

ADARA DEVELOPMENT (AUSTRALIA)

ABN 78 131 310 355
FINANCIAL STATEMENTS

31 December 2022

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**ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Directors

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

Name, qualifications and independence status Experience, special responsibilities and other directorships

<p>Audette Evelyn Exel AO BA (Victoria), LLB (Hons) (Melbourne) Chair</p>	<p>Audette is currently the CEO of Adara Advisors Pty Limited and Adara Partners (Australia) Pty. Limited. She is a Non-Executive Director of Westpac Banking Corporation. Previously, she was a Non-Executive Director of Suncorp Group Limited, 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. Audette has been a director since on 27 May 2008.</p>
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<p>Laini Liberman BA/LLB (Melbourne), Non-Executive Director</p>	<p>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. Laini was first appointed as a director on 8 December 2010 and ceased being a director on 16 November 2022.</p>
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<p>Richard Alan West LLB (Hons) (Melbourne), BAPPSC (Gordon Institute Of Technology) Non-Executive Director</p>	<p>Richard is a former partner of Minter Ellison where he practiced Employment and Industrial Relations law for over 30 years. He is currently a member of the Administrative Appeals Tribunal, having held that appointment since 2017. Richard has been a director since 8 December 2010.</p>
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<p>Susan Burns BA, LLB (Hons) (Sydney)</p>	<p>Susan is on the Board of Adara Development (Uganda). From 2013 to 2022, Susan held the position of General Counsel of the Adara Group which she performed on a pro bono basis. Prior to that, 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. Susan has been a director since 12 November 2013.</p>
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<p>Ilana Atlas AO B. Juris (Hons) and LLB (Hons) (University of Western Australia); LLM (The University of Sydney)</p>	<p>Ilana has extensive experience in business and has held executive and non-executive 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 (now King & Wood Mallesons). Ilana is a non-executive director of ANZ Group Holdings Limited, Origin Energy Limited and Scentre Group Limited. She is the Chair of Jawun, a Member of the Anacacia Capital Business Advisory Council, a Councillor of the National Gallery of Australia and is on the board of the Paul Ramsay Foundation. Ilana is Panel Chair and Panel Member, Adara Partners (Australia) Pty. Limited. Ilana has been a director since 1 April 2017.</p>
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**ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Directors (continued)

Name, qualifications and independence status Experience, special responsibilities and other directorships

Andrea McCormick LLB (Hons) (Leicester), LLM (Edinburgh), member of the Institute of Chartered Accountants, Scotland, Fellow of the Taxation Institute of Australia

Andrea is a Director of and Senior Advisor to Adara Advisors Pty. Limited and Adara Partners (Australia) Pty Limited. Andrea was the Chief Operating Officer of the Adara Group for 7 years prior to moving to the role of Director. Before joining Adara, Andrea was a Director in the Corporate Tax Group of PwC in Sydney where she advised large companies on their corporate tax affairs, largely focussed on acquisition and divestment work and group re-organisation projects. Andrea originally qualified as a lawyer in England, then as a chartered accountant in Scotland. Andrea is a member of the Institute of Chartered Accountants Scotland and is a Chartered Tax Advisor. Andrea has been a director since 31 October 2018.

Jo Brennan Master of Management, MGSM, Master of Education, University of South Australia, Bachelor of Education, University of South Australia, Diploma of Teaching, SA College of Advanced Education Company Directors Course, AICD, Graduate, Governor's Leadership Foundation Programme

Jo is currently the Chief Operating Officer for Aware Super, Australia's third largest superannuation fund. She has held senior executive roles with Commonwealth Bank of Australia, Macquarie Bank, QBE and Santos and brings over 25 years of leadership, operational and transformational experience.

In addition, Jo brings a unique understanding of international development having been the Chief Executive Officer of Habitat For Humanity Australia. During her time as CEO, Jo significantly expanded the international development and Global Village programmes across Asia Pacific and secured AusAID accreditation. Most recently Jo was a Board member with ChildFund Australia for 6 ½ years. Jo has been a director since 1 November 2021.

2. Company secretary

	<u>Appointment Date</u>	<u>Resignation Date</u>
Susan Burns	16 November 2021	16 September 2022
Robyn Farrell	16 September 2022	

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, HLB Mann Judd, at a time when HLB Mann Judd undertook an audit of the Company.

4. Directors' meetings

<u>Director</u>	<u>Position</u>	<u>Board Meetings</u>	
		<u>Number of meetings attended</u>	<u>Number of meetings held(*)</u>
Audette Evelyn Exel	Chair	2	2
Laini Liberman	Non-Executive Director	1	2
Richard Alan West	Non-Executive Director	1	2
Susan Burns	Non-Executive Director	2	2
Ilana Atlas	Non-Executive Director	2	2
Andrea McCormick	Non-Executive Director	2	2
Jo Brennan	Non-Executive Director	2	2

(*) Reflects the number of meetings held during the time the director held office during the financial year.

