

ADARA DEVELOPMENT (AUSTRALIA)

ABN 78 131 310 355

ANNUAL REPORT

31 December 2016

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ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT
31 DECEMBER 2016

The directors present their report together with the financial statements of Adara Development (Australia) ("the Company") for the financial year ended 31 December 2016 and the auditor's report thereon.

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ADARA DEVELOPMENT (AUSTRALIA) DIRECTORS' REPORT (CONTINUED)

31 DECEMBER 2016

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Audette Evelyn Exel AO BA (Victoria), LLB (Hons) (Melbourne) Chair	Audette is currently the CEO of Adara Advisors Pty Limited and Adara Partners (Australia) Pty. Limited. She is a Non-Executive Director of Suncorp Limited. Previously, she was Managing Director of Bermuda Commercial Bank, the Chairman of the Bermuda Stock Exchange and Vice Chairman of the Board of Steamship Mutual Underwriting Association Trustee (Bermuda). She is trained as a lawyer and specialised in international finance. She is called to the Bars in New South Wales, Australia; England; Wales; and Bermuda. Audette is the Chair of all Adara Development entities globally and is a founder of The Adara Group. Appointed as a director on 27 May 2008.
Richard Deutsch Bachelor of Economics (Sydney), Fellow of the Institute of Chartered Accountants in Australia Non-Executive Director	Richard is the Managing Partner Assurance & Advisory at Deloitte Australia and has been a member of the Firm Executive since February 2015. Richard is also the Chairman of OzHarvest and a Director of the Deloitte Foundation. Richard was the President of the Institute of Chartered Accountants in Australia during 2009 and served as a Director on the Institute's board for six years. He held a number of positions in that time including Chairman of the Board Audit Committee for 3 years, Chairman of the Premises Committee, and a member of the Nominations Committee. Appointed as a director on 8 December 2010.
Laini Liberman BA/LLB (Melbourne), Non-Executive Director	Laini was admitted as a Barrister and Solicitor of the Supreme Court of Victoria in 1997. Laini signed the Bar Roll in 2000 and practised as a criminal barrister until 2006. Appointed as a director on 8 December 2010.
Richard Alan West LLB (Hons) (Melbourne), BAPPSC (Gordon Institute Of Technology) Non-Executive Director	Richard is currently a consultant to the national law firm, Minter Ellison, where he was previously a partner. He is the former national head of Minter Ellison's Human Resources & Industrial Relations Division and has practised in all aspects of employment and industrial relations law for over 25 years. Appointed as a director on 8 December 2010.
Susan Burns BA, LLB (Hons) (Sydney), MAICD	Susan is on the Board of Adara Development (Uganda). She also holds the position of General Counsel of the Adara Group which she does on a pro bono basis. Previously, Susan was a partner in the international law firm Allens, where she specialised in funds management and financial services regulation. She headed the firm's Funds Management, Real Estate and Superannuation practice. Appointed as a director on 12 November 2013.

ADARA DEVELOPMENT (AUSTRALIA) DIRECTORS' REPORT (CONTINUED)

31 DECEMBER 2016

Name, qualifications and Independence status	Experience, special responsibilities and other directorships
Ilana Atlas B. Juris (Hons) and LLB (Hons) (University of Western Australia); LLM (The University of Sydney)	Ilana has extensive experience in business and has held executive and nonexecutive roles across many industry sectors. From 2003 to 2010, she held senior executive roles within Westpac Banking Corporation. She practised as a lawyer for 22 years and was the Managing Partner of Mallesons Stephen Jaques. She is a director of Coca-Cola Amatil Limited, Westfield Corporation Limited, Westfield America Management Limited, Australia and New Zealand Banking Group Limited, Oakridge Wines Pty Ltd, Human Rights Law Centre Ltd, Jawun Pty Ltd, New South Wales Treasury Corporation and JewishCare; Panel Chair and Panel Member, Adara Partners; Member, Australian Institute of Company Directors Corporate Governance Committee; Fellow, Senate of The University of Sydney. Appointed as a director on 1 April 2017.

2. Company secretary

The current company secretary is Maryse Macmurdo who was appointed on 15 August 2012.

3. Officers who were previously partners of the audit firm

No officers of the Company during the financial year were previously partners of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Company.

4. Directors' meetings

Director	Position	Board Meetings	
		A	B
Audette Evelyn Exel	Chair	2	2
Richard Deutsch	Non-Executive Director	2	2
Laini Liberman	Non-Executive Director	2	2
Richard Alan West	Non-Executive Director	2	1
Susan Burns	Non-Executive Director	2	2
Ilana Atlas	Non-Executive Director	0	0

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

5. Directors' remuneration

Directors do not receive any remuneration from the Company.

6. Environmental regulation

The operations of Adara Development (Australia) are not subject to any particular or significant environmental regulations under any law of the Commonwealth or of a State or Territory. Notwithstanding, directors are not aware of any breaches of any environmental regulations.

