



ART . INFLUENCE . CHANGE

BEYOND EMPATHY 2005 - 2006 ANNUAL REPORT

ANNUAL REPORT 2005 – 2006

Beyond Empathy (BE) uses the arts to influence change in the lives of individuals and communities experiencing constant and reoccurring hardship. Through our work we aim to improve lives, creating an environment for inclusive communities. We are committed for the long term and produce art works and art products that strive for authenticity and excellence in various forms and disciplines. BE advocates for the role the arts play as a catalyst for change, using and developing the skills and leadership of BE participants and alumni to drive our work.

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MESSAGE FROM THE CHAIRPERSON – Anna Buduls

In the last twelve months Beyond Empathy has established itself as a highly professional, performance driven not-for-profit organisation. I choose these words carefully and am mindful that they are more usually attributed to entities operating in the profit driven corporate sector. And that's what is so special about Beyond Empathy. We are on the one hand, an organisation that uses compassion, empathy and art to try to bring about greater social and economic inclusion of the most disadvantaged in the communities in which we work. And on the other hand, we do so in a highly focussed and accountable way. We aim to marry the heart with the head in the way we work and to give those who have the initial faith in our work to sponsor us, ongoing tangible feedback on the outcomes of our efforts in order to assure them that their trust and dollars were not misplaced.

Over the last year Beyond Empathy has not only been on the ground in various rural and urban communities engaging with the most disadvantaged people, passing on skills to them and creating beautiful art, but we have also been developing planning, monitoring and reporting systems to ensure that the work we do really is effective and sustainable. Our way of working, the "BE wAy" has already captured the attention of a range of individual, corporate and government funding bodies. And we are only at the beginning of our journey. The coming year will see more and deeper engagement of the Beyond Empathy team in the communities in which we work, more disadvantaged people engaged with BE and developing skills through this engagement, more performances and artistic outcomes emanating from the engagements, and more fine tuning of our systems and performance measurement capability,

Our success to date is due entirely to the incredible passion, dedication and commitment of Kim McConville and her colleagues. They and the people we work with are the essence of Beyond Empathy.



MESSAGE FROM THE EXECUTIVE DIRECTOR – Kim McConville

The last 18 months have been a time of great organisational and personal growth. We have learnt so much about the meaning of truly hard work, long hours, trust, courage, and humility. We have covered thousands of kilometres by car and devoted thousands of hours to understanding what we do and creating the processes to ensure that our organisation fulfils its ambition to provide hope and a future for all the people we work with. Beyond Empathy has an inspiring future.

The year has been about planning and laying down the foundations for a very strong organisation. We've all come to the organisation with a lot of history and experience and we have really taken the time to work out how all the bits fit together in the puzzle. While we all have varying strengths the one common skill that unites and drives our work is great leadership. Each member of the team has used this to shape the programs they are managing. Common to each of these people is their personal resolve, their ability to work quietly and unrelentingly in community. Using a variety of art forms each one has worked closely with the silent voices of community, starting with what each person knows and building on the assets each person brings.

BE has a strong program, a high social impact and uses a variety of art forms. We now have more than 10 new artists working with us and a further seven who will start work in 2007. Our model allows people to not only tell their own story, but to assist others and develop new skills along the way.

So, what are the highlights of 2005 – 2006?

- In November 2005 our Mubali project, which has improved the health of young Indigenous mothers and their babies in the Moree region, was awarded by NSW Health Minister John Hatzistergos, the Baxter Health Award for Consumer Participation.
- In the last year we have attracted financial support from many organisations, both government and private. They include the NSW Department of Community Services, the Social Ventures Australia Boost Fund, the Vincent Fairfax Family Foundation, the AMP Foundation, the Caledonia Foundation, Goldman Sachs JB Were, the Qantas group Workplace Giving Program, and the federal departments of Family and Community Services

and Indigenous Affairs. We are also deeply grateful to the contributions from private supporters, such as Simon and Catriona Mordant. Such donations make a very great difference to what we can do. They allow us to reach more people with better resources.

- Replication underway: Many people have asked us to explain how we do what we do. We believe that the process can be adopted by others and therefore reach and help many more people. That's why we are developing the BE wAy Tool Kit. This kit, which is supported through the Westpac Foundation will enable three new projects in three communities to get off the ground over the next three years. The strategy will allow us to document the BE process and place it within a tool kit that can be used effectively by other community workers.