ADARA DEVELOPMENT (AUSTRALIA) DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

5. Directors' remuneration

Directors do not receive any remuneration from Adara Development (Australia) ("the Company").

6. Environmental regulation

The operations of the Company 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

Adara Development works with partners, governments and communities to bring quality health and education services to people living in some of the world's remotest places. Informed by more than two decades' experience, we design and scale programmes across Maternal, Newborn and Child Health, and Remote Community Development. We are also committed to sharing our knowledge to maximise our impact.

MATERNAL, NEWBORN AND CHILD HEALTH

We specialise in delivering high-quality healthcare to women, newborns and children at health facilities, in the community and at home. By working to upskill health workers and equip facilities, we aim to reduce preventable maternal and newborn deaths. With 25 years' experience working in partnership with Kiwoko Hospital to develop a Centre of Excellence, we are now scaling our programmes to accelerate change across Uganda through AdaraNewborn.

Centre of excellence in newborn health

At the heart of AdaraNewborn is a holistic model of care to women, newborns and children that we pioneered with our partner, Kiwoko Hospital. This work has been recognised by Uganda's Ministry of Health as a Centre of Excellence (CoE) in the country. We are committed to maintaining the hospital as a CoE by supporting the maternity unit, neonatal intensive care unit and community based healthcare programmes.

AdaraNewborn

We are expanding our high impact model that has the power to halve newborn deaths and stillbirths across 10 facilities in Uganda over the next decade. AdaraNewborn addresses the quality and availability of services across the continuum of care. It includes five arms: antenatal care, intrapartum care, inpatient care for small and sick newborns, postnatal care, and follow-up care and early intervention. AdaraNewborn will strengthen the health system by developing regional hubs. By working with facilities, district governments and the Ministry of Health, we will ensure sustainable systems change, saving lives now and reducing maternal and newborn deaths into the future.

Bubble CPAP Kit

Respiratory distress syndrome (RDS) is a leading cause of death for babies born prematurely. To help these tiny babies breathe, we teamed up with PATH, University of Washington, Seattle Children's Hospital and Kiwoko Hospital to develop an innovative, low-cost bubble continuous positive airway pressure (bCPAP) kit for babies suffering from RDS in low-resource settings.

Hospital to Home

Hospital to Home (H2H) is our flagship newborn follow-up programme designed to support high-risk infants both in the hospital and when they return home. It strengthens care for infants during admission to a neonatal unit through comprehensive parent education programmes and promoting care that encourages healthy brain development. It also provides regular at-home follow-up support to these vulnerable infants for six months after discharge through a network of volunteer community health workers. H2H sits in the 'follow up and early-intervention' arm of AdaraNewborn.

**ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Principal activities (continued)

Early Intervention - Baby Ubuntu

Developed with the London School of Hygiene and Tropical Medicine, Baby Ubuntu is an early-intervention programme that aims to improve quality of life for children with mild to moderate neuro-disabilities and their caregivers. Baby Ubuntu also sits in the 'follow up and early intervention' arm of AdaraNewborn.

Adara Youth Community Centre

The Adara Youth Community Centre provides support to adolescents through sexual and reproductive health education and services including family planning, counselling, life skills training, and connection with health services. Our goal is to provide youth with support to lead happy and healthy lives.

Critical Healthcare

We support vulnerable communities in Central Uganda, including people living with HIV, diabetes, disabilities, epilepsy, mental health conditions and tuberculosis. By supporting Kiwoko Hospital's HIV, diabetes and community based healthcare (CBHC) programmes, we ensure these groups have access to essential services.

REMOTE COMMUNITY DEVELOPMENT

We specialise in improving access to local health services and ensuring children have access to quality early-childhood, primary, secondary and tertiary education. By improving the quality of education in Nepal, we also aim to eliminate child trafficking. Our work reaches three key areas of Nepal: the remote district of Humla in the Himalayas, the remote region of Ghyangfedi and the capital Kathmandu.

Health

We ensure communities in our target areas have access to year-round healthcare. As part of this work, we strengthen the health system; ensure access to quality healthcare; improve water, sanitation and hygiene; and enhance access to maternal, newborn and child health services. We do this by supporting and improving local government health posts and birthing centres, and investing in community health outreach and education.

Education

Through our work with Yalbang School in Humla, Nepal – which is recognised as a Centre of Excellence – we have developed a comprehensive remote education model. It includes strengthening the education system, enhancing learning outcomes, providing essential resources for education, creating a child-friendly school environment, improving child health, and ensuring child protection and participation. We implement this model across 16 schools in Nepal.

Nutrition

With many remote communities in Nepal often facing widespread food insecurity, nutrition support has long been a central tenet of our remote community development work. We provide greenhouse development support, training and seeds to local farmers. This allows communities to cultivate their own fruit and vegetables all year round. We also provide emergency food distribution to communities in need.