ADARA DEVELOPMENT (AUSTRALIA) DIRECTORS' REPORT (CONTINUED)

31 DECEMBER 2016

7. Principal activities

The Company is the global support office for all Adara Development entities globally which include Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda), Adara Development (USA) and the activities in Nepal which are funded directly by these entities. Together, these entities constitute Adara Development. The principal activity of the Company during the financial year was the management and administration of Adara Development's work in international aid and development. Adara has two areas of expertise: maternal, newborn and child health (MNCH); and remote community development (RCD). Although Adara's work spans many countries, our work in MNCH is focused on strengthening services in Central Uganda by supporting holistic programme development, high impact interventions, and trainings, to enhance health services and save lives. Adara partners with Kiwoko Hospital to help women deliver their babies safely, help newborn babies needing specialised care in the neonatal intensive-care unit, provide community outreach services and health promotion, and to train clinicians from the local district health system. The Kiwoko Hospital Neonatal Intensive Care Unit (NICU) is considered a centre of excellence in neonatal health in East Africa.

Our work in RCD is primarily in a remote mountainous region of Nepal called Humla, home to over 50,000 people. The Adara team's health initiatives aim to improve local health services, health awareness, nutrition, hygiene and sanitation. Education initiatives focus on school teacher employment and training; school infrastructure and materials; after-school activities; and vocational scholarships. Adara has also become an expert in the care and rehabilitation of trafficked children in Nepal, after rescuing 136 children from inhumane conditions in 2006. Since then, we have cared for these children, ensuring they were educated and healthy as we slowly and carefully repatriated them with their families. We also have begun work with a community called Ghyangfedi following the 2015 Nepal Earthquake. Adara initially delivered emergency food, medical care and even sheets of tin so the community could build temporary shelters before the monsoon season hit. Now that the emergency relief work has been completed, Adara is working with Ghyangfedi to improve education, building a new earthquake-resistant school for 300 students. The Shree Ghyangfedi School will open in April 2017.

In Nepal, Adara also works alongside local partner organisation to assist with the operation of free health clinics, and to help young girls from disadvantaged backgrounds to attend schools. The work in Nepal is conducted through Adara Development (Nepal). All the Company's activities provided better health and education opportunities for disadvantaged children and their families, which helped meet key objectives of the Company. There were no significant changes in the nature of the activities of the Company during the year.

8. Short and long-term objectives, strategy and performance measures

The long term objective and purpose of the Company as part of Adara Development is to:

- work side by side with women, children and their communities living in poverty to improve their lives; and
- change the way people think about the role of business in the world and the power of business/non-profit partnerships.

The strategy to achieve these objectives is through three pillars - research, service delivery and knowledge sharing. In its service delivery, the Company aims to maintain and deepen the innovative partnerships on-the-ground with community and local non-government organisations (NGOs) and to manage projects and staff directly through the work of Adara Development (Nepal). We have three areas of expertise; maternal infant child health, children at risk, and rural and remote health and education. The Company measures performance on project sites by monitoring and evaluating projects and conducting research in key areas of intervention to ensure that activities are aligned with the mission. Each project has its own key performance indicators built into the project plan and they are related to the project outputs.

ADARA DEVELOPMENT (AUSTRALIA) DIRECTORS' REPORT (CONTINUED)

31 DECEMBER 2016

8. Short and long-term objectives, strategy and performance measures (continued)

The Company aims to share knowledge with government other development agencies in the areas of the Company's expertise.

9. Review of operations

The operating result for the year was a deficit of \$334,134 (2015: surplus of \$352,495). The Company is exempt from income tax.

10. Dividends

The Company's constitution does not permit payment of dividends and therefore no dividends have been recommended or paid for the year.

11. Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

12. Likely developments

The Company will continue to carry on the principal activities to meet the Company's objectives as noted above. This will require further investment in core support and new and established projects which have performed well over recent years and offer sound opportunities for future developments.

13. Events Subsequent to Reporting Date

On the 1 April 2017 Ilana Atlas was appointed to the Board of Directors of Adara Development (Australia) effective immediately.

No other matter or circumstances have arisen in the interval between the end of the financial year and the date of this report, which are likely in the opinion of the Directors to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

14. Insurance and indemnification of directors, trustees and others

During the financial year, Adara Development (Australia) paid a premium of \$4,599 (2015: \$4,784) to insure the Adara Development entities and the directors, officers, trustees, management committee members and employees (among others) of those entities from losses arising from claims for acts or omissions of those persons while acting in that capacity. Covered losses include awards of damages, settlement amounts and legal costs of the insured and claimant. Coverage is excluded in the case of fraudulent or wilfully unlawful conduct by an insured and in other specific circumstances depending on the type of claim (such as employment or professional services-related claims). It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The Company has not agreed to indemnify the auditor.

15. Members' guarantee

In accordance with the company's constitution, each member is liable to contribute a maximum of \$20 in the event that the company is wound up. There are 61 members of Adara Development (Australia) (2015: 61).

**ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT (CONTINUED)**

31 DECEMBER 2016

16 Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest dollar.

17 Non-audit services

During the year ended 31 December 2016 KPMG, the Company's auditor, has not performed any other services in addition to their statutory duties. No non-audit services were provided by KPMG during the financial year.

18 Auditor's independence declaration

A copy of the lead auditor's independence declaration as required under subdivision 60-C section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 35 and forms part of the directors' report for the financial year ended 31 December 2016.

This report is made in accordance with a resolution of the directors.



