

ADARA DEVELOPMENT

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

COMBINED FINANCIAL STATEMENTS

31 December 2025

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**ADARA DEVELOPMENT
COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
PRESENTED IN UNITED STATES DOLLARS (USD)**

	Notes	<u>2025</u>	<u>2024</u>
		\$	\$
Revenue from continuing operations			
Donations and Grants			
Core support		1,312,346	1,316,194
General restricted		1,411,699	1,835,145
Maternal Newborn Child Health restricted		2,555,085	606,067
Remote Community Development restricted		802,959	1,043,311
Other income	4	<u>15,449</u>	<u>99,463</u>
Total revenue		<u>6,097,538</u>	<u>4,900,180</u>
Expenses			
Programme costs			
Maternal Newborn Child Health	5	1,573,722	2,060,073
Remote Community Development	6	1,065,919	1,201,418
Innovation, Learning & Evaluation		108,313	180,084
Knowledge Sharing		<u>81,147</u>	<u>103,892</u>
Total programme costs		<u>2,829,101</u>	<u>3,545,467</u>
Core support	7	<u>1,451,944</u>	<u>1,569,750</u>
Total expenses		<u>4,281,045</u>	<u>5,115,217</u>
Net surplus/(deficit) for the year		<u>1,816,493</u>	<u>(215,037)</u>
Other comprehensive income			
Foreign currency translation gain/(loss)		<u>30,279</u>	<u>(101,985)</u>
Other comprehensive income/(loss) for the year		<u>30,279</u>	<u>(101,985)</u>
Total comprehensive surplus/(deficit) for the year		<u>1,846,772</u>	<u>(317,022)</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 21.

**ADARA DEVELOPMENT
COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
PRESENTED IN UNITED STATES DOLLARS (USD)**

	Notes	2025	2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	2,640,575	891,406
Trade and other receivables	9	148,968	126,672
Total current assets		2,789,543	1,018,078
Non-current assets			
Plant and equipment	10	29,399	13,549
Intangible assets	11	-	2,907
Right-of-use asset	12	-	5,025
Other assets		-	750
Total non-current assets		29,399	22,231
Total assets		2,818,942	1,040,309
Liabilities			
Current liabilities			
Trade and other payables	13	86,648	42,046
Employee benefits	14	135,573	249,651
Lease liability		-	7,394
Total current liabilities		222,221	299,091
Non-current liabilities			
Employee benefits	14	25,363	16,632
Total non-current liabilities		25,363	16,632
Total liabilities		247,584	315,723
Net assets		2,571,358	724,586
Accumulated funds			
Accumulated surplus		2,935,545	1,119,052
Foreign currency translation reserve		(364,187)	(394,466)
Total accumulated funds		2,571,358	724,586

The above combined statement of financial position should be read in conjunction with the accompanying notes on pages 5 to 21.

**ADARA DEVELOPMENT
COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
PRESENTED IN UNITED STATES DOLLARS (USD)**

	<u>Foreign Currency Translation Reserve</u>	<u>Accumulated surplus</u>	<u>Total</u>
	\$	\$	\$
Balance at 1 January 2024	(292,481)	1,334,089	1,041,608
Net deficit for the year	-	(215,037)	(215,037)
Other comprehensive income			
Foreign currency translation loss	(101,985)	-	(101,985)
Total comprehensive deficit for the year	(101,985)	(215,037)	(317,022)
Balance at 31 December 2024	(394,466)	1,119,052	724,586
Balance at 1 January 2025	(394,466)	1,119,052	724,586
Net surplus for the year	-	1,816,493	1,816,493
Other comprehensive income			
Foreign currency translation gain	30,279	-	30,279
Total comprehensive surplus for the year	30,279	1,816,493	1,846,772
Balance at 31 December 2025	(364,187)	2,935,545	2,571,358

The above combined statement of changes in equity should be read in conjunction with the accompanying notes on pages 5 to 21.

