

ADARA DEVELOPMENT

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

COMBINED FINANCIAL STATEMENTS

31 December 2023

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ADARA DEVELOPMENT
COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
PRESENTED IN UNITED STATES DOLLARS (USD)

	Notes	<u>2023</u>	<u>2022</u>
		\$	\$
Revenue from continuing operations			
Donations and Grants			
Core support		2,104,283	2,830,926
General restricted		1,097,156	1,410,596
Maternal Newborn Child Health restricted		434,003	497,566
Remote Community Development restricted		855,477	897,365
Other income	4	<u>83,848</u>	<u>9,382</u>
Total revenue		<u>4,574,767</u>	<u>5,645,835</u>
Expenses			
Programme costs			
Maternal Newborn Child Health	5	2,083,062	1,894,087
Remote Community Development	6	1,263,125	1,092,756
Innovation, Learning & Evaluation		185,433	191,104
Knowledge Sharing		95,524	-
Total programme costs		<u>3,627,144</u>	<u>3,177,947</u>
Core support	7	1,619,559	1,539,850
Total expenses		<u>5,246,703</u>	<u>4,717,797</u>
Net (deficit)/surplus for the year		<u>(671,936)</u>	<u>928,038</u>
Other comprehensive income			
Foreign currency translation loss		(53,726)	(98,327)
Other comprehensive loss for the year		<u>(53,726)</u>	<u>(98,327)</u>
Total comprehensive (deficit)/surplus for the year		<u>(725,662)</u>	<u>829,711</u>

The above combined statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 5 to 20.

**ADARA DEVELOPMENT
COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
PRESENTED IN UNITED STATES DOLLARS (USD)**

	Notes	<u>2023</u>	<u>2022</u>
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	986,018	964,212
Trade and other receivables	9	98,002	150,990
Other current assets	10	235,103	867,044
Total current assets		<u>1,319,123</u>	<u>1,982,246</u>
Non-current assets			
Plant and equipment	11	55,685	87,847
Intangible assets	12	7,459	11,629
Other non-current assets		750	750
Total non-current assets		<u>63,894</u>	<u>100,226</u>
Total assets		<u>1,383,017</u>	<u>2,082,472</u>
Liabilities			
Current liabilities			
Trade and other payables	13	45,767	54,168
Deferred revenue	14	68,232	-
Employee benefits	15	174,745	190,518
Lease liability		27,761	24,360
Total current liabilities		<u>316,505</u>	<u>269,046</u>
Non-current liabilities			
Employee benefits	15	17,510	10,996
Lease liability		7,394	35,160
Total non-current liabilities		<u>24,904</u>	<u>46,156</u>
Total liabilities		<u>341,409</u>	<u>315,202</u>
Net assets		<u>1,041,608</u>	<u>1,767,270</u>
Accumulated funds			
Accumulated surplus		1,334,089	2,006,025
Foreign currency translation reserve		(292,481)	(238,755)
Total accumulated funds		<u>1,041,608</u>	<u>1,767,270</u>

The above combined statement of financial position should be read in conjunction with the accompanying notes on pages 5 to 20.

**ADARA DEVELOPMENT
 COMBINED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2023
 PRESENTED IN UNITED STATES DOLLARS (USD)**

	<u>Foreign Currency Translation Reserve</u>	<u>Accumulated surplus</u>	<u>Accumulated funds</u>
	\$	\$	\$
Balance at 1 January 2022	(140,428)	1,077,987	937,559
Net surplus for the year	-	928,038	928,038
Other comprehensive income			
Foreign currency translation loss	(98,327)	-	(98,327)
Total comprehensive surplus for the year	<u>(98,327)</u>	<u>928,038</u>	<u>829,711</u>
Balance at 31 December 2022	<u>(238,755)</u>	<u>2,006,025</u>	<u>1,767,270</u>
Balance at 1 January 2023	(238,755)	2,006,025	1,767,270
Net deficit for the year	-	(671,936)	(671,936)
Other comprehensive income			
Foreign currency translation loss	(53,726)	-	(53,726)
Total comprehensive deficit for the year	<u>(53,726)</u>	<u>(671,936)</u>	<u>(725,662)</u>
Balance at 31 December 2023	<u>(292,481)</u>	<u>1,334,089</u>	<u>1,041,608</u>

The above combined statement of changes in equity should be read in conjunction with the accompanying notes on pages 5 to 20.