Audette Exel

Chair

Sydney

27 April 2017

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue from continuing operations			
Donations			
Uganda restricted		170,443	156,000
Nepal restricted		296,282	758,716
General unrestricted		486,523	386,348
Core support		1,282,847	1,330,422
Other income	4	5,765	7,356
Total revenue		2,241,860	2,638,842
Expenses			
Project costs			
Uganda project costs	5	250,340	245,011
Uganda project related costs		-	4,169
		250,340	249,180
Nepal project costs	6	975,484	655,656
Nepal project related costs		-	478
		975,484	656,134
Research and Knowledge Sharing	7	63,446	-
Core support	8	969,975	978,926
Total expenses		2,259,245	1,884,240
Transfer of funds between Adara Development (Australia) and other Adara Development entities	17	(316,749)	(402,107)
Net (deficit)/surplus for the year		(334,134)	352,495
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(334,134)	352,495

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 12 to 26.

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	10	487,118	753,842
Trade and other receivables	11	17,940	16,176
Total current assets		505,058	770,018
Non-current assets			
Property, plant and equipment	12	5,055	10,556
Intangible assets	13	46,550	58,148
Total non-current assets		51,605	68,704
Total assets		556,663	838,722
Liabilities			
Current liabilities			
Trade and other payables	14	75,201	15,536
Employee benefits	15	88,227	94,730
Total current liabilities		163,428	110,266
Non-current liabilities			
Employee benefits	15	17,322	18,409
Total non current liabilities		17,322	18,409
Total liabilities		180,750	128,675
Net assets		375,913	710,047
Accumulated funds			
Accumulated funds	16	375,913	710,047
Total accumulated funds		375,913	710,047

The above statement of financial position should be read in conjunction with the accompanying notes on pages 12 to 26.

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated surplus \$	Accumulated funds \$
Balance at 1 January 2015	357,552	357,552
Net surplus for the year	352,495	352,495
Total comprehensive income for the year	<u>352,495</u>	<u>352,495</u>
Balance at 31 December 2015	<u>710,047</u>	<u>710,047</u>
Balance at 1 January 2016	710,047	710,047
Net deficit for the year	(334,134)	(334,134)
Total comprehensive loss for the year	<u>(334,134)</u>	<u>(334,134)</u>
Balance at 31 December 2016	<u>375,913</u>	<u>375,913</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 12 to 26.

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Cash received for Uganda projects		170,067	174,326
Cash received for Nepal projects		296,282	758,716
Cash received for general expenses		481,395	386,348
Cash received for Core Support expenses		1,222,847	1,262,963
Other income received		5,765	7,055
Cash paid for Uganda project expenses		(202,616)	(263,337)
Cash paid for Nepal project expenses		(975,484)	(637,929)
Cash paid for Research and Knowledge Sharing		(63,446)	-
Cash paid for Core Support expenses		(874,802)	(881,713)
Cash paid to Adara Development		(311,856)	(402,474)
Net cash used in operating activities		<u>(251,848)</u>	<u>403,955</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(4,372)	(3,081)
Payment for intangible assets		(10,395)	(46,825)
Net cash used in investing activities		<u>(14,767)</u>	<u>(49,906)</u>
Cash flows from financing activities			
Loans repaid to related parties		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		(266,615)	354,049
Foreign exchange differences		(109)	141
Cash and cash equivalents at the beginning of the year		753,842	399,652
Cash and cash equivalents at end of year	10	<u>487,118</u>	<u>753,842</u>

The above statement of cash flows should be read in conjunction with the accompanying notes on pages 12 to 26.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Reporting entity

Adara Development (Australia) (the "Company") is a not for profit company domiciled in Australia. The address of the Company's registered office is Level 1, 661 Darling Street Rozelle NSW 2039. The financial statements of the Company as at and for the year ended 31 December 2016 are for the single entity of the Company. The Company is a not-for-profit entity primarily involved in the management and administration of development projects in developing countries focusing on providing better health and education opportunities for disadvantaged children and their families. Information on the principal activities, operations and strategy of the Company is set out on pages 4-5 of the directors' report.

These financial statements are presented in Australian dollars which is the Company's functional currency. The financial statements were approved by the Board of Directors on 27 April 2017.

2. Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for profits Commission Act 2012*, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of Adara Development (Australia) comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(b) Basis of measurement

These financial statements have been prepared on a going concern basis and are based on historical cost.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Basis of preparation (continued)

(c) Use of accounting estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The 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 if the revision affects only that period and future periods.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars. The functional currency of Adara Development (Australia) is also Australian dollars.

3. Summary of significant accounting policies

(a) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of profit or loss and other comprehensive income under foreign exchange gains/losses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in the foreign currency are translated using the exchange rates at the date when the fair value is determined.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company receives the majority of its income from donations which are recognised when received directly by the Company.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

3. Summary of significant accounting policies (continued)

(c) Donated goods and services

Amounts relating to goods and services donated are included in the financial statements when the Company gains control, economic benefits are probable and the amount of the donation can be reliably measured.

The Company also received pro-bono professional goods and services, as well as support from skilled volunteers during the financial year, which include legal and compliance support, audit services, medical equipment, volunteer services for events coordination, administration support and medical advisory. The value of these services was not recognised in the statement of profit or loss and other comprehensive income as it cannot be reliably measured.

(d) Expenses

Expenses are presented by nature in the statement of profit or loss and other comprehensive income.

(e) Income tax

No income tax is payable as the Company is exempt under Australian taxation legislation.

(f) Non-derivative financial assets

The Company has the following non-derivative financial assets: cash and cash equivalents and other current assets.

(i) Cash and cash equivalents

The Company considers all deposits with financial institutions that can be withdrawn without prior notice or penalty, and all term deposits with an original maturity of 90 days or less, as equivalent to cash.