**ADARA DEVELOPMENT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
PRESENTED IN UNITED STATES DOLLARS (USD)**

	Notes	<u>2025</u>	<u>2024</u>
		\$	\$
Cash flows from operating activities			
Cash received for Maternal Newborn Child Health programmes		2,554,303	605,836
Cash received for Remote Community Development programmes		815,991	961,691
Cash received for general programme support		1,405,551	1,838,798
Cash received for core support expenses		1,182,733	1,197,557
Other income received		4,366	3,169
Cash paid for Maternal Newborn Child Health programme expenses		(1,644,667)	(1,997,299)
Cash paid for Remote Community Development programme expenses		(1,030,297)	(1,220,776)
Cash paid for Innovation, Learning & Evaluation		(128,933)	(172,759)
Cash paid for Knowledge Sharing		(91,976)	(103,816)
Cash paid for core support expenses		(1,379,248)	(1,446,496)
Cash paid for lease interest		(105)	(1,933)
Net cash from/(used in) operating activities	8b	<u>1,687,718</u>	<u>(336,028)</u>
Cash flows from investing activities			
Payment for plant and equipment		(23,721)	(7,113)
Proceeds from sale of property, plant and equipment		-	1,230
Proceeds from sale of financial assets		-	320,652
Net cash (used in)/from investing activities		<u>(23,721)</u>	<u>314,769</u>
Cash flows from financing activities			
Repayment for lease liability		(7,394)	(27,762)
Net cash used in financing activities		<u>(7,394)</u>	<u>(27,762)</u>
Net increase/(decrease) in cash and cash equivalents		<u>1,656,603</u>	<u>(49,021)</u>
Foreign exchange differences		92,566	(45,591)
Cash and cash equivalents at the beginning of the year		891,406	986,018
Cash and cash equivalents at the end of year	8a	<u><u>2,640,575</u></u>	<u><u>891,406</u></u>

The above combined statement of cash flows should be read in conjunction with the accompanying notes on pages 5 to 21.

ADARA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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 (Nepal), 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*. The INGO is reflected as a foreign operation of Adara Development (Australia). The INGO ceased operations and was closed on 10 March 2025.

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.

Adara Development (Nepal), a non-governmental organization registered in Nepal, was established on 25 November 2014. It is registered with the Social Welfare Council under affiliation number 40476 and with the Office of the Company Registrar under registration number 128879/071/072. The entity has been recognised as part of the group since 10 March 2025.

ADARA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. Basis of preparation (continued)

(a) Statement of compliance

In the opinion of the directors and the trustees, the Group entities comprises not for profit NGOs with no publicly traded equity or debt. The group is therefore 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 22 April 2026.

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 (Nepal), 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.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Basis of preparation (continued)

(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.

(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, while the functional currency of Adara Development (Australia) is Australian dollars, Adara Development (Uganda) is Ugandan shillings, and Adara Development (Nepal) is Nepalese rupees, with all non US dollar entities 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.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Material accounting policies (continued)

(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.

(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 assets is calculated using the straight line method to allocate their cost or revalued amounts, net of residual values, over their estimated useful lives, except for Adara Development (Nepal) which applies the declining balance method. Under the declining balance method, office equipment and furniture are depreciated at 25% per annum and motor vehicles at 20% per annum. The depreciation methods applied reflect the pattern in which the assets' future economic benefits are expected to be consumed.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Material accounting policies (continued)

(g) Plant and equipment (continued)

The estimated useful lives for assets depreciated using the straight line method are as follows.

Office equipment	3 to 5 years
Leasehold improvements	Up to 7 years
Medical equipment	3 years
Motor vehicles	5 years

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

(h) Non-derivative financial liabilities

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

(i) Employee benefits

(i) Short-term employee benefit obligations

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

(ii) Other long-term employee benefit obligations

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

(j) Foreign currency translation

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the combined statement of 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 presentation currency are translated into the presentation currency as follows:

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

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Material accounting policies (continued)

(j) Foreign currency translation (continued)

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.

