

**ADARA DEVELOPMENT (AUSTRALIA)**

ABN 78 131 310 355

**ANNUAL REPORT**

**31 December 2017**

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# ADARA DEVELOPMENT (AUSTRALIA) DIRECTORS' REPORT

31 DECEMBER 2017

The directors present their report together with the financial statements of Adara Development (Australia) ("the Company") for the financial year ended 31 December 2017 and the auditor's report thereon.

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

31 DECEMBER 2017

### 1. Directors

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

<b>Name, qualifications and independence status</b>	<b>Experience, special responsibilities and other directorships</b>
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. Richard was appointed as a member of the Administrative Appeals Tribunal from 1 July 2017. Appointed as a director on 8 December 2010.
Susan Burns BA, LLB (Hons) (Sydney)	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.
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 Chair of Coca-Cola Amatil Limited and Jawun Pty Ltd, and a director of Westfield Corporation Limited, Westfield America Management Limited, Australia and New Zealand Banking Group Limited, Oakridge Wines Pty Ltd and JewishCare Paul Ramsay Foundation. She is Panel Chair and Panel Member of Adara Partners (Australia) Pty. Limited and Fellow of the Senate of The University of Sydney. Appointed as a director on 1 April 2017.

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

31 DECEMBER 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	
		Number of meetings attended	Number of meetings held
Audette Evelyn Exel AO	Chair	2	2
Richard Deutsch	Non-Executive Director	1	2
Laini Liberman	Non-Executive Director	2	2
Richard Alan West	Non-Executive Director	2	2
Susan Burns	Non-Executive Director	1	2
Ilana Atlas	Non-Executive Director	2	2

### 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.

### 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 Child Health and Remote Community Development.

Although Adara's work spans many countries, our work in Maternal Newborn Child Health is focused on strengthening services in Central Uganda by supporting holistic programmes that ensure women and children have access to health services across the continuum of care. Together, Adara and our partner Kiwoko Hospital provide women with antenatal care, help them deliver their babies safely, help newborn babies needing specialised care in the neonatal intensive care unit, provide community outreach services and health promotion, and train village health workers and clinicians from the local district health system.

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

31 DECEMBER 2017

### 7. Principal activities (continued)

Hand in hand with Kiwoko Hospital, we are able to demonstrate the impact of an integrated model of care that encompasses not just training, but also ensures the hospital is equipped with adequate facilities, staffing, equipment and supplies – all the things it needs to provide high-quality care.

Now, Adara is working to scale this expertise across Uganda by increasing the capacity of the national health system to care for and protect newborns, working in partnership with local champions of newborn health.

Adara is working in partnership with other global health leaders on projects to improve newborn survival. One of these projects is the Safe Newborn Bubble CPAP Project which will address the lack of access in low-resource settings to safe and affordable treatment for respiratory distress syndrome—the most common cause of disease and death for babies born before 34 weeks gestation. We are also working on an Early Intervention Program for newborns at risk of disability. This project will determine whether a community-based early-intervention programme for carers of young children affected by newborn brain injury can improve early brain development and quality of life.

Our work in Remote Community Development is primarily in a remote mountainous region of Nepal called Humla, home to over 50,000 people. Our focus in Humla is on long term sustainable support to improve health and education for the region. Our health initiatives in Humla aim to improve local health services, health awareness, nutrition, hygiene and sanitation. Our education initiatives focus on school teacher employment and training; school infrastructure and materials; after-school activities; and vocational scholarships. By improving education in the district we also aim to eliminate child trafficking.

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.

Following the Nepal earthquake in 2015, Adara's remote community development work expanded to the district of Ghyangfedi, a small remote community in Nuwakot district, northeast of Kathmandu. Immediately after the earthquake, Adara delivered emergency food, medical, and shelter support to this community. Then, using the expertise gained delivering remote education programmes in Humla over 20 years, Adara has built a new earthquake-resistant school for 300 students. The Shree Ghyangfedi School opened in June 2017.