- Finally, I was delighted in May 2006 to be named by Social Ventures Australia as its Social Entrepreneur of the Year. Whilst this award was presented to me, it belongs to the organisation and those who drive the work - the day to day business and commitment to participants and communities. It's great to be able to come up with inspiring, entrepreneurial ideas to create social change. However if you don't have the individuals that can make them reality, then they only remain as good ideas. We know our work is being recognised for its impact and recognition for that must go to the entire BE team.

We now have our key programs in place and these will grow over the next three years. These are Pathways (young leadership), Illawarra Projects (public housing, families and young people), Message In A Bottle (alcohol harm reduction), Connections Family Strategy (early childhood parenting), Mubali (indigenous young mothers) and BE wAy Tool Kit (research and replication).

I must acknowledge the amazing financial and in-kind support that BE has received over the last year from our biggest and greatest pro bono supporter, Allens Arthur Robinson (AAR). As one of their lucky clients we have benefited from their expertise on so many levels, so many times, especially in the set up of our company, the writing of our constitution and acquiring our Deductible Gift Recipient status, and Public Benevolent Institution status through with the Australian Taxation Office.

Enormous recognition must also go to Social Ventures Australia. SVA has really taken away the "us and them". As a small 'social' fish in a big corporate world it's easy to be wary and sceptical. It's easy to get discouraged by the unusually large divide between the wealth of the corporate sector and the poverty we witness in the communities we work in. SVA has helped us grow into professional and accountable company. It has introduced us to individuals and big corporate organisations who want to cross that

divide and really live by the meaning of corporate social responsibility. SVA has helped us form corporate relationships that are helping us to work smarter, to work better. This support really does mean that 1+1=11.

It has been an inspiring beginning for Beyond Empathy exceeding all the expectations we held when we began the company in November 2004. It could not have happened without the Board of Directors, led by Anna Buduls. Anna was an 'accidental' Chair when we started out. However her outstanding leadership, generosity of time and resources has been essential in achieving the outstanding results so far, and confirmed her position as ongoing Chair of Beyond Empathy. Denni Scott Davis, Lee Anne Boyle and Phillip Crawford have worked tirelessly to make every idea a reality. These guys, the newer members to the team (Victor Evatt and Kelly Martusciello) and the many artists who work alongside us in community are the spine of the company.

And finally, let me pay enormous recognition and respect to the people we work with. Who without their trust and their determination to step forward and grasp every opportunity, Beyond Empathy would not exist.



THE BEYOND EMPATHY PROGRAM – an overview

PATHWAYS

Beyond Empathy recently engaged Kelly Martusciello to coordinate the Pathways program and her role has involved a lot of one-on-one with participants. Pathways is... (need a one sentence descriptor here)

A total of 17 [58%] of the young people working on the program have worked as mentors on existing BE projects. Sixteen [55%] are working on or have delivered their own projects. Twenty-four percent are receiving income from external 'industry' sources, including regular employment. We are reviewing the program to see how we can improve the positions of the remaining participants. We recognise that intensive skills development is still needed to broaden the impact of the program. Overall, the participants are benefiting from personal and professional development opportunities.

The Pathways program will be extended in 2007 to include the delivery of five intensive leadership camps. Each camp will focus on an arts theme. Each participant (young people, mentors, artists, community workers, BE team and supporters) will be involved in the creation of a 'mini' BE project involving all the skills that any longer term BE project would deliver. These camps will also help us to share our knowledge and show others the BE process.

Pathways is funded through the generous support of the Coca Cola Australia Foundation.

The BE wAy

The BE wAy strategy was developed in close consultation with the University of New England. BE was one of only two organisations nationally to receive first tier funding through the Westpac Foundation. The BE wAy strategy outlines a way of using arts, digital media and skills training to systematically induce social change resulting in improvements to infrastructure, health and education. BE's aim is to mitigate the social and economic cost of poor health, crime and inter-generational marginalisation.

The BE wAy aims to meet the increasing demand for effective arts-based community development. It takes account of the need to grow the enterprise approach without out expanding BE's own work load. Succession/risk management needs, research and evaluation and more importantly the need to differentiate BE from other arts based programs will be incorporated into this strategy.

Central to it is developing a tool kit and training program to expand the number of community arts-workers capable of adopting and following the BE model. To do this, BE works one on one, one by one then through partnership.

