

ADARA DEVELOPMENT

ADARA DEVELOPMENT (AUSTRALIA)

ADARA DEVELOPMENT (BERMUDA)

ADARA DEVELOPMENT (UK)

ADARA DEVELOPMENT (USA)

ADARA DEVELOPMENT (UGANDA)

COMBINED FINANCIAL REPORT

31 DECEMBER 2014

CONTENTS

	<i>Page</i>
Combined statement of profit or loss and other comprehensive income	2
Combined statement of financial position	3
Combined statement of changes in equity	4
Combined statement of cash flows	5
Notes to combined financial statements	6 - 19
Directors' and Trustees' Declaration	20
Independent auditor's report	21 - 22

ADARA DEVELOPMENT

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

PRESENTED IN UNITED STATES DOLLARS (USD)

	Notes	2014 \$	2013 \$
Revenue from continuing operations			
Donations			
Uganda restricted		703,940	841,196
Nepal restricted		1,049,402	637,980
General unrestricted		208,464	119,643
Core support		1,255,932	332,745
Other income	4	1,760	5,814
Total revenue		3,219,498	1,937,378
Expense			
Project and project related costs			
Uganda	5	741,875	717,272
Nepal	6	865,019	737,243
		1,606,894	1,454,515
Research and knowledge sharing			
Uganda		79,736	74,035
Nepal		97,048	88,921
		176,784	162,956
Medical advisory		189,939	143,466
		189,939	143,466
Core support	7	973,251	1,109,709
		973,251	1,109,709
Total expenses		2,946,868	2,870,646
Net surplus / (deficit) for the year		272,630	(933,268)
Other comprehensive income			
Foreign currency translation		(11,220)	(4,853)
Other comprehensive (loss) for the year		(11,220)	(4,853)
Total comprehensive income / (loss) for the year		261,410	(938,121)

The above combined statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 6 to 19.

ADARA DEVELOPMENT
 COMBINED STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED 31 DECEMBER 2014
 PRESENTED IN UNITED STATES DOLLARS (USD)

	Notes	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	8	843,770	754,460
Other current assets	9	27,510	33,957
Total current assets		871,280	788,417
Non-current assets			
Investments		707	707
Property, plant and equipment	10	15,877	19,762
Intangible assets	11	20,617	28,146
Total non-current assets		37,201	48,615
Total assets		908,481	837,032
Liabilities			
Current liabilities			
Trade and other payables	12	110,826	94,538
Employee benefits	13	84,363	41,085
Borrowings	14	-	223,123
Other liabilities		1,515	1,060
Total current liabilities		196,704	359,806
Non-current liabilities			
Employee benefits	13	11,024	5,448
Other liabilities		408	1,923
Total non-current liabilities		11,432	7,371
Total liabilities		208,136	367,177
Net assets		700,345	469,855
Accumulated funds			
Accumulated funds		766,096	504,686
Foreign currency translation reserve		(65,751)	(34,831)
Total accumulated funds		700,345	469,855

The above combined statement of financial position should be read in conjunction with the accompanying notes on pages 6 to 19.

ADARA DEVELOPMENT
COMBINED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2014
 PRESENTED IN UNITED STATES DOLLARS (USD)

	Translation reserve \$	Accumulated surplus \$	Accumulated funds \$
Balance at 1 January 2013	28,127	1,442,807	1,470,934
Net deficit for the year	-	(938,121)	(938,121)
Other comprehensive income			
Foreign currency translation reserve	(62,958)	-	(62,958)
Total other comprehensive loss for the year	(62,958)	-	(62,958)
Total comprehensive loss for the year	(62,958)	(938,121)	(1,001,079)
Balance at 31 December 2013	(34,831)	504,686	469,855
Balance at 1 January 2014	(34,831)	504,686	469,855
Net surplus for the year	-	261,410	261,410
Other comprehensive income			
Foreign currency translation reserve	(30,920)	-	(30,920)
Total other comprehensive loss for the year	(30,920)	-	(30,920)
Total comprehensive income / (loss) for the year	(30,920)	261,410	230,490
Balance at 31 December 2014	(65,751)	766,096	700,345

The above combined statement of changes in equity should be read in conjunction with the accompanying notes on pages 6 to 19.