In Nepal, Adara also works alongside local partner organisations 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 bridge the worlds of business and the world of people in extreme poverty, and to support vulnerable communities with health, education and other essential services.

Adara Development has two pillars which are fundamental to our strategy and achieving our goals – best practice service delivery and knowledge sharing. In its service delivery, the Company aims to support the communities it partners with by implementing high quality and holistic projects that are based on research, and improve health and education outcomes.

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

31 DECEMBER 2017

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

The Company also shares knowledge locally, nationally and globally with governments and other development agencies in the areas of the Company's expertise. We have two areas of expertise; maternal newborn child health; and remote community development. 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.

### 9. Review of operations

The operating result for the year was a deficit of \$183,672 (2016: deficit of \$334,134). 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

No 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 \$4,000 (2016: \$4,599) 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) (2016: 61).

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

31 DECEMBER 2017

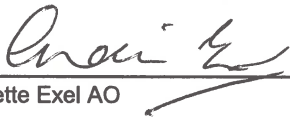
**16 Non-audit services**

During the year ended 31 December 2017 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.

**17 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 2017.

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



Audette Exel AO  
Chair

Sydney  
1 May 2017



**ADARA DEVELOPMENT (AUSTRALIA)**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
<b>Revenue from continuing operations</b>			
Donations			
Core support		1,547,644	1,282,847
General restricted		633,159	486,523
Maternal Newborn Child Health restricted		260,304	170,443
Remote Community Development restricted		119,170	296,282
Other income		2,003	5,765
<b>Total revenue</b>		<b>2,562,280</b>	<b>2,241,860</b>
<b>Expenses</b>			
Programme costs			
Maternal Newborn Child Health	4	225,739	250,340
Remote Community Development	5	1,213,556	1,186,768
		<b>1,439,295</b>	<b>1,437,108</b>
Innovation, Learning & Evaluation		52,997	65,215
Core support	6	1,133,755	969,975
<b>Total expenses</b>		<b>2,626,047</b>	<b>2,472,298</b>
Net transfer of funds between this entity and other Adara Development entities	14	(119,905)	(103,696)
<b>Net deficit for the year</b>		<b>(183,672)</b>	<b>(334,134)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(183,672)</b>	<b>(334,134)</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 12 to 28.*

**ADARA DEVELOPMENT (AUSTRALIA)**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	247,060	487,118
Trade and other receivables	8	38,846	17,940
<b>Total current assets</b>		<b>285,906</b>	<b>505,058</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	2,154	5,055
Intangible assets	10	27,919	46,550
<b>Total non-current assets</b>		<b>30,073</b>	<b>51,605</b>
<b>Total assets</b>		<b>315,979</b>	<b>556,663</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	28,814	75,201
Employee benefits	12	86,911	88,227
<b>Total current liabilities</b>		<b>115,725</b>	<b>163,428</b>
<b>Non-current liabilities</b>			
Employee benefits	12	8,013	17,322
<b>Total non current liabilities</b>		<b>8,013</b>	<b>17,322</b>
<b>Total liabilities</b>		<b>123,738</b>	<b>180,750</b>
<b>Net assets</b>		<b>192,241</b>	<b>375,913</b>
<b>Accumulated funds</b>			
Accumulated funds	13	192,241	375,913
<b>Total accumulated funds</b>		<b>192,241</b>	<b>375,913</b>

The above statement of financial position should be read in conjunction with the accompanying notes on pages 12 to 28.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Accumulated surplus \$</b>	<b>Accumulated funds \$</b>
<b>Balance at 1 January 2016</b>	710,047	710,047
Net deficit for the year	(334,134)	(334,134)
<b>Total comprehensive loss for the year</b>	<u>(334,134)</u>	<u>(334,134)</u>
<b>Balance at 31 December 2016</b>	<u><b>375,913</b></u>	<u><b>375,913</b></u>
<b>Balance at 1 January 2017</b>	375,913	375,913
Net deficit for the year	(183,672)	(183,672)
<b>Total comprehensive loss for the year</b>	<u>(183,672)</u>	<u>(183,672)</u>
<b>Balance at 31 December 2017</b>	<u><b>192,241</b></u>	<u><b>192,241</b></u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 12 to 28.*