Child protection

We ensure children in our programmes are safe, feel safe and can thrive. We achieve this by strengthening child protection systems through advocacy, knowledge sharing and reporting processes; enhancing child participation in education; and raising community awareness about the dangers of child trafficking and child marriage. By improving quality of education and helping to keep children – especially girls – in school, we aim to eliminate child trafficking and child marriage in our areas of operation.

**ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Principal activities (continued)

Resilient communities

With climate change causing increasingly dangerous weather conditions, community resiliency and disaster relief are growing areas of our work. Through infrastructure and agriculture projects, we ensure communities are prepared for, and able to respond to, natural and human-made disasters. We also improve food security and nutrition outcomes by improving agriculture skills, knowledge and technology so that people have increased access to nutritious food.

KNOWLEDGE SHARING

We believe the knowledge created through our programmes is not ours to keep. We strive to scale the impact of our programmes by sharing the data, research conclusions, training packages and lessons learned. We are taking our very best ideas and our biggest mistakes, distilled from more than two decades of working in the field, and sharing them locally, nationally and globally.

We want to ensure that those who need this knowledge most can use it, in a format that best suits them. To facilitate this, we are creating a knowledge-sharing hub.

All the Company's activities as part of Adara Development 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 Adara Group believes that each and every person should have access to quality health, education and other essential services, no matter where they live. The first part of the Adara Group is an international development organisation called Adara Development that has expertise in Maternal, Newborn and Child Health, and Remote Community Development. Adara Development has worked in Nepal and Uganda since 1998.

The second part of the Adara Group consists of two businesses, Adara Partners (Australia) Pty. Limited and Adara Advisors Pty. Limited, which are 'for purpose' rather than for profit. Their sole objective is to fund Adara Development's administration and emergency project costs.

Adara touches the lives of more than 200,000 people living in poverty each year as well as countless others through their influence, networks and knowledge sharing.

Adara Development 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.

The Company also shares knowledge locally, nationally and globally with governments and other development agencies in the areas of the Company's expertise. The Company's Monitoring and Evaluation team measure performance and outcomes on project sites. The Company also conducts research in key areas of intervention to ensure that activities are aligned with the mission. Each project has its own key performance indicators built into the project plan and they are related to the project outputs.

**ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Review of operations

The operating result for the year was a surplus of \$1,165,544 (2021: surplus of \$326,287). 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 the 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. Insurance and indemnification of directors, trustees and others

During the financial year, Adara Development (Australia) paid a premium of \$5,796 (2021: \$5,285) 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.

14. 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) (2021: 61).

15. Non-audit services

During the year ended 31 December 2022 HLB Mann Judd, the Company's auditor, has not performed any other services in addition to their statutory duties. No non-audit services were provided by HLB Mann Judd during the financial year.

**ADARA DEVELOPMENT (AUSTRALIA)
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Auditor's independence and non-audit services

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 - 37 and forms part of the directors' report for the financial year ended 31 December 2022.

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



Audette Evelyn Exel AO
Chair
Sydney

27 April 2023

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Adara Development (Australia) for the year ended 31 December 2022.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Brisbane, Queensland
27 April 2023**

hlb.com.au

HLB Mann Judd (SE QLD Partnership)

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HLB Mann Judd (SE QLD Partnership) is a member of HLB International, the global advisory and accounting network.

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		\$	\$
Revenue from continuing operations			
Donations			
Core support		4,060,625	1,385,273
General restricted		1,080,659	928,543
Maternal Newborn Child Health restricted		495,909	449,984
Remote Community Development restricted		1,145,025	913,181
Other income	4	9,987	595,756
Total revenue		6,792,205	4,272,737
Expenses			
Programme costs			
Maternal Newborn Child Health	5	1,113,416	766,346
Remote Community Development	6	1,572,985	1,335,027
Innovation, Learning & Evaluation		165,218	104,029
Total programme costs		2,851,619	2,205,402
Core support	7	1,992,366	1,464,181
Total expenses		4,843,985	3,669,583
Net transfer of funds between this entity and other Adara Development entities	17	(782,676)	(276,867)
Net surplus for the year		1,165,544	326,287
Other comprehensive income			
Exchange differences on translation of foreign operations		(2,289)	3,491
Total comprehensive surplus for the year		1,163,255	329,778

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 13 to 28.

**ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	8	798,664	478,460
Trade and other receivables	9	140,177	90,712
Other current assets	10	1,279,770	407,665
Total current assets		2,218,611	976,837
Non-current assets			
Plant and equipment	11	6,340	7,485
Intangible assets	12	17,164	24,508
Total non-current assets		23,504	31,993
Total assets		2,242,115	1,008,830
Liabilities			
Current liabilities			
Trade and other payables	13	23,116	13,696
Deferred revenue	14	-	-
Employee benefits	15	254,599	157,262
Total current liabilities		277,715	170,958
Non-current liabilities			
Employee benefits	15	16,230	52,957
Total non-current liabilities		16,230	52,957
Total liabilities		293,945	223,915
Net assets		1,948,170	784,915
Accumulated funds			
Accumulated surplus	16	1,957,746	792,202
Foreign currency translation reserve		(9,576)	(7,287)
Total accumulated funds		1,948,170	784,915

The above statement of financial position should be read in conjunction with the accompanying notes on pages 13 to 28.

**ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Translation Reserve	Accumulated surplus	Accumulated funds
	\$	\$	\$
Balance at 1 January 2021	(10,778)	465,915	455,137
Net surplus for the year	-	326,287	326,287
Foreign currency translation gain	3,491	-	3,491
Total comprehensive surplus for the year	3,491	326,287	329,778
Balance at 31 December 2021	(7,287)	792,202	784,915
Balance at 1 January 2022	(7,287)	792,202	784,915
Net surplus for the year	-	1,165,544	1,165,544
Foreign currency translation loss	(2,289)	-	(2,289)
Total comprehensive surplus for the year	(2,289)	1,165,544	1,163,255
Balance at 31 December 2022	(9,576)	1,957,746	1,948,170

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 13 to 28.

ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	<u>2022</u>	<u>2021</u>
		\$	\$
Cash flows from operating activities			
Cash received for Maternal Newborn Child Health programmes		495,909	449,984
Cash received for Remote Community Development programmes		1,137,004	825,835
Cash received for general programme support		1,078,823	932,628
Cash received for core support expenses		3,944,957	1,300,872
Other income received		6,110	195,033
Cash paid for Maternal Newborn Child Health programme expenses		(1,140,125)	(777,191)
Cash paid for Remote Community Development programme expenses		(1,564,353)	(1,401,953)
Cash paid for Innovation, Learning & Evaluation		(161,991)	(103,564)
Cash paid for core support expenses		(1,686,970)	(1,327,815)
Cash paid to other Adara Development entities		(782,676)	(230,235)
Net cash from/(used in) operating activities	8b	<u>1,326,689</u>	<u>(136,406)</u>
Cash flows from investing activities			
Payment for plant and equipment		(4,196)	(5,452)
Payment for intangible assets		-	(12,000)
Payment for term deposit		(1,000,000)	-
Net cash used in investing activities		<u>(1,004,196)</u>	<u>(17,452)</u>
Net increase/(decrease) in cash and cash equivalents		<u>322,493</u>	<u>(153,858)</u>
Foreign exchange differences		(2,289)	3,491
Cash and cash equivalents at the beginning of the year		478,460	628,827
Cash and cash equivalents at the end of year	8a	<u>798,664</u>	<u>478,460</u>

The above statement of cash flows should be read in conjunction with the accompanying notes on pages 13 to 28.

ADARA DEVELOPMENT (AUSTRALIA) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Reporting entity

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.

Adara Development (Australia) has an international non-governmental organization ("INGO") that is domiciled in Nepal, which is governed by a general agreement between the Social Welfare Council, Nepal and Adara Development (Australia). The INGO is reflected as a foreign operation of Adara Development (Australia). The financial statements of the Company for the period ended 31 December 2022 are representative of a single entity.

The long term objective and purpose of the Company as part of Adara Development is to bridge the world 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 3 - 7 of the Directors' Report.

The financial statements were approved by the Board of Directors on 27 April 2023.

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 with Simplified Disclosures, 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 the Company comply with Australian Accounting Standards with Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

(b) Basis of measurement

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

Adara Development (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 Group is managed and administered by Adara Development (Australia). The MOU supports the transfer of funds between Adara Development entities in order to meet the programme and administration costs.

**ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Basis of preparation (continued)

(c) Use of accounting estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and future periods.

(d) Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(e) Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(f) Functional and presentation currency

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

3. Significant accounting policies

(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. Revenue is recognised under AASB 1058 unless it has been determined that AASB 15 applied. To be in the scope of AASB 15, the contract must be:

- a) enforceable
- b) contain performance obligations that are sufficiently specific to enable determination of when the obligation has been satisfied and
- c) not result in goods and services specified being retained by the entity

Should these conditions be met the donation is assessed under AASB 15 and is recognised when performance obligations are satisfied. The Company receives the majority of its income from donations which are recognised when received directly by the Company.

(b) Deferred revenue

The liability for deferred revenue is the unutilised amounts of grants and donations received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant or donation.

**ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Significant accounting policies (continued)

(c) Donated goods and services

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

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

(d) Expenses

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

(e) Income tax

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

(f) Non-derivative financial assets

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

(i) Cash and cash equivalents

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

(ii) Other current assets

Other current assets are initially recognised on the date that they are originated at fair value. Subsequent to initial recognition they are carried at amortised cost.

(g) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation on the assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows for the current and prior year:

Office equipment	3 to 5 years
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**ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Significant accounting policies (continued)

(g) Plant and equipment (continued)

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

(h) Intangible assets

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

Website development costs include only those costs directly attributable to the development phase. Software costs include only those costs directly attributable to the purchase of the software and costs directly attributable to the implementation and ongoing use of the software.