ADARA DEVELOPMENT
COMBINED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2014
 PRESENTED IN UNITED STATES DOLLARS (USD)

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Cash received for Uganda projects		711,178	842,100
Cash received for Nepal projects		1,103,089	648,727
Cash received for general expenses		211,618	118,300
Cash received for core support expenses		1,218,388	288,000
Other income received		1,664	8,861
Cash paid for Uganda project expenses		(1,039,788)	(894,297)
Cash paid for Nepal project expenses		(936,458)	(817,224)
Cash paid for core support expenses		(896,848)	(1,070,585)
Net cash inflow / (outflow) from operating activities	8(b)	<u>372,843</u>	<u>(876,118)</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(6,335)	(3,890)
Payment for intangible assets		(8,138)	(16,810)
Net cash outflow from investing activities		<u>(14,473)</u>	<u>(20,700)</u>
Cash flows from financing activities			
Loans from related parties		-	241,958
Loans repaid to related parties		(223,123)	-
Net cash (outflow) / inflow from financing activities		<u>(223,123)</u>	<u>241,958</u>
Increase / (decrease) in cash and cash equivalents		135,247	(654,860)
Foreign exchange differences		(45,937)	(82,858)
Cash and cash equivalents at beginning of year	8(a)	754,460	1,492,178
Cash and cash equivalents at end of year	8(a)	<u>843,770</u>	<u>754,460</u>

The above combined statement of cash flows should be read in conjunction with the accompanying notes on pages 6 to 19.

ADARA DEVELOPMENT

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Non-Reporting entity

The entities combined in this report form Adara Development, a not for profit entity. They include: Adara Development (Australia), Adara Development (Bermuda), Adara Development (UK), Adara Development (Uganda) and Adara Development (USA). The work in Nepal is conducted through a local NGO, Adara Development (Nepal).

Adara Development (Australia) is a not for profit company limited by guarantee. Adara Development (Australia) was registered on 27 May 2008.

Adara Development (Bermuda) was established by way of Trust Deed dated 18 August 1998, as amended by the Deed of Amendment dated 28 April 2010, and a second Supplemental Deed dated 18 February 2011. Adara Development (Bermuda) was registered as a charitable organisation under The Charities Act, 1978 (Bermuda) on 1 November 1998.

Adara Development (UK) was constituted 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 and a third Supplementary Deed dated 18 February 2011.

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

Adara Development (USA) was incorporated in August 2009 in the State of New York, and began operations on 1 January 2011. On 26 May 2011, it was designated as a not-for-profit Corporation as defined by section 501(c)(3) of the Internal Revenue Code of 1986.

The long term objective and purpose of Adara Development is to:

- work side by side with women, children and their communities in remote and rural areas to improve their lives;
- change the way people think about the role of business in the world and the power of business/non-profit partnerships; and
- share our expertise and experience to achieve greater impact.

The key strategy to achieve these objectives is through three pillars - research, projects and knowledge sharing. In its projects work, Adara Development aims to maintain and deepen the innovative partnerships on-the-ground with local non-government organisations (NGOs) and to manage projects and staff directly through the work of Adara Development (Nepal). Adara Development measures performance on project sites by regular monitoring and evaluation of current projects and conducting research in key areas of intervention to ensure that activities are aligned with the mission. Each project has its own KPI's built into the project plan and they are related to the project outputs.

Adara Development aims to share knowledge with other development agencies in the areas of Adara Development's expertise.

Adara Development was formerly known as The Global ISIS Foundation. The change of name was formalised on 28 November 2014.

ADARA DEVELOPMENT
NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED 31 DECEMBER 2014

2 **Basis of preparation**

(a) **Statement of preparation**

This financial report is a special purpose financial report, which is comprised of a combined statement of financial position, combined statement of profit or loss and other comprehensive income, combined statement of changes in equity, combined statement of cash flows and a summary of significant accounting policies and applicable notes. The special purpose financial report has been prepared for distribution to, and for the purpose of fulfilling the combined financial reporting requirements of the directors and trustees of Adara Development.

The special purpose financial statements have been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial effects of departures from these accounting standards have not been quantified in this financial report.

The financial report does not include the disclosure requirements of all AASBs except for the following:

- AASB 101 Presentation of Financial Statements
- AASB 107 Cash Flow Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048 Interpretation and Application of Standards
- AASB 1054 Australian Additional Disclosures

The financial report was approved by the directors and trustees on 28 April 2015.

