(160,000)	(165,700)
Payments to suppliers		(4,492)	(6,231)
Net cash provided by (used in) operating activities	7	24,137	10,372
Net increase (decrease) in cash and cash equivalents held		24,137	10,372
Cash and cash equivalents at beginning of year		32,801	22,429
Cash and cash equivalents at end of financial year	5	56,938	32,801

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Notes to the Financial Statements for the year ended 30 June 2012

1 Summary of significant accounting policies

(a) General information

The financial report is for Half the Sky Foundation Australia Limited as an individual entity, incorporated and domiciled in Australia. Half the Sky Foundation Australia Limited is a company limited by guarantee.

(b) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(d) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(e) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Donation income is recognised when received.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Notes to the Financial Statements for the year ended 30 June 2012

determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

(f) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

		2012 \$	2011 \$
2	Revenue: Donations received and other income Donations received:	Ť	Ŧ
	- individual donations	174,626	173,921
	- corporate and small business	12,500	7,305
	Total donations received Other income:	187,126	181,226
	- interest received	1,503	1,064
	Total other income	1,503	1,064
	Total donations received and other income	188,629	182,290
3	Expenses: Donations given and other expenses		
-	Donations given:		
	- Changsha Development Project	160,000	165,700
	Total donations given	160,000	165,700
	Other expenses: - fundraising	400	1,609
	- management	4,120	3,894
	Total other expenses	4,520	5,503
	Total donations given and other expenses	164,520	171,203
4	Auditors' remuneration		
	Remuneration of the auditor of the company for:		
	 auditing or reviewing the financial statements 	3,850	3,850
5	Cash and cash equivalents		
	Cash at bank	56,938	32,801
		56,938	32,801

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Notes to the Financial Statements for the year ended 30 June 2012

6	Trade CURR	e and other payables ENT	2012 \$	2011 \$
		ry payables and accrued expenses	3,900 3,900	3,872 3,872
7	Cash	flow information		
	(a)	Reconciliation of cash flow from operations with surplus for the year Surplus for the year Changes in assets and liabilities:	24,109	11,087
		 Increase/(decrease) in trade payables and accruals (Increase)/decrease in other tax receivable Cashflow from operations 	28 - 24,137	(728) 13 10,372

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows: Cash and cash equivalents 56,938 32,801

56,938

8 Related Party Transactions

All the directors of the company acted in an honorary capacity and did not receive any remuneration.

Di Banks, a director of the company, is a partner in law firm Gilbert + Tobin, which is handling the company's Deductible Gift Recipient status application. These services are provided to the company on a pro bono basis.

9 Events after the end of the reporting period

There were no significant events occurring subsequent to the reporting date that require adjustments or disclosure in the financial statements at 30 June 2012.

10 Company details

The registered office of the company is: Half the Sky Foundation Australia Limited 14 Myamyn Street ARMADALE VIC 3143 32,801

Half the Sky Foundation Australia Limited ABN 79 137 332 364 Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 for the year ended 30 June 2012

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

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

HILL ROGERS SPENCER STEER

ASSURANCE PARTNERS

JOHN R WILCOX Partner

Dated this 2nd day of October 2

2012

"All the children who are held and loved will know how to love others... spread these virtues in the world. Nothing more need be done."

Mens Zi c. 300 B.C.





Half The Sky Foundation Australia Ltd PO Box 8850 Armadale, Vic, 3143

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