

# ADARA DEVELOPMENT

ADARA DEVELOPMENT (AUSTRALIA)  
ADARA DEVELOPMENT (BERMUDA)  
ADARA DEVELOPMENT (UK)  
ADARA DEVELOPMENT (USA)  
ADARA DEVELOPMENT (UGANDA)

## COMBINED FINANCIAL STATEMENTS

31 December 2018

## Contents to the combined financial statements

Combined statement of profit or loss and other comprehensive income	2
Combined statement of financial position	3
Combined statement of changes in equity	4
Combined statement of cash flows	5
Notes to the financial statements	6
Directors' declaration	19

## Adara Development

### Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

Presented in United States Dollars (USD)

	Notes	2018 \$	2017 \$
<b>Revenue from continuing operations</b>			
Donations			
Core support restricted		1,078,613	1,196,471
General unrestricted		805,857	896,864
Maternal Newborn Child Health restricted		475,963	508,925
Remote Community Development restricted		560,645	303,145
Grants			
Maternal Newborn Child Health restricted		14,528	3,137
Other income		27,573	4,383
Non-monetary income		79,618	-
<b>Total revenue</b>		<b><u>3,042,797</u></b>	<b><u>2,912,925</u></b>
<b>Expenses</b>			
Programme costs			
Maternal Newborn Child Health	4	1,117,178	813,646
Remote Community Development	5	872,121	930,351
Innovation, Learning & Evaluation		123,997	120,467
<b>Total Programme costs</b>		<b><u>2,113,296</u></b>	<b><u>1,864,464</u></b>
Core support	6	1,045,741	1,073,626
<b>Total Expenses</b>		<b><u>3,159,037</u></b>	<b><u>2,938,090</u></b>
<b>Net (deficit)/ surplus for the year</b>		<b><u>(116,240)</u></b>	<b><u>(25,165)</u></b>
<b>Other comprehensive income</b>			
Foreign currency translation gain/(loss)		(18,458)	19,117
<b>Other comprehensive income/(loss) for the year</b>		<b><u>(18,458)</u></b>	<b><u>19,117</u></b>
<b>Total comprehensive surplus/(deficit) for the year</b>		<b><u>(134,698)</u></b>	<b><u>(6,048)</u></b>

The above combined statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 6 to 18.

# Adara Development

## Combined statement of financial position

**As at 31 December 2018**

Presented in United States Dollars (USD)

	Notes	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	571,931	526,914
Trade and other current assets	8	49,629	44,751
<b>Total current assets</b>		<u><b>621,560</b></u>	<u><b>571,665</b></u>
<b>Non-current assets</b>			
Property, plant and equipment	9	59,122	11,240
Intangible assets	10	11,585	21,791
Other non-current assets		750	750
<b>Total non-current assets</b>		<u><b>71,457</b></u>	<u><b>33,781</b></u>
<b>Total assets</b>		<u><b>693,017</b></u>	<u><b>605,446</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	76,376	46,180
Deferred revenue		140,142	-
Employee benefits	12	114,525	86,598
<b>Total current liabilities</b>		<u><b>331,043</b></u>	<u><b>132,778</b></u>
<b>Non-current liabilities</b>			
Employee benefits	12	10,613	6,256
<b>Total non-current liabilities</b>		<u><b>10,613</b></u>	<u><b>6,256</b></u>
<b>Total liabilities</b>		<u><b>341,656</b></u>	<u><b>139,034</b></u>
<b>Net Assets</b>		<u><b>351,361</b></u>	<u><b>466,412</b></u>
<b>Accumulated funds</b>			
Retained Earnings/(accumulated losses)		424,351	520,944
Foreign currency translation reserve		(72,990)	(54,532)
<b>Total accumulated funds</b>		<u><b>351,361</b></u>	<u><b>466,412</b></u>

The above combined statement of financial position should be read in conjunction with the accompanying notes on pages 6 to 18.