The directors and trustees have determined that Adara Development is not publically accountable and is not considered a reporting entity because in the opinion of the directors and trustees there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to specifically satisfy all of their information needs for making and evaluating decisions about the allocation of scarce resources.

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

(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.

ADARA DEVELOPMENT
NOTES TO THE COMBINED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

2 Basis of preparation (continued)

(c) Use of accounting estimates and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and future periods.

(d) Principles of preparing combined financial statements

The combined balance sheet and combined income statement comprise a combination of the following entities:

- Adara Development (Australia)
- Adara Development (Bermuda)
- Adara Development (USA)
- Adara Development (UK)
- Adara Development (Uganda)

The entities have been combined on the basis that all entities are administered and managed by Adara Development (Australia). All inter-entity balances and transactions are eliminated in preparing the combined financial statements.

(e) Functional and presentation currency

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

3 Summary of significant accounting policies

(a) Foreign currency transactions

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 combined statement of comprehensive income under foreign exchange gains/losses. The results and financial position of operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

ADARA DEVELOPMENT
NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED 31 DECEMBER 2014

3 Summary of significant accounting policies *(continued)*

(b) Revenue recognition

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

(c) Donated goods and services

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

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

(d) Expenses

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

(e) Income tax

No income tax is payable as Adara Development is income tax exempt under the jurisdictions in which it operates.

(f) Non-derivative financial assets

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

(i) Cash and cash equivalents

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

(ii) Other current assets

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

(g) Property, plant and equipment

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

ADARA DEVELOPMENT
NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED 31 DECEMBER 2014

3 Summary of significant accounting policies *(continued)*

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

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

- Motor vehicles: 3 to 5 years
- Plant and equipment: 2 to 10 years

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

(h) Intangible assets

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

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

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

(i) Non-derivative financial liabilities

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

(i) Trade and other payables

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

(ii) Borrowings

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

ADARA DEVELOPMENT
 NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
 FOR THE YEAR ENDED 31 DECEMBER 2014

3 Summary of significant accounting policies *(continued)*

(j) Employee benefits

(i) Short-term employee benefit obligations

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

(ii) Other long-term employee benefit obligations

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

(k) Investments

(i) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified in any of the previous categories of financial assets. Available-for-sale financial assets comprise unquoted equity instruments, such as the investment held by Adara Development (Bermuda) in ISIS Limited, and are recorded at cost as the fair value cannot be measured reliably.

(l) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods. None of these are expected to have a significant effect on the financial statements of Adara Development and have not been applied in preparing these financial statements.

4 Other income

	2014	2013
	\$	\$
Membership fees	-	194
Other fees	-	242
Interest income	1,760	7,039
Foreign exchange (losses)	-	(1,661)
	<u>1,760</u>	<u>5,814</u>

ADARA DEVELOPMENT
NOTES TO THE COMBINED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

5	Uganda project expenses	2014	2013
		\$	\$
	Kiwoko Hospital	610,648	568,454
	Project office costs	67,521	83,813
	Ebenezer boys project	59,566	60,551
	Uganda other	336	171
	Uganda project related depreciation	3,804	4,283
		741,875	717,272
6	Nepal project expenses	2014	2013
		\$	\$
	Adara Development (Nepal) - case management	246,151	301,687
	Adara Development (Nepal) - holistic participatory community development	406,617	269,344
	Project office running costs	68,654	36,412
	Himalayan Children Society	64,450	58,438
	Himalayan Medical Foundation	32,224	29,794
	Hands in Outreach	20,880	18,531
	The Himalayan Innovative Society	19,710	15,227
	Women's Foundation	4,461	4,167
	Nepal other	1,013	1,012
	Nepal project related depreciation	859	2,631
		865,019	737,243
7	Core support expenses	2014	2013
		\$	\$
	Communication	9,616	11,203
	Depreciation and amortisation	12,450	6,847
	Employee benefits	617,463	723,441
	Fundraising	70,353	72,859
	Governance and compliance	39,546	52,592
	IT support	13,580	12,989
	Occupancy	99,805	95,298
	Other expenses	54,787	76,462
	Travel	49,275	42,536
	Foreign exchange losses	6,376	15,482
		973,251	1,109,709

Core support expenses, including administration expenses, are funded by Adara Advisors Pty. Limited ("Adara Advisors") and a small number of other Core Support Partners (Note 15). This ensures that donations received from other donors are used for Adara projects in Nepal and Uganda, partner organisations, staff on the ground and specialist managers working in the USA for research, medical advisory and equipment collection programmes.

