



PALMERA PROJECTS

2014 ANNUAL REPORT

At Palmera, we are dedicated to transforming the lives of the rural poor in Sri Lanka.

Our work is especially targeted to the most **vulnerable** groups such as women and people with disability

We create change through grassroots projects that encourage **empowerment, entrepreneurship and sustainable development**

OUR VISION



DIRECTOR'S LETTER



What a year!

It began with an inspiring art exhibition, exploring the struggles, dreams and hopes of newly arrived refugees to Australia, which had the participation of over 35 domestic and international artists and almost 100 volunteers and community members.

The year continued with Palmera making its biggest leap yet – moving from a 100% volunteer based organisation to one that invested in a more sustainable staff solution. We weren't sure how we could do it – but with some incredible supporters we were able to make the transition, allowing myself and a small team to dedicate our days to the important work that we do.

We undertook a range of incredibly heart-warming projects this year – working closely with rural entrepreneurs from marginalised communities to start a new life. In my monitoring trips to Sri Lanka, I worked closely with so many of our partners and projects and each is blossoming in different ways.

When I visited our papaya project, it was amazing to see how it has introduced new water management techniques through drip irrigation; new crops that farmers could export and an excitement and true sense of ownership amongst the farmers.

We worked hard this year to continue on our fundraising strategy, which was to move from events to more sustainable streams of income including our high net program, ongoing giving and supporters events. This year, over 90% of our revenue came from these more stable income sources. To engage contributors who have attended our events for many years on our regular giving program, we ran two successful campaigns this year, including the 43 faces campaign and Happy for Change campaign. We had a great response from these campaigns and will continue to work hard in 2015 to achieve our goal of 500 regular givers.

In September of this year we submitted our application for DFAT baseline accreditation and by the end of the year had received notification that we will be joined by reviewers in the new year, so we have our fingers and toes crossed that we can join the list of 48 International Aid organisations who have been awarded this accreditation to date and be eligible to access foreign aid funds. We have spent the last few months focused on this application and look forward to sharing the results early next year.

At the back end of the year, Sri Lanka faced two very significant emergency disasters – the droughts and the landslide. Thousands of people were impacted and Palmera worked closely with our on the ground partners to respond to the needs, undertaking emergency appeals with our supporters.

It was a big year and Palmera is excited to persevere on our 3 year strategy so we can continue to grow and improve the impact we have on those with whom we work on the ground.

A huge thank you for your ongoing support and all your encouragement this year!

Abarna Raj,
Founding Director



Who we are

We believe the **best** way out of poverty is creating the opportunity for **economic self-sufficiency**



Shifting the dial from **dependency** to **dignity**, from **charity** to **choice**



How we are helping construct a different tomorrow

1. Creating economic opportunities

We help establish micro and small enterprises to assist people lift themselves out of poverty.

The businesses range from farming, livestock rearing, fishing, revolving grants/micro-finance, handicraft/manufacturing and retail.





2. Building critical infrastructure

Often the villages we go to are in need of basic infrastructure before they can even consider income-generating activities. This may include accessible toilet facilities, sanitary/hygiene education, and bore wells for obtaining clean drinking water.



3. Providing emergency assistance

Emergencies such as droughts and floods can very quickly destroy lives and livelihoods so we ensure that we are equipped to respond immediately with basic needs for vulnerable communities.



How we are creating economic opportunity

Through collaboration with our local partners, we work with the communities to surface their passions, understand their skills and determine how local resources can be best utilised to establish a viable small business.

Palmera supports all our micro-enterprises from inception to growth through a market-led approach.



2014 Projects

Creating economic opportunity

- Livelihood grants project – ‘43 faces’
- Community run poultry farm
- Agricultural project for resettled families
- Community-owned revolving fund
- Papaya project
- Dry & ornamental fishing
- Revolving funds for women-headed households

Building critical infrastructure

- WASH (Water & Sanitation) – building toilets and providing hygiene education
- Building accessible toilets

Emergency assistance

- Landslide emergency appeal
- Drought relief

OUR IMPACT

Community run poultry farm

Palmera helped establish a community-run poultry farm through the provision of funding, business and technical training to 35 recently settled families from the village of Mullaithivu.