## Adara Development

### Combined statement of changes in equity

**For the year ended 31 December 2018**

Presented in United States Dollars (USD)

	Translation reserve	Accumulated surplus	Accumulated funds
	\$	\$	\$
<b>As at 1 January 2017</b>	<b>(73,649)</b>	<b>546,109</b>	<b>472,460</b>
Net deficit for the year	-	(25,165)	(25,165)
<b>Other comprehensive income</b>	-	-	-
Foreign currency translation gain/(loss)	19,117	-	19,117
<b>Total comprehensive surplus/(deficit) for the period</b>	<b>19,117</b>	<b>(25,165)</b>	<b>(6,048)</b>
<b>As at 31 December 2017</b>	<b>(54,532)</b>	<b>520,944</b>	<b>466,412</b>
<b>As at 1 January 2018</b>	<b>(54,532)</b>	<b>520,944</b>	<b>466,412</b>
Net surplus / (deficit) for the year	-	(116,240)	(116,240)
<b>Other comprehensive income</b>	-	-	-
Foreign currency translation gain/(loss)	(18,458)	-	(18,458)
<b>Total comprehensive surplus/(deficit) for the period</b>	<b>(18,458)</b>	<b>(116,240)</b>	<b>(134,698)</b>
Adara Development (Australia) Foreign Operation in Nepal	-	19,647	19,647
<b>As at 31 December 2018</b>	<b>(72,990)</b>	<b>424,351</b>	<b>351,361</b>

The above combined statement of changes in equity should be read in conjunction with the accompanying notes on pages 6 to 18.

# Adara Development

## Combined statement of cash flows

**For the year ended 31 December 2018**  
Presented in United States Dollars (USD)

	2018	2017
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Cash received for Maternal Newborn Child Health programmes	542,950	506,242
Cash received for Remote Community Development programmes	640,470	302,762
Cash received for Innovation, Learning & Evaluation	-	5,146
Cash received for general programme support	815,628	889,068
Cash received for core support expenses	964,113	1,120,259
Other income received	27,572	903
Cash paid for Maternal Newborn Child Health programme expenses	(941,675)	(824,428)
Cash paid for Remote Community Development programme expenses	(974,343)	(945,288)
Cash paid for Innovation, Learning & Evaluation	(95,103)	(121,587)
Cash paid for core support expenses	(892,300)	(988,543)
<b>Net cash flows from/(used in) operating activities</b>	<b>7</b> <u>87,312</u>	<u>(55,466)</u>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(5,622)	(2,382)
Payment for intangible assets	(4,729)	(950)
Proceeds from sale of assets	(6,380)	1,107
<b>Net cash flows used in investing activities</b>	<u>(16,731)</u>	<u>(2,225)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>70,581</u>	<u>(57,691)</u>
Foreign exchange differences	(25,564)	26,839
Cash and cash equivalents at beginning of year	7 526,914	557,766
<b>Cash and cash equivalents at end of year</b>	<b>7</b> <u>571,931</u>	<u>526,914</u>

The above combined statement of cash flows should be read in conjunction with the accompanying notes on pages 6 to 18.

# Adara Development

## Notes to the financial statements

**For the year ended 31 December 2018**

### **1. Reporting entity**

Adara Development (the "Group") represents collectively a group of legal entities, which are not held by a separate parent entity. The legal entities, as entailed below, are under the decisions of their respective directors or trustees that have mutually agreed to operate under a common Memorandum of Understanding (MOU).

The Group's combined financial statements consist of Adara Development (Australia), Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA). For the purpose of presenting to the donors a combined view of the global not for profit activities conducted by the Group, a set of combined financial statements has been prepared which combines all of the assets, liabilities, expenses and contributions of the above named entities into a single set of combined financial statements. This aggregation does not meet the definition of a group as defined by *AASB 10 Consolidated Financial Statements*.

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

Adara Development (Bermuda) is a not for profit entity domiciled in Bermuda. Adara Development (Bermuda) is registered under *The Charities Act 2014*.

Adara Development (Uganda) was incorporated in Uganda on 13 July 2012 as a foreign NGO under *The Non-Governmental Organizations Registration Act, CAP.113*.

Adara Development (USA) is a not for profit company limited by guarantee and domiciled in the State of New York, United States. Adara Development (USA) is registered as a not-for-profit Corporation as defined by section 501 (c)(3) of the *Internal Revenue Code of 1986*.