(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 2025.

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 2025 which require an additional allowance for impairment.

**ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. Material accounting policies (continued)

(l) Leases

The Group has applied AASB 16 for the 2025 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
- 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.

**ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. Material accounting policies (continued)

(l) Leases (continued)

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.

(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.

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4. Other income

	<u>2025</u>	<u>2024</u>
	\$	\$
Interest and other income	15,449	5,774
Fair value revaluation of other current assets	-	9,237
Gain from sale of financial assets	-	84,452
	<u>15,449</u>	<u>99,463</u>

5. Maternal Newborn Child Health programme costs

	<u>2025</u>	<u>2024</u>
	\$	\$
Kiwoko Hospital	831,109	914,165
Baby Ubuntu	87,006	64,263
Hospital to Home	116,585	117,449
AdaraNewborn scale-up	136,811	57,560
Adara Youth Community Centre	78,819	68,248
Programme Support	323,392	838,388
	<u>1,573,722</u>	<u>2,060,073</u>

6. Remote Community Development programme costs

	<u>2025</u>	<u>2024</u>
	\$	\$
Adara Development Nepal - Humla	429,733	497,134
Adara Development Nepal - Tibetan Medicine Practitioner	26,378	26,772
Adara Development Nepal - Ghyangfedi	221,804	193,810
The Himalayan Innovative Society	4,769	38,230
Himalayan Children Society	135,599	159,632
Hands in Outreach	577	10,350
The Women's Foundation	1,249	5,636
Programme Support	245,810	269,854
	<u>1,065,919</u>	<u>1,201,418</u>

7. Core support expenses

	<u>2025</u>	<u>2024</u>
	\$	\$
Employee related expenses	928,423	1,136,657
IT and telecommunications	128,260	134,525
Occupancy	127,755	111,787
Depreciation and amortisation	29,192	62,111
Finance, governance and compliance	86,904	73,467
Partnerships, development and communications	42,385	26,541
Office and other operating costs	11,208	13,920
Travel expenses	50,086	20,213
Foreign exchange gains and losses	47,731	(9,471)
	<u>1,451,944</u>	<u>1,569,750</u>

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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>2025</u>	<u>2024</u>
	\$	\$
Cash at bank and on hand:		
Core support	124,681	195,177
General restricted	1,003,408	368,879
Maternal Newborn Child Health restricted	1,333,857	165,124
Remote Community Development restricted	178,629	162,226
	<u><u>2,640,575</u></u>	<u><u>891,406</u></u>

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

	<u>2025</u>	<u>2024</u>
	\$	\$
Net surplus/(deficit) for the year	1,816,493	(215,037)
Adjustments for non-cash income and expense items:		
Gain from sale of financial assets	-	(84,452)
Fair value revaluation of other current assets	-	(9,237)
Depreciation and amortisation expense	13,761	41,960
(Increase)/decrease in trade and other receivables	(22,296)	(28,670)
(Increase)/decrease in other current assets	750	-
(Decrease)/Increase in trade and other payables	44,602	(3,721)
(Decrease)/Increase in deferred revenue	-	(68,232)
Increase/(decrease) in employee benefits	(105,347)	74,028
(Decrease)/Increase in other non-cash expenses	(60,245)	(42,667)
Net cash from/(used in) operating activities	<u><u>1,687,718</u></u>	<u><u>(336,028)</u></u>

9. Trade and other receivables

	<u>2025</u>	<u>2024</u>
	\$	\$
Other receivables	24,983	28,751
Prepayments	113,461	47,152
Interest receivables	2,998	-
Trade receivables	7,526	50,769
	<u><u>148,968</u></u>	<u><u>126,672</u></u>