**ADARA DEVELOPMENT (AUSTRALIA)**  
**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Cash received for Maternal Newborn Child Health programmes		260,304	170,067
Cash received for Remote Community Development programmes		119,170	296,282
Cash received for general programme support		628,763	481,395
Cash received for core support expenses		1,475,381	1,222,847
Other income received		804	5,765
Cash paid for Maternal Newborn Child Health programme expenses		(258,354)	(202,616)
Cash paid for Remote Community Development programme expenses		(1,231,780)	(1,188,537)
Cash paid for Innovation, Learning & Evaluation		(51,097)	(63,446)
Cash paid for core support expenses		(1,064,412)	(874,802)
Cash paid to other Adara Development entities		(119,905)	(98,803)
<b>Net cash used in operating activities</b>		<b>(241,126)</b>	<b>(251,848)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		-	(4,372)
Payment for intangible assets		(1,240)	(10,395)
<b>Net cash used in investing activities</b>		<b>(1,240)</b>	<b>(14,767)</b>
Decrease in cash and cash equivalents		(242,366)	(266,615)
Foreign exchange differences		2,308	(109)
Cash and cash equivalents at the beginning of the year		487,118	753,842
<b>Cash and cash equivalents at end of year</b>	10	<b>247,060</b>	<b>487,118</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes on pages 12 to 28.*

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**1. Reporting entity**

Adara Development (Australia) (the "Company") is a not for profit company limited by guarantee and domiciled in Australia. The Company is registered under the Australian Charities and Not-for-profits Commission Act 2012, Australia.

The financial statements of the Company as at and for the year ended 31 December 2017 are for the single entity of the Company.

The long term objective and purpose of the Company as part of Adara Development is to bridge the worlds of business and the world of people in extreme poverty, and to support vulnerable communities with health, education and other essential services.

Information on the principal activities, operations and strategy of the Company is set out on pages 4-5 of the directors' report.

The financial statements were approved by the Board of Directors on 1 May 2018.

**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.

**(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.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**2. Statement of preparation (continued)**

**(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**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Comparative amounts have been reclassified or restated as a result of:

1. Comparative amounts in relation to Adara Development (Australia)'s foreign operation in Nepal have been reclassified to conform to the current year's presentation for consistency, which in aggregate have no impact on the Company's result. Adara Development (Australia) conducts a foreign operation in Nepal which receives funding from Adara Development (USA), Adara Development (UK) and Adara Development (Bermuda) which is used to support Remote Community Development programme costs. Previously, the Company's approach was to present the programme funding received from and expenditure incurred by the above mentioned Adara Development entities on a net basis in Adara Development (Australia), however the Company has adopted the policy of accounting for these inflows on a gross basis in the current year, which represents a true and fair presentation. As a result of this change, funding received by Adara Development (Australia)'s foreign operation in Nepal from the above mentioned Adara Development entities is accounted for as a net transfer and the associated costs incurred are accounted for as Remote Community Development programme costs.

The following table summarises the impact on the Company's financial statements in both current and prior year.

<b>Impact of change in accounting policy</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Remote Community Development programme costs	311,706	213,053
Net transfer of funds between Adara Development (Australia) and other Adara Development entities	(311,706)	(213,053)

2. Adara Development (Australia) changed the presentation of programme expenses and innovation, learning and evaluation costs and consolidated certain note lines to improve the reporting of the operations and programmes of the company. Comparative amounts were reclassified in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows for consistency. There is no impact of these reclassifications on the net results, net financial position or net cash flows of the entity.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**3. Summary of significant accounting policies (continued)**

**(a) 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.

**(b) 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.

**(c) Expenses**

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

**(d) Income tax**

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

**(e) 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.

**(f) 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.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**3. Summary of significant accounting policies (continued)**

**(f) Property, plant and equipment (continued)**

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 5 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.