Adara Development (UK) was constituted in the United Kingdom by the Trustees on 20 May 2002, as amended by a Supplementary Deed dated 3 June 2003, a second Supplementary Deed dated 21 June 2010, a third Supplementary Deed dated 18 February 2011 and a fourth Supplementary Deed dated 10 November 2015.

### **2. Statement of preparation**

#### **a) Statement of compliance**

In the opinion of the directors and the trustees, the Group entities are not publicly accountable. The financial report of the Group has been drawn up as a special purpose financial report for distribution to the directors and the stakeholders, for the purpose of presenting a combined view of the financial position and performance of the entities comprising the Combined Adara Development Group as listed in Note 1.

The special purpose financial report has been prepared in accordance with the requirements of the recognition, measurement and disclosure requirements of all applicable Australian Accounting Standards - Reduced Disclosure Requirements ("AASB-RDR") adopted by the Australian Accounting Standards Board ("AASBs") except for *AASB 10 Consolidated Financial Statements*.

The financial statements were approved by the directors and trustees on 30 April 2019.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the combined financial report. The accounting policies set out below have been applied consistently to all periods presented in the combined financial report unless otherwise stated.

# Adara Development

## Notes to the financial statements (continued)

**For the year ended 31 December 2018**

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

#### **b) Basis of measurement**

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

Adara Development (the "Group") represents collectively a group of legal entities, which are not held by a separate parent entity. The legal entities - Adara Development (Australia), Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA) - are under the decisions of their respective directors or trustees that have mutually agreed to operate under a common Memorandum of Understanding (MOU). The MOU supports the transfer of funds between Adara Development entities in order to meet programme and administration costs.

#### **c) Use of accounting estimates and judgments**

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) Principles of preparing combined financial statements**

The financial statements are prepared by combining or aggregating the entities that comprise the Group as set out in Note 1. All inter-entity balances and transactions between the combining entities listed in Note 1, and any unrealised gains and losses on income and expenses arising from inter-entity transactions, are eliminated in preparing the combined financial statements.

#### **e) Functional and presentation currency**

These combined financial statements are presented in US dollars. The functional currency of Adara Development (Bermuda), Adara Development (USA) and Adara Development (UK) is US dollars. The functional currency of Adara Development (Australia) is Australian dollars and is translated to US dollars for the combined financial statements of the Group. The functional currency of Adara Development (Uganda) is Ugandan shillings and is translated to US dollars for the combined financial statements of the Group.

### **3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **a) Revenue recognition**

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

#### **b) Donated goods and services**

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

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 3. Significant accounting policies (continued)

#### b) Donated goods and services (continued)

The Group also receives 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 combined statement of comprehensive income as it cannot be reliably measured.

#### c) Expenses

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

#### d) Income tax

No income tax is payable as the entities of the Adara Development are income tax exempt under the jurisdictions in which they operate.

#### e) Non-derivative financial assets

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

##### (i) Cash and cash equivalents

The Group 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 while prepayments are measured at 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 Group 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:

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.

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 3. Significant accounting policies (continued)

#### g) Intangible assets (continued)

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 there is 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 Group has the following non-derivative financial liabilities: financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprise trade and other payables. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These amounts are unsecured and are usually settled within 30 days of recognition.

#### i) 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 wholly 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 undiscounted amounts expected to be paid when the liabilities are settled.

##### (ii) Other long-term employee benefit obligations

The group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

#### j) Foreign currency translation

Foreign currency transactions are translated into the functional currency of each entity 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 combined statement of 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.

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.

#### k) New and revised accounting standards and interpretations

##### IFRS 9 Financial Instruments - For periods beginning 1 January 2018

##### (i) Recognition and derecognition

Financial assets and financial liabilities are recognised when Adara Development becomes a party to the contractual provisions of a financial instrument.

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 3. Significant accounting policies (continued)

#### k) New and revised accounting standards and interpretations (continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### (ii) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through the Statement of Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IFRS 139 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IFRS 139 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on Adara Development's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IFRS 139 and the new measurement categories under IFRS 9 for each class of Adara Development's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 is not material as a result of the new impairment requirements.