ADARA DEVELOPMENT

NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2014

8 Cash and cash equivalents

In the previous year, cash was held by The Australian Foundation for the Peoples of Asia and the Pacific Limited (AFAP) on behalf of Adara Development (Australia), however in the current year Adara Development (Australia) obtained tax deductibility status under the Overseas Aid Gift Deduction Scheme (OAGDS). As a result, the services of AFAP were not used.

(a) Cash and cash equivalents

	Cash and cash equivalents	Cash receivable from AFAP	Total cash	Cash and cash equivalents	Cash receivable from AFAP	Total cash
	2014	2014	2014	2013	2013	2013
	\$	\$	\$	\$	\$	\$
Uganda	239,899	-	239,899	282,348	18,188	300,536
Nepal	517,322	-	517,322	233,867	58,621	292,488
General	5,181	-	5,181	22,170	7,148	29,318
Core Support	81,368	-	81,368	128,946	3,172	132,118
	843,770	-	843,770	667,331	87,129	754,460

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

	2014	2013
	\$	\$
Net surplus / (deficit) for the year	272,630	(933,268)
Adjustments for non-cash income and expense items:		
Depreciation and amortisation expense	17,114	14,477
Foreign exchange	12,570	190
Decrease in other current assets	6,447	32,914
Increase in trade creditors	16,288	3,492
Increase in employee benefits	48,854	3,094
Increase in other liabilities	(1,060)	2,983
Net cash from / (used by) operating activities	372,843	(876,118)

9 Other current assets

	2014	2013
	\$	\$
Prepayments	26,629	22,726
Donations receivable	-	3,168
Lease deposit	750	750
Other current assets	131	7,313
	27,510	33,957

ADARA DEVELOPMENT
 NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
 FOR THE YEAR ENDED 31 DECEMBER 2014

10 Property, plant and equipment

	Motor Vehicles	Plant & Equipment	Total
	\$	\$	\$
Cost			
Balance at 1 January 2013	28,510	33,685	62,195
Additions	-	3,890	3,890
Disposals	-	-	-
Exchange difference	(1,740)	(1,277)	(3,017)
Balance at 31 December 2013	26,770	36,298	63,068
Accumulated Depreciation			
Balance at 1 January 2013	17,100	17,113	34,213
Depreciation for the year	3,879	6,394	10,273
Disposals, accumulated depreciation	-	-	-
Exchange difference	(693)	(487)	(1,180)
Balance at 31 December 2013	20,286	23,020	43,306
Carrying amounts			
At 1 January 2013	11,410	16,572	27,982
At 31 December 2013	6,484	13,278	19,762
	Motor Vehicles	Plant & Equipment	Total
	\$	\$	\$
Cost			
Balance at 1 January 2014	26,770	36,298	63,068
Additions	-	6,651	6,651
Disposals	(16,039)	(10,155)	(26,194)
Exchange differences	(885)	(949)	(1,834)
Balance at 31 December 2014	9,846	31,845	41,691
Accumulated Depreciation			
Balance at 1 January 2014	20,286	23,020	43,306
Depreciation for the year	2,661	5,980	8,641
Disposals, accumulated depreciation	(15,489)	(9,390)	(24,879)
Exchange differences	(631)	(623)	(1,254)
Balance at 31 December 2014	6,827	18,987	25,814
Carrying amounts			
At 1 January 2014	6,484	13,278	19,762
At 31 December 2014	3,019	12,858	15,877

ADARA DEVELOPMENT
 NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
 FOR THE YEAR ENDED 31 DECEMBER 2014

11 Intangible assets

	Website \$	Software \$	Total \$
Cost			
Balance at 1 January, 2013	18,055	-	18,055
Additions	-	16,810	16,810
Disposals	-	-	-
Exchange difference	(2,518)	-	(2,518)
Balance at 31 December 2013	15,537	16,810	32,347
Accumulated Amortisation			
Balance at 1 January, 2013	376	-	376
Amortisation for the year	4,204	-	4,204
Disposals, accumulated amortisation	-	-	-
Exchange difference	(379)	-	(379)
Balance at 31 December 2013	4,201	-	4,201
Carrying amounts			
At 1 January 2013	17,679	-	17,679
At 31 December 2013	11,336	16,810	28,146
Cost			
Balance at 1 January 2014	15,537	16,810	32,347
Additions	7,776	362	8,138
Disposals	-	(7,960)	(7,960)
Exchange differences	(1,287)	(1,394)	(2,681)
Balance at 31 December 2014	22,026	7,818	29,844
Accumulated Amortisation			
Balance at 1 January 2014	4,201	-	4,201
Amortisation for the year	5,851	68	5,919
Disposals, accumulated amortisation	-	-	-
Exchange differences	(886)	(7)	(893)
Balance at 31 December 2014	9,166	61	9,227
Carrying amounts			
At 1 January 2014	11,336	16,810	28,146
At 31 December 2014	12,860	7,757	20,617