Impact

- ◆ Through the project, all 35 individuals formed a Community Based Organisation (CBO) to manage the farm. The CBO is now registered by the local government.
- ◆ The 35 individuals and their families now have sustainable income streams
- ◆ The group were involved in all aspects of the project including planning, construction and operation. This allowed them to develop a strong sense of ownership over the farm, gave many of them new knowledge and skills which strengthened the fabric of the community



The community decided to name their business "Symphonic," because they liked the concept of different instruments coming together to make a beautiful sound



Growing papayas for export

Palmera supplied 30 farming families in the village of Pallamoddai, Vavuniya, with 160 papaya plants, farming equipment and training to assist them in sustainably growing papayas for export

Impact

- ◆ Training will equip farmers with skills to cultivate at export quality
- ◆ Links to international markets so farmers can get a higher price for the papaya
- ◆ Training in drip irrigation systems to conserve water, increase overall efficiency and minimise soil erosion
- ◆ Drip irrigation will be useful in farming any crop (not just papaya) given the drought conditions in Sri Lanka
- ◆ Farmers will pay back 50% of the cost of the seedlings so they are both committed to seeing the papayas earn the highest price and are exposed to the realities of the export business



EMERGENCY ASSISTANCE: DROUGHT RELIEF

Background

In October 2014, Sri Lanka experienced one of its worst droughts. The impact was widespread crop failures which had devastating effects on people's livelihoods and the region was in risk of famine.

What we did

Palmera supported 289 families across 4 villages through the Work-for-Food program. This program provided food rations in return for contributions to the community.

Impact

- ◆ Work-for-Food programs discourage aid reliance and ensure communities can work towards sustainable futures
- ◆ By helping their communities in exchange for support, beneficiaries gain a sense of self-efficacy. It also promotes community harmony
- ◆ Long-term impact of the drought is reduced as families are not forced to sell assets or take out loans to meet basic needs
- ◆ Common work projects will involve jobs such as clearing roads and vegetation, as well as fixing drainage systems which benefit the community in the long-term

Droughts destroy livelihoods
Dig deep for the drought appeal

A PALMERA EMERGENCY INITIATIVE

Now my children are
having their meals properly
and going to school
regularly. This project has
supported us to keep our
village clean and safe.

*Sivakumar
Santhirakumari*



OUR IMPACT IN WORDS



Before the displacement, my husband supported our family. Due to the war, my son had to drop out of school...[he] had to do the difficult job of manual irrigation every day. Now we can irrigate our crops more easily. With the remainder of the grant, we plan to expand our cultivation area.

Josep Chanthiravathana ('43 Faces' - livelihood grants project)

The support you gave made a big impact for people like us who were without hope...we have plans for the development of society...to meet the needs of children and social needs...Definitely we will make a big difference with the support you gave. We assure that we will expand this project.

M. Ravichandran (Theravil Poultry Farm)



I am able to do this work part-time from the community centre near my home so that I can continue to look after my children...Before my family depended only on my husband's wage, but now I can contribute...With this extra income, we can eat three times a day. We have been able to start saving and so far we have saved \$AUD90.

Letchumanan Jegajothy (Palmyra production project)



OUR PARTNERS: ALLIANCE DEVELOPMENT TRUST

Alliance Development Trust (ADT) is one of Palmera's key partners in Sri Lanka. ADT is a small grassroots NGO that works to support vulnerable communities in Northern Sri Lanka.

ADT & PALMERA PARTNERSHIP OBJECTIVES:

- ◆ Ensure that basic needs are met for key subgroups in ways that dignify them and facilitates participation
- ◆ Re-establish and diversify livelihood infrastructure and activities
- ◆ Promote psychological healing and wellness through appropriate community-based care services for affected population
- ◆ Enhance capacity of ADT for responding to relief and development needs in Sri Lanka



Ragulan, one of ADT's field staff, giving us his best cricket pose

OUR PEOPLE: PALMERA'S BOARD OF DIRECTORS

Palmera is governed by a board that guides everything we do.
We want to make sure that we get the best advice from people who excel
in the fields of business and finance as well as the
not-for-profit industry.

We believe diversity is the key to success.



Tammy Para
Co-founder of
Palmera/Mission
Australia



Ram Kangatharan
CEO Budget
Direct



Rick Millen
Retired PwC
Partner/previous
Foundation
Partner
Director of Palmera
Projects in January
2015



Prakash Wilson
Director/Risk
KPMG



Abarna Raj
Founding Director



Shar Kangatharan
Head of Donors
Palmera/Associate
Director of
Westpac

FUNDRAISING

Palmera is in the process of renewing its fundraising strategy to move to a more sustainable funding stream

1. Supporter events

Palmera has a dedicated community of supporters who fundraise for us. In 2015, we will be focusing on better intergrating DIY fundraising.

2. Ongoing giving

Many giving small amounts consistently allows us to sustain a loyal supporter base and a reliable funding stream. We are continually growing this program.

3. High net donors

In 2014, we set up the Global Social Investor Group. This has allowed us to make long term commitments and to expand the work we do.





SUPPORTER EVENTS

In 2014 \$25,000 was raised from DIY events alone. In 2015, we will be rebuilding our website to better intergrate DIY fundraising.

Here are two examples of fundraising events that our supporters organised for us in 2014:

- ♦ Eastern Empire, a group of musicians from Sydney, dedicated their show '*Tha - Origins of Rhythm*' to Palmera. They raised a total of \$7,000!
- ♦ A group of long-term Palmera supporters ran the City2Surf and raised \$1, 452!