Intangible assets are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

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

(i) Non-derivative financial liabilities

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

(j) 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 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.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant accounting policies (continued)

(k) Goods and Services Tax (GST)

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

(l) 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 sheet 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.

(m) AASB 9 Financial Instruments

(i) Recognition and derecognition

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

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

AASB 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 AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale. Under AASB 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.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant accounting policies (continued)

(m) AASB 9 Financial Instruments (continued)

The following table and the accompanying notes below explain the measurement categories under AASB 9 for each class of Adara Development (Australia)'s financial assets and financial liabilities as at 31 December 2022.

Type of Financial Instrument	Classification under AASB 9
Financial assets	
Cash and cash equivalents	Financial assets at Amortised Cost
Trade and other receivables	Financial assets at Amortised Cost
Other current assets - Shares	Financial assets at Fair Value Through the Statement of Profit or Loss (FVTPL)
Other current assets - Term deposit	Financial assets at Amortised Cost
Financial liabilities	
Trade and other payables	Financial liabilities at Amortised Cost

(iii) Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 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 AASB 9, credit losses are recognised earlier than under AASB 139.

For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. Adara Development (Australia) has determined that there has been no requirements at 31 December 2022 which require an additional allowance for impairment.

(n) Government grants and assistance

Government payments in relation to support during the Coronavirus crisis were received. Government grants are recognised when received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

(o) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant accounting policies (continued)

(p) New and revised accounting standards and interpretations

The Company has adopted all of the new or amended Accounting Standards and Interpretations in line with Australian Accounting Standards Board ("AASB") that are mandatory.

4. Other income

	<u>2022</u>	<u>2021</u>
	\$	\$
Government grants and assistance	-	181,977
Interest and other income	9,987	6,114
In-kind asset donation	-	249,795
Fair value revaluation of other current assets	-	157,870
	<u>9,987</u>	<u>595,756</u>

5. Maternal Newborn Child Health programme costs

	<u>2022</u>	<u>2021</u>
	\$	\$
Kiwoko Hospital	961,457	691,757
Programme Support	151,959	74,589
	<u>1,113,416</u>	<u>766,346</u>

6. Remote Community Development programme costs

	<u>2022</u>	<u>2021</u>
	\$	\$
Adara Development Nepal - Humla	602,608	466,769
Programme Support	364,672	351,850
Himalayan Children Society	236,367	176,872
Adara Development Nepal - Ghyangfedi	204,981	169,431
The Himalayan Innovative Society	56,215	59,704
Himalayan Medical Foundation	53,145	45,980
Adara Development Nepal - Tibetan Medical Practitioner	28,748	30,680
Hands in Outreach	15,836	15,567
Adara Development Nepal - Adara Kids	2,550	10,851
The Women's Foundation	7,863	7,323
	<u>1,572,985</u>	<u>1,335,027</u>

7. Core support expenses

	<u>2022</u>	<u>2021</u>
	\$	\$
Employee related expenses	1,340,434	1,063,091
Travel expenses	164,474	17,320
Fair value revaluation of other current assets	127,895	-
IT and telecommunications	127,085	188,756
Occupancy	83,856	78,235
Depreciation and amortisation	56,418	33,650
Finance, governance and compliance	42,459	35,511
Partnerships, development and communications	32,132	27,287
Office and other operating costs	23,379	22,174
Foreign exchange gains and losses	(5,766)	(1,843)
	<u>1,992,366</u>	<u>1,464,181</u>

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Core support expenses (continued)

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.

8. Cash and Cash Equivalents

(a) Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash at bank and on hand:		
Core support	516,201	50,469
General restricted	63,173	170,570
Maternal Newborn Child Health restricted	64,208	133,518
Remote Community Development restricted	155,082	123,903
	<u>798,664</u>	<u>478,460</u>

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Net surplus for the year	1,165,544	326,287
Adjustments for non-cash income and expense items:		
In-kind asset donation	-	(249,795)
Fair value revaluation of other current assets	127,895	(157,870)
Depreciation and amortisation expense	12,630	9,600
Deferred revenue	-	(87,346)
(Increase) / decrease in other current assets	(49,465)	45,705
Increase / (decrease) in other current liabilities	2,794	5,692
Increase / (decrease) in trade creditors	6,679	447
Increase / (decrease) in employee benefits	60,613	(29,126)
Net cash from/(used in) operating activities	<u>1,326,689</u>	<u>(136,406)</u>

9. Trade and other receivables

	<u>2022</u>	<u>2021</u>
	\$	\$
Other receivables	109,120	68,930
Prepayments	29,151	19,898
Trade receivables	1,906	1,884
	<u>140,177</u>	<u>90,712</u>

10. Other current assets

	<u>2022</u>	<u>2021</u>
	\$	\$
Other current assets - Term deposit	1,000,000	-
Other current assets - Shares	279,770	407,665
	<u>1,279,770</u>	<u>407,665</u>

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Other current assets (continued)

On 29 September 2022, Adara Development (Australia) placed \$1,000,000 on one-year fixed term deposit with Macquarie Bank at 3.80% per annum, maturing on 04 October 2023. The cash can be withdrawn prior to maturity by giving 31 days notice and will be subject to an interest adjustment of 25%.