To further strengthen the delivery and outcomes of the BE wAy strategy a partnership has been developed with the University of New England in Armidale via Professor Kerry Carrington (School of Social Science), Dr. Margaret Brooks (School of Professional Development and Leadership) and Paul Reader (Postdoctoral Fellowship Industry, Centre for Applied Research and Social Sciences). This partnership has developed an Australian Research Council Linkage Project. The three year project is entitled "Strengthening Regional Communities and Preventing Crime: A study of Beyond Empathy's interventions in communities facing constant and reoccurring hardship". It is anticipated that the research will provide a valuable evidence to explain the value of the arts in changing peoples lives.

MESSAGE IN A BOTTLE

Message in a Bottle is an alcohol harm reduction strategy. A total of 355 primary participants have taken part in in the project so far, with 90 percent of them aged between 12 and 25 years. Younger children have been involved via their parents and siblings. A total of 86% of the participants are Aboriginal.

Eight artists have conducted 15 workshops from cross-form art disciplines including dance and action arts, circus, music (technology, hip hop and rap, vocal and song writing), film, graffiti and aerosol art, digital storytelling and photography.

Thirteen young people from the Pathways BE leadership program have worked as mentors on the project. Forty-six community organisations have been involved or connected to the project in some way such as referring participants, assisting with workshops or providing in-kind support. Forty-six percent of this group are directly assisting in delivery of strategies and taking an active role in the process and direction of the project. Representatives from eleven communities and agencies have been trained in digital story telling and seven of these are now using the arts process as part of their core delivery strategies.

A total of thirty four arts based products have been created. All of these have direct educational impact and are being used as an awareness resource about alcohol related harm.

The communities that have participated in workshops are Armidale, Narrabri, Tamworth, Moree, Mungindi, Boggabilla, Toomelah Walgett, Inverell, Lismore, Nimbin, Nambucca, Macksville and Bowraville. Casino has so far been involved in consultation.

The fifteen arts workshops have been delivered using music (vocal, computer-generated, hip hop and rap), film, the writing of a theatre script about alcohol and road deaths, digital storytelling, graff and aerosol art, photography, active arts, dance and circus. The outcomes of the workshops have been presented at eight community events, including Crocfest, which was seen by more than 3,000 people and "Splendor in the Grass" seen by at least 8,000 young people. Presentations and/or information related to alcohol harm reduction were delivered at these events by project participants.

A DVD resource is being developed about healthy families, managing adolescents and dealing with conflict caused by alcohol. It will be circulated throughout participating communities in the north-western NSW region.

Highlights:

- Five young people engaged in the project have started TAFE programs as a result of their experiences.
- Nine have been invited to join the Beyond Empathy leadership program.
- Three have begun arts-based training through their experiences with the project.
- Participants in Boggabilla have taken steps to establish a regular mother's and women's group.
- Partnerships to run ongoing alternative pathways [what is an alternative pathway's program – need to tell readers what it is] programs have been established with TAFE's in Macksville, Inverell, Moree and Boggabilla.
- Three young people delivered papers at gatherings such as the National Jobs Australia Conference, North Coast Regional Youth Arts Forum and North West NSW Regional Police Forum.

Message in a Bottle is supported by the NSW Government through the Department of Community Services, the Alcohol Education Rehabilitation Foundation and The Vincent Fairfax Family Foundation.





HIStory

Stage One of HIStory was launched in the Warrawong Community Centre in April 2006. HIStory is a crime and violence prevention project working with older men in public housing in Warrawong. The installation gave the audience a very personal and inside view into the homes and stories of those men living in the public housing estate in Green Street. It was overwhelmingly received by the community and gave participants a sense that their residential situation was more widely understood. Since then, the men have been busy creating digital stories and musical compositions. They were delighted that Habib (Tahir Bilgic) from Fat Pizza joined them for a day to help them develop a DVD about working with the media. It will be used as a tool to assist other people living in public housing. The DVD offers guidance on how ensure that they are represented fairly and appropriately in the media. In particular, they were offered advice on how to pitch the many positive stories about life in places like the Green Street Housing Estate in Warrawong. The production by the men of community resource products will be a primary activity of HIStory over the next two years. The project plans to produce other community resource products on issues such as mental health, first aid, anger management and conflict resolution. HIStory is generously supported by Anna Buduls and the estate of Michael Rudny.

The Berkeley Youth "Production Company"

The Production Company is a new and developing partnership between Beyond Empathy and the Berkeley Neighbourhood Centre's Youth Project. It is being run by Phillip Crawford. Over the long term it will use an arts approach to develop work skills and other educational opportunities. So far, several young people have been invited to attend a regional youth workers' conference and produce a DVD about their experiences.