(ii) Other current assets

Other current assets are initially recognised on the date that they are originated at fair value. Subsequent to initial recognition they are carried at amortised cost. These amounts are non-interest bearing and unsecured.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

3. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation on the assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows for the current and prior year:

- Office equipment: 3 to 10 years
- Motor vehicles: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(h) Intangible assets

Intangible assets include website development and software. The costs incurred in developing the website and the costs to enable the use of software, that will contribute to future period financial benefits through revenue generation and/or cost reduction, are capitalised to intangible assets. Costs capitalised include only external direct costs of materials and services.

Website development costs include only those costs directly attributable to the development phase. Software costs include only those costs directly attributable to the purchase of the software and costs directly attributable to the implementation and ongoing use of the software. Intangible assets are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

Amortisation of website development and software is calculated on a straight line basis over the period of 4 years, commencing once the asset is in use, for the current and comparative period.

(i) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprise trade and other payables and borrowings.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. These amounts are unsecured and are usually settled within 30 days of recognition.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

3. Summary of significant accounting policies (continued)

(I) Non-derivative financial liabilities (continued)

(II) Borrowings

Borrowings represent debt securities recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognised initially as fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised costs using the effective interest rate method.

(j) Employee benefits

(i) Short-term employee benefit obligations

The liabilities for salaries and wages, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future salary and wage levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cash flow.

(l) New and revised accounting standards and interpretations

(I) Accounting standards and interpretations applicable for the first time

New and amended accounting standards applicable for the first time for the annual reporting period commencing 1 January 2016 did not have any impact on the current period or any prior period, and are not likely to affect future periods. These are:

- Amendments to AASB 7 *Financial Instruments: Disclosures* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* from AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

(i) Accounting standards and interpretations applicable for the first time (continued)

- Amendments to AASB 116 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*, from the *Clarification of Acceptable Methods of Depreciation and Amortisation*.

(ii) Accounting standards and interpretations issued but not yet effective

Various new and revised accounting standards and accounting interpretations have been published that are not mandatory for the reporting period ended 31 December 2016.

Adara Development (Australia) will apply the following standards in the period determined by the Australian Accounting Standards Board:

- AASB 1058 *Income of Not-for-Profit Entities* is effective for annual reporting periods beginning on or after 1 January 2019. We have not yet assessed the impact of this standard on Adara Development (Australia).

- AASB 9 *Financial Instruments*, and the relevant amending standards. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The initial application of the above standards is not expected to materially affect Adara Development (Australia)'s financial statements. At most, the application of these standards is expected to result in changes in the presentation and disclosure of information.

- Amendments to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* from AASB 9, effective for annual reporting periods beginning on or after 1 January 2018. The initial application of the above standards is not expected to materially affect Adara Development (Australia)'s financial statements. At most, the application of these standards is expected to result in changes in the presentation and disclosure of information.

- AASB 16 *Leases*. This standard becomes applicable for annual reporting periods commencing on or after 1 January 2019. Adara Development (Australia) has one lease that is currently being accounted for as an operating lease. It is expected that this lease will be brought onto the balance sheet. We have not yet quantified the impact.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

4	Other income	2016	2015
		\$	\$
	Interest income	4,674	7,356
	Other income	1,091	-
		5,765	7,356
5	Uganda project costs	2016	2015
		\$	\$
	Kiwoko Hospital	250,340	244,975
	Uganda office costs	-	36
		250,340	245,011
6	Nepal project costs	2016	2015
		\$	\$
	Adara Development (Nepal) - Adara Kids	178,458	73,151
	Adara Development (Nepal) - Humla Programme	352,482	244,871
	Project office running costs	86,273	104,716
	Himalayan Children Society	103,674	90,531
	Himalayan Medical Foundation	37,295	25,839
	Hands in Outreach	22,032	28,784
	The Himalayan Innovative Society	18,488	23,461
	Women's Foundation	6,512	985
	Research - Nepal specific	1,769	4,609
	Emergency Response - Nepal earthquake	168,501	58,709
		975,484	655,656
7	Research and Knowledge Sharing costs	2016	2015
		\$	\$
	Uganda	31,723	-
	Nepal	31,723	-
		63,446	-
8	Core support expenses	2016	2015
		\$	\$
	Employee-Related Expenses	680,997	664,613
	Occupancy	75,089	77,478
	Partnerships, Development and Communications	42,193	46,582
	Travel	46,699	64,188
	Finance, governance & compliance	32,794	35,609
	IT & Telecommunications	36,109	41,968
	Depreciation & amortisation	34,344	23,049
	Office & other operating costs	18,437	19,151
	Financial fees and charges	2,995	7,352
	Foreign exchange gains & losses	318	(1,064)
		969,975	978,926

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2016

8 Core support expenses (continued)

Core support expenses, including administration expenses, are funded by Adara Advisors Pty. Limited ("Adara Advisors"), Adara Partners (Australia) Pty. Limited ("Adara Partners") and a small number of other Core Support Partners. This ensures that donations received from other donors are used for Adara projects in Nepal and Uganda, partner organisations, staff on the ground and specialist managers working in USA for research, medical advisory and equipment collection programmes.

The presentation of core support expenses has been updated to reflect an alignment with internal reporting measures. The prior year comparatives have been updated in line with this although total core support expenses has not changed.