**ADARA DEVELOPMENT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
PRESENTED IN UNITED STATES DOLLARS (USD)**

	Notes	<u>2023</u>	<u>2022</u>
		\$	\$
Cash flows from operating activities			
Cash received for Maternal Newborn Child Health programmes		434,003	512,024
Cash received for Remote Community Development programmes		927,182	891,794
Cash received for general programme support		1,133,641	1,371,700
Cash received for core support expenses		1,983,742	2,737,868
Other income received		39,500	6,690
Cash paid for Maternal Newborn Child Health programme expenses		(2,064,281)	(1,468,677)
Cash paid for Remote Community Development programme expenses		(1,278,656)	(1,530,743)
Cash paid for Innovation, Learning & Evaluation		(188,203)	(190,967)
Cash paid for Knowledge Sharing		(101,243)	-
Cash paid for core support expenses		(1,496,590)	(1,305,661)
Cash paid for lease interest		(4,134)	(6,054)
Net cash (used in)/from operating activities	8b	<u>(615,039)</u>	<u>1,017,974</u>
Cash flows from investing activities			
Payment for plant and equipment		(8,023)	(35,917)
Payment for term deposit		-	(694,702)
Proceeds from maturity of fixed term deposit		664,405	-
Net cash from/(used in) investing activities		<u>656,382</u>	<u>(730,619)</u>
Cash flows from financing activities			
Repayment for lease liability		(24,361)	(20,890)
Net cash (used in)/from financing activities		<u>(24,361)</u>	<u>(20,890)</u>
Net increase in cash and cash equivalents		<u>16,982</u>	<u>266,465</u>
Foreign exchange differences		4,824	(31,988)
Cash and cash equivalents at the beginning of the year		964,212	729,735
Cash and cash equivalents at the end of year	8a	<u>986,018</u>	<u>964,212</u>

The above combined statement of cash flows should be read in conjunction with the accompanying notes on pages 5 to 20.

ADARA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 (Uganda) was registered with the Ugandan Services Registration Bureau (URSB) on 27 November 2020 as a company limited by guarantee and not having share capital.

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, a fourth Supplementary Deed dated 10 November 2015 and a fifth Supplementary Deed dated 20 March 2024.

2. Basis 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 financial report has been prepared in accordance with the requirements of the recognition and measurement of all applicable Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASBs"). The main users of the financial report include, but are not limited to: the general public, our current and potential investors and donors, suppliers, management and employees.

The financial statements were approved by the directors and trustees on 24 April 2024.

ADARA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. Basis of preparation (continued)

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.

(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.

(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) 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.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Basis of preparation (continued)

(g) 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. Material 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. 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 Group receives the majority of its income from donations which are recognised when received by Adara Development entities.

(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.

(c) Donated goods and services

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

The Group 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 combined statement of profit or loss and other comprehensive income as it cannot be reliably measured.

(d) Expenses

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

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

(e) 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.

(f) 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.

(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 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
Leasehold improvements	Up to 7 years
Medical equipment	3 years

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

(h) 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.

**ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3. Material accounting policies (continued)

(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 profit and loss and other comprehensive income under foreign exchange gains/losses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in the foreign currency are translated using the exchange rates at the date when the fair value is determined.

The results and financial position of operations that have a functional currency different from the

- 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.

(k) AASB 9 Financial Instruments

(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.

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.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

(k) AASB 9 Financial Instruments (continued)

(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.

The following table and the accompanying notes below explain the measurement categories under AASB 9 for each class of Adara Development Group's financial assets and financial liabilities as at 31 December 2023.

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 has determined that there has been no requirements at 31 December 2023 which require an additional allowance for impairment.

(l) Leases

The Group has applied AASB 16 for the 2023 financial year, as well as comparative figures.

At inception of a contract, the Group assessed whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control as identified asset, the Group assesses whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

(I) Leases (continued)

- The Group has the rights to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - It has the right to operate the asset; or
 - It designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee:

The Group recognised a right-to-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful life is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or a change in the afore-mentioned options exercisable. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for the short-term leases. The Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Material accounting policies (continued)

(m) New and revised accounting standards and interpretations

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(n) 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.

(o) Good and Services Tax (GST)

For Adara Development (Australia), 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.

**ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Other income

	<u>2023</u>	<u>2022</u>
	\$	\$
Interest and other income	40,829	9,382
Membership fee	532	-
Fair value revaluation of other current assets*	42,487	-
	<u>83,848</u>	<u>9,382</u>

*In 2022, loss of \$88,849 has been taken to the Statement of profit or loss and other comprehensive income as other expense (refer to Note 7).