ONGOING GIVING

Palmera ran two campaigns in 2014 to better engage our supporters who have regularly attended our events to sign up for our ongoing giving program. We believe that a strong ongoing-giving supporter base is essential to ensure a sustainable funding stream and we will continue to improve the program in 2015.



'43 Faces' was launched in January. 43 Palmera supporters gave \$35 a month for 12 months to fund the project. The project provided businesses and technical training and supported beneficiaries in choosing and designing their own business.



'Get Happy for Change' was launched in July to engage the younger demographic in our community. The objective was to inspire 150 young people to give \$10 a month.



HIGH NET DONOR PROGRAM

We make long term commitments in the communities in which we work (3-5 years) and the microbusinesses and entrepreneurs we support (upwards of 2 years).

To ensure we can fund our work we need to know ahead of time how much support we can provide.

For this reason, the Global Social Investor Group is critical

It allows us to plan our work and make the long term commitments that are necessary for successful development.

We achieve so much with fundraising events, regular giving and one-off donations, but the Global Social Investor Group has enabled us to scale our work exponentially.



PALMERA'S JOURNEY

Palmera is formed to enact emergency relief.

Tsunami hits and Australian volunteers on the ground see opportunity to help

2004

2005-07

Palmera begins to grow. Mobilises Australian public for post-tsunami relief efforts

Palmera focuses on post-war emergency efforts. End of civil war – mobilises Australian public for post-war recovery. Palmera Projects is incorporated

2009

Palmera begins to focus on sustainable development. Emergency efforts reduce and Palmera commences on delivering sustainable development outcomes. Palmera receives DGR tax deductibility status

2011

Palmera grows. Palmera undertakes several pilot microbusinesses and 300 new businesses in total. ACFID application is submitted

2013

Palmera focuses activities to achieve an ambitious 2-year strategy.

1. Geographically – Sri Lanka
 2. Development area – microbusinesses
 3. Roles & responsibilities
 4. Fundraising
- Palmera becomes ACFID accredited

Palmera starts to scale livelihood outcomes. Growth fund is launched to create a more sustainable staffing solution. DFAT certification is submitted

2014

TODAY

Palmera is now focused on building a robust microbusiness methodology. Action research is launched

FINANCES AT A GLANCE

This year our focus was on the growth of the organisation. Through establishing sustainable fundraising streams and continuing to build a stronger operating structure, it has enabled longer term projects to be initiated.

INCOME STATEMENT

REVENUE

Donations & gifts		
Monetary	332,379	121,648
Non-monetary	73,786	0
Grants	0	0
Other income	822	362
TOTAL REVENUE	406, 987	122,010

EXPENDITURE

International programs	-154,385	-98,010
Community & education	0	0
Fundraising costs	-4,819	-231
Accountability & admin	-7,550	-1,717
Non-monetary	-73,786	0
TOTAL EXPENSES	-240,540	99,958