9 Fundraising appeals conducted during the financial year

No fundraising appeals have been undertaken in the current year.

In prior year, Nepal Earthquake relief program was a fundraising appeal for the request of donations from members of the public. The appeal raised total gross proceeds of \$441,516, of which \$123,708 raised was donated by Adara Development (Australia) members, thus is not classified as funds received into the Nepal Earthquake relief appeal.

(a) Gross proceeds from fundraising appeals:	2016	2015
	\$	\$
Nepal earthquake appeal	-	317,808
	-	317,808
(b) Total costs of fundraising appeals	2016	2015
	\$	\$
Nepal earthquake appeal	-	854
	-	854
(c) Net surplus raised from fundraising appeals	2016	2015
	\$	\$
	-	317,808
	-	317,808

In the prior year, 100 percent of fundraising costs were donated by Adara Advisors Pty Limited (Adara Advisors). This means that 100 percent of donations received in support of the Nepal Earthquake have been directly contributed to the relief efforts in Nepal.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

9 Fundraising appeals conducted during the financial year (continued)

(d) Net contribution from each fundraising category as a percentage of its gross proceeds

	2016		2015	
	\$		\$	
Nepal earthquake appeal	-	0%	317,808	100%
	<u>-</u>		<u>317,808</u>	

(e) Application of funds received

100 percent of donations received in support of the Nepal earthquake appeal have been restricted to earthquake relief efforts in Nepal.

10 Cash and cash equivalents

(a) Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank:		
- Uganda	66,765	102,977
- Nepal	377,530	563,418
- General	12,357	11,035
- Core Support	29,754	75,987
	<u>486,406</u>	<u>753,417</u>
Cash on hand	712	425
	<u>487,118</u>	<u>753,842</u>

(b) Reconciliation of net surplus / (deficit) to net cash flows from operating activities

	2016	2015
	\$	\$
Net surplus/(deficit) for the year	(334,134)	352,495
Adjustments for non-cash income and expense items:		
Depreciation and amortisation expense	25,432	23,046
(Increase) / decrease in other current assets	(5,615)	11,601
Increase / (decrease) in trade creditors	53,100	444
Increase / (decrease) in employee benefits	(7,591)	18,613
Increase / (decrease) in other non-cash expenses	16,960	(2,244)
Net cash (used by) / from operating activities	<u>(251,848)</u>	<u>403,955</u>

11 Trade and other receivables

	2016	2015
	\$	\$
Trade receivables	5,504	-
Prepayments	8,243	3,797
Other current assets	4,193	12,379
	<u>17,940</u>	<u>16,176</u>

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

12	Property, plant and equipment	Office Equipment	Motor Vehicle	Total
		\$	\$	\$
	Cost			
	Balance at 1 January 2015	18,793	12,030	30,823
	Additions	3,081	-	3,081
	Disposals	(2,758)	-	(2,758)
	Balance at 31 December 2015	19,116	12,030	31,146
	Accumulated Depreciation			
	Balance at 1 January 2015	7,929	8,341	16,270
	Depreciation for the year	4,482	2,400	6,882
	Disposals, accumulated depreciation	(2,562)	-	(2,562)
	Balance at 31 December 2015	9,849	10,741	20,590
	Carrying amounts			
	At 1 January 2015	10,864	3,689	14,553
	At 31 December 2015	9,267	1,289	10,556
	Cost			
	Balance at 1 January 2016	19,116	12,030	31,146
	Additions	4,372	-	4,372
	Disposals	(11,334)	(12,030)	(23,364)
	Balance at 31 December 2016	12,154	-	12,154
	Accumulated Depreciation			
	Balance at 1 January 2016	9,849	10,741	20,590
	Depreciation for the year	3,439	-	3,439
	Disposals, accumulated depreciation	(6,189)	(10,741)	(16,930)
	Balance at 31 December 2016	7,099	-	7,099
	Carrying amounts			
	At 1 January 2016	9,267	1,289	10,556
	At 31 December 2016	5,055	-	5,055
13	Intangible assets	Website	Software	Total
		\$	\$	\$
	Cost			
	Balance at 1 January 2015	26,909	9,552	36,461
	Additions	-	46,825	46,825
	Disposals	-	-	-
	Balance at 31 December 2015	26,909	56,377	83,286

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

13	Intangible assets (continued)	Website	Software	Total
	Accumulated Amortisation			
	Balance at 1 January 2015	11,198	75	11,273
	Amortisation for the year	6,828	7,037	13,865
	Disposals, accumulated amortisation	-	-	-
	Balance at 31 December 2015	18,026	7,112	25,138
	Carrying amounts			
	At 1 January 2015	15,711	9,477	25,188
	At 31 December 2015	8,883	49,265	58,148
	Cost			
	Balance at 1 January 2016	26,909	56,377	83,286
	Additions	-	10,395	10,395
	Disposals	-	-	-
	Balance at 31 December 2016	26,909	66,772	93,681
	Accumulated Amortisation			
	Balance at 1 January 2016	18,026	7,112	25,138
	Amortisation for the year	6,389	15,604	21,993
	Disposals, accumulated amortisation	-	-	-
	Balance at 31 December 2016	24,415	22,716	47,131
	Carrying amounts			
	At 1 January 2016	8,883	49,265	58,148
	At 31 December 2016	2,494	44,056	46,550
14	Trade and other payables		2016	2015
			\$	\$
	Trade payables		48,963	894
	Accrued expenses		19,672	14,642
	Other current liabilities		6,566	-
			75,201	15,536
15	Employee benefits		2016	2015
			\$	\$
	Current			
	Annual leave		73,482	81,146
	Superannuation		6,682	5,792
	PAYG		8,063	7,792
			88,227	94,730
	Non - current			
	Long service leave		17,322	18,409
			17,322	18,409