<i>In dollars</i>	Original classification under IFRS 139	New classification under IFRS 9	Original carrying amount under IFRS 139	New carrying amount under IFRS 9
<b>Financial assets</b>				
Cash and cash equivalents	Loans and receivables	Amortised Cost	\$526,914	\$526,914
Trade and other receivables	Loans and receivables	Amortised Cost	\$34,106	\$34,106
<b>Total financial assets</b>			<b>\$561,020</b>	<b>\$561,020</b>
<b>Financial liabilities</b>				
Trade and other payables	Other financial liabilities	Amortised Cost	\$46,180	\$46,180
<b>Total financial liabilities</b>			<b>\$46,180</b>	<b>\$46,180</b>

Trade and other receivables that were classified as loans and receivables under IFRS 139 are now classified at amortised cost. The allowance for impairment over these receivables was not material to require an adjustment to be recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

#### (iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IFRS 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IFRS 139.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. Adara Development has determined that the application of IFRS's impairment requirements at 1 January 2018 has not resulted in an additional allowance for impairment.

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 3. Significant accounting policies (continued)

#### k) New and revised accounting standards and interpretations (continued)

##### IFRS 15 Revenue from contracts with customers - For periods beginning 1 January 2018

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter of Transactions Involving Advertising Service.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

Adara Development (Australia) has initially applied AASB 15, including any consequential amendments to other standards, from 1 January 2018.

The adoption of this standard did not have a significant impact on the entity's financial statements.

### 4. Maternal Newborn Child Health programme costs

	2018	2017
	\$	\$
Kiwoko Hospital	680,583	542,425
Early childhood intervention for infants at high-risk	14,959	3,137
Hospital to Home	4,820	-
Building capacity in newborn health services	15,228	7,123
Programme support	401,588	260,961
	<u>1,117,178</u>	<u>813,646</u>

### 5. Remote Community Development programme costs

	2018	2017
	\$	\$
Adara Development Nepal - Adara Kids	120,227	177,334
Adara Development Nepal - Humla	296,743	310,255
Adara Development Nepal - Tibetan Medicine Practitioner	22,935	21,513
Ebenezer Boys	-	1,028
Emergency response - Nepal earthquake	81,955	170,442
Hands in Outreach	8,896	4,254
Himalayan Childrens Society	121,258	85,316
Himalayan Medical Foundation	40,778	43,137
The Himalayan Innovative Society	28,584	23,604
The Womens Foundation	8,387	5,489
Programme support	142,358	87,979
	<u>872,121</u>	<u>930,351</u>

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 6. Core support

	<u>2018</u>	<u>2017</u>
	\$	\$
Depreciation and amortisation	36,407	28,144
Employee related expenses	674,957	718,461
Finance, governance and compliance	63,855	65,303
IT and telecommunications	104,202	64,305
Occupancy	83,045	80,562
Office and other operating costs	22,118	14,993
Partnerships, development and communications	39,073	38,876
Travel	25,877	62,982
Foreign exchange gains/ (losses)	(3,793)	-
	<u><b>1,045,741</b></u>	<u><b>1,073,626</b></u>

Core support expenses, including administration expenses, are funded by Adara Advisors Pty. Limited, Adara Partners (Australia) Pty. Limited 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.

### 7. Cash and cash equivalents

#### a) Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Cash at bank and on hand:</b>		
Core Support	46,168	40,440
General Restricted	96,890	157,350
Maternal Newborn Child Health Restricted	174,174	154,289
Remote Community Development Restricted	254,699	174,835
	<u><b>571,931</b></u>	<u><b>526,914</b></u>

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Net profit for the year	(116,240)	(25,165)
Adjustments for non-cash income and expense items:		
Depreciation and amortisation expense	19,271	25,002
(Increase) / decrease in other current assets	(4,878)	(11,524)
Increase / (decrease) in trade creditors	30,196	(41,813)
Increase / (decrease) in employee benefits	32,284	10,269
Increase / (decrease) in other non-cash expenses	126,679	(12,235)
<b>Net cash from/(used in) operating activities</b>	<u><b>87,312</b></u>	<u><b>(55,466)</b></u>

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 8. Trade and other current assets

	2018	2017
	\$	\$
Other receivables	24,158	8,136
Prepayments	12,151	10,645
Trade receivables	13,320	25,970
	<u>49,629</u>	<u>44,751</u>