**(g) 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.

**(h) 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.

**(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.



**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**3. Summary of significant accounting policies (continued)**

**(i) Employee benefits**

**(i) Short-term employee benefit obligations**

Short-term employee benefit obligations are 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. The liabilities are recognised in respect of employees' services up to the end of the reporting period. The amounts are measured at the undiscounted 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.

**(j) Goods and Services Tax (GST)**

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.

**(i) 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. The results and financial position of operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at balance date,
- income and expenses and the statement of profit or loss and other comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

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.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**3. Summary of significant accounting policies (continued)**

**(I) 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 2017 did not have any impact on the current period or any prior period, and are not likely to affect future periods. These are:

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

**(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 2017.

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.
- Interpretation 22 Foreign Currency Transactions and Advance Consideration. This standard becomes applicable for annual reporting periods commencing on or after 1 January 2018. We have not yet assessed the impact of this standard on Adara Development (Australia).
- 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 2017

**3. Summary of significant accounting policies (continued)**

**(I) New and revised accounting standards and interpretations (continued)**

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

- AASB 15 Revenue from Contracts with Customers. This standard becomes applicable for annual reporting periods commencing on or after 1 January 2019. We have not yet assessed the impact of this standard on Adara Development (Australia).

- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities. This standard becomes applicable for annual reporting periods commencing on or after 1 January 2019. We have not yet assessed the impact of this standard on Adara Development (Australia).

- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities. This standard becomes applicable for annual reporting periods commencing on or after 1 January 2019. We have not yet assessed the impact of this standard on Adara Development (Australia).

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

<b>4</b>	<b>Maternal Newborn Child Health programme costs</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Kiwoko Hospital	225,739	250,340
		<b>225,739</b>	<b>250,340</b>
<b>5</b>	<b>Remote Community Development programme costs</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Adara Development Nepal - Adara Kids	231,316	263,792
	Adara Development Nepal - Humla	404,700	353,478
	Adara Development Nepal - Tibetan Medical Practitioner	28,062	21,881
	Ebenezer Boys	1,342	43,671
	Emergency responses - Nepal Earthquake	222,327	194,657
	Hands in Outreach	5,549	29,086
	Himalayan Children's Society	111,288	103,674
	Himalayan Medical Foundation	56,268	49,317
	The Himalayan Innovative Society	30,789	100,040
	The Women's Foundation	7,160	20,661
	Programme support	114,755	6,512
		<b>1,213,556</b>	<b>1,186,768</b>
<b>6</b>	<b>Core support expenses</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Depreciation and amortisation	31,948	34,344
	Employee related expenses	768,605	680,997
	Finance, governance and compliance	41,224	35,789
	Foreign exchange (gains)/losses	(2,189)	318
	IT and telecommunications	78,241	36,109
	Occupancy	79,325	75,089
	Office and other operating costs	12,662	18,437
	Partnerships, development and communications	47,968	42,193
	Travel	75,971	46,699
		<b>1,133,755</b>	<b>969,975</b>

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 programmes in Maternal Newborn Child Health, Remote Community Development, partner organisations, staff on the ground and other programme support including innovation, learning and evaluation activities.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**7 Cash and cash equivalents**

**(a) Cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
Cash:	<b>\$</b>	<b>\$</b>
- Core support	35,785	30,466
- General restricted	2,709	12,357
- Maternal Newborn Child Health restricted	158,548	66,765
- Remote Community Development restricted	50,018	377,530
	<u><b>247,060</b></u>	<u><b>487,118</b></u>

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Net (deficit) for the year	(183,672)	(334,134)
Adjustments for non-cash income and expense items:		
Depreciation and amortisation expense	22,772	25,432
(Increase) in other current assets	(15,613)	(5,615)
(Decrease) / increase in trade creditors	(51,677)	53,100
(Decrease) in employee benefits	(10,625)	(7,591)
(Decrease) / increase in other non-cash expenses	(2,311)	16,960
<b>Net cash used by operating activities</b>	<u><b>(241,126)</b></u>	<u><b>(251,848)</b></u>