On the 3rd December 2020, 74,311 ordinary shares in Ansarada NewCo Pty Ltd were gifted to Adara Development (Australia) and subsequently transferred in consideration for the issue of 199,836 shares in thedocyard Limited, thedocyard Limited subsequently changed its name to Ansarada Group Limited. The shares were held in escrow from the 3rd December 2020 and released on the 11th March 2021 at which date they were recognised as an asset of the Company.

As at 31 December 2022, the revaluation of 199,836 shares of Ansarada Group Ltd resulted in a loss of \$127,875 (2021: Gain of \$157,870), which has been taken to the Statement of profit or loss as an other expense (2021: Other income).

11. Plant and equipment

	<u>2022</u>	<u>2021</u>
Office equipment	\$	\$
Cost		
At the beginning of the financial year	30,569	25,117
Additions	3,908	5,452
Disposal	(19,302)	-
At the end of the financial year	<u>15,175</u>	<u>30,569</u>
Accumulated Depreciation		
At the beginning of the financial year	23,084	17,450
Depreciation for the year	5,244	5,634
Disposal	(19,248)	-
At the end of the financial year	<u>9,080</u>	<u>23,084</u>
Net book value at the end of the financial year	<u>6,095</u>	<u>7,485</u>
	<u>2022</u>	<u>2021</u>
Furniture and fittings	\$	\$
Cost		
At the beginning of the financial year	-	-
Additions	289	-
At the end of the financial year	<u>289</u>	<u>-</u>
Accumulated Amortisation		
At the beginning of the financial year	-	-
Depreciation for the year	44	-
At the end of the financial year	<u>44</u>	<u>-</u>
Net book value at the end of the financial year	<u>245</u>	<u>-</u>
Total net book value at the end of the financial year	<u>6,340</u>	<u>7,485</u>

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Intangible assets

	<u>2022</u>	<u>2021</u>
Website	\$	\$
Cost		
At the beginning of the financial year	53,069	41,069
Additions	-	12,000
Disposal	(28,149)	-
At the end of the financial year	<u>24,920</u>	<u>53,069</u>
Accumulated Amortisation		
At the beginning of the financial year	29,706	28,071
Amortisation for the year	6,229	1,635
Disposal	(28,149)	-
At the end of the financial year	<u>7,786</u>	<u>29,706</u>
Net book value at the end of the financial year	<u>17,134</u>	<u>23,363</u>
	<u>2022</u>	<u>2021</u>
Software	\$	\$
Cost		
At the beginning of the financial year	76,096	76,096
Disposal	(73,096)	-
At the end of the financial year	<u>3,000</u>	<u>76,096</u>
Accumulated Amortisation		
At the beginning of the financial year	74,951	72,619
Amortisation for the year	1,115	2,332
Disposal	(73,096)	-
At the end of the financial year	<u>2,970</u>	<u>74,951</u>
Net book value at the end of the financial year	<u>30</u>	<u>1,145</u>
Total net book value at the end of the financial year	<u>17,164</u>	<u>24,508</u>

13. Trade and other payables

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade payables	14,682	9,855
Accrued expenses	8,434	3,841
	<u>23,116</u>	<u>13,696</u>

14. Deferred revenue

	<u>2022</u>	<u>2021</u>
	\$	\$
Opening balance	-	87,346
Revenue recognised during the year	-	(87,346)
	<u>-</u>	<u>-</u>

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Employee benefits

	<u>2022</u>	<u>2021</u>
	\$	\$
Current		
Annual leave	116,666	95,018
PAYG	19,198	14,388
Superannuation	14,676	8,716
Sick leave liability	49,200	39,140
Long service leave	54,859	-
	<u>254,599</u>	<u>157,262</u>
Non-current		
Long service leave	16,230	52,957
	<u>16,230</u>	<u>52,957</u>

16. Accumulated funds

(a) Movement in funds 2022

	<u>1 January</u>	<u>Income</u>	<u>Expenditure</u>	<u>31 December</u>
	2022			2022
	\$	\$	\$	\$
Adara Development (Australia)				
Core support	371,293	4,064,921	(2,788,965)	1,647,249
Designated funds:				
General restricted	112,745	1,080,659	(1,167,316)	26,088
Maternal Newborn Child Health restricted	133,518	495,909	(567,217)	62,210
Remote Community Development restricted	115,975	1,145,025	(1,112,604)	148,396
	<u>733,531</u>	<u>6,786,514</u>	<u>(5,636,102)</u>	<u>1,883,943</u>
Adara Development (Australia) foreign operation in Nepal				
Accumulated funds	58,671	5,691	9,441	73,803
Foreign currency translation reserve	(7,287)	(2,289)	-	(9,576)
	<u>51,384</u>	<u>3,402</u>	<u>9,441</u>	<u>64,227</u>
Total	<u>784,915</u>	<u>6,789,916</u>	<u>(5,626,661)</u>	<u>1,948,170</u>

(b) Source 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 programme expenses.