ADARA DEVELOPMENT
 NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
 FOR THE YEAR ENDED 31 DECEMBER 2014

12	Trade and other payables	2014	2013
		\$	\$
	Payables for project costs	-	21,512
	Other payables and accrued liabilities	110,826	73,026
		<u>110,826</u>	<u>94,538</u>
13	Employee benefits	2014	2013
		\$	\$
	Current		
	Annual leave	84,363	41,085
		<u>84,363</u>	<u>41,085</u>
	Non - current		
	Long service leave	11,024	5,448
		<u>11,024</u>	<u>5,448</u>
14	Borrowings	2014	2013
		\$	\$
	Current		
	Loan from related party - unsecured	-	223,123
		<u>-</u>	<u>223,123</u>

During 2013 Adara Advisors loaned Adara Development (Australia) \$223,123 (\$AUD 250,000). No assets were pledged as security and there were no covenants imposed by Adara Advisors for the loan. The original term of the loan was for ten years and this was amended, subsequent to year end on 19 March 2014, to a one year term.

On 28 March 2014 Adara Advisors, directed Adara Development (Australia) to repay the loan by way of donation by Adara Advisors to the Adara Development (Australia) Overseas Development Aid Fund.

ADARA DEVELOPMENT
 NOTES TO THE COMBINED FINANCIAL STATEMENTS *(continued)*
 FOR THE YEAR ENDED 31 DECEMBER 2014

15 Related party transactions

(a) Director's compensation

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

(b) Transactions with director-related entities

The entities combined in this report form 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).

Adara Development has received donations from the following related parties:

	2014	2013
	\$	\$
Adara Advisors in-kind donations	38,838	45,962
Adara Advisors cash donations	1,046,857	-
Total from Adara Advisors	1,085,695	45,962

In 2012, Adara Advisors made a significant donation to Adara Development (\$1,370,019) which was used to fund core support costs in 2012 and 2013.

Adara Advisors, majority owned by Audette Exel, is a financial services business established to be the principal provider of direct and indirect funding to Adara Development for core support costs and support for emergency project costs.

Adara Advisors was established in 2007. It is the successor business to the first ISIS business, established in 1998 in Bermuda. As at balance sheet date Adara Advisors and its predecessor business had contributed \$6,952,915 (AUD \$8,322,232) in total to Adara Development.

In addition to the donations from Adara Advisors disclosed above, during the year donations of \$176,737 (2013: \$399,078) were received by Adara Development from members of its Board of Directors or Trustees.

16 Remuneration of directors and trustees

No amounts were received from or are payable by Adara Development entities to the directors or trustees of Adara Development. The directors and trustees have given their services to Adara Development without charge.

ADARA DEVELOPMENT
 NOTES TO THE COMBINED FINANCIAL STATEMENTS (*continued*)
 FOR THE YEAR ENDED 31 DECEMBER 2014

16 Remuneration of directors and trustees (*continued*)

Key management personnel

The key management personnel of Adara Development are its directors and trustees.

Adara Development (Australia)	Audette Exel, Richard Deutsch, Laini Liberman, Richard Alan West, Susan Burns
Adara Development (Bermuda)	Audette Exel, Edith Conyers, Philippe Max Rouja
Adara Development (UK)	Audette Exel, Andrew della Casa, James Rice, Kate Vacher, Richard Houghton
Adara Development (USA)	Audette Exel, Thomas Dickson, Derek Stapley, Victor Khosla (resigned 15 January 2015), Thomas Glynn (appointed 7 November 2014)
Adara Development (Uganda)	Audette Exel, Susan Burns, Kenneth Finch

The directors and trustees receive no compensation for their services.