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

10. Plant and equipment

	<u>2025</u>	<u>2024</u>
Office equipment	\$	\$
Cost		
At the beginning of the financial year	61,856	89,516
Additions	55,500	7,183
Disposals	(12,632)	(35,031)
Exchange differences	1,456	188
At the end of the financial year	<u>106,180</u>	<u>61,856</u>
Accumulated Depreciation		
At the beginning of the financial year	49,190	65,560
Additions, accumulated depreciation	30,703	-
Depreciation charge for the year	9,579	13,397
Disposals	(11,778)	(29,822)
Exchange differences	1,206	55
At the end of the financial year	<u>78,900</u>	<u>49,190</u>
Net book value at the end of the financial year	<u>27,280</u>	<u>12,666</u>

	<u>2025</u>	<u>2024</u>
Medical equipment	\$	\$
Cost		
At the beginning of the financial year	20,707	64,111
Additions	-	-
Disposals	-	(45,154)
Exchange differences	322	1,750
At the end of the financial year	<u>21,029</u>	<u>20,707</u>
Accumulated Depreciation		
At the beginning of the financial year	19,824	62,679
Depreciation charge for the year	598	589
Disposals	-	(45,154)
Exchange differences	307	1,710
At the end of the financial year	<u>20,729</u>	<u>19,824</u>
Net book value at the end of the financial year	<u>300</u>	<u>883</u>

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
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10. Plant and equipment (continued)

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$	\$
Cost		
At the beginning of the financial year	-	9,485
Disposals		(9,485)
At the end of the financial year	-	-
Accumulated Depreciation		
At the beginning of the financial year	-	4,312
Depreciation charge for the year	-	4,002
Disposals	-	(8,314)
At the end of the financial year	-	-
Net book value at the end of the financial year	-	-
	<u>2025</u>	<u>2024</u>
Motor vehicles	\$	\$
Cost		
At the beginning of the financial year	-	-
Additions	10,209	-
At the end of the financial year	10,209	-
Accumulated Depreciation		
At the beginning of the financial year	-	-
Additions, accumulated depreciation	7,935	-
Depreciation charge for the year	455	-
At the end of the financial year	8,390	-
Net book value at the end of the financial year	1,819	-
Total net book value at the end of the financial year	29,399	13,549

11. Intangible assets

	<u>2025</u>	<u>2024</u>
Website	\$	\$
Cost		
At the beginning of the financial year	15,493	17,045
Exchange differences	1,186	(1,552)
At the end of the financial year	16,679	15,493
Accumulated Amortisation		
At the beginning of the financial year	12,586	9,586
Amortisation for the year	3,129	3,873
Exchange differences	964	(873)
At the end of the financial year	16,679	12,586
Net book value at the end of the financial year	-	2,907

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NOTES TO THE FINANCIAL STATEMENTS
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11. Intangible assets

	<u>2025</u>	<u>2024</u>
Software	\$	\$
Cost		
At the beginning of the financial year	1,865	2,052
Disposals	(2,008)	-
Exchange differences	143	(187)
At the end of the financial year	-	1,865
Accumulated Amortisation		
At the beginning of the financial year	1,865	2,052
Disposals	(2,008)	-
Exchange differences	143	(187)
At the end of the financial year	-	1,865
Net book value at the end of the financial year	-	-
Total net book value at the end of the financial year	-	2,907

12. Right-of-use asset

	<u>2025</u>	<u>2024</u>
	\$	\$
Cost		
At the beginning of the financial year	123,943	123,943
Disposals	(123,943)	-
At the end of the financial year	-	123,943
Accumulated Depreciation		
At the beginning of the financial year	118,918	98,819
Depreciation charge for the year	5,025	20,099
Disposals	(123,943)	-
At the end of the financial year	-	118,918
Net book value at the end of the financial year	-	5,025

ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

13. Trade and other payables

	<u>2025</u>	<u>2024</u>
	\$	\$
Trade payables	37,881	7,384
PAYG	17,826	12,568
Accrued expenses	30,941	22,094
	<u>86,648</u>	<u>42,046</u>