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, which are specific to project or jurisdiction.

**ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Related party transactions

(a) Directors' compensation

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

(b) Transactions with director-related entities

Adara Development (Australia), Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA) together constitute Adara Development. 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:

	<u>2022</u>	<u>2021</u>
	\$	\$
Adara Advisors Pty. Limited cash and in-kind donations	118,625	84,401
Adara Partners (Australia) Pty. Limited cash donations	3,942,000	1,300,872
	<u>4,060,625</u>	<u>1,385,273</u>

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 \$51,048 (2021: \$74,116) were received by the Company from other director related entities.

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Transfers (to) Adara Development (USA)	(581,744)	(259,186)
Transfers (to) Adara Development (UK)	(104,353)	(123,436)
Transfers (to) Adara Development (Bermuda)	(72,256)	(26,689)
Transfers (to) Adara Development (Uganda)	(364,245)	(260,175)
Transfers from/(to) Adara Development (Australia) INGO	339,922	392,619
	<u>(782,676)</u>	<u>(276,867)</u>

Adara Development 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 the programme and administration costs.

Additionally, Adara Development (USA), Adara Development (UK) and Adara Development (Bermuda) all support Adara Development (Australia)'s foreign operation in Nepal (INGO).

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.

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

**ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Key management personnel compensation

The key management personnel of the Company are its directors:

- Audette Evelyn Exel AO
- Laini Liberman (Resigned 16 November 2022)
- Richard Alan West
- Susan Burns
- Ilana Atlas AO
- Andrea McCormick
- Jo Brennan

The directors receive no compensation for their services.

19. 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:

	Funding committed for January - December 2023	Agreement period from	Agreement period ending
	\$		
Kiwoko Hospital Centre of Excellence	1,652,396	01-Jan-22	31-Dec-24
Adara Development Nepal	1,284,561	25-Nov-14	Completion of project
Total	<u>2,936,957</u>		

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.

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

20. Contingencies

As at 31 December 2022 the Company had no material contingent assets or liabilities (2021: nil).

21. Auditors' remuneration

	2022	2021
	\$	\$
Audit services	-	-

There has been no expense or accrual recognised in the financial report of the Company as the audit service is provided without charge by the auditors, HLB Mann Judd.

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
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22. Financial instruments

The Company's financial instruments comprise cash and cash equivalents, other receivables, other current assets and trade and other payables.

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

- market risk
- credit risk
- liquidity risk.

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

(a) Market risk

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

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

As at 31 December 2022, the Company held 199,836 shares at a value of \$279,770 (2021: \$407,665) of Ansarada Group Ltd which resulted in the entity being exposed to price risk, quantified by sensitivity analysis below

	10% increase in equity price		10% decrease in equity price	
	Value of asset	Profit or loss	Value of asset	Profit or loss
Other current assets - Shares	307,747	27,977	251,793	(27,977)

(ii) Interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents (savings account) and other current assets - term deposit, held with variable and fixed interest rates respectively. The remainder of cash and equivalents do not earn interest. As at 31 December 2022 if interest rates had changed by + / - 2 basis points from year end rates with all other variables held constant, profit would have been \$476 higher or lower (2021: \$70).

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

	2022		2021	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Cash and cash equivalents	0.34%	\$ 660,827	0.01%	\$ 341,121
Other current assets - Term deposit	3.80%	1,000,000	-	-

ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22. Financial instruments (continued)

(iii) Foreign exchange risk

The Company operates in a global environment and therefore many of its expenses are denominated in foreign currencies, principally the Nepalese Rupee and the Ugandan Shilling. As a result, the Company is exposed to market price risk through fluctuations in foreign currency.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. At 31 December 2022, the Company's assets exposed to credit risk amounted to the following:

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade and other receivables	111,026	70,814
	<u>111,026</u>	<u>70,814</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 unforeseen conditions. The Company monitors liquidity risk by monitoring forecasted cash flows.

The table below categorises the Company'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.

	<u>Carrying value</u>	<u>0-12 months</u>	<u>Greater than 1 year</u>
As at 31 December 2022	\$	\$	\$
Trade and other payables	23,116	23,116	-
Employee benefits	270,829	254,599	16,230
	<u>293,945</u>	<u>277,715</u>	<u>16,230</u>
	<u>Carrying value</u>	<u>0-12 months</u>	<u>Greater than 1 year</u>
As at 31 December 2021	\$	\$	\$
Trade and other payables	13,696	13,696	-
Employee benefits	210,219	157,262	52,957
	<u>223,915</u>	<u>170,958</u>	<u>52,957</u>

(d) Capital management

The Company defines capital, for its own purposes, as restricted and unrestricted fund balances. During the year the Company'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 ongoing project costs and commitments. The Company 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.