Phillip has been based mostly at the local drop in centre where he has held music, DJ and beat box workshops. Musicians Yanni Scott Davis, Adam ??? and Jac Freeman helped the participants compose their own songs. Around 10 songs have been produced so far.

The Berkeley project is supported by the Caledonia Foundation and the NSW Government.

CONNECTIONS

Beyond Empathy's Connections project will deliver essential information about health, infancy and early childhood development to 120 young Indigenous parents in Moree. The parents, aged between 14 and 25, have new babies and/or toddlers aged less than four years.

The Connections messages are being delivered via a series of community workshops using video/ film, theatre, music, physical theatre and visual arts media. Participants will learn new artistic skills while gaining an understanding of their child's developmental stages and growth. The workshops reflect areas of focus outlined in by the NSW Government in its paper: NSW Curriculum Framework – The practice of Relationships.

It is hoped that the workshops will help parents to become more attuned to their role in their child's social, emotional and physical development and overall wellbeing. The seven areas of development are ; Sense of Self, the Communicating Child, the Thinking Child, the Healthy Active Child, the Social Child, the Feeling Child, the Creative Child and the Spiritual and Moral Child.

The former Moree rugby league club has been transformed into the Positive Lifestyle Academy (PLA). Through assistance from Moree Plains Council and the project partners, a Connections playgroup is now held each week. The project also receives support from the Moree East Public School, the Gamilaroi Midwifery Service and the Australian Government.

MUBALI

Mubali – which means 'pregnant' in the Gamilaroi language is one of BE's most successful strategies. Simple but not simplistic, BE is finding it difficult to service the demand for this outstanding strategy.

Mubali involved inviting indigenous pregnant young women to attend visual art workshops in a special room at Moree Base Hospital. The young women made and then painted plaster casts of their pregnant bellies, mentored by the artists (aunties) in the community. During these sessions the midwives and health professionals were able to give valuable messages about maternal and baby care, nutrition, mental health, dental health, parenting and breastfeeding. The 'Aunties', who are elders in the community were a central part of the process.

The artworks and painted casts formed part of a popular exhibition at the Moree Plains Regional Gallery. Of the first group of ten participants, nine were still breastfeeding 12 months later and the average birth weight of their babies was significantly higher than those of babies born to women who had not been part of Mubali. Significantly, the young participants are now better educated about pre and post-natal care and are able to share important health messages with other pregnant women in their community.

The Mubali 'approach' has provided an effective means for the Moree midwives to connect with the young Indigenous women of their region, a group that previously rarely sought professional help for their pregnancies. The project now has a life of its own with the midwives using the Mubali method as part of their overall program of health care for new mothers in Moree. Mubali also forms part of the Connections - Healthy Families Healthy Communities strategy.

The success of Mubali and the 'replicability' of the process has been recognised by Goldman Sachs JB Were and over the next three years funding has been given to support the model and extend it to three new communities in Bowraville, Walgett and the Illawarra. The process and methodology will be documented and a kit will be produced so that many other communities can replicate this strategy in their own unique way, achieving similar results for young Mums and babies in their community.

ILLAWARRA

Lego

Lego Families is a project working with 120 families to reduce fear of crime, anti social behaviour and disconnection from community in the Bundaleer housing estate in Warrawong NSW, Phillip Crawford has used film and music to engage with at least 120 children, young people and parents have been engaged since the project began in February 2006. They have been involved in music and film workshops and in the compilation of a community recipe book. The film and music collaborations were presented at a community dinner in November 2006 at the Port Kembla Yacht Club to which all participants were invited. Through the support of the Mordant Family who have committed support to Lego for three years, Phillip has been able to engage Jemma Parsons as a support worker. Jemma is well known to the community and will help Phillip to carry out the work.

MEASUREMENT AND EVALUATION

Evaluation of Beyond Empathy projects is an essential part of our program delivery because it helps us to assess how successful we have been in what we set out to do... Evaluation also provides an evidentiary basis upon which to attract funding and other support. For participants, it also serves as a way to formally record their achievements and recognising prior learning.

Evaluation helps us to recognise our role in stimulating "second order change", that is working with the things people can do rather than focusing on trying to fix problems. The results of Beyond Empathy's work are not always evident on the surface as multiple disadvantage is almost always entrenched in the communities in we works. Generally more conventional problem-solving techniques and interventions have failed. Through art, BE enables participants to reconsider their circumstances creatively. This opens up the possibility for learning that can lead to genuine change for the better.