14. Employee benefits

	<u>2025</u>	<u>2024</u>
	\$	\$
Current		
Annual leave	68,930	76,927
Superannuation	7,514	-
Other payroll accrual	166	128,203
Sick leave liability	31,172	20,149
Provision for long service leave	27,791	24,372
	<u>135,573</u>	<u>249,651</u>
	<u>2025</u>	<u>2024</u>
	\$	\$
Non-current		
Provision for long service leave	25,363	16,632
	<u>25,363</u>	<u>16,632</u>

**ADARA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

15. 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, Innovation, Learning and Evaluation and Knowledge Sharing Nepal programme support is paid to Adara Development (Australia)'s foreign operation in Nepal (INGO). In 2025, Adara Development (the "Group") transferred \$69,264 (2024: \$1,216,684) to the INGO.

On 10 March 2025, Adara Development (Australia) ceased its foreign operations in Nepal. From that date, Adara Development (Nepal) has been recognised as part of the group.

The Group has received donations from the following related parties:

	<u>2025</u>	<u>2024</u>
	\$	\$
Adara Advisors Pty. Limited cash and in-kind donations	78,614	84,494
Adara Partners (Australia) Pty. Limited cash donations	860,069	1,221,699
	<u>938,683</u>	<u>1,306,193</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 is owned by a trust established for the benefit of Adara Development's charitable activities, 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 31 December 2025, Adara Advisors Pty. Limited and its predecessor business together with Adara Partners (Australia) Pty. Limited had contributed \$21,043,345 (AUD 28,375,171) (2024: \$20,104,662 (AUD 26,919,634)) 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 \$75,703 (2024: \$133,298) 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 2025**

16. Key management personnel remuneration

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

Adara Development (Australia)	Audette Evelyn Exel AO, 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 Glynn, Yangchen Lama, Dr Cyril Engmann, Kimber Haddix McKay (Appointed 01 May 2025)
Adara Development (Uganda)	Audette Evelyn Exel AO, Susan Burns, Kenneth Finch (Resigned 16 December 2025), Dr Peter Waiswa, Daniel Kabugo
Adara Development (Nepal)	Dawa Lama Thapa, Sharmila Onta, Uddhav Raj Poudyal

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), Adara Development (Uganda) and Adara Development (Nepal) entered into, or were obligated by, agreements with the following Non Government Organisations ("NGOs") and Partners.

	Funding committed for	Agreement	Agreement
	January - December 2026	period from	period ending
	USD		
Kiwoko Hospital Centre of Excellence	1,293,231	1-Jan-25	31-Dec-27
Himalayan Children's Society (HCS)	106,062	10-Mar-25	31-Dec-26
Total	<u>1,399,293</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 2025

18. Auditors' remuneration

	<u>2025</u>	<u>2024</u>
	\$	\$
Audit services		
HLB Mann Judd:		
Audit and review of the financial report*	-	-
Somerbys (UK):		
Audit and review of financial reports	6,893	6,123
Markhouse Partners (Uganda):		
Audit and review of financial reports	2,915	2,662
Clifton Larson Allen (USA):		
Audit and review of financial reports	13,500	10,290
	<u>23,308</u>	<u>19,075</u>

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

19. Events after the reporting period

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 2025 the Group had no material contingent assets or liabilities (2024: nil).

21. Fundraising appeals conducted during the year

No fundraising appeals have been undertaken during the year.

22. Prior Period Disclosure - Plant and Equipment

During the year, the Group identified that disposals of fully depreciated medical equipment amounting to \$45,154 were omitted from the prior year disclosure in Note 10.

As the assets were fully depreciated, the omission had no impact on the net book value of plant and equipment, or on the Group's surplus or equity.

Comparative information has been updated to reflect this disclosure.

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 (Nepal), 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 21:
 - (i) present fairly the Group's financial position as at 31 December 2025 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
- (e) the entities within the Group have kept their accounting records so that a true and fair financial report of the Group can be prepared from time to time.

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



Audette Evelyn Exel AO

Chair

22 April 2026