**8 Trade and other receivables**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Other receivables	5,292	4,193
Prepayments	13,134	8,243
Trade receivables	20,420	5,504
	<u><b>38,846</b></u>	<u><b>17,940</b></u>

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**9 Property, plant and equipment**

**Office Equipment**

	2017	2016
	\$	\$
<b>Cost</b>		
At the beginning of the financial year	12,154	19,116
Additions	-	4,372
Disposals	-	(11,334)
<b>At the end of the financial year</b>	<u>12,154</u>	<u>12,154</u>
<b>Accumulated Depreciation</b>		
At the beginning of the financial year	7,099	9,849
Depreciation for the year	2,901	3,439
Disposals, accumulated depreciation	-	(6,189)
<b>At the end of the financial year</b>	<u>10,000</u>	<u>7,099</u>
<b>Net book value at the end of the financial year</b>	<u>2,154</u>	<u>5,055</u>

**Motor vehicles**

	2017	2016
	\$	\$
<b>Cost</b>		
At the beginning of the financial year	-	12,030
Disposals	-	(12,030)
<b>At the end of the financial year</b>	<u>-</u>	<u>-</u>
<b>Accumulated Depreciation</b>		
At the beginning of the financial year	-	10,471
Disposals, accumulated depreciation	-	(10,471)
<b>At the end of the financial year</b>	<u>-</u>	<u>-</u>
<b>Net book value at the end of the financial year</b>	<u>-</u>	<u>-</u>
<b>Total net book value at the end of the financial year</b>	<u>2,154</u>	<u>5,055</u>

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**10 Intangible assets**

**Website**

	2017	2016
	\$	\$
<b>Cost</b>		
At the beginning of the financial year	26,909	26,909
Additions	1,240	-
<b>At the end of the financial year</b>	<b>28,149</b>	<b>26,909</b>
<b>Accumulated amortisation</b>		
At the beginning of the financial year	24,307	18,026
Amortisation for the year	2,794	6,281
<b>At the end of the financial year</b>	<b>27,101</b>	<b>24,307</b>
<b>Net book value at the end of the financial year</b>	<b>1,048</b>	<b>2,602</b>

**Software**

	2017	2016
	\$	\$
<b>Cost</b>		
At the beginning of the financial year	66,772	56,377
Additions	-	10,395
<b>At the end of the financial year</b>	<b>66,772</b>	<b>66,772</b>
<b>Accumulated amortisation</b>		
At the beginning of the financial year	22,824	7,112
Amortisation for the year	17,077	15,712
<b>At the end of the financial year</b>	<b>39,901</b>	<b>22,824</b>
<b>Net book value at the end of the financial year</b>	<b>26,871</b>	<b>43,948</b>
<b>Total net book value at the end of the financial year</b>	<b>27,919</b>	<b>46,550</b>

**11 Trade and other payables**

	2017	2016
	\$	\$
Trade payables	9,311	48,963
Accrued expenses	15,246	19,672
Other payables	4,257	6,566
	<b>28,814</b>	<b>75,201</b>

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

<b>12</b>	<b>Employee benefits</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
	<b>Current</b>		
	Annual leave	29,008	28,579
	Other employee accruals	45,973	44,903
	PAYG	7,440	8,063
	Superannuation	4,490	6,682
		<u>86,911</u>	<u>88,227</u>
	<b>Non - current</b>		
	Long service leave	8,013	17,322
		<u>8,013</u>	<u>17,322</u>

**13**      **Accumulated funds**

**(a) Movement in funds 2017**

	1 January 2017	Income	Expenditure	31 December 2017
	\$	\$	\$	\$
Core support	(20,986)	1,549,647	(1,564,009)	(35,348)
<b>Designated Funds:</b>				
General restricted	59,119	633,159	(682,823)	9,455
Maternal Newborn Child Health restricted	-	260,304	(119,477)	140,827
Remote Community Development restricted	337,780	119,170	(379,643)	77,307
	<u>375,913</u>	<u>2,562,280</u>	<u>(2,745,952)</u>	<u>192,241</u>

**(b) Details of funds**

**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 Innovation, Learning and Evaluation activities.

Adara Advisors Pty. Limited, Adara Partners (Australia) Pty. Limited and a small number of core support partners cover 100% of core support expenditure.