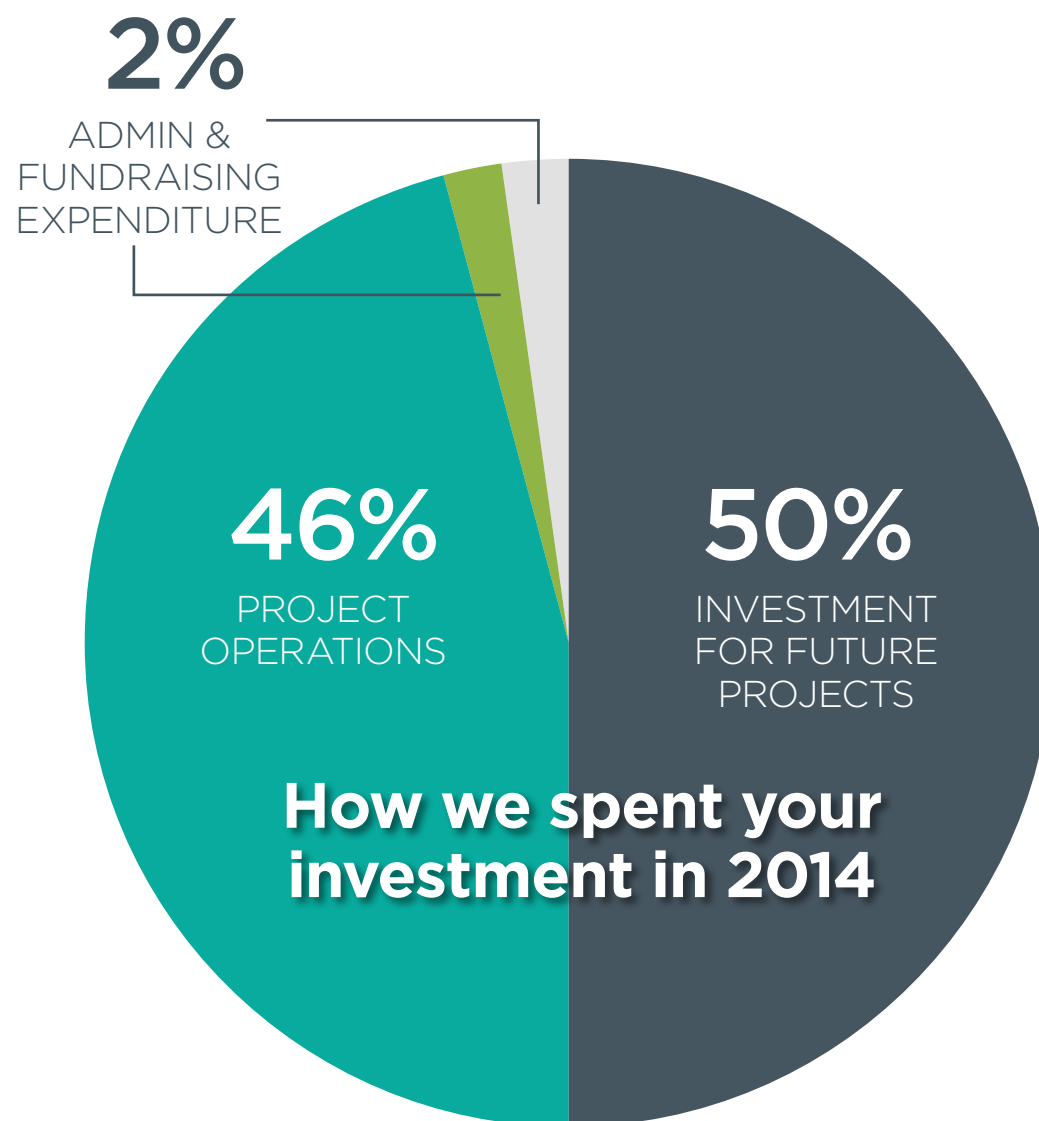
Excess/shortfall of revenue over expenditure	166,447	22,052
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TABLE OF CASH MOVEMENTS FOR THE YEAR ENDED 31 DEC 2014

	Cash available at beginning of financial year	Cash raised during the financial year	Cash disbursed during financial year	Cash available at end of financial year
Allocated funding for international programs	106,170	321,032	-154,385	272,817
Total for other non-project related purposes	0	12,169	-12,169	0
TOTAL	106,170	333,201	-166,554	272,817

A little about our admin costs

Like corporates, non-profits need to spend on administration – we need computers to work, offices to work from, accountants to ensure transparency and communications support to ensure we are sharing with you stories from on the field. However, we understand that your hard earned donations should be used for the projects so we spend countless hours engaging people to volunteer for us, companies to provide us free services and many of our staff go unpaid (by choice). We understand this is not always sustainable, so this year we created a growth fund specifically designed to engage donors that understand that without any overheads we can't do good work. This allows your dollar to go to projects and a very small 2% to be directed towards our administration costs.



SOME OF THE KIND DONATIONS MADE TOWARDS ADMIN THIS YEAR

4 full time
unpaid
staff

10 hub
volunteers

6 board
volunteers

1 city office
space
donated

A little about our surplus

In 2014, Palmera took the leap from a 100% volunteer based organisation to one with full time staffing support. In the journey towards growth, Palmera has been able to make longer term, on-the-ground commitments to our projects. As we grow our sustainable funding stream Palmera needs to maintain the balance between our fundraising strategy and ensuring we have the capacity to achieve long-term, sustainable and effective impact to those in need.

Our surplus this year positions Palmera to scale our investments in early 2015, while we continue to build our sustainable fundraising streams.

Palmera also maintains a reserve to respond to emergency situations.

A little about the non-monetary expenses

As Palmera Projects continues to grow and expand, we have also had to increase the level of financial and regulatory reporting.

As part of our DFAT accreditation application we are now required to include these categories in our financial reporting.

As a charitable organisation, we receive large donations through individuals' personal time and effort. This is now required to be quantified where it is clear that a permanent role exists.

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PALMERA PROJECTS

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2014 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Name of Firm: JAG BUSINESS ADVISORY

Name of Partner: Jayant Gulwadi

Date: 24/4/2015

Address: Suite 28-29, 1-5 Jacobs street
Bankstown NSW 2200

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PALMERA PROJECTS

Report on the Financial Report

We have audited the accompanying financial report of Palmera Projects (the company), which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 company's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Palmera Projects, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Palmera Projects is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



Auditor's signature:

Address: Suite 28-29, 1-5 Jacobs street
Bankstown NSW 2200

Dated this 24th day of APRIL 2015