### 9. Property, plant and equipment

	2018	2017
	\$	\$
<b>Office Equipment</b>		
<b>Cost</b>		
At the beginning of the financial year	42,520	41,954
Additions	9,227	3,194
Disposals	(2,751)	(3,120)
Exchange differences	(1,539)	492
<b>At the end of the financial year</b>	<u>47,457</u>	<u>42,520</u>
<b>Accumulated Depreciation</b>		
At the beginning of the financial year	31,938	25,182
Depreciation charge for the year	6,567	9,280
Disposals	(2,565)	(2,805)
Exchange differences	(976)	281
<b>At the end of the financial year</b>	<u>34,964</u>	<u>31,938</u>
<b>Net book value at the end of the financial year</b>	<u>12,493</u>	<u>10,582</u>
	2018	2017
	\$	\$
<b>Motor vehicles</b>		
<b>Cost</b>		
At the beginning of the financial year	1,066	9,348
Disposals	-	(8,133)
Exchange differences	(23)	(149)
<b>At the end of the financial year</b>	<u>1,043</u>	<u>1,066</u>
<b>Accumulated Depreciation</b>		
At the beginning of the financial year	408	8,463
Depreciation charge for the year	208	213
Disposals	-	(8,133)
Exchange differences	(9)	(135)
<b>At the end of the financial year</b>	<u>607</u>	<u>408</u>
<b>Net book value at the end of the financial year</b>	<u>436</u>	<u>658</u>

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 9. Property, plant and equipment (continued)

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Medical Equipment</b>		
<b>Cost</b>		
Additions	82,726	-
Exchange differences	(18,870)	-
<b>At the end of the financial year</b>	<u>63,856</u>	<u>-</u>
<b>Accumulated Depreciation</b>		
Depreciation charge for the year	17,806	-
Exchange differences	(143)	-
<b>At the end of the financial year</b>	<u>17,663</u>	<u>-</u>
<b>Net book value at the end of the financial year</b>	<u>46,193</u>	<u>-</u>
<b>Total net book value at the end of the financial year</b>	<u>59,122</u>	<u>11,240</u>

### 10. Intangible assets

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Website</b>		
<b>Cost</b>		
At the beginning of the financial year	21,970	19,446
Additions	-	968
Exchange differences	(2,175)	1,556
<b>At the end of the financial year</b>	<u>19,795</u>	<u>21,970</u>
<b>Accumulated Amortisation</b>		
At the beginning of the financial year	21,152	17,643
Amortisation for the year	246	2,181
Exchange differences	(2,094)	1,328
<b>At the end of the financial year</b>	<u>19,304</u>	<u>21,152</u>
<b>Net book value at the end of the financial year</b>	<u>491</u>	<u>818</u>

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 10. Intangible assets (continued)

	2018	2017
	\$	\$
<b>Software</b>		
<b>Cost</b>		
At the beginning of the financial year	52,115	48,250
Additions	4,448	-
Exchange differences	(5,160)	3,865
<b>At the end of the financial year</b>	<b>51,403</b>	<b>52,115</b>
<b>Accumulated Amortisation</b>		
At the beginning of the financial year	31,142	16,415
Amortisation for the year	12,250	13,328
Exchange differences	(3,083)	1,399
<b>At the end of the financial year</b>	<b>40,309</b>	<b>31,142</b>
<b>Net book value at the end of the financial year</b>	<b>11,094</b>	<b>20,973</b>
<b>Total net book value at the end of the financial year</b>	<b>11,585</b>	<b>21,791</b>

### 11. Trade and other payables

	2018	2017
	\$	\$
Accrued expenses	30,350	27,816
Other payables	4,889	3,347
Trade payables	41,137	15,017
	<b>76,376</b>	<b>46,180</b>

### 12. Employee benefits

	2018	2017
	\$	\$
<b>Current</b>		
Annual leave	52,059	40,418
Other employee accruals	46,625	36,145
PAYG	7,568	6,531
Superannuation	4,796	3,504
Sick leave liability	3,477	-
	<b>114,525</b>	<b>86,598</b>
<b>Non-current</b>		
Long service leave	10,613	6,256
	<b>10,613</b>	<b>6,256</b>

# Adara Development

## Notes to the financial statements (continued)

**For the year ended 31 December 2018**

### 13. Related party transactions

#### a) Directors' and Trustees' compensation

No amounts are payable by Adara Development entities to the directors or trustees of individual entities in the Group. The directors and trustees have given their services to the Group without charge.