**General funds**

General funds support international programmes in Remote Community Development and Maternal Newborn Child Health, as well as Innovation, Learning and Evaluation activities and are not specific to project or jurisdiction.

**Maternal Newborn Child Health and Remote Community Development programmes**

Maternal Newborn Child Health and Remote Community Development funds support programme expenses as well as salaries, office costs and partner support.



**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**14 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:

	2017	2016
	\$	\$
Adara Advisors Pty. Limited cash and in-kind donations	74,676	302,258
Adara Partners (Australia) Pty. Limited cash donations	1,372,967	980,015
	<b>1,447,643</b>	<b>1,282,273</b>

Adara Advisors Pty. Limited and Adara Partners (Australia) Pty. Limited 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 Pty. Limited disclosed above, during the year donations of \$100,250 (2016: \$17,290) were received by the Company from other director related

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

	2017	2016
	\$	\$
Transfers (to) Adara Development (USA)	(95,372)	20,396
Transfers from Adara Development (UK)	10,884	-
Transfers from Adara Development (Bermuda)	36,565	-
Transfers (to) Adara Development (Uganda)	(71,982)	(124,092)
	<b>(119,905)</b>	<b>(103,696)</b>

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 2017

**14 Related party transactions (continued)**

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

**15 Key management personnel compensation**

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

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

The directors receive no compensation for their services.

**16 Commitments**

**(a) Commitments to Non Government Organisations**

During the year Adara Development (Australia), Adara Development (USA), Adara Development (UK), Adara Development (Bermuda) and Adara Development (Uganda) entered into, or were obligated by, agreements with the following Non Government Organisations ("NGOs") in Nepal and Uganda.

The amounts committed to by Adara Development are as follows:

	Funding committed for January - December 2018 USD	Agreement period from	Agreement period ending
Adara Development Nepal - Humla	371,950	1 January 2014	Completion of project
Adara Development Nepal - Adara Kids	140,690	1 January 2014	Completion of project
Hands In Outreach	10,891	1 January 2017	31 December 2018
Himalayan Children's Society	133,960	1 January 2017	31 December 2018
Himalayan Medical Foundation	44,447	1 January 2017	31 December 2018
The Women's Foundation	9,166	1 January 2016	31 December 2018
Kiwoko Hospital	557,990	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.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE YEAR ENDED 31 DECEMBER 2017

**16 Commitments (continued)**

**(b) Rental lease commitment**

The future minimum rental commitments are as follows:

	2017	2016
	\$	\$
Due within 1 year	-	66,913
	<u>-</u>	<u>66,913</u>

**17 Contingencies**

As at 31 December 2017 the Company had no material contingent assets or liabilities.

**18 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 \$15,573 in the financial report for the purpose of paying KPMG for the audit service of Adara Development Group.

	2017	2016
	\$	\$
<b>Audit services</b>		
KPMG Australia:		
Audit and review of financial reports	15,573	15,000
	<u>15,573</u>	<u>15,000</u>

**19 Events after the balance sheet date**

In the interval between the end of the financial year and the date of this report, no transaction or event of a material or unusual nature likely to significantly affect the operations of the entity or the state of affairs of the entity in future years occurred.

**20 Financial Instruments**

The entity's financial instruments comprise cash and cash equivalents, other receivables and trade and other payables.

The entity's activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**20 Financial instruments (continued)**

The nature and extent of the financial instruments employed by the entity are discussed below. This note presents information about the entity's exposure to each of the above risks and the entity's objectives, policies and processes for measuring and managing risk. The Board has overall responsibility for the establishment and oversight of the entity's risk management framework.

**(a) Market risk**

Market risk is the risk that changes in market prices will effect the entity's income or the value of its holdings of financial instruments.