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

16 Accumulated funds
(a) Movement in funds 2016

	1 January 2016	Income	Expenditure	31 December 2016
Core support	28,747	1,288,612	(1,338,345)	(20,986)
Designated Funds:				
Uganda projects	102,085	170,443	(272,528)	-
Nepal projects	180,610	284,782	(353,418)	111,974
Earthquake Emergency Response	382,807	11,500	(168,501)	225,806
General Funds	15,798	486,523	(443,202)	59,119
	710,047	2,241,860	(2,575,994)	375,913

(b) Details of funds

General funds

General funds support international programs in Nepal and Uganda but are not specific to project or jurisdiction.

Uganda and Nepal projects

Uganda project funds support development projects in Uganda and provide for the Uganda payroll and Uganda office costs. Nepal project funds similarly support Nepal projects and associated operational costs.

Core support

The core support funds support day to day operations of the Company in managing and administering the operations of Adara Development, as well as Research and Knowledge Sharing activities.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

17 Related party transactions

(a) Directors' compensation

The directors act in a voluntary capacity and receive no compensation for their services.

(b) Transactions with director-related entities

Adara Development (Australia), Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA) together constitute Adara Development. The work in Nepal is conducted through a local NGO, Adara Development (Nepal).

Adara Development is managed and administered by Adara Development (Australia). Adara Development (Australia) in its capacity as manager and administrator determines the projects in respect of which Adara Development is involved and is responsible for general management and operational decision-making in relation to all in-country programmes (including recruiting and managing global staff).

The Company received donations from the following related parties:

	2016	2015
	\$	\$
Adara Advisors Pty. Limited cash and in-kind donations	302,258	980,422
Adara Partners (Australia) Pty. Limited cash donations	980,015	-
	<u>1,282,273</u>	<u>980,422</u>

Adara Advisors and Adara Partners are financial services businesses established to be the principal providers of direct and indirect funding to Adara Development for core support costs and emergency project costs.

In addition to the donations from Adara Advisors disclosed above, during the year donations of \$17,290 (2015: \$353,300) were received by the Company from other director related entities.

The following aggregated amounts were included in the determination of transfers to and from Adara Development related entities:

	2016	2015
	\$	\$
Transfers from/(to) Adara Development (USA)	(192,657)	(272,746)
Transfers from/(to) Adara Development (UK)	-	(7,354)
Transfers from/(to) Adara Development (Bermuda)	-	(8,295)
Transfers from/(to) Adara Development (Uganda)	(124,092)	(113,712)
	<u>(316,749)</u>	<u>(402,107)</u>

Adara Development (Australia) provides in-kind services to Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA) in the form of finance, accounting and administrative support. The value of these services has not been recognised in the statement of profit or loss and other comprehensive income.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

17 Related party transactions (continued)

(c) Other key management personnel transactions

There were no other transactions between the Company and key management personnel.

18 Commitments

(a) Commitments to Non Government Organisations

During the year Adara Development entered into, or was obligated by, agreements with the following Non Government Organisations ("NGOs") in Nepal and Uganda:

	Outstanding commitment at 31 December 2016	Funding committed for January - December 2017	Agreement period from	Agreement period ending
	USD	USD		
Adara Development (Nepal) -> Humla	-	333,053	1 January 2014	Completion of project
Adara Development (Nepal) -> Adara Kids	-	177,875	1 January 2014	Completion of project
Hands In Outreach	-	4,294	1 January 2017	31 December 2018
Himalayan Children Society	-	84,026	1 January 2017	31 December 2018
Himalayan Medical Foundation	-	40,557	1 January 2017	31 December 2018
The Himalayan Innovative Society	-	24,712	1 January 2016	31 December 2017
Women's Foundation	-	5,486	1 January 2016	31 December 2018
Kiwoko Hospital	35,139	559,293	1 July 2016	31 December 2018

Adara Development reserves the right to refuse funding should any organisation fail to meet all terms and conditions as specified in the related agreements.

Funding commitments for subsequent periods are reviewed and updated on an annual basis.

Pledges have been provided by various donors, or cash is currently available whether within Adara Development (Australia) or other related entities, to provide sufficient funding for the commitments, outlined above, extending to the end of the agreement periods.

(b) Rental lease commitment

The future minimum rental commitments are as follows:

	2016	2015
	\$	\$
Due within 1 year	66,913	98,911
Due between 1 and 5 years	-	101,384
	66,913	200,295

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

19 Key management personnel compensation

The key management personnel of Adara Development (Australia) are its directors:

Audette Evelyn Exel
Richard Deutsch
Laini Liberman
Richard Alan West
Susan Burns
Ilana Atlas

The directors receive no compensation for their services.

20 Contingencies

As at 31 December 2016 the Company had no material contingent assets or liabilities.

21 Auditor's remuneration

The audit service for Adara Development (Australia) is provided without charge by the auditors, KPMG. Adara Development (Australia) however recognises an expense and accrual of \$15,000 in the financial report for the purpose of paying KPMG for the audit service of Adara Development Group.