#### b) Transactions with director-related entities

The entities combined in this report form the Adara Development Group, as described in Note 1.

The Group 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 the Group 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).

Additionally, Remote Community Development and Innovation, Learning and Evaluation Nepal programme support is paid to Adara Development (Australia)'s foreign operation in Nepal (INGO). In 2018, Adara Development (the "Group") transferred \$871,121 (2017: \$930,351) to the INGO.

The Group has received donations from the following related parties:

	<u>2018</u>	<u>2017</u>
	\$	\$
Adara Advisors Pty. Limited cash and in-kind donations	105,975	57,249
Adara Partners (Australia) Pty. Limited cash donations	962,638	1,052,558
	<u><b>1,068,613</b></u>	<u><b>1,109,807</b></u>

Adara Advisors Pty. Limited, solely owned by Audette Evelyn Exel AO, is a financial services business established to be the principal provider of direct and indirect funding to the Group for core support costs and support for emergency project costs. Adara Advisors Pty. Limited was established in 2006. It is the successor business to the first related party business, established in 1998 in Bermuda.

Adara Partners (Australia) Pty. Limited was established in 2014 to provide direct and indirect funding to the Group for core support costs and support for emergency project costs.

As at balance sheet date Adara Advisors Pty. Limited and its predecessor business together with Adara Partners (Australia) Pty. Limited had contributed \$11,048,857 (AUD13,759,760) in total to the Group.

In addition to the donations from Adara Advisors Pty. Limited and Adara Partners (Australia) Pty. Limited disclosed above, during the year donations of \$53,409 (2017: \$95,316) were received by individual entities in the Group from members, their Board of Directors or Trustees.

#### c) Other key management personnel transactions

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

# Adara Development

## Notes to the financial statements (continued)

**For the year ended 31 December 2018**

### 14. Key management personnel remuneration

The key management personnel of the Group are its directors and trustees.

<b>Adara Development (Australia)</b>	Audette Evelyn Exel AO, Richard Deutsch, Laini Liberman, Richard Alan West, Susan Burns, Ilana Atlas, Andrea McCormick
<b>Adara Development (Bermuda)</b>	Audette Evelyn Exel AO, Edith Conyers, Philippe Max Rouja
<b>Adara Development (UK)</b>	Audette Evelyn Exel AO, Andrew della Casa, Kate Vacher, Richard Houghton
<b>Adara Development (USA)</b>	Audette Evelyn Exel AO, Thomas Dickson, Derek Stapley
<b>Adara Development (Uganda)</b>	Audette Evelyn Exel AO, Susan Burns, Kenneth Finch

The directors and trustees receive no compensation for their services to the Adara Development Group entities as listed in Note 1.

### 15. 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”) and Partners.

The amounts committed to by Adara Development are as follows:

	<b>Funding committed for January - December 2019</b>	<b>Agreement period from</b>	<b>Agreement period ending</b>
	<b>USD</b>		
Adara Development Nepal	565,918	25 November 2014	Completion of project
The Himalayan Innovative Society	29,129	1 January 2018	31 December 2020

The Group 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.

Commitments will be met by current funds available and restricted donations received during the year.

# Adara Development

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 15. Commitments (continued)

#### b) Rental lease commitment

The future minimum rental commitments for the Group are as follows:

	2018	2017
	\$	\$
Due within 1 year	1,720	20,642
Due between 1 and 5 years	-	1,720
	<u>1,720</u>	<u>22,362</u>

### 16. Auditors' remuneration

	2018	2017
	\$	\$
<b>Audit services</b>		
KPMG Australia:		
Audit and review of financial reports*	23,832	26,192
Somerbys (UK):		
Audit and review of financial reports	4,975	5,079
Markhouse Partners Uganda:		
Audit and review of financial reports	2,024	2,805
	<u>30,831</u>	<u>34,076</u>

\*KPMG provides pro-bono professional audit services of Adara Development (Australia) and Adara Development (Bermuda), while an audit fee is charged for Adara Development (USA) and the Group.