**ADARA DEVELOPMENT (AUSTRALIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Fundraising appeals conducted during the year

No fundraising appeals have been undertaken during the year.

24. 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 Company or the state of affairs of the Company in future years occurred.

ADARA DEVELOPMENT (AUSTRALIA) DIRECTORS' DECLARATION

In the opinion of the directors of the Company:

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes set out on pages 9 to 28, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards with Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulation 2013;
- (c) the ACFID financial statements on pages 31 to 34 are in accordance with the ACFID Code of Conduct and presents fairly in material respects the Company's financial position as at 31 December 2022 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 Evelyn Exel AO
Chair
Sydney
27 April 2023

ADARA DEVELOPMENT (AUSTRALIA) DECLARATION BY CHIEF EXECUTIVE OFFICER

I, Madeline Vaughan, Chief Executive Officer of Adara Development (Australia) ("the Company"), 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 2022;
- (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 2022;
- (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 2022; 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.

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



Madeline Vaughan
Chief Executive Officer
Sydney
27 April 2023

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 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Revenue		
Donations and gifts		
Monetary	5,966,778	3,155,790
Non - monetary	118,625	334,196
Grants - Australian	365,000	390,547
Grants - other overseas	331,815	46,243
Other income		
Australian government support	-	181,977
Fair value revaluation of financial assets	-	157,870
Interest and other income	9,987	6,114
Total revenue	<u>6,792,205</u>	<u>4,272,737</u>
Expenses		
International Aid and Development Programs Expenditure		
Maternal Newborn Child Health	1,811,920	1,231,272
Remote Community Development	1,277,358	951,650
International programs - Program support costs	968,262	646,188
Fundraising costs		
Private	325,575	278,220
Public	-	-
Accountability and Administration costs	1,127,824	756,805
Non Monetary expenses	115,722	82,315
Total expenditure	<u>5,626,661</u>	<u>3,946,450</u>
Net surplus for the year	<u>1,165,544</u>	<u>326,287</u>
Other comprehensive (loss)/income	(2,289)	3,491
Total comprehensive surplus for the year	<u>1,163,255</u>	<u>329,778</u>

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 (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

Note (i): Based on ACFID Code of Conduct classification, for the year ended 31 December 2022 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 2022, 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 2022**



	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	8	798,664	478,460
Trade and other receivables	9	140,177	90,712
Other current assets	10	1,279,770	407,665
Total current assets		2,218,611	976,836
Non-current assets			
Plant and equipment	11	6,340	7,485
Intangible assets	12	17,164	24,508
Total non-current assets		23,504	31,993
Total assets		2,242,115	1,008,830
Liabilities			
Current liabilities			
Trade and other payables	13	23,116	13,696
Deferred revenue	14	-	-
Employee benefits	15	254,599	157,262
Total current liabilities		277,715	170,958
Non-current liabilities			
Employee benefits	15	16,230	52,957
Total non-current liabilities		16,230	52,957
Total liabilities		293,945	223,915
Net assets		1,948,170	784,915
Accumulated funds			
Accumulated surplus	16	1,957,746	792,202
Foreign currency translation reserve		(9,576)	(7,287)
Total accumulated funds		1,948,170	784,915

The above statement of financial position should be read in conjunction with the accompanying notes on pages 13 to 28.

**ADARA DEVELOPMENT (AUSTRALIA)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**



	Translation Reserve	Accumulated surplus	Accumulated funds
	\$	\$	\$
Balance at 1 January 2021	(10,778)	465,915	455,137
Net surplus for the year	-	326,287	326,287
Foreign currency translation gain	3,491	-	3,491
Total comprehensive surplus for the year	3,491	326,287	329,778
Balance at 31 December 2021	(7,287)	792,202	784,915
Balance at 1 January 2022	(7,287)	792,202	784,915
Net surplus for the year	-	1,165,544	1,165,544
Foreign currency translation gain	(2,289)	-	(2,289)
Total comprehensive surplus for the year	(2,289)	1,165,544	1,163,255
Balance at 31 December 2022	(9,576)	1,957,746	1,948,170

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 13 to 28.

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 Aid and Development Financial Statements (ACFID Financial Statements) of Adara Development (Australia) ("the Company").

The financial report comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

The ACFID Financial Statements comprises the statement of financial position as at 31 December 2022, the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial report of the Company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosure and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors.

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

Responsibilities of Management and the Directors for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Simplified Disclosure and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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HLB Mann Judd (SE QLD Partnership) is a member of HLB International, the global advisory and accounting network.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the 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 and 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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.
- Evaluate 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.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 2022;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2022 to 31 December 2022, 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 2022 to 31 December 2022 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.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Brisbane, Queensland
27 April 2023**

Adrian

**A B Narayanan
Partner**