5. Maternal Newborn Child Health programme costs

	<u>2023</u>	<u>2022</u>
	\$	\$
Kiwoko Hospital	917,230	891,854
Baby Ubuntu	44,149	37,656
Hospital to Home	97,347	73,474
AdaraNewborn scale-up	121,157	55,102
Adara Youth Community Centre	76,671	48,914
Programme Support	826,508	787,087
	<u>2,083,062</u>	<u>1,894,087</u>

6. Remote Community Development programme costs

	<u>2023</u>	<u>2022</u>
	\$	\$
Adara Development Nepal - Adara Kids	-	1,772
Adara Development Nepal - Humla	546,055	418,633
Adara Development Nepal - Tibetan Medicine Practitioner	24,248	19,972
Adara Development Nepal - Ghyangfedi	184,959	142,401
The Himalayan Innovative Society	42,097	39,053
Himalayan Children Society	169,158	164,204
Himalayan Medical Foundation	-	36,920
Hands in Outreach	10,447	11,001
The Women's Foundation	5,538	5,462
Programme Support	280,623	253,338
	<u>1,263,125</u>	<u>1,092,756</u>

7. Core support expenses

	<u>2023</u>	<u>2022</u>
	\$	\$
Employee related expenses	1,171,283	1,008,542
IT and telecommunications	111,310	91,392
Occupancy	85,483	60,949
Depreciation and amortisation	67,819	62,837
Finance, governance and compliance	66,692	64,123
Partnerships, development and communications	49,876	22,877
Office and other operating costs	13,501	28,523
Fair value revaluation of other current assets	-	88,849
Travel expenses	55,417	115,121
Foreign exchange gains and losses	(1,822)	(3,363)
	<u>1,619,559</u>	<u>1,539,850</u>

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 knowledge sharing, innovation, learning and evaluation activities.

8. Cash and cash equivalents

(a) Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash at bank and on hand:		
Core support	469,661	368,819
General restricted	228,700	191,006
Maternal Newborn Child Health restricted	116,767	247,332
Remote Community Development restricted	170,890	157,055
	<u>986,018</u>	<u>964,212</u>

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

	<u>2023</u>	<u>2022</u>
	\$	\$
Net (deficit)/surplus for the year	(671,936)	928,038
Adjustments for non-cash income and expense items:		
Fair value revaluation of other current assets	(42,487)	88,849
Depreciation and amortisation expense	43,976	37,885
(Increase)/decrease in trade and other receivables	52,988	(53,795)
(Increase)/decrease in other current assets	(45,559)	106,258
Increase/(decrease) in trade and other payables	(8,401)	8,437
Increase/(decrease) in deferred revenue	68,232	-
Increase/(decrease) in employee benefits	(9,259)	38,124
Increase/(decrease) in other non-cash expenses	(2,593)	(135,822)
Net cash (used in)/from operating activities	<u>(615,039)</u>	<u>1,017,974</u>

9. Trade and other receivables

	<u>2023</u>	<u>2022</u>
	\$	\$
Other receivables	12,930	36,377
Prepayments	44,790	34,553
Trade receivables	40,282	80,060
	<u>98,002</u>	<u>150,990</u>

10. Other current assets

	<u>2023</u>	<u>2022</u>
	\$	\$
Other current assets - Term deposit	-	677,500
Other current assets - Shares	235,103	189,544
	<u>235,103</u>	<u>867,044</u>

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. Other current assets (continued)

On 29 September 2022, Adara Development (Australia) placed \$677,500 (AUD 1,000,000) on one-year fixed term deposit with Macquarie Bank at 3.80% per annum, which, upon maturing on 4th October 2023, was credited back to our Commonwealth Bank savings account.

As at 31 December 2023, the revaluation of 199,836 shares of Ansarada Group Ltd resulted in a gain of \$45,559 (2022: Loss of \$106,258) of which \$42,487 (2022: Loss of \$88,849) has been taken to the Statement of profit or loss as other income (2022: other expense) and the remaining \$3,072 (2022: Loss of \$17,409) to other comprehensive income as foreign currency translation gain.