22 Events after the balance sheet date

Subsequent to year end, Adara Development (Australia) has recruited a new CEO, Deborah Lester, who will commence when the outgoing CEO, Susan Biggs, steps down in early June 2017.

ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' declaration

In the opinion of the directors of Adara Development (Australia) ("the Company"):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes set out on pages 12 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ACFID financial statements comply with the *ACFID code of conduct*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*;
- (c) the ACFID financial statements on pages 29 to 34 are in accordance with the ACFID Code of Conduct and presents fairly in material respects the Company's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and
- (d) 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 directors.



Audette Exel
Chair

Sydney
27 April 2017

**ADARA DEVELOPMENT (AUSTRALIA)
DECLARATION BY CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2016**

I, Susan Biggs, Chief Executive Officer of Adara Development (Australia), declare in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of Adara Development (Australia) with respect to fundraising appeal activities for the financial year ended 31 December 2016;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2016;
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 31 December 2016; and
- (d) the internal controls exercised by Adara Development (Australia) are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Susan Biggs
Chief Executive Officer

Sydney
27 April 2017

ACFID Compliance



Adara Development is a signatory to the Australian Council for International Aid and Development (ACF) Code of Conduct and is committed to full adherence to its requirements. The Code aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations.

ADARA DEVELOPMENT (AUSTRALIA) INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue			
Donations and gifts			
Monetary		1,848,403	2,228,027
Non-Monetary		60,000	67,459
Grants - Australian		327,692	336,000
Other income	4	5,765	7,356
Total Revenue		2,241,860	2,638,842
Expenditure			
International Aid and Development Programs Expenditure:			
International programs - Funds to international programs:			
Uganda		360,061	324,110
Nepal		957,546	672,837
International programs - Program support costs		528,380	499,146
Fundraising costs			
Private		117,953	119,875
Public		-	58,142
Accountability and Administration costs		552,054	544,778
Non Monetary expenses		60,000	67,459
Total International Aid and Development Programs Expenditure		2,575,994	2,286,347
Net (deficit)/surplus for the year		(334,134)	352,495
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(334,134)	352,495

ADARA DEVELOPMENT (AUSTRALIA)
INCOME STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016



Note (i): Based on ACFID Code of Conduct classification, for the year ended 31 December 2016 Adara Development (Australia) had no transactions in the following categories for Revenue: Bequests and Legacies, Grants - Dept of Foreign Affairs and Trade, Grants - Other overseas, Investment income, Revenue for International Political or Religious Adherence Promotion Programs

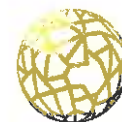
Note (ii): Based on ACFID Code of Conduct classification, for the year ended 31 December 2016, Adara Development (Australia) had no transactions in the following categories for Expenditure: Community Education, International Political or Religious Adherence Promotion Programs, Domestic Programs.

Note (iii): Adara Development (Australia) receives donations to fund: International Programmes, Programme Support Costs, Fundraising Costs and Accountability and Administration Costs of related Adara Development entities (Adara Development) and its project partners. Adara Development (Australia) transfers funds to other Adara Development entities so they too can fund the aforementioned expense categories. These transfers, whilst shown separately in the statutory Financial Statements, are allocated to the expense category to which the funds are used by the other Adara Development entity. Accordingly, the ACFID Income statement reflects expenditure of other Adara entities funded by Australian donors.

Note (iv): Core support income received from the related Adara Businesses, Adara Advisors Pty. Ltd and Adara Partners (Australia) Pty. Ltd, is used to fund Accountability and Administration costs of all Adara Development entities. The cost represented in Accountability and Administration are the total Accountability and Administration costs incurred. These costs make up 23% of total Adara Development expenditure and are 100% covered by the Adara Businesses. This means that donations from unrelated third party donors do not fund Accountability and Administration costs.

Note (v): Core support income is also used to fund fundraising costs of all Adara Development entities. These costs are 24% of total Adara Development income.

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016



ACFID
MEMBER

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	10	487,118	753,842
Other current assets	11	17,940	16,176
Total current assets		505,058	770,018
Non-current assets			
Property, plant and equipment	12	5,055	10,556
Intangible assets	13	46,550	58,148
Total non-current assets		51,605	68,705
Total assets		556,663	838,723
Liabilities			
Current liabilities			
Trade and other payables	14	75,201	15,536
Employee benefits	15	88,227	94,730
Total current liabilities		163,428	110,266
Non-current liabilities			
Employee benefits	15	17,322	18,409
Total non current liabilities		17,322	18,409
Total liabilities		180,750	128,675
Net assets		375,913	710,048
Accumulated funds			
Accumulated funds	16	375,913	710,047
Total accumulated funds		375,913	710,047

The above statement of financial position should be read in conjunction with the accompanying notes on pages 12 to 26.