### 17. 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 Group or the state of affairs of the Group in future years occurred.

### 18. Contingencies

As at 31 December 2018, the Group had no material contingent assets or liabilities.

### 19. Fundraising appeals conducted during the year

No fundraising appeals have been undertaken during the year.

## Directors' declaration

In the opinion of the directors and trustees of the entities in the Group, which is the combination of the following entities: Adara Development (Australia), Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA):

1. In the opinion of the directors:
  - (a) the individual entities listed in Note 1 are registered not-for-profit organisations while the Group is not a registered not-for-profit organisation;
  - (b) the financial statements and notes that are set out on pages 2 to 18:
    - (i) present fairly the Group's financial position as at 31 December 2018 and its performance for the financial year ended on that date in accordance with the basis of preparation and accounting policies described in Note 2 and 3;
    - (ii) comply with Australian Accounting Standards (including the Australian interpretations) to the extent described in Note 2;
  - (c) there are reasonable grounds to believe that the Group will be able to pay their debts as and when they become due and payable;
  - (d) the entities within the Group have kept accounting records as to correctly record and explain their transactions and financial position; and
  - (e) the entities within the Group have kept their accounting records so that a true and fair financial report of the Group can be prepared from time to time.

Signed in accordance with a resolution of the directors and trustees:



Audette Evelyn Exel AO  
Chair  
30 April 2019



# Independent Auditor's Report

To the Directors and Trustees of Adara Development

## Opinion

We have audited the **Combined Financial Report** of Adara Development (*the Group*).

In our opinion, the accompanying Combined Financial Report presents fairly, in all material respects, the financial position of Adara Development as at 31 December 2018, and of its financial performance and its cash flows for the year then ended, in accordance with the accounting policies described in Note 1 to Note 3 to the financial statements.

The **Combined Financial Report** comprises:

- Combined statement of financial position as at 31 December 2018;
- Combined statement of profit or loss and other comprehensive income, Combined statement of changes in equity, and Combined statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' and Trustees' Declaration.

The **Group** consists of Adara Development (Australia), Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA).

## 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 Combined Financial Report* section of our report.

We are independent of the Group in accordance with 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 *Combined Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Emphasis of matter – basis of preparation and restriction on use

We draw attention to Notes 1 to 3 to the Combined Financial Report, which describes the special purpose and combination basis of preparation. The Combined Financial Report has been prepared to meet the request of the Directors and Trustees of the entities within the Group to present a combined view of the global not for profit activities conducted by the Group.

As a result, the Combined Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors and Trustees of the entities in the Group and should not be used by parties other than the Directors and Trustees of the entities in the Group. We disclaim any assumption of responsibility for any reliance on this report, or on the Combined Financial Report



to which it relates, to any person other than the Directors and Trustees of the entities within the Group or for any other purpose than that for which it was prepared.

Our audit report relates to the Combined Financial Report which will be published on the Australian website ([www.adaragroup.org](http://www.adaragroup.org)) (the website). Management is responsible for the integrity of the website. We have not been engaged to report on the integrity of the website. We also do not opine on any other information which may have been hyperlinked to/from the Combined Financial Report.

## Other Information

Other Information is financial and non-financial information in Adara Development's annual reporting which is provided in addition to the Combined Financial Report and the Auditor's Report. The Directors and the Trustees 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 Combined Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Combined Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Combined 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 Management and Those Charged with Governance for the Combined Financial Report

Management are responsible for:

- the preparation and fair presentation of the Combined Financial Report and have determined that the basis of preparation described in Note 1 to the Combined Financial Report is appropriate to meet the needs of the Directors and the Trustees for the purpose of presenting a combined view of the global not for profit activities conducted by the Group;
- implementing necessary internal control to enable the preparation of Combined Financial Report that is free from material misstatement, whether due to fraud or error; and,
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Group's financial reporting process.



## Auditor's responsibilities for the audit of the Combined Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Combined Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Combined Financial Report.

A further description of our responsibilities for the audit of the Combined Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our Auditor's Report.

KPMG

Sydney

30 April 2019