17 Commitments

(i) Rental lease commitment

The future minimum rental commitments for Adara Development are as follows:

	2014	2013
	\$	\$
Due within 1 year	97,023	101,305
Due between 1 and 5 years	169,087	105,696
	266,110	207,001

(ii) Commitments to Non Government Organisations

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

	Outstanding commitment at 31 December 2014	Funding committed for January - December 2015	Agreement period from	Agreement period ending
	\$	\$		
Adara Development (Nepal) - holistic participatory community development	-	369,836	1 January 2014	Completion of project
Adara Development (Nepal) - case management	-	361,885	1 January 2014	Completion of project
Hands In Outreach	-	23,709	1 January 2015	31 December 2016
Himalayan Children Society	-	73,024	1 January 2015	31 December 2016
Himalayan Medical Foundation	-	38,860	1 January 2015	31 December 2016

ADARA DEVELOPMENT
 NOTES TO THE COMBINED FINANCIAL STATEMENTS (*continued*)
 FOR THE YEAR ENDED 31 DECEMBER 2014

17 Commitments (*continued*)

(ii) Commitments to Non Government Organisations (*continued*)

	Outstanding commitment at 31 December 2014	Funding committed from 1 January 2015	Agreement period from	Agreement period ending
	\$	\$		
The Himalayan Innovative Society	-	22,853	1 January 2014	31 December 2016
Himalayan Medical Foundation	-	38,860	1 January 2015	31 December 2016
The Himalayan Innovative Society	-	22,853	1 January 2014	31 December 2016
Women's Foundation	-	5,009	1 January 2013	31 December 2015
Kiwoko Hospital	-	699,856	1 January 2013	31 December 2015

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

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

Pledges have been provided by various donors, or cash is currently available, to provide sufficient funding for the commitments, outlined above, extending to the end of the agreement periods.

18 Auditors remuneration

	2014 \$	2013 \$
Audit services		
Auditors of the entities		
KPMG Australia:		
Audit and review of financial reports	25,059	26,131
Somerbys (UK):		
Audit and review of financial reports	7,000	7,230
Grant Thornton (Uganda):		
Audit and review of financial reports	3,149	2,360
	35,208	35,721

19 Events after the balance sheet date

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

20 Contingencies

As at 31 December 2014, Adara Development had no material contingent assets or liabilities.

ADARA DEVELOPMENT
DIRECTORS' AND TRUSTEES' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2014

In the opinion of the directors and trustees of Adara Development, 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) Adara Development is not a registered not-for-profit organisation;
- (b) the financial statements and notes that are set out on pages 2 to 19 are in accordance with the basis of preparation described in Notes 1 to 3 of the financial report, including:
 - (i) presenting fairly Adara Development's financial position as at 31 December 2014; and
 - (ii) of its performance for the financial year ended on that date;
- (c) there are reasonable grounds to believe that the entities within Adara Development will be able to pay their debts as and when they become due and payable;
- (d) the entities within Adara Development have kept accounting records as to correctly record and explain their transactions and financial position; and
- (e) the entities within Adara Development have kept their accounting records so that a true and fair financial report of Adara Development can be prepared from time to time.

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



Audette Exel
Chair

28 April 2015

Dated

Sydney

City



Independent audit report to the directors and trustees of Adara Development

We have audited the accompanying financial report, being a special purpose financial report, of Adara Development (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), which comprises the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information and the directors' and trustees' assertion statement.

Directors' and Trustees' responsibility for the financial report

The directors' and trustees' of the Group are responsible for the preparation and fair presentation of the special purpose financial report and have determined that the basis of preparation described in Notes 1 to 3 to the financial statements is appropriate to meet the needs of the directors and trustees. The directors' and trustee's responsibility also includes such internal control as the directors and trustees determine necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors and trustees, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 to 3 to the financial statements so as to present a view which is consistent with our understanding of the Group's financial position, and of its performance and cash flows.

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



**Independent audit report to the directors and trustees of Adara Development
(continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Adara Development as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Notes 1 to 3 to the financial statements.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Adara Development to meet the combined financial reporting requirements of the Group. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Adara Development and the directors and trustees and should not be distributed to or used by parties other than Adara Development and the directors and trustees. We disclaim any assumption of responsibility for any reliance on this report, or on the financial report to which it relates, to any person other than the directors and trustees of Adara Development or for any other purpose than that for which it was prepared.

KPMG

KPMG

Sydney

28 April 2015