BE has to consider the results of its activities not just in short-term observable outcomes but also to bigger picture improvements to community well-being, health, the economy and educational participation. It will not always be possible to directly link an improvement to a BE activity. However, by correlating a BE activity to changes in a community over time, some form of linkage may be established.

Similarly, measuring improvements to the lives of individual participants is also considered crucial. Fortunately it is generally possible to do this because the conditions under which a participant lives are relatively easy to discover when they join a BE program.

By building individual and project portfolios and asking participants to make their own assessment of change in their lives, knowledge of BE's effectiveness can be obtained.

LEADERSHIP

Beyond Empathy is led by an outstanding team.

It's members are:

Denni Scott Davis
Lee Anne Boyle
Kim McConville
Phillip Crawford

Project Development and Coordination
HR, Welfare and Advocacy
Executive Director
Project Development and Coordination

Paul Reader

Evaluation and Research

Victor Evatt
Kelly Martusciello
Jemma Parsons

Project Manager – Connections
Project Manager – Pathways
Community Development,
Project support – Illawara

Design

Mira van Son- Furgerkanism Design

Artists

Jacqueline Freeman
Yanni Scott Davis
Adam Henry
Bill Moulton
James Moulton
Guy Crosley
Anna Cater
Alana Valentine
Sian Davies
Tavers Ross
Hemlock
Pauline Briggs
David Gorton

Marcia Owens
Li Moore
Li Moore
Jason Campbell
Phillip Quirk
Rebecca Ingram
Joce Pritchard
Reece Graham
MC Wire (Will Jarrat)
Jo Davidson
Margaret Adams
Lyla Carr
Kelly Martusciello



BEYOND EMPATHY FINANCIALS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BEYOND EMPATHY LIMITED.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there has been:

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

Roberts & Morrow

Michelle Paull

26 October 2006

137 Beardy Street
ARMIDALE NSW 2350

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BEYOND EMPATHY LIMITED ABN 22 114 367 814

Scope

We have audited the financial report of Beyond Empathy Limited for the year ended 30 June 2006, consisting of the Balance Sheet, Income Statement, Cash Flow Statement, Notes to the Financial Statements and the Directors' Declaration.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

We have conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's position and of its performance as represented by the results of its operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and ;
- assessing the appropriateness of the accounting estimates made by the directors

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporation's Act 2001. The declaration set out in the Directors Report would be in the same terms if it had been given to the relevant directors at the time that this audit report was made.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Beyond Empathy Limited as at 30 June 2006 and the results of its operations and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Corporations Act 2001.

ROBERTS & MORROW

Chartered Accountants

Michelle A Paull (Registration Number : 164 853)
26 October 2006
137 Beardy Street
ARMIDALE NSW 2350

BEYOND EMPATHY LIMITED
ABN 22 114 367 814
DIRECTORS' REPORT

The Directors have pleasure in presenting their Report together with the accounts of Beyond Empathy Limited for the year ended 30 June, 2006 and the Auditor's Report thereon.

DIRECTORS

The Directors of the Company in office and their particulars at the date of this Report are:

A Buduls	Chairperson
J Wearne	Director
D Thompson	Director
K McConville	Director
V Skinner	Director

PRINCIPAL ACTIVITIES

The principal activities of the Company for the financial year were managing & providing cultural projects to benefit the community.

DIRECTORS ATTENDANCES

The Board held 4 ordinary meetings during the year. Attendance as follows:

Meetings Attended

A Buduls	4/4
J Wearne	4/4
D Thompson	4/4
L Boyle (Resigned Nov '05)	3/3
K McConville	4/4
V Skinner (Appointed Nov '05)	3/3

RESULTS OF OPERATIONS

The Net Surplus of the Company for the financial year ended 30 June, 2006 was a Surplus of \$61,970.

ISSUE OF SHARES OR DEBENTURES

No Shares or Debentures were issued by the Company during the year as the Company is a non-profit Company without share capital.

DIVIDENDS

No Dividends have been paid or are recommended for payment as the Company is a non-profit Company without Share Capital.