11. Plant and equipment

	2023	2022
Office equipment	\$	\$
Cost		
At the beginning of the financial year	91,282	79,345
Additions	6,213	28,516
Disposals	(7,383)	(13,626)
Exchange differences	(596)	(2,953)
At the end of the financial year	89,516	91,282
Accumulated Depreciation		
At the beginning of the financial year	57,971	58,847
Depreciation charge for the year	15,169	12,640
Disposals	(7,176)	(11,343)
Exchange differences	(404)	(2,173)
At the end of the financial year	65,560	57,971
Net book value at the end of the financial year	23,956	33,311
	2023	2022
Medical equipment	\$	\$
Cost		
At the beginning of the financial year	63,394	66,490
Additions	1,719	-
Exchange differences	(1,002)	(3,096)
At the end of the financial year	64,111	63,394
Accumulated Depreciation		
At the beginning of the financial year	63,394	66,490
Depreciation charge for the year	287	-
Exchange differences	(1,002)	(3,096)
At the end of the financial year	62,679	63,394
Net book value at the end of the financial year	1,432	-

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. Plant and equipment (continued)

	<u>2023</u>	<u>2022</u>
Right-of-use asset	\$	\$
Cost		
At the beginning of the financial year	123,943	62,752
Additions (lease extension)	-	61,191
At the end of the financial year	<u>123,943</u>	<u>123,943</u>
Accumulated Depreciation		
At the beginning of the financial year	78,720	(2,572)
Depreciation charge for the year	20,099	81,292
At the end of the financial year	<u>98,819</u>	<u>78,720</u>
Net book value at the end of the financial year	<u>25,124</u>	<u>45,223</u>

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$	\$
Cost		
At the beginning of the financial year	9,485	-
Additions	-	9,485
At the end of the financial year	<u>9,485</u>	<u>9,485</u>
Accumulated Depreciation		
At the beginning of the financial year	172	-
Depreciation charge for the year	4,140	172
At the end of the financial year	<u>4,312</u>	<u>172</u>
Net book value at the end of the financial year	<u>5,173</u>	<u>9,313</u>
Total net book value at the end of the financial year	<u>55,685</u>	<u>87,847</u>

12. Intangible assets

	<u>2023</u>	<u>2022</u>
Website	\$	\$
Cost		
At the beginning of the financial year	16,883	38,507
Additions	-	-
Disposals	-	(19,071)
Exchange differences	162	(2,553)
At the end of the financial year	<u>17,045</u>	<u>16,883</u>
Accumulated Amortisation		
At the beginning of the financial year	5,275	21,557
Amortisation for the year	4,260	4,220
Disposals	-	(19,071)
Exchange differences	51	(1,431)
At the end of the financial year	<u>9,586</u>	<u>5,275</u>
Net book value at the end of the financial year	<u>7,459</u>	<u>11,608</u>

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Intangible assets (continued)

	<u>2023</u>	<u>2022</u>
Software	\$	\$
Cost		
At the beginning of the financial year	2,032	55,215
Additions	-	-
Disposals	-	(49,523)
Exchange differences	20	(3,660)
At the end of the financial year	<u>2,052</u>	<u>2,032</u>
Accumulated Amortisation		
At the beginning of the financial year	2,011	54,382
Amortisation for the year	21	755
Disposals	-	(49,523)
Exchange differences	20	(3,603)
At the end of the financial year	<u>2,052</u>	<u>2,011</u>
Net book value at the end of the financial year	<u>-</u>	<u>21</u>
Total net book value at the end of the financial year	<u>7,459</u>	<u>11,629</u>

13. Trade and other payables

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade payables	1,497	13,942
Accrued expenses	26,087	24,159
	<u>27,584</u>	<u>38,101</u>

14. Deferred revenue

	<u>2023</u>	<u>2022</u>
	\$	\$
Opening balance	-	-
Increase/(decrease) due to cash received	68,232	-
	<u>68,232</u>	<u>-</u>

Restricted funds were received on 8 December 2023 in relation to a Remote Community Development construction project in Humla which is planned and budgeted in 2024.

15. Employee benefits

	<u>2023</u>	<u>2022</u>
	\$	\$
Current		
Annual leave	126,030	110,075
PAYG	18,183	16,067
Superannuation	-	9,943
Other payroll accrual	1,811	-
Sick leave liability	22,811	33,333
Long service leave	24,093	37,167
	<u>192,928</u>	<u>206,585</u>

**ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

15. Employee benefits (continued)

	<u>2023</u>	<u>2022</u>
	\$	\$
Non-current		
Long service leave	17,510	10,996
	<u>17,510</u>	<u>10,996</u>

16. 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 2023, Adara Development (the "Group") transferred \$1,211,685 (2022: \$1,046,263) to the INGO.