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016



ACFID
MEMBER

	Accumulated surplus \$	Accumulated funds \$
Total comprehensive income for the year	357,552	357,552
Net surplus for the year	352,495	352,495
Total comprehensive income for the year	<u>352,495</u>	<u>352,495</u>
Balance at 31 December 2015	<u>710,047</u>	<u>710,047</u>
Total comprehensive income for the year		
Net deficit for the year	(334,134)	(334,134)
Total comprehensive income for the year	<u>(334,134)</u>	<u>(334,134)</u>
Balance at 31 December 2016	<u>375,913</u>	<u>375,913</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 12 to 26.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016



	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Cash flows from operating activities			
Cash received for Uganda projects		170,067	174,326
Cash received for Nepal projects		296,282	758,716
Cash received for general expenses		481,395	386,348
Cash received for Core Support expenses		1,222,847	1,262,963
Other income received		5,765	7,055
Cash paid for Uganda project expenses		(202,616)	(263,337)
Cash paid for Nepal project expenses		(975,484)	(637,929)
Cash paid for Research and Knowledge Sharing		(63,446)	-
Cash paid for Core Support expenses		(874,802)	(881,713)
Cash paid to Adara Development		(311,856)	(402,474)
Net cash from operating activities		(251,848)	403,955
Cash flows from investing activities			
Payment for property, plant and equipment		(4,372)	(3,081)
Payment for intangible assets		(10,395)	(46,825)
Net cash used in investing activities		(14,767)	(49,906)
Cash flows from financing activities			
Loans repaid to related parties		-	-
Net cash used in financing activities		-	-
Increase/(decrease) in cash and cash equivalents		(266,615)	354,049
Foreign exchange differences		(109)	141
Cash and cash equivalents at the beginning of the year		753,842	399,652
Cash and cash equivalents at end of year	10	487,118	753,842

The above statement of cash flows should be read in conjunction with the accompanying notes on pages 12 to 26.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2016



Table of Cash Movements for Designated Purposes

(a) Movement in funds 2016

	Cash Available at 1st January 2016	Cash raised during the financial year	Cash disbursed during the financial year	Cash available at end of financial year
Restricted Funds				
Uganda Projects	102,976	170,067	207,170	65,873
Nepal Projects	180,611	284,782	262,906	202,487
Nepal Earthquake Appeal	382,807	11,500	219,264	175,043
General Funds	11,035	481,395	475,311	17,119
Total Restricted Funds	677,429	947,744	1,164,651	460,522
Core Support	76,413	1,228,612	1,278,429	26,596
Total Funds	753,842	2,176,356	2,443,080	487,118

(b) Details of funds

Uganda and Nepal Projects

Uganda project funds support development projects in Uganda and meet the Uganda employment and Uganda office costs. Nepal project funds support Nepal projects.

Nepal Earthquake Appeal

Restricted funds received as a result of a public appeal for the Nepal Earthquake.

General Funds

General funds support international programs in Nepal and Uganda but are not specific to project or jurisdiction.

Core Support

Core support funds support the day to day operations of the Company in managing and administering the operations of Adara Development. They fund Program Support and Accountability and Administration costs.



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 Adara Development (Australia)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2016 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Cameron Roan
Partner

Sydney

27 April 2017



Independent Auditor's Report

To the members of Adara Development (Australia)

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report and Australian Council for International Development Financial Statements (ACFID Financial Statements)**, of Adara Development (Australia) (the Company).

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

- (i) giving a true and fair view of the Company's financial position as at 31 December 2016, and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- (i) Statement of financial position as at 31 December 2016
- (ii) Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- (iii) Notes including a summary of significant accounting policies
- (iv) Directors' declaration of the Company.
- (v) Declaration by the Chief Executive Officer in respect of fundraising appeals of the Company.

The **ACFID Financial Statements** comprises:

- (vi) ACFID statement of financial position as at 31 December 2016
- (vii) ACFID income statement, ACFID statement of changes in equity, ACFID statement of cash flows and ACFID table of cash movements for the year then ended
- (viii) Notes including summary of significant accounting policies

Basis for opinion

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

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

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in company'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 express any form of assurance conclusion thereon, with the exception of the ACFID Financial Statements and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the ACNC.
- (ii) Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991 and Regulations*.
- (iii) The fair presentation of the ACFID Financial Statements in accordance with the ACFID Code of Conduct.
- (iv) Implementing necessary internal control to enable the preparation of a Financial Report and ACFID Financial Statements that are free from material misstatement, whether due to fraud or error.
- (v) Assessing the Company'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 Company 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:

- (i) to obtain reasonable assurance about whether the Financial Report and ACFID Financial Statements as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) 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 and the ACFID Financial Statements.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- (i) Identifying and assessing the risks of material misstatement of the Financial Report and ACFID Financial Statements, whether due to fraud or error.
- (ii) Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control.

- (iii) Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- (iv) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors committee members.
- (v) Concluding on the appropriateness of the Directors committee members 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 Company'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/ACFID Financial Statements 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 Company to cease to continue as a going concern.
- (vi) Evaluating the overall presentation, structure and content of the Financial Report and ACFID Financial Statements, including the disclosures, and whether the Financial Report and ACFID Financial Statements represents the underlying transactions and events in a manner that achieves fair presentation.

In addition we have:

- (i) Obtained an understanding of the internal control structure for fundraising appeal activities.
- (ii) Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report and ACFID Financial Statements such as accruals, prepayments, provisioning and valuations.

Report on other legal and regulatory requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- (i) the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 31 December 2016;
- (ii) the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2016 to 31 December 2016, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (iii) money received as a result of fundraising appeal activities conducted during the period from 1 January 2016 to 31 December 2016 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (iv) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Opinion pursuant to ACFID Code of Conduct

In our opinion, the ACFID Financial Statements of Adara Development (Australia) is presented fairly, in all material respects in accordance with the ACFID Code of Conduct.



KPMG



Cameron Roan
Partner

Sydney
27 April 2017