**(i) Price risk**

As at 31 December 2017 the entity held only cash and cash equivalents and as a result there is no exposure to price risk.

**(ii) Interest rate risk**

The entity's main interest rate risk arises from the cash and cash equivalents with variable interest rates, held in the entity's Commonwealth Bank of Australia savings account. The remainder of cash and equivalents do not earn interest. As at 31 December 2017 if interest rates had changed by + / - 2 basis points from year end rates with all other variables held constant, profit would have been \$37 higher or lower (2016: \$91).

The table below outlines the weighted average interest rate and the cash balances subject to interest rate risk.

	2017		2016	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
		\$		\$
Cash and cash equivalents	0.69%	190,378	0.87%	421,674

**(iii) Foreign exchange risk**

The entity operates in a global environment and therefore many of its expenses are denominated in foreign currencies, principally the Nepalese Rupee and Ugandan Shilling. As a result, the entity is exposed to market price risk through fluctuations in foreign currencies. At the statement of financial position date, the entity did not have any exposure to the Ugandan Shilling or Nepalese Rupee.

**(b) Credit risk**

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. At 31 December 2017, the entity's assets exposed to credit risk amounted to the following:

	Note	2017	2016
		\$	\$
Cash and cash equivalents	7	247,060	487,118
Trade and other receivables	8	25,712	9,697
		<u>272,772</u>	<u>496,815</u>

**ADARA DEVELOPMENT (AUSTRALIA)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**20 Financial instruments (continued)**

**(c) Liquidity risk**

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The entity monitors liquidity risk by monitoring forecasted cash flows.

The table below categorises the entity's financial liabilities into relevant maturity groups based on the remaining period at the date of the statement of financial position to the contractual maturity date. The carrying amounts in the table are equal to the contractual undiscounted cash flows.

	Note	Carrying value \$	0-12 months \$	Greater than 1 year \$
<b>As at 31 December 2017</b>				
Trade and other payables	11	28,814	28,814	-
Employee benefits	12	94,923	86,910	8,013
		<u>123,737</u>	<u>115,724</u>	<u>8,013</u>

	Note	Carrying value \$	0-12 months \$	Greater than 1 year \$
<b>As at 31 December 2016</b>				
Trade and other payables	11	75,201	75,201	-
Employee benefits	12	105,549	88,227	17,322
		<u>180,750</u>	<u>163,428</u>	<u>17,322</u>

**(d) Capital management**

The entity defines capital, for its own purposes, as restricted and unrestricted fund balances. During the year the entity's objective when managing capital, which was unchanged from previous years, was to hold sufficient unrestricted funds to enable it to withstand negative unexpected financial events and continue as a going concern and to generate sufficient contributions to meet on-going project costs and commitments. The entity seeks to achieve this objective by holding sufficient cash and cash equivalents to maintain liquidity and enable it to meet its obligations as they become due.

**21 Fundraising appeals conducted during the year**

No fundraising appeals have been undertaken during the year.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**DIRECTORS' DECLARATION**  
FOR THE YEAR ENDED 31 DECEMBER 2017

**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 28, 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 2017 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 30 to 33 are in accordance with the ACFID Code of Conduct and presents fairly in material respects the Company's financial position as at 31 December 2017 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 AO  
Chair

Sydney  
1 May 2018

**ADARA DEVELOPMENT (AUSTRALIA)**  
**DECLARATION BY CHIEF EXECUTIVE OFFICER**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

I, Audette Exel AO, 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 2017;
- (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 2017;
- (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 2017; 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.