BEYOND EMPATHY LIMITED
ABN 22 114 367 814
DIRECTORS' REPORT
REVIEW OF OPERATIONS

The Company was incorporated on 2 May 2005 and accordingly this is the first full year of operations. The objectives of the Company were to provide cultural programmes to benefit the Community. There have been no significant changes to the nature of these operations throughout the year or subsequent to balance date.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not been any matter or circumstance that has arisen since the end of the Financial Year that has significantly affected or may significantly affect the operation of the Company or the state of affairs of the Company in subsequent years.

DIRECTORS BENEFITS

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Accounts) by reason of a contract made by the Company or a related Corporation with the Director or with a firm of which the Director is a member, or with a Company in which he has a substantial financial interest, other than dealings in the normal course of business which have been disclosed in the accounts.

DIRECTORS' AND MANAGERS' INDEMNIFICATION

Since the end of the previous financial year the Company has paid premiums to insure each Director and the Management against liabilities or costs arising out of their conduct while acting in the capacity of officer of the Company other than conduct involving a wilful breach of duty in relation to the Company. The total premium is included in the insurances paid.

ENVIRONMENTAL REGULATIONS

The Company's operations are not governed by any significant environmental regulation under a law of the Commonwealth or State.

LEGAL PROCEEDINGS

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.

AUDITORS INDEPENDENCE STATEMENT

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached hereto.

Signed at _____ this 26 October, 2006
 In accordance with the resolution of Directors for and on behalf of the Board:

Director

Director

BEYOND EMPATHY LIMITED
ABN 22 114 367 814
DIRECTORS' REPORT
DIRECTORS' DECLARATION

The directors of the company declare that:

the financial statements and notes, as attached hereto are in accordance with the Corporations Act 2001:

1. comply with Accounting Standards and the Corporations Regulations 2001; and give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the Company;

2. In the directors' opinion there are reasonable grounds to believe that the company 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.

Dated this 26 October 2006.

Director

Director

BEYOND EMPATHY LIMITED
ABN 22 114 367 814
BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 \$
CURRENT ASSETS		
Cash and Cash Equivalents	2	308,208
Accounts Receivable	3	49,184
Prepayments		3,675
TOTAL CURRENT ASSETS		361,067
NON CURRENT ASSETS		
Property, Plant & Equipment	4	5,135
TOTAL NON CURRENT ASSETS		
TOTAL ASSETS		366,202
CURRENT LIABILITIES		
Trade Payables	5	46,566
Provisions	6	9,834
Unspent Grants & Donations	7	247,832
TOTAL CURRENT LIABILITIES		304,232
TOTAL LIABILITIES		274,322
NET ASSETS		61,970
MEMBERS FUNDS		
Accumulated Funds		61,970
TOTAL MEMBERS FUNDS		61,970

The Balance Sheet is to be read in conjunction with the notes to and forming part of the accounts.

BEYOND EMPATHY LIMITED
ABN 22 114 367 814
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$
REVENUE	
Commonwealth Government Grant Funding	60,000
State Government Grant Funding	100,000
Grant Funding Other	150,000
Corporate Sponsorship	402,732
Consultancy Work	36,445
Donations	50,863
Other Revenue	53,439
Less: Unspent Funds at Balance Date	(247,832)
TOTAL REVENUE	605,647
EXPENDITURE	
Operating Expenses	(114,831)
Employment Expenses	(227,427)
Program/Project Expenses	(52,754)
Travel Expenses	(16,304)
Other Expenses	(132,361)
TOTAL EXPENDITURE	(543,677)
Operating Surplus	61,970

The Income Statement is to be read in conjunction with the notes to and forming part of the accounts.

BEYOND EMPATHY LIMITED
 ABN 22 114 367 814
 STATEMENT OF CHANGES IN
 EQUITY FOR THE YEAR ENDED
 30 JUNE 2006

	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 30 June 2006	–	–	–
Surplus attributable to members	61,970	–	61,970
Balance at 30 June 2006	61,970	–	61,970

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the accounts.

BEYOND EMPATHY LIMITED
 ABN 22 114 367 814
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$
Cash Flows from Operating Activities		
Operating grant receipts		803,005
Interest received		1,294
Payments to suppliers and employees		(520,838)
Net Cash provided (used) by Operating Activities	8(b)	283,461
Cash Flows from Investing Activities		
Payments to property, plant & equipment		(5,163)
Proceeds on sale of fixed assets		–
Net Cash provided (used) by Investing Activities		(5,163)
Cash Flows from Financing Activities		
		–
Net Increase (Decrease) in Cash held		278,298
Cash at the beginning of the Financial Year		–
Cash at the End of the Financial Year	8(a)	278,298