The Group has received donations from the following related parties:

	<u>2023</u>	<u>2022</u>
	\$	\$
Adara Advisors Pty. Limited cash and in-kind donations	94,423	82,409
Adara Partners (Australia) Pty. Limited cash donations	1,999,860	2,738,517
	<u>2,094,283</u>	<u>2,820,926</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.

Adara Partners (Australia) Pty. Limited was established in 2014 and became operational in June 2015 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 \$18,798,469 (AUD 24,941,512) 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 \$50,228 (2022: \$47,963) were received by individual entities in the Group from their Board of Directors, Trustees or director-related entities.

(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
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. Key management personnel remuneration

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

Adara Development (Australia)	Audette Evelyn Exel AO, Richard Alan West (resigned 16 November 2023), Susan Burns, Ilana Atlas AO, Andrea McCormick, Jo Brennan
Adara Development (Bermuda)	Audette Evelyn Exel AO, Edith Conyers, Philippe Max Rouja, Sheila Brown
Adara Development (UK)	Audette Evelyn Exel AO, Kate Vacher, Derek Stapley
Adara Development (USA)	Audette Evelyn Exel AO, Thomas Dickson (resigned 16 November 2023), Thomas Glynn, Yangchen Lama, Dr Cyril Engmann
Adara Development (Uganda)	Audette Evelyn Exel AO, Susan Burns, Kenneth Finch, Dr Peter Waiswa

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

17. 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 2024	Agreement period from	Agreement period ending
	USD		
Kiwoko Hospital Centre of Excellence	936,642	1-Jan-22	31-Dec-24
Adara Development Nepal	919,399	25-Nov-14	Completion of project
Himalayan Children's Society (HCS)	164,108	1-Jan-23	10-Mar-25
The Himalayan Innovative Society (THIS)	39,859	1-Jan-23	10-Mar-25
Hands in Outreach Projects (HIO)	10,222	1-Jan-23	10-Mar-25
The Women's Foundation (WF)	5,787	1-Jan-23	10-Mar-25
Total	<u>2,076,017</u>		

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 both restricted and unrestricted donations received during the year.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

18. Auditors' remuneration

	<u>2023</u>	<u>2022</u>
	\$	\$
Audit services		
HLB Mann Judd:		
Audit and review of the financial report*	-	-
Somerbys (UK):		
Audit and review of financial reports	6,002	5,477
Markhouse Partners (Uganda):		
Audit and review of financial reports	2,550	2,438
Clifton Larson Allen (USA):		
Audit and review of financial reports	9,800	9,100
	<u>18,352</u>	<u>17,015</u>

*There has been no expense or accrual recognised in the financial report of Adara Development (Australia) and Adara Development (Bermuda) as the audit service is provided without charge by the auditors, HLB Mann Judd.

19. Events after the balance sheet date

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

20. Contingencies

As at 31 December 2023 the Group had no material contingent assets or liabilities (2022: nil).

21. Fundraising appeals conducted during the year

No fundraising appeals have been undertaken during the year.

ADARA DEVELOPMENT DIRECTORS AND TRUSTEES' 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):

- (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 1 to 20:
 - (i) present fairly the Group's financial position as at 31 December 2023 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 and 3;
- (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
- (d) 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
24 April 2024

Independent Auditor’s Report to the Directors and Trustees of Adara Development

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the combined financial report of Adara Development (“the Group”), which comprises the combined statement of financial position as at 31 December 2023, the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the declaration by Directors and Trustees.

In our opinion, the accompanying combined financial report presents fairly, in all material aspects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flow for the year then ended in accordance with the accounting policies described in Note 3 of the financial statements.

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

Emphasis of Matter – Basis of Preparation

We draw attention to Note 2 to the combined financial report, which describe the basis of preparation. The financial report has been prepared to assist the Group meet the needs of the Directors and Trustees of the entities within the Group. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors and Trustees for the Financial Report

Management is responsible for the preparation and fair presentation of the special purpose financial report in accordance with the accounting policies described in Note 3 of the financial statements 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 special purpose financial report, management is responsible for assessing the Group’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 Group or to cease operations, or have no realistic alternative but to do so.

The Directors and Trustees are responsible for overseeing the Group’s financial reporting process.

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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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors and Trustees 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.



HLB Mann Judd
Chartered Accountants

Brisbane, Queensland
24 April 2024