Audette Exel AO  
Chief Executive Officer

Sydney  
1 May 2018

## ACFID Compliance

Adara Development (Australia) is a signatory to the Australian Council for International Aid and Development (ACFID) 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 2017

	2017	2016
	\$	\$
<b>Revenue</b>		
Donations and gifts		
Monetary	2,324,106	1,848,403
Non-Monetary	73,463	60,000
Grants - Australian	162,708	327,692
Other income	2,003	5,765
<b>Total Revenue</b>	<b>2,562,280</b>	<b>2,241,860</b>
<b>Expenditure</b>		
<b>International Aid and Development Programs Expenditure:</b>		
International programs - Funds to international programs:		
Maternal Newborn Child Health	300,216	360,061
Remote Community Development	901,850	957,546
International programs - Program support costs	548,077	528,380
<b>Fundraising costs</b>		
Private	128,983	117,953
Public	-	-
<b>Accountability and Administration costs</b>	793,362	552,054
<b>Non Monetary expenses</b>	73,463	60,000
<b>Total International Aid and Development Programs Expenditure</b>	<b>2,745,952</b>	<b>2,575,994</b>
<b>Net deficit for the year</b>	<b>(183,672)</b>	<b>(334,134)</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive loss for the year</b>	<b>(183,672)</b>	<b>(334,134)</b>



**ADARA DEVELOPMENT (AUSTRALIA)**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



*Note (i): Based on ACFID Code of Conduct classification, for the year ended 31 December 2017 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 2017, 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.*

*Note (iv): 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 programmes in Maternal Newborn Child Health, Remote Community Development, partner organisations, staff on the ground and other programme support including innovation, learning and evaluation.*

*Note (v): Fundraising costs include both international and domestic programs. There have been no costs incurred for public fundraising.*

**ADARA DEVELOPMENT (AUSTRALIA)**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2017



	Notes	2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	247,060	487,118
Trade and other receivables	8	38,846	17,940
<b>Total current assets</b>		<b>285,906</b>	<b>505,058</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	2,154	5,055
Intangible assets	10	27,919	46,550
<b>Total non-current assets</b>		<b>30,073</b>	<b>51,605</b>
<b>Total assets</b>		<b>315,979</b>	<b>556,663</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	28,814	75,201
Employee benefits	12	86,911	88,227
<b>Total current liabilities</b>		<b>115,725</b>	<b>163,428</b>
<b>Non-current liabilities</b>			
Employee benefits	12	8,013	17,322
<b>Total non current liabilities</b>		<b>8,013</b>	<b>17,322</b>
<b>Total liabilities</b>		<b>123,738</b>	<b>180,750</b>
<b>Net assets</b>		<b>192,241</b>	<b>375,913</b>
<b>Accumulated funds</b>			
Accumulated funds	13	192,241	375,913
<b>Total accumulated funds</b>		<b>192,241</b>	<b>375,913</b>

The above statement of financial position should be read in conjunction with the accompanying notes on pages 12 to 28.

**ADARA DEVELOPMENT (AUSTRALIA)**  
**STATEMENT OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED 31 DECEMBER 2017



	<b>Accumulated surplus \$</b>	<b>Accumulated funds \$</b>
<b>Balance at 1 January 2016</b>	710,047	710,047
Net deficit for the year	(334,134)	(334,134)
<b>Total comprehensive income for the year</b>	<u>(334,134)</u>	<u>(334,134)</u>
<b>Balance at 31 December 2016</b>	<u><b>375,913</b></u>	<u><b>375,913</b></u>
<b>Balance at 1 January 2017</b>	375,913	375,913
Net deficit for the year	(183,672)	(183,672)
<b>Total comprehensive loss for the year</b>	<u>(183,672)</u>	<u>(183,672)</u>
<b>Balance at 31 December 2017</b>	<u><b>192,241</b></u>	<u><b>192,241</b></u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 12 to 28.*



# 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 2017 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  
2 May 2018



# 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 *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 2017, 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 2017;
- 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; and
- 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 2017;
- vii. ACFID income statement and ACFID statement of changes in equity; and,
- 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 Act 2012*;
- 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 Statement 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; and,
- 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 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.

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 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, including the disclosures, and whether the Financial Report 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 Regulation.

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 2017;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2017 to 31 December 2017, 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 2017 to 31 December 2017 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 Statement of Adara Development (Australia) is presented fairly, in all material respects in accordance with the ACFID Code of Conduct.



KPMG



Cameron Roan  
Partner

Sydney  
1 May 2018